

WORLD MARXIST REVIEW

In this issue:

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—Herbert Aptheker

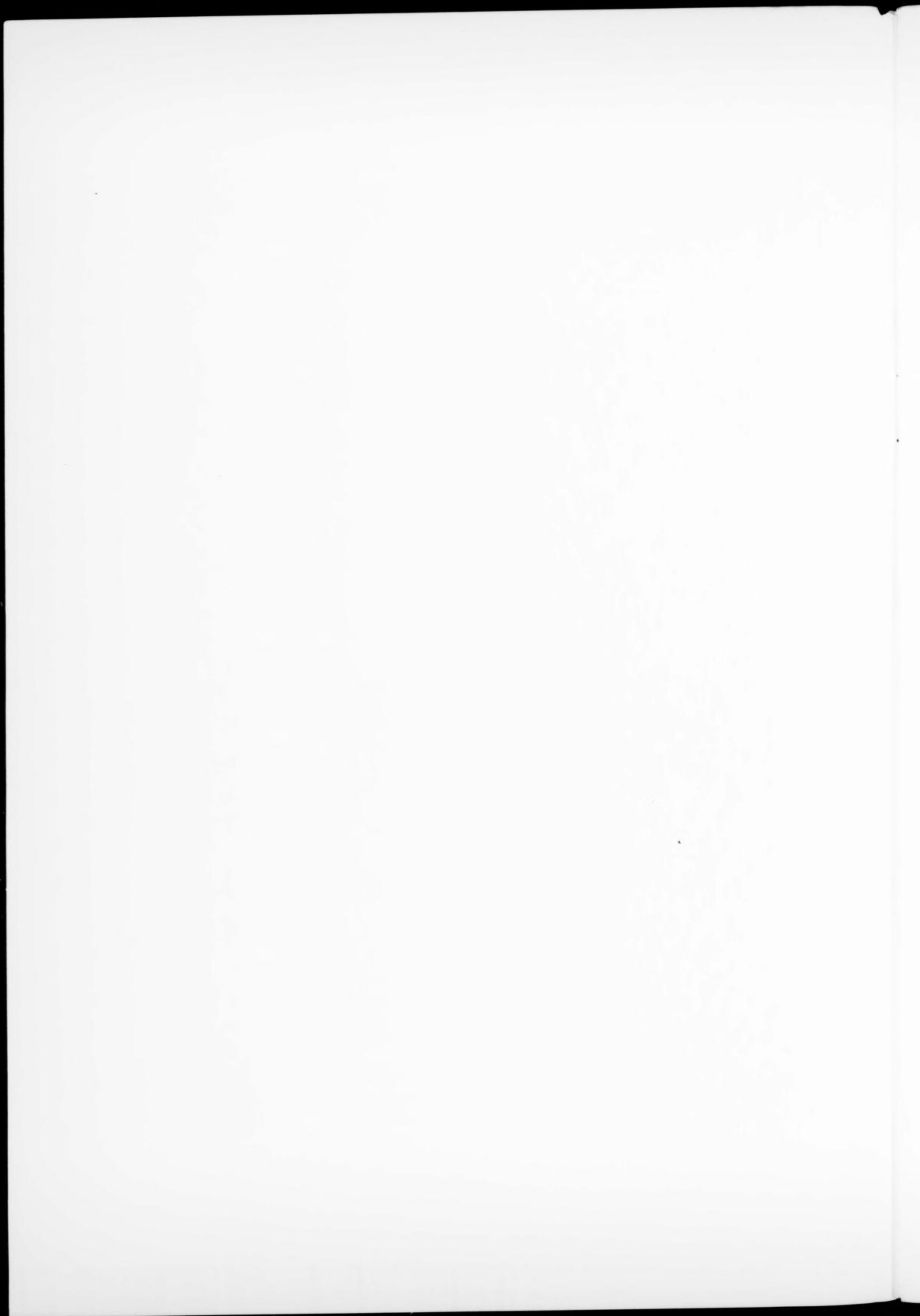
**Scientific and technological progress
in the USSR and the USA**

—Valentin Kudrov

VOLUME 9, NO. 10

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35 CENTS



- R. NYERS 3 **Reform of the economic mechanism in Hungary**
- B. LADYGIN 13 **Cost accounting in economic relations between socialist countries**
Z. CHALUPSKY
Y. SHIRYAEV
- V. KUDROV 19 **Scientific and technological progress and trends of economic development in the USSR and the USA**
- 26 **Ideological struggle**
H. APTHEKER RECENT IDEOLOGICAL DEVELOPMENTS IN THE UNITED STATES
P. APIAIRE SOME TECHNOCRATIC VIEWS IN BOURGEOIS POLITICAL ECONOMY
I. NOVIK TECHNOCRATIC SOCIOLOGY
- 39 **Viewpoints on current problems**
B. A. MONSON SOME PROBLEMS OF THE GUATEMALAN REVOLUTION
LOTFI EL-KHOLI PERSPECTIVES OF COOPERATION AND UNITY OF PROGRESSIVE FORCES IN THE ARAB COUNTRIES
- 53 **Communists throughout the world speak out**
- 60 **In the Communist and Workers' Parties**
I. DERVASI HUNGARIAN SOCIALIST WORKERS' PARTY CONGRESS
W. ATIAS MARXIST-LENINIST EDUCATION IN THE CP OF CHILE
- 64 **Monopoly and the working class**
G. S. WHEELER NEW TECHNOLOGY AND THE SOCIAL CHARACTER OF CAPITALIST ECONOMIES
- 71 **The war in Vietnam**
J. PRAZSKY ESCALATION OF MISCALCULATION
- 73 **Against the persecution of democrats**
A. LERUMO THE TRIAL OF ABRAM FISCHER IN PRETORIA
R. CASTELLANOS THE PEOPLE OF PANAMA FIGHT BACK
- 79 **Our diary**
D. M. CUELLAR MANIFESTO OF LATIN AMERICAN REFORMISM
J. GIBBONS SOCIALISM THE WILSON WAY: TROUGH AUSTERITY AND CURBS ON TRADE UNIONS
- 85 **Reviews**
A. BELYAKOV THE ARGENTINE ECONOMY: A NEW STUDY
V. TUMLER PLANNING AND THE SOCIALIST MARKET

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COUNTRIES, UNITE!

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Reform of the economic mechanism in Hungary

REZSO NYERS

THE CENTRAL COMMITTEE of our Party recently elaborated an extensive program of economic reform scheduled to begin in January 1968. We view the reform as a social process which will be consummated only in three or four years. The eighteen months or so preceding the launching of the reform will be a period of preparation and gradual approach, and in the next year or two, with the reform measures under way, managers and public organizations, while ensuring the normal development of economic life, will take another look at things and adapt their activities accordingly. As the reform is carried out changes will take place in the internal economic system and institutions (i.e., in the economic mechanism), leading to the emergence of new conditions and possibilities for the initiative of the working people.

The general political aim of the reform is to strengthen and further develop the socialist relations of production and to stimulate more conscious and productive labor and greater participation in public life. The economic aim is to ensure more effective use of the publicly-owned means of production and to ensure a more expedient use of social labor. The political and economic motives of the reform, as formulated by the Central Committee, are as follows:

—to strengthen our socialist system and accelerate the advance to our goal—completion of an all-round socialist society;

—to promote the development of socialist relations of ownership and of the productive forces, to enhance the independence of the enterprises and to make them more efficient;

—to ensure better planning and to improve management;

—to apply more effectively the socialist principle of remuneration of labor and greater incentive to all working people in order to ensure more conscious, high-quality labor;

—to raise the efficiency of social labor as a whole as well as of each economic unit.

When drafting the new measures we proceeded from both the international viewpoint, paying due regard to the trends of international socialist development, and our own national viewpoint, taking into consideration the specific conditions and features of our country. In the process of this work the compatibility, from the standpoint of Marxism, of these two approaches was reaffirmed; moreover, they led us to identical conclusions. Studying the economic experience of the other socialist countries, we paid special attention to two trends which, in our opinion, can be generalized. One is extensive development of commodity-money relations within the planned socialist economy; the other is a growing striving of the working people to exert their influence on management not only from a class standpoint, but also from a local or regional standpoint, to see a greater decentralization of management and, hence, more democratic management. Both trends wholly correspond to the lines of our national development. In addition to determining the general direction of development, a correct solution of concrete problems of our economy called for a critical analysis of past experience. For this purpose we compared the actual results achieved and our possibilities and appraised

both the concrete figures and the political sentiment of the working people. And from this critical analysis our reform program emerged.

A better understanding of our plans and aspirations will perhaps be obtained from a brief outline of some of the features of our economic development and of the more pressing of the economic problems revealed by our joint efforts in the course of the critical analysis.

After the two decades of postwar progress our republic can be listed among the countries with an average level of economic development. The present per capita national income is roughly 550 dollars a year. This synthetic indicator places our country in a middle position among the European countries in general and among the 14 socialist states in particular. The present state of the national economy is characterized by the following basic facts:

- The role and the share of industry have grown considerably during the last two decades. According to a 1963 survey, 43.4 per cent of the labor force was engaged in industry, 40.3 per cent in agriculture and 16.3 per cent in transport, trade and other service spheres. As we see, expansion of industry does not lessen the significance and the role of agriculture. In all likelihood agriculture will continue to be the leading branch of our national economy alongside industry.

- The correlation of economic sectors reveals the decisive preponderance of the socialist sector, which accounts for 96 per cent of the labor force and 96.9 per cent of the national income. The paramount role belongs to the state sector, which employs 67 per cent of the working people. The cooperative sector has also grown considerably in recent years; at present it employs 29 per cent of the working people. Cooperatives operate in industry, agriculture and in trade.

- The level of employment has been high for the past 15 years, and we can speak of full employment. However, as compared with the high level of employment, growth of labor productivity has been less satisfactory. It has varied from industry to industry and has been, on the whole, slower than could be expected. In industry labor productivity has reached the level of the economically advanced countries only in a few branches; it averages about 50 per cent of the British, West German and Soviet levels. This is explained by the low efficiency of part of the machinery and the inadequate organization of labor.

- The home market is rather limited, raw material sources are scant, and therefore the

level of self-sufficiency is naturally low even now and will be still lower in the future. The share of foreign trade in the national income is high and is steadily growing, with exports contributing 35 per cent of the national income. Therefore growth of national income will greatly depend on growth of foreign trade. Trade with both the socialist and capitalist countries is increasing. At present 70 to 72 per cent of our trade is with the socialist countries (including 65 to 66 per cent with CMEA countries).

- The standard of living is rising steadily. This can be seen from the fact that between 1960 and 1965 per capita income rose by 21.9 per cent, while consumption grew by 18.4 per cent, which means an increase also in savings. Last year remuneration for labor made up 76.2 per cent of the income of the population, the remainder coming from the social funds (family allowances, pensions, scholarships, health allowances, various subsidies). A feature of the standard of living is the high level of food consumption: an average of 3,100 to 3,200 calories per person daily. Average consumption level for industrial goods and services is relatively low.

The growth rates reached and the entire situation enable us to say, without fear of exaggeration, that the economic base of the socialist society in our country is a solid one. The feature of our economic life as a whole is its stability. Yet we cannot say that the socialized means of production have been used efficiently enough and that labor on the scale of the whole of society has been organized as rationally as possible. We cannot claim that we have achieved the optimal level of economic efficiency possible under the existing conditions. The Central Committee feels that in some areas efficiency could be greatly improved by simply putting things in order, although in most sectors greater effort would be needed with a view to thoroughgoing analysis and consistent struggle against the negative things in our economy, which on the whole is not doing badly. A critical analysis of our economic situation pinpointed the following outstanding negative aspects and problems:

- Although economic growth was maintained in recent years too the pace was much slower than in the preceding period and the national economy failed to achieve the planned growth rate. Whereas in 1958-60 growth of national income averaged 7.8 per cent a year, during the second five-year period (1960-65), for which a lower target of 6.5 per cent a year was set, we managed only a growth of 4.6 per cent. For the immediate years we shall

have to be satisfied with this rate of growth, but in the longer term it certainly cannot satisfy us, and we will have to find ways and means of ensuring a more rapid growth of national income.

- Our system of management is to this day affected by the absence of a due rhythm in production and in the turnover of products. It often happens that at the beginning of the year or even of a quarter many enterprises experience a shortage of materials, do not have enough orders and operate below capacity; then, towards the end of the plan period we have rush work, overtime and crammed warehouses. In agriculture, too, the present system of material and technical supply is unable to sustain more efficient production. And this, understandably, affects the growth of national income.

- Our former, and the present, system of planning, fixing prices and financing creates too many obstacles for the development of market relations between producer, buyer and consumer. As a result, the planning and economic bodies perceive the influence of the market indirectly, belatedly and in a distorted form. On the other hand, the enterprises do not take due account of the demands of the market. The excessively wide sphere of operation of state-fixed prices and the commitment to accept the planned products often make the manufacture of even unwanted articles appear profitable. The system of planning, prices and financing so tightly "guards" production and the enterprises against the influence of the market that this in the long run makes managers complacent, resigned to marking time and indifferent to technological progress. The system is uneconomic also because it leads to excessive stockpiling.

- Although we were able with the aid of national planning to maintain a general balance between production and effective demand, the variety of products and the structure of demand were never in harmony. A certain overproduction existed alongside underproduction of goods for which there was a demand. This problem became acute when the standard of living reached its present level, the demand of the home market as regards choice and quality greatly increased and our industry was confronted on the world market with growing competition and the demand for better quality and lower prices. Thus the danger of shortage of goods and imbalance on the market became chronic. The system of planning and financing prevented a comprehensive and satisfactory solution of these problems and that is why the government often took measures mostly aimed at distrib-

uting the value created by administrative means. This, however, did little to overcome the real causes of the disproportions and ensure harmony between production and demand.

- The purchase prices for agricultural products were too low, which had a bad effect (and to some extent still has) on agriculture. The prices made it impossible for the cooperative farmers to cover expenditure, to make reasonable accumulations and to receive an adequate income; yet it is in the interest of the national economy that the agricultural cooperatives should receive adequate incomes. One reason for this is that we did not know well enough the actual average cost of production in agriculture; even after the cooperatives began to develop on a wide scale we adhered to the view that agriculture's contribution to social production should be made by maintaining purchasing prices at a low level. True, we have a special system of rendering financial aid to the cooperatives by means of which we are gradually raising the incomes of the peasants, but this system is not effective enough in stimulating production.

- In the last decade the standard of living has risen steadily. Incomes of all the main sections of society have grown. This is an important economic and political achievement. Yet it would be incorrect and impossible to continue this process in its present form. Under our present system of remuneration and distribution of incomes the latter have grown more as a result of payments from public funds rather than as remuneration for labor. Between 1960 and 1965 income in the form of payment for labor increased by 20.3 per cent, while the part received in the form of payments from public funds increased by 36.9 per cent. This ratio is highly disputable. What is excessive is not the concern for people displayed by the state, which is perfectly natural in a socialist country, but various subsidies. This runs counter to the socialist principle according to which each receives his share of the social product according to his work. What would be untenable in the future is the 10 per cent average difference in income of industrial workers and cooperative farmers (to the detriment of the latter), because right now this is resulting in a sharp increase in the number of industrial workers at the expense of the best of the labor force in agriculture. Should this system be left unchanged we would have to relinquish those forms of remuneration and income distribution which tend to stimulate a more rapid growth of productivity (and of incomes) for those engaged both directly and indirectly

in production. True, if we do not revise our present remuneration and distribution practices, they will hinder economic growth.

The critical analysis led to an investigation of the deeper reasons for our economic problems and errors—not the fortuitous ones but those of a chronic character. We saw that, although many of them could be traced to personal shortcomings of individuals, many more are the result of the bad effects of certain economic methods and institutions. We concluded that the roots lie not only in individuals but in methods and institutions which, by no means inherent in a socialist planned economy, were engendered by a particular phase of development and are, therefore, subject to the laws of socio-economic development.

A scientific appraisal of the present state of our society and the requirements of its further development gives us, in my view, grounds to consider the reform an historical necessity from the standpoint of the development of socialism. It is not a question of a "brains trust" inventing a theoretical system and our Central Committee accepting it. Science and abstract thinking played their part in preparing the reform, but a bigger role was played by practice. As Marxists we know that the merit of scientists and specialists should above all be always able to apprehend in good time the course of development and the aspirations of the masses, to express these aspirations realistically and to indicate the path to be followed. We believe this was the case with the reform, for the initiative of the Party was combined with the prevision of scientists. The reform is a product of our social development, the result of the combined efforts of economists, industrial specialists, Party functionaries and economic executives. Thus it is not a question of experimenting on the scale of society, but of our desire to apprehend the historical necessity and of our determination to realize it consciously and in a planned way.

What is the essence of the reform?

Briefly it is organically to tie up planned centralized guidance of the national economy with the active role of the market. The aim is to influence production, distribution and consumption by new means, by new, more effective methods. In this way we want to achieve a more rapid and smoother development of our economy, faster growth of production, higher efficiency and better quality, with a simultaneous increase in consumption thanks to a greater harmony between quality of goods and consumer demand. Needed for this are the following requirements:

—decisions on each economic problem

should be taken at the level best informed and directly concerned. The enterprises should have greater opportunities for decision-making, while decisions emanating from the center affecting the country as a whole should be fewer; and these, when taken, should be broader in character, better prepared and carry more weight;

—enterprises should act more energetically and take reasonable risks in seeking opportunities to satisfy market demand and to make a bigger profit;

—to ensure, on the basis of market relations between producer and consumer, greater inter-action of production and demand, to bring the range of products into harmony with demand;

—to further initiative by the working people, to create the most favorable conditions for them to participate more actively in management and in supervising economic processes; to promote socialist democracy.

A significant feature of the reform is that it will change the methods of management not only in industry, but also in almost all other areas of economic life. Concretely speaking, its basic principles are as follows:

1. Centralized economic guidance should be based on five-year plans, which can be drafted as parts of long-term plans. The five-year plans will continue to express the economic policy of our socialist state; they will determine the chief aims of economic development and the main proportions of economic growth. That is why, when drafting them, attention should be concentrated on fundamental economic matters which, of course, must be decided by the central bodies. Annual plans should play a lesser role; they should include mainly operative measures of the government and influence those economic processes which we want to regulate through the market mechanism. Economic levers (taxes, prices, credits, income, etc.) should become an organic part of national planning.

2. To ensure effective operation of enterprises and to enhance their responsibility, the current system under which the ministries hand down the national plan to the enterprises in the form of indices will be abolished. Experience shows that this way of doing things makes it impossible properly to gear the enterprises to serve the interests of the national economy as a whole. Planning at enterprise level will henceforth be based, not on the targets set by the central bodies, but on state regulation of finances and prices and on orders placed by government bodies and other socialist enterprises. The enterprises will prepare their own plans and take deci-

sions with a view to meeting the demand of the market and operating more efficiently and more profitably.

3. In the turnover of means of production and consumer goods administrative methods of distribution, which are still too widely applied, will, with few exceptions, be replaced by market relations. We believe that in doing business with one another producer enterprises and buyer enterprises should be completely equal and proceed from their actual economic position. The various supply agencies should be turned into trading enterprises and cease to be mere distributors. We also want to put an end to a situation where some state enterprises have official prerogatives which to all intents and purposes give them the status of state inspectors.

4. The reform should help to bring about a more correct distribution and more effective utilization of investments. Investment policy will continue to be centrally planned, but we must do away with its bureaucratic features. Here too, an important role will be played by the decisions and interests of the enterprises concerned. As to large-scale investments, decision-making remains with the government and its agencies. These include investments for new undertakings and considerable expansion or complete reconstruction of existing enterprises, as well as big investments in the non-production sphere. However, along with large-scale investments by the state, a much bigger role will be played by enterprise investment financed through bank credits to be repaid from profits. Furthermore, the enterprises must be provided with greater opportunities for making investments from their own funds. In future the matter of credits for capital construction and the utilization of their own funds will be decided by the enterprises without the sanction of the center. That is why the state budget, bank credit and the funds of the enterprise itself will be equally important from the viewpoint of financing investment.

5. A special place in the reform is occupied by the plan for forming a more rational and flexible system of prices which will come into force on January 1, 1968. We want prices and a system of prices which will correctly orientate and provide an economic incentive to both producer and consumer. Prices will be formed under the influence of the following three factors: cost of production, market demand, and state recommendations. It will be necessary to continue evening up the prices of agricultural and industrial products to enable the state farms and cooperatives to build up their basic and circulating funds mainly

from their own accumulations. The price reform should make it possible to establish an organic inter-connection between home and external trade prices. With this aim in view we must establish common currency coefficients, taking into consideration average expenditure needed to acquire a unit of currency. These coefficients should be applied in fixing home prices for export and import goods. In keeping with the new system, it is proposed to use three main categories of prices: officially fixed (stable) prices, flexible prices which can change within officially established limits, and free prices.

6. The independence of the state enterprises, their rights and duties derive from the fact that they are owned by, and accountable to, the state. We hold, then, that the state-owned enterprise should be run by a state-appointed director, with the personnel taking part in its affairs. State-owned enterprises are not self-managed, because they function in keeping with the economic policy of the state, in keeping with the interests of society. To ensure more effective control over the operation of the state-owned enterprises the Party recommends the setting up, where expedient, of inspection commissions in which, along with government officials, the workers of the given enterprise should be represented through their trade unions.

As to cooperatives, where group ownership prevails, they should operate on the principle of self-management, and it is necessary to consolidate this principle, along with promoting their activities in the sphere of production and trade as modern enterprises. In a word, the principles of self-management should, in our view, be applied on a scale commensurate with the role the cooperatives play in the economic life of the country. As to the state-owned enterprises, we want a system of management which would help carry through the economic policy of the state and be based on well-developed public control.

7. The reform envisages the establishment—in the course of the future development of foreign trade—of organic ties between home and foreign markets. We are anxious to enlarge the influence of the foreign market on home production, marketing and distribution, the structure of exports and imports. In other words, we want to weaken the present excessive preference for home production, to do away with the complacency which it engenders in the enterprises, and actively to encourage international cooperation. However, our foreign trade cannot in the future either be a simple intermediary between the national economy and the world market. It will serve

mainly as a means for carrying out the economic policy of the socialist state and for this reason effective centralized guidance of foreign trade will be established. Central bodies influence foreign trade primarily through economic media. A close economic tie-up between production, imports and exports will be the chief method for transforming the foreign trade mechanism. In certain cases it will have to be linked up with production or home trade also organizationally. We shall retain the specialized foreign-trade agencies while simultaneously enlarging the volume of direct export and import by big manufacturing and commercial enterprises.

8. Gradual concentration of productive forces will be continued under the new system, but at the same time opportunities will be created for reasonable economic competition between the enterprises in the interests of the national economy and of the consumers. This means that we shall continue to encourage mass production wherever it is advantageous to do so also from the commercial point of view; moreover, we think it will be expedient to permit the manufacture of a whole variety of goods not only by a few big producers, but by a larger number of enterprises. This would result in competition which could be regulated and kept within limits by the state; it could be carried on so long as its socio-economic advantages outweigh the likely losses arising from duplication in production or on the market. It is in the interest of society that we should have competition between the enterprises, particularly in the area of consumer goods.

9. The system of material incentives envisaged by us presupposes that for a long time to come profit should be the goal of the socialist-owned enterprises and the criterion for judging their performance. Profit reflects in a generalized way the dynamics of the ratio between the inputs and outputs and this is done through the market as a result of evaluation and control by society; hence profit can be a generalizing, synthetic indicator of the performance of the enterprise. Needless to say, the social aim of our socialist production is not profit, but maximum satisfaction of the needs of society. But we need a mechanism under which the striving for bigger profit on the part of individual enterprises would be an effective means of achieving maximum satisfaction of all requirements, i.e., the requirements of society as a whole. Our idea is to create conditions in which the actual profits obtained by an enterprise would determine the possibility for its expansion and at the same time greatly influence the earnings of

its employees. The state takes a definite part of the profits as tax for public use. The enterprises use the rest for development purposes, for adding to reserves and personal income funds and for socio-cultural needs. The personal income fund is used in two ways: for paying bonuses during the year and distributing a share of the profits at the end of the year, and for raising the wages in certain conditions. Better pay for better work is the principle of our system of incentives.

10. We want to develop the system of incentives in the agricultural cooperatives by gradually raising some of the purchasing prices, thus providing the cooperatives with greater financial independence. An important task of the state is to use its influence to secure a proper correlation between personal income and accumulation, to reduce the excessive income disparity in cooperatives working in different conditions. The way in which the income is distributed will be for the cooperatives to decide. Our idea is that the income of cooperative members (fixed by the cooperatives according to the size of the distribution fund) should consist of: a) remuneration, i.e., payment of a guaranteed share of the income during the year, and b) an additional share of the income paid at the end of the year. We think it necessary to have closer links between farms in the matter of specialization, marketing, joint capital investments and in other areas. The establishment of local unions of production cooperatives wherever this is necessary should help towards this end.

11. The reform envisages enhancing the economic independence and responsibility of the local councils. The task of the councils is to promote the development of towns and the public services. We want to ensure that the measures taken by the councils in the course of this work should be obligatory for all the local enterprises and institutions, cooperatives, public organizations and individual citizens. The councils should be granted wider powers and greater independence in planning and fulfilling their functions. Greater financial independence for them presupposes substantially increasing their share of local revenues, while reducing their state subsidies. The size of the latter should be determined in keeping with more objective criteria than at present and calculated for a longer period of time. Council finances will in the future consist of two parts: allocations for maintaining state-subsidized organizations, and a development fund from which money will be allocated for investment.

One important political question associated

with the reform is how it will improve the life of the people. The Central Committee stressed in its decision that we adhere to the basic concept of our policy as regards the standard of living, namely, that steady growth of production and productivity of labor must be accompanied by a steady rise in the standard of living.

As a result of the socialist reconstruction of agriculture the following question comes to the fore: how correct is the correlation of the real per capita incomes of the two main classes—the working class and the peasantry? At present the real per capita income of the peasants is about 80 per cent of that of factory and office workers taken together and about 90 per cent of that of the workers at the bench. This can be considered acceptable as a temporary ratio because the average level of income of the peasantry has risen considerably. But our aim should be gradually to raise the average real income of the peasant to that of the worker. This is in keeping with the worker-peasant alliance and it is also in the interest of rational utilization of manpower. Needless to say, this evening up cannot be accomplished overnight. It will depend on the growth of labor productivity in agriculture.

While raising the standard of living we must combat the erroneous, mechanistic interpretation of equality as wage-levelling. It is necessary to differentiate wages depending on professional skill and on the quality of the work done. This is a matter of actual wages, not of wage scales, because the latter are already duly differentiated. Another aim is to ensure that the wages should to a much greater extent depend on the efficiency of collective labor in the enterprise. The system of remuneration should take into consideration the efficiency of not only individuals but also of whole bodies of workers, and this will become an important principle of socialist distribution of income. The question of managerial personnel should most likely be considered separately. Managers of enterprises which work better should receive bigger bonuses than at present, while deductions should be made from salaries in case of bad, unprofitable operation.

It is economically necessary and politically expedient that the level of wages (and with it, real wages) should rise faster than at present. The present 1-1.5 per cent annual increase militates against a wage policy stimulating growth of labor productivity and better quality. From 1968 onwards the rate of increase should exceed, as a rule, three per cent. In the matter of retail prices we should continue to strive for proper stability. However,

we should bear in mind the possibility of slight increases in the annual level of retail prices, mainly because of changes in the structure of consumer goods and services and partly owing to a freer movement of prices. In view of this, prices and wages policies should be properly coordinated to ensure that the wages rise faster than prices.

One aim of our policy as regards the standard of living is to enable people to make the most effective use of their income. We still have much to do in this respect, and it is most important that the new economic mechanism play its beneficial role. We should reject the idea that inadequate satisfaction of consumer demand, restriction of the sale of certain goods, can effect any sort of economy for society. In reality, the fact of some goods being in short supply is beginning to have an extremely unfavorable effect on society as a whole and, specifically, on the state budget.

While pursuing a sound policy in the matter of the standard of living we will be much more careful in allocating state subsidies. We must once and for all give up the old view that the "pocket of any state enterprise is the pocket of the state" and therefore it does not matter into which of the pockets the income goes and from which losses are covered. Clearly subsidies necessitated by the conscious economic and cultural policy of the state will be granted in the future too. But even in this case the approach should be more strict and an end put to paying out subsidies which are not absolutely necessary and which benefit only small sections of the population. It is highly important to reduce to reasonable limits subsidies on certain goods and services where it is not possible to abolish them altogether. This will enable us to distribute a greater part of the growing national income directly in the shape of wages, in accordance with the quantity and quality of work.

In connection with the decisive step we are taking we had to ask ourselves: is centralized planning compatible with market relations? Can these factors operate simultaneously and at the same time effectively? The answer is provided by experience. Centralized planning has existed in our country for almost two decades. However, in recent years we have allowed the development of market relations.

Our experience fully bears out the need for and the vital importance of centralized planning. Socialist planning has facilitated rapid economic development, while socialist ownership of the means of production has enabled us to plan in a centralized manner the vital branches of the economy and the utilization of resources. The predominance of socialist

relations of production proved indispensable for effective centralized planning. It has also been confirmed that the state can formulate and implement an effective economic policy conforming to the interests of society only on the basis of a centralized plan. On the whole centralized planning has proved successful, and it will remain a decisive factor of economic guidance.

At the same time, as we know from experience, the economic processes in the enterprises cannot be completely planned and directed from the center—on the one hand, because in an advanced industrial society the changes taking place in everyday practice are so numerous and diverse that no centralized plan could possibly embrace or regulate all of them, and on the other, because change is always taking place in economic life: in technology, in consumer demand, in natural conditions, on the foreign market. It follows that in a socialist economy too it is necessary to distinguish between the macrosphere of economic activities, i.e., the sphere where all national-economic processes are regulated, and the microsphere, i.e., the sphere of the enterprise. It would be wrong to lump the two spheres together, to regard the entire national economy as a single huge enterprise and to run it as such.

What decisions should be included in the centralized plan and which of the processes should be left for the market to regulate

The centralized plan should deal with such basic problems as the correlation between the share of consumption and that of accumulation in the national income, the main areas of investment, technological progress in the various branches of the national economy, the basic proportions of the structure of consumption, greater participation in the international division of labor, changes in the distribution of the productive forces, the development of social and cultural institutions on a nationwide scale. It is here that we have the basis for economic regulation, for determining the framework and conditions in which the market mechanism operates.

The market mechanism, on its part, will see to it that supply is flexibly adjusted to demand, that the enterprises strive to utilize their resources as rationally as possible and fully meet consumer demand.

Consequently, it will not be a matter of centralized planning and the market existing independently of one another, as competitors seeking to oust one another. Rather it will be an arrangement whereby centralized planning will play the predominant role by regu-

lating both the vital national economic processes and the market.

The question also arises whether it is possible to run the national economy without handing down the national plan to the enterprises in a centralized manner. Our studies and analysis show that this can be done and that guidance is in no way weakened, only its forms and methods change. The essence of the changes is to base centralized planning on a more effective and independent functioning of the enterprises.

As a result of the reform, state guidance of the enterprises will not be as rigid as in the past and will acquire a more general character since the system of direct guidance through plan directives will be replaced by regulation primarily by economic levers. This will make centralized guidance of the general national economic processes more effective. It would be wrong to think that the reform will weaken centralized guidance. On the contrary, our socialist state will be able to provide better guidance to those national economic processes which it is called upon to direct.

Now let us see what means of economic guidance the state will possess. First, as the owner of the enterprises it will be in charge of all activities associated with the establishment of new state enterprises, the appointment of managers (who will be accountable to it), and evaluation of the work of the enterprises. It will continue to take decisions on the most important capital investments, the size of bank credits for capital investments, and on their allocation among the main projects, and to determine—through the tax system and regulation of profit distribution—the proportions in allocating the net social income of the enterprises. The state budget will remain an important instrument of guidance. Lastly, the state retains the right to carry out administrative regulation and issue administrative instructions.

These instruments at the disposal of the state will not, however, tie the hands of the enterprises in their day-to-day functioning. And since we are speaking about socialist enterprises, it is natural to expect them to have positive intentions, to recognize and observe the interests of the national economy. Only on this basis can we build a more effective system of management, for if we proceed from the assumption that the managers of socialist enterprises have bad intentions or lack experience this will lead to maintenance of methods characterized by administrative constraint and suspicion.

It would be equally wrong to think that un-

der the new system the socialist state will not impose obligations on the enterprises. The latter will continue to have strictly defined duties—as regards proper utilization of production capacities, the fullest possible satisfaction of the requirements of their clients, profitable operation, timely payment of all taxes, the transfer to the state of a fixed share of their profits. Besides, the state can, as hitherto, issue direct orders if it finds that the intentions of an enterprise run counter to public interests—for instance, the international obligations of the state. Therefore the present plan targets and the future economic regulations will in no way differ from each other in the sense of their being equally obligatory. The actual difference will be that while the obligatory plan targets concern some individual, particular processes, the economic levers will be used to encourage the enterprises to achieve better all-round performance.

During the discussion of the reform the question arose: will the total factory plans reflect the national economic plan when the enterprises draft them independently, will not there be a conflict between factory plans and the national plan as a whole?

We must of course take into consideration that factory plans will not always be wholly in keeping with the targets of the national plan. But since the enterprises will draft their plans orienting themselves not only on the market, but also on state regulations and instructions based on the five-year plan and categorically demanding that the enterprises proceed above all from the interests of the national economy as a whole, serious divergencies are not likely to arise, especially after the norms of the new mechanism have been in effect for several years and become well known. There will be no reason to fear serious conflicts because factory plans can be made to conform to the main targets of the national plan. It may be that on some partial issues factory plans will deviate from the national plan. Two directions of these deviations are possible—unfavorable and favorable. However, as compared with the present system this will by no means add to the danger of the plan not being observed: even now gross output of enterprises in many respects differs from plan targets. The defect of our present system of management is that it cannot ensure strict observance of plans as regards cutting costs, raising the effectiveness of investments, maintaining stocks at a proper level and making foreign trade more profitable. That is why, beginning with 1957, we have been less rigid in our demands as regards breaking down the plan for individual enterprises. Moreover,

it should be recalled that although we have long since stopped basing the guidance of cooperatives on obligatory apportionment of plan indices, to this day the cooperatives have in the main fitted in with the national plan—and this despite the fact that, as we know, local interests are stronger there than at state enterprises.

The general social features of the reform of the economic mechanism have evoked great public interest, particularly in connection with the prospect of a better functioning of democracy. The reform is indeed of great importance from the viewpoint of further extension and, above all, deepening of socialist democracy.

Growth of socialist democracy is not a new goal of our Party: it has long been a task of our program. We have made progress in this direction in recent years. Nevertheless it has turned out that excessive centralization of economic life and the predominance of administrative methods of management are now obstacles to the further development of democracy. We believe the reform will have a positive effect in this respect. A deeper democracy will put an end to a situation where democratic principles are often applied only in a purely formal way.

The extension of democracy calls for a considerable decentralization of decision-making. The greater independence of the enterprises and the local councils will provide much greater scope for local initiative. At the same time executives will be more responsible to the workers, the local authorities and public opinion generally. This change will be facilitated by the growing importance of the control over the executives exercised by the working people.

As a means for the further extension of democracy the reform will provide the public with greater possibilities as regards control over economic processes and their assessment. As things are now, when a synthetic criterion for judging the performance of enterprises and branches is lacking, only a few experts can make their way through the mass of figures, and the excessive restraints imposed on the enterprises and on the local councils make it difficult to establish the real reason for their good or bad performance. Henceforth the profits of the enterprises and industries, as well as their efficiency, calculated as the ratio between the profit and expenditure, can be the point of departure for non-specialists, workers and the general public in assessing their work.

Socialist democracy will not only be extended thanks to the new economic system.

It will influence economic management and the economy in general. Better conditions will be created for combating bureaucracy.

Extending socialist democracy necessitates enhancing the independence and responsibility of the local councils. The reform grants them greater autonomy and broadens their sphere of action in planning and carrying out local economic and political functions so that they can better coordinate and utilize public initiative for local needs.

A much bigger role will be played also by the trade unions. As spokesmen for the workers the unions will have wide powers as the social partners of the factory managers and administrative organs.

Since the state enterprise is run by the state-appointed manager, problems of production and circulation fall within the latter's competence. In this respect the manager does not share duties and responsibilities with the trade union organization. But he cannot perform his functions effectively without enlisting the cooperation of the unions, without systematically informing his workers about the state of things in the factory and the outlook for its further development, without relying on their conscious and active aid. An important function of the unions, in addition to safeguarding the interests of their members, is to achieve, through consultation, maximum harmony of the interests of the state and the people. Therefore the unions have the right to express their opinion and exercise the right of control on all questions pertaining to the rights of the working people and their conditions. As to measures relating to wages and labor relations, the heads of state institutions and enterprises must consult the unions and reach agreement with them. An effective means of reaching harmony on major issues is provided by the system of collective agreements, which clearly define the rights and obligations of both manager and union committees.

Whenever the need for a control commission arises, the union as the representative of the bulk of the working people should be given a seat on this commission to be able to exercise its right of control.

In conclusion, a few words about the political aspects of the reform. The question arises:

how will the reform affect the political institutions of our society, including the work of the Party?

The influence clearly will be considerable. At the moment of course we cannot foresee all the political results of the reform. The next congress of our Party will be able to examine in greater detail the concrete problems of the inter-action of economic and political factors. The fact that the reform is already an object of our policy demands from us an immediate defining of our attitude and immediate action.

The reform in no way affects the validity of the Marxist-Leninist principles on which the activities of our Party are based. But it will most likely call for considerable changes in the style of Party work. Many of our comrades want to know how the Party will play its leading role when the reform becomes effective. The first thing we must do, in my view, is to see to it that the leading role of the Party is duly manifested in introducing the new mechanism. If we succeed in this, we will be able to say that the Party has really played its leading role, for this role requires that we from time to time approach the basic problems of our society in a new way, with a clear head and with new experience, that we tackle their solution creatively. The reform confronts us with precisely such a creative task.

Thus, in the coming period our Party will be called upon to carry out two tasks in the economic sphere: to ensure, through persistent political work, a correct understanding and successful implementation of the reform, and to go on improving the style of work and thus successfully play its leading role in the economic sphere in the new conditions as well.

The reform will not be successful without the understanding and support of the masses, of the bulk of the working class and peasantry. Therefore we must rally the masses to our side in this matter as well. We shall encounter such invisible factors as backward views and fear of the new, the tenacity of old habits and institutions, retreat in face of possible difficulties. To succeed, we shall have to combat these invisible but stubborn opponents with the help of active political work among the masses.

Cost accounting in economic relations between socialist countries

BORIS LADYGIN, ZDENEK CHALUPSKY, YURI SHIRYAEV

GREATER EFFICIENCY and more rapid scientific and technological progress are features of the economic development of the socialist countries today. The five-year plans for 1966-1970 adopted in a number of these countries are founded to a greater extent than any of the preceding plans on a scientific assessment of the basic economic trends and the resources and reserves of the respective national economies. Moreover, the current five-year span is marked by the implementation in most of the socialist countries of important reforms providing for a more thorough and systematic application of scientific planning and management. These reforms affect not only the mechanics of regulating the internal proportions of the various national economic complexes, of correlating their component parts, but also the inter-relation of these complexes. And this, naturally, is reflected in the mechanism of international socialist division of labor and the evolution of the economic principles of cooperation between socialist countries.

It is therefore by no means fortuitous that economists in the countries affiliated with the Council for Mutual Economic Aid should evince a keen interest in improved cooperation and in finding the most effective levers for deepening the international socialist division of labor. The experience accumulated by the Council community highlights the need for comprehensive study of the operation of the laws of socialist production in the sphere of inter-state economic intercourse. A pressing task in this respect is the elaboration of both the theoretical and practical aspects of international socialist cost accounting as a method of regulating such intercourse.

ECONOMIC COOPERATION

The overall trend of modern production necessitates growing international socialist division of labor. In some countries the home market is not capacious enough to absorb the output of optimum-size modern enterprises. Consequently, it is not economically justified to build up such mass production units to meet the requirements of the home market alone. In a number of branches the possibilities for quantitative and qualitative development of production and for greater profitability can be fully realized only by drawing on the advantages of international division of labor and advanced production experience.

The technological revolution is giving a particularly powerful impetus to international division of labor and interstate specialization. The qualitative indices of economic development in any country depend on how effectively the tasks in this sphere are solved. The same applies to the rate of development and, in the long run, to the outcome of the economic competition between socialism and capitalism. The growing need for research and for applying the achievements of science and technology cannot be fully met within the confines of individual countries, however great their scientific and technological potential.

The past five years have witnessed a substantial expansion of production in the socialist countries, and the signs are that the coming five will be marked by a still greater growth. According to preliminary estimates industrial output of the countries affiliated to the Council for Mutual Economic Aid in 1970 will exceed last year's figure by at least 50 per cent, while agricultural output is to increase roughly by one-quarter.

As in previous years, growth of production in the course of the coming five years will be accompanied by an expansion of mutually advantageous inter-state economic and technological cooperation. Trade will increase in 1966-70, judging by the agreements already concluded, by 40-50 per cent, totalling about 140,000 million foreign exchange rubles. Moreover, the average annual growth of trade—8 per cent—will considerably exceed the rate of growth of the national income in the various countries, signifying a further increase in the overall mass of material values exchanged. This, in turn, makes it essential to devote more attention to the qualitative aspect of this exchange.

Besides the individual experience of the fraternal countries in the use of diverse methods and forms of foreign economic intercourse, much valuable experience has been accumulated in joint cooperation on a bilateral as well as a multilateral basis. An important role in promoting multilateral cooperation has been played by the CMEA, which has been functioning for more than fifteen years now. The meeting of the leaders of the Communist and Workers' parties and heads of government of the member-countries held in Bucharest in July this year noted that the Council had done much to promote coordination of plans, specialization and cooperation of production, and, on this basis, expansion of economic contacts between countries. The participants in the meeting unanimously voiced their resolve to exert every effort to promote cooperation in accordance with the principles of complete equality, sovereignty and national interests, mutual benefit and comradely mutual aid, and thereby strengthen proletarian internationalism, the unity and solidarity of the socialist world system.

Parallel with the development of economic intercourse between the socialist countries, the efficacy of the mechanism of international socialist cooperation is being improved. Each stage in this cooperation calls for its own specific forms and methods of organizing mutually advantageous economic contacts. The economic reforms now being carried out in many of the Council countries, as a result of which the emphasis is being shifted to economic, cost-accounting levers and methods, are important factors making for more effective cooperation. Inasmuch as the methods employed at home and those used in the sphere of foreign economic contacts are interdependent, the role of the economic levers is being enhanced also in the latter area.

However, a number of complex and specific problems are encountered here. Both theory and practice have shown that the forms and

methods of economic endeavor which have taken shape within national bounds cannot be mechanically applied to foreign economic relations. Regulation of socialist commodity production on an international scale and in separate countries must necessarily differ in many respects.

SPECIFIC FEATURES OF INTERNATIONAL SOCIALIST ECONOMIC RELATIONS

International socialist economic relations correspond, by virtue of their nature, to the production relations in each country. But they also have some specific features due to the fact that on the international plane the producers and consumers are sovereign states. Each socialist country is a relatively self-contained production complex with its specific natural and economic conditions. Moreover, each is the rightful owner of all the means of production on its territory and, hence, of the sum-total of its output. Economic independence is the derivative of this undivided ownership of means of production and output.

Consequently, exchange between countries of the results of their production activity can be effected only as an exchange of commodities with all its implications in the sphere of international circulation. The need to preserve each country's monopoly of ownership and to ensure its economic independence rules out other forms of circulation of products. Hence international exchange of the results of productive activity is effected in conformity with the law of value, and international socialist economic relations are commodity relations between producer countries.

But this does not exhaust the content of international socialist economic relationships.

In the separate socialist countries the national economic proportions are shaped through state intervention in keeping with the requirements of the law of planned, proportionate development. This objectively necessitates planning the expenditure of also that part of social labor which is channelled to areas subject to international specialization. In the conditions of the socialist world system planning of international economic relations is an objective necessity; similarly, the degree of planning in international exchange is bound to grow with the deepening of the socialist division of labor between countries. In other words, planning international exchange in the socialist camp is at once the result and a condition of the planned development of its member-countries.

International socialist economic relations are, then, distinguished by two essential features—they are commodity relations and they

are necessarily planned. The two aspects are interdependent and mutually conditioned. The element of planning cannot but develop further with the development and deepening of international commodity relations.

Rational organization of economic contacts in the socialist community can be ensured only by voluntary coordination of the efforts of the sovereign owners of the national means of production—the socialist states—in both the sphere of circulation and the sphere of production. Such coordination on a bilateral and multilateral basis, which has received its greatest stimulus in the CMEA, is, in turn, possible only if all the countries concerned find it to be in their interests. No decision affecting any socialist country can be taken without its agreement. This charter principle of the Council is one of the features that distinguish it from imperialist economic organizations of the Common Market type, which arrogate to themselves supra-national functions.

Economic relations between the socialist countries affect primarily those branches of their national economies which are involved in the international division of labor. Inasmuch as only part of the national production enters the sphere of inter-state exchange, the extent to which international division of labor has been developed and the dimensions of the trade reflecting it have a direct bearing on the extent to which the law of planned, proportional development and the law of value operate on the international plane. But since all branches of the economy of each country are interrelated, cooperation with other countries in developing interdependent branches of industry or lines of output exerts an influence on all the other branches and on the national economy as a whole. This influence is exerted indirectly, through the system of national planning and material stimulation of production.

Commodity circulation on the socialist world market is not regulated by any single plan. Therefore, in coordinating their production efforts, the socialist countries must, to a greater extent than at home, take into account value categories—foreign trade prices, equivalent exchange, returns from foreign trade, in a word, their outlay-income balance.

In view of the foregoing it is essential to take a historically concrete approach to the study of the ways and means of improving planning of economic cooperation between the member-countries. There can hardly be any doubt that the forms of planning on the national scale and on the scale of the socialist world economy will in the long run draw closer. However, this objective economic

process cannot be accelerated artificially by posing tasks for which the conditions have not yet ripened. Such an unrealistic idea was, for instance, the concept of a single plan which found reflection in economic writing of recent years. Nor can any approach to rational organization of international division of labor which does not take due account of the specific interests of the various national economies be considered a constructive one in present-day conditions.

However, one must not go to the other extreme and assume that a rationally organized socialist world economy can arise of its own volition, without consistent coordination of the production efforts of the different countries. A pressing task in this respect is the provision of added incentives to extend specialization and coordination and to expand mutually advantageous trade. Many problems connected with increasing the effectiveness of international economic cooperation, ensuring stable and reliable specialization and coordination of production, heightening the role played by prices on the socialist world market in raising the technological standards of products, developing an international clearing system, and promoting joint technological and economic research are still to be solved. All these issues have a bearing on international socialist cost accounting.

COST ACCOUNTING AS A CATEGORY IN THE WORLD SOCIALIST ECONOMY

At the early stages of the socialist world system of economy the fraternal countries experienced a serious shortage of many types of output vitally necessary for building up their national economies. In these circumstances it was natural that in international exchange greater emphasis was placed on the kind of product than on cost of production and prices. Technological standards and quality of exports were also often relegated to the background because of sheer necessity.

Today the situation is quite different. As regards the countries affiliated to CMEA, they now possess a developed modern economy. In most cases their national economies include a wide range of branches, in particular manufacturing industries. Consequently, nearly every country would be able to discontinue importing essential types of output and to manufacture them at home if its trade balance on the socialist world market were to take an unfavorable turn (or if the imported goods did not meet requirements). Opportunities for expanding trade with non-socialist countries are likewise improving. In these circumstances the socialist countries are in a posi-

tion to choose between different ways of satisfying their requirements in many types of output (home production, import from fraternal countries or from capitalist countries). The possibility of choice puts the emphasis on the value criteria of effectiveness and on cost accounting as a lever in planned exchange between socialist countries.

Coordinated production helps to increase returns while ensuring the observance of the national interests of each country plus the interests of the community as a whole. In the conditions of commodity production this presupposes systematic utilization of the law of value. As in the individual socialist countries, cost accounting on the international plane is a method of planned endeavor based on observance of the law of value, with some specific features, however, for here we have to deal with somewhat unusual corporate bodies—sovereign states. Each socialist country has the sovereign right to choose its own variant of participation in the international division of labor, to stipulate the conditions of this participation, and to choose its partners.

Normal functioning of the socialist world economy calls for harmonizing the interests of each country with the common international interests and requirements. International cost accounting facilitates coordination, enabling each country to obtain the biggest possible returns from international socialist division of labor, guaranteeing this return and stimulating its growth.

International socialist cost accounting is, then, an expression of the socialist nature of the economic relations between the fraternal countries, an expression of voluntary cooperation based on planned utilization of the mechanism of commodity-money relations with a view to increasing the economic returns from production in each of the countries and in the socialist world as a whole. Cost accounting ensures harmony between the immediate material interests of the sovereign socialist states participating in a system of international division of labor; it guarantees unity of economic action among these countries.

The greater emphasis on the input-return balance in the relations between the fraternal socialist countries in no way detracts from the significance of the principle of proletarian internationalism. It would be as absurd to counterpose material interest to proletarian internationalism as it would be to regard material and moral incentives as mutually exclusive within the bounds of the national socialist economies. At the same time it should be borne in mind that the socialist economic incentive in the sphere of international rela-

tions has nothing in common with bourgeois mercantilism. Far from ruling out socialist solidarity, it puts this solidarity on a firmer basis.

BASIC FEATURES OF INTERNATIONAL SOCIALIST COST ACCOUNTING

As we see it, international socialist cost accounting is designed first and foremost to correlate the rates and proportions of national economic development in the various countries with their foreign economic ties within the framework of the community of socialist countries. Clearly, then, the underlying principles are, first, equivalent exchange and, second, the material responsibility of both producer and consumer for the fulfilment of their respective commitments.

Effective linking of the rate and proportions of national economic development with foreign trade presupposes consistent correlation of production balances in kind and in terms of value with the foreign trade plans and balances. Such balancing is hardly possible if the national plan is drawn up before coordination with the plans of the other countries concerned, before the export and import prospects are precisely defined in terms of both kind and value. In view of this, we believe that coordination of mutual deliveries and stable specialization of production among the fraternal countries for definite spans of time should be attended to in the process of drawing up the national plans, or perhaps slightly in advance. The planning bodies of the various countries would then have a clear idea of the import-export prospects, and hence of the part their countries can play in international specialization, all of which would facilitate balancing the economy as a whole.

However, the national economic balance can be ensured in this way only if foreign trade too is properly balanced in terms of value. Consequently, evening up of trade and payments balances is a condition for achieving the proper national economic proportions in each country.

Balanced development of each country separately and of the community as a whole is possible only if the economic interests of the countries concerned are in harmony. But the concrete requirements and interests of countries do not always coincide because of differences in their levels of development, size, and population. Such differences cannot be ignored in shaping the pattern of international socialist division of labor; instead they must be compensated for by taking account of the real economic, and in particular foreign trade, interests of each country.

This poses the problem of heightening the interest of the various countries in concrete variants of international division of labor. Each, naturally, has its own criteria of what is the most advantageous way to participate in the international exchange, though some of these criteria (such as the need to change the production structure, ensure full employment, and so on) cannot always be precisely expressed as quantitative magnitudes. But, as we see it, it would be useful to work out such incentives to take part in international exchange as would ensure each participant an added economic gain.

The levers towards this end could be, generally speaking, prices, credits, and, in exceptional cases, non-repayable grants to compensate for temporary losses due to regearing of production, wear and tear of basic assets, etc. The chief role here is played by foreign trade prices, which represent an area where the economic interests of the different countries are most closely interwoven.

Foreign trade prices are geared to international value standards. In other words, the socially necessary labor expended by a socialist country in the sphere of foreign trade is compensated by the others according to international, not national, socially necessary standards. In view of this, international cost accounting makes for a reduction of production costs in the various countries.

The prices for which the socialist countries sell their goods are influenced mostly by the conditions of production in the capitalist countries, and for this reason the exchange proportions are not always commensurate with the proportions of the expenditure of socially necessary labor within the framework of the socialist world economy. Because of this, adherence to world prices in trade between the fraternal countries may cause their interests to diverge. True, these prices are adjusted in the course of trade negotiations so as to ensure one or another degree of conformity with the actual production conditions. But for all that the system of prices on the socialist world market, as a number of writers on the subject have noted, does not yet fully satisfy all the socialist countries, including many members of the CMEA. In view of this it has been proposed to make a study of the possibility of establishing a price standard of its own for trade between the socialist countries. But this is not a simple matter. As we see it, it can be resolved only in conjunction with all the other processes involved in the economic rapprochement of the fraternal countries.

Nevertheless it is possible already now to

make more flexible use of the existing system of foreign trade prices both to expand mutually advantageous exchange and to stimulate further improvement in the quality of export goods. In particular, wider use should be made of appropriate discounts and surcharges.

In our opinion the best yardstick for assessing whether an export or import price is advantageous to a given country, with the structure of its national economy remaining unchanged, is the rate of returns from foreign trade. The higher the return the greater the incentive to develop foreign economic contacts. No small role is also played by the balance of payments and investments. It should be borne in mind that no socialist country has more funds available for investment than it needs. Therefore the interests of the fraternal countries can be harmonized in the process of developing division of labor not only through adjusting prices but by promoting cooperation in the sphere of credits. Long-range credits can play a big role in stimulating interest in a number of countries in importing machines and other equipment and exporting capital-intensive types of output in short supply (raw materials and metals needed for power transmission). Such credit is a form of adjusting prices and increasing foreign trade returns for debtor-countries.

Inter-state specialization is retarded to some extent by the lack of adequate guarantees of precise fulfilment of agreements, and also by insufficiently developed forms of treaty commitments. Deliveries are not always made on time, or the quality of the goods is sub-standard. This is one of the reasons why some countries at times hesitate to enter into specialization arrangements, preferring to turn out many items themselves. In our opinion more emphasis should be placed on the material responsibility of both producers and consumers for the fulfilment of their commitments.

It is also important to improve the quality of the goods exchanged by the socialist countries and substantially to heighten the technological standards of the output of a number of branches of industry in the CMEA countries (primarily branches turning out means of production). This in turn calls for further development of the scientific and technological base, promoting research and designing. The elaboration of a system of measures stimulating technological advance would in no small measure facilitate specialization and coordination of production. For one or another country to cut down on the range of its output it must have a guaranteed supply of high-quality imports.

Economists in the socialist countries also underscore the need to improve the organizational forms of economic cooperation—to pay more attention to the economic aspect of agreements and, when necessary, to establish international economic and research organizations, etc. It should be mentioned that in recent years cooperation within the CMEA system has yielded good results in this respect. For example, the organizational forms of cooperation have been substantially improved by the establishment of a number of organizations covering a wide range of activities, such as the International Bank of Economic Cooperation, Intermetal, the Bearings Organization, the Freight-Car Pool, the Integrated Power Grid Distribution Center, the bilateral corporations Chaldex, Intransmach and Agromach, and joint designing centers. Such organizations make it possible to concretize relationships based on cost accounting between the countries concerned and to regulate and coordinate their economic activities in good time, in a word, to harmonize their economic interests.

The CMEA has done much to promote mutually advantageous multilateral and bilateral ties between the fraternal countries. Further improvement of its work in the sphere

of plan coordination, specialization and co-ordination of production, scientific and technological joint effort and clearing of accounts is vital to effective international socialist cost accounting.

* * *

Experience has shown that the elaboration of a highly effective mechanism of economic cooperation between the socialist countries based on cost accounting is a complex problem. There are no ready-made recipes for its solution, and, as we know, it took centuries to shape the existing economic mechanism of the capitalist world. So far the rise of the socialist world economy covers a span of only some twenty years. But short though this time is, notable success has been registered in building up a new, socialist mechanism of international economic cooperation. And although our countries started from scratch, they have now accumulated valuable experience. The improved methods of planning and management open up particularly favorable opportunities for further progress. All this provides a good foundation for solving the tasks connected with the continued improvement of economic cooperation between the socialist countries.

Scientific and technological progress and trends of economic development in the USSR and the USA

VALENTIN KUDROV

THE PROBLEM OF THE economic competition between the two world systems—capitalism and socialism—remains as topical as ever, commanding the attention of people everywhere. Proceeding from Lenin's thesis that our socialist state will exert its greatest influence on the world revolution through its economic policy, Communists see in this one of the basic factors of the further development of the world revolutionary process. "The pace of advance set by the Soviet Union strengthens world peace, strengthens its might, which is the shield protecting the newly-free peoples," Comrade Rodney Arismendi, First Secretary of the Central Committee of the Communist Party of Uruguay, said at the 23rd Congress of the CPSU. "Moreover, it extends a fraternal hand to the peoples performing the heroic exploit of liberation, it furthers the penetration of our ideas into the minds of the overwhelming majority of mankind. Each figure in your plan is a hammer blow at imperialism, acts as a lodestar to the working class and all the oppressed of the world; it facilitates more success for democracy, national liberation and socialism."

In recent years rapid worldwide scientific and technological progress has laid its impress on the economic competition between the two world systems and, in particular, between the USSR and the USA. And this in turn has resulted in changes in the criteria by which we measure the economic achievements of particular countries. From this standpoint it is unquestionably of interest to examine the trends of economic development of the two leading industrial powers and to take a look at their prospects.

RATE OF GROWTH AND VOLUME OF PRODUCTION IN THE USSR AND USA

During the years of socialist construction the Soviet Union has made vast strides in indus-

trialization. Output of its industry is approximately 60 times greater than that of tsarist Russia in 1913. In 1965 the USSR accounted for almost one-fifth of world industrial output, whereas on the eve of the Second World War its share was one-tenth. It should be borne in mind that its population comprises only seven per cent of the world total. Referring to this advance, Comrade Brezhnev, General Secretary of the CPSU, said at the 23rd Congress of the Party: "The task set by the Party—to surpass the per capita output achieved by the most developed capitalist countries—is being steadily fulfilled. The difference in the levels of industrial production in the USSR and the USA is being reduced."

These achievements derive from the advantages inherent in the new social system. They are the result of rapid rates of growth which no capitalist country has ever sustained over so long a period. For instance, average annual rate of growth of national income in the USSR during the past 15 years was 9 per cent, and of industrial output 10.7 per cent, as against 3.5 and 4.4 per cent respectively in the USA.

In examining the progress of the USSR-USA economic competition it should not be forgotten how different were the levels from which the two countries started out. At the time of the October Socialist Revolution the productive forces of the United States were far more developed than those of tsarist Russia. In 1913 the United States produced eight times more industrial goods, and productivity of labor in its industry was nine times higher than in Russia.

It is common knowledge that about 20 of the nearly 49 years of the Soviet Union's existence were years of Civil War and the Second World War and the subsequent rehabilitation periods. Immense damage was caused to our economy by the Second World War. Even if we take 1950 (when postwar rehabilitation was completed)

as the starting point in comparing the USSR and the USA, the head-start the latter enjoyed as regards industrial potential is obvious. In 1950 industrial production in the USA exceeded the Soviet level more than threefold, the USA producing 3.3 times more steel, 3.8 times more cement, 7.1 times more petroleum and 4.5 times as much electric power.

In the process of building a modern large-scale industry the Soviet Union steadily closed in on the USA, as can be seen from the following basic indicators of its economic development (in percentages of the U.S. level):

	1950	1957	1965	1970 in % of USA in 1965
National income	31	50	62	88
Gross industrial output	30	47	65	97
including:				
Group A	32	65	77	115
Group B	27	42	46	65
Gross agricultural output*	55	more than 70	approx. 75	83-90
Productivity of labour				
in industry	30-40	40-50	40-50	55-68
in agriculture	20	25-30	25	35
Industrial output itemized:				
Coal	44	85	107	141
Oil	14	28	63	91
Gas	3	7	29	51
Steel	30	49	75	105
Pig iron	32	51	82	119
Electric power	22	28	42	70
Automobiles	5	7	6	15
Tractors	17	44	54	95
Metalcutting machine tools	42	77	109	135
Paper	12	17	19	31
Mineral fertilizers	31	42	63	126
Synthetic fibre	4	20	27	53
Plastics and resins	6	9	14	42
Cement	26	58	111	157
Granulated sugar	84	142	194	217
Household refrigerators	.02	9	25	120
TV sets	.2	11	31	80
Leather footwear	39	53	78	100

*Average for five years.

At present the Soviet Union's gross national product is 62 per cent of the American, and its industrial output nearly two-thirds. The correlation varies greatly according to branches of industry. Nevertheless three distinct groups of branches stand out.

The first consists of those in which the USSR has already substantially outstripped the USA. Some 10-15 years ago the Soviet Union was ahead in only two or three branches. Now we are ahead with iron ore, coke, coal, metal-working machine tools, main-line diesel and electric locomotives, tractors (for total horse-

power), grain harvesting combines, timber, sawn timber, cement, prefabricated reinforced concrete, window glass, woolen and linen fabrics, butter, sugar and fish.

The second group consists of the branches in which the USSR is pressing hard on the heels of the USA. One of these is iron and steel. In 1965 the United States made 121 million tons of steel, the USSR 91 million tons or 75 per cent of the U.S. level; U.S. pig iron output was 80.5 million tons, the Soviet Union's 66.2 million or 82 per cent.

The third group are the branches in which the USSR is still considerably behind the United States. These include electric power production (42 per cent of the U.S. level in 1965), chemicals (33 per cent, including plastics and synthetic resin where the percentage is 14), refrigerators (25 per cent), TV sets (31 per cent).

A comparative study reveals two trends. First, the USSR is considerably behind the USA in output in the newer branches of industry. Second, the lag increases as we pass from a comparison of the raw-material producing branches to manufacturing branches.

Our estimates show that, with the rates planned for the next five years, the USSR should by 1970 be close to the present U.S. level as regards national income and total industrial and agricultural output, and should surpass it in the manufacture of producer goods. If it is borne in mind that for volume of output our country is only at the 1951-53 U.S. level, it will be clear that the projected targets represent a big step forward in our peaceful economic competition with the USA. We plan to do in five years what the U.S. economy did in 12-14 years.

However, at the present phase of the competition it is not enough to compare gross volume indicators alone. We are focussing attention on efficiency indicators based either on structural magnitudes or on the correlation of the results of production and expenditure of production resources. In the ultimate it is these indicators that determine the overall technical level of social production. At the September 1965 meeting of the Central Committee of the CPSU, Comrade Kosygin stressed that emphasis in the peaceful economic competition between the socialist and capitalist countries is now shifting from the quantitative to the qualitative aspect of production. With the present level of development of the productive forces this is the only correct and scientifically substantiated approach.

BRANCH STRUCTURE OF PRODUCTION

Improving the production structure is one of the ways to greater efficiency. Correctly defined economic proportions, taking cognizance of the scientific and technological achievements to date, is all the more important now that we are going over to a new system of planning and management. Here we have a powerful source of further progress.

In the previous years of economic upbuilding an industrial structure was created which ensures solution of the basic tasks of our socialist upbuilding and strengthening our defense capability.

The branch structure of the Soviet and American economies can best be illustrated by comparable data on the distribution of the national income among the various branches.

NATIONAL INCOME BY BRANCHES OF THE ECONOMY IN THE USSR AND THE USA

(in per cent)

	USSR 1929		USA 1940		USSR 1960		USA 1963	
Industry ¹	42.7	51.1	52.2	54.0	52.3	56.5	54.2	57.8
Agriculture	36.0	13.7	30.9	10.8	20.5	6.2	20.5	5.9
Transport and communications	4.7	7.8	3.6	6.6	5.3	6.5	5.5	5.4
Construction ²	6.3	5.9	5.5	4.2	10.0	7.3	9.0	7.3
Trade	10.3	21.5	7.8	24.4	11.9	23.5	10.7	23.6

¹Industry in the USA, unlike the USSR, excludes fisheries (which are listed under agriculture) and includes building with the exception of contract building.

²In the USA, contract construction only.

The table reflects the industrial structure of the two economies. The fact that the share of industry is large in both is due to the high level of development of the productive forces and the highly ramified branch structure. However, the share of agriculture is considerably higher in the USSR than the USA, while the share of trade is considerably higher in the latter. The first circumstance can be traced to the relatively large number of people engaged in Soviet agriculture, and the second, in large measure to a wider and more numerous distributive system in the USA.

As regards the structure of industrial production, surveys made by the USSR State Planning Committee's Economic Research Institute show that in the USSR the share of the metallurgical industry, the raw-material producing branches, engineering, and building materials, i.e., branches requiring heavy investment, is considerably higher than in the USA. At the same time, the share of the chemical and electric-power industries is roughly two-thirds that of these industries in the United States.

The branch structure of Soviet industry is largely the result of the building of the material and technological base of a modern industrial society within an historically brief space of time. Rapid industrialization necessitated construction, utilization of raw-material sources and manufacture of machinery and other equipment on a vast scale.

The current tasks of building the material and technical foundations of communism and the latest trends in science and technology call for further big and progressive changes in the branch structure of industry in the USSR. One of the central tasks of socialist planning is to use investments and economic stimuli in such a way as to ensure that structural changes in industry invariably meet the needs of the

scientific and technological progress. This is highlighted in the decisions of the Twenty-Third Congress of the CPSU.

Needless to say, it is not our intention to copy the American production structure, which is far from perfect. But this does not mean that we ignore valuable foreign experience. Everything that can help increase the efficiency of our production should be taken into account.

In examining the production structure in the USSR and the USA it is necessary to make a particularly thorough analysis of the microstructure, i.e., the production structure inside each branch, for this has an important bearing on the technological level of production as a whole. Above all we should examine the engineering industry—the backbone of modern industry generally.

In 1960-65 the structure of the Soviet engineering industry improved substantially, with instrument making, chemical and oil-equipment production and electrical engineering accounting for a bigger share than before. At the same time, there was a slight reduction in the share of general engineering, in heavy machine-building and in power and transport machine-building. The structure of the manufacture of hoisting and transport equipment hardly changed.

If we go into the structure of metal-working equipment, the lag of the USSR is patent. For instance, the share of forge and die press equipment in the USSR is 15 per cent of the total, in the USA it is 24 per cent. Since 1960 no appreciable change has taken place in this ratio. The share of up-to-date types of machine tools (automatic, semi-automatic, tool-grinding machines and those designed for specialized finishing operations) in the total metal cutting equipment is 28.7 per cent in the USSR and 43.7 per cent in the USA.

The Soviet Union still has much to do to improve the microstructure of a number of other important branches of industry. For instance, we produce less high-grade steels than the USA. In 1964 Soviet industry turned out by the oxygen-converter method, the most effective method, only 4.2 per cent of its total steel output, compared with 7.7 per cent in the USA. In the fuel extraction structure, natural gas comprises 15.1 per cent in the USSR and 34.5 per cent in the USA. Synthetic fibres account respectively for 2 and 14 per cent in the overall output of textile fibres. The structure of the consumer-goods branches also needs to be greatly improved.

One of the cardinal tasks of the new five-year plan is the further improvement of industrial production from the standpoint of both macro- and microstructure. The plan calls for priority growth of branches decisive for technological progress throughout the economy — electric power, machine building, chemicals, electronics. The aim is to narrow to the minimum the gap between the USSR and the USA in these branches, and substantially to improve the

internal production structure of these and a number of other branches. It is anticipated that by 1970, the last year of the plan, the absolute increase in the output of electric power, plastics and other key items in which we still lag behind the USA will exceed the maximum increases registered by the USA in the past.

In this five-year span priority is to be given to the manufacture of forge and die press equipment and the most up-to-date metalworking machine tools, in particular high-precision, specialized and multiple lathes, automatic and semi-automatic grinding and finishing units, and automated production lines. The fuel structure is to be improved, with the share of gas and oil rising to 60 per cent of total fuel output. The technological level of the iron and steel industry will be substantially raised, with a view to making more than one-fifth of all our steel by the oxygen-converter. By the end of the five-year plan oxygen processes will be yielding 60 million tons of pig iron and 90 million tons of steel.

Measures of this order will sharply improve both the macro-and microstructure of industrial production in the USSR and considerably raise its technological level.

THE CONSUMPTION PATTERN

The important thing is not only to produce the goods needed but to make the most rational use of them. It is not immaterial to society whether a ton of oil is burned up in a furnace or whether it is used to produce synthetics. If used for the latter purpose its value increases between ten and fifteen-fold. What is in question is functional allocation of output and its effective utilization.

The economic function of the means of production, as we know, is to create the finished product with its use value. Other things being equal, that industry is the most efficient which expends the least means of production per unit of finished product.

It has been established that for every unit of consumer goods produced by Soviet industry its output of means of production approximates to three units, against two in U.S. industry. We are, then, fairly close to the American level for output of capital goods, but considerably below the American level for output of consumer goods. What is the explanation?

It should be noted in the first place that accelerated expansion of the capital goods industry was for many years the deliberate choice of the Party. This policy made possible the unprecedentedly rapid construction of a modern industrial base, including a powerful defense industry, and enabled us to uphold the socialist gains in the war against Hitler fascism. It ensured the Soviet Union's economic independence and made it one of the leading industrial countries.

On the other hand, these differences in volume of output and proportions between the

capital-goods and consumer-goods industries are due to a somewhat greater expenditure of raw materials per unit of finished product and to less intensive utilization of plant as compared with the United States.

As a rule, the rate of expenditure of raw materials in the USSR is still higher than in the USA. For example, to generate one kilowatt-hour of electric power the USSR expends 428 grams of standard fuel, the USA 355 grams. For every ton of steel smelted in the USSR we produce 0.73 tons of pig iron, whereas the U.S. figure is 0.67 tons of pig iron; for every ton of rolled metal we turn out 1.5 tons of steel, the USA 1.4 tons; expenditure of rolled metal and castings per unit of output in the USSR is roughly 40 per cent higher than in the USA. This means that our raw materials expenditure is greater.

Excess expenditure of means of production and inadequate incentive to secure its lowering led to a situation in which in the USSR the share of means of production used in making consumer goods dropped from 28 per cent in 1950 to 18 per cent in 1964. Over four-fifths of the industrial means of production are expended on their own reproduction.

It would be wrong to assume that expenditure of raw materials shows a relative growth in the USSR. On the contrary, the tendency is for it to decline. But in making comparisons with the U.S. level, one should bear in mind that there, too, it is being lowered, and quite rapidly at that.

In addition to higher rates of raw materials expenditure the differences in volumes of production of capital goods and consumer goods in the USSR and in the USA are due also to the greater rate of production accumulation in the Soviet Union. Whereas the general rate of accumulation (the share of the accumulation fund in the national income) in the USSR is roughly twice that of the USA, the rate of industrial accumulation is three times greater. Naturally, a higher rate of industrial accumulation results in higher rates of growth, but in the USSR the latter have been less than three times greater than the USA figure, especially during the past five years. Consequently, a definite part of the accumulation in the USSR has not been fully harnessed, due primarily to the structure of accumulation and investments, to tardiness in construction and in commissioning industrial projects, and to the quality of the plant.

As regards overall investments, the USSR is close to the U.S. level (roughly 90 per cent) and for production investments and overall accumulation it has already achieved noticeable superiority. But since this superiority is observed in conditions where the national income is only 62 per cent of the U.S. national income, a certain strain is felt in the Soviet economy, a strain which must be eliminated by greater efficiency in production. This strain is caused not by a shortage of investment funds but because available funds are not al-

ways used rationally, being often dispersed over a large number of construction projects completion of which is excessively protracted.

A consequence of the shortcomings in utilization of industrial accumulation and plant is a still bigger demand for equipment. And so we get a kind of vicious circle: the less efficiently we use raw materials and plant the more of them we need. This is yet another cause of the gap between output of capital goods and of consumer goods. In 1965 the share of Group A in Soviet industrial output reached 75 per cent, in the USA it was 68.2 per cent.

Much is being changed nowadays in the Soviet economy. One vital task is that of substantially narrowing the difference between growth rates in Group A and Group B. Planned increase in output in Group A and Group B is 49-52 per cent and 43-46 per cent respectively. This approximation will be achieved through determining economically sound, rational areas of investment, enhancing the role of non-production accumulation, cutting considerably expenditure of raw materials and better utilization of basic production assets. Thus, by 1970 the rates of consumption of metals in engineering will be reduced by 20-25 per cent, fuel in industry by 8-10 per cent, electric power by 6-8 per cent.

THE TECHNOLOGICAL LEVEL AND LABOR PRODUCTIVITY

What has been said explains to a certain extent why the Soviet Union lags behind the USA in the technical standard of production in industry and in labor productivity. The latter, as we have said, is 50 to 60 per cent lower than in the USA.

While in petroleum extraction and extraction of natural gas, in steel production, metal-cutting lathes and other items the gap is not so very wide, in a number of industries (coal mining, paper production, chemicals and meat-packing) it is a pretty wide one.

This is explained by a still low availability of power and equipment per worker in the USSR, by a slackness in plant renewal, a lesser degree of mechanization of auxiliary processes, inadequate specialization and organization of production, by a less favorable structure of industry and for a number of other reasons. For example, power consumption per worker in Soviet industry was 36.3 per cent of the U.S. level in 1950 and 36.5 per cent in 1964. And the lag in labor productivity likewise remained about the same. At the same time availability of equipment per worker rose from 31 to 35 per cent of the American level. During the seven-year plan over one million metal-cutting machine tools, over 200,000 forge and die presses, and many automatic and continuous-flow lines were put into operation, but their productivity was, as a rule, rather low. By and large machine-tools in the USSR are younger than in the USA in age (lathes used

less than ten years—56 per cent, in America—35 per cent) but older in design. As a result, the USSR is catching up with the USA more rapidly in volume of capital invested per worker than it is in actual productivity.

All this adds urgency to the need to improve the quality of our machines and equipment. This is a top priority task to which close attention will be paid in the current five-year plan. It is planned, for example, to increase substantially the capacity of units put into operation, to raise power consumption. Average capacity of electricity generators will grow from 150,000 to 300,000 kw. By 1970 the USSR will have 30 power stations each with a capacity of over one million kw. as against 12 such stations in 1965. In the next five years the supply of electric power to industry will increase by 50 per cent and to agriculture roughly three times.

When we speak about the Soviet Union being behind the USA as regards the technological level of industry and labor productivity, we should not lose sight of the fact that devastating wars and the subsequent rehabilitation made it impossible for our country to pay the necessary attention to these qualitative aspects of production. Indeed, raising the general technological level of industry in a country in one or two years is unthinkable. It is much easier to increase the output of steel by 10 million tons than to convert the same iron and steel plant to production of heat-treated steel, steel alloys, to enlarge the range of items produced and improve quality. It is easier to double the production of automobile tires than to double their period of service without increasing output.

The qualitative aspects of production are closely linked up with the level of workmanship, of "culture," in industry. It is to this aspect that Lenin paid special attention when he wrote in one of his last articles, *Better Fewer, but Better*: "I say culture deliberately, because in these matters we can regard as achievements only what has become part and parcel of our culture, of our social life, our habits."

Really skilled workmanship in industry necessitates eliminating the effects of the fortuitous, subjectivist factors in the sphere of management. Therefore, along with developing the productive forces, and putting out more tons, kilowatt-hours, millions of meters, and so, it is imperative to improve the socialist production relations, improve the economic conditions of production, so that our working people should feel they are not just cogs in the wheel but the masters of the production process personally responsible for and interested in its results.

The Twenty-Third Congress of the CPSU elaborated a new approach to economic guidance and laid down the principles of the Party's economic policy for the present stage of Soviet society. "These principles," Comrade Brezhnev said, "consist in placing greater emphasis on economic methods and stimuli in running the

economy, radically improving state planning, granting more economic independence and initiative to factories, collective and state farms, and making factory personnel more responsible for and materially more interested in the results of their work."

In 1966-70, on the basis of large-scale application of achievements of the scientific and technological progress, perfecting socialist production relations, greater economic stimuli and provision of greater incentive, labor productivity in industry is expected to rise by 33-35 per cent, to approximately 60 per cent of the present U.S. level. The Soviet industry has all the necessary means to cope with this task set by the Twenty-Third Congress.

BRIEFLY ABOUT AGRICULTURE

In 1961-65, agricultural production in the USSR was, on the average, 25 per cent below the U.S. level. Output of staple farm products in 1965 was as follows (in millions of tons):

	USSR	USA
Grain	120.5	188.1
Milk	72.4	57.6
Meat	9.9	20.4
Raw cotton	5.7	10.1
in 1964		
Eggs (in billions)	29.0	64.5

Agricultural production depends considerably on technical equipment and labor productivity. In this respect the Soviet Union is still considerably behind the United States. We have in the USSR 13.7 tractors per 1,000 hectares of cultivated land compared with 40.8 in the USA; for harvester combines the figures are 3.9 and 15.7 respectively. Labor productivity in U.S. agriculture is approximately four times that in the USSR.

In the current five-year period we are investing considerable sums in agriculture. Direct investments by collective farms and the Government will total 71,000 million rubles. During these five years agriculture is scheduled to receive 1,790,000 tractors (including 780,000 plough tractors), 1,100,000 trucks, 550,000 grain combines and many other machines. Consumption of electricity in agriculture will treble. This, coupled with better planning and management, should make it possible to raise labor productivity by 40-45 per cent.

Up-to-date machinery leading to higher labor productivity will make feasible the 25 per cent increase in agricultural production envisaged in the five-year plan. This should enable us considerably to narrow the gap and approach, by 1970, the present output level of U.S. agriculture.

DEVELOPMENT OF SCIENCE, PROBLEM OF THE NON-PRODUCTION SPHERE

Present-day economic development shows that the economic competition with capitalism can be won only if prompt and full use is made of the possibilities of adding substantially to the effectiveness of social production arising from the scientific and technological revolu-

tion. The underlying idea of the Directives of the Twenty-Third Congress for the 1966-70 five-year plan—to secure greater labor productivity and effectiveness of production—is based on the need "... to accelerate scientific and technological progress through extensive development of research and prompt application of its results and inventions."

Our country has done much to promote scientific research and education. In the past ten years allocations for research have increased sixfold. Last year 170,000 engineers were graduated—more than four times as many as in the United States. The USSR accounts for one-fourth of the world's research personnel.

The United States, too, is spending very large sums on science—the present total exceeds \$20,000 annually. The "invention industry" now ranks first for volume of expenditure. Research spending has become comparable with capital investments. At times it is hard to say what influences economic growth more—investments or the equally large sums spent on research. Research expenditure in U.S. manufacturing industry amounts to two-thirds of the investments; in the electro-technical and aircraft industries it exceeds investments from three to sixfold.

Prompt application of inventions is vital to the competition for markets. And so we find that the assortment of goods produced in the United States is constantly renewed. In 1964, for example, 14 per cent of manufacturing industry items were new; they were not being produced four years ago; in 1960 the percentage of new items was 10. Companies operating in the electronics industry have estimated that 74 per cent of their current sales consists of items which did not exist 10 years ago.

The USSR is also successfully tackling, with the help of its numerous inventors and rationalizers, the job of renewing the nomenclature of articles made by its industry. In 1950 inventions and proposals for rationalization totalled 1,240,000; in 1955—more than 2,000,000, and by 1965 they had grown to 4,000,000. Some 3,000,000 were applied in production, resulting in an economy of 1,880 million rubles. The economy registered over the past seven years exceeds 11,000 million rubles.

The new five-year plan provides for extensive development of research and speedy application of its results. To this end scientific personnel and material resources will be concentrated where they can yield maximum economic effect.

A big role in promoting scientific and technological progress is played by mutually advantageous trade in patents and licences. Information on patents reflects the level of technological development, it makes it possible to observe "in embryo" those trends in technology likely to become leading trends. It is not fortuitous that in the past ten years international trade in technological achievements has been growing approximately three times as fast as ordinary foreign trade. Sale of

patents has netted the United States over \$4,000 million in the past seven years.

For a long time we did not pay enough attention to this important aspect of trade, did not exploit its obvious advantages. This state of affairs was sharply and justly criticized by the Twenty-Third Congress of the CPSU. Soviet foreign trade now has the task of securing worthy positions on the world market for licenses.

It would be wrong to confine the economic competition between the USSR and the USA to the sphere of material production alone. At the present stage of development of the productive forces the non-production sphere, this necessary "rear" of modern production, has a tremendous reciprocal effect on material production and on labor productivity, specially when the "saturation" of the labor force with means of production reaches a new high. Because of this, a growing number of economists tend to regard growth of non-production expenditure as well-nigh the main factor of progress. In the opinion of the U.S. economist Denison, growth of income per person employed in the United States between 1929 and 1957 derived 78 per cent from progress in education and science and only nine per cent from growth of private capital. In his work on the economics of education Academician Strumilin estimated that in 1960 23 per cent of the national income of the USSR derived from the higher skills of the workers.

Such non-production spheres as education and the health service are highly developed in the USSR. The Soviet Union holds first place in the world for the number of students (3,859,000) and doctors (555,000). However, the share of the non-production sphere is still small, accounting for only 20 per cent of the labor force in the national economy. In the United States it claims nearly 50 per cent. Until recently the non-production sphere qualified for a mere 35 per cent of the total investment, as against 50 per cent in the United States. Needless to say, the scale and structure of the non-production sphere in the United States cannot be models for us. It should be borne in mind that the rise of many branches of the non-production sphere in the United States was influenced by social factors, their development being due to the defects of capitalism. Take for example the utterly hypertrophied growth of advertising expenditure. Under socialism, the non-production sphere, which grows in a planned way, is designed to create all amenities needed by man, to meet ever more fully the needs and requirements of the people.

In the current five-year plan the non-production sphere in the Soviet Union is scheduled to undergo rapid and comprehensive development. Bigger allocations are being earmarked for this purpose. The system of distribution will be improved, house-building extended and the health and recreational services further developed. General services will become a major mechanized branch of the national economy.

By 1970 their scale will have increased approximately 2.5 times, and in the rural areas they will more than treble.

* * *

The powerful industry created in the USSR is the second biggest in the world. Possibilities and resources for its expansion are on hand. Manpower resources are greater than in the USA. The USSR occupies a leading place in the world for development of education and science. It surpasses the USA in many natural resources. It has bigger deposits of petroleum, natural gas, iron ore and other important minerals. Its crop area is nearly twice that of the United States, and the area of its forests is three times as great.

But this superiority in natural resources will not decide the outcome of the economic competition. The main thing is that socialism is a more progressive system, that it has indisputable advantages over capitalism. The entire history of the development of socialist society in the USSR, the emergence of socialism beyond the boundaries of one country and the resultant rise of the socialist world system, the successful building of the material and technological foundations of communism in the USSR—this is what creates the profound, scientifically-based conviction of the inevitability of the victory of socialism in the economic competition with capitalism, the inevitability of the replacement of the capitalist mode of production by the socialist mode of production.

With the completion of the current five-year plan the Soviet economy will have attained a new, qualitatively higher stage of development. This will be the result of carrying out formidable tasks in intensifying the entire social production, raising its effectiveness and making better use of resources. The five-year period will witness also a rapid growth in the well-being of the people.

The criterion in the economic competition with the United States must be, apart from growth rates and higher output, top quality production, maximum output with minimum expenditure and an accelerated improvement in the standard of living.

Lenin taught us that it is impossible to surpass the developed capitalist countries in labor productivity and standard of living without releasing the initiative of the people, without the comprehensive development of socialist democracy. The activity of millions, their personal interest in the results of production and broad participation in managing the economy—these will be powerful factors in the economic development. The new system of management and planning, realization of the decisions of the Twenty-Third Congress of the CPSU, opens up wide possibilities for this and will, undoubtedly, accelerate the Soviet Union's economic and cultural progress, enable us to make maximum use of the advantages of the socialist mode of production and lead to new victories in the peaceful economic competition with capitalism.

Recent ideological developments in the United States

HERBERT APTHEKER

IDEOLOGICAL TENDENCIES in the United States in the past generation have been influenced decisively by the Cold War and by intermittent hot wars—from Truman's "police action" to Johnson's "liberation effort", complete with napalm bombs and beneficent gases.

Coincident with the extraordinary intensification of monopolization which has characterized the U.S. economy since 1940—and especially since 1950—there has appeared what may be called a tendency towards the monopolization of scientific work. Increasingly such work has been financed either directly by the U.S. government or by major industrial giants or by foundations subsidized by such giants. Today the greatest proportion of funds available to universities comes from the federal government — a distinctly new development for the United States; at the same time, the greatest portion of what is left comes from the traditional source for financing higher education in the U.S.A.—i.e., the largest corporations.

One set of figures perhaps will be sufficient to indicate the dimensions of this development: while ten per cent of the gross national product is directly dependent upon war production, over eighty per cent of the scientists and technicians in the United States actually are employed in military-connected efforts! For obvious reasons this has involved mostly natural scientists — as physicists, chemists, biologists, engineers; increasingly, however, it has reached out among sociologists, psychologists, economists, political scientists, philosophers and historians.

Given the scientific and technical development of the United States and the pouring of almost unlimited funds into "practical" re-

search work, impressive results are natural and have been achieved. This is particularly true outside the social sciences for there the political and ethical considerations are less obvious; however, even in the social sciences significant strides have been made, notably of a technical, statistical or quantitative kind.

However, the aggressive and reactionary nature of the government and of the financial giants does necessarily and generally exert a repressive and anti-rational force upon scientific endeavors. Thus, the dominant qualities, in the United States, in the social sciences, have been as follows since 1945:

- 1) An emphasis upon the quantitative rather than the qualitative.
- 2) An insistence that value judgements are either irrelevant to "true" scientific work, or that they are antagonistic to such work.
- 3) A marked mechanical bias with a notable absence of any sense of interpenetration or interdependence—of the dialectical.
- 4) An idealistic bent with emphasis upon ideas as source and root, or alone "really" consequential.
- 5) A kind of "pure" and exaggerated empiricism, rejecting hypothesis and shunning generalization.
- 6) A favoring of behavioral schools of thought, heavily mechanical and preoccupied with what is called "objectivity."
- 7) An examination of phenomena as finished, as static; an avoidance of process and particularly of questions of change and development.
- 8) A rather articulate eliteist bias, sometimes even taking the form of outright racism, the latter making something of a comeback in U.S. "scientific" circles, especially in psychology and anthropology.

9) A more or less explicit expression of conservative bias, with a rejection of classical popular democratic concepts and assumptions.

10) A caricaturing and ridiculing of Marxism—as obsolete, irrelevant and probably criminal.

* * *

The United States, being a capitalist society and therefore having within it antagonistic classes and forces, the tendencies enumerated above always have been challenged. In the worst period of McCarthyism, the challengers were few and confined largely to a persecuted and harassed Left; their refusal to pull down the flag of reason, democracy and radicalism was a service the true value of which will yet be fully assessed.

The great and encouraging fact now, however, is that these regressive features of U.S. intellectual life have been more and more widely and successfully attacked. Certainly, they are being challenged now with a vigor not seen in the United States since the 1930's. This swing in intellectual life coincides with a resurgence of aggressiveness in foreign policy; not least among the problems faced by the Administration responsible for that resurgence is that it takes place when a conflicting intellectual development is in process.

The shift arises because the betrayal of reason never had a field all to itself; because it is contrary to the basic needs of scientific pursuit and is violative of the essence of the scholarly life; because it stood in the way of significant social developments within the country, notably but not exclusively the magnificent, militant, and passionate determination of the twenty million Negro people to smash Jim Crow in this generation; because it was fantastically out of step with contrary developments in the newly-liberated countries and in the socialist world, especially in the socialist world of the post-1956 era; because it challenged deeply held national beliefs and characteristics—not least the continued viability of the Bill of Rights; because its atmosphere of cynicism and purposelessness affronted the youth, who, being youth, are filled with the zest of life and the feelings of wonder and love and find especially alien and burdensome the fascination with decay that reaction manifests.

It may be added that this latter feature—the emphasis upon denial of value judgements and an inducing of cynicism—tended to reduce the efficiency of the society as a whole; more astute or more sensitive members and servants of the ruling class offered such warnings.

Before illustrating the mounting rebellion against neo-conservatism, the caution must be offered that such views of course still are very much present and in the mass media still dominate. A few examples will be in order. From among the mass media, one has typically the Luce empire, responsible for such publications as *Time*, *Life* and *Fortune*; an editorial essay in *Time* (September 24, 1965) was entitled "On War as a Permanent Condition". Here the hundreds of thousands of (mostly) middle-class American readers are told that wars always have existed and that apparently they always will exist. They are assured that changes in techniques and in weaponry have meant changes in the tactics of war but never have meant the stopping of war itself. They are reminded of the numerous wars that have appeared even since 1945 and are urged to face up to the implacable fact that war itself seems to be some kind of necessary condition—a veritable fact of nature. The Luce penman piously notes: "No humane man can applaud the cruelties of war, yet no man of dignity can shrink from war if he is to preserve his freedom." Moreover, says the sanctimonious one, becoming more "practical," "... wars often have the virtue of deciding issues more definitely than diplomacy." He concludes: "War is, in sum, horrible but definitive, repellent but—pending realization of the dream of world order—inevitable."

Of course, it is that last point that the ultra-Right (and not only the ultra-Right, one must, alas, add!) finds most precious—i.e., an insistence upon the "inevitability" of war; given that, the logic of the rest of its program—aggression abroad and repression at home—is clear.

The dominant voice of the Pentagon is authoritatively sounded in the recent book by General Thomas S. Power, *Design for Survival* (N.Y., 1965, Coward - McCann). General Power is the recently retired Commander-in-Chief of the Strategic Air Command; when the manuscript of this book was first submitted for approval, in 1959, the then Secretary of Defense, Mr. Neil H. McElroy, refused to give it clearance. Now, with General Power's retirement, he does not need such approval and the book appears; it is, however, to be noted that while Power was forbidden to publish his views a few years ago he was maintained in his commanding position in the military hierarchy. General Power is obsessed with the most raw and fascistic kind of views of Marxism and of Communism; he insists that all talk of disarmament is nonsense and harmful and that any outlook except arming

to the hilt and the inevitability of war is absurd if not treasonous.

He does not hesitate to blueprint the "necessity" of a fascistic order, for periods of "emergency"—including limitations on the right to strike (though there are no suggested limits on profits!). "Putting aside all the fancy words and academic doubletalk," says this American Junker, "the basic reason for having a military is to do two jobs—to kill people and to destroy the works of man."

Among the explicitly anti-democratic works that continue to issue from major presses and from important academicians, a typical example is *The Second American Revolution*, (N.Y., 1964, Morrow) by H. Wentworth Eldredge, professor of sociology at Dartmouth College. To the degree that the position of the United States in the world has declined since the Second World War, Professor Eldredge ascribes this to the persistence of democratic "myths"—such as the essential equality of human beings and their allegedly rational capacities. Inequality is characteristic, the professor insists, and most human beings are colossally stupid; precautions against concentrated power are absurd for what is needed is centralized control and one overall educational system dedicated quite frankly to the creation of a ruling elite.

On the side of regressive developments of a recent vintage is to be noted the characteristically American phenomenon of the incorporation of "think-factories", servicing the ideological needs of Big Business and of the government. Today there are about twenty-five such "non-profit" institutions—some independent and some university connected; they handle about \$500,000,000 worth of contracts each year for the government. In addition, offshoots of the armed services, as the Rand Corporation for the Air Force, abound; there are such organizations servicing not only the Air arm but also the Navy and the Army. To give some idea of the money involved: the single Air Force "think factory", called Aerospace Corporation, has been paid over \$300,000,000 in fees since 1960! (For details, see the excellent article by Wesley Marx, "The Military's 'Think Factories'" in *The Progressive*, November, 1965).

Most significant, however, as we have indicated, is the cumulative breaking away from neo-conservative and reactionary ideas. This break-away takes mainly three forms: first, the campus rebellion among students, graduate scholars and (mostly younger) faculty members; second, there has been the proliferation of dissenting journals, schools, institutes and organizations; third, there have been

within all the scientific disciplines, increasingly frontal attacks upon the positions advanced by reaction, summarized earlier.

A basic feature of the campus rebellion is a demand for the humanization of scholarship, a rejection of compartmentalization, an affirmation of positive values as basic to scholarly work and as the essence of science itself. It is a rebellion against soullessness, cynicism, mechanization, selfishness. In this sense it is integrally related to tendencies in intellectual development throughout the United States. When it is remembered that there are today in the United States almost six million students and faculty members in colleges and universities—of whom several hundreds of thousands are Negro men and women, and well over one million are of the working class—it may be understood that this is a genuine mass movement of enormous consequence and unlimited potential.*

A feature of this rebellion is the proliferation of many study groups, of literally dozens of new and dissenting magazines (many of them mimeographed), and the insistence that everything is to be open to inquiry, and not least Marxism and socialism. Not in thirty years has there been so serious, deep, and widespread an interest in Marxism and in socialism as there is now in the colleges, universities, and scholarly organizations and professions in the United States.

A dramatic illustration of the latter fact is the appearance of new groupings of scholars. As examples: there now exists a Society for the Study of Dialectical Materialism as an integral—and growing—part of the American Philosophical Association; the Labor History Society is part of the American Historical Association. In 1965 there was launched the *International Journal of Psychiatry*, whose stated purpose is to stimulate international dialogue and, especially, to acquaint scholars in the socialist world and in the non-socialist world with their respective views and findings.

Historians interested in peace research recently constituted themselves as a society and this also now is an integral part of the American Historical Association. Similar organizations have appeared among psychologists, political scientists, and natural scientists. I do not mean that these scientists have formed peace organizations; I mean that they have formed organizations for the scientific study of peace as such.

A related development has appeared in connection with the history of the American

*Bettina Aptheker, "Revolt on the Berkeley Campus", *Political Affairs*, March 1965; present writer, "Academic Freedom in the U.S.", *ibid.*, July, 1965; and "The Academic Rebellion in the U.S.", *ibid.*, August, 1965.

Negro people. While the Association for the Study of Negro Life and History celebrated in October 1965 its fiftieth anniversary, it is only within the past three or four years that the examination of the history of the Negro people has been taken with anything approaching proper seriousness by the national—and overwhelmingly white—historical associations, including that combining historians whose field is U.S. history proper. A striking illustration of this welcome change was the appearance in November, 1965, of a first-rate volume entitled, *The Negro in the South Since 1865: Selected Essays in American Negro History*, edited by Charles E. Wynes of the University of Georgia and published by the University of Alabama Press (253 pp., \$6.95). This book contains studies by Negro and white scholars—most of the latter Southern whites—that have appeared fairly recently in various learned journals; the whole spirit and content is scientific—which is to say anti-racist and therefore decisively challenging.

It may be added that the professional gatherings and journals of the leading national organizations of academicians no longer are utterly closed to the contributions of radical and even Marxian scholars.

In other important respects the quality of this change is reflected. Thus, the annual meeting of the American Sociological Society, held on August 30-September 4, 1965, in Chicago, featured two plenum sessions, one devoted to "Marx and America", and the other to "Civilizations and Their Changes".

About a year ago a handful of scholars laid the groundwork for what became the First Socialist Scholars' Conference. This convened in September 1965 at Columbia University; many scholars presented papers and offered commentary and about 900 people from many parts of the nation attended. The main concern of this Conference was with the need for significant change in the American social order; the best-attended session was devoted to "Prospects for Socialism in the United States."

Perhaps the most remarkable single manifestation of the change in the United States is the fact that Notre Dame University, in Indiana, was the host, in April, 1966, to an International Symposium on "Marx and the Western World"; this was not a gathering of witch-hunters but rather of scholars genuinely interested in the topic. In this connection, note should be taken of the fact that one of the leading commercial publishers—Doubleday—has just issued a stout volume entitled *Socialist Humanism*, edited by Eric Fromm (420 pp., \$5.95). While the publishers, per-

haps out of habit as well as out of tactical considerations, could not refrain from placing on the book's jacket words about the "Iron Curtain," and opposition to "orthodox communism today," the book itself is far from a Cold-War product and will repay careful study.

Relevant, too, is the encouraging growth of the American Institute for Marxist Studies (AIMS); a week-long symposium on Marxism and Religion held at the end of last year, was very well attended and witnessed the presentation of papers by professors at Boston University, the University of Bridgeport, Fordham University as well as by Marxists. Another, in mid-November, 1965, was held at the campus of the University of Pennsylvania, and had as its subject "Marxian Methodology." Professors from the host campus and from Temple, Boston, University of Kentucky and Columbia participated; this writer, too, was present.

I shall now illustrate—quite briefly, of course—more specifically the character of the latest expressions in a few of the social sciences. We comment upon history, sociology, psychology, and political science; similar tendencies are present in economics, anthropology, geography, philosophy, and aesthetics.

In history there is a mounting rejection of neo-conservatism, especially among the young scholars. The radical past, the effort at important change, the democratic struggles, the labor and Negro people's movements, the protests against imperialism and war—all these increasingly are the subjects of articles and books. Such figures as Norman Pollack, Staughton Lynd, Alfred Young, Kenneth Stampp, Merrill Jensen, Jeffrey Kaplow, Otto Olsen, Charles H. George, Howard Zinn, Christopher Lasch, John Hope Franklin, William A. Williams, Harvey Goldberg, Ray Ginger, Louis Filler, Margaret George, and many others, have contributed studies which certainly do not shun value judgements, which clearly affirm a democratic, and often a radical viewpoint.

In sociology, one of the most illuminating illustrations of the growing rejection of the Cold-War pattern was the publication in 1964 by Oxford University Press in New York, of the *festschrift* in honor of the late C. Wright Mills. This was edited by Irving L. Horowitz, a professor at Washington University in St. Louis; the volume is entitled *The New Sociology*. Most of the essays came from a score of the younger professors of sociology in the United States. Some dealt specifically with aspects of Mills' work; most considered phases of social life and problems in the United

States in his spirit. That is, these essays rejected the non-normative approach; they affirmed the basic interest in social change as central to classical sociology and vital to its present useful functioning; they emphasized the need to study the significant and not to fear generalization; they insisted upon the ennoblement of human life as science's fundamental purpose and assistance in this as the scholar's central duty.

At the already mentioned 1965 meeting of the American Sociological Society, as we have noted, the basic concerns were with societal change in general and Marx' analysis and its relevance to United States life in particular. Delegates lamented the recent failure of their profession to examine large issues and its tendency towards clerical rather than really scientific inquiry. Specific mention was made frequently of the inhibitions placed in the way of critical research by the Big-Money foundations.

A paper presented by Dr. Dan Dodson, of New York University, captured much of the spirit of the session. "Perhaps," he said, "the behavioral scientist's role is to provide the rationalization for why the power order preserves its position." He suggested that in the past such rationalizations had included infant-damnation, and more recently and still persisting were concepts of so-called intelligence quotients and most recently of the incapacity of the poor—however induced—as being central to their lowly position. Professor Dodson suggested that should those on the bottom ever gain power, perhaps their "first job will be to beat down the mythologies the behavioral scientists have created about them."

Similar approaches dominated the Seventy-Third Annual Convention of the American Psychological Association, also held in Chicago the week after the sociologists had dispersed. With nearly 10,000 of the 24,000 members actually in attendance, Professor Gordon W. Allport delivered the main address. He insisted that behaviorists had concentrated upon bits and pieces and had ignored or overlooked the whole. There was no generalization, no integration of data; prevalent was a kind of arithmetic empiricism. At this meeting a paper was presented illustrating American scientific techniques at their best—timely, pertinent, valuable results. A team of researchers, under the direction of Dr. Ralph Heist—and recruited from the Center for the Study of Higher Education in Berkeley, California—made a five-year study of the present college population. Five thousand students were tested and interviewed; they came from repre-

sentative examples of major segments of U.S. higher¹ educational institutions: three private liberal arts colleges—Reed in Oregon, Antioch in Ohio and Swarthmore in Pennsylvania; three denominational schools: St. Olaf College in Minnesota, the University of Portland in Oregon, and the University of the Pacific in California; and two State institutions: the University of California in Berkeley and San Francisco State College. In addition to the original five thousand tested, 240 student participants in the Free Speech Movement at Berkeley were tested.

The study ascertained that student leaders of campus movements were the best among the students generally—the highest grades, the most consistent and meritorious motivations, the most unselfish outlooks, the highest social dedication; they constituted, concluded the study, "the nucleus of future scholarship." Evidence for this was of both a positive and a negative nature; the Berkeley Free Speech students demonstrated unusual commitment to learning and a particular aptitude for scientific and unfettered inquiry.

In *political science*, analogous tendencies are most clearly illustrated in an article published in the March, 1965, issue of the *American Political Science Review*: "Politics and Pseudo-politics: A Critical Evaluation of Some Behavioral Literature," by Dr. Christian Bay, Assistant Director of the Institute for the Study of Human Problems at Stanford University in California. Dr. Bay—author of a stimulating volume, *The Structure of Freedom*, first published in 1958 and re-issued in an enlarged edition in 1965—specifically attacks the notion that "students of politics should, as scientists, engage in no value judgments concerning the kind of man or society their researches ought to serve." In fact, he insists, "much of the current work on political behaviour generally fails to articulate its very real value biases, and that the political impact of this supposedly neutral literature is generally conservative. . . ." He argues effectively for "an intellectually more defensible and a politically more responsible theoretical framework; a theory that would give more meaning to our research, even at the expense of reducing its conceptual and operational neatness."*

*The rejection of the non-normative as being anti-scientific, and insistence upon the **organically** humanistic quality of science are growing in certain advanced ideological circles in the U.S. We have space here only to list the titles of a few examples: Bentley Glass, *Science and Ethical Values* (Chapel Hill, 1965, University of N.C. Press); W. T. Jones, *The Sciences and the Humanities* (Berkeley, 1966, Univ. of Calif. Press); and the remarkable joint volume, *A Critique of Tolerance*, by R. P. Wolff, B. Moore, Jr., and H. Marcuse (Boston, 1966, Beacon Press).

Dr. Bay strenuously rejects what he insists is "a premature ruling out of the classic democratic citizenship ideal, with its stress on reason as a crucial factor in politics." He concludes with a ringing appeal to his colleagues to bring forth a political science that will not only represent keen intellectual challenge; let it also, he urges, "become a potent instrument for promoting political development in the service of human development." The ethical stress in Bay is recurring.

Another good example is the article by Professor Robert H. Welker of the Case Institute of Technology in Cleveland. Ironically entitled "The Irrelevance of Morality" (*The Nation*, November 1, 1965), Professor Welker tears apart the arguments and the stance of those academicians who apologize for the atrocious U.S. war against the people of Vietnam. Of what they say, he writes, "there were never bigger lies"; he concludes by insisting "that moral standards (concerning, for example, the bully, the invader, the torturer, the killer) still have immense and quite possibly decisive force in common human life around the world—and even, they may find, in their own America."

Directly relevant to all the preceding is the fact that in the past twelve months there have appeared many first-rate, critical examinations of American foreign policy. The authors generally are quite distinguished and their publishers are among the most influential in the United States. Let me simply list and briefly characterize ten of the notable examples of this significant recent literature:

1) Richard J. Barnet and Marcus G. Raskin: *After Twenty Years: Alternatives to the Cold War in Europe* (N.Y., 1965, Random House). Mr. Raskin was a research worker on the National Security Council; Mr. Barnet has served with the Departments of State and Defense. Their central points are: the costs of NATO have been too high; it has sown suspicion among allies; it has diverted attention from pressing problems at home; it is possible and it is necessary to disarm.

2) David Horowitz: *The Free World Colossus: A Critique of Foreign Policy in the Cold War* (N.Y. 1965, Hill & Wang). The author was a few years ago a leader of the student challenges in California; now as a young professor he has produced a challenging assault upon the entire rationalization for the Cold War and has not hesitated to put the main burden for that War upon the U.S. government.

3) Gar Alperovitz: *Atomic Diplomacy: Hiroshima and Potsdam* (N.Y., 1965, Simon

& Schuster). The author was legislative director for Senator Gaylord A. Nelson (D., Wis.); he is now a visiting professor at Cambridge University. His volume is a careful study of the evidence surrounding employment by the U.S. of atomic weapons; he finds this to have been unrelated to the military needs of the war but to have heralded instead the beginnings of the Cold War and to have been aimed really at the USSR.

4) Charles O. Lerche, Jr.: *The Cold War . . . And After* (N.Y., 1965, Prentice-Hall). Mr. Lerche's thesis is that U.S. foreign policy has been woefully rigid, that it is fearfully outdated, and that compromise must be undertaken and peaceful coexistence must be accepted.

5) Seymour Melman: *The Depleted Society* (N.Y., 1965, Holt). The Columbia University professor insists that the garrison state and the concentration upon war have distorted the U.S. economy seriously, have made significant portions of its technique obsolete, and have gravely undermined proper concern with the social aspects and needs of American society—in fact producing a "depleted society." The turn from war to peace is economically important and morally vital.

6) Oliver C. Cox: *Capitalism As a System* (N.Y., 1964, Monthly Review Press). The author is chairman of the sociology department of Lincoln University, Missouri; he has produced a major critique of imperialism, with notable influence in his thinking from Marx and Veblen though the full implications of Lenin's analysis are not confronted. (An excellent review by Victor Perlo appears in *Political Affairs*, September, 1965).

7) Anatol Rapoport: *Strategy and Conscience* (N.Y., 1964, Harper and Row). This University of Michigan professor outlines a program for a rapprochement between the USA and the USSR; at the same time, he argues for a mode of thinking in which conscience and ethics are central, rather than the amoral, so-called "realism" which in the present age is not realism but is idiocy.

8) Bert Cochran: *The War System* (N.Y., 1965, Macmillan). An important analysis of the foreign policy and the economy of the United States, which comes to conclusions strikingly similar to those advanced by Horowitz, Melman, and Rapoport already mentioned.

9) David Wise and T. J. Ross, *The Invisible Government* (N.Y., 1965, Random House). A popularly written and generally accurate account of the counter-revolutionary strategy of the CIA arm of the U.S. government with details as to the barbaric and immoral tactics

used by that arm in implementing that strategy.

10) Amitai Etzioni: *Winning Without War* (N.Y., 1964, Doubleday). Here another Columbia University professor argues for the termination of the Cold War and believes that this requires U.S. initiative. Professor Etzioni is confident that with peaceful coexistence, capitalism will emerge triumphant. He is certain that without it, no one will live to be triumphant. However one may differ with his prognosis, one must welcome his call for a peaceful race rather than for a suicidal dash.

All these volumes — and they are only examples — have in common a critical approach, a rational stance, and a humanistic outlook. They indicate a growing temper among American intelligentsia and help explain the rebellion on the campuses against Administration policy that has been so encouraging a feature of American life in the recent period.

* * *

Earlier we mentioned the increasing interest in and respect for Marxism that is developing within U.S. intellectual circles. Brief illustrations will be in order. Professor Kenneth Winetrout, in the already noted book edited by I. L. Horowitz, *The New Sociology*, wrote:

"We could possibly tolerate our ideological neglect of Marx in an era of extreme isolationism. With Africa, Asia and Latin America on the move, we become grievously incapacitated to know what is going on and how to participate in events because of this indifference."

Professor W. Leontief of Harvard, speaking at the 50th Annual Meeting of the American Economic Association, and having reference to Marx's analysis of the long-run tendencies of capitalism, commented:

"The record is indeed impressive: increasing concentration of wealth, rapid elimination of small and medium sized enterprises, progressive limitation of competition, incessant technological progress accompanied by an evergrowing importance of fixed capital, and last but not least the undiminishing amplitude of recurrent business cycles — an unsurpassed series of prognostications."

Professor William A. Williams, of the history department at the University of Wisconsin, entitled his most recent volume: *The Great Evasion*; its subtitle reads: *An Essay on the Contemporary Relevance of Karl Marx and on the Wisdom of Admitting the Heretic into the Dialogue about America's Future* (Chicago, 1964). Professor Williams writes: ". . . of all the evasions in which Americans

have indulged themselves, the most serious one is very probably their persistent flight from an intellectual and moral confrontation with Karl Marx." And further:

"The reality of Marx offers insights and ideals that America desperately needs if it is to cope effectively with the reality of its present and projected problems, and if it is to realize its great potential."

Possibly even more significant than the appearance of such books and essays is the fact that a new note of reality and responsibility is appearing in writings concerning the Soviet Union. Of this, too, only a few illustrations can be offered within the necessarily limited space. Professors W. K. Medlin and W. M. Cave, writing on the Soviet Asian Republic of Uzbekistan, in the *Comparative Education Review*, published by Teacher's College of Columbia University, for October, 1964, declare:

"The transition of Uzbekistan from an overwhelmingly agrarian, technologically undeveloped society to a rapidly industrializing one with dynamic programs for change must be classified as a major achievement of the Soviet system. To gain some perspective on the enormity of this accomplishment, one need look no further than those countries contiguous to the Uzbek Republic: Afghanistan and Iran. While they cannot be compared uncritically with Uzbek society, both have a great deal in common with Uzbekistan, particularly with regard to religious ideology, ethnic composition, and cultural history. Yet, for the most part, they remain comparatively backward societies with a high percentage of illiteracy and a persistent philosophical orientation toward the past. Conventional explanations (such as lack of economic investment and technical assistance, etc.) do not suffice, for both Iran and Afghanistan have been the recipients of huge sums of foreign capital. Still, pastoral economies and traditional social structures persist."

The art critic for the national and influential daily paper, *The Christian Science Monitor* (July 10, 1965), Kimmis Hendrick, upon examining forty-five Soviet paintings on display in the United States—all completed since 1960—reported them to be "warm, rich, colorful." The critic stressed that, "They are as nonconformist as creativity itself." Again, F. D. Reeve — the author of the book, *Robert Frost in Russia* — writes on "The Work of Russian Poetry Today," in *The Kenyon Review* (Summer, 1964):

"Poetry in Russia is doing more work — more significant, socially useful work — than in any other country in the world. It couldn't

be so effective if it weren't saying something, if it weren't speaking to somebody, and if it didn't have a vital tradition close at hand. Until we understand the role of poetry in contemporary Russian society, we cannot understand the variety, the subtlety, the complexity, and the vitality of the world of modern Russia."

It is not necessary to quote American critics concerning Soviet performance in the dance and in music; none deny that here the accomplishments of the USSR are superb. It is worth observing, however, that one will find a letter published in the *N.Y. Times* (July 31, 1965) where it is insisted that the Soviet Union "today stands out as a more rational, balanced and responsible government than our own throughout the world," and that it is signed by the Rev. John H. Snow, of Christ Church in Cambridge, Massachusetts.

* * *

Considerations of space dictate a conclusion at this point. This essay has emphasized the positive for two reasons: first, it is the

positive that is new and growing; second, partially because of its newness there is a tendency not to comprehend it or even to dismiss it or to demean it. This is, I believe, a serious error for the shift in the winds of ideology in the United States are major, will accumulate and do not represent some passing fad.

Anyone — anywhere in the world — who writes off the American people is making a basic error. The rulers are not the people; they are the misleaders and exploiters of the people. Increasingly this divergence is being comprehended; not least, the comprehension is mounting among academicians, professionals, and the intelligentsia in general.

The last word in the United States will not be spoken by voices of unreason and hate, of war-making and racism; on the contrary, it will be spoken by the democratic masses, the working class, the Negro people, the sterling youth, the awakening and more and more aroused scientists and scholars. That word will be one of brotherhood, social progress and peace.

Some technocratic views in bourgeois political economy

AMONG THE *PROBLEMS* SERIES, put out by Editions Sociales, Paris, is a critical study by the French sociologist Marc Riviere of some aspects of the evolution in economic thought in the universities in the West.* The author has chosen not so much to give a general picture of current economic theories and doctrines as to show the essence of the two basic trends in this highly varied ideology, trends which seem to diverge but which, in point of fact, converge.

Thus, whereas the underlying concept of the first of these is the technological breakthrough (seen as the motive force of modern social development), the second, shying away from theoretical constructions in political economy, concentrates on the "concrete"—economic science is seen as economic techniques, as an effective instrument of state intervention in economic life. This transformation is effected by building up a new economic methodology. Economists examining the economic competition between socialism and capitalism are concerned with the character of the structures and their evolution; they want to deepen the concept of the system as a coherent complex of structures undergoing constant change. Their purpose, it would seem, is to turn political economy into an applied science, to show the interdependence of theory and practice. Hence their preoccupation with planning both for a short and long term, with ensuring a steady growth. In all this the influence of Marxism is clearly evident, its concepts are used in both elaborating general ideas and in methodology. But Riviere rightly draws attention to the fragmentary, distorted and unilateral character of these latter-day discoveries which, let it be said, were made by Marx in the course of his studies. The formal alteration of ideas and methods will hardly help to solve the present crisis in bourgeois political economy.

In the two ideological trends examined by Riviere the technocratic approach is distinctly evident. And while the "solutions" offered by the two "schools" are patently negative and even dangerous, the same cannot be said about the problem which they examine. For the prob-

lem is an objective and concrete one, a problem that calls for a serious analysis especially in France where the Communist Party is trying to unite around a common program all the forces opposed to Gaullism with a view to establishing a new kind of democracy, economically and politically. Riviere dwells on an important aspect of this problem, and shows how the technological trend is manifested and where its deeper meaning lies.

The leading exponent in France in this sphere is undoubtedly Professor Jean Fourastié. Fourastié's monumental work, *The Grand Hope of the Twentieth Century**, which appeared shortly after the Second World War, made an immediate impression not so much in academic circles (outwardly the concept elaborated by Fourastié differed greatly from the then predominant Keynesian ideas) as in industry and in secondary and technical education. An engineer by profession, Fourastié focused attention on the importance of the technological development which had been deliberately neglected by academic thought. Riviere notes that the ruling class was greatly attracted by the idea, for the "grand hope" proclaimed was primarily the hope that the "social question" would be solved without again calling in question the capitalist system. According to Fourastié socialism—the alternative to capitalism—becomes obsolete in view of the technological advance; he sees the way out in a "tertiary" civilization, the only real future for man.

This theory soon became one of the tenets of the theory concerning the "industrial society," and was embraced by many sociologists and economists, Raymond Aron and André Philip among them. In claiming that the Soviet Union and the United States are first "industrial societies" (predominantly industrial and technological) and that the fact of one being a socialist society and the other capitalist is of secondary importance, Raymond Aron tries to prove that the two systems will ultimately arrive at the same goal; one will become "more liberal," the other more "socialist."** What a

*M. Riviere. *Economie bourgeoise et pensée technocratique*. Paris, Editions Sociales, 1965. 238 pp.

*J. Fourastié. *Le grand espoir du XX. siècle*. Paris, 1949.

**R. Aron. *Dix-huit leçons sur la société industrielle*. Paris, 1962.

dream, and what an argument for the reformists!

Fourastié, for his part, regards the United States as the model for the world. A real "revolution," a silent "revolution," he claims, has swept the West.* Hence, there is no need, logically reasoning, for actual revolution. Another writer, Louis Armand, a technocrat and a typical representative of state-monopoly capital in France, examines the same problems but in a more accentuated form. Armand's *Speech in Defense of the Future*** is, in fact, an apology for state-monopoly capital, a candid defense of the monopolies, an expression of the desire to control the entire economy. In particular, he sings the praises of Minister of Education Fouchet's utterly anti-democratic educational reform. The Armand thesis is almost a replica of Fouchet's, whose reform is indisputably the most technocratic and, as noted before, the most anti-democratic of all reforms ever proposed.

It may seem paradoxical that Fourastié, an engineer with experience of practice, should in his reasoning show himself to be an inconsistent materialist, a positivist. He views with distrust the speculative constructions of the late nineteenth century theoreticians (the marginalists) and recognizes only concepts that are concrete, measurable and objective. Consequently he takes productivity and profitability as the main criteria. He acknowledges when calculating productivity that the element common to all goods is labor, even though he examines this labor in the form of payment (hourly earnings). Riviére throughout his study traces the distortions and misinterpretations of Marx, the way in which his scientific concepts are turned upside down by Fourastié.

Fourastié, as Riviére shows, grasps only one, partial aspect of the production process. All he knows is that production is the working of natural material into use value and maintains that this natural material is transformed only by means of production that are constantly being modernized. But, ignoring the human factor — the real economic motive force — he sees the productive forces as something purely technical and is silent about the production relationships which develop between people in the process of production. Approaching technological advance as a thing, not as social relationships, he gets bogged down in technological fetishism.

And this fetishism impels Fourastié to see the technological progress as the motive force of economic development when it is in greater or lesser degree (under capitalism) a lever for profit. And, conversely, this perspective impels him to see in technology the solution to the social problems.

*J. Fourastié-Laleuf. *Revolution à l'Ouest*. Paris, Presses Universitaires de France.

**L. Armand, M. Drancourt. *Plaidoyer pour l'avenir*. Paris, 1961.

Fourastié sees the future civilization (yet another concept bearing a strongly pronounced ideological character) as a technological one. In this respect he is an optimist, a believer in progress. Riviére finds the same optimism in the study made by the American sociologist Lewis Mumford who in his *Technology and Civilization**, advances a theory similar to Fourastié's. According to Mumford technology governs civilization and shapes it. The different technological phases (paleotechnical, neotechnical) determine the different stages of civilization. In the beginning their effects were negative (misery for workers, destruction of the environment, wholesale exodus of the rural population, proletarianization), later positive (organization, humanization, exertion of less effort). However, despite Mumford's detailed and often correct analysis, he glosses over the main development from the historical aspect, viz., the conditions and the consequences of capitalist accumulation, and does not mention the fact that exploitation continues in the so-called neo-technical phase, thereby deliberately evading the question of the transition to socialism. Mumford's theories, irrespective of his intentions, objectively follow the same aim as the theory of "people's capitalism" and kindred doctrines now current in the United States.

The road to hell, it is said, is paved with good intentions. Theory, says Marc Riviére, is maliciously laughing at those who ignore it. To resolve the social problems and to help people it is necessary to know their objective, real situation and not to be afraid to strip it of its cloak of ideological prejudice. In other words, it is necessary to see the main development of capitalist reality, the class struggle, otherwise ideology, feigning humanism, will merely help to reinforce exploitation. In France in the conditions of Gaullism affirmation of the "technological" solution as the primate for all stages of social life totally masks the political aspect of the solutions, their profoundly anti-democratic character. It is essential, Riviére points out, to show from the standpoint of both theory and practice, that democracy and technology do not contradict one another and that only the new democracy will be able to develop a new economy in which the scientific and technological revolution will have free and full rein.

It is only natural that Marxists should take a positive attitude to the technological advance. What they take issue with, writes M. Riviére, is not its meaning but its utilization by a small minority of monopoly proprietors for the sole purpose of boosting their profits. With the technological advance the people will be able to become the real "master and ruler of Nature," but only after they have first mastered their own social relationships after they have established socialism.

Paul APIAIRE

*L. Mumford. *Technique et civilisation*. Paris, Editions du Seuil.

Technocratic sociology

I. NOVIK

A FEATURE OF BOURGEOIS ideology is the effort to divert the workers from their class aims by distorting some of the new trends in science and technology. The chief reason for this, evidently, is the bankruptcy of the traditional liberal democratic concepts of the bourgeoisie arising from the deep-seated crisis of bourgeois ideology. With the intense growth of monopoly in the capitalist countries, and with militarism on the rise, and state intervention in the economy becoming the order of the day, it is not so easy now for bourgeois ideologues to boast of "equal opportunity" and "free enterprise." These are giving way to various eclectic concepts designed to adapt the old-time individualism to the possibilities of the "mass civilization," the "technological civilization" implying state management of the economy. More often than not, these concepts take on a frankly élite and utopian complexion. Time was when the bourgeoisie plumed itself on sober thinking. Today bourgeois ideology is busy setting up what may be called an industry of illusions.

Prominent among the latter are those associated with technocracy. The literature on this subject is voluminous. For a brief survey of it, we can turn to *The Rise of Technocrats. A Social History* by Professor Armytage of Sheffield University.* The book examines the sources of the technocratic idea and summarizes the views of its numerous apostles.

In itself the technocracy idea is not, as we know, a new discovery. But of late it has been advanced not as an independent idea, but as an argument in support of the broader idea that socialism and capitalism are bound to draw closer together and of "the desirability of . . . a system of mixed economy and of political pluralism," a point also made by the American writer Daniel Bell.**

This deduction derives from the growing trend towards regulation in the capitalist economy — a trend expected to lead to the end of spontaneous management. More and more bourgeois writers tend to the view that the insufficiently intensive growth of state-regulated

processes in the capitalist countries is explained not by the nature of capitalism but by the slow action of the technocrats stemming from their "underdeveloped skill of persuasion and of lack of keen insight into the ways of men and organizations."

With the idea of a self-regulating, automatic capitalist development shattered and the idea of a regulated capitalism gaining wide currency, bourgeois sociologists seek salvation in the specialists. For the non-Marxist ideologue the growing role of the latter is seen as a sure sign of a capitalist-socialist coming-togetherness.

According to the technocratic sociology, under socialism a hierarchy of specialists has emerged with the expansion of the productive forces. And it is typical of specialists both under socialism and capitalism, the theory runs, that they are so intent on their particular job that they are gradually shedding their ideologies.

The author agrees with Bell, who argues that ideological issues have receded into the background and that the content of the dialogue on communism has been "forgotten by friends and foes alike." Armytage quotes F. Junger, a sociologist, who spoke of "ideology becoming superfluous" because of the changed role of government organization brought about by technocratic influence. For Armytage the Soviet economic reform is a sign of "Russia's acceptance of the technocratic principle."

In short, the array of arguments shared and widely supported by technocratic sociology seems designed to play up the idea that socialist society is drawing closer to capitalist society, that the two are heading towards a single industrial technocratic society. But as we know the social content of the historical process is not by a long way confined to technology; there the social relationships are the key factor.

What are the arguments used in support of the technocratic illusions? The arguments can be broken up into two groups.

The first group takes as its premise the sociology of form, disassembling the content of the social relations between people in the opposed social formations. The trends of the scientific

*London-Toronto 1965.

***The End of Ideology*. Second printing. New York, 1964.

and technological progress are examined in isolation from the social environment. For example, it refers to the growth in the numbers of non-manual workers accompanying the technological progress. This, while true for both socialist and capitalist countries, hardly makes socialism and capitalism identical.

Mention is made of the fact that in building socialism the role of the economic levers assumes a growing importance, and the social problems are approached from a genuinely scientific standpoint. And the inference: socialism is "approximating" to capitalism. But it is pretty clear that these developments, expressions of the creative nature of socialism and furthering its progress, are accelerating its victory over capitalism in the economic competition.

The second group of arguments, somewhat utopian, combines extremes in the most eclectic manner. Technological progress, we are told, heralds a really dramatic future of the world.* On the other hand, we get the essentially utopian view that the technological advance will resolve all the contradictions of capitalism.

It is useful to examine not only the arguments in support of the illusions concerning the technocratic regulation of the social process under capitalism and about the single "operational world" (heading of the end chapter of the Armytage book) in which capitalism and socialism are supposed eventually to fuse. It is also important to see the methods whereby this "truth" is established. The Armytage book is revealing also in this respect.

The author promises in his preface that, in contrast to Marx's "rigid determinism," he will use the method of analyzing "real factors." But that is the sole mention of this "highly objective" method. The author makes no attempt to examine statistical or other factual data. He simply arrives at speculative constructions which he proceeds to confirm by the invariable method of quoting numerous philosophers and "Kremlinologists" (the book contains about a thousand quotes and references of this kind).

Needless to say an "operational world" devoid of any content, a world of sheer form, is illusory and the attempts to conceive "rational" utopias in this age of scientific communism can only be doomed to failure. However, these ideas are interesting politically because they are used in both theoretical arguments and in the political and ideological fight against socialism. Specifically, they are echoed in an article headed "'Socialism' and 'Capitalism': An International Misunderstanding," by R. K. White.**

At a time when millions of people feel deeply about the U.S. aggression in Vietnam, the au-

thor claims that as far as Americans are concerned the United States is no longer a capitalist country. "It is a democratic society, or a free society, more than a capitalist society," he argues, and goes on to query: "Why, then, do tens of hundreds of millions in other countries believe that we are capitalistic villains, or are 'ruled' by capitalist villains?"

White attributes this belief primarily to Communist propaganda "distorting" the realities of capitalist society. He objects to the ignoring of reforms introduced in the United States in 1933.

But neither allusions to semantics nor hypocritical lamentations about "ill-intentioned" propaganda convey an accurate idea of the nature of these reforms. Let the facts speak. How can anyone claim that these reforms have resulted in capitalism becoming a new social system since in 1965 the U.S. monopolies netted \$45,000 million in profits, or four times as much as the annual average during World War II, and since the working people of Italy, for example, will have to pay the owners of electric power companies compensation to the tune of 242,000 million lire for the nationalization effected by that country's bourgeois government, and when 70 to 80 per cent of the wage and salaried workers in Britain, France and Italy are employed in private enterprises?

The improvement in the standard of living won by some sections of the working people in a number of capitalist countries is due not to any generosity on the part of the bourgeoisie but to the grim class battles fought out in these countries. It is hardly accidental that the numbers of workers on strike have doubled during the last decade, reaching 55-57 million a year. The U.S. government, for example, admits that 32 million Americans are still on or below the poverty line. There is also the fact that nowadays the capitalists are compelled to maneuver and on some issues to give way to their working people, by the progress of the Soviet Union and the other socialist countries, which offer the working people a scientifically sound perspective of development.

What the growing role of the technocrats in the capitalist economy really proves is the parasitic nature of private capitalist ownership of the means of production, showing that this private ownership is no longer necessary for the functioning of the social machinery. Nor is that all. No amount of "improving" capitalist society — of government regulation, of a bigger share of state ownership and a bigger role of specialists in the direct functioning of capital — can in itself change the nature of capitalism. But in the long run these trends may ease and facilitate the transition from capitalism to socialism in the developed capitalist countries.

In White's view, the fact that capitalism has undergone qualitative changes is overlooked because of the use of the terms "capitalism" and "socialism." He tries to make this point by referring to the opinion polls held in Britain, France, West Germany and Italy in 1962.

*The sinister Orwellian pessimism is often invoked: "If you want a picture of the future, imagine a boot stamping on a human face—forever." Armytage begins his book with the pathetic remark that just as Laocoon was destroyed by serpents, so society today is threatened by aggressive forces one of which is the "implacable offensive of science."

**Foreign Affairs, January, 1966.

Most people, White maintains, are "democratic socialists." An effort should therefore be made "to avoid needless use of the words socialism and capitalism," he writes, because both "are full of semantic pitfalls" and because the fight is going on between totalitarianism and democracy, not between capitalism and socialism.

The meaning of these semantic gymnastics is obvious — they imply that since socialism cannot be dismissed one should try to reshape it by fusing it eventually with capitalism in a politically loose "industrial technocratic society."

These drifts in the thinking of bourgeois ideologists and politicians may be evidence of a "reappraisal" of their reactionary ideas, or rather of a change of shadings in them. In the past the argument was that all progress under socialism was spurious, that in reality socialism was declining or would do so before long because it could not raise the standard of living. Today the bourgeoisie is readjusting this notion. It no longer rejects socialism out of hand. It admits that socialism is making headway and may soon "draw level with" capitalism. Of course, this Machiavellian admission is aimed at defending capitalism as much as ever. But it shows that some of the anti-socialists are replacing their crude illusion about the imminent collapse of socialism by the illusion that capitalism and socialism will draw closer and subsequently merge. The strategy of "fragmentation" is based also on this idea. It is a striking instance of the pragmatic juggling of

sociologists and politicians of this kind. Some are switching from speculation based on photographs of "rubbish dumps" in socialist cities to speculation on the indisputable achievements of socialism.

The new trends of social development and their reflection in bourgeois ideology have not changed the class character of capitalism, which combats progress by both old and new methods, such as the theory of the "mixed" society which, according to White, is exempt from "capitalist extremism" and which is designed to conceal the irreconcilable class antagonisms. White betrays the political meaning of this theory. "We know," he says, "that, whatever the elements of unwisdom in our foreign policy may be, they reflect the unwisdom of the majority in all classes rather than the excessive power of any one class." But it is precisely the capitalist class that is behind U.S. aggressiveness.

It should be noted that the capitalist war-makers of the USA, the men responsible for the crimes in Vietnam and for the provocations against Cuba, often complain about insufficient support among the American people.

The 23rd Congress of the CPSU stressed that "the aggressive nature of imperialism, and the danger it represents for peace and the freedom and independence of the peoples, has been revealed more strikingly than ever before." Hence an important task of progressive mankind, including all forward-looking men and women in the United States, is to isolate the reactionary elements of the bourgeoisie.

Some problems of the Guatemalan revolution

B. ALVARADO MONSON

THESE NOTES ARE in reply to a request of *World Marxist Review* (*Peace, Freedom and Socialism*) which seeks to reflect the rich and varied experience of the international Communist movement and, in the given case, aspects of the experience of our Party in Guatemala.

Our Party, shedding its shortcomings and weakness, is drawing lessons from the mistakes committed, of which there are quite a few, in order to find our revolutionary way with the help of Marxism-Leninism.

1. STRATEGIC LINE OF THE GUATEMALAN REVOLUTION

BRIEFLY ABOUT OBJECTIVE CONDITIONS . . .

Guatemala is a small semi-feudal and dependent country. The main occupation is coffee growing. About seventy per cent of its population of 4.5 million is engaged in agriculture.

The two basic features of the country's socio-economic structure are:

a) *an unjust system of landownership* under which a small number of landowners own vast tracts of the best land while hundreds of thousands of peasants have no land at all, or at best have tiny plots;

b) *imperialist penetration*, which deforms Guatemala's economy; imperialism controls the basic industries and openly interferes in our internal affairs.

Capitalism is developing in the country: in the towns where the Central American common market has promoted the establishment of mixed enterprises the doors of which are open to U.S. capital; in the countryside, especially on the Pacific coast, where extensive cotton and sugar-cane plantations and cattle ranches are concentrated. Yet semi-feudal production relations are still firmly entrenched.

Guatemala's *urban* working class (numbering about 50,000) is still weak and is concentrated mainly in light industry. It has, however, its militant history, and although some contingents of it hold revolutionary views, it is on the whole poorly organized and its ranks are divided (there are four trade union centers in the country); reformist and opportunist trends prevail in the unions. Revolutionary working-class organizations are suppressed by force. In the south of the country the *agricultural* proletariat, which has demonstrated its revolutionary spirit and which is destined to play an important role in the struggle, is growing in numbers.

The main mass of the *peasantry*, the overwhelming majority of whom are Indians, live in conditions of appalling misery and backwardness. Indians, who constitute 53 per cent of the population and are the direct descendants of the ancient Mayan civilization and the core of the Guatemalan nation, suffer from discrimination and, in effect, are barred from public life. The anti-Communist reactionaries, operating through the landowners and local authorities, rely on the Indian vote in elections. This notwithstanding, the Indians are a powerful potential force of the Guatemalan revolution. They began to be drawn into national life through the agrarian reform introduced by the Arbenz government; today the revolutionary potential of the Indian peasantry is apparent in the areas where the armed struggle is developing. The peasantry as a whole, who live in desperate conditions and who in their time benefited from the agrarian reform (paralyzed by the counter-revolution in 1954), and also the agricultural laborers, are ready for action in the new conditions of today.

The *urban middle sections* in underdeveloped countries such as ours play an important role in national life. Their militant contingents — *students and intellectuals* — are active in the revolutionary struggle.

In keeping with this objective situation the Third Congress of our Party (1960) and subsequent meetings of its Central Committee defined the present stage of the Guatemalan revolution as an *agrarian* and *anti-imperialist* one. The motive forces of this revolution are the workers, peasants and urban middle sections. The documents of our Party note that the alliance of the working class and the peasantry is the social base of the revolution, and stress the *leading* role of the *working class* and the *peasantry* as the *main force* of the revolution.

The revolution's principal enemy is U.S. imperialism which relies on the landlord-bourgeois oligarchy and the military camarilla. The national bourgeoisie is economically weak and has not consolidated itself as a major political force. The experience which it has gained from the Guatemalan revolution, defeated as a result of imperialist intervention, and from the Cuban revolution has accentuated its tendency to compromise with imperialism (which is trying to enlist the support of the national bourgeoisie). This class fears revolution. We want to neutralize it as an intermediate and dual force; we no longer include the national bourgeoisie among the motive forces of the revolution (as we had previously done in the traditional scheme of the "four classes" capable of participating in the revolution in our countries).

THE WAY OF THE GUATEMALAN REVOLUTION AND THE FORMS OF STRUGGLE

One of the main problems confronting us in recent years has been that of finding the concrete and effective way of the Guatemalan revolution.

We think that this is not a tactical question, a simple matter of choosing forms of struggle, which should of course combine a variety of forms and be changed in accordance with the concrete conditions at each given moment, as has been pointed out in the program statements of the international Communist movement and in the documents of our Party.

For us the question of the way of the revolution is a *strategic* one. After having decided on the strategic objective of the given stage of the revolutionary process, it is necessary, in our opinion, to determine the *principal method* of achieving this objective. From this standpoint it is just as important to chart the path of the revolution correctly as it is to reveal its motive forces and the forces on which the main enemy—U.S. imperialism—relies in the country, to show the balance of forces in the country and in the world, and who are our political allies.

It is a question of understanding correctly the objective process, the objective perspectives of developments dictated by objective requirements and the conditions in the country, and not of subjectively "inventing" the way of revo-

lutionary development. It is therefore not so easy to determine the way of the revolution; this requires an examination of the entire historical period, of the contradictions existing in society and of its main trends of development; it requires an exact assessment of the realistic and most probable means whereby these contradictions can be resolved.

The way of the revolution is closely linked with the forms of struggle, but the two are not identical. The forms of struggle change with the changing political situation. However, change in tactics occurs within the framework of the revolutionary process determined by the basic, long-term trends of national development. Although we realize that qualitative changes in the country might, in certain circumstances, alter the way of the revolution, we by no means include among such qualitative changes a change of government through military coups or rigged elections.

The theoretical concept of the peaceful way of the revolution admits of the use of armed force under certain circumstances. This is how we understand the presentation of the question by the Argentine comrades whose slogan, "Through mass action to the conquest of power," expresses their desire to work for the peaceful way in Argentina, but who at the same time indicate that they are prepared to use force should the circumstances make this necessary. On the other hand, peaceful and legal forms can and should be used, whenever this is possible, side by side with armed forms of revolutionary development. This applies to us as well. We aim to use these forms in the present set-up without, however, forgetting that in keeping with the strategic line of our Party the armed struggle is the decisive form.

We believe that the objective conditions exist in Guatemala only for the armed way and that there are also signs of a revolutionary situation needed for beginning the armed struggle. These are: a) considerable aggravation of the crisis in the traditional economic and socio-political structure of the country; b) the difficult conditions of broad sections of the population and no real prospects of improvement; c) crisis of the reactionary power, expressed in the inability of the reactionary forces to maintain a stable government, and in the constant military coups; d) the closing of all avenues of legal political activity to the Left, revolutionary and other democratic forces; systematic repressions against the revolutionary forces; e) as a result of these factors the readiness of considerable sections of the population to take "direct action." This sentiment of the masses manifested itself in the peoples' uprising in March-April 1962, in the appearance of armed forms of struggle, in the widespread sympathy for the revolutionary armed struggle and also in the direct support given the guerrillas in the areas where they are operating.

All this makes it possible to affirm that generally a revolutionary situation exists in Guatemala (which does not mean an immediate

revolutionary situation) similar to the one Lenin spoke of in 1915 when analyzing the situation at the time in the European countries.

If we add to the aforesaid that all the changes effected in the country in the past hundred years or so were the results of armed action, if we bear in mind the practically uninterrupted existence in Guatemala of ruthless dictatorships and numerous military coups, the absence of any democratic and parliamentary traditions, the underdevelopment of public life, i.e., all the features of political life which distinguish our country from, say, the countries of Western Europe, it will become clear that the way of revolutionary force corresponds to the objective conditions of social progress in the country.

The subjective conditions for revolution in Guatemala have not yet fully matured. However, they will develop in the process of the actual struggle. Armed struggle, it is true, cannot be launched unless a *minimum* of subjective conditions exist. But this does not mean that it is necessary to wait until these conditions have *fully matured*. If at the moment of *winning power* it is essential to have full maturity of both the objective and subjective factors of the revolution, this, we believe, is not an absolute must for *beginning the armed struggle*.

The conquest of power is the main issue of any revolution and, consequently, is the ultimate aim of the revolutionary people's war. This does not mean, however, that this is our immediate objective. On the contrary, we are of the opinion that the Guatemalan revolution will be a long process which, as experience shows, will pass through various stages (characteristic of any people's war, although in different countries and in different historical periods these stages have their specific features). The development of this process is connected with the balance of forces on the international arena, and doubly so considering the possibility of direct intervention by U.S. imperialism.

Our struggle is now passing through the stage of so-called *strategic defense* (characterized by the considerable material superiority of the enemy). This, however, is no obstacle to launching a *tactical offensive* which can take the form of limited military operations, or intensified political and organizational work. The development of such work is, in accordance with general experience, characteristic of the present stage of the struggle. In our case it is a question of properly combining organized action and organizational work.

THE ARMED WAY

The most important and difficult thing for us was to explore and define the way of the Guatemalan revolution. This required considerable time and involved heated debates. At first

we confused the problem of the way of the revolution with the forms of struggle, and this retarded our progress. The question was posed in a rather primitive and mechanical way: the alternation of peaceful periods with periods of non-peaceful action. Later, seeking to get rid of this mechanical approach, we thought we had found an easy formula for resolving the problem—a combination of the two ways, preparation in equal measure for both. In practice, however, such a solution is not workable.

Our Third Congress, held illegally in mid-1960, completed the period of reorganization of the Party—six years of arduous underground struggle since the imperialist intervention and the advent of the counter-revolutionary forces to power in 1954. The Congress resolved the cardinal problems of our Party's development and became a landmark in its history. But for all that, it could not provide a clearcut definition of the path of the revolution. This was one of its shortcomings.

At the time we confined ourselves to declaring our readiness to use diverse forms of struggle depending upon the conditions at the particular moment, "readiness to use any form of struggle which accords with the concrete situation." "Our Party," the Congress resolution declared, "holds that it would be wrong to adopt any one form of struggle to the exclusion of all others. It is imperative to learn to combine all forms in order to make use of all opportunities that might arise in different situations."

While mechanically repeating such theses we took no action to carry out these conclusions. In the meantime diverse forms of armed struggle had already appeared. *Outside* our Party democratic organizations came into being which made it their aim to reply with violence to the violence of reaction. Some of these organizations won prestige among the people who saw in their activities the best answer to the counter-revolutionary terror.

One of these organizations was the Revolutionary November 13 Movement which consisted of young army officers who, after the failure of the military uprising in 1960, continued the armed struggle against the government. (Subsequently our Party worked together with this organization until the latter fell into the hands of the group of Trotskyites, splitters and provocateurs. This gravely affected not only the fight for unity among the revolutionary forces but also the progress of the armed struggle itself. Since then the Trotskyites have exposed themselves and recently were expelled from the organization. This has made joint work with the November 13 Movement possible. But this is not to say that the political and ideological struggle against Trotskyite positions will cease.)

The events of March-April 1962, which we consider a "revolutionary turning point," were a continuation of this process. Beginning with

student actions and protests against the rigging of elections, these events developed into a veritable popular insurrection. The reactionary government was shaken. Armed struggle became the order of the day. The people were unarmed, but on their own initiative they sought and found means of resisting the repressive forces and the army. Our Party together with other groups hastily formed a guerrilla force. But, because of the haste, mistakes of a political and military nature were committed. The government troops managed to trap the guerrilla force in the area of Concuca (Baja-Verapas State). Nearly half of the force, mostly members of our Party, were put to death.

The people were unable to overthrow the regime of Ydigoras Fuentes, rotten though it was. But neither was the anti-Communist reaction able to destroy the popular forces.

Summing up this struggle, our Party self-critically examined its shortcomings.

The experience of this action showed that the democratic and revolutionary organizations lagged behind the masses. Our Party was unable to control the movement and give it proper guidance. We realized that it was not enough to repeat the thesis that we are ready to use diverse forms of struggle; what was needed was serious preparation, all the more so since our Party, at a meeting of the Central Committee in May 1961, proceeding from an analysis of the situation in the country, had decided that "the conditions do not exist in Guatemala today for peaceful action to remove the reactionaries from power and, consequently, for the peaceful development of the revolution."

These conclusions and even more so the harsh reality compelled our Party to embark on the difficult path of armed struggle. But owing to lack of experience and uncertainty as to the correctness of the path chosen, we were poorly prepared and had to pay for our past mistakes.

When the military coup took place in 1963, there were already several combat units in the mountains, and also in the capital. This enabled the people to carry on the struggle against one of the most savage dictatorships in the history of our country.

Brutal repressions against the trade union and peasant movements hindered the work of the legal organizations. The counter-revolutionary terror impelled the popular forces towards the armed forms of revolutionary action. However, regardless of our efforts to keep pace with developments in the matter of promoting revolutionary armed action, combining different forms of struggle, our Party lacked clarity on the general laws and specific features of this struggle.

A sharp ideological discussion was underway in the Party when the Central Committee met in March 1965 to sum up the debate concerning the path of the revolution. The meeting underscored that orientation on armed struggle was an inseparable component of the Party's strategy and, proceeding from the general laws

governing people's wars and the concrete conditions in the country, pointed to the specific features of this struggle in our country.

The Central Committee advanced the thesis that in Guatemala the development of the revolution through armed struggle will take the form of "a revolutionary people's war and not a brief armed insurrection or the creation of pockets of guerrilla resistance with no prospect of further development of the war. . . . A revolutionary people's war presupposes the existence of definite conditions which mature as the war develops and make it possible organizationally, politically and militarily to prepare the popular forces for the eventual uprising and victory." Further, the resolution points to two features of armed struggle in our country: a) the *protracted* nature of the war which will pass through successive stages, and b) the *popular* character of the war, which the people, conscious of the justice of the cause, will increasingly support and gradually join.

Clearly, victory in an armed struggle cannot be won without the support of the masses. Clearly, a revolution developing along lines which do not find a response among the masses and are not wholeheartedly supported by the working people cannot triumph. Hence for us the dilemma; "armed struggle or mass struggle" is meaningless.

The armed way of the revolution now favored by the people will lead to victory only if it is effectively supported by the masses.

The long discussion in the Party concerning the road of our revolution, a discussion conducted against the background of major mass actions and armed battles, testifies to the efforts of the Guatemalan Communists to obtain a deeper understanding of our national realities and to master the Marxist-Leninist method. The stimulus to this discussion was given mainly by the problems of our *national* life and the *internal development of our Party*, but this does not mean that we did not take into account the rich experience of the international Communist and revolutionary movement or that the momentous developments in the world found no reflection in our debate. For one thing, it is clear that one cannot speak of the development of revolution in any Latin American country without studying and taking into account the wealth of experience of the Cuban revolution which seven years ago gave a powerful impetus to a new wave of revolutionary struggle throughout our continent and which, representing today too the vanguard of this struggle, is a factor exerting a strong influence on all aspects of the Latin American revolutionary process.

WE ARE PART OF THE CONTINENTAL REVOLUTION

We greatly appreciate the support given to our struggle and the much needed solidarity shown us. At the same time, however, we know that doubts and apprehensions are being

voiced as regards our general line. We are aware of the magnitude of the responsibility which this line imposes on us; we know that in the final analysis the Guatemalan revolution is a component of the Latin American revolution, that its destiny cannot be divorced from the world balance of forces (this, incidentally, applies in our time to all genuine revolutions). But our basic premise is that it is for the people of each country to define the way of their revolution. We believe that the people and their vanguard, the Marxist-Leninist party, must find their own path of revolution.

Latin America today is experiencing a powerful revolutionary upsurge. It is rising to full stature and fighting to assert itself, to make its contribution to the cause of the world revolution of which its struggles too are a part. We are confident that the characteristic features of our people will find expression in this struggle, and that the road of revolution which sooner or later will lead it to victory will follow no stereotyped pattern.

The revolution will unfold itself and forge ahead in diverse forms and by diverse means. This is evident from the victorious march of the Cuban revolution, the heroic struggle of the people of the Dominican Republic against U.S. intervention, and the struggle waged by the workers, peasants and other sections of the population in the other countries of our continent, each in its own way.

We are aware not only of the similarities between us and the other Latin American countries but also of the differences between the conditions in which we work. The specific national conditions, historical traditions and concrete situations in the different countries lay their imprint on each national revolutionary process. But at the same time we hold that our countries, linked as they are by common historical, economic and cultural features, and faced with a common immediate enemy—U.S. imperialism which oppresses and exploits our peoples and supports the local oligarchy and military cliques—cannot but seek cooperation and active solidarity among their revolutionary movements. To take the contrary stand would mean closing one's eyes to reality and renouncing the principles of international proletarian solidarity.

The conference of the Asian, African and Latin American peoples held last January in Cuba, even though it gave rise to a number of problems, opened the way to such cooperation, to fruitful exchange of experience and greater cohesion among the revolutionary organizations and movements. The Communist and Workers' parties can play an important role in this respect. Our Party, for one, is working in this direction.

As regards the armed struggle developing latterly in several countries of our continent, it should be noted without making any hasty

generalizations that in countries like Venezuela, Colombia and Guatemala, where for various reasons the Marxist-Leninist parties of the working class are taking a direct part in the armed actions, the most frenzied attacks by the enemy have failed to suppress this struggle.

True, there have been serious setbacks and a high price has had to be paid for embarking on the road we have taken. But on the whole, the shortcomings and mistakes notwithstanding, the results to date testify to the consolidation and further development of this form of struggle in conformity with the specific features of each country. Sooner or later these battles will lead to victory and give a powerful impulse to the continental revolution. Developments may necessitate changes in the course of this struggle, and the parties will make these changes when necessary, but the fact remains—and we wish to emphasize this—that although the armed struggle in the above-mentioned countries has been going on for several years the enemy has failed to crush it.

Moreover, there is the experience of the armed struggle waged by the Dominican people, a struggle which traversed in a few days a path which in other conditions might have required years and developed into a frontal armed clash with the U.S. forces of intervention. If we bear in mind the experience of the Cuban revolution which triumphed some years earlier, it is obvious that the revolutionary armed struggle in Latin America is so far developing mainly in the Caribbean area.

The revolutionary struggle in the southern part of the continent and in Brazil, which is a continent in itself, has so far taken a different course. In some of these countries capitalist relations are relatively highly developed, there exists a stronger and bigger working class, and they also have Communist parties enjoying much influence among the masses. Owing to these circumstances the non-violent and legal forms of struggle predominate in these countries.

Although the revolutionary struggle takes a diversity of forms, the "Latin American revolution in our time is basically united," as Rodney Arismendi, First Secretary of the Communist Party of Uruguay, pointed out. When we speak of the main problems of *our* revolution we cannot ignore the continental problems of Latin America which impinge on us as our own.

Poverty, exploitation and plunder by U.S. imperialism and their concomitants—disease, malnutrition, illiteracy, discrimination against millions of Indians, Negroes and half-castes, the strangulation and deformation of our economy, ruthless trampling on our national sovereignty by the common enemy—all this adds up to a situation tragic but charged with powerful revolutionary potential, which Fidel Castro so cogently described in the Second Havana Declaration.

2. IDEOLOGICAL STRUGGLE IN OUR PARTY

DISCUSSION NOT DISCIPLINARY MEASURES

In our inner-Party life the past period has been marked by a sharp ideological controversy in the course of which different views have been voiced and different approaches put forward to the question of the prospective paths of the revolutionary struggle in our country.

Although at times this battle of principles bore traces of factionalism, by and large it was consummated in the spirit of unity. Preference was given to political and ideological discussion rather than to the organizational and disciplinary measures which some comrades advocated; the basic purpose of the debate was a search for concrete solutions to the problems posed by the upsurge of the revolutionary struggle.

The whole Party and the youth organization were involved in this discussion, which was touched off by the deepening of the national crisis impinging objectively, though in different ways, both on the camp of the counter-revolution and on the camp of the popular forces. Underlying the debate was the revolutionary turning point reached in our country as could be clearly seen after March-April 1962, the weaknesses in the work of the Party and, in particular, of its leadership, the consequences of the defeat suffered in 1954 which the Party has not yet studied in detail, and which are being misrepresented by its enemies especially as regards the role of the Party in the events in question. Another factor giving rise to the discussion was the inadequate methods of our work which led to bureaucracy and routine in the Party. Needless to say, the discussion was also influenced by the contradictions in the international Communist movement, as well as the Cuban revolution, the valuable experience of which was not always assimilated critically in the light of the conditions in our country.

The Central Committee resolution on organizational questions defined the sources of the internal differences as follows:

"As regards ideological differences we must above all reveal their class roots, although they may spring from ideological sources and even be the result of external ideological influence, for we are aware of the contradictory trends manifested in the international Communist movement today.

"Apart from the responsibility devolving on the leadership of the Party, on its functionaries, the objective source of the weaknesses and shortcomings in the Party, as was made amply clear at a previous meeting of the Central Committee, is the insufficient maturity of the proletariat in our country. Both conservatism and 'left' trends stem from the vacillation and instability of the petty-bourgeoisie, the percen-

tage of those belonging to this class being fairly high in the Party.

"It should be borne in mind that 'left' tendencies of a petty-bourgeois nature have their social base in the plight of the poor peasants. This circumstance makes for the growth of sectarian trends, all the more so since the working class is passing through a period of passivity and to some extent is affected by the reformism in the trade union movement."

The Central Committee examined the situation in a spirit of self-criticism, analyzed our weaknesses and decided to channel the discussion along lines making for unity in the Party on the basis of the principles of Marxism-Leninism and the practical needs of the Guatemalan revolution.

The dangers threatening the unity of the Party were revealed: the 'left' danger, on the one hand, and the danger of conservatism, on the other.

The 'left' danger, the danger of 'left' radi-claims, which finds soil also in the acceleration of the revolutionary process itself, arose along with a powerful striving toward change, with the entry of new forces into the revolutionary struggle. The latter, who contributed much to the struggle, brought with them also a tendency to "skip stages," to rely solely on the vanguard and to underestimate the need to build a united front. They insisted solely on armed struggle, underestimating other forms as well as the role of the working class and its Party. Had this trend gained the upper hand we clearly would have succumbed to sheer adventurism.

But the greatest danger at this time was that of conservatism whose advocates clung to the old forms of struggle and organization, oblivious of the changes that had taken place in the objective situation. They underestimated the new impulses to revolutionary struggle and the new forces which entered the scene in the course of this struggle. This position stemmed from old tactical patterns and resulted in resistance to new forms of struggle and organization, opposition to the decisions of the Central Committee meetings following the Third Congress of the Party, decisions which envisaged armed struggle as the path of the Guatemalan revolution.

Had this trend triumphed we would have been in danger of being isolated from the revolutionary masses and from the principal revolutionary struggles underway today. In this case the Party would have become a narrow sect of propagandists of Marxism-Leninism working outside the mainstream of day-to-day actions of the masses and their vital problems. The adherents of this trend played a useful role in defending the Party against unjustified attacks on its past, but while propounding the view that the Party must play the leading role in the struggle they in effect hindered it from becoming the leader of the revolution through working among the masses and thus gaining

recognition of its leading role in the actual course of the struggle.

To restore Party discipline, these comrades advocated above all, organizational measures and not ideological and political discussion. They failed to see that the elements of anarchy and disorder in our ranks at that time—caused by organizational readjustments and also by the development of the discussion itself—stemmed primarily from the very evolution of the revolutionary struggle. Our practical experience bore out what Lenin said on this score: "Every new form of struggle, accompanied as it is by new dangers and new sacrifices, inevitably 'disorganizes' organizations which are unprepared for this new form of struggle. . . . Every military action in any war to a certain extent disorganizes the ranks of the fighters. But this does not mean that one must not fight. It means that one must *learn* to fight. Just that."

Conservatism was the biggest danger primarily because in one way or another the entire Party, from top to bottom, was permeated by a spirit of dogmatism, by a predilection for traditional forms of work which prevented us from correctly appraising the new problems of the revolution.

The national conference held last February in preparation for the Fourth Congress discussed the problems of unity and Party leadership, and noted the existence in the Party of the two dangerous trends and rejected both. On the other hand, it stressed the need for greater unity in the Party to enhance its role in the revolutionary process. The conference reaffirmed the non-peaceful way of our revolution as the keystone of strategy and pointed to the need to unite all forces, to rally them for a concerted blow against the common enemy, and to use diverse forms of struggle within the overall framework of the non-peaceful way of the revolution. The conference declared for the unity of the international Communist movement on the basis of its program declarations.

IN THE SPIRIT OF CRITICISM AND SELF-CRITICISM

The spirit of criticism and self-criticism was a feature of the national conference which summed up the work of the Central Committee, noting its positive aspects as well as its weaknesses. It went on record that although the Central Committee elected at the Third Congress was adequate to the conditions and the level of the Party at that time, the present conditions necessitate changes in its composition.

Ineffective methods of leadership which weakened the link between the top committees and the branches and the contact between the Party and the masses were criticized. While bearing in mind that observance of the rules of illegal work was more important than ever, livelier and bolder methods of work were proposed. The question was raised of the need to put an end to the artificial discrepancy be-

tween political work and military work which had caused distortions in both spheres. The conference called for an end to stereotyped procedures, for closer contact with the masses and, above all, urged that diverse forms of struggle, especially military science and the art of waging war in which we still lag, be mastered at all levels.

At the same time the Party leadership, while self-critically recognizing its shortcomings, resolutely rebuffed the exaggerations and distortions contained in the criticism which could only help the Trotskyites in their fight against the Party. The composition of the Central Committee was partly renewed; comrades who for various reasons could not fully devote themselves to the complex and difficult tasks posed by the revolution were replaced by new Party and Youth Organization cadres who had already proved themselves at the most responsible sectors of the struggle.

The national conference was guided by Lenin's counsel; "A political party's attitude towards its own mistakes is one of the most important and surest ways of judging how earnest the party is and how it fulfils in practice its obligations towards its *class* and the *working people*."

We cherish no illusions that all the problems connected with the inner-Party struggle have been solved. On the contrary, we believe that the struggle will continue. The important thing is that the Conference created the conditions for this struggle to develop in a Communist spirit, in keeping with the standards of Party life.

SOME ORGANIZATIONAL QUESTIONS

The national conference confirmed the resolution passed by the CC in May 1965, which contained "Ten Theses on Organizational Questions." The "Theses" introduced certain changes in the structure of the Party and the Communist Youth Organization to facilitate their work in the area of armed struggle, and formulated the Party concept of the Insurgent Armed Forces (IAF)

The "Theses," the result of long discussions, showed that our traditional organizational structure no longer answered to the needs of the new conditions. The new forms of struggle call for new organizational forms. The important thing is to adhere to the basic Leninist principles concerning the Party and to adapt them to the needs of the struggle. On the other hand, it is necessary to search for new organizational forms making it easier to bring the masses into revolutionary activity. The "Theses" quote Lenin on the Russian Social Democrats' organizational experience: "This organization, while preserving its basic type, has been able to adapt *its form* to the changing conditions, has been able to vary that *form* to meet the requirements of the moment . . ."

The changed structure does not affect the

overall concept of the Party as vanguard of the working class. However, its organizational forms now will be more closely linked with the task of waging the armed struggle. The Party committees which had no direct tasks of organizing the armed struggle or of working among the masses, have been reorganized accordingly, and regional Party committees have been set up on the same principle. On this principle, too, we have set about reorganizing the Party and the Communist Youth Organization.

Concerning the Insurgent Armed Forces, previously there was no clear understanding of their nature. They were understood either as a united front organization in which the Communists cooperate with other political forces, or as an offshoot of our Party, or as a purely military organization. We see the IAF as a relatively broad military and political organization in which our Party must play the key role. It is a broad-based organization having, however, a consistently revolutionary leadership. It is an organization that must directly carry on the armed struggle under the leadership of the Party and of other revolutionaries who, while not being Party members, accept the basic precepts of Marxism-Leninism.

In our conditions there was a need for an organization which would make it easier to bring large segments of the population, particularly peasants, into various forms of the armed struggle. Our Party could not be such an organization because, adhering to definite standards and the principle of selection, it tries to recruit members among the best revolutionary fighters in every field. It cannot admit into its ranks the whole mass of revolutionary people whose vanguard it is. Nor could it be an organization of the traditional united front type through which it is possible and necessary to seek unity of action with the most diverse democratic forces which at the moment are coming out against the enemy but whose fundamental position on the revolution differs from ours. (The Party reaffirms the necessity for establishing a broad united front that would rally all forces against the chief enemy.)

The "Theses" describe the IAF as follows: "If we want the revolution to stay on the road it is taking today, if we want to further the revolutionary people's war, it is not enough to have the organized vanguard of the proletariat, the Marxist-Leninist party, on the one hand, and a broad, loose movement with no set limits, on the other. In this situation a vacuum occurs in the organizational structure of the revolutionary forces, a vacuum which in a different situation was filled by definite class and mass organizations not meeting, however, the main requirements of the present struggle. This vacuum must be filled by a broader organization than the Party but one that is solid, disciplined and sufficiently organized to bear the burden of revolutionary war. What we mean is not an organization parallel to the Party but an organization that

would center, so to speak, around our Party. In that case the task of the united front, that is, of the system of alliances and agreements with various forces, would still be to unite the entire revolutionary, democratic and anti-imperialist movement."

From the class standpoint we regard the IAF as the organizational expression of the worker-peasant alliance. The "Theses" supply ample evidence of why this is so in our conditions. In practice, large sections of the peasantry participate in the armed fight not directly through the Party but through the IAF. Our experience shows that this is the approach that has enabled us to make headway.

3. THE PRESENT SITUATION AND THE PROSPECTS

On July 1 last Julio Cesar Mendes Montenegro, the opposition candidate in the March 6 elections, took office as President of the Republic.

The military dictatorship, anxious to "legalize" itself, staged the elections solely for this purpose. It completely barred from the election campaign the entire Left and even a section of the Center, including the Christian Democrats, and nominated a colonel as its candidate. Another candidate, the former Army Chief of Staff, was put forward by the most aggressive anti-Communist faction. Montenegro, backed by the so-called Revolutionary Party (RP), which is committed to anti-communism, could not be eliminated because the RP had reached a broad agreement with the dictatorship after the military coup. This circumstance helped to register Montenegro as a candidate.

Montenegro, a well-known educationalist, had been out of politics for some time. Known for his democratic sympathies, he took advantage of the widespread discontent and campaigned against the military dictatorship, a step which won him support in university circles and among the people generally.

Our Party and the IAF denounced the electoral farce and took a stand against it. They stressed that armed struggle was the way to remove the counter-revolutionary forces from power and to accomplish an agrarian and anti-imperialist revolution that would open up before our country the prospect of socialism. At the same time, in view of the need to deepen the antagonisms among the rulers and to restrict the political and social base of the dictatorship, the revolutionaries called on the masses to vote for Montenegro without, however, entering into any alliances or committing themselves in any other way. As a result, Montenegro won the election.

Thereupon one of the Army groupings planned a coup to nullify the election results. But the U.S. Embassy, fearing that the tension in the country might, in the event of a coup, lead to a popular outbreak brought direct pressure to bear on the Army. In these circumstances

another military grouping, headed by Peralta Azurdia, preferred to acknowledge Montenegro's victory and to hand him the Presidency—meaning the office and not the power that goes with it—on definite terms. The more important of these terms were: unrelentingly to continue the fight against the Communists and guerrillas, to refrain from making any changes in the Army and from abolishing the reactionary Constitution adopted by the dictatorship.

On this basis—in a most unenviable position, for he was under the pressure from the people and the revolutionary forces, on the one hand, and the Army and the U.S. Embassy, on the other—Montenegro became President.

Some revolutionaries who take a one-sided view of the revolutionary struggle attached no importance to the electoral reverse suffered by the military dictatorship. Others found themselves under the spell of illusions and wondered whether the situation did not call for a revision of our strategy in view of certain features and promises of the new government.

Our view on this matter is as follows:

The general line of the Party derives not from the appraisal of a definite political situation but from an analysis of the continuing processes and imperatives of national development, such as the grave socio-economic crisis, the necessity for revolutionary changes as a way out of the crisis, and the traditions of the historical development of Guatemalan society. It is this analysis that enables us to say that at the present stage the agrarian and anti-imperialist revolution in Guatemala can take no other way except that of armed struggle.

Montenegro's victory does not refute the fundamental conclusions of our Party because, among other things, it has in effect led to no appreciable shift in the balance of class forces. By virtue of his political doctrine and his class limitations, and also because of the conditions in which he has taken office, Montenegro cannot, even if he wanted to do so, carry out the revolutionary changes needed by the country and demanded by the people. In the long view it was the armed struggle that defeated the military dictatorship in the elections, and it is the only guarantee that the aspirations of the workers and peasants will be taken into account also in the future rather than being ignored with impunity.

The resolution passed by the Central Committee on June 10 last analyzed the situation in the country and the victory of the candidate of the intermediate force, the RP. It says: "An intermediate force is wedging itself into the revolutionary process. Its role consists in the effort to come to power by taking advantage of the revolutionary ferment, the aim being, however, not to carry forward the revolution but to block and prevent it." The resolution points to the internal contradictions in the RP, in which the anti-Communist clique plays the key role.

The present government is under heavy pressure from the U.S. imperialists and the Army.

The threat of a new military coup is real. Should the President yield to this pressure, he will become a mere puppet of the brasshats and the imperialists. If, on the other hand, he adopts a dignified attitude and succeeds in retaining his post, which is not very likely, he can do so only by drawing on popular support. This support would come if serious revolutionary measures were taken, such as would be backed by the people *and by militant action on the part of the revolutionary forces*. It follows that whatever turn developments may take, *there would be no justification for the discontinuance of the armed struggle*, whose consolidation has claimed so much sacrifice.

It is essential to ascertain the class content of the changes in the government. The RP expresses the interests of definite groups of the bourgeoisie and of the petty bourgeoisie. But since it is anti-Communist, and since it depends on imperialist quarters and gives in to military coups, its policy may be said not to differ, in the final analysis, from that of the exploiting and ruling classes as a whole.

"Thus," we read in the Central Committee resolution, "while there has been a relative shift in the alignment of the social forces in power, the chief enemy will continue to be represented in the government and will in any event play the dominant role." And later on the resolution says: "The new government will be a new form used by the imperialists. It will resort to two devices: violence and pressure, on the one hand, and demagoguery and a minimum of reform, on the other. Besides, it will be unstable and weak, for it will not enjoy real support either on the part of the masses, whose demands it will be unable to meet, of those segments of the bourgeois and landowner oligarchy that wield a certain influence and distrust the government, or of the working-class, peasant and other mass organizations which are weak and small. The government will lack real support also on the part of the Army and the more aggressive reactionary groups, which will plot to carry out a coup."

The decision to continue the armed struggle does not imply that Guatemalans will not use every possible form and means of struggle to achieve and maintain their rights. At the moment there undoubtedly are some opportunities for a certain uptrend in the political and social struggle, opportunities which if utilized will make it easier to combine various tactical methods in the best possible way within the bounds of the strategic course set. It is in this context, by carrying forward the armed struggle in the new conditions, that we must simultaneously develop open struggle by the masses, advancing the more pressing economic and social demands of the workers, peasants and other sections of the people. In this way we will help the present rapid development of the class struggle in Guatemala to manifest itself in the broadest and most consummate form. All this will enable us to combine action with organizing and political work.

A PERIOD OF GREAT REVOLUTIONARY CHANGE

We have said that the Guatemalan people's struggle is a component of the great revolutionary battles now shaking the American continent.

Under the impact of the new upsurge of the national liberation movement which is weakening and destroying the position of colonialism and neo-colonialism, Asian, African and Latin American nations are joining in new battles. The working class of the capitalist countries is stepping up its fight against the monopolies and the bourgeoisie. The contradictions inherent in the imperialist system are becoming aggravated, with the result that the positions of imperialism in various parts of the globe are weakening. The U.S. imperialists use neo-colonialist methods to protect and extend their economic, political and military interests in Latin America and to take over the positions once held by the former colonial empires in Asia and Africa; nor are they deterred by the hazard of nuclear disaster. Evidence of this is the continual provocations against socialist Cuba, the occupation of the Dominican Republic, and the criminal escalation aimed at breaking the resistance of the Vietnamese people. Coming up against powerful popular resistance, imperialism reveals its aggressive nature and betrays its despair. The people of Vietnam furnish a remarkable example of what the people can do when they are resolved to be free and are certain of victory.

The socialist world headed by the Soviet

Union is making progress in every sphere. It is a force accelerating historical development. Of course, the new society is not being built in an idyllic and euphoric atmosphere but in constant struggles against imperialism and survivals of the past, in creative effort directed toward solving the riddles of nature, of the atom and outer space, towards dealing in a new way with the new problems posed by the economic and social development of the socialist system. This, as we see it, is the substance of the changes in economic management decided on by the 23rd Congress of the CPSU, and of the other socio-economic measures now being effected in other socialist countries.

The general transition from capitalism to socialism which is typical of our time is not taking place in an atmosphere of serenity or according to artificial patterns but is accompanied by a sharp and complicated struggle in the course of which different contradictions are settled in different ways, the depth and genuinely scientific character of Marxism-Leninism manifesting itself with increasing force in the process.

Next year there will be celebrations on the occasion of the 50th anniversary of the Great October Revolution, the most radical change in the history of society. In our country, this event can best be celebrated by strengthening and building up the party of Communists—the Guatemalan Party of Labor—in the conditions of the new struggle in which Lenin's ideas are being translated into reality.

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Perspectives of cooperation and unity of the progressive forces in the Arab countries

LOTFI EL-KHOLI*

NEW TRENDS have appeared recently in political life in the Arab countries which we think should be examined and studied. Not least of these is the keenness of progressive forces to cooperate with one another, to achieve unity of action in the fight against imperialism, neo-colonialism and the reactionary Arab forces, especially against feudalism and big capital.

The desire for cooperation is manifested, in particular, in the establishment of contacts between the various anti-imperialist trends, parties and organizations, in interchange of views on the pressing issues of the Arab revolutionary movement. Important in this connection was the recent meeting in Cairo, on the occasion of the 14th anniversary of the Egyptian revolution, of representatives of different progressive organizations and of leaders of the revolutionary movement in the Arab world. A feature of the meeting was a frank and constructive discussion on issues of the Arab revolutionary movement, including unity between progressives, a point which President Nasser has repeatedly stressed. The discussion showed that all movements, organizations and revolutionary parties in the Arab world are anxious to establish unity.

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This desire for unity is dictated primarily by the fundamental changes that have taken place in the Arab national-liberation movement in recent years and by the experience gained during these years.

The revolutionary movement in the Arab world has reached a new stage of maturity. The fight for complete national liberation is, increasingly, becoming part of the fight for economic and social liberation, the fight to preserve

political independence, to develop the national economy in face of the repeated attempts by the imperialists and neo-colonialists to regain their lost economic positions. A big task, therefore, is to carry out radical socio-economic reforms in the interests of the masses.

The fight for economic independence and socio-economic reforms leads inevitably, as the experience of the United Arab Republic has shown in particular, to the break-up of the former social structure of society, to ending the hegemony of the feudal lords and big bourgeoisie and other exploiters, all of whom resist the drive for social and economic progress; to rejecting the capitalist way and turning to the socialist way. Consistent and steady development of the national revolution can impart to it in the present international situation a socialist content.

This perspective, understandably, confronts the revolutionary forces with new problems, and in particular with the question: how far is it possible to go towards socialism in a society where the working class, whose mission is to ensure this advance, has not yet for a whole variety of reasons developed sufficiently politically and organizationally to become the leading class. If we look at this question from the standpoint of the evolution of Egyptian society since the revolution of July 23, 1952, we will see that up to now the revolution in the direction of socialism has developed not so much on the working class becoming the leading force as on social necessity connected with consolidating and upholding the national gains against imperialism and neocolonialism.

This does not imply any denial of the fact that with industrialization and the general economic advance the working class will play an increasingly important role in shaping the destinies of nations; we merely note that at

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present the leading role in the UAR belongs rather to the national-revolutionary leadership which pursues a policy aimed at extending the socio-economic changes, and at upholding the interests of the masses.

In the complex political situation existing in the Arab world the matter of the different revolutionary parties and organizations holding views on the role of the working class and other social classes and sections in the national-liberation and social revolution should not, in our view, be an obstacle to cooperation and united action by all progressives in the fight against the common enemy—imperialism. If the drive of the imperialists and the reactionaries is to be repelled it is essential to unite the efforts of all the social and political forces acting in the name of progress, no matter how heterogeneous these forces may be in social structure and no matter what place they occupy in the revolutionary movement. This mobilization might take different forms, depending on the concrete conditions and on the balance of class forces in the Arab countries concerned. In the UAR, for example, it is being effected by uniting in a single big political organization — the Arab Socialist Union (ASU) — representatives of all the classes and sections standing for national regeneration.

The Arab Socialist Union includes workers, peasants, intellectuals, soldiers and some sections of the national bourgeoisie. But the leading positions in the Union, at least fifty per cent of them, are held by workers and peasants — the main force of the revolutionary movement. At the same time within the Union a revolutionary vanguard party is being formed, consisting entirely of socialists who support the National Charter and who are imbued with the ideas of scientific socialism. The mission of this vanguard party is to lead the Arab Socialist Union and the entire people to socialism. Thus, national unity in the UAR, effected under the leadership of the vanguard party, rests primarily on an alliance of workers, peasants and revolutionary intelligentsia, i.e., on the social classes and sections occupying the central place in social production and upon whom, by virtue of this, increasing responsibility will rest as the economy develops and social reforms are introduced.

A feature of the development of the Arab national liberation movement in recent years is the growing differentiation between classes and political forces. The big bourgeoisie and other privileged classes and sections whose interests were upheld and supported in the first stage of the revolution, are gradually withdrawing from the revolutionary way as the revolution spreads and deepens, being concerned with their own narrow interests rather than with those of the nation; at the same time, larger numbers of working people in town and country, becoming conscious of the need for consistent socio-economic reforms, are being drawn into the revolutionary process. The advance of the working people to the forefront of the fight for na-

tional regeneration is meeting with the bitter resistance of the feudal lords and other of the old privileged classes, often leading to sharp class clashes and conflicts.

A case in point were the events last May in the village of Kamshish where agents of the feudals assassinated a member of the Arab Socialist Union who had defended the interests of the fellahs. The events in Kamshish had been preceded by government measures confiscating all land-holdings in excess of 100 feddans (105 acres) without compensation. The Kamshish events were followed by new government measures to further restrict the influence of the feudals and parasitic capitalists who still carried on after the land reforms of 1952 and 1964, and also the influence of wholesale traders and big sub-contractors. At the same time, action was taken to extend and strengthen the cooperative movement among the peasants; agricultural laborers' trade unions were formed for the first time. In the towns the trade unions joined by more and more workers have a say in the management of the state-owned enterprises.

Although in a way the exacerbation of social contradictions, the inevitable consequence of the polarization of class and political forces, jeopardizes the unity of the masses and political organization of the vanguard, it nevertheless makes for the consolidation and cooperation of broad social sections in the social reconstruction of society. It is characteristic that precisely now when the mass base of the revolution is steadily expanding, the demand for social changes, for socialist objectives is being advanced by numerous patriots and revolutionaries who include not only Marxists, but also representatives of the intelligentsia and other non-proletarian strata. In the light of the main trend of our times — the steady change in the balance of political forces in favor of socialism on the international arena — it is now possible, we believe, to begin to effect radical socio-economic changes in the direction of socialism at a time when consistent realization of these changes becomes the affair not only of the working class but of all classes aspiring to national regeneration and social progress.

Of course, the United Arab Republic and the other independent Arab countries which have set themselves socialist goals, have their specific historical and national features, distinct from those of the countries of the socialist world system. But this circumstance is not an obstacle to establishing and extending friendly relations and cooperation with the socialist countries, based on mutual benefit, non-interference in internal affairs and respect for national sovereignty. And while this socialist trend may not be part of the international communist movement, it can be affirmed that it rejects the policy of anti-communism, for the danger to the Arab countries lies not in communism but in imperialism.

A whole series of successes of the Arab revo-

lutionary movement has caused alarm and fear among the imperialists and among reactionaries in the Arab world. In order somehow to arrest and halt the further growth of the revolutionary movement the imperialists have of late stepped up their interference in the internal affairs of the Arab countries. Their offensive is part and parcel of the imperialist policy of aggression and open intervention pursued by the imperialists in the "third world" and most glaringly evident in the U.S. war in Vietnam, in the events in Indonesia, in the intervention against the Dominican Republic, and in the counter-revolutionary coup in Ghana.

The growing activity of the imperialist and reactionary forces in the Arab countries is clearly reflected in the attempts to form another imperialist bloc in the shape of the so-called Islamic Pact. The main blow of the imperialists and their henchmen in the Arab world is directed against the United Arab Republic which is in the van of the Arab revolutionary movement, against the Syrian Arab Republic and against other countries with progressive regimes. The sponsors of the Islamic Pact — reactionaries in Saudi Arabia and in Iran backed by the imperialists of the USA, Britain and West Germany — hope that this new imperialist bloc will make it possible for them to undermine the progressive regimes in the newly-free Arab countries through coups and acts of aggression, prevent the spread of the ideas of social progress and socialism and, ultimately, to deliver a decisive blow at the UAR and the entire Arab revolutionary movement.

Thus, both the internal requirements of further development of the Arab revolutionary movement at the present stage, which arise from the pronounced tendency of the anti-imperialist, national-liberation revolution to grow into a social revolution, and the external conditions associated with the growing subversion of the imperialists confront all progressive forces with the basic and urgent task of consolidating their ranks and achieving unity in action in order to repel the offensive of imperialism and uphold the historic gains of the Arab peoples. It would not be an exaggeration to say that the entire further development of the Arab revolution with its liberatory and socialist perspective — the perspective of completely defeating the reactionary and imperialist forces in this area — depends in large measure on united action by the progressives.

* * *

Success in achieving unity of the progressive forces is closely linked with the elaboration of a political and organizational platform. What should be the basis for cooperation? What forms and methods are most acceptable for the creation of a close alliance between them?

The recent experience shows that the Arab revolutionary parties and organizations have reached a new level of maturity. This is evident from the fact that revolutionary leaders in a number of Arab countries have broken with anti-communism, have overcome their mistrust

of Arab Marxists. At the same time, one can observe a certain evolution among Arab Marxists in their assessment of the socio-economic changes in the UAR and its important positive role in the Arab revolutionary movement, as well as on the question of an alliance of all progressive forces.

At present the views of different national parties and revolutionary organizations tend to approximate in their assessment of the international situation and the situation in the Arab world, and also as regards a common platform of alliance of all the progressive forces opposed to imperialism, neo-colonialism and domestic reaction, and for the progressive way of development for the Arab states. This platform could be based on the proposals elaborated at the Cairo meeting of representatives of a number of revolutionary organizations of the Arab countries, and which was attended also by some Arab Marxists. These proposals include the following basic points:

1. There can be no unity of the Arab revolutionary forces except that founded on the alliance and cooperation of all revolutionary Arab parties and organizations without exception.

2. This unity does not at all imply replacing the revolutionary parties and organizations in the Arab world today with a single body; what it presupposes is joint struggle on the basis of a definite program with the following clearcut aims: complete deliverance of the Arab countries from the presence and influence of the imperialists and monopolists; from military bases and pacts; defense and consolidation of the Arab revolutionary regimes and the national liberation movement in the various parts of the Arab world; abolition of the imperialist Islamic Pact and of the influence of the feudals and big capitalists; economic and social backwardness to be tackled and overcome through social reforms patterned on socialism and joint planning of all local resources on the scale of the Arab world.

3. Although this unity depends in many respects on the unity of the revolutionary parties and organizations in each country (unity which can take the form of a united revolutionary organization or a progressive national front, depending on the concrete conditions in the country concerned), one should not wait until this unity is achieved in each country singly before setting about building revolutionary unity on the scale of the Arab world. Every revolutionary organization or party in each country should be able to make its contribution to unifying the revolutionary forces on the scale of the Arab world and at the same time towards securing internal unity.

4. This unity should not be limited to "unity at the top," to leadership and government level; it should be cemented by "unity in the lower organizations" embracing the membership, and extended to all the classes and social sections in the Arab world really interested in complete liberation from imperialist oppression in all

its manifestations, and in economic and social advance towards socialism.

5. This unity should not imply imposing one definite pattern of socio-political development on all Arab countries, nor should it predetermine the exact way to socialism. This matter should be decided by the progressive forces in each Arab country in conformity with their specific conditions and possibilities, and drawing on their revolutionary experience as well as on international experience. The purpose of the united action is to consolidate the progressive trends and to defend them by all possible means against the subversion of the imperialists.

6. This unity should not be reduced to a mere discussion of ideological problems but should take the form of agreements on concrete political and social issues connected with the present struggle in the Arab world for realization of the vital national goals and tasks mentioned above.

Proceeding from these considerations, unity could be built on a solid basis envisaging immediate and clear-cut aims which cannot be overshadowed by ideological differences or friction. On the contrary, these proposals make it possible to elaborate a basis for ideological accord which will be substantiated by revolutionary practice and joint actions carried out in the framework of a common program.

7. The Arab revolutionary forces want to achieve unity in struggle by joint effort, casting aside the doubts and misgivings that arose in recent years in connection with the complexity of the new situation, with the differing views and choice of different roads. They realize that responsibility for the mistakes made rests with all of us; our task now is not to determine the extent to which each is to blame, but carefully to examine the nature of the mistakes and thus draw the necessary conclusions and prevent the united forces repeating them in the future, without singling out for censure any particular organization or party.

8. Today more than ever before the political climate favors the achievement of unity in the shortest possible time. This is facilitated by the following events and objective factors:

—the fruitful meetings at leadership and government level between the UAR, Algeria and Syria;

—the Arab policy of the UAR proclaimed by President Nasser on the eve of the 14th anniversary of the Egyptian Revolution and, in particular, President Nasser's statement that the UAR government will not take part in the Fourth Arab Summit meeting in Algiers and that it insists on its postponement in order to prevent the reactionaries from utilizing it to further their policy which is alien to the Arab peoples;

—the existence of the revolutionary experience of the Arab countries with their material and moral gains as the basis of the revolutionary movement in the political, military, economic and social spheres and the effective con-

tribution this movement can make to defeating the aggression of the imperialists and bellicose Zionist circles and to the cause of social development along the path to socialism;

—the universal hostility of the Arab peoples to the so-called Islamic Pact and its imperialist and reactionary masterminds, and denunciation of the use of religion for subversive anti-revolutionary activity.

Favorable conditions for uniting all Arab revolutionary forces have been concretized also due to the fact that during the Cairo discussion clear answers were given to the following two questions:

1. What specific form should the unification take? Should it find concrete expression in one organization integrating all the national and progressive organizations and parties, or should it take the form of a new type of revolutionary front, coordinating the struggle of all parties and organizations in keeping with a definite line and definite aims?

It was agreed that at the moment a greater unity than that of the revolutionary front was not possible. It was noted, however, that this front might evolve in the direction of a future united organization according as unity grows in the common struggle for the common aims.

2. Should the revolutionary experience of Egypt, where all Communist and other progressive and national organizations have voluntarily relinquished independent existence and their members have joined the Arab Socialist Union as individuals, be generalized and extended to all Arab countries as a condition for united action?

It was agreed that while the Egyptian experience is extremely valuable, *the specific conditions of the revolutionary movement in each Arab country must be taken into account and that, consequently, the Egyptian revolutionary experience cannot be extended to the other Arab countries which have their own, specific social, political and economic features.*

The above platform for an alliance of the progressive forces in the Arab countries does not, naturally, exhaust all forms and methods of cooperation of the various revolutionary parties and organizations, to say nothing about the problem of united action as a whole. This article examines only some of the aspects of this complex problem which needs further elaboration and study on the basis of the experience gained by the revolutionary parties and organizations. It is necessary, in particular, to continue to search for concrete forms of an alliance of all progressive trends and for united front tactics of the anti-imperialist forces, depending on the circumstances and on the specific conditions in each Arab country. We think, too, that a thorough analysis should be made of the forms of participation of different organizations and parties in elaborating programs for socio-economic development, in running the state, the forms of rallying the masses in support of the revolutionary regimes in the Arab countries.

However, the imperative need for further elaborating the problem of uniting the different revolutionary forces of the Arab countries not only does not minimize but, on the contrary, underscores the significance of the platform for united action worked out at the Cairo meeting. This platform, we believe, lays the foundation

for unity of action of the revolutionary forces. It is the first step towards translating the slogan "unity of the Arab revolutionary forces" into reality, capable of infusing new life into the activity of the Arab patriots and into their struggle for the social progress of their countries.

Communists throughout the world speak out

ACCORDING TO THE Communiqué issued after the meeting of the Central Committee of the Communist Party of China held in August under the chairmanship of Mao Tse-tung, the meeting fully approved the "series of brilliant policies of decisive and fundamental importance put forward by Comrade Mao Tse-tung over the past four years."

Further, the international section of the Communiqué proclaims the "Proposal Concerning the General Line of the International Communist Movement" advanced by the Central Committee of the CPC on June 14, 1963, a "programmatic document," and endorses a number of articles in the Chinese press elaborating the theses of the "Proposal."

Those who do not agree with the "general line" of the CPC are classified by the Communiqué as "modern revisionists," and it calls for a "clear line of demarcation," stressing that it is impossible to have any unity with them. The Soviet Union and the CPSU are particularly reviled in the Communiqué.

The decision of the Central Committee proclaims the need to carry out a "great proletarian cultural revolution" in China with the object of changing the mental outlook of the whole of society, criticizing the ideology of all the exploiting classes, and transforming education, literature and the arts and all other areas of the superstructure that do not correspond to the socialist economic base.

"Since the cultural revolution is a revolution," the decision states, "it inevitably meets with resistance. This resistance comes chiefly from those in authority who have wormed their way into the Party and are taking the capitalist road. It also comes from the old force of habit in society. At present, this resistance is still fairly strong and stubborn."

Hence, "the main target of the present movement is those within the party who are in authority and are taking the capitalist road."

The shock force in carrying out the measures outlined are college students and pupils in secondary and elementary schools combined in the "Red Guards" who are conducting a drive against Party committees in the factories and schools, in the cities and in the provinces. Leaflets issued by the "Red Guards" contain exhortations "to shake up and purge all Party committees." The "Red Guards" also claim that the "Communist Youth League of China is no longer a revolutionary organization." The official Youth League paper *Chungo Tsinnanpao* has ceased publication.

The international significance of the campaign is heavily stressed: "We, the Red Guards, are raising a revolutionary storm not only in China, we are spreading it to the entire world."

To date some forty Communist parties have declared their attitude towards the "cultural revolution" and the decisions of the Central Committee meeting insofar as they impinge on the interests of other parties.

The Swedish Communist newspaper *Ny Dag* writes: "The part played by the 'Red Guards' in political life is clearly not confined to home policy. They are asserting themselves also in the conduct of the country's foreign policy."

In an interview in the *Tribune*, Laurie Aarons, General secretary of the Communist Party of Australia, says: "One cannot regard these developments as an internal affair of China; the Chinese are dragging the ideas of Communism into the mud, before the whole world."

"We may be told," Etienne Fajon, Member of the Political Bureau of the French Communist Party, writes in *L'Humanite*, "that the orientation and the action of the Communist Party of China are its own affair. We do not deny this, even if the CPC on its part constantly interferes in the affairs of other Communist parties. Yet the echo of the Chinese events throughout the world is such that we have no right to remain silent."

A statement by Henry Winston, National Chairman of the Communist Party of the USA, reads in part: "The course with the 'proletarian cultural revolution' in China is currently taking has given rise to deep concern among Communists and other progressive forces in the United States. The determination of the internal policies of the Chinese People's Republic is, of course, a matter for the Chinese people and their leaders. Yet the policies pursued in the name of building socialism in a country of China's size and stature are bound to have a profound impact internationally."

"Aside from the distorted image of socialism which this campaign is creating, and aside from a number of serious questions in the minds of Communists and progressives abroad as to its motivation and character, one aspect is of paramount world importance, namely, the further undermining of world unity against imperialist aggression."

"Such a policy serves only to divide the world anti-imperialist forces at a time when their unity is more imperative than ever. It gives encouragement to the Johnson Administration in its war policies, since these circles count in no small measure on such division for their success."

An editorial in *Mordom*, organ of the People's (Tudeh) Party of Iran, notes that the "Communique of the 11th plenary meeting of the Central Committee of the CPC sets forth the same policy of division which the leaders of the CPC have pursued for years."

The Central Committee of the Bulgarian Party "considers that this activity of the Chinese Party and state leadership is fraught with grave dangers. It is delivering a new blow to the unity and solidarity of the world socialist system, the unity of the international Communist and national revolutionary movement, undermining the activity of the progressive forces of the world, and encouraging the imperialists to launch new acts of aggression." "These actions of the Chinese leaders," Todor Zhivkov, First Secretary of the Bulgarian Party and Chairman of the Republic's Council of Ministers, said at a meeting in Sofia, "border on betrayal of the just struggle waged by the heroic people of Vietnam for their freedom and national independence."

"The Central Committee of the Communist Party of China, which met in August and decided to carry out the so-called cultural revolution," writes *Nepszabadsag*, organ of the Hungarian Socialist Workers' Party, "confirmed the splitting policy of the Chinese leaders against the Marxist-Leninist line elaborated by the fraternal parties in 1957 and 1960, as well as against the other parties in the world Communist movement."

A statement by the Press Department of the Central Committee of the Socialist Unity Party of Germany points out that the proceedings of the meeting of the CPC Central Committee show that the CPC leadership "fully persists in the anti-Marxist-Leninist policy it has been fol-

lowing for several years to the detriment of the world Communist movement. The meeting officially confirmed the Chinese leaders' splitting platform, published in June 1963 under the heading 'Proposal Concerning the General Line of the International Communist Movement,' as well as the base attacks on the Marxist-Leninist fraternal parties, above all the CPSU, made in the 'nine comments' printed in the Chinese press."

A statement issued by the Central Committee of the CPSU on September 1 pointed out that the "plenum decisions formally confirmed the CPC leadership's intention to persist in carrying out its special line and to oppose it to the Marxist-Leninist line jointly worked out by the fraternal parties at the 1957 and 1960 meetings."

E. Voog, General Secretary of the Swiss Party of Labor, writes that "inasmuch as the CPSU and the overwhelming majority of the Communist and Workers' parties did not support the proposal of the Chinese Party to reject the general line of the Moscow meetings, the Chinese leaders began directly and openly to attack the leaders of the CPSU and other Communist and Workers' parties, vilifying them as revisionists, traitors and imperialist agents. At the same time they began to propagate their own general line and to set up so-called pro-Chinese groups and factions, i.e., groups and factions orientating on the CPC line, both inside and outside the Communist parties in a number of countries."

Pueblo, organ of the Communist Party of Ecuador, states in a leading article that the "CPC leaders are extending the differences in the international Communist movement to inter-state relations, thus harming the unity of policy and action of the states of the socialist camp. In so doing they encroach on the unity of the socialist camp and, resorting to constant provocations and actions aimed at undermining the unity of the world Communist movement, facilitate splitting activity in the Communist parties and encourage all kinds of adventurers and provocateurs. Such actions in no way promote the Communist revolution, the struggle of the peoples for national liberation, or the struggle against unleashing the nuclear world war for which the imperialists headed by the U.S. imperialists are spoiling. These actions, weakening the world camp of revolution, national independence and democracy, objectively play into imperialism's hands."

The Communist parties are gravely alarmed by the anti-Soviet slant of the decisions of the 11th plenum and the steps taken in connection with the "cultural revolution."

"In the so-called cultural revolution what particularly stands out, among other things, is the virulent anti-Sovietism," *New Age*, Indian Communist weekly, comments. "It seems that anti-Sovietism has become a major plank of the ideological and cultural remoulding in China today."

"The Chinese people are being poisoned not only against the Soviet Union, its great people

and their great Party but also against the international Communist movement.

"The furious cry of 'struggle against modern revisionism' is, in reality, a battle-cry against the line of the world Communist movement and of proletarian internationalism.

"The Chinese youth and other sections of the Chinese populace have been fed for several years now on slanders and vulgar abuses against the Soviet Union and against the common position of the world Communist movement."

Voicing concern at the stand taken by the CPC leaders, the British Communist newspaper *Morning Star* commented editorially:

"This is the tragedy of the present situation in China. Her leaders are stepping up activities which disrupt the international Communist movement and weaken the anti-imperialist struggle.

"The fury of their attacks on the Soviet Union and other socialist countries has reached new heights, with demonstrations outside the Soviet Embassy and ever wilder accusations that the Soviet Government is collaborating with U.S. imperialism to betray the people of Vietnam."

"A new wave of anti-Sovietism has swept China," the Political Bureau of the Communist Party of Germany says in its statement. "The leadership of the Communist Party of China has gone so far as to encourage direct anti-Soviet actions. We assess this incredible fact not only as a provocation against the Soviet Union and its government, but also as an act against the interests of the entire international Communist and working-class movement and against all anti-imperialist forces."

The Spanish Communist paper *Mundo Obrero* makes this editorial comment: "The 'cultural revolution,' besides being directed against ancient monuments and works of art and literature, is an outrageous onslaught against the Soviet Union, a foul provocation, a shame and a stain on the otherwise glorious history of the Chinese revolutionary movement. How is one to explain the fact that at a time when the United States is savagely bombing North Vietnam and continuing the escalation of the war, a monstrous demonstration against the Soviet Union is organized for two days in succession in socialist China? Does it not seem that the real purpose is to give assurances of 'good will' to the Americans, to let them understand that despite all the verbal fireworks against imperialism the real aims are the weakening of the socialist camp, disruption, and attacks against the Soviet Union? It may be that this supposition will surprise some people, that they will say: 'How could revolutionaries like the Chinese leaders permit anything of the kind?' And true enough it is not easy to understand what is taking place there. However, the conclusion suggests itself when the Chinese leaders resort to incredibly malicious slanders, claiming that the Soviet Union is uniting with 'U.S.-led imperialism and the reactionaries of various countries and forming a new Holy Alliance against

communism, the people, revolution and China.'

"Who if not the U.S. imperialists and all other reactionaries can be pleased by those who shouted in the streets of Peking: 'Soviet revisionists, we are just waiting for the moment to take revenge on you. We will skin you, open up your veins, burn your dead bodies and scatter the ashes in the wind.' Who proclaims this? The 'Red Guards' or Hitler's hordes? Where is this being said? In socialist Peking or in the Berlin of Hitler?

"There has been an ideological polemic in the Communist movement. Some comrades could, with the best of intentions, have views differing from those of the party in one or another aspect or even believe for a time that theirs was the genuinely revolutionary position. But today things are different. This is no longer an ideological polemic. People who indulge in the wildest threats against the Soviet Union cannot be said to be acting like Communists or revolutionaries. People who burn books and destroy monuments do not serve the cause of revolution. What kind of insane wind is blowing over Peking, bringing back to life scenes and generating threats which seemed to be buried forever under the ruins of the Reichstag? This lunacy is a disgrace to the great, genuine Chinese revolution which we have so admired and still admire."

"The Central Committee of the Communist Party of Turkey," the Party's statement reads, "is disturbed by the news about the so-called great proletarian cultural revolution in China. The anti-Soviet demonstrations and smear campaign organized in China are aimed at inculcating in the Chinese people the hostile attitude typical of imperialism and world reaction towards the great Party of Lenin and the Soviet Union, the mainstay of the oppressed peoples. The Central Committee resolutely repudiates and condemns this crude and malicious campaign against the Communist Party of the Soviet Union, against the USSR."

El Siglo, organ of the Communist Party of Chile, carries a leading article pointing out that so far the Party has refrained from joining the polemic started by the CPC leaders in the world Communist movement. "However," the paper goes on, "the present circumstances are such that it is impossible to keep silent. For no revolutionary can remain indifferent when an erroneous policy leads to such extremes as holding in one socialist country demonstrations against another socialist country, in the given instance against the Soviet Union, and when attempts are being made to present it as the main enemy of the peoples of the world."

All this, *El Siglo* says in conclusion, only serves the interests of imperialism and shows that, in effect, the position of the Chinese leaders has nothing in common with Marxism-Leninism.

"The Communist Party of Greece," notes the Political Bureau of that Party, "regards as impermissible the slanderous inventions and provocative attacks against a socialist country,

the Soviet Union, which are being made in Peking and all over China within the framework of the so-called great proletarian cultural revolution. We deplore the systematic cultivation among the Chinese people of hatred for the CPSU and the Soviet Union, which have given inestimable assistance to the socialist revolution in China and which are rendering all-round support and assistance to the Vietnamese people in their struggle, to the liberation movement in all countries.

"The position of the Communist Party of China also harms the anti-imperialist democratic struggle of the people of Greece."

"Instead of really fighting against imperialism and effectively supporting the national and social liberation struggle of the people by setting an example in building socialism," the report of the Political Bureau of the Socialist Unity Party of Germany to the 13th plenum of the Party's Central Committee states, "the Chinese leaders, departing more and more from Marxism-Leninism, have directed their main blow against the mainstay of the international Marxist-Leninist movement—against the CPSU. At the meeting of their Central Committee the Chinese leaders took new steps towards intensifying their anti-Soviet line. From statements made by the Chinese leaders and judging by their actions it is clear that some of them are striving to bring about a direct military confrontation between the Soviet Union and the USA so as to be able 'to observe from the mountain top the battle between the two tigers'."

Condemning the latest anti-Soviet actions in Peking and noting the "firm stand of the USSR and the other socialist countries in the fight against imperialist aggression and in aiding the people of Vietnam" as well as the "banner of united action on the part of the international Communist movement raised aloft at the Twenty-Third Congress of the CPSU," the Uruguayan Communist newspaper *Popular* points out that the "events in Peking, and in particular the anti-Soviet demonstration outside the Soviet embassy, run counter to the tradition of the revolutionary movement, to unity and struggle against imperialism, and even to common sense."

"Instead of responding to the call of the Communist and Workers' parties for restoring unity of the world Communist movement, and for taking joint action against U.S. aggression in Vietnam, the Chinese leaders persist in their splitting and subversive activities and continue their hostile campaign against the Soviet Union and other socialist countries," reads the statement of the Central Committee of the Jordanian Communist Party.

The Political Committee of the Communist Party of Israel comments:

"The declarations and actions of the leadership of the CPC deepen the rift in the ranks of the Communist movement, cause much harm to the struggle against imperialism and for socialism and gladden the hearts of the Ame-

rican imperialists and their allies, who thus gain completely unexpected assistance."

"The Chinese leaders are doing a good turn to imperialism and reaction with their hysterical provocations against the Soviet Union and the cause of socialism and peace," writes the Lebanon newspaper *Al-Akbar*. "The 'cultural revolution' boils down, in practice, to still more inflated glorification of Mao Tse-tung and affirmation of a policy of hostility towards the Soviet Union—much to the benefit of U.S. imperialism. . . . Lebanese Communists, like the tens of millions of Marxist-Leninists the world over, hold the Chinese leaders fully responsible for the harm they have done to the cause of peace, liberation and socialism. But no actions of the CPC leadership can weaken the struggle of the Communists for unity and solidarity, against imperialism and reaction."

The statement of the Central Committee of the CPSU mentioned above points out that the Chinese Party plenum "virtually rejected the proposal of the CPSU and other fraternal parties for joint action against imperialism, including action against the U.S. imperialist aggression in Vietnam. . . . At a time when imperialism is stepping up its effort against the revolutionary movement, extending the dirty war in Vietnam, this step is an extremely great service to imperialism and reaction. Responsibility for the rejection of joint, agreed action against imperialism and reaction, for continued attempts to split the Communist movement and the socialist community and to weaken the anti-imperialist front rests squarely with the leaders of the CPC and the PRC."

"The Central Committee of the CPSU has always maintained that the fight against imperialism and all reactionary forces imperatively demands the unity, cohesion and solidarity of all Communist parties, all socialist countries and all contingents of the revolutionary and liberation movement."

In a letter to Mao Tse-tung the Central Committee of the Communist Party of Canada declares:

"At a time when the United States Government is determined to further escalate its war of aggression in Vietnam and when unity of all democratic, peace-loving, and anti-imperialist forces is decisive to check it, such action, including provocative demonstrations in front of the Soviet embassy, goes beyond the bounds of ideological differences and can only be helpful to imperialism."

A communique issued by the leadership of the Italian Communist Party "resolutely criticizes the leaders of the Communist Party of China for the grave acts recently committed to disunite the socialist countries and the world Communist movement. It is absurd and extremely harmful to the cause of the democratic and working-class movement and to the fight of the Vietnamese people to reject the proposals for a common anti-imperialist front put forward by the CPSU and other Communist parties, to make splitting moves just when im-

perialism is on the offensive, to wage a rabid anti-Soviet campaign.

"These extremely grave errors cannot but have most alarming consequences for the progress of the very struggle to build socialism in China, where principles are proclaimed and methods used that the world Communist and working-class movement cannot but reject."

A statement by the Political Bureau of the French Communist Party reads in part: "The Chinese leaders have already turned down all proposals aimed at coordinating the assistance of the socialist countries to the people of Vietnam."

"The recent statement of their Central Committee, appearing at a time when the government of the Democratic Republic of Vietnam expresses due appreciation of the Soviet Union's decisive assistance, is a conglomeration of the crudest anti-Soviet calumnies."

"The Political Bureau of the FCP condemns these splitting actions and these anti-Soviet provocations."

The Executive Committee of the Communist Party of Argentina said in a recent statement that at a time when the U.S. imperialists are steadily escalating the criminal war, the Chinese leaders, "instead of uniting with the other socialist countries headed by the Soviet Union, with all the Marxist-Leninist parties, in order to extend the most effective all-round aid to the heroic Vietnamese people, categorically reject this cooperation and engage in openly provocative anti-Soviet actions. . . . It is incredible that in a country which claims to be socialist, representatives of another socialist country should be attacked and 'anti-imperialist' demonstrations be organized against the Soviet embassy."

The document goes on to say that "instead of working for unity, the Chinese leaders are taking recourse to various means of splitting the socialist camp and the world Communist movement. It is appropriate to ask in this connection: who benefits by this policy if not the imperialists, and first and foremost the U.S. imperialists, who are taking advantage of it to step up the escalation?"

In its statement cited earlier the Political Bureau of the Communist Party of Greece observes: "It is perfectly obvious not only to every Marxist-Leninist, but to every progressive-minded person aware of the danger U.S. imperialism presents, who loses and who gains from this attitude of the Chinese leaders."

Qualifying as sheer slander the allegations contained in the Communique of the meeting of the Chinese Central Committee accusing the leaders of the CPSU and the Soviet Union of having "betrayed" Marxism-Leninism, succumbed to revisionism and entered into a "conspiracy" with imperialism and of "safeguarding imperialist and colonialist domination in the capitalist world and restoring capitalism in the socialist world," the Central Committee of the Bulgarian Communist Party declares:

"Mankind can bear witness that the CPSU

has consistently fulfilled its duty to the fraternal Marxist-Leninist parties and the national liberation movement, that the Soviet Union gives the most powerful moral, political and material support to the peoples fighting against imperialism, that it is the Soviet Union that is rendering the heroic people of Vietnam the greatest all-round assistance in their fight against the U.S. imperialist aggression."

"The anti-Marxist, anti-Leninist policy of the leaders of the Communist Party of China, the basic aim of which clearly is struggle against the Soviet Union," declares the Central Committee of the Communist Party of Luxembourg in a resolution on the situation in the world Communist movement, "encourages the U.S. imperialists in their aggression against the people of Vietnam."

The Political Bureau of the Progressive Party of the Cypriot Working People likewise qualifies the stand of the Chinese leadership as encouragement to U.S. aggression: "The splitting policies of the CPC leadership, expressed in a flat rejection of cooperation with other parties and socialist countries in rendering more effective assistance to the Vietnamese people in their fight for freedom and independence, play into the hands of the U.S. aggressive imperialist forces. The CPC leadership's stand on the Vietnam question encourages the imperialists to go ahead with their escalation of the barbaric war which can plunge mankind into a third world war."

The Austrian Communist newspaper *Volksstimme* says: "Reckless anti-Soviet calumnies by Chinese statesmen and Party leaders will not change the fact that it is the Soviet Union that supplies the Vietnamese people with effective modern weapons to resist the enemy. Division and slander help the imperialists, not the Vietnamese people. No strong words can replace the necessary joint action which a short time ago was rejected in no uncertain terms by the CPC at its Central Committee meeting."

"The actions of the Chinese leaders naturally encourage the U.S. aggression in Vietnam," says the Martinique Communist weekly *Justice*. "As regards Soviet aid to Vietnam, the leaders of the DRV, who invariably pay tribute to Soviet solidarity, are unquestionably far more competent than the Chinese leaders to assess its effectiveness."

Die Wahrheit, organ of the Socialist Unity Party (West Berlin), stresses that "procrastination is impermissible in the Vietnamese question. Obdurate adherence to incorrect positions cannot be tolerated since this costs countless lives and encourages imperialism to commit new crimes."

The paper asks: "How can the hullabaloo raised in Peking about aid to Vietnam be reconciled with the fact that Peking has insultingly rejected all proposals aimed at joint action on the part of the socialist countries, the entire world Communist movement and all anti-imperialist forces in support of the fighting people of Vietnam."

"By pressing on with their anti-Soviet and disruptive line," *Tribuna Ludu*, organ of the Polish United Workers' Party, comments in a leading article, "the leaders of the CPC bear a grave responsibility before history and their own people for weakening the position of the international socialist camp and splitting the anti-imperialist front with all the dangerous consequences to peace following therefrom, and especially for the continued suffering and loss of life and material values borne by the people of Vietnam.

"The international revolutionary working-class and national liberation movement and the socialist countries cannot reconcile themselves to the present splitting policy of the Chinese Communist Party, a policy which runs counter to the interests of socialism and peace. This policy is being subjected to growing criticism and condemnation by all Communist and Workers' parties. Only a year or two ago the views of a number of parties, especially in Asia, gravitated towards the CPC and had partly succumbed to its argumentation undermining the principles of proletarian internationalism.

"But the facts always prevail over mere words.

"The more the Communist Party of China attacks unity and the more vociferously it hurls unjustified insults against the CPSU and other parties in the socialist countries, the more it finds itself isolated in the world working-class movement. We are confident that also in the ranks of the CPC, which led the great Chinese people to liberation and victory in the revolution, sound and sober thinking will prevail sooner or later under the impact of the logic of life, and the spirit of unity of the socialist countries and international solidarity of the champions of socialism will reassert itself once again.

"The question of unity among all Communist and Workers' parties and all the socialist countries against imperialism and war cannot be removed from the order of the day."

All the parties urge the strengthening of unity by all progressive forces against U.S. aggression in Vietnam. "Today," we read in the above-mentioned statement of the Political Bureau of the Communist Party of Germany, "all the forces of the international Communist and working-class movement and all people should unite for joint action against America's dirty war in Vietnam and for all-round solidarity with the people of Vietnam. Those who are not prepared to work for this unity are weakening the militant front of struggle against imperialism."

The content, orientation, forms and methods of the "cultural revolution" in China affect the interests of the other Communist and Workers' parties and hence the latter cannot but define their attitude towards them.

Speaking on September 3 of China's "cultural revolution," Antonin Novotny, First Secretary of the Communist Party of Czechoslovakia, said: "It is alleged that this revolution is to

guarantee the preservation of revolutionary principles in China, and that the young people heading the movement should become the motive force of this process. In reality, this movement has nothing in common with class consciousness; its chief purpose is to incite hatred for the Soviet Union, which is absurdly accused of having formed an alliance with the United States. Chinese policy and the current events in China do harm to the revolutionary and peace forces not only in Asia, but the world over and thereby enable world reaction to step up its offensive."

Pieter Keuneman, General Secretary of the Communist Party of Ceylon, writes: "Although this movement is called 'proletarian,' the stark fact is that it is not being spearheaded by the Communist Party, the Communist Youth organizations, or the mass organizations of the workers, but by a new organization of teenage youth and students called the 'Red Guards.' Indeed, one of the targets of the Red Guards are sections of the Communist Party itself."

The same point is made by *Volksstimme*, organ of the Communist Party of Austria: "Also noteworthy is the fact that these 'Red Guards' of the 'cultural revolution' consist, not of workers and peasants, not even of intellectuals and in most cases not of college students, but mostly of secondary school pupils. Thus, there can be no question of a genuinely proletarian cultural revolution."

Trybuna Ludu has this to say about the methods used in the "cultural revolution":

"'Red Guards' entered the homes of people accused of holding 'bourgeois' and 'revisionist' views, confiscated their belongings and drove many of them out of Peking, forcing them to bear placards with inscriptions denouncing the views ascribed to them. In many instances the victims of eviction and repressions were beaten in the streets.

"The 'Red Guards' demanded that China dissociate itself from West European, Russian and Soviet culture and denounced works by outstanding men of the past. These works it was said, 'paralyze the revolutionary will.'

"As can be seen from Peking press reports, neither workers nor peasants have taken part in the 'Red Guard' activities. It is worth noting that some 'Red Guard' leaflets reported resistance to the 'cultural revolution' by local Party organizations which organized big counter-demonstrations of working people."

"To combat bourgeois and revisionist influence in cultural life is the duty of every revolutionary party," *Nepszabadsag*, organ of the Hungarian Socialist Workers' Party, says in an editorial. "The Communist parties should be vigilant in this respect. But to destroy Greek, Roman and Chinese treasures in the museums, to demand a ban on the works of Beethoven, Mozart, Chaikovsky and Bartok, to destroy records, books and paintings does not mean being vigilant or combating bourgeois and revisionist ideological influence. Such actions are alien to Communist ideas, to Marxism-Leninism.

"The activity of those who sack dwellings, beat up elderly people and make them walk in the 'circle of disgrace' cannot be justified, no matter what high-sounding talk is used to camouflage it. This is not revolutionary coercion, it is sheer brutality, the exact opposite of what the international working-class movement calls revolutionary action."

The Political Bureau of the Progressive Party of the Cypriot Working People notes:

"The recent events in China connected with the Red Guard activities and the so-called cultural revolution, and the continued disruptive policy of the CPC leadership evoke feelings of alarm and disgust among the progressive and democratic forces of the Cypriot people. What the Red Guards are doing has nothing in common with Marxism-Leninism or with the noble ideals of socialism."

The Central Committee of the Communist Party of Finland has issued a statement on the policy of the CPC leadership. "The reports concerning the recent measures in the People's Republic of China in the guise of a 'cultural revolution' are astonishing and disquieting," the statement says. "This so-called cultural revolution has assumed forms utterly alien to Marxism and socialism."

La Voz de Mexico, organ of the Mexican Communist Party, commented in an editorial headed "The Cultural Revolution Is Not Socialism" that "there is not the slightest doubt that the Party and government leaders in China are taking steps which have nothing in common with Marxism-Leninism."

"What is going on in China has nothing to do with culture, revolution or cultural revolution," said Knud Jespersen, Chairman of the Communist Party of Denmark, in an interview given to *Ekstrabladet*. "It is sheer anarchy. I think it is tragic that a thing like that should be happening in a country with an ancient culture. What is presently being done in the name of socialism is a disservice to both China and to socialism."

The Eighth Congress of the Chinese Party held in 1956 stressed the need to enter the lists against glorifying and exalting individuals. "In practice, however, this had been ignored by the Chinese Communist leaders," a statement issued by the Executive Committee of the British Communist Party declares. "All wisdom was attributed to Mao Tse-tung. Every word he wrote was held to be sacred, and his ideas were acclaimed as the basis of all advances in China. This has nothing in common with Communism, and has discredited the Communist Party of China."

Granma, organ of the Communist Party of Cuba, notes that the Chinese press has been carrying on intensive propaganda of what is called "application of Chairman Mao's creative thought." This propaganda was stepped up after the removal from office of some members of the CPC Central Committee and many others who held high posts in the government and in the armed forces. The announcement of

each dismissal has invariably been accomplished by the charge of "opposing the application of Chairman Mao Tse-tung's ideas."

"'Mao's philosophical thought,'" *Granma* says, "is said to be of 'decisive help' to workers in smelting steel or making electric bulbs, to peasants in solving problems of agriculture, to those in charge of distribution in selling watermelons and other goods, to educators in establishing academic systems, to doctors in treating burns, to scientists in solving complicated problems in the most diverse fields of science. Even table tennis players are said to apply Mao's philosophical ideas in order to win competitions in this game."

The statement issued by the Executive Committee of the Communist Party of Argentina observes that "the gradual liquidation of democracy in the Party and the state by the Chinese leaders which culminated in the 'cultural revolution' . . . the gradual liquidation of the leading role of the Party and its replacement by the enormously inflated cult of Mao Tse-tung, who has carried his deification to extremes—all have greatly contributed to the growth of the isolation in which the Chinese People's Republic finds itself at present, thereby causing grave harm to the world Communist movement."

Discussing the background of the Chinese events, *Mundo Obrero*, organ of the Communist Party of Spain, says in a leading article:

"These as well as other data, which space prevents us from mentioning in this article, lead us to believe that the 'cultural revolution' is a kind of a 'putsch' aimed at preventing the formation of a new majority in the Party, a majority consisting of those who in recent years have been abandoning, step by step, extremist positions."

"In an effort to ensure the triumph of their particular sectarian policy and to seize the leadership in the international Communist movement, the leaders of the CPC have organized a 'second revolution,' the so-called great proletarian cultural revolution, on which they now place the main emphasis," the Executive Committee of the Swiss Party of Labor states. "Events, however, have shown that this 'revolution' has nothing in common either with culture or with the aims of a genuine revolution. Its object clearly is to divert attention from internal difficulties, to crush the opposition which has emerged in the Party and by means of force to solve problems which in the present situation can be resolved only through economic and political development and the promotion of democracy in general and in the Party in particular."

In its report to the Central Committee of the Socialist Unity Party of Germany, the Party's Political Bureau argues that the "'proletarian cultural revolution' is a futile attempt on the part of the Chinese leaders to resolve the complex problems of transition from capitalism to socialism in China, completely ignoring the objective laws of socialist construction,

totally disregarding Marxism-Leninism, the Leninist standards of Party life and the principles of democratic centralism, socialist democracy and socialist legality, an attempt to solve these problems by means of purely military and administrative methods of guidance and organization of the entire life of society."

* * *

The documents of the Communist parties reflect a keen sense of responsibility on the part of Communists to their people and to civilization. They are permeated by a resolve to intensify the struggle for unity and cohesion in the world Communist movement.

WMR

in the communist and workers parties

Hungarian Socialist Workers' Party Congress

AT THE END OF JULY the Central Committee of the Hungarian Socialist Workers' Party fixed the Ninth Party Congress for November 28 and approved the Congress theses to be discussed by the membership.

Four years ago, in November 1962, the Eighth Congress, summing up the changes that had taken place by that time in the economic life and social structure of the country, outlined the tasks for the next four years.

In 1958 the Central Committee resolved that the time was ripe for proceeding to the next stage in the socialist reorganization of agriculture, which was actually effected between 1959 and 1961. Today practically all our peasants are employed in state farms or belong to co-operatives — an indication that socialist relations of production have won out in our country. Accordingly, the Eighth Party Congress was able to record that the economic base of socialism had been laid.

In addition to the economic changes, our society has changed radically in class composition. Exploitation and the exploiting classes have been abolished. Our working class is employed wholly in the socialist sector of industry, all our non-manual workers and professional people work in our publicly owned research, educational and health institutions, and our state farms and producer cooperatives employ practically all our working peasants.

The Congress noted that the worker-peasant alliance—the base of socialist society—was becoming an alliance of two socialist classes thanks to the changes. As for the intellectuals and professional workers, they are attracted to the socialist construction by virtue of their social position. These developments have facilitated the rise of socialist national unity.

The Eighth Congress stated that the task now facing the people was to round off the building of socialism, and its resolutions formulated this task in detail. The Congress enunciated the fundamental principles of our economic policy and the measures needed in industry and agriculture.

Congress decided that it had become particularly important to step up ideological work and the moulding of a socialist consciousness. Doing away with the survivals of bourgeois and petty-bourgeois ideology and evolving the new socialist outlook were essential to the success of socialist construction and to the political and moral unity of the people.

The Ninth Congress will sum up the results achieved since the previous Congress and will outline the next tasks. During the past four years the socialist system and the state have gained in strength, much economic development has taken place and the standard of living has risen. These gains, and the socialist home and foreign policy, pursued steadfastly and uncompromisingly, have enhanced the international prestige of our Republic.

The leading role and political influence of the working class in society have likewise grown and the formation of a single class of peasants is making headway. The worker-peasant alliance has been reinforced. The intellectuals have contributed to fulfilling the program of socialist construction.

Our Party guides the entire life of society and is strengthening the state which embodies working-class rule. Socialist democracy has assumed a wider scope, and growing numbers of people take part in discussing the problems

of building socialism and international affairs.

Last year we completed our second five-year plan. Investments in the socialist sector under the plan amounted to 206,000 m. forints. The national income grew by 25%, industrial output by 47% and agricultural output by an average of 10%. Real per capita income increased by 18% and the growth of real wages and salaries per worker was roughly 9%. Real value of per capita consumption by peasants rose by 18%. Children's allowances and pensions were raised, and the public health network was extended. The housing situation has improved. Consumption per head of population has risen in the past five years as follows: meat 10%, butter and eggs 15%, chocolate 80%. Twenty-one per cent more manufactured goods were bought than in the previous period. Household consumption of electricity rose 80%, gas by 55%. Virtually each family has a radio set and one in three families a TV set.

In addition to the gains, we have had, understandably, some shortcomings. The national income did not grow as planned, nor did we reach the target in agriculture. The plan for lowering cost of production in industry likewise was short of the target. But on the whole we can say that the second five-year plan was a success.

The socialist consciousness of the people rose during the years under survey. This process was greatly helped by the directives on ideological matters adopted by the Central Committee last year. The directives helped to clear up the relationship between social being and social consciousness, to instil a new, socialist attitude to labor, to obtain a better understanding of the leading role of the working class today and of a number of other political and cultural problems.

During the past period the Party has pursued the political line developed in the last decade in fighting on two fronts — against Rightist opportunism and revisionism, and against dogmatism and sectarianism.

Among the items on the agenda for the Ninth Congress, those relating to the economy are particularly important. Investment between 1965 and 1970 will be in the vicinity of 250,000 m. - 260,000 m. forints. Output of industry is scheduled to increase at an annual rate of 6%, mostly by way of rising productivity of labor. Output of agriculture will rise by 13-15%. Real incomes are expected to grow 14-16%, and real wages and salaries by 9 or 10%.

Congress will also discuss the reform of economic management.*

This reform will necessitate certain changes also in government and Party leadership. In all probability, the administrative role of the

state will diminish while the role of the Party in guiding economic policy, in coordinating, concentrating and mobilizing forces and in exercising control will grow.

Congress will concern itself with the matter of extending socialist democracy, in particular by improvements in the electoral system and local government. The Constitution, apparently, will be discussed from the standpoint of eventual amendments in view of the socio-economic changes that have taken place since it was adopted some twenty years ago.

The foreign policy principles approved by the Eighth Congress, while still valid, need to be harmonized with the changes that have taken place in the interim.

In the past four years the effort to maintain the unity of the socialist world and of the Communist and Workers' parties has loomed large in the Party's international policy. We are working wholeheartedly for unity of action by all the socialist countries and brother parties, in order to help the people of Vietnam in their fight for freedom and independence, and to overcome the differences in the revolutionary working-class movement.

In these past years the international prestige of Hungary has risen and her international contacts have been extended. This opens up big opportunities for serving peace, the fight of the peoples for freedom and independence, and peaceful coexistence.

The ideological struggle is a standing issue in our society. This is not only because this struggle is indispensable for moulding the socialist outlook of the people, but also because the international bourgeoisie abuses the opportunities for contact in an effort to influence public opinion in the socialist countries, including Hungary. The international bourgeoisie seeks support among the more politically backward of our people, trying to take advantage of bourgeois and petty-bourgeois views, including nationalism, that are still in evidence. In the sphere of ideology we should pay attention to what we call survivals of bourgeois thinking and counteract these by moulding a socialist world outlook. We should, moreover, bear in mind the danger of a revival of bourgeois views and of their being smuggled in.

The purpose of our ideological work is to answer the questions posed by life, by the complex process of building socialism, the international ideological struggle, and the upsurge of the world Communist movement and the national-liberation movement.

The Ninth Congress will also discuss amendments to the Party rules. These amendments will be aimed at defining the tasks of the Party and of each member, his rights and his obligations in more precise terms, at furthering Party democracy and tightening discipline.

The Ninth Congress will be a very important event in the life of our Party and the people.

Istvan DARVASI

*See article "Reform of the Economic Mechanism in Hungary" by Rezso Nyers in this issue.

Marxist-Leninist education in the CP of Chile

THE POLITICAL and ideological education of new members, and of the entire membership, of course, is the constant concern of a growing party. Now a Communist party is not an academy where educational work can be carried out away from the turmoil and strife of external life; it is a living organization in the van of the mass movement, leading and guiding the revolutionary struggle. This complicates things for the educational work.

In Chile the advent of the Frei government (Christian Democrat) has led to changes in the traditional forms of political struggle. In an effort to save capitalism and to stave off a people's revolution and socialism, the Christian Democrats advanced a reformist platform. They are trying to win mass support for their reformism and class collaboration, to divert the people from the revolutionary road, from the fight against the chief enemy, U.S. imperialism and its oligarchic allies.

This brings to the fore the battle of ideas, and the Communists must have a clear understanding of the political and ideological problems if they are to work more effectively than their adversary and to check any tendency toward opportunism or sectarianism.

Educational policy cannot be formulated on an abstract basis—it must take into account the actual conditions in the country. Because of its impressive growth in recent years the Party now has, along with experienced members of the grim period of illegality, thousands of recruits new to Party work and with only slight knowledge of the fundamentals of Marxism-Leninism.

Most of the new members are workers and peasants who have joined the Party because they are convinced that it can really solve their problems. This conviction stems from their experience in the social movements.

But conviction alone is not enough. It has to be supplemented with the practical experience one acquires while carrying out Party assignments, plus a minimum of theoretical knowledge. This is the way to deepen class consciousness and to enhance the Leninist character of the Party.

Our current educational plan has two main objectives. It is designed to give the entire

membership an elementary political and ideological education and to provide training for the leading people at various levels.

In view of the rapid development of events in our country political instruction is becoming a contest with time. We have been following two main lines—political talks and encouraging study in the Party groups.

Political talks held publicly are a dynamic method of education meeting the needs of the moment.

The greater the number of talks the more lecturers we need. We have successfully tried out the preliminary training of lecturers on definite subjects. We may cite as an example the U.S. war in Vietnam, a subject which attracts particular attention arising from the solidarity movement. In the capital we have formed study groups for members drawn from the district and neighborhood committees, and from the more active members in the provinces. Together with qualified comrades they study the background to the Vietnam conflict, its relevance to the interests of Chile, the role of imperialism, problems of war and peace, the significance of international solidarity and its concrete forms, and so on. Each time a class is held there is a free exchange of ideas, and then guidelines are provided, with an appropriate bibliography to make a deeper individual study of the subject easier.

Our method is to take up each aspect of the subject separately with due regard to the composition of the class. Not more than half an hour is allowed for this, and another half hour is devoted to questions and answers, elaborating points and drawing conclusions of practical value.

The content of these talks is eminently political and topical. The polemical aspect is stressed with a view to providing arguments that will help to counteract those of our adversaries.

This method has proved effective. It enables us to handle a variety of subjects and to maintain contact with the rank and file, it appeals to the new members and sympathizers, who see in it a confirmation of their idea of the Party as an organization in which problems are studied and discussed in a democratic way.

Another form involving practically the entire

membership is systematic study in the lower units of the Party. An analysis made some time ago showed that many units had been using the time assigned to classes for other purposes. The study of this or that subject had been put off to "the next meeting." This took place so often that it became an "endemic" evil.

The best solution, we found, was to have monthly meetings devoted exclusively to study. Without being too rigid, we strive to prevent the classes being "utilized" for other purposes. An effort is made to involve as many comrades as possible in the discussion and to give each a chance to clear up his doubts and to voice his opinion.

Simplicity of subject matter, which should be covered by three or four classes at most, is a vital element of the study in the lower units. It enables the comrades to avoid endless debates on complicated matters which sometimes are not grasped by all.

We tried out the method of studying one of the Marxist classics or a book on popular science. But rarely did we ever get to finishing the book. Naturally individuals should be encouraged to read works of this kind. But for classes, we must look for a workable and simple common denominator, one that will exclude no one from active participation in the study.

The Educational Committee concerns itself with the preparation and printing of texts for students. The demand for pamphlets shows that the number of students is growing. A *Book About the Party* went into three editions totalling 10,000 copies. This is also true of *What Is the Communist Party, A Concise Course in Historical Materialism*, consisting of four lectures, and *What the Communists Want*. These pamphlets have been printed in 20,000 copies. An *Elementary Course in Political Economy* and a pamphlet on the Party Program, also made up of four lectures, are due to appear shortly. From time to time we print study aids on the agrarian reform, on the women's question, the trade unions, international problems, and other subjects. The Communist Youth League also prints study aids for its members. Study materials appear in our periodicals—*Principios*, *Nuestra Epoca* and *Aurora*, and ideological topics are discussed also in our paper, *El Siglo*.

An effective method of testing progress in studies is public meetings of the Party branch to which non-Communist working people employed in the same enterprise, or neighbors in the case of the residential branch are invited. These meetings provide the new members with their early training in how Communists carry out their organizing and vanguard role. In other words, the public meeting of the branch is often an excellent rehearsal of the work to be carried on among the masses everywhere and at all times.

We are aiming at having a stable system of education throughout the Party, from top to bottom. Elementary training is provided by classes arranged by the local and communal

committees. Then come the district and inter-district schools and the highest, the National School.

This is the ideal pattern, of course, which comes up against manifold difficulties. For example, political and organizational levels vary locally. On the other hand, it is impossible to have in a predominantly working class party a permanent student body since members often move elsewhere or are prevented from attending by their work. Be that as it may, we are doing our best to guarantee the smooth functioning of the system.

Similar causes are at the root of the difficulties encountered in selecting students. Since members are exempted from other Party assignments while attending school, the branches or the local committees, reluctant to part with a "useful" comrade even for a while, fail to allocate comrades. There are fewer instances of this on national and district levels.

The general objective is to enable the most capable students to enter a higher school. We have therefore established a rating system under which the eligibility of each student is assessed from different angles. But it is impossible for a Party member, irrespective of his ability, to complete the course without breaks. Each member is therefore expected, upon finishing the course at any level, to carry out normal Party assignments over a reasonable period, after which he may decide to enter the higher school.

As for the programs, our purpose is to unify them throughout the country, from the elementary to the more complex subjects. The Educational Committee sums up the results of each course and introduces innovations.

The local or communal schools usually teach historical materialism or political economy in addition to the structure of the Party, its history and its Program. The district and inter-district schools go deeper into these subjects, adding the fundamentals of dialectical materialism and a complementary subject such as economic geography. Since classes are held in the evening, after work, they must be so organized as to assign one day a week for recapitulation and another day for a talk on Party activity.

At the National School, an effort is made to encourage research work and develop the talents of each student. Seminars on social, economic and political subjects are preferred. Since the composition of the student body is dissimilar in terms of development and ability, an average index is sought that would enable all students to participate. A series of tests is held at the beginning of the course to ascertain abilities and inclinations. The result of the tests plus biographical data are used in forming the classes and research groups in such a way as to assure team work. Competing among themselves in fraternal fashion, the groups work under the guidance of the tutors and their assistants.

Because of the exploitation to which workers

and students are subjected from childhood onward, many of our students had not been able to complete their elementary education. The school therefore offers also an elementary course in history, geography, grammar and arithmetic.

To prevent overburdening the students with theory, the program provides for various recreational activities, such as visiting museums, attending concerts, plays and films, or meeting

writers to discuss their books.

The Educational Committee likewise encourages other initiatives, such as round-table talks and exchanges of views, and it organizes special classes for various aspects of Party work, including mass work. But the main concern is to educate the entire membership and, as a natural complement, to give leading cadres an all-round training.

Waldo ATIAS

MONOPOLY AND THE WORKING CLASS

New technology and the social character of capitalist economies

G. S. WHEELER

THE PURPOSE OF CAPITALIST activity is to realize a profit and accumulate capital. Competition, despite the attempts of the capitalists to curb it, requires the capitalist to try to use his capital efficiently, to foster and adopt new and more productive technology in order to maximize his returns or even to survive. This process of progressive accumulation has been the main source of strength of the capitalist system, the reason for its much more rapid development of productive forces than previous forms of society.

It is at the same time a main and fatal weakness of capitalism since the new technology is itself more social in character and has social results that are beyond the control of individual capitalists and which are increasingly incompatible with the capitalist system itself. The essence of the difficulty has long been stated by Marxists to be the contradiction between the increasingly social character of the means of production and the private appropriation of the product. Yet, despite the early recognition of the importance of this contradiction, there have been comparatively few scientific studies of its development. One result of this has been that many people see only the growing economic power of capitalism, particularly the United States, and do not see how rapidly it is becoming obsolete as a system. And partly because this trend is not recognized as an entirely normal and intrinsic process of capi-

talism, it is possible for the capitalist propagandists to convince large numbers, even in the working class, that the worldwide advance of socialism and of socialist ideas is a "Communist conspiracy." This, in turn, is the excuse for suppression of the class struggle within the capitalist countries and for the conduct of cold and hot wars against the socialist countries or those emerging from colonialism and which attempt to take the road to socialism.

A broader, scientific understanding of the impact of new technology upon the social system can have practical political results. While new technology and automation make possible a much larger social product, the working class shares in the gain only to the extent that it wins it through organized struggle. The increasingly social character of the mode of production does not automatically bring with it corresponding social gains. On the contrary, new technology may destroy the need for skills of craftsmen and leave behind the wreckage of whole industries or depressed areas, and stranded in that wreckage, millions of workers and their families. Hardest hit are those groups and who for that reason do not have the educational basis required for adaptability to rapidly changing job requirements. In the United States these groups are mainly Negroes, Spanish-speaking Puerto Ricans and Mexicans, and the American Indians. But, as a result of scientific advance, all workers face job insecurity.

ity. The pall of unemployment hangs over the entire economy.

Fundamentally important as these questions are, we will discuss them in this paper only as they relate to the social character of the economy. We should note in passing that there are other forces increasing the social character of the economy. One of these is the rapid growth in population which more and more requires social actions to accommodate and protect it, for example, in the need to protect the water supply or the purity of the air, or for recreational and cultural facilities, or for high-capacity social transport. In short, we do not mean to imply that advancing technology is the only reason why capitalism is becoming obsolete and must give way to socialism.

SCIENCE AND NEW TECHNOLOGY

One way to demonstrate the increasingly social character of the economy is to begin with the wellspring of new technology, science. It is commonplace that scientific advance today is rarely the result of individual effort. No individual can begin to comprehend the mountain of knowledge that is being built up with ever-increasing rapidity. There must be specialization, and often very narrow specialization, and such specialization in turn requires coordination. There must also be a standardization of terms and measures and sometimes even of equipment, so that scientists may have ready access to this mass of information.

In another fundamental way science has moved beyond the individual, or even beyond the corporation (itself a semi-social form of organization): it is often so complex and costly that governmental resources must be used to finance it. For basic science, which by definition is not intended to produce a profit, even the largest corporations make only limited expenditures.

Since a new process or product, patented, may yield fabulous profits, the corporations have sharply expanded their expenditures for research and development. By 1965 industry and government were spending about twenty billion dollars on research and development, more than ten times as much as only two decades before. But the Federal government was furnishing about two-thirds of all the funds. Furthermore, basic research got only about one-tenth of the funds and in 1963 private industry, by its own estimate, spent only about 400 million dollars on basic research. (Statistical Abstract, 1965, p.545.) In whole areas of newest technology, such as nuclear energy or supersonic planes, private industry made no investment. There were several reasons for this. In the case of atomic energy it was assumed that the public interest was so great that full public ownership and control must be retained. In other cases, such as space exploration or supersonic planes, the total investments involved are too large for even the giant corporations, and the market for the

product is too small to justify market production.

It must be admitted that the corporations have been very ingenious in getting the taxpayers to finance the research. They then make a profit by contracting to do the research for the government, and by having an inside track on production of any products that may be developed — military or civilian. But this does not alter the fact that scientific research and development has become completely social in itself and is largely financed and controlled by the government.

Not only has scientific research become highly social in character, but some of the most important industries which have sprung up as a result of that research have remained under government operation or almost entirely dependent on government purchase of the end product. This, of course, applies to all of the war industries, to the great complex of industries related to rocketry and space exploration, to some new forms of communication, in large part to air transport, and even to some of the newer forms of rail passenger transport.

ECONOMIES OF SCALE AND MONOPOLIES

Some of the newest technology definitely promotes monopoly, sometimes because its highest efficiency is attained by really huge production units requiring very high investments, for example, 500,000 to a million kilowatt thermal electric power plants. Or the new technology may be so efficient and require such a large market that relatively few production units are needed to satisfy the market. (Number of employees is not a useful test of size or monopoly power since the enterprises with a higher level of technology will have relatively fewer workers in relation to their output and market power.)

Data as to actual production costs and the effect of volume of run-through on unit costs are the most closely guarded secrets of the monopolists. At the Senate 1958 hearings on monopoly price fixing, the automobile corporations were forced to reveal part of their cost data, and these showed the enormous advantage which the auto firms had in large-scale production. In 1957, when General Motors already had installed much transfer automation, its costs per automobile would have been \$3,550 per vehicle if 1,000,000 had been produced. Actually 3,240,000 were produced and the cost had dropped to \$1,900 per car. This left a profit of \$313 per vehicle. Even at that almost incredible volume of production unit costs were still declining. (*Report, Administered Prices—Automobiles*, pp. 117 and 129.)

The new technology has speeded up the accumulation and concentration of capital and with electronic data-processing has greatly extended the possible size of enterprise that can be directed by one management. Again General Motors indicates how far this may be carried. In 1947 General Motors had net

assets of \$1,427,700,000. (First National City Bank, *Monthly Letter*, October 1957, p. 117.) This was an empire of capital facilities—but it is dwarfed by the present scope of General Motors which in 1965 had a net income or profit after taxes of \$2,126,000,000! (*New York Times*, Feb. 1, 1966.) This represents a qualitative change in the process of accumulation, a productivity and ability to produce economic surplus so high that General Motors not only deliberately wastes capital in style changes, but must seek large new fields of investment outside of the automobile industry.

On a lesser scale this leap ahead in profits has taken place in most large corporations so that they have an abundance of funds to invest, and which they must invest in order to continue the process of accumulation. This is one reason why the giant corporations have been busy buying out not only competitors, but taking over control of many unrelated enterprises as well. The *Wall Street Journal* (11 January 1966) has reported that in 1965 a record number of 2,361 such mergers took place in the United States. The attempts of U.S. corporations to similarly extend their controls over foreign enterprises, particularly in Europe, is one form of the sharpening inter-imperialist struggle.

Such conglomerate enterprises almost hopelessly confuse the relationship between the technology of the individual plants and the profitability of the enterprise. The extension of the scope of the corporate organization often does not have the purpose of increasing efficiency, or even of assuring a supply of raw materials, but simply to invest surplus funds. But, whether the advantage is related to the production process itself or to distribution or to control of prices, the larger corporations maintain an overall advantage, particularly in times of slump in the economy. For example, the gross rate of profit in the boom period of the last quarter of 1964 was 16.1 per cent for the under one million asset size and 20.8 per cent for the largest corporations. (*Statistical Abstract*, 1965, p. 500.) Here the profit statement is the final proof of the continuing pressure for increase in size, for more monopolized, more social forms of enterprise.

While the trend toward concentration and centralization of capital not only continues, but has been enhanced by automation, it must also be recognized that new technology is constantly disrupting established monopolies. For example, the natural rubber cartel was disrupted by synthetic rubber. New kinds of industrial glass and ceramics offer substitutes for some uses of stainless steel, copper or aluminum, undermining the monopoly powers of the producers of older products. New forms of transport curbed the monopoly powers of the railroads. With science laying the basis for a steadily expanding number of materials and products the established giant corporations which dominate the research and introduction of new products, enhance their advantages

over smaller competitors. Yet at the same time they must constantly modify and build anew their monopoly and cartel arrangements to accommodate the new products.

Some types of automation, particularly numerically or program controlled machines, do not require the large run-throughs that are essential for transfer automation. In fact, once the tape or other numerical control has been made, such automation is ideally suited to small batch production. This fact, coupled with the increase in volume and types of products, has kept the number of concerns engaged in industrial production and commerce almost steady in the post-war period. For example, in the period 1946-50 there were an average of 2.5 million such concerns and in 1956-60 about 2.7 million. (*Statistical Abstract*, 1965, p. 505.)

This number of small producers is politically significant in giving a broader basis of capitalist-minded supporters of the system, but their importance as commodity producers can easily be overestimated. In 1961 the corporations which sold less than \$100,000 worth of products were 53.8 per cent of the total, but accounted for only 2.4 per cent of corporate sales. Corporations with sales of \$1,000,000 or more were only 8.5 per cent of the number, but had 81.6 per cent of corporate income. Even this minimizes the concentration since the "\$1,000,000 and more" classification itself conceals a wide range in size. How sharp this differentiation is can be seen from the data for sales and assets of the 500 largest industrial corporations in 1963.

Sales and Assets of the 500 Largest Industrial Corporations of the United States, 1963, (in millions of dollars).

	Sales	P.C.	Assets	P.C.
500 largest	\$245,091	100.0	\$208,672	100.0
Lowest hundred	10,141	4.1	7,919	3.8
Second hundred	14,182	5.9	11,977	5.7
Third hundred	22,206	9.0	17,263	8.3
Fourth hundred	38,926	15.9	31,044	14.9
Highest hundred	159,636	65.1	140,469	67.3

Source: U.S. Department of Commerce, *Statistical Abstract*, 1965, p. 494.

Here we see that among these 500 giants the lowest 100 made over \$10 billion in sales, an average of more than \$100,000,000 per corporation—but this was only 4.1 per cent of the sales. The top 100 corporations had sales nearly sixteen times as high on the average, or 65.1 per cent of the sales of these 500. The concentration in sales has not changed significantly since 1955 when the top 100 corporations had 67.1 per cent of the total. The concentration in assets was slightly higher than that of sales.

Net profits were even more concentrated, with the lowest 100 corporations getting 3.2 per cent of the total and the highest 100 getting 73.0 per cent. From 1955 to 1963 the top 100 firms increased their sales from an average of \$1.08 billion to \$1.59 billion. Unquestionably, automation has increased the size, in terms of output, which it is profitable to operate as one corporation.

Any industry in the United States demonstrates the increasingly social character of production—even those, such as agriculture, which are regarded as strongholds of individual enterprise. At one time much of agriculture in the United States was on a subsistence basis, with each family consuming a large part of what it grew, and using in the process of production very few products of industry. Now in some mountain areas subsistence farms persist, but the typical farm is one that buys many industrial products to use in the course of production: tractors and other farm equipment, gasoline, pesticides, fertilizers, seed and feed, etc. The average farmer now produces food for thirty people, is completely dependent on the market, perhaps subsidized, and regulated by the government in many ways, such as acreage planted and prices for crops.

Each step in technological advance, and particularly the change to electricity and from horse and mule to tractor power, has enhanced the social character of farming. Now in the extreme case, the farmer may be little more than a poorly-paid attendant of machines.

We are still inclined to think of the automobile as a symbol of individualism. Yet both in its production and in its use it is increasingly social in character.

The individually owned and operated motor vehicle creates social problems. In the USA today the social transport decays and is often abandoned for lack of income, yet the private car just does not, and cannot, have the capacity to carry all persons to and from work in any dense urban area. Every major city in the world has demonstrated this fact and that an industrialized society requires socialized transport. Most traffic experts regard this as obvious.

In 1960 the U.S. Congress created a National Capital Transit Agency (NCTA) to study the transport problem of the nation's capital, Washington, D.C. After a thorough study of alternative transport, the NCTA in 1962 recommended a combination subway-surface rail system. With the rail system the costs to commuters would be much less than by car and the savings in time would range from 22 to 44 per cent compared to automobile trips, depending on distance and location. But the decisive factor in the NCTA's decision was that "the amount of traffic to and from downtown forecast for the year 1980 cannot be accommodated by even the largest practicable highway system. A major part must be handled by public transportation." (NCTA, *Recommendations for Transportation in the National Capital Region*, 1 Nov. 1962, pp. xi, 6 and 35.)

Perhaps most significant in indicating the inability of the capitalist system and of market forces to provide the kind of transport which society needs, has been the refusal of capitalists to invest in modern commuter rail transport. The NCTA (composed mainly of successful businessmen) commented: "Private capital has shown no disposition to construct the kind of mass transit facilities required to handle the high volumes of passengers that can be expected, at the speed which is essential, in this large and sprawling, densely populated region." (*Ibid.*, p. 1).

An efficient urban transportation system, and, even more, transport for the economy as a whole, requires effective long range planning. Such planning in turn depends upon the ownership and control of land use and coordinated placement and development of new industries in relation to population and housing. This is just the kind of planning which individual capitalists, or groups of them, are unable to do. Local and state governments for many years have been increasingly involved in transportation problems, but many of the most urgent projects are too large for any but national planning and finance. In his last Economic Report to Congress President Johnson said: "The revolutionary changes in transportation technology of the past half century have not been matched by equal progress in our public policies or our Federal organization. I am recommending the creation of a Department of Transportation to manage the vast promotional program in highways, waterways, air travel, and maritime affairs, and to take leadership in the development of new transportation policies in accord with current realities." (*Economic Report of the President*, January 1966, p. 16.)

Reluctantly, the Council of Economic Advisers admits the failure of "free enterprise": "Private initiative has been facilitated by public investment in transportation facilities, such as in the Interstate Highway System and the Federal Airways System. Recently, public investment has taken the form of direct aid to innovation; for example, the development and demonstration of high-speed rail passenger trains in the Northeast corridor between Boston and Washington."

EDUCATION, RETRAINING AND UNEMPLOYMENT

On the west side of Chicago, occupying some of the most valuable industrial land in the world, are several square miles of desolate structures. Adjoining are some of the worst slums to be found in any country, an area seething with anger as hot as the sweltering midsummer nights. These are the grim monuments of changing technology in the meat packing industry.

The stockyards area in Chicago was built up following its growth as a rail center, and particularly after the invention of the rail re-

frigerator car made it possible to slaughter the animals in the Midwest and to distribute the meat as needed to the large population centers of the East.

Just as the concentration of the industry resulted from one technological revolution in transport, so its dispersion began with another, the motor truck. This, combined with the rapid shift to the West of population centers, gave rise to competing centers of meat packing. Then came a third wave of technological innovation, the application, with an amazing ingenuity, of automation to many of the processes of meat packing. This was such a through-going change that it became cheaper to build new plants from the ground up rather than to try to adapt those at Chicago or even at the second generation of plants such as that at Sioux City, Iowa.

The devastation of west Chicago came with the abandonment of practically all processing there by the big meat packers and the transfer of operations to new low-cost, highly mechanized plants. Although both the labor unions and other Chicago capitalists tried to prevent this exodus, there was no way compatible with the capitalist system of preventing it.

The abandoned buildings are an eyesore that can be seen even from the air. The far more important abandoned workers and their families are less often noticed. What happens to them when technological change makes it profitable to abandon an old plant has been officially reported by the Department of Labor in regard to the Sioux City plant of Armour and Company. Armour closed this plant in June 1963, displacing 1,150 production and maintenance workers. It should be noted that the labor unions had won from the corporation an "automation agreement" which emphasized the obligations of the corporation to transfer a maximum possible number of its workers to other plants and to assist in their retraining for other jobs. Also the closing took place in the boom phase of the economic cycle and with the economy stimulated by war inflation.

An Automation Fund Committee, composed of representatives of the unions, the public and the corporation, made a special effort to find new jobs for the displaced workers, and to retrain a maximum number—partly because the Armour plan had received worldwide publicity as the capitalist answer to automation. Yet two years after the plant closed 100 workers were still unemployed and 180 had "migrated or dropped from the labor force." Armour had placed only 200 in its other plants as transfers with seniority rights and hired 29 others as "new employees." The Committee and public employment agencies found jobs in Sioux City for only 450. And the menial character of the new jobs is indicated by the fact that 54 per cent of the workers who had found some employment during the year *earned less than half as much per week* as they had at Armour. Only 156 workers had completed any retraining. For many, particularly Negroes, the effort for

retraining was futile, since only half (55 per cent) of those who did complete retraining were working in jobs related to that retraining! (Eaton Conant, "Armour Automation Fund", *Monthly Labor Review*, November 1965, pp. 1297 ff.)

Here, in the specific example of a plant closed under better than usual conditions, is the reason why workers under capitalism fear new technology, and, most of all, automation. Even when they try, at great sacrifice, to retrain themselves they have no assurance that they will get a job and even less assurance that it will be related to that training or pay as well as the job they lost. The problem of retraining must remain in part the responsibility of the corporation and of the local community. Yet they cannot, even in the cases where special efforts are made, provide job security for workers. This is a task that is national in scope, requiring the raising of the educational level of all working people without discrimination, the planning of industrial development in such a way that employment in expanding occupations offsets in the same area the decline in employment in other occupations. No corporation can do this.

Education in the United States has long been regarded as a public function, but a local one. Now the scientific and technological revolution requires a much higher average level of education and adaptability to change. There has been a continuous out-migration of workers from technologically and educationally backward areas (including city slums) into expanding areas of the economy. In these new areas the victims of educational discrimination find it difficult to get work, and the relief rolls fill with unemployed and unskilled. Finally the taxpayers have begun to realize that educational discrimination is not just a problem of the area practising the discrimination, but of the society as a whole. They become interested in education, not as an end in itself, but as a means of cutting the costs of unemployment.

For these reasons the Federal government has become involved in various forms of subsidies to improve local education and to assist in vocational training and retraining. At the beginning of this year the President's 14-man National Commission on Technology, Automation and Economic Progress recommended that a national minimum of 14 years of free public education be set, and that this minimum be underwritten by the Federal government (*Wall Street Journal*, Feb. 4, 1966). This has become a politically delicate problem for the Democratic Administration because racial discrimination is added to class discrimination in the case of Negroes, Mexicans, Puerto Ricans and the American Indians. The politicians of both parties would like to get the votes of those who are discriminated against—and not offend those who profit from and impose the discriminations, not only the southern planters, but the whole complex of capitalists who fatten

on the misery of the slums and from the division and disunity of the labor force.

The new technology has added to the extent of the discrimination. Despite the intensive Civil Rights drive of the last decade, the median income of Negro families has dropped from 54 per cent of that of white families in 1952 to only 50 per cent in 1963. This reflects the fact that the minority groups have fallen further behind in employment. For example, in 1955, the unemployment rate among Negro teenagers was 14.2 per cent, about 1.5 times the unemployment rate of white teenagers. In 1964 (a boom year) the unemployment rate for young Negroes had risen to the disaster level of 25.9 per cent, roughly double that of the white teenage group which also suffered from more unemployment. (U.S. Congress, *Hearings on the Economic Report of the President, Part 4, p. 15*)

The new Draft Program of the Communist Party USA emphasizes: "The harmful social effects of automation under capitalism, expressed most drastically in growing unemployment, create a barrier to the translation of the technical progress which occurs into the social progress that is attainable."

GROWTH OF SERVICE INDUSTRIES AND GOVERNMENT

Automation and other new technology result in sharply rising productivity and in a larger total social product available for distribution. Because farmers and production workers in factories are so much more efficient, they can supply a greater number of other persons with food and other commodities. This frees an increasing number and proportion of workers for employment in services of all kinds: education, medical care, hotels and restaurants and recreation, travel, insurance and banking and government. The funds to pay for these services are either in the form of individual purchases or through taxation and governmental purchases.

In 1929 about 27.5 million persons in the United States were producing commodities and only 18.6 million were employed in services. By 1965 about 31 million were employed in commodity production while the number in services had climbed to 38 million. In 1965 expenditures for services had reached more than \$175 billion, or about 37 per cent of disposable personal incomes. (*New York Times*, "National Economic Review," 17 Jan. 1966.) A study by Victor R. Fuchs of the National Bureau of Economic Research concluded: "The United States is now a service economy. All of the net growth in the postwar period has occurred in the service sector." (*Ibid.*)

The U.S. Bureau of Labor Statistics has calculated that in the period up to 1975 the labor force will expand at the rate of about 1.5 million workers per year and expects that most of the growth in employment will be in the service part of the economy. It found that teachers were now the largest profession

and that the professional, technical and kindred workers in 1964 totalled 8.5 million—more than double the 1947 number. The Bureau expected a further 40 per cent increase of these workers by 1975—compared with a 25 per cent increase for workers in all categories. In 1963 there were about 950,000 engineers and 350,000 scientists and their number was expected to increase about 50 per cent in the period to 1975. In contrast, industrial laborers have steadily decreased as a percentage of the labor force and their absolute number is expected to be about the same in 1975 as now, 3.6 million. (*Monthly Labor Review*, February, 1965, p. 129 and April 1965, p. 379.)

Some of these services are of a kind that are suitable for market distribution, such as most hotel and restaurant service. But a much larger part than in the case of commodity production is difficult to market or is regarded now as having such social importance that it is not left to market forces. This applies to education, to the postal service, to a large part of the parks and other recreational facilities, and increasingly to such important services as medical care.

One measure of the increasingly social character of the economy is the growth of government employment. This is a reflection of the impelling need for change, not a voluntary shift in policy away from "free enterprise." In fact, both major political parties in the United States are pledged to encourage private employment at the expense of public employment whenever possible. Yet in the period from 1940 to 1964 government employment grew from 4.2 million to more than 10 million (aside from armed forces), or from about 8.8 per cent of those employed to 14.3 per cent. (*Statistical Abstract*, 1965, p. 216 and *Economic Report of the President*, 1966, p. 238.) A significant fact related to this shift has been that all of the growth in the postwar period has taken place at the state and local levels. In 1943 Federal civilian employment was 2.9 million, in 1952 it was 2.4 million and in 1965 again about 2.4 million. This reflects the high degree of application of automation to government work. The volume of services performed at the federal level continues to expand rapidly.

CONCLUSIONS

Advancing science and technology are steadily transforming the economy of the United States, increasing its social character and forcing continuous change in social practices and institutions. Individual capitalist methods are inadequate for the solution of many of the contradictions that arise, and government intervention to regulate private industry, to supply funds for education, research and development, and even to invest in and operate industries and services, take place on an increasing scale. In this fundamental sense capitalism is becoming obsolete. It takes on a social character, not as a result of some foreign

conspiracy, but as the result of objective intrinsic processes which are largely beyond control.

This does not mean that monopoly capitalism will develop automatically toward socialism. In the sharpening crisis there is real danger of fascism because through fascism the capitalists can preserve for a time their private ownership of the means of production and exploitation of the working class. To avoid fascism and attain socialism an unremitting and many-sided class struggle is essential. Marxism is the primary tool in this class struggle because it enables us to understand the contradictions and the fundamental trends of the capitalist system. Such scientific analysis can explain why socialism is the next progressive step after capitalism and lead the working class to expect and demand socialism.

The danger of fascism is higher because, despite the very high degree of concentration of capital, capitalism has been able to maintain a broad political base. Even while mergers are reducing the number of old firms, the new technology brings with it many new products,

some of which are suitable for small-scale production. The net result is that the number of petty capitalists remains about stable.

The rising productivity and greater social product enables the organized workers through strike action to win real gains in income. At the same time other groups, and particularly racial minorities, find their skills destroyed and their opportunities for employment reduced, their share of the national income reduced, and they and their children trapped in deep poverty. An explosive situation persists in the slums of every large city in the United States as well as in the rural South.

Advancing technology in the next few years will bring great gains for some, impoverishment for others, but not peace and security. That will come, sooner or later, with socialist organization and planning. The new Draft Program of the Communist Party of the USA stresses: "The incompatibility between monopoly capitalism and economic and social advance reaches a point where society can no longer defer the choice between one or the other, except at its own gravest peril."

Escalation of miscalculation

THE CURRENT WAR situation in Vietnam speaks of the Pentagon's failure to turn the tables. Despite the much-advertised escalation on the soil of South Vietnam and in the skies over North Vietnam, the U.S. invaders continue to suffer telling reverses.

American efforts last winter and in the spring of this year, during the dry season, to break the resistance of the Liberation Army in South Vietnam and to intimidate the population of the North with massive air-raids failed to yield the anticipated results. After massing a huge force in the South, the U.S. Command tried to thrust deep into the liberated areas, to destroy the manpower of the Liberation Army and the guerrillas and to entrench itself there. With this strategic aim in view, it sent out some 2,000 punitive expeditions in the first half of 1966, of which 200 were conducted by units as large as brigades and even divisions. But again the results were disappointing. Local units of the Liberation Army and the guerrillas, meeting the enemy on positions taken up in advance, decoyed him into traps and inflicted heavy losses and checked his advance. Then the main forces of the Liberation Army, concentrated at vantage points, moved in and clinched the operation.

Communiques of the Liberation Army Command give figures on the results of the struggle in the first half of this year. They indicate that despite difficult weather conditions the enemy was hit harder. During the six-month period the three arms of the Liberation Army—its main body, its local units and the guerrillas—launched as many attacks as they did for the whole of the previous year. American losses for the period doubled—they lost a score and a half of their infantry and armored battalions, not to speak of numerous smaller units. The Liberation Army destroyed or damaged in raids on airfields over 1,400 planes and helicopters and more than 1,000 military trucks a good half of which were armored cars. U.S. troops and their puppet allies lost over 100,000 men in the first half of the year. Besides, there were up to 50,000 desertions. And their losses are still mounting.

The South Vietnamese patriots specialize in mobile warfare. Units concentrated in a particular area use their fire-power to strike a quick blow and withdraw just as rapidly to another area, thus eluding the enemy. Typical in this respect was the action fought in the late sum-

mer against the 25th (Tropical Lightning) division of the US Army in the Dongdu area, the northern gateway to Saigon. At dusk the Liberation Army units approached the enemy camp and opened heavy mortar fire. The barrage lasted a bare quarter of an hour but was so effective that it took the division the whole of the night to evacuate the killed and wounded. Next morning the raid was repeated. This time it lasted half an hour and was followed up with a swift attack. The enemy division lost 600 men and 60 tanks and armored cars; its headquarters, stores and ammunition dumps were destroyed. What turned out to be "tropical lightning" was not the American division but the Liberation Army unit with its lightning blow.

More and more American troops are pouring into South Vietnam. Their strength, according to reports, is now in excess of 300,000. Nevertheless, the Liberation Army often retains the initiative. Sizable U.S. and puppet forces are tied down by the defense of a dozen large U.S. bases and numerous outposts. The restricted operations carried out of late by mobile units of U.S. divisions—operation Cheyenne, aimed at safeguarding the roads, operation Paul Revere, launched on the Contum plateau, operation Hastings, launched south of the demilitarized zone, in the area of the 17th parallel, and others—registered no real success.

To make up somehow for its setbacks in ground operations, the U.S. Command is resorting more and more to the "bomb and napalm blanket," which it spreads over the villages and the jungles. According to official U.S. statistics, the monthly average of air sorties to South Vietnam ranges from 10,000 to 12,000. Groups of strategic B52 bombers (which have been considerably improved to carry heavier bombs) performed over 350 flights of this kind in a year.

U.S. aircraft operating over South Vietnam are using on a growing scale poisonous chemicals and gases which the Pentagon regards as a basic, standard weapon. On International Red Cross day planes dropped thousands of litres of poison gas over the Tayninh Province, about a hundred kilometres northwest of Saigon. A week later another 12 tons of poison chemicals were dropped in the same area.

The Committee for the Investigation of the U.S. Imperialists' War Crimes in Vietnam, recently set by the North Vietnam government,

has described the invader's slogan as "Burn, destroy and kill everything." With this as their motto the U.S. aggressors have for the past two years been waging their air war against the DRV. To the north of the 17th parallel, as on South Vietnamese soil, bombs are dropped and missiles launched from U.S. aircraft; towns, bridges and dams are destroyed and villages set on fire. The enemy has made thousands of sorties from aircraft carriers cruising in the Gulf of Tonkin and from air bases in South Vietnam and Thailand. But the people, far from being cowed into submission, are stepping up their resistance, and progressives all over the world are denouncing the imperialist adventurers more and more emphatically.

Since August 1964, when the American planes first invaded the airspace of North Vietnam, their operations have passed through several phases. They began with reconnaissance flights and daytime bombings and then switched to night operations. They concentrated aircraft in specific sectors and attacked in sizable groups, trying to reach deeper and deeper inland. The anti-aircraft units of the People's Army and the local air defense units stiffened their resistance. The number of enemy aircraft shot down kept growing and within a year reached the impressive figure of about 500 bombers and fighters.

In line with the policy of escalation, the enemy is extending the area of his air operations in the DRV. Whereas in, say, February and March 1966 enemy raids centered on communities and industrial objectives in the southern part of the DRV, mainly between the 17th and 20th parallels, in March they spread to the north-western provinces and in April and May to the north-east, including the outskirts of Hanoi and Haiphong. Many provincial and district centers have been bombed more than once. The town of Vinh, for example, was raided four or five times a day, the total number of raids reaching almost 80. The town of Namdinh in Sengka delta was raided more than twenty times. The towns of Yenbai and Sonla in the heart of a mountain area in the north-west have been bombed many times.

Each raid brings death to many civilians—aged men, women and children. The last few months have seen barbarous bombing raids on more than a hundred schools, with many children losing their lives, on dozens of hospitals and over a hundred temples and pagodas. These buildings can hardly be called "military targets," yet this is exactly how they figure in U.S. war communiques.

Among the new targets is the irrigation

system of the DRV. To date some 700 bombing raids have been carried out on locks, irrigation canals, dams and reservoirs. Bombs and missiles weighing 1½ tons have been used.

Bent on intensifying the escalation the enemy has recently begun to bomb the suburbs of Hanoi and Haiphong. Bombs have been dropped on densely populated areas and on industrial targets alike.

The People's Army and the civil defense corps let no airraid go unpunished. The USAF has already lost about 1,400 aircraft over North Vietnam.

Effective use of anti-aircraft missiles and other weapons by the People's Army has alarmed the enemy. Commenting on operations over North Vietnam and on the increasingly effective air defense of the DRV, *Business Week* wrote not long ago that the fire of ordinary anti-aircraft guns trained by radar was becoming more dangerous and that surface-to-air missiles of Russian make were being deployed in a widening area. The journal is at a loss to suggest a way out of the tight spot in which U.S. airmen often find themselves. Flying at medium and high altitudes, they expose themselves to missiles, and at low altitudes they are hit by anti-aircraft fire. The North Vietnamese, *Business Week* added ruefully, are proving that jet aircraft used for low altitude target bombing can be shot down in considerable numbers by ordinary anti-aircraft weapons despite their speed. Thus American strategy and tactics alike are faring badly.

While being sucked in deeper and deeper in their dirty war in Vietnam, the U.S. aggressors are as far as ever from their goal. "There will be no quick victory," was the pessimistic statement President Johnson made to the press after his meeting with General Westmoreland, U.S. Commander in Vietnam. No matter how much they may build up their strength or what new tactics they may use in South Vietnam and over the DRV the chances of victory for the aggressors are slimmer than ever. The Liberation Army of South Vietnam is becoming more efficient, delivering powerful blows at the U.S. crack troops. The People's Army of the DRV commands an excellent air defense system, including highly effective missiles. The people of Vietnam are determined to fight in their just cause to the finish. They have the sympathy and support of all progressive mankind. This is one of the paramount factors dooming the U.S. policy of escalation in Vietnam to complete failure.

Jan PRAZSKY

The trial of Abram Fischer in Pretoria

"WE, BULGARIANS, admired your courageous behavior at the trial. It reminded us of the undaunted behavior of Georgi Dimitrov, the immortal leader and teacher of the Bulgarian people, during the time of the Leipzig Fire trial in 1933."

These words formed part of a letter from the Central Committee of the Bulgarian Communist Party to the South African Communist and patriot, Abram Fischer, following his trial and conviction to lifetime imprisonment by the Supreme Court in Pretoria on fifteen charges under the notorious Suppression of Communism Act and other political charges.

No higher tribute could be paid by the Bulgarian Communists. Nor could any so deeply stir Bram Fischer himself, for Dimitrov's superb defiance of the Nazi Court had long been a model and an inspiration to him as to many other South African revolutionaries during the many trials and persecutions to which our Communist and national liberation movements have been subjected. Considering Bram Fischer's life and the path which led him to stand so defiantly in the dock, it cannot be said that so high a tribute was undeserved.

A brilliant and successful lawyer, Bram Fischer is a son of one of the most distinguished Afrikaner (Boer) families. His grandfather had been Prime Minister of what is now the Province of the Orange Free State; his father Judge-President of the same province. An outstanding student, a Rhodes Scholar at Oxford University, and an exceptionally able and charming person, there seemed no limit to his possible attainments, whether in law or in public affairs. Provided, that is, that he had kept to the unwritten rules governing success in South Africa: adherence to orthodox Afrikaner nationalism, white minority domination and racial segregation (apartheid).

But acceptance of such "rules" was the one thing made impossible by Bram's greatest quality; that which added to all his other gifts has made him the great man he is—his integrity. It was his integrity, his innate sense of justice, which led him to undertake the defense in one case after another of racial and political

persecution. He was a member of the brilliant legal team which, after four years, secured the acquittal of Chief Lutuli and 156 other leaders in the famous Treason Trial of 1956-61. He led the defense in the 'Rivonia' trial of Walter Sisulu, Nelson Mandela and other captured leaders of the liberation movement. It was a fighting, aggressive defense. It turned the spotlight of South African and world opinion to the hateful realities of apartheid. Nearly all the accused were sentenced to life imprisonment; but the conduct of both the accused and their counsel and a powerful wave of protests all over the world surely saved them from the death sentence which had been freely predicted. These were but two of the scores of political trials in which Bram Fischer took part.

But Bram Fischer's contributions to the cause of South African freedom were by no means confined to appearances in the courtroom. The same integrity and devotion impelled him to active participation in public life in many fields. He was the first president of the Congress of Democrats (now declared unlawful) the only white organization to demand full equality in terms of the Congress program—the Freedom Charter. He was a founder and leading member of the South African Peace Council, which boldly spoke out against imperialist aggression and for national liberation, from Algeria to the Congo, in Korea, in Vietnam, and everywhere in the world.

In the 'forties he joined the Communist Party. In his statement from the dock on March 28, 1966* he explained why he had joined the Party: "In my mind there remain two clear reasons for my approach to the Communist Party. The one is the glaring injustice which exists and has existed for a long time in South African society, the other, a gradual realization as I became more and more deeply involved with the Congress Movement of those years, that is, the movement for freedom and equal human rights for all, that it was always members of the Communist Party

*Available in pamphlet form *What I Did Was Right*, London, 1966.

who seemed prepared, regardless of cost, to sacrifice most; to give of their best, to face the greatest dangers, in the struggle against poverty and discrimination."

Although the Communist Party enjoyed formal legality until 1950, hand was even represented in the Parliament, the Cape Provincial Council and the Johannesburg City Council, its members were even then subjected to constant persecution and intimidation. In 1946, Comrade Fischer was arrested together with other members of the Johannesburg District Committee and the leaders of the African Mine Workers' Union. They were charged with participating in the great miners' strike of that year, in which 100,000 African workers came out to demand an increase in their beggarly pay, and forced back to work in a military-style police operation. J. B. Marks, the Union's President, Fischer and nearly all the other accused were found guilty and convicted.

The workers' leaders were not deterred by such victimization. Even after the Communist Party was declared unlawful, in terms of the Suppression of Communism Act of 1950, Bram Fischer took part in building the underground South African Communist Party. At the time of his arrest he was acting chairman of the Central Committee. At the end of 1964 he was charged with thirteen others, including Eli Weinberg and Ivan Schermbrucker, with membership of the illegal Communist Party. This was the first case since the passing of the Suppression of Communism Act that anyone had been tried and convicted for Party membership.

During the trial, Bram Fischer was released on bail and even allowed to travel to Britain to argue a Rhodesian case (a civil dispute) before the House of Lords, during the mid-summer (December) recess in the South African Courts. When the Court re-convened, Fischer was present. But later during the trial he decided, on the directive of the Party, to forfeit his bail of £5,000 and go into hiding.

In a letter to the Court he stated openly that he had taken the step in order to carry on political work underground. "I can no longer serve justice in the way I have attempted to do during the past 30 years—I can only do it in the way I have now chosen," he wrote. "If in my fight I can encourage even some people to understand and to abandon policies they now so blindly follow, I shall not regret any punishment I may incur." Later, after his capture and in the second trial, he vigorously refuted suggestions by the prosecutor at that time that he had merely estreated his bail in order to avoid conviction and punishment. "Had I wanted to save myself I could have done so by leaving the country or simply by remaining in England in 1964. I did not do so because I regarded it as my duty to remain in this country and continue with my work..." In fact he took this step knowing full well that in the not unlikely event of his being captured the punishment would be much heavier

than when he stood trial with his colleagues a year earlier. And it was particularly because he himself is an Afrikaner, one of the group which is blamed "for all the evils and humiliations of apartheid," that he felt obliged to act as he did. "It was to keep faith with all those dispossessed by apartheid that I broke my undertaking to the Court, separated myself from my family, pretended I was someone else, and accepted the life of a fugitive. I owed it to the political prisoners, to the banished, to the silenced and those under house arrest, not to remain a spectator, but to act, I knew what they expected of me and I did it."

During his ten months underground life, Bram Fischer changed his physical appearance beyond recognition; severe dieting reduced his once-chubby countenance and frame to gauntness; with his silver hair darkened and cropped, this bearded figure in his workingman's clothes walked the streets of Johannesburg unobserved, though there was a nationwide hue and cry and a reward of £3,000 offered by the police for "South Africa's most 'wanted' man."

Neither the reward nor police cleverness led to his arrest, but sheer brutality. The special branch gestapo subjected one of his suspected colleagues to prolonged continuous interrogation under the notorious Portuguese "Statue" torture (the victim being forced to stand continuously on one spot without sleep for several days and night), which procured the required breakdown and information. It is a mark of Fischer's greatness of spirit that he showed no bitterness to those who had betrayed him or even those who gave evidence against him in Court. Instead he turned his anger against those who had made them what they were. "Some of these (witnesses) I believe were fine and loyal persons who have now turned traitors to their cause and to their country because of the methods used against them by the State—vicious and inhuman methods."

When Fischer finally appeared in Court, surrounded by fifty armed policemen, he was charged with committing fifteen offences under the Suppression of Communism Act, the so-called "Sabotage" Act and other fascist laws. The trial was transferred from the great industrial center of Johannesburg, where workers' demonstrations were feared, to the administrative capital, Pretoria. Police witnesses, including the spy Ludi, and two former Communist Party Central Committee members Beylveld and Hlapane who had broken under police interrogation, were produced to testify that Fischer had participated actively in the illegal Party as acting Chairman of the Central Committee. Another witness, Mrs. Leslie Schermbrucker, whose husband is serving a five-year sentence as a Communist, was brought forward by the state, but refused to give evidence and was therefore sentenced to 300 days in jail.

Fischer pleaded "not guilty" to all the charges. But this was not so much because he denied all the facts on which the prosecution

relied—though he pointed out the unreliable nature of the evidence extorted through torture. His main reason for this plea was that he felt no guilt for disobeying laws which themselves were unjust and immoral. They were laws enacted by an unrepresentative body (the South African Parliament) "in which three-quarters of the people of this country have no voice whatever," laws enacted to silence the opposition of the majority; to deprive them, by reason of their color, of elementary human rights. "My conscience does not permit me to afford these laws such recognition as even a plea of guilty would involve . . . I believe the future may well say I acted correctly."

Far from apologizing for or excusing his conduct, Bram Fischer proceeded, in his statement from the dock, to give a cogent and reasoned justification and vindication not only of his own actions, but also of the policy and program of the South African Communist Party. He explained the immutable laws of change in human society, governed not by subjective factors, but by developments in the methods and relations of production. Marxism was a scientific explanation of social change and revolution; it was not "something evil or violent or subversive." It was absurd to pass laws which seek "to abolish a scientific approach to history," nor could such laws "abolish those four years when the Soviet State . . . stood as one of the main bastions between civilization and the Nazi armies."

So, calmly and systematically, Bram Fischer proceeded to do what it has been illegal to do publicly in South Africa for the past 16 years—to put forward a lucid and convincing defense of Communism, and the application of Marxist ideas to the solution of South Africa's problems. He described the features of capitalism, driving it towards monopoly, imperialism and war.

"Now it is the fear, bred by this system, which is the fertile soil for producing racialism and intolerance. It was a similar fear which in Europe enabled Hitler to propagate his monstrous theory of race superiority which led to the extermination of five million Jews in Germany. It is this fear which provides scope for the ready acceptance by Whites in South Africa of many distorted ideas: that Africans are not civilized; that they cannot become so for many generations; that they are not our fellow citizens but really our enemies, and hence must be ruled by extreme police state methods and must be prevented from having any organizations of their own; that their voice should be heard only through mouthpieces selected by our all-white Government; that their leaders should be kept permanently on Robben Island."

He proceeded to explain why the immediate goal of the Communist Party, as stated in its program, was to work for a united front of national liberation uniting "all sections and classes of oppressed and democratic people for a national democratic revolution to destroy

White domination . . . restore the land and wealth of the country to the people and guarantee democracy, freedom and equality of rights and opportunities to all."

Bram Fischer's magnificent speech from the dock, of which it has been impossible to touch on more than one or two points in this article, is one of the finest and most inspiring political defense speeches ever made. It was, in fact, an indictment of arbitrary rule, injustice and evil. Its quality, no less than the calibre of the man who made it and the dramatic context in which it was spoken, have made and will continue to make a profound impact in South Africa. More than that, his words have gone ringing around the entire world, calling forth a remarkable response everywhere from men of conscience and integrity, both Communists and non-Communists.

The Fischer case has evoked a powerful worldwide response of solidarity with the imprisoned revolutionary and indignation against his persecutors. In addition to the letter from the Bulgarian Communists cited at the outset of this article, leaders of fraternal parties in both socialist and capitalist countries have expressed their admiration and support for him. Every member of the executive committee of the British Communist Party signed a message of greetings to him on the eve of his conviction when he was still able to receive correspondence, and similar messages were sent from many other Marxist-Leninist parties.

But it was by no means only the Communists who were stirred by the splendid and dignified stand he made in the courtroom. Writing in the British Christian magazine *Rally*, the Rev. Dr. Nelson Gray wrote: "Thank God for such a man as Fischer. If he is a Communist, we could do with a lot more like him in the Christian Church." Canadian churchmen in synod at the time of the trial passed a unanimous resolution of protest against the trial. In Berlin, both West and East, eminent Christians protested including the Bureau of the Conference of Catholic Christians, the Association of Protestant Pastors and Professor Jensen, dean of the West Berlin Theological Faculty.

In Cairo, the secretariat of the Afro-Asian People's Solidarity Committee issued a demand for the release of Fischer and all South African political prisoners; the lead was followed by Afro-Asian solidarity committees in Ceylon, the German Democratic Republic and many other countries.

Legal men of many countries expressed their firm support for their gallant colleague. The International Association of Democratic Lawyers in Brussels demanded the release of Fischer and all political prisoners in South Africa. Many outstanding Norwegian jurists, headed by Terje Wold, president of the Supreme Court, declared that the Fischer trial "demonstrated once again the injustice inherent in the apartheid legislation," and a similar statement was issued by 21 leading Swedish lawyers headed by Advocate H.-S. Franck. They

declared that "our colleague Abram Fischer" had been penalized because he "has exercised his human rights and his duty as a lawyer."

Parliamentarians of many countries expressed their solemn protest. In Switzerland a deputation led by Jean Treina, until last year President of the State Council, and consisting of MP's, scientists, trade unionists, journalists and churchmen, was refused an appointment with the South African Ambassador in Berne, after travelling from Geneva. A similar, all-party deputation of parliamentarians in Paris was not even allowed to enter the South African embassy, and a letter from them was returned unopened. A telegram was sent to the Supreme Court in Pretoria by a number of Italian MP's including Vice-Presidents of the Chamber of Deputies, M. C. Rodano and S. Pertini, and members of the Communist, Socialist, Proletarian Unity and Social Democratic parties.

Leading academics and students from universities in many lands have in one way or another expressed their protest. In Britain, in addition to many joint statements from dons and students in Oxford and Cambridge, almost every University expressed some form of sup-

port for Bram Fischer, and the students of Leeds University showed their feelings by electing the jailed South African hero as President of the University Union. From Prague, the International Union of Students sent to South Africa a sternly worded condemnation of the proceedings.

To all these and many other manifestations of solidarity, the South African government has reacted with an outward show of indifference and contempt. Minister of Justice Vorster, now successor to the assassinated Prime Minister Verwoerd, told the South African newspapers that he had thrown masses of protests from all over the world into the waste paper basket.

Yet there is no doubt that, in the long run, even the hardened fascists who presently rule South Africa cannot ignore the outraged feelings of the entire world. The conscience of humanity cannot rest until Abram Fischer, Nelson Mandela, Walter Sisulu, Govan Mbeki, Ahmed Kathrada and all the ten thousand patriots now imprisoned, banned, restricted and exiled are set free.

A. LERUMO

The people of Panama fight back

IN THEIR FRENZIED drive to crush the People's Party of Panama the imperialists and ruling Panamanian reactionaries have launched a campaign of slander designed to convince the people that the murder of one of our comrades, Juan Antonio Navas Pajaro, carried out on their order, was in fact committed by us Communists. This foul charge is based on false evidence supplied by a ruthlessly brain-washed student.

It is common knowledge that our country is exploited and plundered by the U.S. imperialists with the complicity of a small ruling group which has shamelessly betrayed the national interests. It was this oligarchic clique that in 1903 handed over part of Panamanian territory to the United States. Since then our people have been fighting to break the shackles imposed upon their country.

After years of struggle against disgrace, hypocrisy and falsehood our people have acquired national consciousness. In January 1964, stung by an outrage upon our national flag by the U.S. colonialists, the students marched through the streets to protest against the foreign military occupation of our country. And when U.S. troops opened fire on the demonstrators, the people as a whole acted in support

of the young patriots, victims of Washington and of the treachery of the Panamanian rulers who refused to use the National Guards to protect our territory and our citizens. Public pressure forced the Chiari government into a face-saving severing of diplomatic relations with the United States.

The popular organizations, which greatly stepped up their activity at that time, insist on a revision of the infamous 1903 treaty to restore, once and for all, Panama's complete sovereignty over the whole of her territory.

Scared by these developments, the ruling clique are conspiring against the country, against the anti-colonial aspirations of our people. Traitors in high places are journeying to and from the United States. A new electoral farce is being prepared.

In exchange for promises of economic aid, stiff terms are laid down before the government which came to power after the falsified elections of 1964. The imperialists have made it clear to the authorities that they are by no means the only clique capable of betraying the national interests, that there are other groups ready to play this despicable role. The United States dictates policy to be pursued against the mounting struggle of the people

for a better life, and the government meekly obeys, hurling the police and the military against the workers, peasants, students and teachers.

The growing resistance of the people is unnerving the Panamanian rulers, who are incapable of solving a single problem, however insignificant. Profiteering enterprises are springing up all over the country; corruption and embezzlement are rife; administrative disorganization is turning into chaos. And this government, the most unpopular one in the country's history, persists in its intention to conclude, behind the back of the people, a new treaty with its U.S. masters. From time to time the veil of secrecy around the current negotiations is pierced, revealing little by little the latest betrayal planned by the rulers. More and more facts are becoming known: consent to the construction of new military bases and a new canal (with the genuine interests of the people ignored); reaffirmation of the clause affording the United States perpetual use of the canal; preservation of the benefits derived by the U.S. government from the geographical position of the Isthmus of Panama.

Confronted with the vigorous opposition of the people, the reactionaries inside and outside the government go to extremes in trying to justify their treasonable machinations. They declare, for instance, that since Panama lies within the sphere of U.S. imperialist domination we cannot even dream of escaping our "historical destiny." They defend their slavish anti-national policy on the plea that the canal should be kept on Panamanian territory at all costs. They claim that the people will benefit from the current negotiations. But Foreign Minister Fernando Eleta is careful not to mention that the new canal is to be built on land which is the exclusive property of the Eleta family, and that the "success" of the talks will perpetuate our status as a U.S. colony, for what the imperialists want is Panama's conversion into a "freely associated state" of the Puerto Rico type. In this way they want to stave off the approaching revolutionary solution, to prevent our people from taking their destiny into their own hands and building a decent life for the toilers.

The notorious CIA saturates our ranks with its agents and spends vast sums to kill any opposition to the new colonialist treaty now being thrust upon our country. The imperialists and their henchmen shun no means in engineering all kinds of provocations designed to split the popular movement. In recent times they have availed themselves of the services of petty-bourgeois elements posing as "lefts," "revolutionaries" and "genuine Marxists" in order to attack the vanguard of the revolutionary movement in Panama. But these attacks failed. Frustrating the provocations of the "ultra-lefts," our Party has combated all the sorties against Marxist-Leninist positions and

unmasked the groups of provocateurs whose attacks on our Party are a cover for the most despicable anti-communism. The Party has emerged bigger and stronger from this struggle. Together with the other progressive forces it tirelessly exposes the anti-national character of the negotiations with the United States.

The patriot forces in Panama have steadfastly fought against all the past and present acts of betrayal, and imperialism and the local reactionaries are well aware of this.

That is why they did not stop at committing the monstrous crime of killing Comrade Juan Navas Pajaro, member of our Party, prominent leader of the student movement and hero of the glorious anti-imperialist battles of January 1964. This crime, perpetrated when the young man was returning home together with his mother after undergoing medical treatment in the Soviet Union, has horrified the people of Panama.

But the rulers went further. Having extracted evidence from the above-mentioned student Moises Granados, a victim of police intimidation, they accused us Communists of having murdered Comrade Juan. But their efforts are in vain. The blame for the unpopularity of the government and for the chaos in which our people live rests not with the Communists, but with the ruling classes, which in their treacherous policy ignore both the interests of the working people and the national interests of the country. But despite the efforts of renegades and traitors, our people will not allow Panama to be turned into a U.S. colony. They are ready to take power into their hands in order to save our country and build a new society.

The purpose of the current anti-communist drive is not only to destroy our Party, but to throttle the popular movement altogether.

Dozens of jailed Communists and activists of the mass organizations held in jail are accused of terrorism and face prison sentences ranging from five to ten years. Among them are Eugenio Barrera, Luis A. Mendoza and many others. Comrades Felix Dixon, Sterling and other Communists are kept in prisons charged with having murdered Comrade Navas. The police are looking for members of the National Executive Committee of the Party, for Ruben D. Souza, our General Secretary, Victor Avila, Cleto Souza, Miguel Porcel and other leaders.

The chief blow is directed at our Party, but, like all previous attempts to destroy us, this action, too, is doomed to failure. The masses support their Party. All the patriotic organizations in the country have countered the repressions by closing their ranks and stepping up the struggle for a better life and for democratic freedoms, against the repressions, against the murderers of Comrade Juan Antonia Navas Pajaro.

Ruben CASTELLANOS

Manifesto of Latin American reformism

THE CONFERENCE HELD last August by the presidents of Colombia, Chile and Venezuela and representatives of the presidents of Ecuador and Peru in Bogota ended in the signing of the so-called Bogota Declaration. The purpose of the Declaration was "to analyze the urgent problems affecting the destinies of these countries and the future of Latin America," to make a "contribution to regional integration, to the success of the meeting of the heads of state (the Western Hemisphere) and to the policy of foreign trade and financial cooperation laid down by the World Conference on Trade and Development."

A document issued by the Communist Party of Colombia characterized the Bogota meeting as an attempt to form a bloc of the "relatively less developed" countries with their "inadequate market" and to oppose the patriotic and socialist solution exemplified by the Cuban revolution the alternative of the capitalist way. "The Bogota Declaration," says the Communist Party document, "can be regarded as the program of the conciliatory bourgeoisie, announced with much noise as a substitute for the national-liberation struggle" which is the historical task of the Latin American peoples. Hence the acclaim with which the Declaration was greeted in the international bourgeois press, and hence the importance of analyzing it from a revolutionary standpoint.

Presidents Eduardo Frei of Chile, Raul Leoni of Venezuela, and Carlos Lleras Restrepo of Colombia and their colleagues advance the slogan of "integration" in the Latin American Free Trade Association (LAFTA), which they hope to convert into the Latin American Economic Community.

LAFTA was formed under the Montevideo Treaty signed on February 18, 1960, by Mexico, Argentina, Brazil, Chile, Uruguay, Paraguay and Peru, and subsequently joined by Colombia, Ecuador and Venezuela. Unable to overcome the obstacles to the establishment of a Common Market, specifically U.S. opposition, the signatories confined themselves to setting up a Free Trade Zone in which the tariffs and restrictions imposed on the goods of the countries concerned would gradually be abolished throughout Latin America. Negotiations resulted in

compiling lists of national products indicating the reductions in customs duties and waiving of the restrictions by each country, as well as a common list of goods which the contracting parties undertook to leave duty-free in intrazonal trade for twelve years.

The experience of LAFTA has proved somewhat discouraging for most of its members. Excepting Mexico, Argentina and a few other countries, the balance of payments within LAFTA is unfavorable. Intrazonal trade hardly reaches 8.5 per cent of the overall foreign trade; in pre-LAFTA days it reached 10.3 per cent. A LAFTA summit meeting noted that all that had been achieved at the early stage of LAFTA was a consolidation of trade, mainly in farm produce.

Faced with the failure of the Free Trade Zone, the presidents of "Little Latin America" propose an economic community based on the bloc of the "relatively less developed countries with an inadequate market." These countries would conclude complementary agreements between themselves, accord each other preferential treatment on definite items and apply a differential system of tariff reductions instead of a blanket reduction. The plan envisages:

- a customs union of all the Latin American countries, effective joint action to exempt the products of the less developed countries from tariffs;

- to promote new industries, expand incipient industries and ensure preferential financing of new spheres of activity;

- programs for the economic integration of border areas, establish supranational instruments for decision-making on development, transport cooperation, in telecommunications, the power industry and economic supply, fusion of national stocks of capital, industrial specialization, an equitable distribution of investments, and intrazone transfers of capital;

- technical and financial aid, an intrazonal payments union and the establishment of a Common Fund for granting short-term credits and settling reciprocal accounts;

- the formation of a Council of Ministers with limited power of decision-making, and an agency to iron out differences between members of the Community.

The program, as we have seen, offers no solution to the fundamental problems of Latin American economy.

And the fundamental problem is that, owing to the international division of labor imposed by the imperialist system, the basic interests of the Latin American countries are concentrated not in the zone but outside it, on the markets for the main export items — wool, copper, tin, cotton, meat, coffee, bananas, sugar and oil.

To be able to hold their own against the competition of U.S. and European goods, either now or in the future, Latin American industries require strong Governmental protection. This the United States will not stand for, as can be seen from the following U.S. statement on Latin American integration plans: "The United States considers that the objectives are desirable. Customs unions or free trade zones will be well received, provided they adjust themselves to the principle that no tariff rates shall be established that are higher or more restrictive than those in force, and provided an area of full competition is promoted."

Besides, because of the uneven development observed in the relations between Latin American countries, the economically more developed countries of the continent would gain advantages in the economic community as against the average-developed or underdeveloped countries. No country would agree to be a mere supplier of raw materials and tropical products to the more developed countries or to perpetuate its backwardness by renouncing industrialization. To every country of the continent, overcoming its lag is a more pressing need than integration. This accounts for the existence of programs and plans of competitive development.

Complementary agreements encounter difficulties arising from uncoordinated economic policies and inadequate planning. These difficulties are due to the relative progress made by practically all the Latin American countries in the growing of foodcrops and in textile manufacture. Specialization would necessitate dismantling the existing industries, building new ones or enlarging those presently functioning in the more developed countries.

Presidents Frei, Leoni and Lleras, men of the conciliatory bourgeoisie and advocates of a reformist solution for Latin America, have proposed some changes in the traditional structures to open up new educational opportunities, to effect an agrarian reform, to carry out housing plans and to improve the distribution of the national income. They expect these objectives to be sought through the Alliance for Progress, the malfunctioning of which they admit when they say that "it is necessary to recapture the image and significance of the Alliance as a multilateral program of international cooperation," "to strengthen its structure and machinery in order to make up for the time lost in attaining the aims set initially."

Thus the reformist presidents make development conditional on foreign financial aid. The

"agrarian reform" would have to be financed by U.S. creditors "since the scope of the effort required by the agrarian reform warrants greater international cooperation aimed at making it easier, chiefly by allotting capital for credits." They therefore ask for "an international system of guarantee for the bonds to be issued for the purpose of promoting the reform." The document of the CP of Colombia says that this "is the first time in history a ruling class has turned to international financing as a means of changing land tenure under capitalism."

It is believed that crop-raising and stock-raising enterprises will be financed in the same way.

On the other hand, the Bogota Declaration reflects the contradictions and demands of the conciliatory bourgeoisie who in Latin America are not directly linked with imperialism and occasionally enter into conflict with it; this bourgeoisie, however, is incapable of working for the objectives of national independence and liberation.

It complains about the unequal terms of exchange imposed by imperialism, which is constantly reducing the prices of Latin American products while raising the prices of the manufactured goods sold in exchange; it wants "agreements on basic products as instruments guaranteeing equitable and remunerative prices, stable markets for certain raw materials and profits that would make possible financing development programs."

This is the demand that was submitted also to the World Conference on Trade and Development in Geneva. The conciliatory bourgeoisie usually poses the problem of underdevelopment in terms of relations of exchange and not relations of production, which is where the lag is rooted. The greatest obstacle to economic growth is not so much inequality and arbitrariness of imperialist relations in world trade, as it is the manner of utilizing and transferring economic surpluses, which are whittled down by a non-productive upper class, a huge parasitic bureaucracy, growing accumulation at home and abroad, an inflated military machinery, and the fact that the bulk of these surpluses is withdrawn by foreign capital and goes into paying the enormous foreign debt. It is useless to raise export prices if increased receipts do not return to the country and are not used for extended reproduction of capital goods and manpower. Venezuela and Colombia gain very little by putting up the prices of the oil extracted by the international monopolies. Nor do the Central American countries benefit from the higher prices for the bananas grown on United Fruit plantations. Higher prices for coffee, wool and meat benefit the producing countries only in so far as the profit is reinvested to expand the spheres of activity and set up new branches of national production.

In reply to criticism against the shackling loans granted by the U.S. monopolies, the

Bogota Declaration advances new conditions, that "the credit policy of the international finance agencies should not demand with regard to every project contributions from the recipient country as may, owing to their amount, occasion a paralysis of development programs or prompt the use of inflationary methods."

As for foreign-capital investment, the Declaration timidly suggests the need to establish a system stimulating capitalization in the country where the investment is made, enabling national capital to participate in foreign-owned capitalist enterprises, raising no obstacles to regional integration, facilitating the use of technological achievements, leading to abolition of restrictions on the use of markets, and making it possible to grant average- and long-term credits designed to accumulate capital.

These demands are incompatible with the relations of imperialist domination, which the reformist governments cannot assail. This is shown by the fact that the Frei government has left intact all the privileges granted to American companies extracting Chilean copper, that Lleras maintains the policy of subservience to the monopolies which drain Colombia of its oil, barring the Government from it, and that Belaunde Terry has lowered his nationalist banner under pressure from Standard Oil over the exploitation of the Brea and Parinas oil-fields.

The Bogota Declaration, which expresses the interests of the conciliatory bourgeoisie posing as a champion of "representative democracy," does take up some formulations used in the socialist world and in the democratic peace movement about the need to end the arms race, ban the manufacture, use and testing of nuclear weapons, and divert the funds spent on nuclear war preparations to raising the standard of living. The Declaration condemns political regimes infringing human rights, foreign interference in internal affairs, and direct or indirect aggression. It declares in favor of the free self-determination of the peoples and identifies itself with the peoples striving for development.

These statements reflect the contradictions between the Latin American countries and Washington's aggressively interventionist policy. It is these contradictions that have so far made it difficult to form the inter-American armed force to be used for launching a military aggression against Cuba and for forcibly suppressing any attempt at liberation in the other countries of the continent.

But the reformist governments cannot translate their declarations into real and consistent propositions of a democratic policy of international peace for the same reason that they have chosen the road to neo-colonialist development.

It is not enough to declare the need for a peaceful settlement in Vietnam. It is necessary to admit that the only peaceful and legally

possible solutions have been proposed by the Democratic Republic of Vietnam and the National Liberation Front of South Vietnam. These proposals are: an immediate end to the U.S. aggression, and withdrawal of U.S. and mercenary troops so that a united and free Vietnamese people can shape their destiny as they see fit, implementation of the 1954 Geneva agreements, and recognition of the National Liberation Front of South Vietnam as the only genuine spokesman of the people of South Vietnam.

It is not enough to condemn encroachments on human rights formally and abstractly, as is done by the reformist presidents in the Bogota Declaration. It is necessary to demand an end to the anti-Communist crusade carried on by military and civilian "gorillas" throughout Latin America. In the name of human rights, the armed aggression against the Colombian, Venezuelan and Peruvian peasants cannot go on, any more than the killing of workers and students opposing imperialism in Venezuela, Colombia, Peru, Ecuador and Chile can be justified.

Respect for the right of peoples to free self-determination and solidarity with the peoples striving for independent development implies recognition of the right of every people to the political and social system of its choice, in particular the socialist system. It means demanding an immediate end to the economic aggression against Cuba and to the preparations for military aggression against the only really free territory in America.

The revolutionary and patriotic movements in Latin America are not opposed to the integration of the nations of the continent. Indeed, they are striving to bring it about on the basis of cooperation and effective solidarity, so that the source of the backwardness and dependence can be removed. They consider, however, that integration can never be achieved under neo-colonialism, by a conciliatory bourgeoisie which is forced by the U.S. imperialist pressure and money to renounce defense of national interests.

As matters stand today, all the Latin American countries, big or small, with a developed or less developed bourgeoisie, are, with the exception of Cuba, in the sphere of U.S. imperialist influence. In this sphere there is no real democratic life and the peoples, ruled by regimes which are to a greater or lesser degree tyrannical, are plundered and oppressed in the interests of the U.S. monopolies and prevented from freely solving the problems of their economic and social development.

The fight of the Latin American peoples for independent development and the full use of their national resources is inseparable from the fight for national liberation, and genuine national liberation presupposes a revolution that will change the existing social relations. The fight for national independence, the peasants' demand for land, the fight of the working class for its historical goals, resolute action by

youth and students to overcome the disillusionment caused by a decadent society, the demands advanced by professional people and educationists and the fight against racial discrimination and tyrannical regimes constitute a revolu-

tionary mainstream necessarily advancing towards socialism, to the revolutionary solution of the formidable problems besetting the peoples of Latin America.

Diego Montana CUELLAR

Socialism the Wilson way: through austerity and curbs on trade unions

IN BRITAIN, THE birthplace of trade unionism, the unions find themselves under heavy attack from Prime Minister Wilson's Labor Government.

The government's Prices and Incomes Act, which proclaims a complete wage and salary freeze for the second half of 1966 and "severe restraints" for the first six months of 1967, empowers the Prices and Incomes Board to take legal actions against workers resorting to strike action or even advocating a strike to better their conditions. According to the Act, workers can be fined, and fined heavily, not merely for taking part in a strike but for attempting to persuade others to take part.

This is state regulation with a vengeance, a regulation which leaves little of the workers' right to strike and which strips the unions of much of their strength in bargaining with the employers. The situation is paradoxical in the sense that the Labor government, which professes socialist aims, owes its existence in very large measure to the massive financial and voting support of the workers organized in trade unions.

Why, then, this biting the hand of the very people to whom Mr. Wilson and his ministerial colleagues are so deeply indebted for their present tenure of office in Whitehall?

British capitalism, overtaken by younger and more vigorous competitors, has long been in a phase of chronic crisis. In the technological sense its industry and therefore productivity are greatly behind the United States and even some of the countries of the European Common Market. Another reason is that its ruling class, still living in the past, clings to an imperial heritage as costly as it is obsolete.

Vast sums are squandered on maintaining bases and troops "East of Suez" and on the costly tie-up with NATO. Capital which could be used for technological development at home is exported to ex-colonies and other countries

where the yield is bigger and quicker. The golden days when Britain acted as banker to much of the world have gone. The one-time lender is now a debtor; sterling needs constant propping and since the propping is done by the international bankers the latter, understandably, dictate their terms.

The professed aim of the Labor government, an aim with which no British worker will quarrel, is to get the country out of debt and to reach a position in which Britain is able to pay her way in the world. And the worker would gladly cooperate in the endeavor if he knew that prices and profits were also frozen and an end put to squandermania of the NATO and "East of Suez" policies. But he sees that these vital things are not being done, that he is being deprived of rights as a trade unionist and the knowledge makes him exceedingly sceptical of government policy.

At the annual meeting of the Trades Union Congress early in September, Mr. Wilson, speaking like a prophet of doom addressing a gathering of sinful spendthrifts, thundered on and on about the imminent danger of a return to the terrible thirties. Were these conditions to return, he said, we could well "be plunged into a depression such as we have not seen this generation where the workless might be numbered not as 1½ to 2 per cent, but 1½ to 2 millions."

Despite all the exhortations the majority of the Trades Union Congress General Council's "reluctant acquiescence" to the wage freeze was, from the Prime Minister's point of view, most disappointing — 4,567,000 for, and 4,223,000 against. The resolution submitted by the National Union of Mine Workers against the legislation impeding union-employer negotiations was rejected also by the narrow majority of 474,000 votes — 4,683,000 to 4,209,000.

On a free vote, the *Morning Star* commented, the Prime Minister "would have lost the day."

He managed to save face only because, as the *Morning Star* put it, "every conceivable string was pulled, every possible pressure exerted, every stunt, trick, dodge, wile and maneuver used to beat, bully and bamboozle the delegates into submission."

What is more, the full picture was not placed before the delegates. Only after the Congress, were trade unionists able to read in the press leaks to the effect that, wage freeze or no, the immediate prospect for Britain is one of growing unemployment, that the period of "severe restraint" is likely to last for twelve months beginning January 1 instead of the six-month period stipulated in the Prices and Incomes Act, and the penal clauses of the Act with their power to control wages may continue even longer.

And from Mr. Crossman, one of Wilson's top Ministers, came the confirmation that the new anti-trade union legislation is not the temporary measure which the delegates to the trade union Congress believed it would be. There will be no return, Crossman is reported as having said, to the conditions which prevailed before the wage freeze.

Left Labor MP, Mr. Russell Kerr, denouncing what he termed the "impertinence" of Minister Crossman, expressed the view that the Wilson government should think twice "before they spit in the face of the organized workers."

Not since the economic crisis of the 1930s when Ramsay MacDonald "betrayed"—the word is Mr. Wilson's—the working class movement by deserting the Labor Party for the plum of Premiership in the "National" Government has there been such a reversal of policy by a group of men who in their election program solemnly promised to begin the building of a new Britain, a modernized Britain, and to right the wrongs of the long years of Tory rule.

Only five years ago when the Tory Chancellor of the day Mr. Selwyn Lloyd introduced measures similar to those now taken by the Labor Cabinet it was none other than Harold Wilson, then in the Opposition, who castigated the Tory Minister in these words: "He (Lloyd) had to satisfy the international banking community by masochistic and irrelevant cuts in our standard of living. . . . All that we were given were panic measures, which add up to an exercise in economic and social irrelevance."

Tory panic measures in 1961, Labor panic measures in 1966! And the chances of Wilson's panic measures succeeding where Selwyn Lloyd's failed are generally regarded as being pretty slim.

In a bitter comment on the situation Mr. Frank Cousins, who resigned from the Labor Cabinet rather than have anything to do with its anti-working class measures, said that the only difference between the anti-Socialist Selwyn Lloyd and the Socialist Mr. Wilson was that "while Mr. Lloyd promised one million unemployed Mr. Wilson promised two million."

Another union leader, Mr. Clive Jenkins, said, "workers were being asked to make sacrifices and accept unemployment in order to maintain troops in other people's countries and to continue the drain on our resources through overseas military expenditure."

Selwyn Lloyd's promise of one million and Wilson's promise of two million unemployed and the general attack on the living standards lend a modern touch to the Biblical story about the people who, weary of the burden imposed on them by the newly deceased King, petitioned his successor to ease their plight. The new occupant of the throne, we are told, far from offering the people consolation, threatened them with greater tribulations; my father, so the story goes, chastised you with whips, I will chastise you with scorpions; my father made your yoke heavy, I will add to your yoke.

Meanwhile the big monopolies, immensely heartened by Mr. Wilson's tough line with the trade unions, are extending a helping hand in his deliberate policy of creating unemployment. Imperial Chemicals, one of the giant British monopolies, sacked 1,000 of its workers and has promised to sack many more. And despite all the talk in recent years about employer-worker consultations, Imperial Chemicals didn't think it worthwhile even to consult the unions about the sackings. News of further dismissals and of short-time working, especially in the automobile industry, is a regular feature of the daily press.

Since there is no prices freeze, no profit freeze, and with taxes and transport fares rising, workers are faced with slashing of real wages.

Forty years ago the then Tory Prime Minister Mr. Baldwin, less sophisticated perhaps than the present incumbent of 10 Downing Street, bluntly announced that, to save Britain from economic disaster, "the wages of all workers must come down." In pursuing this policy the Tory Prime Minister precipitated the famous General Strike of 1926.

Although it was defeated, the fear engendered in the British ruling class by the General Strike haunts the Tory party to this day. So much so that they have been chary of challenging the unions, for the union members are all too conscious that the Tory party is the party of the big monopolies.

On the other hand, for the unions the Labor Party is the party which earlier generations of union members built up to help safeguard their economic and political rights. And now they see this Government, which they helped to elect, far from taking action to curb the big monopolies is, to the delight of the Tories, taking action to curb and cripple their unions; they see it freezing their wages, not prices and profits; as the workers see it, it is all so one-sided, so unfair and so unjust, and all so much to the benefit of the big bankers and the big monopolies.

Only recently *The Observer* commented, "bad times for the economy are good times for

the bankers" and, it continued, "one after another Britain's great banks are marching up to the counter and depositing bulging profits."

And so bulging profits for the big monopolies, shrinking pay packets and the promise of mass unemployment for the working people plus curbs on their trade unions—these are the hard, austere milestones reached by the working people of Britain after nearly two years of this modern age thought of Prime Minister Harold Wilson.

The Communist Party, jointly with other Lefts, is advancing an alternative program to the Labor government's one-sided austerity. The threat of unemployment and recession, the program says, should be combated by defeating the pay freeze and securing higher wages, pen-

sions and benefits and resisting all sackings; the government should impose a price freeze; the arms bill should be cut by half and the money used to improve the housing program, education and the health service. Other points include a call for government-control of imports, national planning to be made possible by taking over the big monopolies, and repeal of the anti-trade union legislation.

Recalling the bad times of the Tory rule and the failure of the Wilsonian attempts to make capitalism work more efficiently than it did under the Tories, the Communist Party statement declares: "It is socialism, not capitalism, which offers hope for the future."

J. GIBBONS

The Argentine economy: a new study

*The Capitalist Development of the Argentine** by the Argentine economist Jaime Fuchs is interesting reading for the student of the Latin American continent. In this study the author makes a Marxist analysis of the Argentine economy, of the rise of capitalism in the country, draws a picture of its socio-economic development and examines the economic policies of successive governments. Argentina's economic history is reviewed in the light of world events: the general crisis of capitalism, the advance of the Soviet Union and the socialist system, the disintegration of the colonial system, the change in the balance of world forces, the participation of more countries and continents in the fight for national and social emancipation, the struggle of the working class against monopoly rule. Extensive use is made of statistical material, industrial and agricultural census figures and economic sources.

The opening chapters deal with the specific features of the rise of capitalism in Argentina, its various phases in industrial development. Capitalist development, which had reached a definite level by the '80s of the last century, bore a deformed character owing to foreign-capital penetration and the domination of the landed oligarchy. The weakness of the early capitalism in Argentina is explained by the fact that the feudal mode of production had not been completely eliminated, the feudal survivals were numerous. Fuchs stresses, in particular, the deformed character of the growth of the country's productive forces.

In the 20th century the rate of industrial development quickened, the share of industry in the national income grew as also did capital accumulation through intensified exploitation of the working class. Industrialization, however, proceeded against the background of a profound crisis in agriculture and was hampered by the absence of a substantial home market—a consequence of the predominant ranch farming.

Between 1935 and 1946 the working class grew by more than 50 per cent. The national bourgeoisie, meanwhile, had substantially increased their economic and political influence. The war boom brought a further expansion of industry, primarily at the expense of the small

and middle enterprises in the manufacturing industry.

With the end of the boom in 1949 Argentina's position on the world market sharply deteriorated, restricting her currency possibilities for importing machinery and plant, and also the fuel and raw materials needed by her expanding light industry. Industrial production slowed down sharply.

An obstacle in the way of Argentina's productive forces was, and still is, the landed oligarchy. Some 2 per cent of the latifundists own 64 per cent of the land (according to the 1952 census), whereas 74 per cent of the landholders own only 5 per cent. The situation in the countryside is characterized by the land monopoly of the latifundists, intensified foreign-capital penetration, backward production relations, owing to the preservation of rent in kind and the sharecropping system.

Latifundist land ownership is combined with capitalist forms of exploitation. "Our agrarian development," Fuchs writes, "is a mixture, to a large extent, of capitalist farming and semi-feudal survivals . . ." (p. 523).

This has resulted in extensive agriculture, inadequate investment, decrease of the crop area and the ruin of the peasantry. Agricultural production per capita has declined by approximately 30 per cent in the past 25 years. This, in turn, has had adverse effects on both home and foreign markets.

"A profound agrarian reform is imperative if the country's economic backwardness is to be overcome and complete independence achieved," Fuchs concludes (p. 530).

He shows how foreign capital is responsible for the deformed development of Argentina's economy, for the extremely uneven distribution of industry, the predominance of light industry, the backwardness of the fuel and iron and steel base, and the dependence on the import of industrial plant and fuel.

Foreign capital has in every way retarded the development of industry. National capital was not given priority in the basic branches; deprived of the privileges granted the foreign monopolies, it was channelled mostly into the non-production sphere. In the early postwar years thanks to nationalization the share of foreign investment in the economy showed a falling off. However, recent years have seen a new inflow of foreign capital, primarily North American. Thus, whereas in 1950 U.S. capital

*Jaime Fuchs. *Argentina: su desarrollo capitalista*. Buenos Aires, C  rtao, 1965. 660 pp.

investments in Argentina totalled \$356 million, by 1963 the figure had risen to \$828 million (p. 533).

Figures show the extent of the imperialist plunder. In the 48 years from 1915 to 1963 private long-term foreign investments amounted to nearly \$3,000 million. During this same period \$14,000 million were siphoned out of the country in profits and interest on loans. In other words, for every dollar brought into the country \$4.6 were taken out (p. 536). It is indicative that the foreign investment is growing, largely due to the ploughing back of profits.

For the purpose of bolstering up their economic and political domination and preserving Argentina's socio-economic backwardness the imperialist monopolies have relied on the most reactionary forces in the country; their interests are closely interwoven with those of the Argentine landed oligarchy and big capital.

The U.S. imperialists are trying hard to gain a stronger influence among industrial and financial circles and among the middle sections. They even pose as "allies" in the industrialization of Argentina and the exploitation of its resources.

The author exposes the real role of the U.S. monopolies and the "theory" of two types of foreign capital: capital that is inimical to the national economy, and "progressive" capital, the latter of course being U.S. capital. As long as imperialist monopolies are entrenched in the key branches of the national economy, the author notes, there can be no question of real economic and political independence.

Since the war, and especially during the past ten years, new factors have come into play such as development of some branches of heavy industry, and its more extensive capitalist development, mechanization of agriculture and greater concentration in industry.

This, however, has not changed Argentina's backward economic structure. On this score Fuchs writes: "The fact that our country has made greater capitalist progress than the other countries of Latin America has not rid it of the features common to the economy of the entire continent, namely, the latifundist agrarian structure with its backward relations, and the dominance of foreign-monopoly capital. It is these elements that are responsible for the socio-economic backwardness of Argentina, for its being an underdeveloped country. The growth of the productive forces makes the structural conflict sharper than in other countries" (p. 559). Qualifying this thought Fuchs adds: "It is precisely the level reached by our industrial development that makes it imperative to change the backward structure and put an end to dependence, two factors which are hampering industrialization of the country and preventing it from achieving complete independence (p. 563)."

The author examines the "development theory" so fashionable nowadays in bourgeois circles. The advocates of this "theory" — the

dessarrollistas — claim that Argentina's economic problems can be solved without impinging on the interests of the monopolies and the landed oligarchy, that foreign capital and mechanization of agriculture will do the trick. In other words the *dessarrollistas* aim "at reconciling the latifundist agrarian structure with the expanding capitalist development, at maintaining and expanding the foreign monopoly positions in our economy" (p. 556).

Their plan for agriculture hardly merits serious consideration, for the envisaged measures, "in effect, leave the agrarian structure intact, restrict the home market, presuppose a greater concentration of rent in the hands of a small group, and militate against reconstructing the economy along progressive lines" (*ibid*). Being an opponent of any broad and independent industrial development in the country, the last thing foreign capital dreams of giving is the slightest help in the matter of industrialization.

The capitalist development has sharpened the class antagonisms. A numerous working class has emerged, increasing from 1,300,000 in 1914 to 2,700,000 in 1947 and 3,100,000 in 1960. Fifty per cent of this number are employed in industry, 30 per cent in agriculture (p. 553).

The working class, now playing an active role, is linking the fight for economic demands with the political fight, the fight against the imperialist monopolies, landed oligarchy and big capital.

The Communist Party is in the van of this struggle. "The great merit of the Communist Party of Argentina," Fuchs writes, "is that in addition to revealing the root causes of the crisis, of the economic and political instability in the country, it has equipped the working class and the people with a program of solutions and an instrument of organization for carrying out this program. This instrument is the democratic, anti-imperialist and anti-oligarchic front" (p. 611). Here the author has in mind the program elaborated by the 12th Congress of the Communist Party calling for agrarian reform and for ending foreign-monopoly domination.

This is the program of the democratic, agrarian and anti-imperialist revolution in which the working class will play the leading role. As for those considerable groups of the national bourgeoisie not associated with imperialism, they will figure prominently in the national-liberation front, but there can be no question of the national bourgeoisie playing the leading role in the revolution.

Bourgeois economists and sociologists, Fuchs writes, try to show that the economic development of underdeveloped countries depends on capitalism. But, for the peoples, "it is clear that capitalism is incapable of resolving the profound problems confronting the backward and underdeveloped countries and satisfying the growing demand for greater progress and prosperity in keeping with the scientific technological revolution taking place in the world" (p. 604).

A. BELYAKOV

Planning and the socialist market

MUCH IS BEING DONE of late in the Soviet Union and in other socialist countries to improve methods of economic management. A feature of the economic reforms is the effort to secure increasing participation by the people in economic and social upbuilding. Stress is on economic methods rather than on the old administrative way of getting things done; there will be freer play for commodity-money relations, the market, prices, profit and credits; incentive too, for the individual worker and for the production collective, will play a much greater role.

The success of the reforms hinges on the solution of a number of important theoretical problems. Most complex of these, perhaps, is the proper coordination of centralized state planning and the socialist market. What would be the role of the plan and of the market under the new system? Are not the two concepts mutually exclusive? What is implied by the socialist market and all the categories associated with it?

These points are examined in *The Plan and the Market*, a small (96 pages) but informative study by the Soviet economist Gennady Lisichkin.

The author begins by saying that economic methods of management under socialism are not a new "discovery"; it is, he points out, consistent development of the Leninist, scientific way of building socialism. Lenin, as we know, said that it is not on enthusiasm alone, but with the help of the enthusiasm born of the revolution, on personal interest, on personal involvement, on cost accounting, that the millions can be led to communism. He considered that economic initiative should be directed not towards eliminating commodity-money relations and, consequently, the market, but, on the contrary, toward utilizing and promoting them in keeping with their new content.

Centralized planning is one of the greatest achievements of socialism. For the first time in history human society has been able judiciously to assess its needs and its potential, to run the economy in a planned way. The economy of the socialist countries will, therefore, continue to be based on the solid foundation of centralized planning. Its tasks, however, will be somewhat different; they will be more precise and definitive. Instead of trying to regulate every detail of the functioning of the enterprises, it will be concerned primarily with solv-

ing such national economic problems as improving the basic proportions, a unified technological policy, better distribution of production, complex development of particular areas, and a number of other key problems.

Centralized planning, however, is not independent of objective economic laws, particularly of the laws governing socialist commodity production. The state plans should be the result of an all-round study of objective economic processes, should take cognizance of the fact that the enterprises are not merely technical production units but economic components of the national-economic entity. Hence one of the main tasks of the reforms is to enlarge the economic autonomy and initiative of the enterprises, and to engage in direct cost-accounting relations between producers and consumers. It is in this sphere that the regulating effect of the law of value, of commodity-money relations and the market operates first and foremost. "To recognize the regulating influence of the law of value on the economy," the author observes, "does not mean underrating the plan. On the contrary, it means enhancing the role of planning inasmuch as it will be based not on subjective factors but on objective scientific criteria" (pp. 62-63).

Commodity-money relations under socialism do not signify passive submission to the demands of the market, or blindly following it. The market must be organized and scientifically forecast or, in other words, planned. The point then is not one of unleashing the blind forces of the market in the socialist economy, as bourgeois propagandists would have it, but of regulating the market on the basis of scientific forecasting of objective economic processes, of making it an effective instrument of planned development.

Objective development of the socialist mode of production has necessitated a radical improvement in the system of management, shifting the emphasis from administrative to economic methods. The latter reinforce centralized planning by making it more realistic and effective. Scientific foresight, optimum planning, and stimulating production through commodity-money relations are the economic instrument now reliably serving socialist construction. And studies by Marxist economists, such as the book under review, help to keep this instrument in prime working condition.

V. TUMLER

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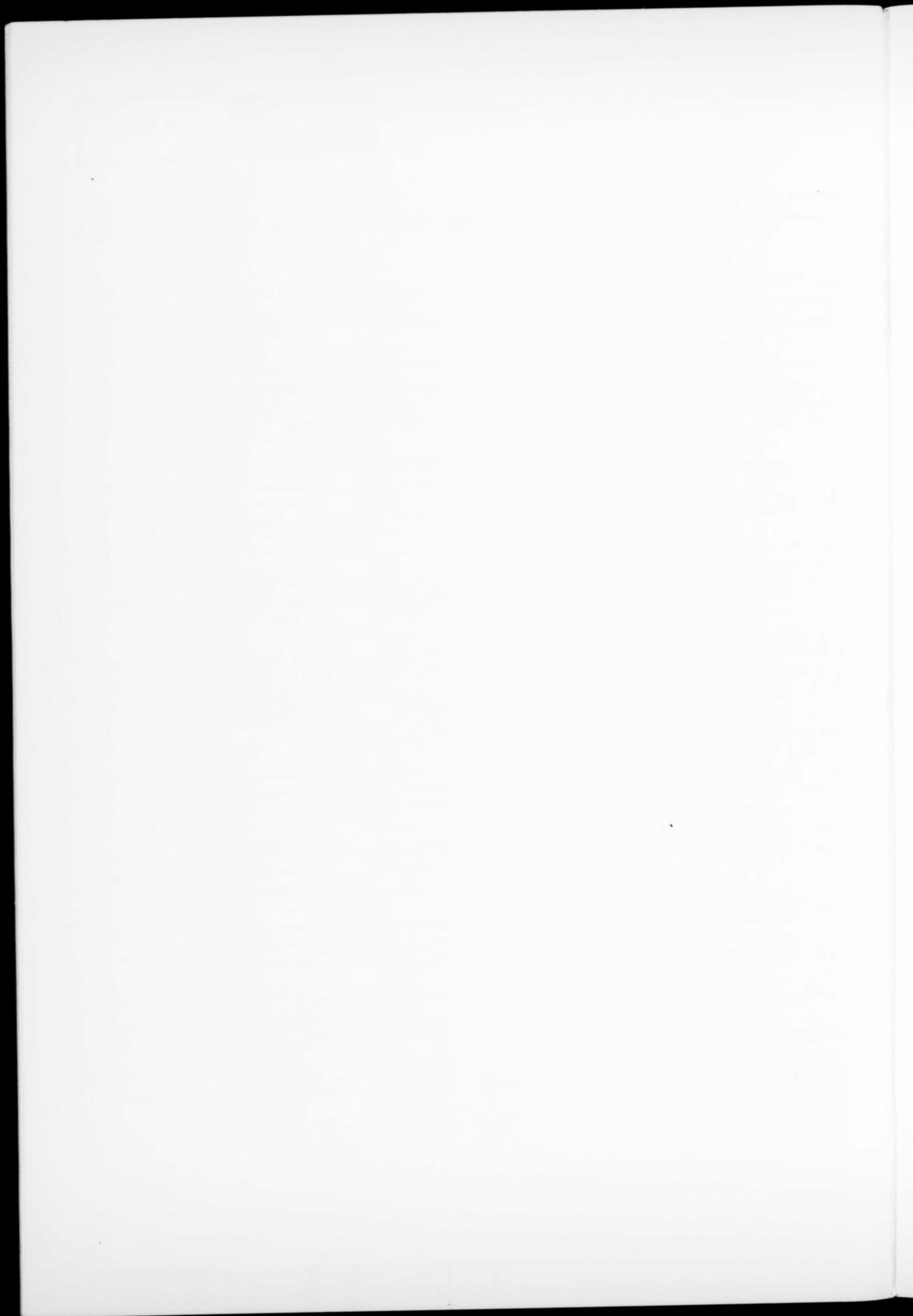
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