

Fourth International

The Post-Stalin "New Course"

By Michel Pablo



Inflation and The Arms Program

By John G. Wright



Peonage in the Southwest

By Allen Winters



Labor in Revolutionary China

A First Hand Report



Discussion on

The East German Events and Beria Purge

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The Post-Stalin "New Course"

By MICHEL PABLO

The following article is translated from Quatrieme Internationale, a periodical published in Paris.

* * *

In the space of the few months since Stalin's death, the scope of the "new course" being inaugurated by his successors has become such that even the most incredulous of the doubting Thomases have now been obliged to recognize the reality of the "sharp change" occurring in traditional Stalinist policy. This is true internally as well as on the foreign field. A new policy is gradually shaping in more precise form in the USSR itself, in its European satellite countries, in relations with the capitalist world as well as with Yugoslavia.

Naturally there is an interdependence and interaction between these various spheres where the "new course" is now undeniably developing. In contrast with the almost total surprise caused by these "new" facts in all thinking political circles in the working-class or capitalist camp, our movement sees in them the most striking confirmation of its general views on Stalinism, and particularly of the analysis it has made over a number of years on the consequences that "expansion," the world revolutionary upsurge, the technical and cultural advances in the USSR would have on Stalinism.

On the other hand, the significance which Stalin's death could have in the processes long germinating in the USSR was immediately and thoroughly grasped by our movement. We underscored the fact that in reality Stalin died at a time when the objective bases of Stalinism had already been irreparably undermined and its decline begun; that there could not be a second Stalin, that is, a successor playing the same historic role; that Malenkov faced the prospect of remaining only a candidate for the Stalin succession, and no more; that the internal situation in the USSR and its evolution could prove a factor of great importance for the turn of post-Stalinist policy.

Events have confirmed our prognoses and justified our optimism.

Weeping over the sad fate of the workers' movement and of socialism, depressed by the perspective of a long world reign of an immutable Stalinism extending over an entire historic period, the Cassandras are now distressed and worried. Have we not seen some of them find consolation in the service of the western "democratic

bourgeoisie" and even of American imperialism, the "lesser evil" to "Soviet totalitarianism"?

But let us return instead to the facts of the "new course" and establish its real scope, its meaning, its perspectives.

* * *

It is not difficult to derive from the welter of political actions, events and writings which have occurred since Stalin's death the lines indicating the direction of the "turn."

In recent years, the Stalinist political structure had accentuated the preponderance of the Great Russian bureaucracy at the expense of the Soviet working masses as a whole, of the other nationalities in the USSR and at the expense of the satellite countries of Eastern Europe. The high-tension areas, which also constituted the weak points of the regime, where a break could occur were the relations with the working masses, the nationalities and the buffer-zone countries.

Stalin's successors are now acting in a way to give the impression that they want to ease the tension in these three spheres, and in a certain sense they are acting with effectiveness.

Take the question of relations with the working masses. What causes the discontent of the working masses in the USSR? While their material conditions have been improving absolutely in conjunction with the economic progress of the USSR, they have remained relatively poor as regards their needs as well as regards the share received by the bureaucracy, especially its upper strata; it arises also from their political conditions which are subjected to an excess of bureaucratism and police control despite bureaucratic declarations that the workers constitute the ruling class of the nation. Working conditions in the factories and on the collective farms, the pressure of Stakhanovism, piece work and the statutes of the penal code have been especially onerous. The contradictions between the social, proletarian and socialist character of the USSR, its economic and social foundations, the economic and social progress attained on this foundation and the bureaucratic and police regime instituted by Stalin became more and more glaring and intolerable.

Not less important was the tension which prevailed and still prevails between the various nationalities which make up the USSR and the Great Russian bureaucracy

which has been a particular bulwark of the Kremlin's power. Some of these national groupings, like the Ukrainians and those of the Baltic countries still preserve old and powerful cultural and revolutionary traditions. They have always constituted active arenas of propaganda and agitation against the central Great Russian power which wanted to dominate them, denationalize and Russify them.

Following the second world war a new element of disintegration entered the Stalinist regime: the step-by-step incorporation of "the buffer zone" into the Soviet orbit. Some of these countries, like Czechoslovakia, certain parts of Hungary, Eastern Germany, boast a high cultural level, and especially a very advanced proletariat politically and technologically. Others like Poland have been noted for their deep-rooted nationalism which conducted long revolutionary struggles against Czarist rule. The Kremlin's attempt at the beginning to plunder these countries purely and simply so as to fill urgent and specifically Soviet needs, and then to impose on them its own methods of "socialization" and to Russify them has met with steadily growing resistance.

Stalin's Method Less Effective

Taken in the complex of all these difficulties, centrifugal forces, contradictions, tensions, the Kremlin apparatus directed by Stalin tried to cope with them until his death mainly by force, by the rigidity and monolithism of the system. Any relaxation, any faltering threatened to blow up the entire system. But at the same time the relationship of forces between the apparatus ruling by sheer force, terror, monolithism, and the masses became more and more unfavorable to the apparatus. Two main reasons joined together here: the world revolutionary upsurge in process since the Second World War, the economic and cultural progress of the Soviet masses themselves.

It became extraordinarily risky to attempt to persist with the same rigidity as in the past in the reign of terror and monolithism represented by Stalin's regime. Even during his lifetime, as was observable most clearly at the 19th Congress of the Russian CP and in the preoccupations revealed in his last work "Problems of Socialism," there were attempts to slightly alleviate the tension and adumbrations of much more important changes in an early future.

His death catalyzed the development.

Those who say that everything that is now happening is in reality merely the execution of Stalin's testament by his successors are obviously wrong. For the general impression which emerges from the "new course" is that of the liquidation of Stalinist tradition in a number of important spheres, including, as we shall see, in that of his own "cult" and even his name.

It is much more probable that long before his death his successors were conscious of the need of a whole range of radical measures; that they had exercised a certain pressure on Stalin so that he himself initiated some of these measures; and that when he died — naturally or other-

wise* — they hastened to put them into effect. They were afraid of being overtaken by an explosion of the masses who had been encouraged by the death of the man embodying the despotic and bureaucratic regime in their eyes.

Concessions to the Workers

The following measures have been taken to date by Stalin's successors for the purpose of improving the relations of the working masses and the regime: A new reduction of prices, the most important since 1947, in articles in common consumer-goods merchandise; this price reduction was supplemented by placing essential goods for sale on the market for the first time, and by the speeding up of the production of the means of consumption as well as new and old housing construction.

The theme of the "welfare" of the Soviet masses, as a permanent concern of the State and the Plan, has assumed an importance in the Soviet papers it never had under the old Stalinist regime. The Soviet papers now devote an important place to describing of difficulties Soviet families encounter in finding lodging, in comfortably furnishing their apartments; in obtaining cheap and good-quality utensils and other articles. They provide great detail on all these problems and conclude that "this cannot go on." (*Liturnaya Gazeta*, June 26, 1953.)

It's the *tone* and the *theme* of these feature stories which mark a break with the Stalinist area.

In addition, the new state loan of 15 billion rubles, which under the conditions of the regime resembles forced taxation, was reduced by half this year and is supposed to contribute particularly to the development of "consumers' goods industries."

Other measures have been taken affecting the improvement of working conditions as well as the democratic rights of the masses. The amnesty along with the promise to liberalize the penal code which were announced simultaneously with the sensational exoneration of the doctors, "the white-coated assassins," in reality is intended to affect the victims of the coercive regime which prevails in the factories, and on the collective farms and has been used to "discipline" labor and to extort the maximum work possible; that is, it covers the broad masses of ordinary workers.

The exact number of those released from concentration camps is not known but even conservative bourgeois journals like *The Economist* (June 13, 1953) estimate it at "several hundreds of thousands." The first official reference to the liberated prisoners was made by Vice-Minister of Justice who requested local officials and

*The allusion here is to persistent reports that Stalin met a violent death in a kind of palace revolt in the Kremlin against an impending purge which was linked to the arrest of the doctors. One such report was publicized by the Alsop brothers who draw upon a Pravda announcement of the "untimely death" of a Major-General Kosynkin, commander of the Kremlin guard which appeared two weeks before the news of Stalin's illness. Stalin was supposed to have been assassinated after the Kremlin guard was overpowered. The plot is laid to Beria. — Ed.

trade unions to find work for persons benefitting from the amnesty.

The theme of "the constitutional rights of Soviet citizens" now replaces in Soviet papers that of "revolutionary vigilance" of the Stalinist era. Formerly the writers of these features provided a certain type of assistance to the agencies of repression, to the judges and police by calling attention to and often by accusing state officials of the lack of "revolutionary vigilance." The change now consists in the fact that the writer becomes the attorney for the unjustly accused. During the doctors' affair and later of the Georgian leaders the party and the government openly attacked "criminal activities" of the judicial and police apparatus. Now there are frequent attacks in newspaper reporting and features directed against subordinate personnel of these agencies.

New Attitude on National Question

In the sphere of relations with the national minorities, Stalin's successors while adhering to the "Leninist-Stalinist" doctrine in this sphere have already taken a series of measures which are squarely and palpably opposite to those applied during Stalin's lifetime. A first indication of this change was the vehement denunciation of all racist, chauvinist propaganda at the time of the exoneration of the Jewish doctors.

The new leadership yielded to the pressure brought to bear by the various national minorities on the central Great Russian regime of the Kremlin so as to lessen the tension in this sphere and to avert serious explosions. It started a purge of the party and government apparatus in many of the Federal Republics, replacing Great Russian officials appointed by Stalin himself with native cadres. This is the general meaning of the measures taken in such sensitive spots as the Ukraine, the Baltic countries the Far Eastern Republics bordering on China, Georgia and Bielo-Russia.

The most significant of these measures were those involving the Ukraine and Lithuania. First in the Ukraine, there was the sudden unexpected reappearance of the political scene of I. G. Petrovsky, old Bolshevik, the First Peoples' Commissar for Internal Affairs and former President of the Ukraine who was disgraced during the great purge of 1936-1938. He had escaped death but was relieved of all functions and probably arrested. Stalin's death was necessary for *Pravda* to again mention his name in connection with the award of "The Order of the Red Flag of Labor" bestowed on him on his 75th anniversary!

This event heralded other changes in the upper circles of the Ukrainian apparatus. Soon after, in fact, came the announcement of the replacement of G. L. Melnikov, first secretary of the Central Committee of the Ukrainian Communist Party, and of his elimination from the Political Bureau of the party principally for his erroneous national policy. A very important figure in the Soviet hierarchy, Melnikov was accused of having tried to "Russify" the Ukraine and especially the western areas (belonging to Poland) for one thing, by the compulsory in-

roduction of the Russian language into the schools. He was also censured for his excessive zeal in imposing collectivization of agriculture in these areas.*

To understand the full importance of this measure, both the rank of the censured person who had been appointed by Stalin himself should be kept in mind as well as the policy followed in the Ukraine during Stalin's lifetime when the emphasis was placed on "the nationalist deviations" of the Ukrainian intelligentsia. Similarly with the events in Lithuania where the policy of the Central Committee of the Lithuanian Communist Party was criticized for like extremes of "Russification" and where several Great Russian officials were replaced by native cadres.

Moreover there now appears more and more frequently in the Soviet press articles which carry a refrain denouncing "nationalism" and "chauvinism" which is far different from that of Stalin's lifetime. The most striking example in this sphere was undoubtedly the article by P. N. Fedoseev, which appeared in *The Communist*, June 25, 1953, principal theoretical organ of the Russian C. P. Fedoseev had been removed from his position as editor of *The Communist* last December after a bitter criticism by M. Suslov, a Stalinist flunkey, who had accused him of having at one time propagated the ideas of N. Voznossensky.**

Now rehabilitated, Fedoseev writes in his article that it is now necessary in the USSR to struggle "against the survivals of chauvinism and nationalism" which poison "friendship between peoples." He denounces the way some Soviet historians "attempt to prettify the reactionary policies of Czarism." Further on he protests against any attempt to "fence off the Soviet people from the culture of foreign lands" and adds that "the culture of any people, great or small, is viewed by us as a contribution to world culture . . . Contemptible adventurers have repeatedly attempted to touch off the flames of national hatred in the Soviet Union, which is thoroughly foreign to Socialist ideology."

Still, the time when "Soviet culture" and especially "Great Russian" culture outclassed all others and when all the inventions of modern times were credited to "the Russian genius" is not so far behind!

Relations With Eastern Europe

Finally, there is the sphere of relations with the satellite countries of Eastern and Central Europe. One after another, although undoubtedly lagging behind the tempo of events in the USSR itself, these countries are aligning themselves with the "new course."

*It should be noted that all those now removed from their positions or censure have not been arrested or brought to trial nor even characterized as "imperialist agents" or "criminals." They are merely replaced by others in their positions and accused of more or less "serious" or "gross" "errors."

**Voznossensky was the economic brain of the Politbureau until 1949 when he fell into disgrace. Fedoseev's rehabilitation may signify an early rehabilitation of Voznossensky himself.

In Czechoslovakia, Rumania, Eastern Germany, an amnesty on the Russian model has just been granted. Little by little the press of all these countries is beginning to pick up the new emphasis of the Soviet press on the "welfare" of the people and on "the rights of citizens," on the same "laws" and the same "discipline" for leaders and masses.

The extremes of industrialization and collectivization are beginning to be recognized and the term "NEP," as a necessary policy of retreat in some cases, is now becoming fashionable with others besides Walter Ulbricht (German Stalinist leader). It is now clear that all the "NEP" measures taken in Eastern Germany last June 10th, several days before the big events, were initiated by Semyenov (Soviet Commissioner for Germany) under the instructions of the Kremlin and contrary to the policy followed until then by the leadership of the SED (Stalinist Socialist Unity Party). There is no doubt also that the very substantial concessions given the Eastern German masses after the June 17th events were also initiated by the Russians, this time probably in agreement with the leadership of the SED.

The idea of revising the plans in the direction of expansion of the production of the means of consumption, which is apparent in the USSR itself, is also gaining ground in the satellite countries. The time has come everywhere for a "reconsideration" of the policies followed in the economic as well as in the political and cultural spheres.

Attacks on the Leader Cult

Changes of such scope naturally cannot remain limited and in reality they affect the very nature of the regime as it was shaped during Stalin's lifetime and personified by him. By entering on the "new course," his successors could not avoid the need of calling into question the character as well as the personnel of the regime, the cult and the name of the "Chief" himself. And that is how it has happened also.

Malenkov, was obliged to relinquish the post of party secretary and to content himself with being President of the government so as not to monopolize positions and to emphasize the team and not the personal character of the new leadership. Repeated articles in *Pravda* and *The Communist* have attacked the "leader cult," the impossibility of "infallibility," its consequences of "servility" and "corruption," and praised the collective character of the leadership.

The method of teaching history has also been called into question. It is no longer required that such teaching begin with or be based on the biography of "great men" but rather on an understanding of objective conditions and the role of the masses. Those who always refer to "appropriate quotations" and utilize them indiscriminately, even to explain the Five Year Plan, are becoming the butt of ridicule.

The spheres are numerous in which there are scarcely concealed attacks against the cult, against the extravagant praise and the ossified byzantine mode of thought of

Stalin and his era. But just his name alone is actually less and less mentioned in the public proclamations of the new leaders as well as in the press. It would be difficult to attribute such a plunge into oblivion to chance. It speaks too much of repudiation which for the moment, it is true, still remains an indirect one.

Changes in Foreign Policy

The changes in Russian foreign policy have been in large measure determined by the turn internally in a twofold sense: a) as genuine changes which extend to the foreign sphere the new outlook internally on the relations with the masses and the national minorities; b) as a means of attenuating the tension with imperialism even if only temporarily, to avert an early war with imperialism so as to normalize the internal situation in the USSR and the buffer-zone countries on the basis of the "new course."

The first meaning is indicated in the more "democratic," more "socialist" way of viewing relations with countries like Turkey and Yugoslavia, by abandoning nationalist, annexationist demands toward the former, by normalizing diplomatic relations with the latter and by removing the quarantine placed upon it.*

The second meaning is manifested in the concessions made on Korea, Austria, Eastern Germany, in the many cordial and appeasing gestures, in the new tone of the diplomatic notes addressed to the capitalist countries and in the articles in the Soviet press concerning them.

The Dynamic of the New Turn

Thus, we believe that these various manifestations of the post-Stalinist turn, even set down in this summary way, cannot fail to be impressive and to clearly indicate its meaning. Naturally it would be fundamentally and dangerously erroneous to conclude that the new leaders have reformed themselves and that they are successfully undertaking a "cold democratization" of Stalin's bureaucratic and police regime. It is the pressure of the masses which constrains them to act this way and it is the constantly changing relationship between the masses and their own rule which will determine the subsequent development of the "new course."

Stalin's successors, because of their special position as subordinates of the Despots and free of the chief responsibility, have the merit only of having better sensed than he the enormous pressure, the subterranean explosive forces in Soviet society as well as in Eastern Europe. To survive as the Bonapartist leadership of the privileged Soviet bureaucracy, they are now trying to ease the tension and to thus consolidate their own rule by a series of important concessions. They are proceeding in this not directly, frankly, democratically but bureaucratically. Their aim is to avoid by these methods new serious explosions and if possible to "peacefully" build a new floor

*It should be noted regarding the turn of attitude toward Yugoslavia that since May 1, 1953, the Cominform paper has not published any article against Yugoslavia. During Stalin's lifetime, there was practically not a single issue of this paper which appeared without the customary and ferociously anti-Titoist article.

for an equilibrium favorable for the bureaucracy. However, it is more difficult for them than ever to control the entire process and to dominate it at each step in the present global relationship between the revolutionary forces within and without the USSR and the "buffer zone" and the conservative forces of the bureaucracy.

The dynamic of their concessions is in reality liquidation of the entire Stalinist heritage in the USSR itself as well as in its relations with the satellite countries, with China and the Communist Parties. It will no longer be easy to turn back.

In reality events will oblige them as is being demonstrated in Eastern Germany, and partly in Czechoslovakia, to quicken and extend the concessions to keep the impatient masses in the other buffer-zone countries and in the USSR itself from taking the road of action. But once the concessions are broadened, the march forward toward a real liquidation of the Stalinist regime threatens to become irresistible.

What form will it then take? Will it be that of an acute crisis and of violent interbureaucratic struggles be-

tween the elements who will fight for the status quo, if not for turning back, and the more and more numerous elements drawn by the powerful pressure of the masses?

The timetables of the war will play an important and perhaps decisive role in the entire first period in one direction or the other. In any case what is now clear is that the decline of Stalinism in the form of the iron grip of the Soviet bureaucracy over the Soviet masses, the buffer-zone countries, the Communist Parties, is henceforth speeded up, and that the renovation of socialist democracy in all these countries, as in China, as well as the renaissance of the international workers' movement, is now on the order of the day.

In the years visible ahead, the junction of the ideas and the forces of the Fourth International with the revolutionary elements until now organized or influenced by Stalinism will realize in part this first stage of this renovation. It is toward this that we should work now with the greatest determination and the most robust optimism.

July 1, 1953

Inflation and The Arms Program

By JOHN G. WRIGHT

The Consumer Price Index for May 1953 shows that living costs have remained near the all-time post-Korea peak. This appears incomprehensible in the face of the declines in wholesale prices and many commodities. The capitalist press gives all sorts of explanations, except the true ones, for the continued high prices. The favorite dodge is to blame it on high wages. High profits are, of course, never mentioned in this connection.

Above all, the capitalist apologists refrain from mentioning the major factor which is fueling the continuing inflation. This is the arms program of American imperialism with the government deficit spending it entails; and the accompanying credit inflation without which this arms program could not have been financed. This aspect of our economy has yet to receive the attention it deserves, although it is pregnant with grave disorders and dangers.

There is a relation between high prices and credit inflation, which happens to be a special process whereby the dollar is being depreciated. Let us explain.

It is not hard to grasp how debasement of currency leads to rising prices. A government resorts directly to the printing press and, say, doubles or triples the currency in circulation. The new currency emissions, thrown into the market, cause prices to double or treble. However, there has been no striking rise in U.S. circulating currency. Since Korea there has been less than a 10% increase, from \$27.7 billion in 1950 to \$29.2 billion in 1951; and the money in circulation since that time has remained relatively stable.

It is not so easy to grasp how an inflationary process can occur and the dollar tend to be depreciated without a notable expansion of paper currency. That is because it

is not commonly known that paper currency is only part of the money supply in this country; and by no means the biggest part. As a matter of fact, paper currency is used for comparatively small transactions.

As every banker knows, by far the greater bulk of payments is made through the deposit and check system. This system is colossal. Less than one year after Korea, in 1951, annual check payments for the first time passed the two-trillion mark and have since remained at this record level! This single fact suffices to show that bank deposits and checks constitute the principal circulating money in this country.

Let us look a little closer at what actually takes place in the banking system, this nerve center of the entire capitalist system. Bank deposits against which checks may be drawn are of two distinct types. First, there are the normal deposits of capitalists and other individuals from every layer of the population. When bankers advance loans against such deposits they activate otherwise idle capital or make available to the capitalists, through loans, the money income of *all* the classes. Through such loans bankers do not significantly increase the existing money supply, but simply set it in motion, utilize it more fully and efficiently.

Second, there is an entirely different type of deposit. These are made by bankers' loans, based exclusively on an expansion of bank credit. In such cases the banks actually throw new money into the existing supply. These are *credit-dollars*, as distinguished from legal tender. The original borrower issues checks against this banker's loan. His checks are then deposited in other banks by the respective recip-

ients who likewise draw against these deposits. A circuit of a special type thus arises. It may be set down as a kind of law that every general increase of bank loans results in a general increase of bank deposits, and by this token increases the total money supply.

Periodically the capitalist press trumpets to the world another jump in bank deposits. It is hailed as another sign of how strong the U.S. economy is. In reality, as we shall presently see, it is symptomatic of the entire inflationary process.

Paper Money and Credit Money

The question naturally arises: Why doesn't this new money exert the same pressure on purchasing power as would emissions of paper currency? The explanation is that paper currency circulates in a different way from credit-dollars. New paper emissions flow directly into the market; credit-dollars, on the contrary, circulate primarily among the capitalists themselves. The channels into which credit-dollars flow depend on the decisions of the capitalists. The bankers exercise a measure of control. But the final destination of these funds is determined by where the most profit is to be gained.

If the commodity markets offer lush prospects for gain, billions flow in that direction, as happened in the period immediately after Korea. If the prospects are not so bright in these markets, the funds flow elsewhere. The bulk of them has, in fact, gone to finance the arms program, meet the annual government deficits, maintain huge inventories, feed the state, local and private debts. The inflationary effects of credit expansion thus take place indirectly, and in a masked way.

The last time the American people had experience with credit inflation was during the fabulous Twenties. This credit inflation took place on the basis of influx of gold into the U.S. Each time a bank added one dollar in gold reserves, it was able to extend some \$13 of new credit. These credit-dollars did not flow at the time into commodity markets but primarily into stock-market speculation and real-estate promotions. Behind the 1929 Wall Street crash was the doubling of loans to brokers and dealers — from \$3.2 billion (on Oct. 5, 1927) to \$6.8 billion (on Oct. 2, 1929). When the banks, spurred by economic realities and the need for self-preservation, instead of extending further loans, started calling their loans in, the speculative bubble burst, bringing the whole economy down with it.

The driving force behind the present-day credit inflation, particularly since Korea, is the need to finance the militarization program and "service" the astronomic federal debt. The banks are not the only ones participating in this inflationary process. The U.S. Treasury plays a leading role.

Side by side with the paper money it issues regularly, the Treasury also issues another type of money, credit-money, or credit-dollars. Like the ordinary paper currency these credit-dollars also come rolling off the printing presses in the shape of Treasury notes, bills, bonds, certificates of indebtedness and the like.

New emissions take place each time the government confronts, as it annually does, a deficit budget and must there-

fore borrow. And each time new billions of credit-dollars are added to the money supply. This fiscal year, for example, "the government expected to wind up . . . about \$8.5 billion 'in the red.'" (*Associated Press* dispatch from Washington, June 27, 1953.) Four days later, on July 1, the deficit was announced as \$9.3 million. This is about \$3 billion more "in the red" than the Eisenhower administration originally expected. The administration likewise refrained from informing the public that this whopping deficit is actually illegal, because it brings the total federal debt above the statutory limit. (According to Federal Reserve figures the U.S. debt in January and February of this year passed the \$267 billion mark; new borrowings of \$9.3 billion would top the legal limit of \$275 billion.)

Workers ought to learn that when the government peddles war bonds, it is actually selling them credit-money. Each time a worker buys a war bond, credit-money is converted into ringing coin — by the U.S. Treasury, that is. Every capitalist agency and spokesman tells the workers it is a sound buy. Is it? On the record, the claim is a dubious one. Purchasers of wartime bonds who cashed them in the post-war period received depreciated dollars in return, losing heavily in the transaction. Why? Because in addition to sound credit-money there happens to be such a thing as inflated credit-money, which tends to depreciate with each new emission. This tendency is beginning to shape up quite clearly.

Are There Limits to Volume of Credit?

What are the limits beyond which emissions of credit-money become dangerous? Under the rule of the monopolists, no one is permitted to know. The authorities in power consult some financial wizards who take a deep breath and make a guess. One such guess of \$275 billion originally fixed the statutory limit of the U.S. federal debt. Under certain conditions, this may work out fine. Under different conditions, not so fine. It is a fact that even before the Eisenhower administration found itself compelled to borrow beyond the legal \$275 billion limit, the value of U.S. credit-dollars already started skidding.

One sign of this is that the government has found it necessary to offer its bonds, notes, certificates, etc., at cheaper rates, that is, it must offer higher interest rates now.

The rate of depreciation is still relatively gradual. But it is already significant. At the start of 1946 the average annual interest charge on the national debt was below two percent (1.97%). By the end of October 1951 it rose to 2.31%. By May 1952 the U.S. Treasury was paying rates of up to 2.75%. The National City Bank of N. Y. estimated at the time that "the actual cost of money raised on the [May 1952 Treasury] transaction may approach 3.5%." In its recent new bond issue the Treasury hiked the interest rate to 3.25%. It is safe to conclude that the carrying charges on the national debt are heading for the estimate of 3.5% made in June 1952 by the National City Bank.

These decimal points may seem unimportant. But they gain considerably in meaning if, it is borne in mind that each percentage point, every 1%, today represents an

annual carrying charge of \$2.75 billion on the federal debt, already past its statutory limit, and heading higher.

What is more, as the government pays higher rates, all interest rates go up. Higher rates must be paid on state, local and private indebtedness. These higher carrying charges for federal, state and local debts; for business and farm loans; for plant and home mortgages; for credit and instalment buying and other types of loans, can come only out of the annual national income, already staggering under the intolerable load of expense for the arms program. An increased portion of national income must thus be diverted annually merely to cover interest on debts, past, present and projected. This, too, becomes a new factor tending to push up prices and bite into living standards.

National Debt and Inflation

The capitalist ruling circles are not unaware that the federal debt is a major factor feeding the inflationary process. To cite only one instance, there is the report of The American Assembly which met at Columbia University in May 1952 under Eisenhower's personal auspices. This eminent body concluded unanimously "that the large outstanding public debt is a powerful inflationary force." The bigger it grows, the more powerful it becomes. And it has been growing!

The already cited Associated Press dispatch, which reported the highest post-war deficit for the fiscal year ending June 30, 1953, also reported an officially "estimated \$5.6 billion deficit" for next year "if President Eisenhower's tax program is approved by Congress . . ." If Congress does not approve, the deficit will be bigger.

The size of yearly deficits is not the only problem facing Washington. The volume of maturing issues poses likewise the problem of refunding the debt. From May of last year, for a period of 11 months, the Treasury had the financial headache of refunding notes and bonds amounting to 46.3 billion dollars. This year the refunding headache is proportionately bigger. As of June 15, 1953 and for the next 12 months there will mature Treasury bonds, certificates of indebtedness, bills and notes to the amount of \$75,507,996,000. They are as follows:

The Treasury's Refunding Headache This Year

Date	Issue	Amount (in millions of \$)
June 15, 1953	2% bonds	277.600
June 18	Discount bills	1,200.500
June 19	Tax anticipation bills	2,002.666
June 25	Discount bills	1,200.652
July 1	1.4% sav. notes Ser. D	127.626
"	Ser. E sav. bonds	4,850.043
"	Ser. F sav. bonds	155.615
"	Ser. G sav. bonds	498.297
July 2	Discount bills	1,200.547
July 9	" "	1,400.812
July 16	" "	1,400.736
July 23	" "	1,500.526
July 30	" "	1,499.924
Aug. 6	" "	1,500.380
Aug. 13	" "	1,500.569
Aug. 15	2% cdfs. of ind.	2,881.576
Aug. 20	Discount bills	1,501.213
Aug. 27	" "	1,500.777
Sept. 3	" "	1,500.701
Sept. 10	" "	1,400.368

Sept. 15	2% bonds	7,986.245
Sept. 18	Tax anticipation bills	800.064
Dec. 1	1-2 1/8 Treas. notes	10,541.667
Jan. 1, 1954	1.4% sav. notes Ser. D	54.512
"	Ser. E sav. bonds	5,594.356
"	Ser. G sav. bonds	1,736.573
"	Ser. F sav. bonds	466.631
Feb. 15	2 1/4% cdfs. of ind.	8,114.165
Mar. 15	1 3/8% Treas. notes	4,675.068
May 1	Ser. A sav. notes	1,647.587
June 1	2 5/8% cdfs. of ind.	4,790.000
Total		75,507.996

If to this total of \$75.5 billion we add the \$9.3 billion needed in cash to cover this year's deficit, *the grand total of \$84.8 billion must be raised by June 1, 1954.* No small undertaking even for the American imperialist colossus. When so many billions are needed, it is imperative to resort to the banks.

Here we come to the part that the monopolist bankers play in the credit inflation. And their role is the key one, overshadowing the Treasury's emissions of new credit-money.

The Government and the Banks

The government borrows from the banks. It is a book-keeping transaction in essence. The banks simply open a deposit for the government on their books, receiving in return government IOU's. But the pay-off is that these IOU's are not then simply filed away as promises to pay at some future date. On the contrary, they fall into a special category. They constitute legal RESERVES for the banks. And against this "government collateral" the banks are empowered to issue further loans.

This is a high-handed practice even for the field of high finance, and we don't ask the reader to take our word for it. We yield the floor to an authority on the subject, Senator Douglas of Illinois, and let him explain these operations in detail:

"Most of us who have not had the time to go into the subject suppose that the banker later lends to other people the money that we deposit in his bank. . . . But it is not true of commercial banking or the banking system as a whole. The real fact, which is so little understood even among bankers, is that the banking system creates money. It does not do it by having printing presses in the windows of banks where we can see the \$1, \$5 and \$10 bills turned out by the bale, but banks as a group do it just as effectively by making their loans to borrowers, for when they make these loans they credit the borrower with a deposit account against which the person or company which has borrowed can write checks. Indeed, nearly all the business in this Nation is carried on through bank checks, and the deposits in our banks constitute the overwhelming bulk of our money supply." (Congressional Record, Feb. 22, 1951, page 1520.)

In the foregoing words, the Senator has given a pretty accurate description of the process of credit inflation and the role banks play in it. The banks, however, do not "create" new money as Douglas devoutly claims. The history of capitalism is replete with similar acts of creation. For example, it used to be the practice among dairymen to "create" milk by diluting the produce of cows with tap water, chalk and other adulterants. It is a rare banker

who doesn't know better than Douglas just what is involved in the process of "creating" new money. Even the *N.Y. Times*' editors know better. In a moment of candor, on June 4, 1953, they declared:

"The crude way is simply to turn on the printing presses and manufacture currency. The modern, refined way is to borrow through the banks. Both in the end come down to the same thing . . ." And for a change, they tell the unvarnished truth.

Inflation by Law

Now listen to the Senator expound the basis on which this inflationary process is permitted, by law, to take place.

"Still greater obscurity," complained the Senator, "surrounds the subject of bank reserves and the relation of reserves to the creation of deposit [read: credit] money. . . . It is important, however, to know that the main source of the banking system's ability to extend credit and thereby create money comes from these reserves. Banks acquire their reserves in two ways:

"Either by borrowing from the Federal Reserve against commercial paper or paper collateralized by government bonds or through the purchase of government securities by the Federal Reserve in the open market — whether these securities are sold by the banks themselves or by nonbank sellers. For various reasons, borrowing by member banks from Federal Reserve banks on commercial paper is not very important now, although that was thought to be the original purpose of the Federal Reserve System, and in recent years the rediscount of member bank paper by the Federal Reserve banks has never amounted to more than a few hundred million dollars at one time. Reserves within the Federal Reserve System today are, therefore, overwhelmingly created — indeed, about 99-percent created — by Federal Reserve purchases of government securities in the open market.

"Now, we come to a vital point: Upon each dollar of the reserves of the member banks of the Reserve System, the banks can make approximately \$6 of loans, and hence can create that amount of credit." (Same source, pp. 1520-1521.)

These statements were made on the Senate floor more than two years ago. No banking authority challenged them then, or since. If not "99 percent," then assuredly the overwhelming bulk of U.S. banking reserves consists of government IOU's which, in turn, to use the Senator's terminology, become "the main source" of the banking system's "ability to create money from these reserves." In other words, the Treasury issues credit-money; the banks monetize it, and then on the basis of this same credit-money they issue still more credit-money, at the rate of up to six-to-one.

For the banks it's a veritable gold mine. They collect interest and fees for every dollar loaned to the government; and then on top of it, they are enabled to collect interest and fees for six times as many dollars. Small wonder that the banks prefer to surround with "obscurity" the subject of reserves.

Credit Money Since Korea

How much credit-money have the bankers thrown into the money supply since Korea? With documents and figures in hand, Sen. Douglas proved that by early 1951 not less than \$10 billion were extended by banks to speculators in the commodity markets. "It may be said also,"

added the Senator, "that a recent Federal Reserve survey shows that three-fifths of the expansion of business loans [since Korea] went to commodity dealers and to processors, with loans to cotton dealers predominating." (Same source, p. 1519.)

These billions used for the 1950-51 speculative orgy are only a part of the total volume of credit-money made available by the banks. Other billions, by the score, have gone to finance the sharp increases in state and local indebtedness and, generally, for business, farm and personal loans. As a result the entire debt structure, public and private, is already top-heavy.

The Institute of Life Insurance is a high authority on statistics relating to the growth of public and private debt. In February of last year this Institute reported that "for the six-year period ended with 1951, personal debts showed a record climb of over 55 billions." That's not the total private debt, only the increase over a six-year period. In the single year of 1951 personal debts rose by \$8 billion. The American "island of prosperity" was obviously proving quite expensive and, as of two years ago, was carrying a rather heavy mortgage. According to the same report, individual holdings of liquid assets increased by only about \$23 billion while "the people as a whole expanded their debts more than twice as fast as their cash assets since the end of World War II."

On June 22 of this year the Institute of Life Insurance issued an even more somber report. The gross public and private debt jumped about "40 billion in 1952 to a record high of roughly \$640 billion," and "it still is going up all along the line." The biggest expansion has taken place in private debt. Business and individuals combined more than doubled their borrowings since 1945, their indebtedness rising from \$155 billion in 1945 "to an estimated \$330 billion at the end of last year (1952)."

More than half of this increase of \$175 billion was accounted for by borrowings of private individuals, whose debts have risen from \$55½ billion in 1945 "to about \$137 billion at the end of last year," or by \$81½ billion in a seven-year interval. This is an average annual rise of \$11½ billion. The Institute said "home mortgage debt and consumer credit were the major factors in this increase," and, in fact, "led the debt increase in the rate of expansion in the period." Needless to say, the banks have financed all this.

Increase in Tax Burden

This total debt is more than double the national income. No other capitalist system has witnessed anything approximating such a staggering debt load. In one of his flights of demagoguery Truman, during his tenure in the White House, predicted an "average income" of \$4,000 yearly for every American family. This "prediction" has been realized in reverse under Eisenhower. The existing volume of debt amounts to \$4,000 for every woman, man and child in the United States. Assuming an average interest of 3½%, it means a load of \$560 a year for an average family of four, merely to cover the carrying charges on this debt.

Parallel with the rise in the federal, state and local indebtedness a profound change has taken place in U.S. tax structure. It, too, has been Europeanized at a break-neck pace. Taxes, federal, state and local in 1951, totalled \$84 billion, taking roughly one dollar out of every three of the national income. Since then the tax burden has not decreased but increased. The Eisenhower administration, along with most state and local officials, is pressing for new taxes.

In any case, the existing taxes represent an unparalleled peacetime burden. Europeans are accustomed to it; to Americans it comes as a new experience. They obviously do not like it, nor its impact on their living standards.

There is a connection between taxes and the volume of public debt; taxes grow as the debt increases. But there is also a connection between taxes and prices. This is not commonly understood because the tie-in is largely a hidden one. But it is important nonetheless. In the general price structure, particularly that of food and other necessities, hidden taxes tend to constitute a steadily increasing proportion. For example, by 1952 there were 201 direct and hidden taxes on a gallon of gasoline; 189 taxes on a suit of clothes; 154 on a bar of soap; 53 on a loaf of bread, and so on. In many states the bulk of tax revenues comes from sales and excise taxes. In states like Ohio, Taft's stamping ground, more than 75% of all Ohio tax revenues comes from this source.

The National Association of Manufacturers has pressed for years for a federal sales tax. They want it to yield as much as \$20 billion a year. From all indications, the Eisenhower administration is pushing for "some form" of a general sales tax. Among its other more obvious features, such a tax would constitute a sharp inflationary measure, because it would automatically drive up all prices.

Deficit government spending, swollen debts, stiff taxes, cumulative depreciation of the credit-dollar — these are the direct consequences of the imperialist arms program. Ultimately these developments threaten to undermine the entire fiscal structure of the country.

The Institute of Life Insurance has appealed "for caution." But what weight do such appeals have in the face of the hard fact that there is no way of financing the arms program except through further credit inflation.

The Eisenhower administration is unquestionably a "sound money" combination. The big bankers were among his foremost backers and they were the bitterest opponents of Truman's "easy money" policies. They fought out in 1952 with the Truman administration, before Eisenhower's victory, the issue of who would dictate the credit policies in the country, the bankers or the U.S. Treasury. Truman capitulated to them. Interest rates were sharply hiked, presumably to "tighten up" the money supply. The Keynesian apostles of cheap and easy government-created credit, with Keyserling at the head, have been booted out of the President's Economic Council. Eisenhower's new chief economic adviser Dr. A. F. Burns is anti-Keynes and has warned against "unsound booms."

But economic realities are proving stronger than wishes. Ironically enough, the big bankers, Eisenhower, his chief economic adviser, his Treasury staff and the rest of the crew find themselves compelled to follow the self-same policies as under Truman. The Federal Reserve has reduced the reserve requirements of member banks by approximately \$1.1 billion. Paul Heffernan, financial writer of the N.Y. Times, explained on June 28, that this "will increase the lending power of the banks by about \$5.7 billion," that is, pretty close to the six-to-one ratio.

The Eisenhower officials do not even bother to deny that thereby new, strong inflationary pressures will be generated. The administration has merely issued assurances that it "would try to manage its borrowing so as to minimize inflationary effects" (*N.Y. Times*, June 27, 1953).

The only alternative to continued credit-inflation is to drastically cut back the militarization program. The U.S. imperialists reject such a course, for they know it spells an economic crash. A disrupted fiscal system is "a calculated risk" they prefer to take at this stage.

Credit-inflation, already unparalleled in its proportions, has thus been given another boost. Hikes in steel prices provide a still further impetus to inflation. The mass of the people will have to pay for this by stiffer taxes, by a lower real "take home" pay, by new blows at their living standards. We are still in the initial stages of these extremely expensive transactions for the American people which all stem from the arms program, and the accompanying credit inflation.

Peonage in the Southwest

By ALLEN WINTERS

(This is the first of a series of two articles.)

In the problem of the "bracero," the poor, often illiterate Mexican laborer, there lies concentrated today a whole complex of social problems. The influx of *braceros* into the United States that began during the last war has in the past few years become a flood, a flood that millions of Americans feel is about to engulf them.

The problem of the *braceros* is their exploitation as cheap manual labor on the factory-farms of the South-

west; but inseparable from this exploitation are the problems of America's migrant farm labor class, its great Mexican-American population, and its workers' unions in the Southwest.

The movement of the *braceros* across the 1600-mile border between the United States and Mexico has become a mass migration which in many respects makes that border a fiction. Most of these men are illegal entrants, "illegals," or "wetbacks," so-called from their practice of wad-

ing the shallow Rio Grande river into Texas. More than a million of these men, and tens of thousands of Mexicans legally brought into the United States under contract, cross the border each year. The minimum estimate of illegals now in the United States is one million.¹ The real figure is undoubtedly higher, two million, perhaps three million.

The deportation figures of the Immigration Service indicate — but only indicate, since only a minority of border jumpers are ever caught — the number of illegal entrants in this country. In 1940, 400 were deported.² By 1945 the figure had risen to over 16,000. In 1950, 500,000 illegals were arrested and deported from all the border states, 225,000 from California alone. The contract workers, though fewer in number, swell the above figure considerably. In 1950, 70,000 were brought into the United States,³ and in 1951, over twice that number.

The yearly migration from northern Mexico passes through the border states and then spreads fanlike throughout most of the farm states in this country. The *braceros* concentrate most heavily in three rich farm regions: the Lower Rio Grande Valley of Texas and the San Joaquin and Imperial Valleys of California. Many also work seasonally on farms in Utah, Colorado and New Mexico, in the Northwest, and in the southern states of Arkansas and Mississippi. Many of the illegals, and almost all of the contract workers, return to Mexico each year, thus giving a tide-like seasonal pattern to their migration. The ones that stay after the harvest periods go into semi-hiding near the border towns, or disappear in the Mexican districts of such large cities as Los Angeles.

A System of Virtual Peonage

The use of Mexican immigrants as cheap manual labor on the great Southwestern farms is not a recent occurrence. It is a thoroughly entrenched system, "a systematic exploitation of an underprivileged class of humanity as cheap labor."⁴ In the two states where *braceros* are used most intensively, Texas and California, the practice is more than a century old. In Texas, *braceros* early replaced the native Indians as farm workers and have been the basic labor supply on the large farms ever since. In California, *bracero* labor is but the latest stage in a long history of exploiting foreign workers on farms.

In summarizing the migrant's plight the only difficulty that arises is whether to compare their conditions to peonage or slavery. In the words of an officer of the Immigration Service, their life is a "horrible peonage . . . slaves are treated better than the men on some of the farms we have visited."⁵

Although they are attracted by the promise of high wages, the *braceros* come in such numbers that they are actually forced to accept wages which permit only a bare subsistence. The wage system for *braceros*, and for American farm labor in general, is governed almost entirely by what the traffic (the workers) can bear. In most areas the prevailing hourly wage for illegals varies from the rare maximum of sixty cents down to sums of five or ten cents. Wages for legally recruited contract workers are only slight-

ly higher, varying according to pressure from the Mexican government.

As low as these figures are, real wages are usually even lower. Deductions for spoilage, for bailing wire, for carrying sacks, all reduce cash pay. Piecework pay, and daily eight-hour wage rates for ten and eleven hours of work are common. There have been many reports of men working for weeks and never getting paid.⁶

Most of the illegals, and all of the contract workers, are restricted to one type of work, manual farm labor. And in this work they are generally restricted to the hardest jobs, the stoop jobs: cotton picking, vegetable thinning, etc. Those illegals able to escape from farm work and find jobs in cities are even there confined to the lowest-paying work at manual labor.

Off the job, the *braceros* find no respite from their harsh conditions. A *bracero's* house, most commonly the house of many *braceros*, is usually the crudest sort of shack or hovel. Often it is no more than a ditchbank cave, and for many their roof is the open sky. Sanitation facilities in their shacktowns are of the crudest sort. Health and social services are nonexistent. The diseases bred by such conditions are spread by rapid migration. As a result the *braceros* suffer a disease-death rate much higher than that of the native populations.⁷

A Means of Depressing Wages, Dividing Workers

These are the conditions the *braceros* face in this country: extreme overwork, miserably low wages, living conditions often worse than those of farm animals, and the hatred of the native population wherever they work. Before going further into the problem of the *braceros* it is necessary to analyze the source of this hatred. It is a result of other social problems which the presence of the *braceros* has so greatly aggravated.

In many areas where *braceros* are widely used their employment has depressed the wages and working conditions of residents far below average U.S. levels. Illegals and contract workers cut into rather than supplement the domestic labor force. They push tens of thousands of Negroes, Mexican-Americans, and unskilled non-Mexicans, already the poorest workers, out of both farm and city jobs. Native workers are forced to become transients themselves and work for lowered wages. As a consequence, thousands upon thousands of Texans migrate northward each year in search of better jobs.⁸

The whole process is hardest on the native farm migrants who suffer doubly because of exploitation of the *braceros*. Not only can they find fewer jobs, and jobs for shorter periods, but they are forced to accept wages no higher than wages paid to the *braceros*. In the midst of a general national prosperity our migrants have been fighting conditions often worse than those of the depression. For a period in 1950 there was widespread publicity about migrants who not only were poor and homeless but actually starving in California. It is more than a mere coincidence that there are today in the United States between one and three million native migrant farm workers, a number equal to the estimate of each year's *bracero* influx.⁹

The results of *bracero* employment have been felt not only by farm workers and unorganized city workers, but by the organized labor movement of the Southwest as well. The *braceros* today constitute, in fact have always constituted, the most effective anti-union weapon the Southwest's farm-owners possess. Organized labor in Texas has for decades pointed directly at Mexican immigration as the source of its weakness. In Texas it is common to see illegals working alongside union men even in the building trades, a field completely controlled by unions in most states. For forty years organized labor in Texas has claimed to have fought Mexican immigration, but has so far been unable to prevent it.

The Southwest's labor movement would strike at the heart of its problem if it turned its wrath from the impoverished *braceros* to the employers who use immigrants against the union movement. Not only the big growers but city employers as well have long used *braceros* against the unions, both directly as strikebreakers and indirectly as a threat against any type of union activity. Both illegals and contract workers have been used against almost all the National Farm Labor Union strikes in California. The same has been done in Texas, where the employers have even gone to the extreme of using contract workers, with the consent of the federal government, to influence union elections.¹⁰

The growers do not limit themselves to direct anti-union activity. They also use the *braceros* against other workers on the job. On almost all the farms there exists the practice of job division, the separation of American and *bracero* workers into different areas, different jobs, different responsibilities. Mexican workers are paid less for the same work Americans do; Mexicans, even Mexican-American citizens, are shut out of jobs that carry responsibility; they are always given the hardest, the least desirable jobs; and everything possible is done to separate the American and *bracero* workers, to create competition and discrimination among them, and so divide them organizationally. The practice is by no means new. It is only a continuation of the discrimination that has always been used against minority groups of farm workers in the Southwest.

As might be expected the growers often receive aid from the government in their anti-union activity. To cite only a few cases:

During the famous DiGiorgio farm strike in California illegals were shipped into the area and brought through the picket lines to work in the fields, with the knowledge of the authorities but without action on their part.¹¹

In Laredo in 1947 employers were aided by the Immigration Service and the U.S. Consul to break a strike with illegals.¹²

On top of such open subversion of the law, local sheriffs and their hoodlum deputies have worked hand in glove with the vigilantes to terrorize the workers and their leaders when they make any attempt to unionize or otherwise protest their conditions.

Another group of Americans that suffers greatly from these conditions is the large Mexican-American population

of the Southwest. Already one of the poorest and most oppressed national groups in this country, they suffer doubly: they lose their jobs to the *braceros* and are forced to work for lower wages both on and off the farms; and they suffer an increased discrimination from American workers who see in all Mexicans the source of their troubles. The Mexican-American then reacts against this double pressure and turns against the *bracero* as ferociously as does the American worker.

The total effect of this anti-Mexican prejudice, as seen by the Southwest's own sociologists, has been to retard by over a generation the assimilation of the Mexican-American population into the main current of American culture.¹³ The enormous influx of *braceros*, carrying with them their own language and customs, has made large sections of the Southwest once again a cultural peninsula of Mexico.

Forces Behind Large-Scale Migration

The "bracero problem," which is the entire problem of emigrant Mexican workers in the United States, involves two large groups of these workers and two definite problems: the so-called "wetback problem," which involves the great mass of *braceros* who come illegally into this country; and the "contract-worker problem," which has been created by the government's attempt to legalize the *bracero* labor system. Most writers use the term "wetback problem" alone, and thereby give the entire issue a strictly legalistic cast, implying that a solution can be found in stopping illegal border crossings and legalizing the foreign labor supply. This, in fact, is the approach of the U.S. and Mexican governments who, in their frenzied efforts to legalize the problem, have only aggravated it. The superficiality of this analysis will become obvious with a thorough understanding of the problem, the class problem, of the *braceros*.

On direct examination the problem appears to the observer as a flood of *braceros* into this country, causing or aggravating the problems already existent in the Southwest. Two forces account for this migration, the one pushing the *braceros* out of Mexico, the other pulling them into the United States.

The forces pushing the *braceros* northward are not new; the present flood is only a part of an emigration that has been occurring for decades. First the Spanish and later the Mexicans moved northward and settled the rich regions of the Southwest, divided the land into great ranchos and founded its agricultural and mining economy. Later, with the entrance and eventual dominance of American settlers from the East the Mexican population became the chief supply of manual labor on the farms and in the mines. In California a great number of foreign groups, Japanese, Chinese, Italians, East Indians, Filipinos, and many others have one after the other been the major source of manual farm labor. The Mexicans are but the continuators of this state's foreign labor supply, while throughout the rest of the Southwest they have never ceased to be the major source of such labor.

One of the reasons for the great expansion of Mexican

migration in the recent past can be seen in the population figures for that country. In 1930 the population of Mexico was about 16.5 million, ten years later, 19.6 million, and by 1950 it had grown to 25.5 million; an increase of 9 million, almost 55%, in only 20 years.¹⁴ Without a corresponding development of Mexican economy present conditions became inevitable.

In the last decade an enormous increase in the cost of living has intensified economic pressures on great numbers of Mexican workingmen. In May 1948 the cost of living index, calculated on a 1939 base of 100, was 314.2.¹⁵ Since the end of the war, inflation has been coupled with unemployment in many areas. And in 1950, the year the migration reached its peak, a widespread drought occurred. As a result of all these factors great numbers of Mexicans feel an irresistible push northward.

Huge Profits in Imported Labor

And the Southwest by no means resists the *bracero*; rather it exerts a force which would drag the *bracero* northward even if he were not pushed so strongly by his own country. The owners of the large Southwestern farms want a cheap labor supply, they demand Mexican workers. To maintain this supply, the large growers have since 1942 conducted large-scale recruiting of *braceros*, both legally and illegally. Farmer's agents and independent labor contractors use handbills, word of mouth, and even radio announcements to spread word, actually untrue rumors, of high wages for farm workers in the United States. After attracting the workers into this country, often smuggling them in, the agents and contractors often pack them into trucks and ship them as they would merchandise to the farms.

With unemployment and living conditions so bad in Mexico, this active recruiting has made jobs in the United States appear so good that *braceros* have been willing to pay to be smuggled across the border. Though transporting *braceros* into the country is a conspiracy and an action in violation of immigration laws, prosecution of the smugglers has been slight. This is not the least surprising when one knows who the illegal entrants work for. In one Texas area, for instance, according to a veteran immigration officer, one-half the grand jury had illegals working for them.¹⁶

Alongside illegal recruiting, legal recruiting of contract workers has gone on steadily since 1942. The history of this recruiting, the agreements between the United States and Mexico for bringing in Mexican workers, will be covered in a later section.

The reason the growers demand *bracero* labor is mainly the profits that can be made by paying them very low wages. An example of the profits to be made from using these men is the report of a study made of Texas' Lower Rio Grande Valley where in 1949 the farmers made over \$5,000,000 extra profit on their cotton crop alone by the payment of substandard wages.¹⁷

Furthermore, the growers have no legal responsibility for the illegals; there are no social security taxes to pay, no compulsory insurance, no need to provide housing or

other facilities. Also, these workers are illegal aliens, immediately deportable, and have no organization behind them. They can neither protest nor change the conditions the growers impose upon them. Contract workers, while entitled by law to some benefits, are also aliens and immediately deportable if fired from their jobs, and so they can protest no more effectively than the illegals.

As an excuse for hiring *braceros*, the growers allege that native workers won't do stoop labor, though Americans do such work wherever *braceros* aren't hired. Because many stoop jobs require a great deal of skill and training farmers demand a constant supply of such labor. The most desirable workers are therefore men who are compelled to return each year, men who are isolated from the general labor market. Foreigners, especially contract workers who are imported and deported each year, are in greatest demand for this type of work since their isolation is assured. The labor contractors who hire most of the men and bring them to the farms are commonly paid \$1.00 per man per day for supplying this type of worker, and are often given a monopoly on the gambling, liquor and prostitution rackets in the labor camps.¹⁸

The usual excuse given for hiring *braceros* is a lack of local labor. While this is sometimes true in certain areas at harvest time, there is almost always available native labor in adjoining areas. Most so-called "shortages of domestic labor" are really shortages at the "prevailing wage rate." The prevailing wage rate is of course the subsistence-level wage for illegals. Though the growers usually claim that greater labor costs would break them, the same crop is almost always produced at a profit elsewhere with legal labor and at higher wage rates.¹⁹

The employment of illegals is actually not prohibited by law, though it is illegal to harbor a fugitive. But federal courts have said that this is not punishable since there is no specific penalty in the 1917 immigration laws. As a result there has never been any prosecution of growers who employ the illegal entrants.

Government Policy on the Bracero Problem

The policies of the government toward the illegals have been carried out by the Border Patrol. These policies, and the actions of the Patrol, are inconsistent and vacillating. The Border Patrol has never had a discernably clear policy toward the migrants; their actions can only be understood as a result of two forces: the degree of public protest and the demands of the big farmers.

This is well illustrated by an occurrence that has since been dubbed "The El Paso Tea Party."²⁰ In 1948 the Patrol was carrying on a campaign against the illegals, arresting and deporting them in large numbers. At this time the growers in the area were clamoring for Mexican workers, claiming they couldn't get enough Americans to harvest their crops. This was an election year and President Truman was making a campaign tour through Texas. It is reported that a delegation of local farmers and politicians complained to the President about the situation, especially at the indifference of the Patrol toward their harvest labor needs. Immediately thereafter a meeting of

Immigration Service officials was held in El Paso. In the next forty-eight hours, 7,500 illegals crossed the border near the city, under the noses and apparently the closed eyes of the Border Patrol, into the eager arms of the waiting farmers. As could be expected, no explanation has ever been given by the Immigration Service.

In 1949 the Patrol in California carried out wholesale deportations. After a period these deportations dwindled down to almost nothing. And by no means because all the illegals had disappeared. In 1951, with a surge of publicity over the problem, wholesale arrests and deportations began again throughout the Southwest, finally culminating in the famous "wetback airlift." With the disappearance of the problem from newspaper headlines deportations again slowed.

In general, the efforts of the Patrol to keep border jumpers out of the country have been a failure. The illegal entrants have a 1,600-mile border to cross, most of which is desert wilderness. Though most of the illegals cross in areas of Texas and California closest to the farms, it is still an almost impossible job to keep them out. Most officials and observers hold the view that a 1,600-mile fence plus the entire U.S. Army would be necessary to keep all the illegals out of the country.²¹

II

To judge by its actions, the U.S. government considers the *bracero* to be something less than a human being. While it has made a few demagogic attacks on the exploitation of farm labor, in action it has perpetuated the *bracero* labor system. It has insured the growers a legal, government-recruited pool of cheap labor; and it has done absolutely nothing to solve the problems of the migrants. In all its efforts the government has ignored the problems of the *bracero*, of this country's own farm laborers, of U.S. farm labor unions, and of the Southwest's three million Mexican-Americans. Its actions have only enriched the corporation farmer and labor contractor.

Active recruiting of foreign workers began during the last war and has been continued to the present, with the exception of a short period in 1947.¹ From 1942 to 1947 — the period of wartime legislation — the United States had a formal agreement with the Mexican government to recruit their nationals for farm work in this country. Similar agreements were made to bring in workers from Canada, Newfoundland and the British West Indies. In 1945 the number of foreign workers in the United States peaked at about 120,000 of which Mexicans were the greatest percentage. During the wartime period the approximate average number of Mexicans under contract each year was 68,000. In April 1947 Congress ended the program, and ordered the repatriation of all foreign workers by the end of the year.

Faced with the prospect of losing their cheap and easily manageable foreign workers and having to hire Americans who had become accustomed to higher wages and better living conditions in wartime industry, the farmers immediately protested the government's action. By claiming a shortage of domestic labor the farmers got the U.S. Employment Service to certify such shortages at prevailing

wage rates. That is, if Americans would not work for the wages the farmers offered, then there existed a labor shortage. With the approval of the USES the Immigration Service allowed foreign workers to remain in this country for limited periods. This procedure was followed repeatedly, permitting the foreign workers to remain in the United States as long as they satisfactorily served their employers.

Alibi of the "Prevailing Rate"

Ever since then the growers have used the device of "prevailing wage rates" to secure authorization of labor shortages. Almost without fail the USES has certified such shortages even though domestic labor was often plentiful nearby. The few areas where real shortages did exist were almost always areas from which American workers had been driven by the competition of illegals. Actually there has never been a proven shortage of domestic farm labor in this country, not even during the war.²

When the wartime agreement expired, heavy pressure from the farm associations pushed the two governments into a new series of formal agreements for the recruitment of Mexican Nationals. With the very first of these postwar pacts the Mexican government entered on a policy as subservient to the American farm associations, and even more hypocritical, than the policy of the U.S. government. On the one hand, the Mexican government has continually protested maltreatment of its nationals and violations of the agreements, even going so far as to denounce the first postwar pact. But it has never acted to prevent the hiring of its citizens. It still authorizes and even helps in American recruiting programs.

Just as the U.S. Border Patrol determines its policies empirically, so too does Mexico decide its policies. On the one side it feels the pressure of its citizens, outraged at the treatment of their countrymen in the United States, and on the other side it feels the even greater pressure of American business. The Mexican government responds, though complainingly, to the flood of American capital which has been pouring into that country for the past few years.³

The demand of the growers for renewed contracting brought about an agreement between the two governments in February 1948. During this period of demand by the farmers, the NFLU reported they were receiving many letters from American farm workers asking for jobs.⁴ It demanded immediate suspension of the pact, claiming that the farmers wanted the agreement so they could maintain low wage rates and break the union by using the Mexicans as strikebreakers.

In October 1948, with widespread illegal entry into the United States, with employment of Mexicans outside the scope of the agreement, and with its violation becoming more common than its observation, conditions had become so openly bad that the Mexican government denounced the agreement.

Continued demands by the growers led to the signing of another agreement in August 1949.⁵ A key provision permitted the hiring of Mexicans already in the United States and the regularizing of their immigration status for the period of their employment. In effect, this provision legalized the traffic in illegal entrants. This was admitted-

ly the main desire of the growers, and according to the State Department it was the best means of solving the problem. Ernesto Galarza, the educational director of the NFLU, accused government officials of subjecting the "availability" provision of the agreement to fifteen different interpretations. He accused the California Farm Placement Service of certifying shortages of American workers when they actually were available but wouldn't work for *bracero* wages. He also accused the government of deliberate lying, stating, "I now say publicly for the first time that government officials have deliberately misled the NFLU on the facts."⁸

A Sop to Public Discontent

The question inevitably arises: why did the agreements accomplish nothing toward solving the problems their backers said they would solve? Ostensibly they were to alleviate labor shortages and prevent hiring of illegals by making possible the legal hiring of foreign workers. Actually, they were designed only to make the existing labor system more acceptable to the Mexican government and other protesting groups. This is clearly admitted in a State Department bulletin which said, "Negotiation of an agreement with Mexico is not the action which determines whether foreign workers shall be brought into this country. The agreement represents an effort only to assure that those workers who are legally admitted into the United States pursuant to the action taken by the USES and the USI & NS are employed under principles and procedures acceptable to both the Mexican and the U.S. governments." Actually Mexicans always could and still can be legally admitted into the United States without the approval or even the consent of the Mexican government.

By 1950, when the last agreement expired, conditions had grown so bad and the demand for foreign labor had grown so great, that another pact was engineered. At the same time the NFLU was complaining that between 60,000 and 80,000 native farm workers were available for work in the Imperial and San Joaquin Valleys, but even so, due to *bracero*-depressed wage rates, employers could claim a shortage of "available" labor.

In early 1951 the whole problem became even more widely publicized and criticism of the government increased to the point where some new action became necessary.

In March the NFLU forced the deportation of 115 illegals who had been legitimized in an unlawful processing operation at Calexico.⁸ Ranchers had been rounding up illegals in the United States, shipping them to the border in trucks, and having them step over and back across the border so they could be certified as new entrants and then lawfully sign contracts. It was estimated that over 4,000 illegals had been certified by this method in one two-week period.

Then came the famous series of articles in the *New York Times*, exposing — or rather publicizing, since it had never been secret — the whole system of *bracero* labor in the Southwest: the open hiring of illegals, the vacillating policies of the Border Patrol, the fabulous profits gained from *bracero* exploitation, the terrible effects upon the

social status and living conditions of the Southwest's Mexican-Americans, the use of *braceros* against unions, and the condonement and support of the whole system by government officials all the way up to Washington.

In April the President's Commission on Migratory Labor turned in a report which generally substantiated all the criticisms made of the employers and the government by the NFLU.⁹

In the same month a blast came from Mexico, where the problems involved in recruiting workers had become a major governmental headache.¹⁰

Thousands of ragged workers from all parts of Mexico had joined in a "pathetic stampede" marked by hunger, sickness, repeated violence and several deaths to gamble on the slim chance of obtaining contracts. Accounts of the hiring procedure remind one of the early American slave markets. The *braceros* were herded by the police and the army as though they were animals. Hiring was done on an individual basis, the contractors inspecting each man and selecting only the poorest, the most submissive, the least likely to protest their conditions. Until the workers were loaded onto buses and trucks to be taken directly to the farms they had no way of knowing who they would work for, where, or for what wage.

By this time pressure had become so great that Congress decided to "do something." Ignoring the protests of the American labor movement and the Mexican government, Congress "solved" the problem with the Poage-Elender Bill. The bill provided for the hiring and importation of *braceros* by the two governments — a provision strongly opposed by the U.S. labor movement — but contained no penalties directed against employers of illegals — the provision most strongly demanded by labor. The Secretary of Labor was to authorize the importation of Mexicans to those areas he certified as being short of domestic labor. There was to be no employment of Mexicans in jobs where domestic workers could "reasonably" be obtained, where employment of Mexicans would adversely affect wages and working conditions of domestic agricultural workers, or wherever labor disputes existed.¹¹

Fifteen minutes after the bill became law, the United States asked Mexico to negotiate a new agreement. A pact was soon completed, though Mexican officials said it would be effective only for a "limited period to give the United States Congress an opportunity to act on President Truman's recommendations for legislation to penalize employers of wetbacks."¹² To date, this pact has been extended twice.¹³

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Labor in Revolutionary China

A First-Hand Report

We are happy to be able to provide our readers with the following first-hand detailed account of the conditions of the working class in the New China. The period covered is from Mao Tse-tung's victory over the Kuomintang regime in 1949 up to the end of 1951 when the article was written. The author is a leading Trotskyist with many years of experience in the Chinese labor and revolutionary movement. Another installment of this study will appear in a subsequent issue of *Fourth International*.

* * *

In the period immediately after liberation, the policy of the Chinese Communist Party was oriented in its entirety on "developing production, improving the economy, maintaining equality between the private and public sectors, between Capital and Labor." The new power had confiscated the State enterprises and the "bureaucratic capital" of the Kuomintang, but it protected other capitalist properties. It is estimated that the proportion of workers in State and private enterprises is 1 to 1. But the majority of State workers are in heavy industry.

Struggles in the Factories After the Liberation

Shanghai was liberated in May 1949. During the next seven months, from June to December, the number of conflicts between workers and employers in the private enterprises of Shanghai was as follows, according to statistics published by the General Trade Union of Shanghai.

JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.
688	661	827	467	201	148	352

During this period the workers were demanding the resumption of production, increased wages, payment of a 13th month at the end of the year, etc. These demands were the basis of 98% of the struggles. Plant shutdowns and the discharge of workers by employers was, in the beginning, the cause of only 1% of these struggles. During this

period the working class was very active. An article in the Shanghai paper, *Liberation* (August 1949), analyzed the numerous labor struggles which broke out in all the cities after liberation in the following way: "On the one hand, there was the desire of the working class for revenge and for struggle, after liberation, against certain reactionary capitalists who had insulted it under the Kuomintang regime, by oppressing it on the political level and exploiting it on the economic level. This desire confronted the capitalists with disquieting uprisings, who from then on adopted an indifferent attitude towards production.

"On the other hand, there is a deficiency in the political views of certain workers who are ignorant of the economic conditions of Chinese society and are raising exaggerated demands. Obviously certain of their demands are justified. But in a period when the war is not yet over and production is little developed, it is difficult to satisfy them. In reality, the labor struggles are developing in such a way that there is neither victor nor vanquished, but the restoration and development of industry are hindered by them."

A "democratic" capitalist complains "that in the first period of liberation, the majority of workers only saw their immediate interests and neglected the improvement of production. Also, certain workers struggled against their employers, like the peasants against the landowners and rich peasants." This kind of reporting occurred repeatedly. It is even reported that other workers demanded complete suppression of the capitalists, and in Tientsin, the confiscation of the factories.

During this entire period the sole aim of the CP was "to restore production" and to find the means for helping the capitalists preserve their enterprises. In August 1949, the new regime published a series of "provisional laws" on the relations between workers and capitalists. These documents specify that "the workers must comply with factory administrative regulations and with the work orders of the

capitalists. The capitalists alone have the right to hire and fire workers and personnel."

Those already dismissed can only be reinstated on the job if the employer himself decides to rehire them. "It is forbidden to occupy the factory by force or to compel the capitalists to rehire or to impede the smooth functioning of the enterprise in any way whatsoever. The workers and unions are in no case authorized to seize buildings, machines, raw materials, furnishings and property of the capitalist, nor to take over or automatically distribute these properties." The length of the working day varied from 8 to 12 hours. All labor conflicts must be settled by "negotiation." If the latter fails, the Bureau of Labor is the mediator. If it also is unsuccessful, a last appeal may be made to the Courts. "Prior to any decision, the two parties must maintain normal production, which means that the employer must not close the factory nor suspend payment nor decrease the amount of wages; for the workers, it means that they must continue to produce at the same tempo and maintain discipline."

This law, in effect, suppressed almost all the workers' rights, and during the last months of 1949, the closing of factories by the capitalists and the demands for employment by the workers caused numerous conflicts. These factors enter into as many as 58% of the struggles in Shanghai, which is readily understandable since the governmental laws dealt a very heavy blow to the working class.

At the commencement of liberation, the "labor groups" which the government sent into the factories for trade union work felt the pressure of the masses and "always took sides against the capitalists." This activity was immediately "corrected" by the "higher-ups." Thus, in order to carry out the orders of the government, which "represented the workers," the "labor groups" accepted unfavorable terms. If "their representatives" were unable to convince the workers to accept these conditions, the Bureau of Labor and even the Army of Liberation were authorized to intervene.

For example, in a large textile manufacturing plant in Shanghai, where the workers had molested "their representatives," the Army of Liberation received an order to suppress the disturbance. Eight workers were killed or wounded. At Tientsin, from February to April 1949, workers' discontent steadily mounted and Lui Shao-chi made a personal appearance in order to try to restrain the discontented workers, called them "Kuomintang agents" and had several arrested. Nevertheless, it is true that some Kuomintang agents were involved. This policy brought about a definite decline in the workers' movement beginning with May 1949 at Tientsin and August 1949 at Shanghai. The "provisional laws" on the relations between workers and capitalists were promulgated in August, and according to the statistics previously given, we can affirm that from this period on labor conflicts steadily declined.

Employers Sabotage Production

In February 1950 planes from Formosa bombed most of the power stations in Shanghai, causing a work stoppage in many factories, mainly in textiles and silks (70%). This was the critical moment for the economy. Lack of raw

materials and contraction of the market had driven light industry to the wall, to the point of suspending production.

It was reported: "The capitalists lost confidence" and "became unduly worried. Making not the slightest effort to improve production and their relations with the workers, they did not try to foresee a better future but despaired of being able to produce and quit their factories. Many contractors abandoned their factories at this time, refused contracts, and when they could not continue in business, they sold their raw materials in order to pay wages."

Financial difficulties and workers' struggles were the cause of this attitude of the capitalists. If we were to believe the numerous reports published at this time, "the political consciousness of the working class was not very strong. The workers were taking revenge for their previous exploitation." "Concerning themselves only with the immediate present, they neglected their long-term interests, and refused to join with the capitalists in order to overcome present difficulties." Even more, "the workers insisted on continuing production. Far from wanting to negotiate, they wanted to use force." Therefore "the struggles were hard to resolve." "While the workers, misunderstanding their role in society, were insisting on demands that could not possibly be satisfied, the capitalists were losing confidence in the future," etc.

This description depicts the sharpness of the class struggle and is confirmed by the statistics of labor conflicts in Shanghai from October 1949 to September 1950 given by the National General Union:

Oct.	Nov.	Dec.	Jan.	Feb.	March
201	148	352	1231	736	1077
April	May	June	July	Aug.	Sept.
1108	826	694	662	820	599

Shanghai accounted for 41% of all the conflicts covered in a census of 13 different cities. As an industrial city, Shanghai was characteristic of all Chinese cities.

In the first months of 1950, struggles increased several times over those of the last months of 1949.

The capitalists, aware of the urgent needs of the State, made use of this to force the State and the public enterprises to grant them financial aid and to renew the struggle against the workers, in return for which they would endeavor to increase production. From then on (March 1950), under the pressure of financial difficulties and the class struggle, the government changed its policy and gave "powerful" support to the capitalists.

Government Favors Capitalists

This attitude was a logical consequence of the previous policy. Here is how the government resolved social conflicts.

In April 1950 the director of the Labor Bureau at Shanghai, Ma Sun-ku, announced the intention of the government to settle social problems as quickly as possible and to prevent their reappearance. (*Liberation*, Shanghai, April 25, 1950.)

As early as February 6th, at the congress of workers' representatives of Shanghai, the President of the General Union, Lui Tchan-sien, admitted that it was necessary to correct the tendencies of a minority of the working class

which was too concerned with immediate interests to the detriment of its long-term ones. He added: "Our workers must make concessions so that factories having difficulties can continue to produce." He complains, finally, of the bankruptcy of GP members who do not know how to educate the workers and raise their political level, but who act like sectarians or permit themselves to follow the masses instead of leading them, as trade union representatives should do. The workers of Shanghai must develop their class consciousness and accept a temporary lowering of their standard of living. They must be ready to refrain from collecting all their wages, and to eat black bread, in order that production should be maintained. If that proves inadequate, it is necessary to be prepared for all sacrifices, even for evacuation to the countryside. (Which means that many layoffs were being planned) — (*Chinese Workers* No. 3, pp. 5-7, publication of the National General Union).

This policy was adopted by the party in March and subsequently applied in all the big cities of the country: A conference of all directors of the Labor Bureau held in Peking in which representatives of the trade unions and of the capitalists participated. The prime goal of this conference was the creation of a "Consultative Committee of Workers and Employers." The resolutions of this conference were officially published in May, but had been applied in effect since March.

Upon submission by the Labor Bureau, the "Consultative Committee of Workers and Employers" becomes the legal organ of negotiation between two parties. It does not take responsibility in matters of the administration and control of businesses. It comprises an equal number of workers' and employers' representatives. The President of the Union is the acknowledged representative of the workers inside this organization, which has to deal with collective contracts, with improvement in technique, and which is to supervise the application of social legislation regarding wages, length of working hours, workers' welfare, etc.

The directors of the Labor Bureau clearly defined the principal aim of this Committee, which is "to develop production, improve relations between workers and employers," etc. The Committee has not interfered with the capitalists' right of administration and control. On the contrary, it has taken measures to assist them in better applying their administrative rights and duties.

An editor of the *People's Journal* writes: "The workers must respect the administrative right of the employer and must adjust their conduct along the lines of striving to maintain and develop production in order to restore the consciousness of the capitalists. The workers fear that the capitalists will create difficulties for them by reducing wages or by layoffs . . . and they prefer a continued state of conflict within the plant to negotiation. These tendencies are not good . . . If the capitalists really have difficulties, the workers must make concessions in order to maintain production."

And the author continues by turning to the capitalists: "You must understand that each machine must be used by the workers. If you continue to oppress them, their activity will decline and consequently the output of your plants will also decline. You will therefore gain no advan-

tage by this. The Consultative Committee of Employers and Workers offers you a new means for realizing a democratic administration. It is not by voting procedures, with the minority obeying the majority, that these problems will be resolved, but by democratic negotiations . . . The workers must not intervene in administration, but on the contrary must increase the effectiveness of employer administration."

Lui Tchan-sien, addressing the Consultative Political Conference of the People, declared: "To improve production by private businesses, workers and capitalists must tell themselves that they are like shipwrecked people in great peril, and must consequently stop their quarrels." As President of the General Union of Shanghai, he gives guarantees to the capitalists and tells them: "If you regain your confidence and the desire to improve your businesses, the Union will support you in every way. It must be understood that the spirit of sacrifice of the workers is strong enough to bear all difficulties."

Role of the Consultative Committees

Consultative Committees of Employers and Workers were therefore set up in all the cities, but what was their activity? Let us not forget that at this time the class struggle was violent, the workers fiercely defending their wage and employment level, while the members of the Communist Party, ostensibly the "objective representatives" of the workers, were in fact always supporting the employers. Example: "After negotiations between employers and workers, the employees of the Sang-Hwa Pharmaceutical Laboratory, fully understanding the difficulties of their employers, voluntarily refused the payment of a thirteenth month." "The Hon-Fon textile converter made a profit of only 300 million yens up to April 1950, and the employees who originally receive 88.7 units per month* voluntarily proposed that their wages be reduced to 30 units. The directors of this converting firm thereby regained their confidence and hired additional workers."

There were formerly 1582 workers and 12 clerks in the manufacturing firm of Si-Tai. There are now only 872 workers, indicating a layoff of 821, and a drop in wages was recorded there. At the manufacturing firm "Golden Eagle" there has also been a decrease in the number of workers by 36%, and wages declined 70%.** The example is cited of the ten *Universal Works* manufacturers, where members of the New Democratic Youth and of the Trade Unions, after having accepted a wage reduction, voluntarily increased their work day by five hours.

In the Mai-Lin preserves plant, the workers voluntarily requested a reduction in their wage and a lowering of the quality of their food, while the employees of another manufacturer accepted a temporary lowering of their wages by 19 to 27%, and took special pains to economize on raw materials and to avoid waste. We could give many examples of this kind for many different cities, and we point out in particular that it was after the creation of the work-

*There is now a sliding scale of wages in China: The worker always receives the same number of units on a commodity basis, money payment varying with the cost of living.

**Payment was on a piece-work basis.

er-employer committees that all the workers suddenly "wanted" to lower their wages and do not ask for compensation in the event of employer successes.

In this period there were 150,000 unemployed in Shanghai. With their families, the figure of those affected by unemployment can be set at 500,000.

Workers Begin to Intervene

Capitalist and worker each understood the resolutions of the Consultative Committee in his own way. The first saw in them a means of obtaining orders from the State enterprises and the support of the workers. Thus, in order to secure government advances, they emphasized the numerous difficulties with which they were contending. They feared intervention by the unions in administration and above all into conditions of employment.

For the workers on the contrary, the Consultative Committee was nothing but an instrument for oppressing them and preventing them from struggling. They consequently had no interest in it and left the burden of these questions to their representatives.

"The workers imagine that the Consultative Committee between employers and workers is a second Labor Bureau. Some of them are still very much to the left and believe that improving production means helping the capitalists. For this reason it seems to them useless to take part in negotiations. The union should decide and the capitalists execute their decisions. In a Tientsin plant, a union leader, unconcerned about obeying the regulations of the Labor Bureau, intervened in administration, changed the composition of the labor force and even gave orders to the paymasters," — etc.

In most of the plants, Communist Party members in the unions, who were usually the "representatives" of the workers, worked toward strengthening the confidence of the capitalists while being aware of the hostile attitude taken by the workers.

Several months later, thanks to improvement in the State economy, to the stabilization of prices and to the sacrifices of the working class, production was effectively restored in private industry. In this period the policy of the Chinese Communist Party saved the capitalists. But its preoccupation was not to help the capitalists exploit the workers.

Although the law stipulates respect for the property and administrative rights of the capitalists, the capitalists had to make a show of their "difficulties" in order to put the policy of the Consultative Committee into practice and secure the "voluntary cooperation" of the workers in wage reductions, layoffs, economic use of materials and increase in productivity. They were required to reveal the business secrets of the enterprise, to open up their books, etc.

After that, the workers made "voluntary sacrifices," contenting themselves with giving their employers certain suggestions on production, administration and welfare. Some of these proposals could not be refused, and this was a means whereby the Consultative Committee gradually interested the workers in production and the improvement of administration, thereby slowly bringing them to an interest in business. These Committees were not therefore

totally useless to the workers, especially after production could be resumed.

Reversal of the CP Policy

This policy of the Chinese CP provoked discontent and hatred among the masses. After the change in orientation, Dun Tse-hwei, vice-president of the Military Control Commission of South-Central China, and third secretary of the CP in this region, published a report in the *Workers Daily*. This document, having been officially approved, can be considered as revealing official tendencies regarding the attitude of the trade unions.

Dun Tse-hwei writes there:

"Many of the factory trade unions have recently adopted the position of the capitalists, issuing the same slogans, speaking the same language, acting like them. The unions defend management, and certain workers in the State enterprises reproach them for concealing the truth from them. I believe they are right. The members of the unions in the private enterprises have overstepped our principles of concessions to the capitalists. They have served as their mouthpieces by asking the workers to accept a lowering of their living standard even in circumstances where this was useless. In certain factories the capitalists could have accepted the demands of the workers, but the union proceeded to convince them to withdraw these demands. In this way they aroused their discontent and were accused by them of being 'lackeys' of the capitalists. For example, in the coal mines of Ta Hye the workers, when they learned of the dismissal of the union director, were as joyful as if they had learned of the liberation of Formosa or a raise in wages. . . ." (*Workers Daily*, Aug. 4, 1950.)

In this connection, the editor of *Chinese Workers* also admits that:

"In the struggle between capital and labor, the union members did not take a position in favor of the workers; they neither represented their opinions nor submitted their demands, but they simply set themselves up as mediators between the two. The union's position consequently was equivocal. . . . Not having fulfilled its task, the union became isolated from the masses. . . . Certain unions of the State enterprises have behaved like servants of the administration and have been deaf to the demands of the workers." (*Chinese Workers*, No. 15, p. 36).

As regards the workers' discontent, we know that during the months of July and August 1950, some 15 months after the occupation of Shanghai by the Communist Party, and at a time when its rule was already well established there, the workers were complaining in the neighborhoods, in the street, on the trams, and in the factories, voicing their disapproval of the unions, of the CP and even of the government. But there were no reprisals, not because the Communist Party is so very democratic, but because the discontent was too widespread in this period. At Shanghai, cradle of the working class, the CP could do nothing. The unions then were very remote from the workers and their members had a difficult task. If they carried out the policy of the government, the workers blamed them; if they sided with the workers, the party accused them of being a tail to the workers. Because of this, the representative proletarian elements were reduced to impotence, and the others, following the governmental policy unreservedly, became nothing but bureaucrats.

The disclosures of Dun Tse-hwei and the *Chinese Workers* do no more than expose the natural result of the social policy of the Communist Party.

The situation then was essentially characterized by two facts: workers' discontent on the one hand, restoration of production on the other. The powers of resistance of the bourgeoisie were gradually restored. It speculated on the lowered quality of its products, or it corrupted members of the Party. Consequently, at the end of July, the CP policy towards the workers took a new turn. We have just quoted the report of Dun Tse-hwei which was a first indication of this turn, and which shows how the unions did not fulfil their role or truly represent the workers.

Unions Urged to Defend Workers' Interests

He says later on:

"Members of the trade unions in private enterprises naturally must protect and defend the interests of the working class, just as the Association of Trade and Industry defends the interests of the capitalists. In no case must they become mouthpieces for the bosses or act the role of mediators. While concessions must be made to the capitalists, it is nonetheless necessary to keep in mind the interests of the working class. If the need does not exist, there must not be an unprincipled protection of the employers. The unions must not oblige employers to break promises they have already made to the workers."

Further on he adds:

"In the State enterprises, the position of the comrades must not be confused with that of the administration, which too readily supports the interests of the management at the expense of the workers, and has too greatly increased the severity of working conditions. Numerous laws have been passed which place the workers at a disadvantage. When that occurs, the unions must listen to the workers and then negotiate with the factory for a revision of the program. They must above all represent the workers, formulate their demands, and even apply to the courts in order to gain their objective of defending the workers. This method of acting will favor the development of production and will avoid strikes or work stoppages."

As regards the relations between the unions and the authorities, each should remain in his place:

"The Peoples' Governments represent the interests of the four big classes, not only those of the workers but those of the peasants, petty bourgeois and capitalists as well. For this reason it is difficult to find a correct attitude which will permit the conflicts between these classes to be resolved, and it is difficult for the administration to be impartial and avoid favoring one side or another. Functionaries cannot easily avoid contamination by bureaucratism. Union members, therefore, must always adopt the point of view of the working class when they study government laws. Similarly, if measures have been taken against the workers, or if their interests have been defended inadequately, the union has the duty of exposing these conditions to the government with the object of securing their revision."

He also admits that the union members are not the only ones to be condemned for "we, too, have made concessions to the capitalists. This year (1950) we never accused our comrades; we know that prejudices and new ele-

ments existing in our organization bear part of the responsibility for events."*

Improvement and Enforcement of Wage Laws

In August the National General Union proceeded to revamp its internal organization. At the end of September, it decreed that as a consequence of the fall in agricultural prices, commencing with October 1, all wages, whether on a monthly basis or governed by the "supply-system," had to be included in the sliding-scale system calculated in units expressed on the money basis of May 1950 prices, the value of the unit increasing with prices. The Shanghai General Union then issued the following declaration to private and public enterprises:

"The unions must demand strict observance of the wage laws from the employers or the administration. If they are not at the level of the month of May, do not hesitate to insist upon supplements. The difficulties which may arise on this score in the private enterprises will be resolved by the Consultative Committee. Even if the price of rice is lower than it was in May, they must nevertheless fight to secure the difference. If the situation is good in private enterprises, the unions must automatically demand a solution of these problems from the employers in agreement with the Consultative Committee." (Chinese Workers, No. 11, p. 30).

From August to December 1950, there were no more articles in the newspapers and in the union periodicals on "voluntary sacrifice by the workers." On the contrary there is insistence on the effective support which the unions must give them. "Since improvement in the economic situation, from August to September, certain factories have been able to balance their budget, or even produce a surplus, After negotiations between employers and workers, certain enterprises have increased wages to their original levels and rehired dismissed workers.** Since the stabilization of prices other factories have established wages without a sliding scale." At Anyang the length of the workday was still 16 hours. At the end of December, after negotiations, it was restored to 10 hours per day.

The workers have now regained the real wage which they had before liberation. Although the laws have consolidated the right of exploitation by the capitalists, confidence in the future has returned to the workers to the degree that living conditions have improved. We cannot neglect this change which has been in effect up to today (end of 1951), and which completely changes the situation of the workers in the private enterprises.

Workers' Conditions in Private Employment

At present few private enterprises, and only the smallest, are in poor condition and find difficulty in balancing

*All above quotations from *Workers Daily* of August 4, 1950.

**In the first half of June 1949, the public and private enterprises at Shanghai had set wages in relation to the price of rice. The latter rose in July. The employers then declared the method of calculation unreasonable. Wages were therefore calculated in "units," based on the cost of all foodstuffs. The workers then suffered a relative lowering of their wages since rice was practically the only commodity that rose in prices. The unions busied themselves with subduing the discontent of the workers. A knowledge of these facts permits us to make useful comparisons with the present laws.

their budgets. After negotiations between employers and workers, the latter received the right to cooperate with the administration and to be advised on all production plans. The capitalists retain their property rights, but no longer direct the business of the enterprises in a great measure. Some contend that these factories will be nationalized. Most of the private enterprises have balanced budgets or even show profits.

We often find advertisements and employment offers in the newspapers. In 1951, all industrial organizations of the North and Northeast advertised for skilled labor in central China, which brought about an emigration toward this region of a section of workers employed in the State enterprise. The administrative Committee had to forbid these shifts. Toward the end of last year, a textile machinery plant was constructed at Chang-Chu (Honan province) which wanted to employ 10,000 workers. It appealed right up to the Hong Kong region in order to recruit skilled workers. It seems therefore that industry has really been revived in China. In contrast, many workers in commerce are still unemployed.

This heavy demand for labor has brought about the change in CP policy. The wages in most private enterprises have found their pre-liberation level, or have even gone beyond. For example, at Fusan (province of Kwangtung) there were formerly 6 manufacturers of textiles; after liberation there were no more than 3; now there are 9. The workers, working 8 hours a day, would earn 60,000 to 70,000 yen per day, which would surpass the pre-liberation level if we evaluate this in Hong Kong dollars. With one exception all wages are higher than those of Hong Kong (under British rule). Evaluating them in terms of the price of rice, wages in continental China are one-third higher than those at Hong Kong, but the buying power for industrial products is considerably lower.

The wage of a lathe operator in private industry at Shanghai is 1,180,000 yen per month. A Hong Kong dollar is worth 300 yen. This wage is 15 to 20% higher than that of a lathe operator in Hong Kong. If this entire amount were used for the purchase of rice, the wage would be even 30% higher than that at Hong Kong; but if it is used in the purchase of industrial products, it is lower.

In the largest private textile manufacturing plant at Shanghai the wage of a coolie a short time ago was still 60 units per month, that is 327,180 yen. Technicians and administrators received a maximum of 1400 units, which equals 7,634,200 yen. The unions have recently demanded that the guaranteed minimum living wage for labor be set at 500,000 yen; technicians and administrators were to be given a cut in wage of two-thirds (400 units, or 2,181,200 yen). The demand was approved by the Labor Bureau and applied beginning January 27, 1952.

How Grievances Are Settled

In the enterprises of the big cities, a great deal of attention has gone into developing the welfare, education and culture of the workers. Initiative in these cases rests with the unions but the cost is borne by the factory. Expenses for this account represent 5% of the worker payroll. In plants of more than 100 workers, the social-in-

surance laws are already being applied. There are plants, however, which are still not applying them in toto but try solely to carry out the main regulations. Accident cases and pregnant women have the right to paid vacations. Older workers are already benefitting from the application of these laws. In the large cities and above all in the large enterprises, the workday is 8 hours. In the smaller ones, it is sometimes 9 or 10 hours.

Conflicts over severance pay no longer take place in the industrial sector but are still frequent in trade. In this connection, the government and trade unions have defended different proposals. In severance cases, the Labor Bureau is mediator. In those cases where the workers asked for three months' pay, and the employers only wanted to pay one month, it set the amount at two months. According to the law, in case of disagreement, appeal may be made to the courts. While awaiting their decision, if the employer is plaintiff, he must continue to pay the wage and subsistence. If the worker is plaintiff, the employer no longer has any obligations to him. Because of this, the workers are in practice forced to accept the decision of the Labor Bureau.

However this situation can also turn against the employer. Thus at Canton, a tobacco manufacturer having closed his door, his director accepted the decision of the Labor Bureau, but did not have sufficient funds to meet severance pay. He therefore had to sell his villa, all his furniture, and his machines in order to pay up. The sum accumulated in this way was still insufficient; he was arrested and imprisoned. According to governmental laws, it is in fact first necessary to sell consumer goods, and only as a last resort to dispose of productive property.

Consultation between directors and workers has become common practice and a Consultative Committee exists in almost all plants. Obviously in certain factories this Committee is nothing but a capitalist tool for deceiving the workers. But in others, these committees really permit the workers to intervene in the workings of the factory and to control them. In certain cases, the workers' representatives on the committee were not named by the union but elected by general assemblies of the workers. Their representatives are generally skilled workers, often very young. The proposed resolutions of the committee must first be debated in the general assembly. If an employer wants to buy a machine or raw materials, or if he sets up a plan of production, the committee must first be consulted. The bookkeeper of the plant must always attend these assemblies and present his report. According to the law, the right of firing belongs to the employer; the unions only have the right to protest. But in practice, everybody has forgotten this law, and a worker cannot be discharged without agreement by the union.

The Workers' Role in Production

We have stated that intervention in production by the workers was forbidden. But the Chinese CP is not the representative of the capitalists. In order to ferret out fiscal evasions and frauds in the quality of products, it has allowed the workers to supervise manufacture. Thus, products manufactured for the State undergo an inspection by

the union before leaving the plant. If the quality is not up to the agreed standard, the government can reject them.

The CP knows that the capitalist can readily deceive the government, which is ignorant of the concrete processes of manufacture, but they cannot deceive the workers who participate in them first-hand. Naturally, the workers must often pay the price of such intervention: avoid spoilage, improve methods of work and increase productivity.

Workers' assistance has permitted employers in various factories to make a great deal of profit. But at the same time, the workers' position is very different from what it

was prior to liberation. The workers are no longer afraid of their foremen, engineers and directors, with whom they can now talk familiarly. The latter no longer have the right to beat the workers, to condemn them or insult them. A worker of Hong Kong who worked for 15 years in continental China recently returned there and noted a fundamental change in the atmosphere of the factory.

The workers are now respected in society. To obtain a pass for going from Hong Kong to Canton it is necessary to have the guarantee of two firms. But for a worker, the guarantee of a single one of his comrades is sufficient.

China's First Five-Year Plan

The following editorial is translated from Quatrieme Internationale, a periodical published in Paris.

The historic importance of the first Chinese Five-Year Plan which begins this year, although the country is carrying on a war against combined imperialism, is not to be minimized.

Despite the modest goals set in comparison with the targets achieved in 1952, the plan denotes for the first time in the thousand-year history of China the stormy development of hitherto stagnant productive forces which will transform the country from top to bottom.

It should not be forgotten that industrial production had represented hardly 10% of the national income. China is embarking now on the road of industrialization at a speed which surpasses that of the USSR in the first decade of its existence: an annual rate of 20% for the entire next period opened by the plan.

Hardly three and a half years after Mao Tse-tung's victory, People's China has embarked on the road of economic planning in which the State already holds the key positions: 80% of heavy industry; 40-50% of light industry; 90% of foreign trade; 95% of credit — and 70% of agricultural trade is conducted by the cooperatives.

During these last three years, industrial production has more than doubled, surpassing the pre-revolution maximum. On the other side, grain production surpasses the highest pre-war figures by 9%. For the first time, China is self-sufficient in its rice crops; in 1952 it had exceptional cotton, sugar, tobacco and other crops which had previously been imported. Raw materials such as iron ore, oil, non-ferrous metals needed for the industrialization of the country, which up to now have only partly been explored or exploited, exist in abundance. Labor is more than plentiful. The only serious problem in this sphere is that of specialization and of technicians. The plan provides for the training of two and a half million technicians, teachers and skilled personnel which would be the equivalent of the present size of the Chinese industrial proletariat.

A number of measures are now being put into operation for the accumulation of capital required for the real-

ization of the plan: aid from the USSR and the other "peoples' democracies" in industrial equipment in exchange for agricultural products and raw materials; re-organization of the system of State resources which will develop with the development and the growth of the country's economy as a whole; economies resulting from the struggle against waste and bureaucratism; rationalizing of production.

The principal source of capital for the realization of the plan remains internal accumulation by means of numerous State projects.

Development of Modern Industry

Geographically the main base for the industrialization of the country remains the northeastern area of Manchuria, which supplies half of China's industrial production. However, the plan provides for an encouragement to all local industry in order to cope with the increase of the needs and buying power of the peasantry. Very substantial measures are being taken to develop heavy industrial installations in the Northwest and Southwest, notably in Szechuan and Sinkiang, where systematic steps are being taken for the exploitation of raw materials. "New modern industrial complexes are in construction in the Northwest with the aim of making this region one of the industrial bastions of China." (*China Daily News*, November 24, 1952.)

The plan provides for ultra-modern industrial installations, and this is an example of the combined development of China which is not going through even the same cycle of experiences as the USSR after the revolution, but is starting out on a higher level. Alongside of picks and spades handled by twenty million peasants in clearing and irrigation, of carts often drawn by hand, of old weaving looms still in use in some Shanghai factories, there is the new almost entirely automatic linen mill in Harbin (in the center of the linen-raising area).

Electrically controlled heating is used in the new Fushin mine. Automatic picks are utilized in the Tatung coal mines as well as motor-driven loading cars and pneumatic drills. This year China is constructing iron rails, "big steam turbines, high-speed Diesel locomotives,

modern machines for the treatment of minerals, precision-tool machines and heavy duty cranes." (*China Daily News*, January 25, 1953.)

The social and political conditions which permit the elaboration of the plan and will make possible its realization is the de facto proletarian state power allied to the poor sections of the population. A so-called intermediary regime between capitalism and the dictatorship of the proletariat, led by a "democratic" coalition of the proletariat, the poor peasantry, the urban petty bourgeoisie and even the "liberal" national bourgeoisie, which has long been the aim and even the perspective of Stalinist policy in China, passed into limbo before even being born. The Chinese leaders are obliged to speak more and more of "China having already entered on the road of socialism," and of recognizing in reality that their regime is related to the dictatorship of the proletariat, which is resolving the bourgeois-democratic tasks of the revolution while at the same time starting on socialist tasks proper.

Bureaucratic Deformations

However, this de facto proletarian dictatorship is strongly tainted with "bureaucratic deformations" which are due both to the Stalinist education of the leadership of the Chinese Communist Party and to the very backward character of the country economically and culturally. The State is still a long way from being one where the working class and allies, the poor peasantry, actually exercise the power through democratic committees, a democratic national assembly, democratic trade unions. In reality everything is directed and controlled by the Chinese CP. By a combination of practices which are due both to the traditions of the country and the heritage of the Soviet bureaucracy, the Chinese leadership is trying to reeducate the masses and to forge a new state apparatus capable of realizing the tasks resulting from the program for the industrialization of the country.

In the first half of 1952, a big campaign against *Wu Fan* (cheating on a contract, pirating government employees, lying on tax returns, stealing government property and stealing government information for personal speculative purposes) was carried on in all the industrial and commercial establishments. At the same time the *San Fan* campaign (against corruption, waste and bureaucracy) occurred in all the government services.

As far back as 1951 another campaign for the elimination of counter-revolutionaries had prepared the ground by a kind of revival of the civil war against the former ruling classes, especially on the country-side, and by smashing in advance their opposition to the new tasks arising from "the march of the country to socialism."

The revolutionary Marxists would have no criticism whatever of all these measures if they were directed exclusively against reaction and if they were carried out by the revolutionary activity of democratically organized masses. But this is not exactly the case. The Chinese CP has included in its campaign of elimination of counter-revolutionaries all former revolutionary Marxist op-

ponents, and it has not at all favored the genuine democratic organization of the masses.

The convocation of an All-China Peoples' Congress for this year, as well as the drafting of a national constitution, are naturally progressive steps in the right direction but they still perpetuate Stalinist practices insofar as they only establish *formal* democratic participation of the masses in the control and direction of the state and the economy.

The Chinese and the Russian Road

But despite these handicaps, the fate of the Chinese revolution is still to be decided. General historic conditions are quite different from those which led to the monstrous bureaucratization of the proletarian power in the USSR. China will not take the Russian road. It is undertaking the statification and planning of its economy under infinitely more favorable conditions, and with a far greater initial dynamism. It bathes in a world of unprecedented revolutionary ferment, a world witnessing the international extension of the proletarian revolution.

We salute New China's first Five-Year Plan which marks the forward march of the Chinese Revolution, the vanguard of the colonial revolution, soon of the revolution in all of Asia which imperialism has already almost completely lost. It is a colossal achievement of the revolution deciding its henceforth inevitable world victory.

Correspondence

Editorial Note

We call the readers' attention to the following exchange of letters between Comrades M. Stein and George Clarke.

Two vital questions are posed. The first concerns the Marxist definition of Soviet economy; the second involves the inevitability of political revolution by the Soviet workers against the Kremlin bureaucracy.

In his letter M. Stein criticizes Clarke's formulations on the nature of Soviet economy as "socialist in essence" and directed by "methods of socialist planning," not because these are "loose" terms but because they represent a departure from the principled position of Trotskyism; distort Soviet reality; reinforce illusions fostered by the Stalinists; and pave the way for false political conclusions.

Both the imperialists and the Stalinists, each for reasons of their own, seek to identify the Kremlin regime with "socialism" and "communism" and its bureaucratic planning with the socialist method. The Trotskyists, as genuine Marxists, have exposed the Stalinist lies in this connection along with the imperialist attempts to exploit the Kremlin's deceptions against the struggle for socialism.

It is wrong to characterize the Soviet economy as "socialist in essence," as the Stalinists do, because it is actually a transitional economy, "a contradictory society halfway between capitalism and socialism" (Trotsky.) Among its other features, it combines bourgeois norms of distribution with production on the basis of nationalized industry; in agriculture, as Trotsky pointed out, collective farms "rest not upon state, but upon group property."

Planning, to be sure, is "socialist in principle" as against the anarchy of capitalist production. Such planning was made possible by the achievements of the 1917 Russian Revolution.

Socialist planning is for the benefit of the masses. It takes place through their direct participation and democratic control, promoting the most rapid development of the productive forces and aiming at reducing and eliminating social inequalities as quickly as possible.

The bureaucracy's method of planning is the direct opposite. It is carried on to benefit the privileged minority, excludes the producing and consuming masses from participation, and impedes the growth of the productive forces. That is why the founding program of the Fourth International, as part of its program of political revolution against this bureaucracy, called for "a revision of planned economy from top to bottom in the interests of producers and consumers!"

Much more is involved in all this than "terminological hair-splitting," as Clarke says in his answer. A view of the USSR which sees its economy as "socialist in essence" and the planning likewise as "socialist" leads to one set of political conclusions. The traditional Trotskyist analysis leads to an entirely different set.

Our program stands for the inevitability of the political revolution in the USSR. Comrade Clarke denies in his reply that he is in any way discarding this position. He claims to be simply "analyzing more concretely" this "concept of the political revolution."

What did this "analysis" consist of in his article in the Jan.-Feb. Fourth International? Instead of setting forth in a clear and unambiguous way the inherent and unavoidable need for the mass uprising against the Kremlin bureaucracy, he offers it simply as one of several variants of development of a "political revolution." That is not all. He then counterposes the diametrically opposite variant of the progressive reform of the bureaucracy. These are two mutually exclusive variants of "political revolution."

What kind of a guide to action is this counterposing of a variant of reform to our program of political revolution? The one insists upon the political expropriation of the bureaucratic rulers by the Soviet masses; the other, as Clarke tells us, envisages the "sharing of power."

But Clarke's disorientation does not end there. His "more concrete" analysis foresees a range of other variants made up of combinations of reform and revolution. What could possibly follow from this coupling of two mutually exclusive political concepts if not the discarding of the "concrete" Trotskyist concept of the inevitability of the overthrow of the bureaucracy by the masses?

The idea advanced by Clarke that the Kremlin bureaucracy is capable of "sharing power" with the Soviet people challenges both the program of political revolution for the Soviet Union as well as the Trotskyist concept of the nature and role of this parasitic caste. This idea runs counter to reality.

The bureaucracy needs its totalitarian apparatus of terror and repressions precisely because it cannot share the power required to maintain its privileges, income and unbridled rule. Its police regime acts to oppress the masses, keep them politically expropriated, and deprive them of the slightest chance of intervening in political life. It leaves the masses no alternative but to take the road pointed out by the Trotskyist vanguard.

Clarke does not say by what ways and means the Kremlin despots will "share power" with the masses. Through what existing governmental and party institutions can the bureaucrats share power? Through the completely bureaucratized party? Through the secret police or the Army? The masses will gain a say in the country again only through the revival of their own mass organizations which will signalize, not the "sharing of power" with the Kremlin gang, but the inception of the political uprising against it.

The June 1953 uprising of the German workers against the Stalinist regime is the most striking confirmation to date of the irreconcilable conflict between the bureaucracy and the masses. One of the main lessons taught by these "new events of today in their actual process of development" is that the

bureaucracy cannot "share power" with the workers. The workers engaged in an uprising; they demanded the overthrow of the regime and the establishment of their own democratic organs of power. The bureaucracy, for its part, responded with military force and police measures. The concessions and promises of concessions pursued the same aim as the naked repressions, namely, to prevent the German workers from emerging as an independent political force.

What kind of guide to action in the next stage of the struggle in East Germany would be Clarke's idea that the bureaucracy could or would "share power?" Or that the Soviet workers should draw such a conclusion from the East German events? We say, on the contrary, that Clarke's proposition must be rejected as false and fatal. The political task of the workers in the Soviet Union, as in East Germany and elsewhere in the buffer zone, is the overthrow of the counter-revolutionary Stalinist bureaucracy.

Comrade Clarke will not find in Trotsky's analysis and program or in the "new events of today" any support for his multiple, self-contradictory variants of the socialist regeneration of the Soviet Union.

Letter From M. Stein

August 1, 1953.

Editor:

In an article by Comrade George Clarke entitled "Stalin's Role — Stalinism's Future" (Jan.-Feb. 1953 *Fourth International*) repeated reference is made to the "socialist" character of Soviet economy. Thus, at one time, the author refers to "the socialist-type economic system of the Soviet Union;" at another, "the Soviet regime rests upon new socialist property forms;" and again, "a system of property relations, nationalized in form, socialist in essence." In addition, the Kremlin's planning is characterized as "the methods of socialist planning."

To Trotskyists this is a new definition of the Soviet economic system and of the Kremlin's method of planning. As a matter of fact, Leon Trotsky polemicized precisely against such formulations put forward by the Stalinist theoreticians.

Here is what he said: "It is perfectly true that Marxists, beginning with Marx himself, have employed in relation to the workers' state the terms *state*, *national* and *socialist* property as simply synonyms. On a large historic scale, such a mode of speech involves no special inconveniences. But it becomes the source of crude mistakes, and of downright deceit, when applied to the first and still unassured stages of the development of a new society, and one moreover isolated and economically lagging behind the capitalist countries.

"In order to become social, private property must as inevitably pass through the state stage as the caterpillar, in order to become a butterfly, must pass through the pupal stage. But the pupa is not a butterfly. Myriads of pupae perish without ever becoming butterflies. State property becomes the property of 'the whole people' only to the degree that social privileges and differentiation disappear, and therewith the necessity of the state. In

other words: state property is converted into socialist property in proportion as it ceases to be state property. And the contrary is true: the higher the Soviet state rises above the people, and the more fiercely it opposes itself as the guardian of property to the people as its squanderer, the more obviously does it testify against the socialist character of this state property." (*The Revolution Betrayed*, pages 236-7.)

This is not a question of mere terminology. From Trotsky's analysis of social relations in the USSR flowed his political conclusions concerning the USSR. Trotsky was fully aware and repeatedly stated that the extension of the world revolution would undermine the rule of the Kremlin bureaucracy. But he excluded the possibility of this bureaucracy's peacefully "growing over" into socialism, or reforming itself out of existence.

Precisely because of the specific character of this parasitic caste, Trotsky said it must be smashed by the masses in order to regenerate the Soviet state, and therewith open up the possibility for the withering away of the state.

On page 87 of "The Revolution Betrayed," Trotsky wrote: "All indications agree that the further course of development must inevitably lead to a clash between the culturally developed forces of the people and the bureaucratic oligarchy. There is no peaceful outcome for this crisis. No devil ever yet voluntarily cut off his own claws. The Soviet bureaucracy will not give up its positions without a fight. The development leads obviously to the road of revolution."

This same line is incorporated in the foundation program of the Fourth International, which calls for a political revolution against the Kremlin bureaucracy. It states categorically: "Only the victorious revolutionary uprising of the oppressed masses can revive the Soviet regime and guarantee its further development toward socialism."

Clarke, in his article, not only sees the Soviet economy as already "socialist in essence," but he also puts a question mark over this Trotskyist political position. He writes: "Will the process take the form of a violent upheaval against bureaucratic rule in the USSR? Or will concessions to the masses and sharing of power — as was the long course in the English bourgeois revolution in the political relationship between the rising bourgeoisie and the declining nobility — gradually undermine the base of the bureaucracy? Or will the evolution be a combination of both forms? That we cannot now foresee."

Comrade Clarke's designation of Soviet economy as "socialist in essence" is introduced without any explanation. He discards the Trotskyist position on the inevitability of political revolution by the working class against the Soviet ruling caste without any substantial motivation.

If Comrade Clarke believes that the accepted programmatic positions of Trotskyism on these fundamental issues are no longer valid and require revision, he should not have introduced such serious changes in so offhand a manner.

Comradely,

M. Stern

Reply by George Clarke

Editor:

Comrade Stein's criticism is compounded of terminological hair-splitting, pettifoggery and bad faith, deriving apparently from the conception that the programmatic positions of Trotskyism constitute dogma rather than a guide to action.

It is obvious from any disinterested reading of my article that I used the term "Socialist property" as a synonym for the new property forms of the Workers State, for nationalized or statized property, as Marxists have done time and again. The quotation from Trotsky that Stein employs is misdirected, and possibly misunderstood. Trotsky was polemicizing against the Stalinists. Here is the way the quotation truncated by Stein actually begins: "The new constitution — wholly founded, as we shall see, upon an identification of the bureaucracy with the state, and the state with the people — says ' . . . The state property — that is, the possessions of the whole people.' This identification is the fundamental sophism of the official doctrine." No wonder Stein's argument fails to hang together. Trotsky was polemicizing against the identification of the state with the Stalinist bureaucracy. Stein is polemicizing against an article the entire first section of which is devoted to proving the basic antagonism between the Stalinist bureaucracy and "Socialist property."

As a matter of fact, Trotsky himself repeatedly employed the same expression. He clearly saw no objection to the term, "Socialist methods" or "Socialist property forms" — in characterizing the basic property relations in the USSR, so long as it was made clear that the bureaucratic excrement which had grown is in antagonism to the property forms.

In the very book quoted by Stein, *The Revolution Betrayed*, Trotsky wrote on page 57: "The application of *socialist methods* for the solution of *pre-socialist* problems — that is the very essence of the present economic and cultural work in the Soviet Union." (Trotsky's emphasis.) On page 250 he stated: "The predominance of socialist over petty-bourgeois tendencies is guaranteed, not by the automatism of the economy — we are still far from that — but by the political measures taken by the dictatorship. The character of the economy as a whole thus depends upon the character of the state power." On page 244, Trotsky wrote: "This contrast between forms of property and norms of distribution cannot grow indefinitely. Either the bourgeois norm in one form or another must spread to the means of production, or the norms of distribution must be brought into correspondence with the socialist property system."

Stein's purpose, however, is not to correct some allegedly loose phrase in my article, but to make the charge that I am discarding "the Trotskyist position on the inevitability of political revolution by the working class against the Soviet ruling caste." This charge has no merit whatsoever. I am discarding nothing. I am trying to apply our program.

What is happening is that the concept of the political revolution held by world Trotskyism for almost two decades is now for the first time due to find application in life. It is necessary for Marxists to analyze more concretely the meaning and application of this programmatic position. Trotsky himself recommended it in the very work which Stein quoted. Those who would flee in panic at every attempt to analyze the new events of today in their actual process of development would convert Marxism into dead scholasticism.

George Clarke

Discussion Articles

The June uprising of the East German workers against the Kremlin's satellite regime has, like every great revolutionary event, tested the validity of every political force in the world working class movement, most notably that of Stalinism and Trotskyism. At the same time the developments in the Soviet Union after Stalin's death punctuated by the Beria purge have aroused world-wide attention.

The two articles by Comrade George Clarke, published herewith, present his views on the meaning and consequences of these events.

His editorial associates hold to a different analysis and appraisal of these events which will be printed in the next issue of this magazine.

Shake-up in the Kremlin

Writing about events since Stalin's death a scant four months ago is almost like describing a scene from a fast-moving train. Change has been heaped on change with such rapidity as to allow little time to assimilate all the details or the full importance of any one development. But what cannot be mistaken, even viewing history-in-the-making from within, so to speak, is the direction it is taking. In a speech delivered some three months ago we stated that the film of history in the USSR "is now unwinding toward socialist democracy in the USSR. Not at once, to be sure, and not rapidly. There will probably be many ups and downs, many conflicts between the masses and the bureaucracy, new outbreaks of violence, coercion and probably even purges, and the entire process in all likelihood will pass through a Third World War. But its direction is indisputable, its outcome inevitable — not the restoration of capitalism, but the return of socialist democracy on a far higher level." (See F. I., Vol. XIV, No. 11, p. 12)

Elsewhere in this issue Michel Pablo chronicles the amazing series of measures initiated by the new Soviet rulers in the USSR and the border states which constituted the first steps in this direction and which, as we pointed out, have had "the effect of loosening the bonds of the Stalinist monolith . . ." For the first few months, the impression was created that a reform administration was in the saddle, that it would peacefully liberalize the regime from the top. Isaac Deutscher came to the quick conclusion in an otherwise intelligent, topical book on

post-Stalin Russia that a kind of bureaucratic Fabianism was developing which would take the USSR through gradual change and transition to socialist democracy. In his search for the most comforting solutions, Deutscher overlooked the most important factor — the intervention of the masses into this process, he underestimated the other significant factor — the conflict within the bureaucracy itself, and he failed to see the connection between the two. There was to be no long argument over this question. Within a few weeks history rushed in to make the needed correction.

The first corrective came in Berlin and in all of Eastern Germany when an industrial working class asserted its place in the process by massive strikes and demonstrations that forced a tottering regime to grant unprecedented concessions. The second was the arrest of Lavrenti Beria, the gathering purge of his henchmen throughout the territories of the USSR, and the sudden prominence of the high army command openly throwing its full weight in support of the purge.

The two developments are internally connected, like one link of chain to another. Let us briefly retrace this swift train of events. Cognizant of the vast discontent prevalent in the USSR even before the death of Stalin, who had repressed it with an iron hand, his successors could find no other means to cope with this discontent than a series of reform measures, which by a certain liberalization of the regime, would more firmly ensconce them in power. The limits of this reform program were set at the borders of Great Russia. Sweeping changes were promised in the funeral orations of the three main figures of the new directorate, but beyond renewed declarations of "friendship" the status quo would remain in the satellite countries.

Once set into motion, however, the new trend began to develop a momentum, of its own and quickly swept beyond the prescribed borders. Georgia, the Ukraine, the Baltic countries, and other Russian republics with their explosive national problems, came within the scope of the "new course." The long-established Stalinist policy of Russification was vehemently denounced, the top administrations of the states were thoroughly shaken up. On July 10th the "new course" was proclaimed for Eastern Germany, and after the big struggles of the following week it made its appearance in Hungary, and partially in Czechoslovakia and Rumania.

Was this new policy the common decision of the entire directorate or was it an attempt by Beria, partly in response to pressure from below, to strengthen his personal machine in the struggle for power in the top circles? It is too early yet to answer this question. But most likely it was a combination of both factors. What is clear is that the new regime, regardless of its apprehensions could not proceed to a policy of concessions without also attempting to appease the explosive discontent among the non-Russian peoples. It knew it was playing with fire but it could not inaugurate the new reign with a contradictory policy of "liberalism" for the Great Russians and undiminished repression for the Ukrainians and the other nationalities. Is it too extreme to believe

that the attempt to pursue such a policy would have produced events similar to those in Germany and Czechoslovakia? Is it unreasonable to assume that the masses in these areas, unalterably hostile to the Great-Russian rulers in the Kremlin, encouraged by the weaknesses revealed in the central power after Stalin's death, goaded by the failure to receive any concessions would have found their way to some form of action?

In any case this is precisely what occurred in Eastern Germany. The shift of Soviet occupation command from General Chuikov to the civilian Semionov aroused considerable speculation as to weakness and differences in the Kremlin; the restriction of the June 10th "new course" to the middle class, the church and the peasantry while intensifying the speed-up in the factories spurred the working class to its stirring, heroic struggles of June 16-17.

Two questions, fraught with the greatest dangers for the top bureaucracy, remained unanswered after the East German revolt whose suppression was complemented by the granting of substantial concessions to the workers, and then extending some of them to Hungary and Czechoslovakia. First, would the German events become an example for all Eastern Europe and eventually for the disaffected areas in the Soviet Union. Second, was Beria committing the most unpardonable of sins in the bureaucratic world, that of arousing the masses in order to build his own personal machine?

We do not intend here to discuss the far-reaching ramifications of the clique struggle in the Kremlin. The cliques, however are not arbitrary formations of personal followers of contending aspirants for power but represent distinct segments of the bureaucracy each with its own specialized interests. The conflict among them was temporarily halted, or at least muted, to prevent "panic" and "disarray," as the official announcement put it after Stalin's death. It broke out again as a reaction to the German events and the dangers of playing too fast and loose with the tinder box which is the national question in the USSR. That is the meaning of the principal charge levelled against Beria, that he was "stirring up hostility" among the various peoples of the USSR and of fostering "bourgeois nationalism." It also explains the promotion of the notorious Hilde Benjamin to the post of Minister of Justice in Eastern Germany, an action that symbolizes the mailed fist under the silk glove.

In their recoil at the brink of the disastrous possibilities created by the reform policy, the other quarrelling members of the directorate seem to have momentarily consolidated their forces. They appear to be attempting to rigorously limit concessions so as to alleviate living conditions but to prevent any direct, independent intervention of the masses in the process; and to regain some of Stalin's monolithic control by dealing more decisively with officials who have shown "weakness" in the face of popular opposition.

They cannot go too far or for too long along this road — not without provoking the greatest convulsions. That is indicated by the eclecticism of the present zig-zag where new slogans and policies still mingle with old

ones, and when it is still not clear whether the emphasis is to be on concessions or repressions, or how the balance is to be struck between them. The revolutionary climate, however, in the world at large militates against the simple re-establishment of the Stalin autocracy. The new confidence, and in all likelihood, the new independent organization gained by the workers of Eastern Germany from their battles and — yes! — from their partial victory, encouraging similar movements in other countries militates against it. No matter how sweeping the new purges, if the bureaucracy now dares venture on such a perilous road, it cannot create a new Stalin, that is, a recognized empire who alone could bring "order" out of the ensuing chaos. On the contrary, such a purge would have the opposite effect from that of the Thirties when the Kremlin carried out its bloody work amidst reaction in the world and passivity at home. Today the bureaucracy could not go through such a crucible without weakening itself fatally.

The political revolution that will eventually bring into being not a capitalist restoration but a revival of socialist democracy is already foreshadowed by two major trends now observable: conflicts within the bureaucracy and the intervention of the masses. The attempt of the bureaucracy to appease the masses with concessions has brought the masses onto the arena with their own demands whose logic is the death of bureaucracy. The intervention of the masses is provoking a struggle in the bureaucracy, when stripped down to its essentials, it will be revealed as a conflict between those determined to continue the policy of reform and those who want to return to the policy of repression. The conflict cannot any longer be decided within the bureaucracy itself. There is now a "third man" to be reckoned with — the masses, whose presence is ever more keenly felt, whose demands become ever more articulate and insistent. This is the new force that will prevent the post-Stalin rulers from reconsolidating the monolith, that will sow the deepest divisions among them.

One section of the bureaucracy, because of its training, its attachments, because it is therefore more susceptible to pressure from below and to the needs of Soviet society — and, in the interest of sheer self-preservation — may attempt in the ensuing struggles to mobilize the masses for their own bureaucratic aims. In the course of that struggle the masses will devise their own program which will signify the end of all bureaucratic rule.

More likely is the possibility that goaded by their discontents, encouraged by the more apparent weaknesses of the regime, the masses will utilize the divisions on the top and the consequent greater freedom of action to launch their own independent struggles. They will find spokesmen reflecting their needs and aspirations and draw a section of the bureaucracy behind them in the struggle to re-establish workers' democracy.

Barring the outbreak of war which would postpone the process and give it new forms, we believe these to be the most probable variants of the developing political revolution. This corresponds, in our opinion, to a scientific description of the bureaucracy. It is not a class but

a caste. It owes its existence not to a special role it plays in the process of production, such as ownership of property or of capital, but rather to a historically episodic, transitory relationship of forces.

True, its privileges are considerable, but these consist purely of the objects of personal consumption and hence do not provide the cohesion that derives from ownership of the means of production. True, its power is enormous, as we know. But this power is based on the weakness of the proletariat which at a given moment lacks sufficient strength numerically, economically, culturally to prevent the usurping privilege-seekers from seizing control of the instruments of rule. In an epoch of revolutionary crisis the relationship of forces and strength becomes reversed. At such times it is the heterogeneity *even* of propertied ruling *classes* that becomes uppermost and manifests itself in indecision, in a proliferation of programs and parties. For a bureaucratic caste, this must be infinitely more true.

Naturally, we cannot yet speak with all the necessary concreteness of the laws of proletarian *political* revolutions which are a new phenomena in history and whose specific features will become fully clear in the unfolding of the events themselves. Trotsky's dialectic approach to the problem bears repetition. Writing in 1936 on the eve of the great purges, he said the following in answer to the Webbs whose views were not altogether dissimilar to Deutscher's today:

"Will the bureaucracy itself, in whose hands the power and the wealth are concentrated, wish to grow peacefully into socialism? As to this doubts are certainly permissible. In any case, it would be imprudent to take the word of the bureaucracy for it. It is impossible at present to answer finally and irrevocably the question in what direction the economic contradictions and social antagonism of Soviet society will develop in the course of the next three, five or ten years. The outcome depends upon a struggle of living social forces — not on a national scale, either, but on an international scale. At every new stage, therefore, a concrete analysis is necessary of actual relations and tendencies in their connection and continual interaction." (*Revolution Betrayed*, pp. 48-49.)

The rise and fall of bureaucratic leaderships is not, however, a new phenomena in the workers' movement, and something can be learned from studying some of these past experiences. While not exact, therefore, because they deal with castes in a workers' movement and not in state power, analogies with such developments in trade unions and working class parties can throw an important light on the question.

There is, for example, the case of the powerful bureaucratic machines of the Social Democracy built up in the epoch before the 1917 Russian Revolution. Its retainers were united by considerable privileges acquired over a number of decades and deriving from a relatively unchallenged control of a vast workers' movement. Their reaction to the upsurge sparked by the Bolshevik Revolution can be described in two stages. In the first, the German Social Democracy, under Noske and Scheidemann, met the workers' uprising head-on and suppressed it. But as the upsurge continued for a number of years, a differentiation began to occur and the bureaucracy di-

vided and broke up. Under the sustained pressure of the masses, sections and in some cases even entire groupings came over to the Russian Revolution and to the communist movement. For some of these elements, the revolutionary developments turned out to be a far stronger motive force than their personal privileges and power. For others, the entry into the revolutionary camp was considered the best maneuver for the moment to ultimately regain their past perquisites. And, indeed, when the upsurge subsided, many returned to the fleshpots of class collaboration. But the process as a whole caused the irrevocable decline of imperialist social democracy and the rise of the then revolutionary communist movement.

What is important in this analogy is not any exact parallel to be drawn with the process of break-up and overthrow of a privileged bureaucracy in a workers' state. It is rather the underlying social similarity in both cases of the dominant labor-based caste which makes it far more subject than any ruling class to internal corrosion and division under the tumultuous movements and pressures of the masses in a revolutionary period. The analogy thus permits a better insight into the dynamics of the political revolution. It indicates at least some of the channels the awakened masses will, by their very appearance on the political scene, create and then seek to exploit for larger aims. Above all it provides confidence in the certainty of their ultimate triumph in re-establishing socialist democracy.

By George Clarke

The June Days in Review

We wish here to set forth, without attempting any elaborate descriptions, some of the principal features of the momentous East German events of June 16-17. It is from these characteristics, we believe, that can be discerned some of the reasons for the deep and continuing effects of these events on the USSR and all of Eastern Europe; and some vision can be gained of what is ahead in the coming struggle against Stalinist rule throughout the Soviet bloc.

I. The Social Nature of the Movement

There had been considerable haziness, and not a few illusions among the imperialists, as to the form and aims a movement of opposition to the Stalinist clique would take. The general hostility among the East German masses was well-known. It had been kindled by a ruthless regime employing the most brutal methods. There was hatred for the Soviet occupation, for heavy reparations and the dismantling of factories whose equipment was shipped to the USSR, for the amputation of national territory at the Oder-Neisse line in the interests of Poland, for the forcible eviction of millions of peoples from their homes to make way for Polish resettlement.

On the other hand, it was clear that the regime was exhausting its credit among those sections of the population which had profited from the social transformations carried through in Eastern Germany.

The hated Junker had been driven from his estates, and the land was divided among the peasantry. But the popularity thus gained was being undone by a program of forced collectivization, by exorbitant demands for crop deliveries to the state, by the shortage of consumer goods created by the diversion of industry to heavy goods and war production.

The youth had benefitted most from the elimination of the caste of Prussian officials, creating innumerable openings for them in the government, judiciary, etc., and by the creation of unprecedented opportunities in technical training and higher education. This capital was being exhausted by the arbitrary methods of the police regime and the low standard of living.

The factories had been nationalized, and in the changeover from private ownership a considerable number of workers had been drawn from the ranks into the echelons of plant managements, technicians, foremen, etc. But this was more than counteracted by the harsh, bureaucratic regime in the factories, by the constant war against any independence for the unions, by the speed-up and the shortage of foodstuffs and consumer goods which had become aggravated in the last few months as a result of the acceleration of the heavy industry program.

Regardless of the accuracy of their political reasoning, it is therefore entirely understandable why there should have been so much speculation — and hope — in imperialist circles that the movement in Eastern Germany, when it arose, would be predominantly nationalist, pro-capitalist, anti-Soviet and probably guided by middle class elements.

Participants and Demands

But their illusions were to be completely shattered. The movement of June 16-17 was overwhelmingly working class in nature and took the classic forms of strike actions and demonstrations. Capitalist correspondents have admitted there was no sign of pro-Bonn pro-Western sympathy. Even the slogan for German unification and free elections was not accompanied by the demand for a return of eastern territories which, however justified, might have indicated a pro-Western nationalist trend. In some cases, Walter Sullivan, *N. Y. Times* correspondent writes, workers making the demand for "free elections," have "only the reconstitution of the East German government in mind." There was no demand for any change in the forms of property ownership, or anything which could have been construed as a desire for a return to capitalism.

The first reactions of the Stalinists on the one side and the imperialists on the other constitutes a revealing admission as to their real conception of the character of the movement.

On the heels of the demonstrations and strikes, when the regime attempted to assuage the movement by substantial concessions, Grotewohl, Ebert, Mayor of East Berlin, and others freely admitted that while provocateurs might have been involved, the action was caused by justified grievances. A good part of their "self-criticism" and admission of "errors" was that they had been blind to this dissatisfaction.

"We too are responsible for the situation in East Germany — not only Western provocateurs," Premier Grotewohl told the workers at the Karl Liebknecht plant on June 23. "The arsonists could not have had such success had there not been seeds of discontent among the people."

Ditto Friedrich Ebert speaking to 800 miners at Gera: "One cannot only speak of agents and provocateurs; one must not forget that our people had good ground for dissatisfaction and distrust."

The best picture of the character and demands of the movement is given by Pierre Gousset writing from Berlin to the Paris neutralist weekly, *Observateur*. On the morning of June 16, 6,000 workers downed tools on the Stalinallee construction project in a spontaneous demonstration to demand the revocation of the 10% increase in production norms and marched to the seat of the government demanding an audience with Grotewohl and Ulbricht. Minister of Mines Selbmann came out in their place. Selbmann, who is described as having the appearance and mannerisms of a worker got up on a table to harangue the crowd:

"I voted against the increase of (production) norms at the May 28th session of the Council of Ministers. The increase has not been introduced in my department. I will insist that the government revoke the measures which were incorrectly adopted at that session. Go back to work calmly and put your trust in me."

But the workers interrupted him:

"We no longer have confidence in you. We want guarantees."

The dialogue continued as follows:

—But I. I have myself been a worker for a long time.

—You have forgotten that. You are no longer our comrade.

—How could I forget it, I a communist worker, and for so long a time?

—We are the real communists, not you.

Selbman was left speechless. An unknown construction worker forced him off the table and got up in his place and delivered a calm and dignified speech in the opinion of witnesses I questioned, and formulated the demands of the workers in four points:

1. Immediate revocation of the 10% increase in working norms.
2. Immediate reduction by 40% of food-stuffs and of primary consumer goods in state stores.
3. Leaders who committed serious errors should be dismissed; the party and the unions must be democratized.
4. We must not wait for the Bonn government to take the initiative for the real reunification of Germany. The East German government should start immediately by eliminating all barriers separating the two Germanies. The country must be unified by secret, general and free elections and a workers' victory must be won in these elections.

The worker ended his speech by stating that Selbmann's attitude proved that he is incapable of granting the workers' demands and that if Grotewohl and Ulbricht refuse to face the workers, a general strike should be called in all Berlin to support these demands. With that, the demonstration ended.

Gousset also reports that on the following day at a monster mass meeting held at the Walter Ulbricht stadium and attended by thousands of metal workers from the Hennigsdorf steel mills, speakers demanded the resignation of the government, some of them calling for its replacement by a "metal workers' government." Ac-

According to Gousset's report again, there was not a single word said at the meeting favorable to the Bonn regime.

"Provocateurs" and Imperialists

Subsequently, and in accordance with the Moscow line, the German Stalinist regime has been denouncing the June events as the work of "fascist provocateurs in the pay of western imperialism." The charge would not be worth discussing were it not that it contained a grain of truth — but no more than a grain. It is true that on the second day of the action, a considerable mass of people poured over from western Berlin to join the demonstration. Among them were unemployed and lumpenproletarian elements and fascist types belonging to a fascist youth organization. Responsible observers agree that the burning of buildings and red flags, the breaking of store windows and looting, and other violent and provocative acts was primarily their doing.

But these were merely incidents, discordant notes out of keeping with the main tenor of the action which from beginning to end was an attempt by the workers to gain satisfaction for their grievances and secure greater democratic rights. This is indicated by the extension of the strike movement, in no less vigorous character, to other East German cities where "imperialist provocateurs" would hardly have had the time to penetrate. It is further indicated by the continuing nature of the action: first in the slowdowns or threatened slowdowns to force the release of arrested leaders; and second, in the demand for free elections to a new convention of East German unions.

The reaction in imperialist circles is equally significant. Instead of springing to action, the Adenauer government was paralyzed by the events. It became more hostile than ever to any real effort for German reunification. The State Department far from launching a military or diplomatic offensive, has confined itself to a few declarations of sympathy, charity, and support — for the Bonn Government. At best it saw in the events the possibilities of slowing down the Soviet "peace" drive, of putting a little new cement into the rickety structure of its western alliance, and of giving the *coup de grace* to Churchill's project for a top level parley with Moscow. Essentially it viewed the East German developments, while trying to draw the maximum advantage from them, with distrust and suspicion. The *New York Times* summed it up best in its editorial statement that "*Such regimes can only be destroyed by conquest from the outside, as the German, Italian and Japanese governments were in the Second World War, or by 'palace revolutions' which may or may not pave the way for democracy.*" Imperialism needs Sygman Rhee and Chiang Kai-sheks for its wars against workers' states, and despite the occasional provocateur there was not a glimmer of their existence in Eastern Germany. It cannot find any real contact with an anti-capitalist workers' movement in opposition to Stalinist rule which by its very nature is irreconcilable with imperialism. (It is not surprising that the American radio RIAS, in West Berlin did not broadcast the general strike call during the evening of June 16.)

One final word on the character of the June events. There is absolutely no evidence to indicate any prior planning or political organization, except of an elementary type. Many observers, seizing on this or that incident, have been led astray on this point by their failure to understand the highly-developed sense of organization and discipline traditional among German workers. It was this that manifested itself in the June days and afterwards and not allegiance or adherence to any old or new political party.

Walter Lippman, unable to find any western sentiment in the movement, stated that most of the workers were Social Democratic trade unionists. Undoubtedly if there is some truth in this estimate it consists in this: that as of today the East German workers would probably vote overwhelmingly social democratic in the (improbable) event of all-German elections. It would be their way of expressing their desire for a unification of the German labor movement and for the unification of Germany on a working class basis. It is not unlikely also that the most radical wing of the united socialist movement would also come from among the East German workers because of their experiences with socialist property forms and organization on the one hand and with fighting bureaucratism on the other.

But all this is still music of the future. Meanwhile it is clear that, imbued with renewed confidence from their massive June actions, the elementary movement is rising to a higher level. The isolated factory group is finding links with others in the same city and in other cities. This is apparent in the unification of demands after the demonstration, as for example the freeing of all arrested strike leaders and free union elections. Most important is the fact that the epoch of fear and passivity has come to an end. The workers have tested their own strength, they have seen the glaring weakness of the regime, the conviction is gaining ground that they can be master in the house. Thus is the next stage of the struggle being prepared.

* * *

2. The German Workers and the Russian Occupation

It is deeply significant that the demand for the withdrawal of the Russian troops or the ending of the Russian occupation was absent from the June events. Except for unconfirmed reports in the sensational press here that someone shouted "Ivan Go Home!" there is no linking of any such demand being raised in any of the dispatches of more responsible journalists in the European and American press which I have carefully checked. This was not a sign that the East German population wanted a continuation of the occupation, or that there was any sympathy for the Kremlin overlords. *No, it was rather a shrewdly calculated popular maneuver, instinctively arriving at, to exploit the seeming differences between the Kremlin and its German puppet rulers, and not to fight on too many fronts at the same time.*

The period preceding the June events was filled with many changes and even more rumors. The civilian Sem-

ionov replaced General Chuikov as head of the occupation command, a change which appeared to parallel those occurring in Moscow since Stalin's death. Then on June 9th came the proclamation of the "new course," that is, of a softer and more liberal policy to the peasantry, the middle class and the church. The air was filled with "self-criticism" although only a few weeks before Ulbricht and his cohorts were barking out their commands that the building of socialism had "to be speeded up" regardless of sacrifices. Ulbricht, it was believed, was on the skids.

"The feeling," says Pierre Gousset, "was getting around that the Soviet authorities were 'scuttling' the SED (the Stalinist Party — GC). This was the central theme of West Berlin propaganda in the newspapers and on the radio. The June 16th events strengthened this impression. Thus the psychological conditions were created for the explosion on the 17th."

So strong was this impression that Georges Blun, bitterly anti-communist Berlin correspondent of the *Swiss Journal de Geneve* opined that the June 16th building workers demonstration, which had occurred without the slightest interference from the police or Soviet troops, was "teleguided and desired" by the Russian command. His unsubstantiated conclusions notwithstanding, it was the fact of non-intervention that was carefully assimilated by the workers.

Fraternization at the Boundary Line

This was reinforced the following morning when the workers pouring out of the big locomotive workers and electrical equipment plants in the Hennigsdorf suburb started to march into central Berlin. To avoid walking an extra 15 kilometers they crossed directly through the French sector. Blun describes the scene when they came to the border line of the Soviet zone: "*Between Hennigsdorf and the French zone, 50 armed Russian soldiers tried to stop their advance but they had to yield and to lower their guns which had been raised to firing position. The women (demonstrators) cheered them, kissed them and showered them with flowers as though they were a victorious army returning from the wars.*"

The same pattern was continued with some variations when the street battles began later in the afternoon. Pierre Gousset says that he heard, "only praise for the exceptional discipline and restraint of the Soviet soldiers. Inflamed youth clambered onto the tanks and thrust sticks into the mouths of the guns. But not a shot was fired by the Soviet soldiers."

This report is confirmed from a number of politically divergent sources.

Two young German workers, participants in the June events, openly pro-Western in their sympathies, who addressed the Congress of the International Federation of Trade Unions at Stockholm, and were interviewed by *Newsweek*: (July 20, 1953)

"The language barrier," they said, "made it almost impossible for us to communicate with the Russian soldiers. But we could see they were puzzled by the riots of workers against a 'workers' government.' The Russian officers in the tanks waved at us cheerfully at first.

(There is a photograph in *Newsweek* showing just such a scene—GC). But when the stones started to fly they ducked into their turrets and began breaking up the crowds."

Finally, there is Cesar Santelli writing in the Paris daily, *Le Monde*:

"What has not been underlined in my opinion, according to evidence gathered from non-suspect Germans, is that the injured were much less the victims of Russians guns (most of which, I am assured were fired into the air) than of blackjacks, revolvers or machine guns wielded by fanatical young party functionaries or by certain elements of the *Volkspolizei* who were trying to save their own skins (many of them later ditched their uniforms and guns and went over to the other side of the barricades)."

What is remarkable about all these accounts is that they reveal that despite the pitched encounters which finally occurred with Soviet troops, despite the hostility thus aroused, the main aim of the demonstration remained unchanged. It was directed at the overthrow of the East German government, for democratic rights, and was not extended for the present to include direct opposition to the Russian occupation.

This will surely come at a later stage. But for the present, what was revealed was one of the stages of the political revolution when the workers ingeniously contrive to exploit the rifts among the various strata of the bureaucracy, and to limit their struggle and objectives to what is possible at the moment so as to raise their movement in a better position for the coming struggles

By George Clarke

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