

## Chapter VIII

### WHY AMERICA NEEDS SOVIET CO-OPERATION

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SOVIET-AMERICAN CO-OPERATION IS NOT A ONE-WAY stream with all its benefits flowing to the Soviets. America needs it for its own interests, not less and perhaps more, than does the Soviet Union. Instead of spending our time looking for pretexts for quarrels with the Soviets, we should advance our own interests more by opening our eyes to the obvious reasons for friendship.

The American government, for example, displayed some perturbation at the news of the Soviet-Swedish long-term arrangement for trade and a billion-krona credit. We even sent notes of not-too-polite protest and were snubbed for our pains. We seemed to think America should have a priority of some kind.

Now the strange part of this business is that the Soviet Union had offered us a prior and more extensive agreement—and we had pigeonholed the offer and “conveniently” forgotten it! We had seemed to think that the Soviet Union was asking favors of us. We told the world we were “getting tough” with the Soviet Union. Therefore we could not discuss any American credits.

All this is sadly stupid and shortsighted on our part.

It is a fact, whether we like it or not, that the American economy requires expanded foreign markets in or-

der to live, and that there is not the slightest chance of organizing such markets except through a durable peace guaranteed by Soviet-American co-operation.

Why must America have expanded foreign markets? Here are some of the reasons: (1) during the war America expanded its general productive capacity by at least fifty per cent, to fill war demands; now the war market is gone and peacetime markets must be found to replace them or the whole economy will be stalled by overproduction; (2) the greatest expansion in American plants was in the durable goods industries, for the products of which the domestic market can be expanded least; (3) America has accumulated tremendous sums of idle capital, variously estimated, but certainly more than one hundred billion dollars, for which there is but the slightest chance of employment in the domestic market except through inflation and speculation, and for which the only sound field of investment is abroad. These combined factors create an imperative necessity for greatly expanded foreign markets if the American economy is to continue to operate at anything like full capacity.

To whom can America sell more goods?

The Soviet Union is the only market which is prepared today to place orders with full specifications, running into billions of dollars, with the complete certainty that terms of payment will be strictly observed. All other markets require a more or less prolonged period of organization before they can place detailed orders for huge quantities of goods. Even more time is required to work out reliable guarantees of payment.

The Soviet Union is in a position to negotiate the terms of payment for its purchases in almost any form required. It can pay in gold, or in goods, or in its own gilt-edge promises to pay in the future, whichever corresponds most to the needs of the seller.

It is obvious that the most advantageous terms for large-scale trade between America and the Soviet Union, for both parties, would be to finance Soviet purchases by huge long-term American credits. America has no pressing need for gold; and we could only bury it in the ground along with our previous accumulations of the "precious" stuff; neither have we immediate need for Soviet goods in anything like the quantity of American goods we need to sell. But our economy does need a field for foreign investment of our idle capital, as well as foreign markets to buy our goods. Thus it is in America's interest to extend large long-term credits to the Soviet Union.

The Soviet Union occupies, for these reasons, a key position for the opening up of those foreign markets which will keep American industries fully employed and provide an outlet for the nation's idle capital.

More important, in the long run, than these immediate benefits of Soviet-American trade will be, however, the indirect benefits resulting from the political stabilization of the world. It is this which will enable America to develop other and greater markets, not only in Europe, but above all in Asia, Africa and Latin America, markets which in their aggregate will bear some relation to the enormous American productive capacity generated in the war.

Condensed into a single phrase, the reason why America needs the co-operation of the Soviet Union is that only thus can we save our country from an economic crisis, deeper and more destructive than that of 1929-1939 which cost us more money than did World War II.

Not only America but also Britain faces the necessity for greatly expanding foreign trade as compared with prewar figures. Britain must export about one hundred and seventy-five per cent of its prewar schedule; America requires closer to three hundred per cent as a minimum—and probably more. America must find the way to simultaneous advance of both British and American exports, which cannot be accomplished while Britain maintains its markets through monopolistic exclusions and narrowing of the total market.

In the long run, over a few decades, Russia's greatest contribution to America's economic prosperity will come from the establishment of stable political relations under the United Nations. This stabilization will result from Soviet-American unity. A politically stable world is essential for the expansion of the world market.

From the standpoint of immediate economic effects, America has more to gain by credits to the Soviet Union than by the credits to Britain. This is because the Soviet Union will spend a larger proportion of such credits for American machinery, which is the sector of American economy most urgently requiring foreign markets; and because the Soviet Union will not be stimulated by American credits into sharper competition for world markets. Despite popular notions to the contrary, in

the field of world economy America and the Soviet Union are complementary rather than competitive, while America and Britain are competitive rather than complementary.

American capitalistic circles are inclined to regard the socialist economy of the Soviet Union as a factor unfavorable to the maintenance and expansion of American economy. It would be the part of wisdom to temper this prejudice with a little thought as to whether America, with its prevailing system, would be better off if the huge and dynamically expanding Russian economy were geared to a fight for predominance in the world markets against both Britain and America, as it inevitably would be if it were capitalistic rather than socialistic.

Because Soviet economy is socialist, its primary concern is the intensive cultivation of its domestic market. It is interested in exporting its production only to the degree that this is necessary to finance its needed imports. It sells on the world market for the purpose of buying.

This is the opposite to British and American motives in the world market, which are primarily sellers' motives. Both the great capitalistic powers must sell a rising proportion of their national products in the world market, *regardless of how much or how little they need to buy.*

That is why competition in the world markets is today primarily a problem between Britain and America, and not between either or both of them and the Soviet Union. The tendency to counterpose Britain-America

against the Soviet Union arises directly from ideological and political, rather than economic considerations. These considerations express prejudice but not interests of a substantial kind. From considerations of profitable trade in the world markets, America can team up with the Soviet Union far more easily than with Britain.

American industry performed "miracles" of production for the war, as our industrial leaders boast. It is true that it can equally well perform "miracles" for peacetime production—provided it finds a market demand as strong and sustained as that of the war market. But the market is decisive. Production plunges deep into crisis the moment it begins greatly to exceed the effective market demand.

Of course there is a close economic relationship between the domestic and foreign market problems of America. This relationship as it is dealt with in the Roosevelt system of policies—the New Deal—could be set forth in brief in something like the following four propositions:

(1) The task of maintaining high productivity and full employment demands, first, an increase in mass consumption, an expansion of the domestic market.

(2) Expanding mass consumption will not, by itself, be sufficient to maintain the economic level; in addition there is required big expansion of capital investment beyond the visible limits of the domestic demand for capital.

(3) Foreign investments for industrializing economically backward lands and restoring the devastated ones can keep American capital-goods industries fully em-

ployed and provide the investment field for idle money capital.

(4) American exports and foreign credits are thus, to a far higher degree than previously, the key to prosperity of American economy. This is of major concern to the entire country, and not simply a special interest of those engaged directly in foreign trade and international banking. It is not merely a marginal addition to the volume of American economic activity; it is the variable factor which will determine whether our national economy will find stable prosperity or whether it will soon plunge again into a crisis deeper than that of 1929-1939.

This aspect of the American economic program provided the foundation upon which Roosevelt could join Stalin at Teheran, and later at Yalta, to tell the world that they intended to make an enduring peace, one that would banish the scourge and terror of war for many generations.

This promise of peace for generations was a document of a diplomatic character, that is, it was an agreement between governments. But it would be the grossest error not to understand that it was also something much more than that. It was a policy, a political platform for gathering and organizing all the forces in the world that could help to realize the goal proclaimed. It was a declaration that this goal of a stable peace is not a Utopian dream, that it is realizable, that *peace is possible*. It was the central point in Roosevelt's 1944 election platform, with which he received the unprecedented fourth-term election by the ballots of the American people. It ex-

presses the deepest aspirations and the material interests of the American people and the peoples of all nations.

What factors make it possible for bourgeois democrats and Marxian socialists to join in such a project of a long-time stable peace as a practical goal?

Hitherto, before the unprecedented experiences of the late war, it had been impossible for Marxists to declare that a stable peace could be achieved short of the time when socialism would replace capitalism in the principal nations of the world. Is Stalin now revising the Marxian theories he has always held when he joins in this projection of a stable peace? Such a conclusion would be stupid, just as stupid as its obverse, that Stalin is merely indulging in diplomatic double-talk. Either idea is utterly uncharacteristic of Stalin.

When a Marxist speaks of the possibility of a long-term peace today, which could not have been envisioned before this war, that means that there must exist objective factors at work in the world which hitherto were not decisive but now can be predominant. It means that a new relationship of forces has been created, out of which the possibility of a stable peace has arisen. If we cannot define such objective factors, then we have failed to establish that Marxists could realistically join with bourgeois democrats in such a program for a stable peace; in which case we have not established a firm conclusion that the leaders of the Soviet Union, who are Marxists, can follow such a policy.

I have no wish to evade any of the sharpness of this issue or to find an easy answer. Shallow and easy answers will be of little use to the world. Above all it is

false and dangerous to look for the decisive changes in the direction of the Soviet Union changing to resemble capitalism, or the United States changing over to socialism.

What then is the nature of the change in world relationships, of which the economic motives already noted are an expression, enabling socialists and bourgeois democrats to find a common platform?

The change, first of all, lies in the fact that for the first time in history *two countries* hold the power, by joint decision, to insure peace.

The change, in the second place, lies in the fact that neither of these two powers can hold a realistic expectation that it could eliminate the other by military means.

The change, in the third place, lies in the fact that the world has only now emerged from the greatest of all wars, in which America and the Soviet Union were allies, and gained victory by their joint efforts.

The change, in the fourth place, lies in the fact that the Soviet Union contributed the most to that victory, more than all others combined, as shown by casualty lists.

The change, in the fifth place, lies in the fact that America, escaping the direct destruction of war, expanded her economy vastly and can maintain that expanded economy only in a world of stable peace.

The change, in the sixth place, lies in the wiping out of the reactionary antidemocratic centers of power in Europe and the Far East, and the consequent rise of new democratic governments and movements in large areas of the earth.

The change, in the seventh place, lies in the rise of powerful national liberation movements in the colonial lands, especially in India, Indonesia, and Indo-China, which renders impossible the prolonged continuation of the colonial system without a major explosion of liberation wars beyond the capacity of the colonial powers to master.

All these major changes (and many others) add up to an entirely new world relationship of forces, in which the United States and the Soviet Union hold the joint power, and have a common incentive, to solve the most urgent problems of world order without recourse to war, and to prevent any other powers from resorting to war.

The national interest of the United States in peace, and therefore in a collaboration with the Soviet Union that will guarantee peace, is obvious and clearly established.

It is not so obvious from the Marxist point of view that the capitalist class, which dominates the government of the United States, can or will see its own class interest as coinciding with this national interest. The obvious possibility of division between class and national interest was exemplified by Chamberlain who, as the representative of the British capitalist class, led his nation to the brink of destruction. Yet it was in the character of the British capitalist class that it took that course. What reason have we to believe that the American capitalist class and its leaders will not repeat the tragic example of Chamberlain and his anti-Sovietism? Churchill has been proposing a similar course.

It is true that the existence of a general American national interest demanding long-term collaboration with the Soviet Union is not by itself sufficient guarantee that this course will be followed by the class which controls the government, unless it believes its own class interest lies in that direction. And it is also true that the American bourgeoisie is by training and inclination profoundly hostile to the Soviet Union and its socialist system. Therefore, it must be expected that the United States will not move in the direction of co-operation under the guidance of a clear policy, but only that in facing the issues of the day, it will come step by step—of necessity—to the correct policy, just as it did during the war. Even Roosevelt's most inspired policies were not born overnight and fully developed. So much less may we expect American postwar policy, without Roosevelt's leadership, to take shape except through a painful period of trial and error.

But even such a step-by-step, hesitant, and deviating march toward the policies necessary to a durable peace would not be undertaken by the United States if the dominant class could not see in peace also the realization of its own class interests.

The direct capitalist class interest lies in reaping its profits; this is accomplished in the market where goods find customers who can pay. American economy has always been closely intertwined with the world market through foreign trade even when the proportion of its product sold abroad has been small. Today, more than ever before and to a growing degree, the products of America's expanded economy demand a rapidly ex-

panding foreign market as the condition for any degree of stability of the whole economy.

The new relationship of forces in the world has as one of its consequences that the United States can reach its needed foreign markets in co-operation with the Soviet Union, by stabilization of world peace; but the United States cannot possibly reach the markets it needs by accepting Winston Churchill's proposal for an alliance with Britain against the Soviet Union.

Along the anti-Soviet road there are no large markets to be gained except war markets.

The Churchill proposals tickle the ideological prejudices of the American bourgeoisie, but do not serve any definite American interest, even the interest of profit. If prejudice and ideology are stronger than material interest, then America may go on the Churchill path. But since the capitalist class with its profit motive can find its expansion through the same policy that expresses the national interest, the fight for such a policy is not a revolutionary struggle. It can be realized through the existing system. It is not inevitably necessary to abolish the profit system before the world gains a stable peace. The Roosevelt policy is the reconciliation of capitalism with the necessities of peace. If there is sufficient intelligence and sanity left among those who hold power in America, they will return to the Roosevelt road, for which labor and the democratic forces among the people strive with all their capacity.