

NOVEMBER, 1965



**P**OLITICAL  
AFFAIRS

Editorial Comment

**BULWARK OF  
PEACE**

Maurice Dobb

**SOCIALIST  
ECONOMIC CHANGES**

Herbert Aptheker

**THE WATTS  
GHETTO**

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**ROBERT THOMPSON**

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# POLITICAL AFFAIRS

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# USSR — Bulwark of Peace

November 7, 1965 marks the 48th anniversary of the most momentous event of modern times—the Great October Revolution, which gave birth to the first land of socialism and created the first breach in the universality of capitalist rule. With this, there came into being a new stage of history: the era of the actual transition from capitalism to socialism—an era marked by the coexistence of socialism and capitalism as competing social systems. This was to be neither a momentary nor a static state of affairs; rather, it was the beginning of an extended process of transition from an old, outmoded system to a new system embodying the future of mankind. And from the very outset the question was posed: would the competition between the two proceed in conditions of peace or by way of war between them?

Soviet foreign policy has from the start been one of seeking peaceful coexistence with the capitalist states, a policy which has been described in these words:

Peaceful coexistence implies recognition of the possibility that countries with different social and political systems may exist parallel to each other; it is the recognition of the fact that, since new socialist states have emerged and are developing alongside the older, capitalist states, peaceful economic relations can and must be established between them with regular commercial and cultural ties and not a state of “cold,” to say nothing of “hot,” war; it is the recognition of the fact that all conflicts and disputes that arise between states must be settled by negotiations and not by war; it is the recognition of the fact that the question of which social and political system is the more progressive and provides the people with the highest living standard must be settled in the course of economic and cultural competition and not by an armed attack by one country or a group of countries on another country or group of countries. (V. I. Lenin, *On Peaceful Coexistence*, Moscow. Preface, pp. 9-10.)

The very birth of the new Soviet state was marked by the famous Decree on Peace, issued on October 26, 1917. It called for an immediate armistice and “immediate negotiations for a just, democratic peace,” and stated: “The government considers it the greatest of

crimes against humanity to continue this war over the issue of how to divide among the strong and rich nations the weak nationalities they have conquered, and solemnly announces its determination to sign terms of peace to stop this war on the terms indicated, which are equally just for all nationalities without exception."

True to its word, the Soviet government persistently sought peace, capping its efforts with the signing of the Treaty of Brest-Litovsk. And from the beginning, Lenin raised the slogan of peaceful coexistence and actively pursued its realization. Thus, on September 18, 1918 the Soviet government sent a note to Germany stating: "The Workers' and Peasants' Government desires with full resolve the maintenance of good neighborly relations and peaceful coexistence with Germany, in spite of all the differences in the systems of the two states. . . ." On June 17, 1920 G. V. Chicherin, People's Commissar for Foreign Affairs, stated: "Our slogan remains, as ever, the same—peaceful coexistence with other governments, whatever they are. Reality itself has led us and other states to the necessity of establishing durable relations between the Workers' and Peasants' Government and the capitalist governments."

At the Genoa Conference in April, 1922, the Soviet delegation declared: "While abiding by the standpoint of the principles of Communism, the Russian delegation recognizes that in the present epoch, which makes it possible for the old and the nascent new social systems to exist side by side, economic cooperation between the states which represent these two systems of property is an imperative necessity." And at that conference, the Soviet government concluded the treaty of Rapallo with Germany—the first equitable agreement for economic relations between a socialist and a capitalist country.

From those days up to the present, Soviet foreign policy has unswervingly adhered to the quest for peace and peaceful coexistence. During the twenties the Soviet Union continued to fight for peaceful trade relations and for world disarmament. During the thirties, it led the fight for collective security against fascist aggression, a policy of which the name of Soviet foreign minister Maxim Litvinov became a virtual symbol. And in the past two decades the Soviet Union has fought unremittingly for peaceful relations, trade and disarmament—so earnestly and convincingly as thoroughly to discredit in the eyes of the world the cold-war Big Lie of "Soviet aggression."

In short, throughout its history, the foreign policy of the USSR has been a living demonstration of the cardinal truth that socialism is synonymous with peace. It has at all times reflected the fact that a socialist state, in contrast to capitalist states, has no class which profits

from war, and hence lacks any impulse whatever to make war but, on the contrary, requires conditions of peace for the building of a socialist and ultimately a communist society.

On their side, however, the imperialist powers responded to the Soviet quest for peaceful coexistence with a relentless drive to destroy the Soviet Union and to wipe socialism from the face of the earth. It began with the invasion of Russian territory in 1918-20 by the troops of a score of capitalist countries, including the United States. It was accompanied by a blockade of Russian ports and was followed by an economic boycott of the Soviet Union. In the thirties it took the form of the notorious policy of appeasement of Hitler, designed to drive him into a war of annihilation against the USSR. And during the post-war years we have witnessed the cold-war offensive of Wall Street, aimed at "containment and rollback" of socialism and the securing of world domination by U.S. imperialism.

In projecting the concept of peaceful coexistence, Lenin was fully aware of the warlike nature of imperialism, and only too painfully conscious of its designs against the Soviet power. Indeed, the fight for peaceful coexistence was posed as a fight to defeat these designs, to mobilize the forces of peace and progress throughout the world in defense of the Soviet Union.

But Lenin was also aware that history was on the side of socialism and peace—that the period of coexistence was one not of the static confrontation of two unchanging systems but of the transition from the old to the new. In his report to the Ninth All-Russian Congress of Soviets on December 23, 1921, he spoke of "the old world of capitalism that is in a state of confusion . . . and the rising new world, which is still very weak, but which will grow, for it is invincible." This recognition that the strength of socialism would grow, and with it the possibility of the realization of peaceful coexistence, permeated his thinking.

Lenin foresaw, too, that the growing economic problems of capitalism would produce a conflict between the desires of the monopolists to destroy a dangerous competitor on the one hand and their desire to gain the benefits of trade with it on the other. And not least, Lenin saw clearly that the antagonisms within the imperialist camp opened the door to alliances with one or another capitalist country and so to the splitting of the anti-Soviet front of imperialism and the strengthening of the possibilities of peace. Hence he approached the question of peaceful coexistence at all times not as a mere slogan or as an unattainable ideal, but as a goal to be seriously fought for. For him, though the forces of socialism and peace were

yet too weak to assure the prevention of war, the enforcement of peace between the systems was nevertheless a realistic objective whose attainability would grow with the struggle itself and with the changing relationship of forces in their favor.

For 48 years, the struggle has gone on, with its victories and its setbacks. The world forces of peace were unable to prevent the holocaust of World War II and the severe setback to socialist development in the Soviet Union inflicted by the Nazi-wrought devastation and slaughter. But the outcome of World War II was also a major setback for imperialism with the extension of socialism to a number of countries embracing a third of the world's population. Imperialism's search for salvation in war—and specifically in anti-Soviet war—led to the opposite. But the war, it is important to note, was neither sought nor welcomed by the Soviet Union or by the world Communist movement; on the contrary their aim, however unsuccessful, was at all times to achieve the growth of socialism *without* war.

Since World War II, socialism has taken further great strides forward, strengthening and consolidating itself and spreading to new parts of the world. There has taken place a vast upsurge of the national liberation movement, resulting in the emergence of a large and growing group of newly-liberated countries which form a powerful sector of the anti-imperialist camp and the forces of peace. To this upsurge the enhanced power of world socialism has contributed in no small degree. The socialist countries, and especially the Soviet Union, have given unstinting aid and support to the opposed nations seeking their freedom, and to those recently liberated in their efforts to develop their economic independence. And these changes have been accompanied by an impressive growth in the strength of the peace forces throughout the world.

These developments have ushered in a new historical period, in which it is the forces arrayed against imperialism and war that have the upper hand, and in which it is possible to speak in a new way of the achievement of goals through peaceful means—of peaceful coexistence, peaceful competition and peaceful paths to socialism. And what is especially significant is that this historical leap has itself taken place in conditions of world peace—*without* the intervention of world war.

Prevention of World War III, completion of the transition from a world of capitalism to a world of socialism without the frightful horrors of nuclear war—this is the heart of the fight for peaceful coexistence today. We wage this fight with full confidence that *it can be won*. This is a confidence inspired not by wishful thinking but

by the greatly increased strength of the cohorts of peace and their power to force on imperialism a departure from the path of war.

But there are those who reject the idea that the two systems can coexist without war. These are to be found, first of all, in the ranks of the ultra-Right, which vociferously demands the immediate launching of anti-Soviet war. Such a war, they declare, is inevitable; peaceful coexistence is an illusion. The Soviet Union, bent on world conquest, will destroy us unless we attack first. Therefore, let us attack. Let us drop the bomb—now. Others in the precincts of big business hold similar views, though perhaps more politely and less rabidly expressed.

Unfortunately, however, the rejection of the possibility of peaceful coexistence is not confined to the Right. In some sections of the Left, and of the world Communist movement itself, it is no less forcefully repudiated. Here, too, the thesis of the inevitability of nuclear war is upheld. Since imperialism has not changed its character, it will continue to breed war as long as it exists. The curbing of this innate drive is entirely beyond the control of the anti-imperialist forces, however strong they may be. Therefore, the path to world socialism lies only through war. Let us, then, take the initiative by launching anti-imperialist people's wars everywhere. Let us be true revolutionaries; let us make war. Such, in essence, is the position of the recent article by Lin Piao, Vice-Chairman of the Central Committee of the Communist Party of China, and of its supporters today (*Peking Review*, September 3, 1965).\*

To be sure, oppressed nations are often compelled to wage war for their freedom. Communists unhesitatingly support all such wars of national liberation as just wars, directed against imperialist enslavement. But they do not regard this support as conflicting in any way with the fight for peaceful coexistence; on the contrary, they see it as an essential part of that fight.

The war in Vietnam is a case in point. Communists give full support to the Vietnamese people in their heroic struggles for their freedom and condemn the barbaric war of extermination being waged against them by U.S. imperialism. But the demand that all U.S. forces be withdrawn and that the Vietnamese people be left free to order their own lives in peace—the demand for an end to the war in Vietnam—is the main contribution which the American people are today called upon to make to the fight for peaceful coexistence. This is in direct opposition to the view that national freedom can be attained only

\* This will be dealt with more fully in a forthcoming editorial.

through a military victory over U.S. imperialism, not only in Vietnam but everywhere.

The corollary of this view is that the advocacy of peaceful coexistence is synonymous with capitulation to imperialism. And not surprisingly, those who hold it have come to display the utmost hostility and venom toward the Soviet Union, charging it with betrayal of the working class and the oppressed peoples of the world, and even with conspiring with U.S. imperialism to share world domination at their expense.

A more complete falsification of the role of the Soviet Union can scarcely be imagined. For if there has been no nuclear war, and if the prospects of preventing it altogether have any reality, this is due first and foremost to the unceasing struggle for peace and peaceful coexistence which the Soviet Union has waged throughout the entire postwar period. It is due to the fact that the Soviet Union has not hesitated to counterpose its armed might, in defense of peace and freedom, to that of U.S. imperialism in its drive toward world conquest and war. In this period as in the past, it has served as a bulwark of peace in the interests of all peoples, the American people included.

To fight effectively for world peace, therefore, it is necessary to fight for support of the peace policies and efforts of the USSR. It is necessary to rally the forces of peace behind these policies in the face of the unending anti-Soviet onslaughts of the exponents of reaction and war in this country as well as the attacks of Right-wing social democrats. It is necessary to combat such efforts to destroy the stature of the USSR as the current cold war-inspired campaigns against alleged "Soviet anti-Semitism." It is necessary, moreover, to wage a fight against an insidious form of anti-Sovietism which has grown in the ranks of the Left and which, in the name of "independence" and "objectivity," places the onus of responsibility for all difficulties, errors and controversies on the Soviet Union.

The central fact of modern history is that the Soviet Union, the first country to take the path of socialism, continues today to be the leading force for peace, progress and socialism in the world. And it is as such that we greet it on this, its 48th birthday.

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## IN MEMORIAM



**ROBERT THOMPSON**

**June 21, 1915**

**October 16, 1965**

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# A Hero of the Working Class

In the early hours of Saturday, October 16, 1965, Robert Thompson, outstanding Communist leader and courageous anti-fascist fighter, died of a heart attack at the age of 50. The news of his untimely death brought messages of condolence from all parts of the world and from friends and co-workers throughout the country. For Bob was known as a man of indomitable courage and selfless heroism in the face of enemy fire on the battlefield, and a staunch, indefatigable champion of the working class against the offensives and repressions of the monopolists and cold warriors at home.

Only a few months earlier, Bob had participated in the International War Veterans Conference in Moscow, attended by 1,000 war heroes from 23 countries who, like Bob, had displayed a courage beyond the call of duty in the war against Hitler fascism. There he was acclaimed as a symbol of what was best in the American working class and people.

From the very first day Bob joined the Communist movement, as a youth not yet 18, he unswervingly devoted his vast talents and extraordinary capacities to arouse the American working class to an awareness of its class interests; to the indispensable need for unity of labor and the Negro people in the fight for equality and dignity; to the cause of anti-fascism and peace, and for a world freed from the exploitation of man by man.

Bob Thompson was, indeed, a true son of the American working class. Born in Grant's Pass, Oregon, on June 21, 1915, into a working-class family, he learned from early childhood the hardships and deprivations of a worker's life. His schooling ended at the age of 13. From then on, it was the hard knocks of the class struggle that broadened his vision and moulded his determination to dedicate his life to the class into which he was born.

It was his experiences in the logging camps and sawmills of Oregon and Washington and the factories of Oakland, California—to which his family moved in 1933—that prompted him to seek answers that would help explain the lot of the working man. As he stated while testifying during the Smith Act trial in 1949: "My action in joining the Communist Party at this time was a considered action and was based on certain well defined opinions arising out of my three or four years of work experience . . . and in particular out of a number of job actions and several strikes that I had participated in and that were a decisive factor in shaping the opinions that led me to join the Communist Party." In California he saw the Communists in action among the unemployed, in the agricultural fields, in the shops. He began to read the Communist press—the *Western Worker* and the

## WORKING-CLASS HERO

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*Daily Worker*. One day in late 1933 he walked up to the Oakland headquarters of the Communist Party and joined. He soon became the leader of the Oakland division of the Young Communist League. As a volunteer union organizer he helped build a union in his place of work. He actively participated in all the many diverse struggles of those turbulent days.

When the fascist Franco's hordes rose up to destroy Loyalist Spain, Bob Thompson was among the first to volunteer. There, in 1937, he fought with tenacity and bravery, and was wounded in action. Before his wounds were healed he insisted on returning to combat and quickly rose to the command of the McKenzie-Papineau battalion, comprising U.S. and Canadian volunteers, distinguishing himself in battlefield leadership at the age of 22. Upon his return to the United States in the fall of 1938, he became head of the Young Communist League in Ohio, and the following year was elected as one of the organization's national vice-presidents.

In World War II Bob was shipped to New Guinea. He never spoke of his exploits there, but the war record speaks volumes for him. His superiors in the 32nd Division recommended him for a battlefield commission for his "outstanding courage, initiative and leadership," and his "brilliant ability to handle combat situations." He was honored with the second highest award for heroism in battle—the Distinguished Service Cross. The citation read:

Staff Sergeant Thompson swam the swollen and rapid Konomoi River in broad daylight and under heavy enemy fire. Armed only with a pistol and hand grenades, he assisted in towing a rope to the other shore where he remained under cover of the bank and directed the platoon against two enemy machine-gun emplacements which dominated the crossing and wiped them out. The success of this action permitted the advance of the entire company and secured a bridgehead for the advance of following units.

Before his officer's commission could be finally approved, Bob contracted malaria and tuberculosis and was returned to the United States to spend many months in the Fitzsimmons General Hospital in Denver, Colorado. When his health was restored he was honorably discharged with a full disability pension.

When World War II ended, Bob Thompson emerged as one of the leading members of the National Board of the Communist Party, serving as chairman of the New York State organization for many years. In 1948 he was arrested together with other Communist leaders under the thought-control Smith Act, and sentenced to three years imprisonment. Four years were later added for failure to surrender on the date set for incarceration.

On October 24, 1953, while in custody at the Federal House of Detention in New York City, Bob was brutally assaulted by Alexander Pavelich, a Yugoslav fascist, who crushed his skull with a heavy lead pipe. For weeks Bob's life hung in the balance. Two sensitive cranial operations saved his life, but he was to wear a steel plate in his head and endure insufferable pain thereafter—excruciating pains he had to battle to the very end of his life. It was this murderous attack that hastened Bob's death in the prime of his life.

Bob Thompson's courage and heroism did not stem from bravado. It was firmly based in his profound mastery of the science of Marxism-Leninism, his abiding faith in the militancy and revolutionary potential of the American working class and the indispensable role of the Communist Party. The Communist Party was for Bob his very life—and he proudly lived the life of a Communist. On all occasions he battled against the detractors of *his* party, from within and without. It is not accidental, that upon his release from prison and while still on "conditional release," he wrote an article (which he fought with the authorities to have published) entitled "Peaceful Coexistence and Party Mass Ties." In it he defended the principle of peaceful coexistence against revisionists and dogmatists alike, defended Party policies, and outlined the tasks to overcome the Party's relative isolation from the broad democratic movements, especially the main sectors of organized labor.

A resolute fighter against fascism and reaction, Bob with equal vigor in the last two decades fought for peace and peaceful coexistence. It is indeed, ironic, that the government which honored Bob Thompson, withdrew his disability pension in 1951 because he came out unequivocally against U.S. imperialist intervention in Korea. In recent years he worked unsparingly to bring to an end the brutal undeclared war in Vietnam. As Gus Hall declared a few hours after learning of Bob's death: "His last days—yes, his last hours—were bound up with the struggle for peace and particularly the struggle to end the aggressive war in Vietnam. It is highly significant that his name appeared as one of the many and varied sponsors of today's end-the-war-in-Vietnam parade." Bob's unshakeable confidence in the people of our land would have been greatly rewarded had he been able to witness the massive outpouring for peace on the very day of his tragic death.

Bob Thompson is gone. His rich and eventful life will remain indelibly imprinted in our country's history. His heroic deeds will become folk legends repeated by future generations. His work lives in today's struggles for peace, democracy and socialism. There is no better monument to Bob's memory than our rededication to bring the war in Vietnam to a halt and defend the right of all peoples to freedom and self-determination.

## Economic Changes in Socialist Countries\*

It would be surprising indeed if the economic problems, and the mechanisms appropriate to their handling, were not different today in socialist countries of Eastern Europe from what they were three decades ago in the Soviet Union. True, one cannot speak of the socialist countries of Eastern Europe as a uniform group. They remain at different levels of development, despite a significant levelling-up of their economic conditions and potential over the past twenty years. During those twenty years they have gone through an intensive process of industrialization, and at least the foundations (if no more) of a socialist economy have been laid. A country like Czechoslovakia represents a high level of industrial development comparable to that of countries of Western Europe; similarly East Germany; and so to a lesser extent do Poland and Hungary. The pace and degree of industrial development in the Soviet Union since the 1930's are well-known. By contrast, in the decade before the war the Soviet Union was still in the middle of her "big push" towards industrialization and towards laying the foundations of a socialist economy.

### *The Period of Rapid Industrialization*

In those days the main economic tasks were in one sense simpler, even if their successful achievement was difficult and involved heroic efforts. The order of priorities was comparatively simple. The global objectives can be summed up as being the achievement of the highest possible rate of growth, subject to the maintenance of certain necessary living standards (*plus* the requirements of a system of differentiated incentives to production) and of certain necessary social expenditures (e.g. for education and public health). To this end the existing economic potential had to be so harnessed, and available resources including labor-power had to be appropriately mobilized, as to concentrate these upon key objectives.

\*Reprinted from *Marxism Today*, September, 1965.



In such circumstances it was inevitable that planning and direction of economic life, and of key decisions about new investment and production, should become highly centralized. Not only was the order of priorities simpler in such circumstances, as we have said, but the complex of decisions to be taken by the central authorities was also simpler because the decisions to be taken were fewer. Investment was concerned in the main with a number of large construction projects like the famous Dnieprostroi, key steel plants like Magnitogorsk, engineering works like the Gorki motor-factory or the Stalingrad tractor-plant. Over a wide range of industry products were deliberately standardized (in the interests of securing economy of "long runs" of output): particular examples were tractors, motor-cars and machine-tools. To this extent the fixing of output-targets was simplified: the number of targets to be set was not very large, and they could largely be set in terms of physical units (e.g. so many lorries or tractors, or in conventional units as in tractors of given horse-power); whereas less standardized, heterogeneous products have to be measured in *value* units, with the complication that the value-total can be affected by shifts (merely) in the composition of the output-total (i.e. a rise in some items and a fall in others—what is called in Soviet planning jargon a shift in the "assortment"). Moreover, to the extent that a particular type of product was specialized to a particular plant, the working-out of the so-called input-norms or coefficients was very much simplified, and also the supply-allocations (of materials and components) based upon these input-norms.

Another feature of this earlier period, when the order of priorities was both clear and relatively simple, was that if the priority-sectors suffered from bottlenecks in supplies or in necessary equipment, these could be fairly quickly dealt with by a scaling-down of the targets for non-priority sectors, with a release of resources for transfer to the former. (This had been a familiar feature of the civil war period under "war communism," as indeed of *any* war economy). Such bottlenecks could occur, either because input-norms had been too strictly calculated and the "balancing" of needs against supply-availabilities had been too summarily and approximately done, or because unforeseen hitches had occurred in producing the supplies and components needed by other industries—or yet again, perhaps, simply because the priority industries in question had succeeded in *over-fulfilling* their targets. In such a situation retardation and dislocation will occur unless *either* sufficient reserves exist (an expensive luxury in a rapidly developing economy) *or* the necessary supplies can be diverted from low-priority sectors.

Thus in the pre-war decade, when growth and maximum saving of time were the prime objectives, these low-priority sectors (mainly industries producing consumers' goods) provided such a "reserve," and their targets tended to be pruned when there were hitches elsewhere or when rearmament needs in face of the Nazi menace required an upward revision of plan-targets in defense industry or heavy industry. There was much talk in those years about each five year plan having its specific "key" objectives and sectors of concentration. It followed as the obverse side of such concentration that there must be industries or sectors of *non-concentration* that were treated as "residual" so far as the allocation of scarce resources was concerned—in other words, these got what was left over.

#### *Over-Centralization and New Situations*

Whenever for any reason anything went wrong and plan-targets failed to be fulfilled, the natural tendency was to deal with the situation by direct administrative intervention from the center and by more detailed specifications and directives. Thus planning became more detailed, and industrial managements became increasingly hemmed in with obligatory indices or "limits"—wage-limits defining the size of their total wage bill or stipulations about their output assortment as regards lines, qualities, styles or models. This was an understandable reaction when saving time and "beating the clock" was at a premium, as was the case in the pre-war years. But it meant that planning became progressively more complex; decisions on a lot of particular questions were taken at top levels that inevitably were distant from the actual production situations to which these decisions applied; and the discretion, initiative and freedom of maneuver of factory and enterprise managements was increasingly fettered.

This tendency to over-centralization (as it was eventually to become) was continued in the period of post-war reconstruction; and, in the newly-established "people's democracies" of Eastern Europe in the period of their own industrialization drive between 1948 and the middle '50s, the system was mechanically copied and too indiscriminately transplanted on to their own soil.

After this period of rapid growth with comparatively limited key objectives was over, the highly centralized system associated with it became increasingly unsuitable. Planning problems and planning decisions had now become more complex (as to some extent they always had been in the most industrially developed of the "people's democracies"). Not only was it that the *number* of products (and varieties

or lines of a given product) had grown enormously, also the number of different plants producing a given product as well as the aggregate number of plants in existence, but the essential nature of planning and of supply-allocation had changed in a quite fundamental way. It was no longer a matter of concentrating on certain key objectives and treating everything else as residual. Now that socialism had been firmly built in U.S.S.R. (and at least the foundations of socialism laid in other countries), it was time for the efforts and sacrifices of the "heroic years" to bear fruit in a rising standard of life, and "the growing resources of industry" to be "used more and more to meet fully all the . . . household and cultural needs of the population" (as the new C.P.S.U. Program of 1961 has it). All-round satisfaction of consumers' needs, as well as growth, was the order of the day.

This was expressed, *inter alia*, in the fact that since the early '50s the sector of industry producing consumers' goods has grown at a pace approaching that of so-called Group A producing means of production or capital goods (in addition to which some branches of the latter have taken up the production of durable consumers' goods). The days when unqualified priority was given to heavy industry are over; and emphasis on light industry, such as clothing and food processing industries, and the need to bring production of these into much closer touch with consumers' demand, are now on the agenda. This represents a crucial qualitative shift. The retail market for consumers' goods has always (outside special years of rationing) constituted a market in the full sense, where commodity-relations and the laws of the market (the "law of value") unquestionably hold sway. Hence the relationship between production and the market is different from that in industries concerned with producing capital goods, where production is largely a "circular process" in which outputs are fed back as inputs for so-called "productive consumption" within the same sector or department. (Although many are saying today that even the capital goods sector is characterized by commodity-relations, so far at least as the production of means of production destined for use in consumers' goods industries is concerned.)

#### *Planning and Market, and Incentives to Productivity*

A numerical illustration of increased complexity is that when the Central Statistical Administration in 1959 drew up what is called an input-output matrix (or table) for main products, this covered 65 industrial sectors or branches and nearly 200 products; but the official industrial nomenclature list of 1960 contained as many as 15,000 pro-

duct groups. The "system of balances"\* (which is crucial to planning methodology) operated before the war with some 400 to 500 items and today with something in the neighborhood of 1,500—and even these cover less than half of the output in value. This number of balances could scarcely be calculated and re-calculated in the time available without the aid of electronic computers. Similarly in Poland the number of products included in the system of balances is between 400 and 600. In the pre-war dozen years alone about 9,000 new large-scale Soviet industrial enterprises were put into operation. In the single year 1963 more than a thousand new large-scale industrial enterprises entered upon activity; and in total the Soviet Union today has more than 200,000 State enterprises. In a country like Czechoslovakia the number of centrally approved planning targets by 1953 (though they were reduced later) had reached a total of 2,251, and the number of centrally allocated goods as many as 974. It is said to produce today all-told a million and a half types of output!

The changed structure and relationships of production characteristic of a settled and established socialist society are sometimes spoken of in terms of the relationship between planning and the market; alternatively in terms of economic instruments and incentives governing production, by contrast with administrative methods and administrative directives or orders. A restatement of the connection between planning and the market has been put by Professor Ota Sik of Prague (of whom more later) in the following words:

Until recently the connection between planning and the market was incorrectly understood and the concept of the market was applied to a socialist economy in a sort of shamefaced way. It was held, wrongly, that planned social co-ordination, planned management of production, was the absolute antipode of orientation on the market, of utilizing market levers. Planning was assumed to be an attribute of socialism alone, and production for the market a feature solely of capitalism. These tenacious theoretical premises brought much harm; because of them a system of planning and management was adhered to which meant that production could not be adequately geared to its proper aim—that of satisfying the

\*A "balance" for a product consists of all the uses for it listed on the one side, and all the sources of supply of it on the other. Thus it can be thought of as an equation of supply and demand. Whenever a plan target is altered, all the relevant balances have to be recalculated and supplies or uses readjusted to secure a new "fit." The repercussions of an initial change may be very extensive; but the time-factor usually limits the area over which recalculation is possible.

home and foreign market demand—and consumers could not exert any direct influence on the producers . . . Socialist planned production should consistently seek to satisfy the market demand, and sales of goods on the market should be the main criterion of the social usefulness of labor expended in the production process. (*World Marxist Review*, March 1965, p. 17.)

Yet a further respect in which the economic situation is different in the '60s from what it was in the '30s in the Soviet Union (and in the immediate post-war years in other socialist countries) is the passing of the previous situation characterized by the existence of an agricultural hinterland of surplus labor on which industry could draw. As industry grew in the past, employment grew with it and most of the new labor force was drawn in from the countryside. Mechanization of agriculture was itself labor-saving and was an additional factor in releasing labor for industry. Although it is probably true that many collective farms are still overstocked with labor compared with what is economically necessary, this older situation of a labor reserve for industry to draw upon is passing, or has already passed, in the most industrially developed countries of the socialist camp.

It follows that for industry and the industrial potential to expand further, it is necessary to introduce continually more labor-saving methods of production, on the basis of new and improved techniques. Technical progress is not something that can be arranged by directives "from the top": it requires continuous initiative and zealous search for innovation at the place of production. Hence the urgent necessity in the new situation of affording the maximum stimulus at the factory and workshop level to pioneer new technical methods and constantly to raise the level of labor productivity thereby.

#### *Defects of the Old Methods*

Since the working out of new, more decentralized methods was preceded by several years of criticism of the defects of the old over-centralized system, something should first be said about the latter. Some of these defects have been cited so often as to have become by now pretty familiar. In the first place, there are the numerous stories of how the various ways in which production targets were measured gave a bias to the form in which the target was fulfilled. To the extent, that there was latitude at the plant or enterprise level regarding the type of product to be turned out, the management not unnaturally took advantage of this so as to achieve the target in the *easiest* possible way (and the fact that managerial and technical staffs

were awarded a bonus for plan-fulfilment that represented a sizeable addition to their salaries was an added inducement to do so).

Thus, if output was measured in weight, it paid to make objects heavy rather than light. A stock example was bedstead-design, where it paid to make them large and ponderous in preference to lighter and more numerous. Similarly with glass and paper, and the tendency to spin thicker yarn of lower count in preference to higher counts. Another example was nails: *Krokodil* once had a cartoon of the workers of a nail factory bearing aloft in procession one giant nail, the cartoon being headed "The Factory Fulfils its Plan." In other cases surface area was the measure: and *Pravda* quoted the example of an inventor of a new and much more efficient type of boiler who could not persuade anyone to adopt it and put it into production; the reason being that output plans for boilers were expressed in terms of surface area, which the new type reduced.

One might suppose that such difficulties would be avoided if production targets were expressed in terms of value (that is, at current wholesale prices). However, this was not so, since it was traditional to calculate value for this purpose as *gross* value, i.e. the final value of the product in question (say, a piece of clothing or a tractor or a motor), including all the materials and components produced at earlier stages of production by other enterprises and possibly other branches of industry. This was found to encourage an enterprise to concentrate on so-called "material-intensive" types of product: i.e. types which embodied relatively much material purchased from outside the enterprise compared to the actual value-added within the enterprise in question.

Thus, human nature being what it is, the production of a given yardage of cloth made from expensive rather than cheap materials was encouraged, or tools made from high-quality steels rather than from lower-quality, which would have served almost as well and would have released the scarce better steels for more important uses. This was encouraged because the plan was more easy to fulfil in this way; and it was hardly surprising that managements under very great pressure to fulfil their targets (in disgrace if they didn't, as well as losing their bonus) should have taken the line of least resistance. To this reason has also been attributed the shortage of spare parts (e.g. for tractors and machines of all kinds) which at times assumed critical proportions: when a factory had made a particular part, this would book-in more towards plan fulfilment if it were combined with a lot of other components (made elsewhere) to assemble a completed tractor than if it were sold separately.

It might seem that these difficulties are not very fundamental and could be met by minor changes, involving no radical alterations in the methods of planning and management. To some extent this is true: for example, gross output as a basis for judging plan-fulfilment was changed to *net* output (or "value-added") over a large part of Soviet light industry; and after 1959 the former was abandoned in all but a few industries as the basis for premiums to managerial and technical staffs. Similarly in Poland *net* output was adopted *in principle* as far back as 1957, and would long since have been adopted generally but for the slowness of industrial administrators to abandon traditional methods for a new one.

Nonetheless the defects we have referred to have an importance for this reason: it is because the traditional indicators of plan-fulfilment, with their emphasis on purely *quantitative* fulfilment, have defects of this kind that attention has recently been turned towards some alternative and "synthetic" index, which we shall see in the proposals of Liberman and others has been found in the *profitability* (in a balance-sheet sense) of the productive activities of an enterprise. Almost any *particular* index of the sort we have been describing has a distorting effect of some kind upon output-assortment.\*

#### *Negative Effects on the Enterprise*

To come, however, to three defects of the previous system that are certainly more fundamental.

Firstly, emphasis on purely quantitative achievement, whether as a mere "success indicator" or as a basis for material incentives, has been found to conflict seriously with improvements of quality, and with the introduction of new products and of novelties in design. Yet in an age of technical progress and rising levels of consumption, the introduction of new products and the widening of variety is as important as increasing the output of an existing range or "menu" of products. Because capitalism in the age of admen and high-pressure salesmanship carries novelty and variety to a ridiculous and wasteful excess, there is no reason to go to the opposite extreme and to deny them any place in a rational socialist society. Yet to introduce a new product, whether a new machine or a new line in consumers' goods, usually involves time and trouble. It involves experimentation and

\*Of course, with profitability as the index, assortment may be affected if the profit margins on different lines of output differ appreciably. This is why a reform of the price system, as well as more frequent adjustment of prices in line with changed costs, is a logical accompaniment of other changes.

trial runs, which interrupt the production-flow, possibly some reorganization of the production-line, and even re-tooling. A manager who is under pressure to fulfil a quantitative output-target will heartily grudge such delays and concentrate on uninterrupted production of the old product, whether consumers are sated with it or no.

Secondly, the management of an enterprise will obviously have an easier life and be more likely to reach the plan-target, the more leniently this target has been set in relation to the productive resources and capabilities of the plant in question. There will be a temptation to get technical "norms" or co-efficients leniently set and to conceal reserves of capacity if these exist. It has to be remembered that the planning authorities inevitably rely to a large extent on the enterprises themselves to supply them with the essential costing-data on which such norms are based. True, the planners have certain means of checking the data supplied to them, such as investigations made by local planning representatives and comparing the results of like-situated enterprises. But an overworked planning apparatus cannot check every item of information it receives from more than 200,000 enterprises; and in practice it is the case that the management of a large enterprise has an appreciable say in the targets and norms assigned to it. There is a saying, at any rate, that a wise manager may overfulfil his plan by four or five per cent but never by as much as twenty: if he did, he could hardly fail to have his plan-target stepped-up sharply next year. In the past there was a tendency for the planning authorities, suspecting that what came up from below erred on the "soft" side, to over-compensate by what was called "over-tight planning"—setting targets higher (and norms lower) than were attainable without special effort and strain. This served to penalize the conscientious and to have negative consequences of its own in the shape of failures to deliver necessary supplies by the stipulated date (with resulting dislocations of production-schedules at the receiving end) and accentuated shortages.

To quote Professor Sik again:

It is common knowledge that in the past enterprises sought to obtain maximum allocations for investment irrespective of anticipated returns, and as big a labor force as possible, while keeping production tasks to the minimum. Owing to this, plans were finalized largely on the basis of subjective considerations and compromises between various management bodies.

Thirdly, experience has shown that there has been too little economy of plant and equipment, and too little care taken to put it to

the best use and to maintain it. This is because hitherto the cost of using (or of non-using) equipment has not been made to impinge upon the enterprise. The size of so-called basic funds (or fixed capital) does not affect the costs of output, and the provision of new equipment is made by a free grant to the enterprise from the State. To this extent the fault lies in the price system rather than in the system of management. But the more the system of management is decentralized, the greater the influence of defective prices; so that the two questions are inevitably intertwined and cannot be separated.

### *Profitability and Khozraschot*

Before describing the new or proposed changes, another brief excursion into history seems to be desirable, in order to make clear what has been the traditional role of the enterprise, and also the part played by "net income" or profit as an accounting category and an incentive (of which bourgeois journalists seem to be perversely ignorant). As far back as the early '20s, in the days of Lenin, the principle of operational and financial independence of the individual enterprise was established on the principle of what was known as *Khozraschot* (meaning responsibility for its own outlays and expenditures and for balancing these with the financial receipts resulting from its activities). This principle was again affirmed in 1928 on the eve of the First Five Year Plan, and remained as an unchallenged principle throughout the pre-war decade and after. To balance its accounts and show a profit was one, at least, of the necessary conditions of successful performance by an enterprise. Moreover, in the later '30s (1936) a specific profit-incentive was added in the shape of the Director's Fund (later called the Enterprise Fund); payments into it being made as a certain proportion of profits, and expenditures from it being designed for purposes beneficial to the enterprise, including bonuses to its staff. Thus profit as a criterion of successful productive activity has always existed and is an original Leninist principle (just as is the use of "material incentives" generally, i.e., "payment by results").

True, it came in the '30s to be increasingly overlaid, both as a criterion and an incentive, by quantitative plan-targets and bonuses geared to their fulfilment; also by a series of other incentive payments geared to other so-called "qualitative indices" (introduced at various times in attempts to redress the purely quantitative bias of the plan-fulfilment incentive). Moreover, payments into and from the Enterprise Fund were hedged in by various conditions (e.g., prior fulfilment of the main targets and indices); its use for incentive purposes was subject in the U.S.S.R. to a pretty low ceiling (5 per cent of the

total wage-bill) and so had comparatively little influence; and in some cases the Fund came to be used as a source for financing investment-expenditures initiated by the management rather than for incentive-payments, collective or individual. This is why the question of resurrecting it in a new and more comprehensive form has come upon the agenda in recent years: moreover, of relating it in some way or other to the size of the total capital employed by an enterprise (its "basic and turnover funds"): i.e. treating it for purposes of calculation as a profit-rate.

After all that has recently been written (by Liberman himself and others) it should hardly be necessary to emphasize that profits as the net income of a socialist enterprise has an altogether different significance from profit as an economic category under capitalism. But in view of the confusing talk of so many bourgeois commentators, and of those with Chinese Party leanings, this perhaps needs underlining. For one thing, when selling-price is fixed (i.e. fixed by higher authority) the enterprise cannot make a profit by restricting output and *raising its price*: it can only do so by enlarging its output to the maximum and by lowering costs (i.e. being more efficient than the plan budgeted for).

This comes out clearly in several of the documents in a very interesting and timely collection entitled *Planification*, published in June of this year by *Recherches Internationales à la lumière du Marxisme* in Paris.\* For example, Liberman, in his contribution to the *Pravda* discussion of September 1964, declares:

Our profit, if one starts from the fact that prices correctly reflect the average costs of production of the branch [of industry], is nothing else but the effect of increasing productivity of social labor expressed in a money form. That is why we can, in basing ourselves on profitability, encourage real efficiency of production. At the same time encouragement is not enrichment. Profit cannot be transformed into capital, since no one can privately acquire means of production with his bonus, neither the manager nor the trade union nor individuals (*ibid.*, p. 127).

\*No. 47, 1965, Les Editions de la Nouvelle Critique, 13.50 francs. Other items of interest in this 290-page collection, in addition to those cited here, are: recent speeches by Kosygin and by Kardelj; a round-table discussion among economists and mathematicians (including Strumilin, Kantorovitch, Novozhilov); an article by the late Nemchinov and an extract from one by Arzumian, one by Ota Sik, "To Finish with the Consequences of Dogmatism in Political Economy," and recent resolutions on economic reform of the C.P.'s. of the C.P.'s. of Poland, Czechoslovakia and G.D.R. The volume concludes with a most useful Glossary of Terms.

And in his original and much-quoted article in *Pravda* of September 9, 1962, he declared:

Our profit has nothing in common with capitalist profit. The nature of categories such as profit, price, money are quite different with us . . . Our profit, with planned prices and utilization of net income for the good of the whole society is the result and at the same time the measure of the real effectiveness of labor expenditures (*ibid.*, p. 31).

Similarly an article by Sukharevsky (from *Kommunist*), after maintaining that

the index of profit possesses various advantages over that of [reducing] prime cost from the standpoint of stimulating enterprises, goes on to say that

the level of profit reflects at the same time quantitative and qualitative indices of the functioning of an enterprise. If the prime cost per unit of production remains unchanged when the volume of production is increased, the mass of profit increases. The lowering of prime cost does not depend as directly as the size of profit on the extension of production. . . . The size of profit depends on the realization of production at least by the wholesale centers. The cost-price of market production reflects the cost of production without taking account of whether production has been sold or remains in the depots of the producing enterprise (*ibid.*, p. 139).

#### *The Start of Decentralization*

Actually, the tendency towards some decentralization in planning is to be dated from the middle '50s. Yugoslavia as early as 1951 (three years after her unfortunate, Stalin-provoked, break with the Soviet Union) initiated an extensive decentralization which gave individual enterprises as much independence as Soviet "trusts" had enjoyed during the NEP period in the '20s; and which also made wages and salaries vary (above a basic wage) with the "net income" of the enterprise in which the workers in question were employed.\* At the same time long-term (e.g. five year) planning was terminated. Elsewhere it was in the course of 1956 that moves were first made (notably in Poland and to a smaller extent in Czechoslovakia and U.S.S.R.) to reduce

\*Also introduced was a large measure of self-government within the enterprises. Initially enterprises (or associations of enterprises) could even fix their own selling prices; but this had obvious disadvantages, and centrally fixed price ceilings were later imposed, and in 1962 a Federal Board of Price Control was instituted.

the number of targets fixed in the central plan and also the number of products allocated at topmost levels, leaving the remainder to be determined at some lower level (in U.S.S.R. mostly at the level of the separate republics). Curiously, at this time economic discussion mainly centered on the question of price policy (also on the use of mathematical methods); although in Poland there was also some discussion of so-called "economic models," or modes of economic functioning, in a socialist economy (e.g. the work of Professor W. Brus).

In 1957 in the Soviet Union came Khrushchov's sweeping decentralization on a regional basis: substituting control and administration by over a hundred regional economic councils (*Sovnarkhoze*) for that of the previous highly centralized all-Union Ministries. At the same time more responsibility was assigned to republican *Gosplans* (e.g. in fixing prices and in controlling the wholesale sale-and-purchase organizations of various industries). But this change, sweeping as it was, had no more than a minor effect upon the independence of individual enterprises. The activities of the latter were still bounded by various indices and "limits" imposed upon them from above, and the bulk of their supplies were still subject to allocation-quotas fixed by higher authorities (although there was some increase in the category of supplies which could be contracted for directly between enterprises and the appropriate trading agencies, especially in the case of consumers' goods).

In Czechoslovakia in 1957-58 there was an extensive decentralization which had a very considerable effect in increasing the powers of enterprises. As a result of it, something approaching two-thirds of all industrial investment undertaken came from funds at the disposal, either directly or indirectly, of industrial enterprises (i.e. either enterprises themselves or associations of enterprises for certain common purposes).\*

#### *The Soviet Discussion of 1962-4*

In addition to the kind of criticism we have mentioned of existing success-indicators and incentives, there has been a strong demand for the financial results of industrial enterprises to be related to the size of their capital, since the technical equipment of an enterprise so largely determines the results it is capable of achieving. There have

\*These associations, which took over some of the functions previously carried out by sub-departments of Ministries were not organs of administration, but were *Khozraschot* organizations controlled by and acting on behalf of the enterprises themselves.

also been demands that central allocations of supplies should yield place (save for things in specially short supply) to a more flexible system under which enterprises are free to obtain the supplies they need (and to dispose of their products) by direct contract with other enterprises and organizations.

In September 1962 *Pravda* launched the well-known discussion opened by the contribution of Professor Liberman entitled "Plan, Profit, Premiums." He called for a new system whereby enterprises should be freed from "petty tutelage" and a mass of detailed regulations (he spoke of "costly efforts to influence production by non-economic administrative methods"). At the same time they should be governed by an incentive system such that "what is advantageous to society is advantageous to each enterprise" and "what is disadvantageous to society is disadvantageous for the personnel of enterprises." He proposed an incentive scheme under which bonuses to the enterprise and its members should be proportional to its net income or profitability.\* Once this was introduced, the enterprise would be encouraged to draw up its own production plan. "It is the enterprise itself which knows and can best discover its own potentialities"; and under such a scheme it would be stimulated to mobilize reserves, not to hide them, to raise labor productivity and to cease hoarding idle man-power or equipment. It would be stimulated to win the custom of consumers by producing what was in demand and by attention to quality and the initiation of new products and varieties. ("Note that the system we propose will oblige enterprises only to produce what can be realized and purchased. Enterprises will be led to calculate the effectiveness of modern techniques and cease to ask unthinkingly for no-matter-what new equipment at the expense of the State.")

Two years later, after some experimentation in the interim, the discussion was reopened in *Pravda*, this time with an article by Trapeznikov, an automation expert and a corresponding-member of the Academy of Sciences, in which the substitution of economic for administrative measures of direction and the introduction of a new incentive-system along the lines of the Liberman scheme was strongly

\*In his original proposal profitability was interpreted as a *ratio* to basic and turnover funds (i.e. total capital): bonus was to be proportional to profit-rate. The scale of payments proposed in the first article was, however, defective; and in subsequent versions of the scheme as adopted it seems to have been changed to one in which bonus is proportional to profit after payment to the State of a tax or charge according to the size of total basic and turnover funds.

urged.\* The upshot was that the system was extended to 400 enterprises in consumer goods industries, mainly clothing. Latest news is that all textile and shoe factories in the Leningrad and Moscow regions are about to go over to it. The enterprises base their annual production plans primarily on the basis of advance orders from wholesale and retail organizations, and in some cases the enterprises set up their own shops (as has happened for some time in Yugoslavia). The signs are that the system will be extended more vividly in the near future.

### *Changes in Other Countries*

In Czechoslovakia the proposals of Professor Ota Sik, which were adopted in principle by the Central Committee of the Czechoslovak C.P. in January of this year, bear a cousinly resemblance to the Liberman scheme, although they have one or two special features of their own. They can be regarded as a crucial step beyond the decentralization measures of 1957-8. Like the Liberman scheme, they provide for incentives to the enterprise related to its net revenue or profitability, and for enterprises to frame their own annual plans within the framework of the investment- and output-trends laid down in the long-term plan.

The profit of an enterprise will be subject to a prior tax (payable into the State Budget) proportioned to the enterprise's capital. Purchasing organizations and enterprises will be free to choose and to change their own supplies, thus strengthening consumers' control over production; and producing enterprises will be free to change both the materials and the technical methods they use at their discretion. Provision is also made for a more flexible system of price-fixing as well as an early reform of existing prices. There are to be three categories of price: firstly, products whose prices will be centrally fixed by the planning bodies as heretofore; secondly, products where the actual price paid may be fixed contractually by enterprises within certain "price-limits" established by the price-fixing authority; thirdly, products of which the prices will be left uncontrolled and free to vary

\**Pravda*, August 17, 1964. It was stated among other things: "The question of the utilization of fixed capital (buildings, equipment) by enterprises is an essential question. At present this index is not taken into consideration in judging the activity of enterprises. Meanwhile many enterprises endeavour to obtain new investment although their fixed capital is badly utilized" (c.f. *Planification*, pp. 115-6). *Pravda* of June 23rd this year reported that a general conference of economists had endorsed the Liberman proposals.

with the market situation (e.g. luxury items and grades, special-order lines).<sup>\*</sup> The intention is that the new system, after some concrete elaboration in the course of this year, should come into general operation at the beginning of 1966.

In East Germany new methods of planning and of management were adopted by the Council of Ministers of the G.D.R. as far back as July 1963 (extracts from the relevant official document on the change are reproduced in the aforementioned collection *Planification*, pp. 167-199). This also stresses the use of "economic levers" to raise productivity, to improve quality and to bring output into conformity with needs; and to this end it provides for an incentive-system of bonuses<sup>\*\*</sup> related to profits after payment of a tax proportioned to the productive capital. (It is stated that "profit should effectively become the criterion for judging the good management of enterprises and of groups of enterprises." Enterprises are also to have at their disposal "rationalization funds" for financing technical innovation. Commodity-money relations (i.e. contractual relations of sale and purchase) between enterprises are to replace the old centralized allocations of supplies. Prices, however, are to be controlled by a State organ "empowered to sanction the prices of the main products of each branch of industry," these prices to be based on "exact calculation of the costs before and after fabrication."

Similar changes are about to be discussed in Hungary; and Poland is also preparing to introduce changes in a similar direction. These latter include improved incentives at the enterprise-level geared to profitability, greater price-flexibility, payment by enterprises of a percentage on fixed capital; power to the associations of enterprises to undertake investment out of their own accumulated funds, and more financing of investment *via* credits instead of by direct grants.

The similarities to be found between all these schemes are due partly, of course, to the influence of discussion and experience in one country upon the others. In particular it has been influenced by the growing tendency to re-think critically the accepted precepts and dogmas of the past period. But this influence has by no means been of a one-way kind; and thinking and discussion have been too independent for any mechanical copying of one country by others such as

<sup>\*</sup>As described originally to the present writer, there was to be included the issue to industry of *future* price trends of key products. But I have not seen this explicitly mentioned in subsequent statements.

<sup>\*\*</sup>It is envisaged that these bonuses should amount to between 10 and 20 per cent of wages and salaries.

occurred in personality cult days. The old and dogmatic modes of thinking in defiance of experience, which have obstructed change (and which form the basis of absurd Chinese charges of "bourgeois tendencies") have not entirely disappeared but are rapidly dissolving.

Basically the similarity in solutions is due evidently to the similarity of problems in socialist countries that have achieved a high level of industrialization and face a new stage of development. What gives these solutions a vital interest as an enrichment of Marxism is that they represent the working out (in the spirit of scientific discussion and bold experimentation) of new, more decentralized models of socialist economy, whereby market relations (and the *Khovraschot* autonomy of enterprises) play a larger role within the framework of planning (which governs the major relations and general structure of development). For the present writer these changes possess a quality of excitement; and he hopes that they will also appear exciting to, at least, his fellow economists.

The policy of cold-war imperialist provocations and of active preparation for a third world war is a product in the first place of U.S. monopoly capital. It fears the prospect and outcome of a struggle under conditions of peaceful coexistence against the buoyant growing system of socialist states. In its most extreme forms this fear assumes the proportions of a willingness to turn their own inevitable social demise into the destruction of all humanity in the holocaust of an atomic war.

ROBERT THOMPSON, *Political Affairs*, March, 1961.



HERBERT APTHEKER

## The Watts Ghetto Uprising\*

What caused the uprising? This is posed in the United States as a serious question, a difficult question!

What caused slaves uprisings? The master class had several answers: 1) Abolitionist propaganda; 2) political demagogues deliberately stirring up trouble; 3) fanatical busybodies coming down into the south and "looking for trouble"; 4) a general spirit of lawlessness that was infesting the 19th century—as witness rebellions in France and Hungary and Poland and Germany; 5) encouragement to the questioning of slavery coming from weak-minded theologians and crafty subversives probably in the pay of Queen Victoria; 6) the natural savagery of the Negro—and if this contradicted the other stereotype concerning his naturally docile nature, no matter; which "argument" was used depended upon the circumstances and in any case nobody took reason too seriously.

The above paragraph summarizes the actual historical data; these constituted the various explanations offered by slaveowners and their scribes in the face of real or attempted slave outbreaks. The above paragraph summarizes present-day "explanations" offered by the ruling class and its scribes; only a few words need modernization—thus, instead of Abolitionist, read Communist; instead of Queen Victoria, read the Kremlin, etc.

What *was* the cause of slave unrest and uprisings? Of course, it was—slavery! As the Abolitionists correctly said thirteen decades ago, in replying to this slaveowning propaganda: there is only one way to end slave uprisings; if undertaken we absolutely guarantee that the rebellions will end and if not undertaken we guarantee that the rebellions will not end: To end the slave uprisings, end slavery. Exactly the same may be said and must be said today: to end ghetto uprisings there is only one way; when this is done the uprisings will end, until it is done they will not end: to eliminate ghetto uprisings, eliminate ghettos.

\*The first installment of this article was published in *Political Affairs*, October 1965.

Of course, there were behind the slave uprisings general data and particular data: news of popular protest and uprising reaching the ears of the slaves; the belief that others did know and that some at least did care; generally a period of economic trouble; often significant population shifts, especially a rise in the proportion of slaves to non-slaves; and there were particular sparks: some especially heated and significant election; some especially vicious act or series of acts—especially involving Negro women; perhaps some natural disaster, like a drought intensifying the normal suffering; some excitement among the slaveowners for any of several reasons, etc.

And, of course, behind the ghetto uprisings there are general causes: unemployment twice or thrice the average; family incomes half or a quarter the average; housing abominable; schools awful; prices high—and higher than elsewhere; public service bad and much worse than elsewhere; the morbidity and mortality rates—especially among children—much higher than for the rest of the population; a general atmosphere of indignity and contempt—of being forgotten, derided. It is all this and all this together and every "little" thing—no mail box is handy, the street lights don't work, no store will cash the check; the damn garbage has accumulated; and the damned police with their pay-offs, and the case worker with the smirk and the advice—now don't be so bitter. Yes, it's the "little" things, too.

All this was in Watts and is in every Watts in the country. The figures are easily available and they get printed so often that the type wears out and it looks as though nobody really sees the figures anymore, anyway.

God knows, in Los Angeles and in California, there were warnings enough, and sparks enough. The Right is there in full force, especially in southern California and most especially in Los Angeles. They just put in a real 19th century moderate in charge of education; and the Roman Catholic archbishop would have been backward in the 15th century; and the fair housing law was just repealed; and a tap and dance nincompoop has just been made a Senator and another Hollywood dunce may soon become Governor.

The radio and television sets in Los Angeles blare for hour after hour—especially in the evening—with messages from the extreme Right, sponsored as "public services" by various oil companies and banks and razor-blade corporations. Both daily newspapers are utterly reactionary. And Billy Hargis and his Christian Crusaders had just been in Los Angeles, the week-end before the outbreak, and had told all his one thousand per cent American listeners how marvelous

the city's police chief and mayor were. And the marvelous Mayor stayed away that same week-end from a meeting where the Negro community was—again—trying to get some action out of the “anti-poverty” program and trying to get some participation in it; and the very evening before the lid blew off, several representatives of younger groups in Watts had warned police and other officials that tempers were really frayed and it would be wise if the city would employ only Negro police in Watts at least for a while and the answer had come in a specially heavy concentration of police cars packed with white officers—Chief Parker's force is 96 per cent white, anyway—touring the ghetto and looking for trouble. Then they got it.

The police, in Los Angeles, and everywhere in the United States, constitute a special point of bitterness among the Negro masses, hence something in particular must be said about this.

### *The Police and Negro Oppression*

The police today—like the slave patrols of yesterday—make up the point, or, better, the fist, of ruling class power and symbolize as they physically enforce the enslavement of the Negro. Historically, and currently, the rule is to assign the worst, the most brutal, the most racist, the quickest on the trigger to the Negro ghettos.

Most specifically, in the case of Los Angeles testimony is unanimous—even among those who reject the charge—that Negro condemnation of police brutality was the single over-riding specific in the Watts uprising.

Most of the press puts the charge of police brutality in quotation marks, or refers to “alleged” police brutality, or ascribes the charge itself purely to Negro witnesses—as though it were “self-serving” testimony, or—and this is especially marked in connection with Watts—attributes it to the machinations of the ubiquitous Communists.

A few examples: William S. White, in the *Washington Post* column cited earlier, sneers at “the automatic charge of police brutality”; David Lawrence, in *U. S. News & World Report* some time ago (March 22, 1965) admitting that *perhaps some* police are “prejudiced” in the South, asks incredulously, however, how can “the cry of police brutality be raised” outside the South? And directly

\* The mind of Lawrence—that real bell-wether of the Right—is inadvertently revealed in this same article, where he writes: “Even in the days of rigid segregation . . . the relations between whites and Negroes were far better in many parts of the South than they have become in recent years in the North.”

to the point are the assertions of the Mayor and the Chief of Police of Los Angeles. First Mayor Yorty:

Criminal elements have seized upon the false charge to try to excuse their lawlessness. It's the ‘big lie’ technique. The cry of police brutality has been shouted in cities all over the world by Communists, dupes and the demagogues (*N.Y. Times*, Aug. 18).

And now, Chief Parker; being interviewed by the staff of *U.S. News & World Report* (Aug. 30), he is asked: “Question. Negroes keep talking about police brutality. Answer.

This is a terribly vicious canard which is used to conceal Negro criminality, to try to prevent the Negro public image from reflecting the criminal activity in which some of the Negroes are engaged, to try and find someone else to blame for their crimes.

If the American public continue to buy this canard, they are going to lose their security. Our international enemies won't have to worry, we will defeat ourselves internally.

The fact is that anyone who has lived in the United States for any period of time with his eyes open—and has not spent all his time commuting between Scarsdale and Wall Street with his nose buried in the *Herald Tribune*—knows as a matter of common knowledge that the criminality of American police is notorious and that their illegal and extra-legal activity is scandalous and that, in particular, their brutality in connection with the poor and above all the Negro (and Puerto Rican) poor is monstrous. But one does not have to rest his case on this common-knowledge reality; the fact is that few features of the American social order have been so thoroughly and so frequently and so authoritatively established as that of police brutality in general and such brutality in particular against the Negro people. As we briefly spell out these authorities, one may bear in mind whom it is that Mayor Yorty has—knowingly or otherwise—called Communists, dupes and demagogues, and Chief Parker has called “our international enemies.”

*Exhibit One:* President Herbert Hoover appointed the so-called Wickersham Commission to investigate crime in the United States. That Commission in its Report issued in 1931, pointedly referred to the prevalence of police brutality in the United States; one of its conclusions reads as follows: “Police brutality—the unnecessary use of violence to enforce the mores of segregation, to punish, and to coerce confessions—is a serious problem in the United States.”

*Exhibit Two:* Professor Alfred McClung Lee, then chairman of the department of sociology at Wayne University in Detroit, and Professor Norman D. Humphrey, of the same department and university, published in 1943 their definitive study of the outbreak of that year in Detroit (*Race Riot*, N.Y., 1943, Dryden Press)—in which, by the way, thirty-four people, all Negroes, were killed. These experts repeatedly referred to “police behavior” as a central aggravating factor (pp. 114, 115) and quoted with full approval the confidential report made by the city’s head of the National Urban League, as follows: “. . . the police behaved with deplorable stupidity and callousness” (p. 137).

*Exhibit Three:* In 1947, President Truman’s Committee on Civil Rights made its report to him; it was published by the Government under the title, *To Secure These Rights* (Washington, 1947). This Committee devoted an entire section to “Police Brutality”; therein one may read:

We must also report more widespread and varied forms of official misconduct. These include violent physical attacks by police officers on members of minority groups, the use of third degree methods to extort confessions, and brutality against prisoners (p. 25) . . . improper police conduct is still widespread (p. 26) . . . There is evidence of lawless police action against whites and Negroes alike, but the dominant pattern is that of race prejudice (p. 27) . . . The total picture—adding the connivance of some police officials in lynchings to their record of brutality against Negroes in other situations—is, in the opinion of this Committee, a serious reflection on American justice (p. 27).

*Exhibit Four:* In the *American Journal of Sociology* for July, 1953, Professor W. A. Westley published a study of “Violence and the Police.” This was based on an interview conducted by the author with fifty per cent of the entire police force of a midwestern city containing 150,000 people. The professor asked these policemen when did they feel it proper “to rough a man up.” Note, please, not *whether* they felt it proper, but *when*. None said they never thought it proper; the only differences appeared as to *why* those arrested should be roughed up, with the most “popular” reason being that the victim “did not show enough respect for the officer”!

*Exhibit Five:* The well-known and widely-respected author, Albert Deusch, published a book in 1955, entitled *The Trouble With Cops* (N.Y., Crown). Chapter five of that volume is entitled “What Price Brutality?” Here is the concluding sentence of that work: “In many

cities, north and south, Negroes and other members of minority groups are particular targets for sadists in blue.”

*Exhibit Six:* The United States Commission on Civil Rights, whose members were appointed by President Eisenhower, with later additions by President Kennedy, reported to the latter in 1961 and the U.S. Government printed that Report, in five volumes, in that year. One of those volumes (V) is entitled *Justice*; the entire second chapter of that volume is devoted to “Unlawful Police Violence,” pp. 5-28. We quote from the opening page and then from the final page, as follows:

The Commission’s study of the administration of justice concentrates on police brutality—the use of unlawful violence—against Negroes. Complaints and litigation suggest four subdivisions of the problem. The first involves the use of racially motivated brutality to enforce subordination or segregation. The second, a not altogether separate category, entails violence as a punishment. The third relates to coerced confessions. The last and largest entails the almost casual, or spontaneous, use of force in arrests . . . Negroes are the victims with disproportionate frequency.

The Commission’s studies indicate that police brutality in the United States today is a serious and continuing problem in many parts of the country.

*Exhibit Seven:* The latest Report of the President’s Commission on Civil Rights was issued in 1963; it is one relatively brief volume entitled *Civil Rights* and again published by the Government. This Commission noted as a serious fault “that law enforcement agencies throughout most of the nation are staffed exclusively or overwhelmingly by whites”\* (p. 124). Also in this volume appears a brief report from the California Advisory Committee to the U.S. Commission; this State Committee tells of the public meeting that it sponsored in *Los Angeles in September, 1962 devoted to the matter of “police-community relations.”* It noted that this hearing was held because of reports that those relations in that city were poor, and remarked that this presented “situations of great potential danger.” This was three years prior to the Watts uprising. Here was the finding:

\*It did not make the point—quite pertinent—that this applies with great force to the Federal government also. In the eleven southern states there were in the Federal courts, 1169 Judges, Commissioners, clerks, deputy clerks, attorneys, assistant attorneys, marshals and deputy marshals. Of that total, 1155 were white; there were 14 Negroes—and they were assistant attorneys and deputy marshals only. Of course the State governments are utterly lily-white. See Charles Morgan, “Southern Justice,” in *Look Magazine*, June 29, 1965.

The committee found a lack of rapport between the police and the Negro community in Los Angeles. At the time of the committee's meeting in that city, Negroes appeared to feel very strongly that race was a factor in police practices and that little or no real recourse was available to victims of police abuse. This, in turn, created an atmosphere in which law enforcement was difficult.

Clearly, then, police brutality is a fact; it is directed especially against the Negro people, and its practitioners and defenders are indeed the enemies of this Republic, of freedom, of decency; they are defilers of mankind. Having Police Chief Parker responsible for "law and order" in Watts is comparable to placing Himmler in charge of police in Tel Aviv.\* The *least* that Chief Parker deserves is immediate dismissal.

An overall requirement, just to *begin* the task of curing the national defect of a corrupt, racist, brutal and violent police force, is suggested recently by Herbert L. Packer, professor of law at Stanford and a specialist in criminal law. He writes:

. . . it is widely perceived today, especially among minority groups who feel most keenly the lash of unfettered police discretion, that the police are, to put it bluntly, accountable to no one but themselves. Until this is remedied, or at least until possible remedies are developed in detail, it is fruitless to argue about how much latitude the police should have in questioning suspects. No code of police practices that does not provide effective sanctions for police lawlessness can so much as begin the long repair job that will be required to win minority acceptance of even the most necessary police functions. (*New Republic*, Sept. 4, 1965, p. 21).

#### *Progress: Real and Unreal*

We have affirmed our feeling that it is not necessary, especially for readers of *Political Affairs*, to spell out in any detail the statistics demonstrating the oppression and super-exploitation of the Negro people in the United States. Some relevant facts, however, need presentation, especially since ruling-class circles have sought to give the impression that the mass of Negroes have really won all there is to win and "what more do they want, anyway?"

\* That Himmler at his worst is matched by what goes on in the United States today, where Negroes are concerned, one may read for himself in for example: Elizabeth Sutherland, ed., *Letters from Mississippi*, N.Y., 1965, McGraw-Hill; and especially, *Mississippi Black Paper*, collected by COFO, with an introduction by Reinhold Niebuhr, N.Y., 1965, Random House. Again, let it be noted that of course the Federal Government knows all this but its inactivity is monumental.

Certain advances have been won through bitter struggle but most of these are of such a nature as to carry with them almost an insulting quality. I mean the important achievements in the areas of civil rights and law represent, in fact, what was supposed to have been won ninety years ago; important in this connection is the frequent reaction from Negro people who will not minimize the Voting Rights bill but will nevertheless, with full reason, express resentment that they, among all citizens, required special legislation for the recognition—not yet, the implementation\*—of this elementary right.

Similarly, with the 1954 Supreme Court decision on equal rights to education, no people could value this more than the Negro people who fought bitterly for this right for generations—petitions from Negroes for equal educational rights go back to the 18th century. Still there is some resentment or bitterness over the fact that for *them* the assertion of this elementary right required these generations of effort, a battle to the Supreme Court and a decision from that Court.

And here, particular bitterness—sometimes verging dangerously close to cynicism, which in politics is next only to apathy as the most impermissible attitude—arises over the fact that the implementation of that decision, after eleven years, has been scandalously meager. Indeed, as Professor Vann Woodward pointed out, ". . . more Negroes are attending *de facto* segregated schools now than when the Supreme Court handed down its decision in 1954" (*N. Y. Times Magazine*, Aug. 29, 1965, p. 81).

Whitney Young emphasizes:

Having fought the issue to the highest court in the land and seen the decision given in their favor, Negroes then experienced the most shameless perversion of justice. In state after state and school district after school district, human ingenuity was employed to defy the clear statement of the court. And where elusive action failed to nullify the court decision, violence, intimidation, legislative evasion, and even assassination, were employed (cited work, p. 244).

\* Charles Evers, head of the NAACP in Jackson, Miss., and brother of the martyr, Medgar, said to Drew Pearson (column dated Sept. 1) who had asked how registration of new voters was progressing: "There are only four registrars in the entire state of Mississippi. Four registrars for four counties . . . there are 82 counties in Mississippi and in not one are five per cent of the Negroes registered. Yet they send only four registrars for the entire state." Pearson concludes quite correctly: "Thus, while it was known last winter that the Negro voting rights bill was sure to pass, the Administration did nothing about preparing to put it in operation."

In the face of this, Negroes are berated for lawlessness—often by the same individuals who engineered the perversion or violation of laws mentioned by Mr. Young!

But in decisive areas of life—especially those areas which affect most Negro people and affect them most significantly—the past decade has witnessed either relative, or even absolute, worsening of conditions. In unemployment the situation is worse today—absolutely and relative to non-Negroes—than ten years ago. In family income the Negro has witnessed a relative decline compared with white families since the mid-fifties. In education, as we already have noted, segregation in fact is more widespread now than in 1954. And, above all, in housing, the past decade has witnessed a steep deterioration absolutely and relatively for the Negro people. They live today in more crowded circumstances than ten years ago, they pay higher rents than ten years ago, their ghettos are more fully segregated today than ten years ago. Thus, we repeat, in those things that matter most and impinge every moment—education, housing, income, employment—the Negro people in the United States are considerably worse off—in relative terms—than a decade ago and in several vital indices have actually fallen back in absolute terms.

### *The Ghetto Must Go!*

The situation in housing is so bad and its significance is so great, that this deserves some development, even if necessarily very brief.

Whitney M. Young, Jr., in a speech delivered at Birmingham in September, 1962, warned that projecting figures then available showed that about 85 per cent of the Negro population would be living in major urban centers, mainly in the North, by 1975, and on the basis of what was occurring then in the various “relocation” and so-called “slum-clearance” projects, he said that these millions “face the specter of becoming more segregated, not less segregated in the unattractive areas of the cities which remain educationally, culturally, and socially substandard.” The urban-planning expert, Howard Moody, in his *The City: Metropolis or New Jerusalem* (1963) warned:

A city is dying when it has an eye for real estate value but has lost its heart for personal values, when it has an understanding of traffic flow but little concern about the flow of human beings, when we have increasing competence in building but less and less time for housing and ethical codes, when human values are absent at the heart of the city’s decision-making, planning, and the execution of its plans in processes like relocation . . .

The fullest and most recent official study of the question of housing as it affects minority peoples—especially Negro and Puerto Rican peoples—was that made in July, 1963 by the Connecticut Advisory Committee of the U.S. Commission on Civil Rights (this is reprinted in full in the *Congressional Record*, August 31, 1965). This study showed “that such integrated communities . . . as existed prior to relocation were rarely preserved during the process and that, more often, a polarization took place.” Relocation, then, “accelerated the trend toward racially segregated neighborhoods and schools,” and the homes into which the families were forced to move had “the poorest kind of tenant-management relations . . . extremely poor living conditions prevailed; brusque treatment of tenants by public housing officials was common.” Furthermore, “the rent paid . . . varied directly with their race . . . On the average, white respondents paid less for rentals than did Negroes, and Puerto Ricans averaged higher rentals than either of the other groups.”

*The Journal of the American Institute of Planners* (November, 1964) published a detailed study (pp. 266-286) of “The Housing of Relocated Families,” by Chester Hartman of the M.I.T.-Harvard Joint Center for Urban Studies. It is urged that readers examine the graphs and charts and tables of this essay for themselves; here we simply indicate conclusions: after relocation the majority of the rehoused—as many as two-thirds—still live in substandard homes, often with “an increase in incidence of overcrowding”; “relocation may be resulting in a ‘rich get richer, poor get poorer’ effect”; “only one-half of one per cent of the \$2.2 billion of gross project costs for all federally-aided urban renewal projects (through 1960) was spent on relocation.” And non-whites through the relocation process are “forced to pay high rents.”

The intensification of segregated housing and of the ghetto pattern in the United States was demonstrated in great statistical detail—comparing 1940 with 1960—by Karl E. and Alma F. Taeuber of the University of Wisconsin in a paper published in the January, 1965 issue of the *American Journal of Sociology*. As we have indicated, all evidence shows that this pattern of increased segregation discernible from 1940 to 1960 has been intensified in the past five years.

Mr. Daniel M. Friedenberg, himself president of several New York real-estate corporations, in a sensational article in the *Saturday Evening Post* (August 28, 1965), has shown that “Slum Clearance Is A Hoax.” The federal program for urban housing, he writes “has spawned corruption, produced gushers of profits for promoters and

giant corporations, and pushed slum dwellers into worse pigsties." Writes Mr. Friedenberg, "As a builder and manager of apartment houses I am familiar with the basic problems involved in urban renewal: high rents, created by high land and construction costs, discriminate against the displaced poor more than any deliberate racial or ethnic policy." Mr. Friedenberg reports that "of all the housing the Federal Housing Authority has financed, only 1½ per cent has been for people with an annual income under \$5,000"; hence, he concludes that the federal activities in housing "to a large extent remain devices for rich builders to get richer erecting housing and cultural and financial institutions for the upper middle class, whereas the poor will be kicked out and forced into worse slums."\*

### *Oppression and Its Results*

In no sense am I to be understood as presenting the data on the oppression of the Negro people as a kind of Myrdalian—or, now—Moynihanian—excuse for that very oppression. That is, there has been developing for the past twenty-five years, especially in liberal and reform circles, the adoption of a socially-induced inferiority concept to "explain" the oppression of the Negro people. This thesis gained currency as the biologically-inferior fraud became more and more exposed, and so became less and less tenable—at least in sophisticated circles.\*\*

The white commercial press—and particularly the less openly reactionary elements of that press—is filled these days with "explanations" for the unemployment rate, the mortality rate, the minimal education, the high rate of arrests and convictions, etc. as applicable to the Negro people because of the impact upon them of the ghetto. That is, the elements which together make ghetto living—i.e., poverty, bad housing, high unemployment and all the rest of the torment—are spelled out in gory detail and then this detail is offered as an "explanation" for the existence of the ghetto!

And so one finds repeated references to "the social cancer of the

\* See Charles Abrams' foreword to the volume *Equality* containing essays by R. L. Carter, D. Kenyon, P. Marcuse and L. Miller (N.Y., 1965, Pantheon) for illustrations showing how state and Federal governments—by omission and commission—are intensifying jim-crow housing in the United States.

\*\*I polemized against this thesis in my *The Negro People in America: A Critique of Myrdal's "American Dilemma"* (N.Y., 1946, International). While after twenty years I would not hold with each word and sentence in that book, I do hold with and now reaffirm its essential thesis, summarized above.

deprived Negro"—this is from Roscoe Drummond in the *Washington Post*, August 20—that is, it is the Negro who is the cancer and not the system of jim crow that produces the deprivation!

The speech delivered June 4, 1965 by President Johnson at Howard University—based as we have since been told, on the widely publicized "secret" memorandum prepared under the direction of Daniel Moynihan when he was an Under-Secretary of Labor—is filled with this approach. Insofar as that speech did represent a yielding to pressure and an urging for concession it can be helpful—to the degree, of course, that the words are seized upon and delivery in action is demanded. The core of the analysis, however, was not that the Negro was biologically inferior—that was rejected—but rather that he has been *made* inferior. The President used the word "crippled" three times as describing the Negro people, and where they weren't crippled they were "hobbled" and where they weren't hobbled, they were "battered" and where they weren't battered they were "twisted" and if they weren't twisted they suffered "infirmities" and where they didn't suffer infirmities they were subject to "decay" and if decay was not enough they were also "blighted" and if being blighted was not enough they also were "damaged" and if being damaged was not enough they were in "despair," and not only in despair but also "indifferent" and not just indifferent but afflicted with "degradation."

The advantage of this kind of "analysis" which is so one-sided that to call it untrue is to be mild, is that, being miles off in disclosing cause, it naturally helps one to propose programs that at best smell of case work or patchwork and at worst repeatedly and bravely "admit" to "not knowing" why, and therefore unfortunately being uncertain as to what to do about it.

One may get from extreme oppression a Bigger Thomas—this can and does happen to all peoples; but the Negro people is not Bigger Thomas, and the most discerning contemporary critics of Richard Wright's *Native Son*—like Benjamin J. Davis and W.E.B. Du Bois—stressed that fact. Of course, Wright was correct in insisting that the real criminal in the case of a Bigger Thomas is not he but is the class dominating the society that produced him; but that was lost in the novel and especially in the way the novel was used. In any case, the point is that Bigger Thomas does not nearly represent the Negro people.

Oppression carries with it suffering; oppression victimizes; of course. But is it necessary to reaffirm in a nation that is supposed to have Judeo-Christian roots that suffering may and often does ennoble?

Is it not clear that while oppression victimizes, the one who suffers is not *simply* a victim? Is he not also a human being who, *therefore*, resents and rejects and battles against the attempted dehumanization?

This, really, is the whole point of the Watts uprising. And this is the point as to how one evaluates that uprising, as to "Which Side Are You On?" It is not the slave who is degraded, it is the slave-owner; it is not the working man who is degraded, it is the exploiting boss; it is not the "native" who is degraded but the colonial overlord. This is true not only historically, so to speak; it is true in terms of people; people who work and people who work others; people who create and people who simply consume; people who produce and people who exploit.

Indeed, the morally superior condition and position of the American Negro people for centuries, and their present morally superior position has made of them, in my opinion, a superior people. I do not mean genetically or biologically of course, but I do mean morally, in terms of values and in terms of warmth, comradeship, courtesy, thoughtfulness, determination, perception, endurance. Symbolic of the American Negro are the greatest Americans of the last two centuries: Frederick Douglass and W.E.B. Du Bois.

This is part of the reason why, I think, if this nation is to survive as a nation having human values at all it will be largely because of the qualities — as well as the necessities — of the American Negro people.\*

\* \* \*

What is the basic revolutionary and liberating quality that Marx emphasized in the working class? In that class, he wrote in 1844, was "a sphere of society which has a universal character because its sufferings are universal, and which does not claim a *particular redress* because the wrong which is done it is not a *particular* wrong but wrong in general." And, the next year, he wrote that the class moves towards fundamental change, towards revolutionizing society, "to which it is forced by the contradiction between its *humanity* and its situation, which is an open, clear and absolute negation of its humanity."\*\*

\* I tried to develop this theme within the limits of a 15-minute paper delivered at the New School for Social Research in April, 1965 at a Conference on Negro writers. This paper appears in the current issue of *Dialog*.

\*\*The first quotation is from the "Introduction to a Critique of Hegel's Philosophy of Right"; the second is from *The Holy Family*. Italics as in original.

The vast majority of the over twenty million Negroes are working people and they constitute the heart of the most exploited segment of the American working class as a whole. Increasingly that class character of the people's liberation effort is coming to the fore; the imaginative, more and more uncompromising, militant character of the effort reflects this class composition and its increasing weight in action. That will continue to mount.

More and more this must activate the working class as a whole; as increasingly it will itself raise more basic demands and demands of a more and more universal scope—i.e., peace, anti-imperialism, and attacks upon bad housing in general, bad education in general, unemployment in general, inadequate health facilities in general, anti-monopoly in general, etc. The demands of the Negro movement are in fact taking on a greater structural character; increasingly, ideas of socialism and Marxism come to the fore, notwithstanding everything.

Increasingly, too, wider elements among the white population are grasping the central character of the Negro struggle; the youth, the intelligentsia, groups in the trade unions, the peace workers, many church organizations. As they see the interconnection they also see the need for deeper analysis and more fundamental, more independent, more anti-monopoly effort; among such groups, also, the interest in Marxism is growing. Indeed, I think it is a fact that not in thirty years have so many Americans been studying so seriously and so eagerly the Marxian outlook.

The Right is seeking feverishly to make capital of the mounting Negro militancy, to twist it into something fearful and something threatening to white people and to the nation as a whole. The Right always has seen how crucial is racism and Negro oppression to them; I am not sure that those opposed to the Right have seen this with equal clarity. To beat back the Right then is an additional reason for utmost boldness and confidence and struggle in the area of Negro freedom.

Increasingly, then, the Negro movement will move front and center athwart basic socio-economic and labor and peace-or-war questions. This does not mean that legal battles and civil rights struggles are passe; of course not. On the contrary, in the next ten years really qualitative leaps can be made and I think will be made in the *implementation* of the gains made in these areas and that will help transform political life in this country. It is not a matter of posing one—the politico-legal—against the other—the socio-economic-labor. It is rather seeing how they complement each other and how struggles

for the second, with the first as a base, will move ever more clearly to the forefront.

In this, as in everything else, Du Bois was a pioneer. It was this, in fact, which was basic to his leaving the NAACP in the mid-thirties. He wanted his kind of orientation program in that organization but with the leadership as it then existed he could not get it, so he left. And in the Cold War period—in the last twelve or fifteen years of his life—he was turning to this message more and more. Thus, for example, when he was 85, in 1953, he toured the nation and delivered many times a paper into which he had put extraordinary effort and thought; he called it “On the Future of the American Negro.”\*

This brings me to the crux of my message. We Negroes are not fighting tonight against slavery. That fight is won. We are now not fighting in vain for the ballot. We hold the balance of power in the north, and either we get the vote in the south or we come north and get it here. But we are fighting desperately the economic battle for the right to work and to get from our work food, housing, education, health, and a chance to live as human beings. But in this fight we are not alone. With us stand and must stand whether they will or no, the white workers of America and of the world.

It was this kind of emphasis and this insight that brought him, of course, into the Communist Party.

Rev. Malcolm Boyd, to whose article I have already referred, insisted that the idea that the Negro freedom movement had been harmed by the Watts uprising—as so many were hopefully saying from *Time* magazine to the *Wall Street Journal*—was wrong. On the contrary, he wrote: “The massive expression of Negro frustration served to unify large numbers of oppressed people hitherto fragmented. There is a new determination to achieve total, not token, freedom.”

It is necessary to ensure that a new understanding and a new initiative for action comes from masses of white people. The first steps were taken by the Los Angeles County Federation of Labor early in September in urging the building trades to integrate and to construct a new Watts. Its official organ reacted to the Uprising with a front-page eight column editorial headlined: “A Time for Action to Avert Another Blood Bath” and the kind of action called for was rebuilding, adding hospitals and schools and altering hiring policies;

\*Full text is in H. Aptheker, ed., “Some Unpublished Writings of W.E.B. Du Bois,” *Freedomways*, Winter, 1965, V, No. 1; the quoted matter is from p. 123.

that is all to the good. At least that’s a good *beginning*. A meeting of Negro leaders held the same time in Los Angeles demanded a really massive effort to eliminate poverty in America and so eliminate the physical groundwork of jim crow. Dr. Carlton B. Goodlett, the San Francisco physician, newspaper publisher and peace leader, demanded a fifteen billion dollar slum clearance project as a start.

The *New York Times* urged editorially that no one must “dawdle now” for all have received at Watts “a catastrophic warning.” The *New York Post* similarly reacted, “we dare not delay.” The *Christian Century* was more graphic; its editorial (Aug. 25) held: “The nation must now with its full strength relieve the plight of the Negroes in urban slums or turn its metropolises into garrisoned cities.” A valid insight since a reactionary, violent and aggressive policy towards colored peoples abroad threatens a garrison state at home; and such a policy against the Negro people here threatens a similar disaster.

The Catholic weekly, *Commonweal*, was most pointed of all. After Watts it said (Sept. 3): “If the white man does not grasp the underlying pattern of racial explosions very quickly, he is doomed to many, many more.” What the Negro is calling for, says this influential paper, is “a thorough social reconstruction”—“jobs to go with votes, housing space to go with fair housing laws, decent education to go with integrated classrooms.”

We are coming down the stretch in this country; we are reaching the point of put up or shut up. Watts is an historic cry of alarm; smashing of drums; blasting of trumpets. He who has not awakened now is dead.

We close with two quotations. One is from Frederick Douglass, uttered a little more than a decade after he had himself fled slavery; here is what he said in 1850 and we need now just change his word “slavery” to our word jim-crow:\*

The existence of slavery in this country brands your republicanism as a sham, your humanity as a base pretense, and your Christianity as a lie. It destroys your moral power abroad; it corrupts your politicians at home. It saps the foundations of religion; it makes your name a hissing and a bye-word to a mocking earth. . . . It fetters your progress; it is the enemy of improvement; the deadly foe of education; it fosters pride; it breeds insolence; it

\*P.S. Foner, ed., *Frederick Douglass: Selections from his Writings*, N.Y., 1945, International, p. 52.



promotes vice; it shelters crime; it is a curse to the earth that supports it; and yet you cling to it as if it were the sheet anchor of all your hopes. Oh! be warned! be warned! . . . crush and destroy it forever!

And finally, Du Bois again. He is writing "Of the Sorrow Songs," and is closing his great book, *The Souls of Black Folk* (1903):

. . . in His good time America shall rend the Veil and the prisoned shall go free. Free, free as the sunshine tracking down the morning into these high windows of mine, free as yonder fresh young voices welling up to me from the caverns of brick and mortar below—swelling with song, instinct with life, tremulous treble and darkening bass. My children, my little children, are singing to the sunshine, and thus they sing:

*Let us cheer the wea-ry trav-el-er . . .  
Cheer the wea-ry trav-el-er, Let us  
cheer the wear-ry trav-el-er A-  
long the heav-en-ly way.*

And the traveler girds himself, and sets his face toward the Morning, and goes his way.

Inspired by Douglass and by Du Bois, and fighting as they fought, this generation can accomplish the crushing of jim-crow and thus save this nation; let us gird ourselves, set our faces and do it.

September 8, 1965

#### CORRECTION

In the October issue, page 25, line 4, the words "white workers" should read "white writers."

## DISCUSSION ON COMMUNIST PARTY PROGRAM

VINCENT IGNATIUS

### The Role of the Working Class

The first requirement is that the program of our Party be written in simple language so it can be understood by the masses. This is not easy to do in the modern day. It must be understood by the large masses of both Negro and white workers and farmers with minimal educational levels, and at the same time by the ever increasing number of intellectuals and the educated. Many of the latter, being mis-educated by our system of schools and institutions of learning, still remain a durable prop of monopoly capitalism in our country.

To this problem it seems to me much thought should be given. While the program should not be so lengthy that it becomes tiring, this should not be a limit to its simplicity and content.

In drafting it we should keep in mind the necessity of invention of new methods to get the eye and ear of the coming generation who will read it and who need to know where we are going in our country and how we are going to get there. The program should be a handbook for the people which will help them understand the prevailing economic and social problems, and will lead to action and organization.

It is not my purpose to deal with all the problems that should go into the program, nor to delineate which problem is most important. My effort is rather to bring to the attention of the comrades some very obvious new phenomena which we must look at in a new light—from the point of view of a changed and ever changing world, in the age of the atom, computer and automation.

#### *The Working Class and the Class Struggle*

One question of prime importance on which there are many disputes, particularly among the intellectuals, and which needs decisive resolution, is the Marxist-Leninist concept of the class struggle. There

are many among the educated who argue that the working class tends to become less important in social development, which in turn leads to the concept of denial of the existence of the workers as a class and of the class struggle.

This leads to the many misconceptions and so-called new theories of classlessness of capitalist society, and to separation from the most decisive sector of the population, the trade unions, which is most harmful to the development of the class struggle in our country.

Here we need to understand that the composition of the working class has changed and is much different than in the past. But this does not mean that the workers cease to exist as a class or that their aims as a class to become dominant in society have stopped.

The validity of the class structure of capitalist society and the continuing struggle of the working class to become the dominant force in the future development of the social order is proven at every turn by life itself. The following discussion with one of my carpenter comrades illustrates the point.

First we talked about his hard-working, long and good life. Many years ago he had served his apprenticeship in the trade. He had participated in the labor struggles of the 1930s. He had married when quite young and raised a family of two boys and one girl. He is a lifelong member of the Carpenters Union and prominent among his fellow workers.

"How is the class struggle different now than in the 1930s?" I asked him. This was his reply.

"Well," he said, "in 1930 I and my wife had nothing to lose but our chains. We fought for many things that in our country now are stepping stones on the road to socialism. We are now thirty-five years older—we own a home, we have a car, a boat and a vacation trailer, like most of our neighbors hereabouts. I am still conscious of my class origin and I fight for its principles and its success at every turn.

"I must here, however, say that the struggle is not the same as it was in the 1930s. It takes place in a different climate and different circumstances. I am different from my children in that I learned about life with only an elementary education, wielding a pick and shovel and later a hammer and saw. This was my path to industry and my role in the social system. Our two sons and our daughter have had a different life. Their way of life has been molded by the schools and educational institutions. Our daughter is a teacher, one son is a master of science working in the electronics industry, and the other has a doctor's degree and is in research. This work and these activities bring them quite ample essentials of life and an abundance of creature

comfort. The thing that we still retain and have in common is that we still work for wages which are not determined by ourselves. We still do not own the means of production nor do we determine the state of peace or war. We have nothing to say about the security of our jobs. We still do not get a fair share of the product of our labor. We see a great portion of our people in abject poverty. Equal rights for all men are still to be fought for. The class struggle still continues, only it takes place in a different climate and at a different time.

"It is easy to understand that my children have a different standard of evaluation of contemporary life. My learning came through the school of hard knocks; that I have survived is due to the need of hand labor in my day. I have come in this way to my understanding of the class struggle and the need for socialism—to the understanding that socialism is the only ultimate solution to the complex social problems of coming times. It is different with my children. They are the product of the schools and educational institutions. Through these they have entered on the path of their lives and modern industry. When we were young, we were confronted with securing work of the kind that could be done by anyone. Our problems were comparatively simple. My sons and my daughter face a different kind of a world—a world of automatic industry, a world where the labor of the hand is needed less and less, where brains mean more than physical effort. Capitalism in our day was able at least partially to solve our problems with wages. Our sons and daughters still work for wages, but they also must come into direct, headlong conflict with the basic structure of capitalist society, which is not able to provide answers to looming problems. One thing is sure. No matter how long it takes for them to learn, there is only one way to the future and that is socialism. They now lack, as we do ourselves, a clear blueprint of how socialism will be brought about. That they will have to learn, and we must help them."

In the formulation of the program for our Party it seems to me very important to understand what this typical American workingman tried to say. I think he indicated clearly that the working class and the class struggle are still with us—that the struggle is equally as sharp and much more complex than at any time in the past. He showed that the future working class is of a new kind, the new part of it coming from our educational institutions. What is important for our program in this is the changes that have taken place, which are used by our enemies to nurture and foster divisions in our class, to confound us through false theories spread by the miseducated among us.

Our Party cannot perhaps just at this time create a blueprint or

pattern of events. It must however make up some guidelines that the new and growing working class can follow.

### *Struggles of Today Link to Future*

I often hear talk by the infantile "Left." They say that you cannot build toward socialism or even a structure that leads to socialism based on our present day forms emerging from state monopoly capitalism. We must smash the old and build a new society altogether, foundations and all, they say. My carpenter friend very effectively refutes this. He said that he and his wife built many stepping stones toward socialism. By this he meant the many things we now have such as trade union recognition, collective bargaining, the social security law, unemployment insurance and other favorable conditions for the workers. These came as a result of sharp struggles of the workers and they must be looked at as stepping stones in the right direction, even though they are yet very elemental, and even though they run counter to the idea that misery begets revolutionary ardor.

In the coming program of our Party it seems to me that the modern, changed and ever-changing world must be depicted in such a way that it properly reflects the objective conditions that now prevail and how these lead inevitably to a socialist resolution of modern problems.

While capitalism is spawning its own grave diggers, it is also creating the instrument within itself of its own interment, now more than at any time in the past.

It seems to me that the increasing contradictions that are brought into sharper focus by the achievement of the stepping stones should be exposed as they are. This gives us the direction in which we must push with increased vigor. It shows that the reforms we have achieved in the past are not the ultimate but steps from which other steps must follow.

The limited security in old age which came as a result of sharp struggle should now be extended. We should demand its improvement, making its provisions more ample in the future. As an example, while the demand for new and cheap modern housing for the elderly and retired has its place, it now should be extended to provide a choice as to where one wants to live. There should be a simple demand for a sharp increase in the amount of social security benefits. Not only should these funds be adequate for an American standard of life and a comfortable home. Social security should provide opportunity to travel, to pursue interests that are of value to our country. I think our program on social security should reflect not what other countries have done but what we are capable of in our own country. We should

combat vigorously the program of pasturing and segregating the elderly and retired from the mainstream of life in society as the system that we now have wants to do.

Similarly, unemployment insurance is a stepping stone in reaching the men and women of the working class if it is placed correctly in our program. Our demand for improvement in this field it seems to me should be not only an increase in benefits but the extension of its control into the hands of the working class. Unemployment insurance has become an important factor in the economy of our country. While it has grown and expanded, it has at the same time become the basis of the existence of a nest of bureaucrats in the many states. Our program should call for improvement of this social legislation in the manner in which it needs improvement the most. Its certification machinery should be transferred from the nest of bureaucrats to the control of trade unions. This would strike a sympathetic chord among the millions who receive these benefits periodically.

Direct state and public ownership of industry should be made a central issue in our program. In this issue we have many stepping stones toward socialist resolution of problems and arguments for them that are irrefutable as well as easily understood by all. Private enterprise should be pictured as it is—as once successful but at present altogether inadequate in coping with modern-day problems.

The great dams on our rivers, the irrigation systems, the highways, have all been built by the government with government funds. They must be retained in government hands and their services expanded. I think the time has come that it would be to the people's interest for the government to own and control all transportation, shipping, communications, atomic energy etc. In the program this should be pointed out in an understandable way, and what the advantages would be to all the people.

### *New Situation In Agriculture*

Yet another problem on which the comrades drafting the program should reflect is the tremendous change that has taken place in our agricultural economy and its repercussions on our national life.

This writer, during the summer, had the opportunity to visit in the central states and to exchange opinions regarding the problems facing the people of that region. Among them were many friends native to the Dakotas, the hard wheat country sometimes called the bread basket of America. One of my long-time friends put the problem into a few words. He said that all during his life in the past on the farm, where life has always meant hard work and small remuneration

ration, there had always been a way out. In his youth there was the Frasier-Lemke farm legislation. There was the struggle for parity by the farm organizations. He recalled the many penny sales, the preventions of mortgage sales. All of these in the past seemed to lead to some kind of solution. "Now it is different," he said. He could see no way out of the plight of the farmer within the old framework.

"It is not the fear of losing the land," he said, "as it was in the thirties." He had inherited two quarter sections with the old farmstead. "Now," he said, "it is the question of what is to be done with the land." There was no way to make farming pay in the old way so all of his formerly fertile fields were being left fallow to run cattle on for a small rental, so the taxes could be paid.

His conclusion was—which on the face of it seems to be true—that the only way farming can be conducted to make it pay is to have large and costly machinery—so costly that it is impossible for the individual farmer to secure.

The future of agriculture in the Middle West seems to develop in the direction of large-scale corporation farming or, as my friend indicated, collectivization where farmers would pool their land. There are indications of these two trends with, of course, the corporate form taking the lead.

As an afterthought my friend indicated, however, that even if farming could be carried on with either of the two methods, there would still be the marketing problem to contend with, which can only be solved by socialism in the modern world.

Here it seems to me that our program should reflect in simple terms the condition that prevails among the farm population. There can be no doubt that large-scale farming, and as an alternative some attempts at collective solutions, will be made in the future. There is also the fact that large and powerful farm organizations exist such as the Farmers Union, the Farm Bureau and cooperatives of many kinds. Our program should give much more emphasis to the present development among the farm population. A thorough study in depth of the basic farm problems should be made. There can be no doubt that corporation farming will lead to an increasing utilization of wage labor on the farm. The poor and middle farmer's plight will become worse. The only way he can cope with his problem is to unite together with his kind and fight it out to survive. In this struggle he will naturally seek the help of the workers. His interests more than ever coincide with those of the working class.

These are a few of the matters I consider important among many others for our program to proclaim to the people of our country.

## The Nature of Small Business

One section of the Communist Party's Economic Program "to end poverty and unemployment in the U.S.," which was published in the Spring of 1964, is devoted to "economic and social measures of a more advanced character," measures "designed to place more effective curbs on the power of the trusts in American life." These measures are complemented by a proposal for "special measures to protect small business against encroachment of the monopolies . . ."

One of these "special measures," to make federal funds available for "loans and credits" to small business, deserves particular discussion.\*

### *Protection Implications*

The perspective of protecting "small business against encroachment of the monopolies" and, in particular, the "special measures" designed to achieve this end, invoke consideration of what is the present course of our economic development and, in particular, what is the relation of an anti-monopoly program to the present development of monopoly capitalism.

Legislation and administrative measures, invoked during the past generation to protect "small business," had their origin during World War II when small capitalists made emphatic demands for their share of war contracts. In the post-war years these demands became more insistent, as the war budget swelled, and the hog's share was taken by the biggest corporations and by the newly whelped merchants of death. The Small Business Act, which was to serve as an instrument for dissipating the complaints of small capitalists, especially in the field of war contracts, was passed by Congress in 1953. It authorized the establishment of the Small Business Administration.

\* It is notorious that the largest corporations have much readier access to the financial markets, and at lower rates of interest, than do the smaller corporations or unincorporated firms. Factual material presented in this article is based on the list of references in the bibliography at its end. Page references are not given except in the case of substantial direct quotations.

The demands of small capital for an equitable share in war contracts have been represented as being not only just but as in the interest of national security.

The complaints of the small capitalists are fully justified by the evidence which shows that the discrimination against small capital in the weapons-of-death business is pervasive.

### *What is "Small Business"?*

There are more than 4.5 million enterprises defined by the Small Business Administration as "small business." These represent over 95 per cent of the nation's "business population." Of the total, roughly 4 million are unincorporated businesses, and approximately 300,000 are "small" manufacturers.

The SBA-defined "small businesses" include the remaining corner groceries, the one-man service station, the dry-cleaning establishment, and similar petty enterprises. But they also include manufacturing establishments with as many as 1,000 employes, or merchandising establishments with annual turnover of millions of dollars.

Obviously, it makes a difference, in considering proposals relating to "small business," whether these proposals relate to a family-operated motel, or to a manufacturing plant with a weekly payroll of \$100,000.

While there is a considerable diversity in the legal definition of "small business," in respect to sales to the federal government and to SBA-sponsored loans, and for purposes of the Renegotiation Act, the decisive measure has been the 500-employee level fixed for sales to the federal government.

A Department of Commerce report has disclosed that in 1956, such firms, with fewer than 500 workers, employed two-fifths of all manufacturing employees, more than one-half of "all industries" employees, and more than three-fourths of all retail trade employees. *In other words, these proportions of the total numbers employed in these fields were exploited by "small business"—as defined by the 500-employee standard.*

Applying the 1956 percentages to the number of workers on the payrolls of private business in 1963, we find that approximately 26.8 million of the 47.6 million on the payrolls of nonagricultural establishments, and excluding federal, state and local governments, were employed—and exploited—by such defined "small business" in 1963.

It has been estimated also that the 4.5 million "small businesses"

account for about 40 per cent of total business volume, and employ about 30 million workers.

### *Small Business*

The demography of "small business"—the births, deaths, marriages—is important in determining whether measures proposed to protect small business against encroachment of the monopolies will succor all existing small businesses, including those with the pallor of death on them; will aid the newly-born, including those which will otherwise die in infancy; or will aid, as the SBA has been accused of doing, only those "small businesses" which show signs of flourishing.

Between 1953 and 1963 the "business population" in "all industries" increased by 609,000. The number of firms increased in retail trade, wholesale trade, services, contract construction and other sectors, while the number of firms in manufacturing decreased by 18,000.

However, the number of businesses per 1,000 of population declined from 1949 to 1963, and turned up slightly in 1963-1964.

The increase in the "business population" of 609,000 during the decade is the difference between the number of firms that were launched and the number that departed, by death or merger.

A program to protect "small business" is, in the absence of an escape hatch, a program to protect all new-born "small businesses." The magnitude of this "protection" task is evident in the fact that an estimated 300,000 to 400,000 new businesses, most of them small, are launched each year; that some 250,000 to 300,000 expire each year.

For the most part, the newly-born enterprises which seek protection are small marginal firms whose chances of survival are not great. Over the past two decades, it has been estimated by Dun & Bradstreet, well over one-half of all business failures occurred among firms which had been in business for five years or less. In 1963 the proportion of such failures was 55.4 per cent, compared to over 60 per cent in the early 1950's, and over 75 per cent in the late 1940's.

A program to protect "small business" absolutely and unequivocally would be therefore, in part, a program to protect the hundreds of thousands of fingerlings to which commodity production gives birth annually, and whose chances of survival, as ichthyology shows, are minimal. Confronted by these mortality rates the National Small Businessmen's Association has disassociated itself from any attempt to "perpetuate unsound enterprises."

### *Lack of Capital*

Small capitalists and self-employed commodity producers have

felt, through the ages, that if only they had more credit, the desperate inadequacy of their capital resources could be overcome. This sentiment is common currency among small capitalists today.

The financing problem of small business is not merely one of short-term loans or credit, for short-term advances must be repaid soon. Furthermore, many small businesses, perhaps most, are not legitimate suitors for loans or credit on a proper business basis. The mortality rate gives that impression. The basis for long-term advances is similarly deficient, on a business basis.

The other source of expansion is equity capital, that is, investment in the small business on a part-ownership basis. Two difficulties exist here. The first is the difficulty of finding capitalists who will invest in a small business over which they have no control and which is subject to the uncertainties of one-man supervision. The other problem is the unwillingness of the small capitalist owner to invite additional capital by sharing the ownership of his business. The small business man fears that if he invites additional capital, his fate will be that of the Arab who invited the camel into his tent—and found himself outside.

### *Small Business Philosophy*

The ideological basis for “small business” advocacy is that, allegedly, there are “alternative paths lying ahead” in the further development of capitalism. These alternatives are, in the words of Rep. Wright Patman, chairman of the House Committee on Small Business: (a) “the road to monopoly and ever-increasing concentration of economic power,” and (b) “the hard and rocky road to a restoration of competitive free enterprise, with the preservation of the American ideals of opportunities for small, locally oriented, companies to enter business and thrive and grow.”

The second alternative is alleged to express “the essence of the American economic system of private enterprise (which) is free competition.” The “operations, growth and development of the potentialities of small business” are held to be “normal” under capitalism.

The “small business” alternative is the official position of Congress. “The Congress has repeatedly paid allegiance to a competitive enterprise system. Such allegiance has been expressed in the passage of our various key anti-trust statutes—the Sherman Act (1890), the Clayton Act (1914), the Federal Trade Commission Act (1914), the Robinson-Patman Act (1936), and the Celler-Kefauver Act (1950). Both the Senate and the House have Small Business Committees and

small business has a voice in the executive branch in the Small Business Administration.” (Patman, I/iii).

“There has thus been created over the years a body of law forming a basis for economic freedom and a competitive business climate.” That is the official position of Congress.

The avowed Congressional program to aid “small business” proposes first, to make it possible for “small business” to “compete in an area where competition is fair” and where “monopolistic conditions” do not stack the deck against small business. Included under unfair competition are: factory-to-store sales (which eliminate the middle man); cooperatives; discount houses; direct sales by producers to the ultimate buyers, thus bypassing the wholesalers and retailers. These aims of small business, particularly in retail trade, cannot be considered to be in the interest of the working class, or of consumers generally.

The official spokesmen for small business, echoing the big business sentiments, see the trade unions impeding the “normal development” of “small business.” They denounce them as monopolies; and call for the “application of the antitrust or similar action, to labor unions.” In a similar vein is the contention that one of the “real problems” confronting “small businessmen” is rising salaries and wages.

A second proposal calls for adequate financing of small business. The extension of loans and credits to small business involves, of necessity, the question of repayment and, hence, of security for the loans. Such loans and credits are business, albeit small business. Under present legislation and regulations the SBA is required not to grant a loan unless it is reasonably sure that the borrower will be able to repay it. Proposals for the extension of loans and credit to small business inevitably confront the issue: shall the assurance of repayment be a condition for granting the loan? If so, then very large numbers of small businesses, those which die each year, will not be eligible for such loans and credit.

The issue of loans and credit is, of course, the issue of capital. That is, small capitalists want more capital so that they can appropriate more profit. Their position is aggravated by the fact that, with the advent of monopoly capital, the monopolies and big capital enjoy an above-average rate of profit, while small capital garners, generally, a below-average rate of profit.

As the purpose of greater “government regulation—and, where necessary, of government ownership,” as the Economic Program puts it, is not “in order to fatten the profits of the big monopolies,” so the

intent of other anti-monopoly actions cannot be to fatten the profits of small business. The purpose of an anti-monopoly program and coalition should not be—however much small capital would like it to be—a more equitable distribution of the surplus value extracted from the working class. Such might be a consequence of anti-monopoly actions; it cannot be their main intent. It cannot be incumbent on the working class to insure the success of small capital under the reign of monopoly capital.

A third proposal is to relieve “small-business firms from undue burdens of taxation.” Some gains in this direction were made under the 1964 Revenue Act. As a result of the reduction of the normal corporate tax rate from 30 per cent to 22 per cent, the half million U.S. corporations with taxable incomes of \$25,000 or less had their tax rates cut by almost 27 per cent, and their total savings from this source amounted to \$230 million.

However, this was attained, as Hyman Lumer has pointed out, while giving a many times larger tax cut to the big corporations and thus increasing the share of the total borne by the poor. (*Poverty: Its Roots and Its Future*, International Publishers, New York, 1965, p. 76). Furthermore, as Rep. Charles H. Brown had pointed out in 1957, “tax relief in the lower bracket of \$25,000 or under on corporate returns,” affects only about 10 per cent of the nation’s small businesses, for only 10 per cent of them are incorporated.

A fourth proposal is to assure “to small business a fair share of the business flowing from Government procurement.” We have already discussed the implications of this point.

### *The Monopoly Road*

The House Select Committee on Small Business, while contending that the “small business” road is a real alternative to further monopoly development, has conceded that there is a great gap between its small business policy and the developments in the real world. The committee declared in 1964: “We are in the midst of the largest of the merger movements that the American economy has experienced since the end of the 19th century. The present wave started in 1955 and is still going strong.” On this road we find:

Total mergers and acquisitions during this period reached a new high in 1964 for the third successive year. According to the Federal Trade Commission, there were almost 1,400 acquisitions recorded in 1964, as compared with 1,311 in 1963, and 1,260 in 1962.

The House Small Business Committee estimated that large manu-

facturers, i.e., those with assets in excess of \$10 million, consummated more than 8,000 mergers and acquisitions in the period 1951-1963. This does not include acquisitions made by firms in nonmanufacturing industries.

According to the Federal Trade Commission, more than 200 of the 1,000 largest manufacturing firms of 1950—one of every five—have been acquired by, or merged with, other large corporations since then.

Between 1950 and 1962, according to the FTC, the share of manufacturing assets held by the 200 largest industrial corporations increased from about 49 per cent to 59 percent. These 200 largest manufacturing corporations accounted for 67.5 per cent of the profits of all manufacturing corporations in 1962.

The nature of the pressures on “small business” is indicated also by the fact that there has been a sharp reduction in the number of companies within the 1,000 largest, who produce relatively few products, and an increase in the number that produce an increasing number of products.

In the words of Rep. Patman: “. . . all appearances suggest that we are moving into a new phase of industrial and financial domination and control of American industry. Merger movements have fed this cancerous growth. The United States is rapidly becoming a nation of clerks and hired hands. Opportunities for small business are eroding.”

Furthermore, the “small business” programs initiated by the federal government “really get at only the upper layer of these 4¼ million so-called small businesses,” according to Dr. Kurt B. Mayer, professor of sociology at Brown University. The “really small people . . . seem to be coming and going, and very little has been done for them. I am not sure just what can be done for them.”

The problem of aiding “small business” is nothing less than providing suitable soil, climate, moisture and fertilizer for small capital in an economy whose naked destiny is bigger business. The task is to help small capital make more profits under circumstances where the condition for profitable business is big capital. These are the real conditions which determine the feasibility of “loans and credit” to small capital.

### *Conclusion*

“Small business,” as we have seen, covers a wide spectrum of private enterprise, extending, by legislative standards from the family-owned and operated enterprise, usually a retail establishment or

service, to the "small" manufacturing company employing 1,000 workers. The first is the enterprise of a self-employed individual or family; the latter a capitalist enterprise exploiting a large number of wage workers.

The "protection" of "small business," in the majority of instances, is therefore, on the one hand, the protection of the self-employed, or of the petty entrepreneur with a few employes and, on the other hand, the protection of "small" capitalist exploiters, the protection of capital.

The attempt to protect "small business" confronts the fact that "small business," as we have seen, has both a high infant-mortality rate, and high morbidity.

The working class should not set itself the task of establishing security for "small business" or small capital. For one thing, the achievement of this goal would not "increase the purchasing power and living standards of the working people"—the goal set in the Communist Party's economic program—for these are not the goals of any kind of "business," big or small, or of small capital. The goal of the self-employed petty entrepreneur is to increase his own income, a goal with which the working class can sympathize, though it may not endorse all the means by which the "small" operator attempts to achieve his ends.

The goal of the small capitalist is to increase his profit, at the expense of his workers or of his customers, a goal with which the working class is not sympathetic.

Furthermore, neither the struggle for, nor the attainment of, security for small capital will "lay the basis for moving toward an ultimate reorganization of our society along socialist lines"—the further goal set in the Communist Party's program.

Capitalism in the U.S. is moving toward greater concentration of production, toward greater centralization of economic power, with monopoly extending its sway over the economy, and integrating each layer of the economy above it, and each below it.

For three-fourths of a century the antagonism to monopolization has been a potent factor in our political life, from the days of the struggles against the railroad barons, and of the anti-trust campaigns, which came to a head in the Sherman Act. Since then more than seven decades have elapsed, during which the arsenal of anti-trust legislation has been expanded substantially. But monopoly has also expanded, relentlessly and in unprecedented measure.

As monopoly has become more firmly entrenched, and more pervasive, the anti-trust forays conducted by the Department of Justice

antitrust division, the Federal Trade Commission, the Interstate Commerce Commission, and the like, have become more frequent.

It would be foolish for the working class to attempt to counterpose—to increasing monopoly—the achievement of stability and profitability and growth for small capital. Such a program is a petty-bourgeois anti-monopoly effort; it has no real perspective.

The working class should strive, as the Communist Party Economic Program points out, to impose on big business measures to curb its power through increased government regulation, and to effect decisive intervention through government ownership of the giant industrial, banking and commercial enterprises. Such steps, undertaken with the democratic controls which the program demands, can "lay the basis for moving toward an ultimate reorganization of our society along socialist lines."

There are, however, more than 4 million "small businesses" whose proprietors the working class should seek to enlist in the anti-monopoly coalition. To propose to these 4 million a program projecting security, stability and increased profit for small capital would be a repudiation of a scientific, let alone a socialist, attitude to the development of capitalist society.

The essential elements of a coalition program appealing to the small proprietors should be:

1. Public pressure for unrelenting prosecution through existing antitrust legislation, and through those additional measures against big business proposed in the Communist Party's program. To the degree that prosecution under antitrust legislation benefits small businessmen, they are welcome to it. But there should be no illusions; the kind of feinting antitrust prosecutions which we had for seven or more decades will get us nowhere in the future either.

2. Raising the level of personal income tax exemption; cutting or abolishing regressive taxes on necessities; medicare; inclusion in the old-age pension, and similar federal programs.

The struggle against monopoly can be effective only through resort to measures of an "advanced character," and if the struggle is directed toward democratic invasion of the existing economic "rights" and power of big business. This is forcefully stated in the Communist Party's Economic Program.

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# BOOK REVIEWS

MIKE DAVIDOW

## Triumph Over Hitlerism

President Johnson, we understand, can hardly be described as an avid reader of books. Alexander Werth's massive work would therefore pose a formidable challenge.\* We suggest, nevertheless, that the President make every effort to meet it. If he can restrain himself from his round-the-clock calls to his generals in Saigon long enough to read and *study* Werth's extraordinarily perceptive account of the annihilation of the most powerful and barbaric military machine in history, he may begin to comprehend the criminal futility of his "dirty war" in Vietnam.

Werth's book is the most informative and illuminating description in the English language of the incredibly heroic struggle of the Soviet people—of the price they paid in lives, in the destruction of countless cities and towns, in their scorched, bloodsoaked Soviet soil—to preserve their land and the world from Hitler fascism. But its lessons pertain not only to the four bloody years that decided man's fate. Nor are they confined to the nation whose earth provided the main battlefield, or even to the country which shame-

fully permitted itself to serve as the most inhuman instrument of destruction the world has known.

For those four years one can today substitute, each in its own way, the bitter seven-year struggle of the Algerian people for independence from French imperialism or the twenty-year ordeal of the Vietnamese people in their fights with the French, the Japanese and now our own imperialists. It is with the fearful realization that our country can share the ignominy and shame that is Germany's that millions of Americans have risen in unprecedented rebellion against the war in Vietnam and the invasion of the Dominican Republic, and are beginning to challenge the entire course of U.S. foreign policy.

Whether he so intended it or not, Werth's book can serve to strengthen the resolve of this growing army of Americans who are becoming increasingly alarmed at the chilling resemblance of present-day U.S. aggression to the jackboot marches of storm-troopers. This is so despite the reservations—and there are many—which one may have concerning Werth's treatment of many questions.

One not only literally marches with Werth from the depths of the tragic years 1941-42, when So-

\*Alexander Werth, *Russia at War, 1941-1945*, E. P. Dutton and Co., New York, 1100 pp., \$10.00.

viet soldiers stood with their backs to the wall before Moscow, to the triumphal heights when they stormed Hitler's Chancellery in Berlin, but one marches also with renewed appreciation and gratitude for the Soviet people. For those whose recollection of the debt we owe our Soviet ally has been dimmed by twenty years of cold war and by the disillusionment bred by the revelations of Stalin's crimes and repressions, Werth's book can provide a corrected perspective. That is one of the chief merits of this book.

Werth recalls the unstinting gratitude with which the "free world" once acknowledged this debt. Winston Churchill in 1944 unqualifiedly admitted that it was the Soviet Union which "tore the guts out of the German army." Ernest Bevin, British Labor Party leader who became Foreign Minister in 1945, declared on June 21, 1942: "All the aid we have been able to give has been small compared with the tremendous efforts of the Soviet people. Our children's children will look back, through their history books, with admiration and thanks for the heroism of the great Russian people." Werth then pointedly comments: "I doubt whether the children of Ernest Bevin's contemporaries, let alone the children's children, have any such feelings today; and I hope that this 'history book' will remind them of a few of the things Ernest Bevin had in mind." The book is rich in such "reminders."

Werth is uniquely qualified to present this picture. He is an

unusually perceptive reporter and a gifted writer with a fluent knowledge of Russian. (He was born in 1901 in St. Petersburg and emigrated to England after the October Revolution.) As correspondent for the *Manchester Guardian*, the *Sunday Times* and *The Nation*, he actually marched with the Soviet troops from the bitter days of early 1942 to the final victory in Berlin.

He kept a daily record which was far more than a mere military account of innumerable battles, as the book so well reveals. He spoke "freely and informally to thousands of soldiers and civilians." It was these discussions, one senses, that enabled him to penetrate the surface of battle statistics and public statements and to portray in human terms the tragedy and triumph, the spirit of "devotion and self-sacrifice" which "has few equals in human history."

Werth acknowledges — and frequent quotations make this evident — the assistance of "an enormous amount of factual material" contained in recent Soviet books on the war. Although he independently probes into the tragic weaknesses and blunders of the early period of the war and comes up with some interesting thoughts, he admits that for much of the explanation he is indebted to the light released by the 20th Congress of the CPSU. He notes that the "silence and discretion with which all this was treated in the Stalin days is now at an end" and points out that the official Soviet history of the war "contains, for

all its shortcomings, some amazing facts to explain the many military, economic, political and psychological reasons for the unpreparedness of the Red Army to meet the German onslaught" (p. xxi).

Werth is critical of the Soviet Union for signing the non-aggression pact with Germany in 1939, even though he vividly traces the steadfast refusal of the British and French to accede to the Soviet Union's repeated pleas for a military alliance to guarantee the security of Czechoslovakia, Poland and other small nations and for a common front to stop Hitler. In that criticism, we do not believe he is borne out by his own accounts. He amply reveals that the Soviet Union was literally forced to seek such a pact since it became obvious that the Allies, Britain and France particularly, had no intention of joining in a united front with the Soviet Union, but on the contrary maneuvered with Hitler, hoping he would move to the East instead of the West.

This was disclosed in at least two instances: when the offer to join in a common defense of Czechoslovakia was refused and when, on the eve of Hitler's attack on Poland, the leaders of that country, with British agreement, rejected the Soviet offer to send troops into Poland to resist Nazi attacks on its borders.

But we believe Werth does raise some valid questions as to whether, while gaining a valuable respite, the Soviet Union did not at the same time breed disarming illusions by the manner in which

it equated both sides in the war before it was attacked, at times even directing its main fire against the Allies. Molotov's speech on October 31, 1939, which Werth cites, illustrates this unfortunate error. Molotov put the main stress on the British and French as "aggressors," ridiculed them as "fighters for democratic rights against Hitlerism," and declared it was "not only nonsensical but also criminal to pursue a war 'for the destruction of Hitlerism' under the bogus banner of a struggle for 'democracy'" (p. 63).

Perhaps, if there is one serious flaw which mars an otherwise monumental book, it is the author's failure to grasp fully the decisive role played by the socialist system and the Communist Party of the Soviet Union in the annihilation of a military machine that, until it reached Soviet soil, had blitzkrieged its way across Europe. Unanswered is the question: why did it take a socialist country to "tear the guts" out of the invincible Nazi war machine? Why was the Soviet Union, after suffering such incredible losses, able to recover and play the leading role in smashing Hitler?

The years 1941-45 were not only the test of a nation; they were also a test, the most severe in history, of a social system. There were terrible errors—the Stalin purges that depleted the army of hundreds of its best military cadre and robbed the nation of many of its best political, industrial and cultural minds. There

were outmoded military concepts that left the Soviet Union initially unprepared for its terrible ordeal. There were many weak spots in the Soviet system which were brutally brought to the surface in the fires of this fierce trial. But as Werth so vividly reveals, all were overcome in an unparalleled display of self-sacrifice, endurance, and above all an ability to harness the Soviet Union's resources and the determination of its people—to move its industries thousands of miles, to outproduce, outgeneral, outman and outfight the "invincible" Nazi war machine that came to its borders.

That, of course, is what Werth's story is all about, and it is indelibly told. All the explanations are there and Werth's account has the ring of truth. But despite some references here and there and an occasional acknowledgment, one would hardly grasp the significant truth that a new social system not only met a test no other social system could match but saved mankind, including that of the "free" world from a nightmare of gas chambers.

This deficiency in historical perception is far from Werth's alone, however. And at least his truthful and understanding account can lead a thoughtful reader to raise and probe the question Werth leaves unanswered.

The book is also marred by the cloud it raises anew about the notorious Katyn incident that was so eagerly exploited by the Nazis and the enemies of the Great Alliance against Hitlerism. In 1943 the Nazis, whose fiendish

trail of mass graves and gas chambers Werth describes with such chilling detail, proclaimed that they had discovered at Katyn mass graves of Polish officers who had been murdered by the Soviet Union. The announcement was made by Goebbels.

Werth, who amply illustrates the suicidal and treacherous lengths to which the Russophobia of the reactionary Polish government-in-exile led it, including the abortive, tragically costly Warsaw uprising, states that he did not agree "at all with the Russian version of Katyn—at least pending further information" (p. xxii). Since there is only one other version—that of the Nazi-London Poles, the implication is that Werth accepts that account.

After accompanying the Soviet people on their victorious march to Berlin, it is painful—and for American readers shameful—to read Werth's final chapters. One of them, appropriately entitled "Victory—The Seeds of the Cold War," sums up the tragedy that came on the heels of one of mankind's greatest triumphs.

The author describes the high hopes with which the Soviet people greeted the defeat of Hitlerism, their expectation that they would be permitted to enjoy a long period of relaxation free from the dread of war. These hopes, one may add, were shared by the peoples of the world, and not least by the American people.

But the chill came abruptly. A new and even more menacing cloud, a mushroom cloud, loomed on the horizon. Mankind shud-

dered, but according to Secretary of War Henry Stimson as Werth quotes him, President Truman was "immensely pleased" and "tremendously pepped up by it." Stimson noted that the explosion of the atom bomb gave Truman "an entirely new feeling of confidence" in talking to the Soviet Union at the Potsdam meeting in 1945. He stated that the President "told the Russians just where they got off and generally bossed the whole meeting" (p. 1024).

Werth reports that Churchill, who was frequently at odds with Roosevelt, was "delighted with the new President and fully supported his 'tough' line with the Russians" (p. 1024). Thus were the cold war and the nuclear arms race born.

The twenty years of cold war have not only robbed the peoples of the world of a respite after the terrible blood-letting and devastation Werth describes. They have robbed us of our good name, and one cannot read Werth's book without shuddering at the thought that some day a similar account may be written about U.S. crimes unless the present disastrous course in U.S. foreign policy is speedily reversed.

Significantly, the author opens his book with the famous speech made by President Kennedy on June 10, 1963 at the American University in Washington—a speech noteworthy as the first important effort in the direction of ending the cold war. It was followed two months later by the first meaningful step toward

slowing down the nuclear race and easing world tensions: the nuclear test-ban treaty.

In the American University speech, for the first time since the years of the Great Alliance, an American president paid tribute to the Soviet people for their unparalleled sacrifices and contributions in ridding the world of the menace of Hitlerism. Recalling that the Soviet Union had lost "at least twenty million lives," President Kennedy reminded Americans that "no nation in the history of battle ever suffered more than the Russians in the course of the Second World War." And he noted, significantly: "Almost unique among the major world powers, we have never been at war with each other."

That the American people hailed this new approach toward relaxing tensions was certainly demonstrated in the overwhelming defeat of Goldwater. But President Johnson has not only betrayed his mandate. He has derailed the nation from the course set by the American University speech and the test-ban treaty. The wave of teach-ins, the recent huge demonstrations in the nation's capital, the packed Madison Square Garden meeting in New York against the war in Vietnam and the invasion of the Dominican Republic — all are signs that the American people are determined to get back on the track hopefully indicated by President Kennedy's speech. Werth's monumental book, whatever its deficiencies, can contribute to this effort.

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