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# INTERNATIONAL NEWS

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**What Is State  
Capitalism ?**

**Uncle Sam Girds  
For Battle**

**The «New Turns»  
Of Stalinism**

Theoretical Organ of the  
International Contact Commission

# INTERNATIONAL NEWS

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## What Is State Capitalism?

The dispute over the question of state capitalism and over the question of the kind of economy that exists in Fascist Germany and the Soviet Union has brought forth a mass of material, but material with little scientific understanding of the problem. It is unfortunate that most of the errors dealing with the question of State capitalism have their roots in the question of what is capitalism. When one does not understand the capitalist mode of production, one can only create more confusion in dealing with state capitalism. Marx dealt with "pure" capitalism in order to explain the major aspects and the motion of capital. But Marx made it clear that pure capitalism does not exist. Likewise we can say that state capitalism as such does not exist. Forms of state capitalism do exist in one degree or the other in all major countries. World economy is an admixture of capitalist, state capitalist, pre-capitalist, and even socialist forms, under the domination of capitalist economy.

Our definition of state capitalism refers to that condition where the capitalists' state has taken over the decisive means of production, land, banks, etc., and continue to carry on production governed by the basic laws of the capitalist mode of production, production of commodities for the market, in order to gain as great an amount of capitalist individual appropriation of surplus value as possible. To most economists, state capitalism means, that whenever and wherever the state intervenes in directing, controlling or regulating the economic life or parts of the economic life, this constitutes state capitalism — or "socialistic" ideas. To us this has nothing in common with socialist economy and merely represents FORMS of state capitalism in one degree or the other. This is an inevitable process under decay capitalism, under Fascism or bourgeois democracy, or in war periods and crises. But these forms of state capitalism, whether under Fascism or under imperialist wars in no way change or modify the basic laws of the capitalist mode of production. In no sense is there a "new" stage of capitalism. The basic

contradiction between socialized production and **private appropriation** will still obtain, the contradiction between national boundaries and markets will sharpen, competition will not grow less but will intensify.

Many attempts have been made to show that the USSR and Germany have a similar "state capitalism" (although different in degree and form). And some people even try to quote Lenin as saying that Russia has state capitalism, without understanding Lenin's content. Some of these people refer to state capitalism as organized capitalism capable of ironing out its economic contradictions as presented by Kautsky's theory of super-imperialism. But once one scientifically examines Germany and Russia, he finds in spite of all the similarities on the surface there are far more fundamental differences underneath.

### FASCISM A STATE OF DECAY CAPITALISM

The greatest living proof that Fascism in Germany (not the state capitalism of the "liberals") is merely a form of imperialism and not a "new" economy, is the invasion of the small countries and the smashing of France. German economy has reached an acute state of the contradiction between production and markets together with the other imperialist powers, resulting in the war. To the degree that economic decay develops more forms of state capitalism will be pushed through in order to safeguard CAPITALISM.

In the Soviet Union, in spite of its warped form today under Stalinism none of the basic contradictions listed above exist. There is no private appropriation, capitalist appropriation, except as a minor phenomenon where backward economy attempts to challenge the state controlled transition economy. Even the usurpation by the Stalinist bureaucrats is small compared to the capitalist share in capitalist countries or if compared to the state accumulation that is turned back to further develop the state production.

## COUPON CLIPPERS UNDER "STATE CAPITALISM"

Let us consider the question from another angle. For sake of argument let us grant these "economists" their premise. We will even assume that there is no crisis, no war, and the state does not only take over sick industries to subsidize them but takes over the main healthy industries and carries through "state capitalism". But then what happens to the coupon clipper. Is he eliminated? Do the state officials take the surplus value? If the financiers and the capitalist class remain (direct all this from behind) then this type of "state capitalism" is nothing new and has been seen for many years. It is what we call FORMS of state capitalism. Private appropriation still exists, although its forms are modified.

But if our "economists" mean that the capitalists are eliminated from their right to surplus value — that is, the contradiction between socialized production and capitalist private appropriation has been eliminated — then it is not capitalism. But this latter exists nowhere except in the Soviet Union.

The "economists" have a contradiction in content as well as in term. To eliminate the private ownership and private appropriation and to call it state CAPITALISM is false. The word state could be used but not state capitalism. On the other hand to leave intact the private ownership of the means of production and above all private appropriation could be called capitalism, but not STATE capitalism, because the exploiters still retain their basic position.

## PROFITS IN GERMANY.

Figures from Germany show that with the increased forms of state capitalism, the relative share of private accumulation increased. According to the Reichs Kredit Gesellschaft the share of "wages and salaries" in the national income fell from 57.7% in 1929 to 54.2% in 1932 and then rose to 55.9% in 1937. But profits from industry and commerce fell from 16.9% in 1929 to 11.6% at the lowest point of the depression, and then rose with Hitler's accession to power until by 1937 it was 20.5% of the total national income.

Despite the fact that the public debt rose in the five years from November 1, 1933 to October 31, 1938 to 25½ billion reichsmarks — more than double the previous figure, and that 7.1% of all income is drawn off for public

purposes, private profits of the capitalists has risen by 9 billion reichsmarks in the same period, and is greater today than even in 1929 by almost 2 billion reichsmarks.

It would be interesting to break down these figures still further but we do not have the data. With the elimination of large sections of the middle class during Hitler's reign, it is evident that the proportional share of the BIG capitalists has grown even larger than the above figures indicate.

This is just the opposite of what has been happening in the Soviet Union under Transition Economy, where private ownership of the basic means of production and private appropriation has been decisively eliminated.

## SPREADING LENIN

Many so called Marxists today drag out articles by Lenin and try to prove that Lenin called the USSR economy "state capitalism". This is far from the truth. Lenin's arguments on state capitalism are the very arguments to prove the false position of the "Marxists". For example, Lenin's article, "The Food Tax", written at the beginning of the New Economic Policy (Selected Works, vol. ix, pp. 164-202). In this article Lenin has a lengthy quotation dealing with state capitalism from his previous polemic with the Bukharin "left" group of 1918 ("Left-Wing Childishness and Petty Bourgeois Mentality", Selected Works, Vol. vii, pp. 351-378).

In this material Lenin speaks of state capitalism. We are of the opinion, and we stated so in the past, when we rejected the formulation of state capitalism, that Lenin used a poor formulation, a wrong formulation. But the content of the article is entirely correct.

In this 1918 pamphlet Lenin said: "State capitalism would be an advance on the present state of affairs in our Soviet Republic. If we introduced state capitalism in approximately six months' time we would achieve a great success and a sure guarantee that within a year Socialism will have gained a permanently firm hold and will have become invincible in our country". (vol. ix, p. 165.)

It is obvious to all but the blind that the terms "state capitalism" and "socialism", as used by Lenin, were terms used in their broad socio-economic sense to differentiate the various economic parts and forms that existed within the Soviet transition economy. After

all, a term (formula) has validity **only on the** basis of a scientific understanding of the phenomenon or situation, in its proper historical context, to which the term is applied.

Therefore, what is important is not to snatch these two terms out of the context of Soviet transition economy and yell that Lenin was for "state capitalism", or that he was for "Socialism in a year", but to carefully study the entirety of Lenin's analysis. As we shall briefly show, and we advise all comrades to study **all** of Lenin's material on this question, Lenin's **basic** analysis was fundamentally correct, although his generalized formulations may easily be misunderstood and distorted.

## FORMS OF STATE CAPITALISM

For example, here is another quotation from Lenin, which if taken out of context of the article can be used by revisionists to prove that Lenin stated that "socialism" can be achieved in Russia within six months and a dozen other theories:

"To elucidate the question still more, let us first of all take the most complete example of state capitalism. Everybody knows what this example is. It is Germany. Here we have 'the last word' in modern large-scale technique and planned organization, **subordinated to Junker-bourgeois imperialism**. Cross out the words in bold type, and in the place of the militarist, **junker-bourgeois imperialist** state, put a **state**, but of a different social type, of a different class content — a **Soviet**, that is, a proletarian state, and you will have the **sum total** of the conditions necessary for Socialism" (vol. ix, p. 169).

In the correct content as Lenin presented it one can add that other advanced capitalist countries such as the United States, England, France, also have the **sum total** conditions necessary for socialism when we add to this the proletarian state, and the elimination of the capitalist class.

In speaking of State capitalism, it is clear that Lenin's use of the term and the use of the term of those who claim state capitalism exists in Russia and Germany are two different contents for the same word.

## "STATE CAPITALISM" UNDER SOVIETS

Indeed, the distortions today by those who try to snatch these terms from Lenin without understanding his fundamental economic analysis are nothing new. Time and again Le-

nin had to repeat, reiterate and redefine his entire position because many leading Communists, he declared, were "making the mistake of dropping into intellectualism, into liberalism, philosophizing about how state capitalism is to be interpreted, and turning to old books..."

"But you will not find what we are discussing in these old books... These books deal with the state capitalism that exists under capitalism..."

And Lenin goes on: "That is why many people are misled by state capitalism. In order to prevent this we must remember the fundamental thing, viz. that state capitalism **in the form that we have it here** (our emphasis—Ed.) is not dealt with in any theory, or in any literature, for the simple reason that all the usual concepts connected with this term are associated with the bourgeois state in capitalist society. Our society is one which has left the rails of capitalism, but has not yet got on the new rails. The state in this society is guided, not by the bourgeoisie, but by the proletariat. We refuse to understand that when we say "state" we mean ourselves, the proletariat, the vanguard of the working class. State capitalism is capitalism which we shall be able to restrict, the limits of which we shall be able to fix. This state capitalism is connected with the state, and the state is the workers, it is the advanced section of the workers, it is the vanguard, it is ourselves". ("Political report of C.C. to Eleventh Party Congress", vol. ix, pp 338-339.)

To return to his previous article. In taking up the question of state capitalism Lenin warned the comrades in the following words:

"It is precisely because Soviet Russia cannot advance economically without traversing the ground **that is common** to state capitalism and to Socialism (national accounting and control) that the attempt to frighten others as well as themselves with the bogey of revolving **towards** state capitalism' is utter theoretical nonsense." (ibid. p. 171)

The transition steps toward socialism at the BEGINNING as outlined by Lenin must take into consideration that fact that Russia had tremendous carryovers of PRECAPITALIST economy.

## FOUR FORMS OF RUSSIAN STATE CAPITALISM

In fact, Lenin decisively makes clear that

he is speaking of **transitional forms**: "No one, I think, in studying the question of the economics in Russia has denied their transitional character. Nor, I think, has any Communist denied that the term 'Socialist Soviet Republic' implies the determination of the Soviet government to achieve the transition to Socialism, and not that the present economic order is a Socialist order.

"But what does the word transition mean? Does it not mean, as applied to economics, that the present order contains elements, particles, pieces of both capitalism AND Socialism? Everyone will admit that it does".

And Lenin continues to explain precisely what these "forms" are:

"But not all who admit this take the trouble to consider the precise nature of the elements that constitute the various socio-economic forms which exist in Russia at the present time. And this is the crux of the question.

"Let us enumerate these elements: 1) patriarchal, i. e., to a considerable extent, natural, self-sufficing peasant economy; 2) small commodity production (this includes the majority of the peasants who sell their grain; 3) private capitalism; 4) State Capitalism; and 5) Socialism". (vol. ix, p. 165).

In other words, when Lenin was dealing with state capitalism, not in words but in content, he was speaking of transition belts to coordinate, to develop, and to lift precapitalist and capitalist production towards socialist production. At the same time he listed the socialist strata. It is obvious that what we term "forms of state capitalism" Lenin spoke of as state capitalism, and when Lenin spoke of socialism it meant leading toward socialism. We term this first phase — transition economy. In no case did the content of his position mean that five separate modes of production existed in Russia: State Capitalism, Socialism, Hand Tool production, etc. One mode of production dominated, the others were and are carry-overs, just as today under capitalism precapitalist forms continue to exist.

Lenin revealed this clearly when he said, "The whole question theoretically and practically, lies in finding of the correct means of properly guiding the inevitable (to a certain extent and for a certain time) developments of capitalism along paths of state capitalism, and what conditions to establish and how to secure in the future the conversion of state capitalism into socialism".

All of Lenin's writings on the question of state capitalism deal with FORMS of state capitalism, entirely within the FRAMEWORK OF TRANSITION ECONOMY under the Dictatorship of the Proletariat, as a subordinated PART of **Soviet Economy** as a whole. But our "economists" of today, who refer back to Lenin take these state capitalist forms out of this framework and ignore completely the DECISIVE part — Transition Economy! That is, the elimination of private capitalist appropriation, the elimination of the capitalists, and the decisive aspects of the economic life of the country under the DICTATORSHIP OF THE PROLETARIAT — regardless of the fact that there is an alliance with the peasant majority, and regardless of the fact that Stalinism is today driving the structure back towards capitalism.

Let us deal further with the concrete content of Lenin's material on state capitalism. What did Lenin mean by State capitalism? Did Lenin mean the nationalization of the means of production, etc.? No. Then what did he speak of? Lenin referred to **FOUR forms** of State capitalism that must be developed in Russia. Not four forms of state capitalism to **replace** the TRANSITION ECONOMY FORMS, but four forms of State capitalism as a belt system to canalize precapitalist and private capitalist FORMS into SOCIALIST channels, under SOVIET domination.

Let us list these four forms Lenin spoke of: 1—"...in 'planting' State Capitalism in the form of concessions, the Soviet Government strengthens large production against small production."

2—"Cooperation is also a form of state capitalism, but less simple and less clear cut, more complicated and therefore creating many practical difficulties in our government". This refers to the Cooperatives. On the same subject Lenin said:

"The freedom and right of cooperation under the present condition in Russia, means the freedom and rights of capitalism". (183-184)

3—"Let us take a third form of state capitalism. The state invites the capitalists as a merchant and pays him a definite commission for selling state products of small industries". (185)

4—"There is a fourth form: The state leases a factory or an industry or a section of forest or land to a capitalist. In this, the lease agreement is more like a concession agreement". (185-186)

## TRANSITION ECONOMY DOMINATES

One can readily see that the content of Lenin's argument on State Capitalism was entirely correct. But the ultra-lefts and liberals, who claim state capitalism exists in Russia (and Germany) fill this term with an entirely different substance. To try to justify their position by Lenin is the worst kind of fakery or ignorance of Lenin's position.

Did these **FOUR FORMS** of state capitalism DOMINATE the economy of the Soviet Union? No — at no time since the October revolution have these four forms and other forms of state capitalism dominated the economy of Soviet Union. Lenin classified as Socialism (Transition economy) the Soviet State ownership of the basic means of production, land, banks, imports and exports, etc. At all times, and even today under Stalinism this TRANSITION

ECONOMY and its variety of forms dominate the whole of state capitalist forms, private capitalist forms, and precapitalist forms of economic carryovers in Russia.

It is well to also point out the relation of our complete problem (Russia) to the whole problem theoretically. That is, what are essential transition belts from precapitalist economies to transition economy toward socialism in BACKWARD COUNTRIES, are of secondary nature in DEVELOPED capitalist countries such as the United States, Germany, etc. In other words, what has become a tremendous problem where the working class has FIRST seized power will be a secondary problem when more capitalist nations are overthrown and Soviets spread and grow as state forms for the transition system.

June 12—40.

# Uncle Sam Girds For Battle

The defeat of France has closed the door on America's entry into the European phase of the second world imperialist war for the re-division of the world; but it has also accelerated the speed with which American imperialism must drive ahead in her efforts to "organize the world". Despite the apparent certainty of Wall Street that the United States will enter the war in very short order, the tempo at which Germany is defeating her rivals shows that American imperialism is too late to intervene on the continent of Europe. Yet America is undisputably preparing at top speed for intervention in the war. Precisely where she will strike first we cannot predict. But it is certain that she will consolidate her hegemony over the Americas and move in on eastern Asia, thus opposing the interests of Great Britain and Japan in the east, and of Germany in the west. America's role as the strongest of the imperialist powers continues to be one of trying to exhaust all the rest, so that the American dollar can eventually dictate the terms of "peace" and dominate the entire economic life of the world.

While the main inter-capitalist world economic antagonism today remains that between the United States and the decaying British Empire, the danger that the triumphant Germany will supersede Britain as the chief threat to American interests pushes the United States into "parallel" action with Great Britain against Germany. Uncle Sam is confident that he can reduce Britain to a second-rate power by such forms of "collaboration", since he can demand ever greater economic concessions for the "aid" thus rendered England. But the struggle against the rising third power, Germany, along with its allies, Italy and Japan, will inevitably take different, i. e., military forms.

In view of this need for a military victory, numerous far-reaching steps have already

been taken to organize the nation's economic, social and political life around the war mobilization drive. This article is an analysis of some of the most significant of these steps, together with a glance at the perspectives offered to the revolutionary movement.

## I — FINANCING TECHNIQUE

First, it is of importance to note the financing technique of the imperialists. The six billion dollar "defense" appropriation calls for renewed plundering of the masses, so that capitalism may continue on its way. Hence it is of the utmost significance to observe that the new tax burden for imperialist war will be used by the exploiters to beat down the workers and other oppressed sections of the population. Taxes on cigarettes, on liquor, on movies — extension of the income tax to single workers with incomes of \$800 a year and to married workers with incomes of \$2,000 a year — but no tax as yet on excess profits. Proposals are already in the air for a wage tax, similar to the robbery now being practiced in Philadelphia, and closely modelled on Daladier's decree-laws.

One of the most pertinent aspects of this six billion dollars appropriation is the control on its spending. The Stettinius-Knudsen War Resources Board reveals the increased consolidation of the Wall Street bloc of finance capitalists for world conquest. Stettinius is the House of Morgan personified in one of its most capable exponents. Knudsen is also with the Morgan-Dupont group; but the majority of the Board and the government forces represent the "anti-Morgan" Wall Street financiers — the Rockefellers, etc. Significantly, Roosevelt beckons these men and they come. They are well aware that Roosevelt is not the "enemy of big business" he is so frequently called.

The War Resources Board will ultimately control the expenditure of the six billions just

appropriated, as well as further billions in the future. The Board has the power to make or break almost any industry or corporation in the country. Judiciously placed orders will line up all the small "independent" capitalists. Those who fail to play ball with the finance capitalists will be pushed to the wall. The amount of loans needed for re-equipping plants for war production will be enormous. The credits needed for raw materials guarantee the further extension of financiers' control over production. Thus ever further centralization of American capitalism in the hands of an ever smaller group of monopolists is taking place.

Having viewed a few of these broader approaches from the aspect of finance capital, we now examine the productive basis of the war plan — what its results will be and how class relations will be affected.

The industrial dislocation consequent upon military orders will be very great. The hopelessness of capitalist progress is clearly seen from the fact that this economic crisis, which began in 1929 and still persists, has been marked by the inability of consumers' goods industry to find broader markets. It cannot create a market in the colonial and semi-colonial countries despite all its efforts, since the very fact of colonial exploitation implies the sharp limitation of colonial purchasing power. And the war will produce an even sharper divergence between consumers' goods and heavy industry.

Much of the money that flows into the hands of heavy capital goods industry will take the form of Reconstruction Finance Corporation loans. In no other way will industrial capital be obtainable for war production. Thus a further step in state control of banking (which means a further step in the bankers' control of the state) will be effected. The manipulation of the Export-Import Bank already shows how far this program will carry. Loans to other nations are controlled by the Export-Import Bank, loans to domestic industry by the R.F.C.

At the moment there would appear to be a sharp cleavage of interest between industrial and finance capital. The latter, of course, already controls the major portion of the basic industries. The industrial capitalists, who are the minority forces, are only too conscious of

what lies in store for them. It is therefore significant that the voice of productive capital has been timorously raised against the war boom. It was one of the big characteristics of the "depression" that huge increases in productive capacity and in production were made without accompanying increases in capital investment. The W. P. A. Research Project has published an excellent study of this phenomenon, closely related to the decay of capitalism. How is this situation affected by the war drive?

We quote a current trade paper, as reported in the Chicago Daily News of June 17: "Machine tool builders could have gone hog-wild in response to foreign pressure, particularly from the Allies. But they haven't. They have not adopted a policy of drink and be merry today and let tomorrow take care of itself. Instead they have refrained from plant extensions wherever possible, resorting to every other means first to produce more goods. For that demonstration of keeping their head they deserve commendation."

There the cat is out of the bag. The News, in a suave editorial, disparages this attitude, because "booms" were really the basis of American prosperity. Granting the risk involved in capital outlay today, the lackeys of imperialism urge a way out that will put the entrepreneur on the same side of the fence as the rentier-capitalist — "The most liberal provision should be made in the tax law for the depreciation and amortization of investment made primarily because of national defense needs", which means, in plain language, that, despite nominally higher taxes on corporate income, the tax rise will either be greatly modified or wiped out altogether. Vast profits can be hidden behind the cloak of depreciation, if this proposal (by Col. Knox, publisher of the News and Secretary-elect of the Navy) carries.

(As we go to press, we note that an added sop has been thrown the industrial capitalists. The Army and Navy are authorized to increase contract prices up to 30%, in order to allow contracting corporations to create facilities for war production.)

The usual productive problems involved will not overtax America's productive plant. But already the speed-up has increased so that the skilled workers are being over-worked,

while the unskilled remain unemployed. There has been an over-night increase in both rate and severity of industrial accidents, thanks to the ruthless drive for war and profit. This will continue and even intensify in the next few months.

## II — LATIN AMERICA

We do not wish to analyze in detail every aspect of American "preparedness". Rather we shall proceed now to a survey of the political problems flowing from the above cited fundamental economic considerations. The world political problems of United States imperialism have already been outlined in the opening paragraphs. How is Uncle Sam to solve them?

Hegemony over Central and South America, the Caribbeans, Canada, etc., is already being prepared in Washington and New York. Loans are being made by the Export-Import Bank to Central America for "preparedness". And of course the contracts for military and naval work are all going back to the United States. It would be unthinkable to make loans for "defense" unless the money were to be spent here. In addition American warships are patrolling the South American coasts; the American G-Men are collaborating with the intelligence services south of the border; and strong pressure is forcing the South Americans to turn all their interests in this direction.

The goal of the United States, according to army chief Marshall, should be one single state in the Western hemisphere (obviously under Wall Street control). Roosevelt is already taking the initial steps for consummation of this plan (e. g., the conference scheduled to take place in Havana shortly). America is to be "integrated", first of all, into a homogeneous economic unit. Exports to other countries will be subject to United States' approval. Nominally the new agencies for export control will be under the jurisdiction of a central export bank representing all the 21 powers; actually, however, complete domination will rest with the American banking interests.

Further stages of the "integration" process cannot be foretold with exactitude, but they will, in all probability, include: a 21 nations customs union (this will include Canada, which is in reality far more of an American than a British colony today); U. S. military and naval control of both foreign and internal affairs for

the Americas; and certainly increased domination of all affairs in these countries.

Should such virtually complete United States control ever take place, it would merely be a new FORM of U. S. rule replacing the present loose control. It would merely be a gigantic hemisphere-wide method of organizing the present economy of scarcity on even LOWER LEVELS. Far from being a healthy step toward emancipation of the workers in the Americas, it will be the cause of even greater enslavement, the means of organizing a more solid dictatorship over them, with American battleships and marines policing their every activity far more openly.

A second major point regarding Latin America is the hue and cry over the Dutch, French and English colonies. There is little doubt that these will now be administered in strict accordance with America's interests. Dutch Aruba, unlike Guiana, has real economic importance, due to the great oil refineries there. Trinidad looms big on the basis of its pitch beds. The other colonies have their chief importance in their strategic relation to the "defense" of American imperialism from "alien" competitors.

With regard to Asia, it appears that the United States is preparing to assume the "white man's burden" so long borne by England. This must inevitably involve American imperialism in armed conflict for the Asiatic markets. The rapidly growing conflict over the Dutch East Indies, China, French Indo-China, Malaysia, Burma, and ultimately India — so runs the course of struggle. It must never be forgotten that the bulk of the world's rubber comes from this region. Moreover, Japanese expansion in China, costly as it may be, makes her far too serious a competitor with Wall Street. And Japan is already preparing a protectorate over the Dutch Indies. The very fact that the affairs of these colonies have been placed in the hands of the Dutch embassy in Washington clearly shows that it will devolve on American imperialism to intervene.

## III — CLASS RELATIONS

We have thus far not taken into consideration the relationship of the working class to the war drive of the bosses. But the latter have thought the problem out quite carefully. The appearance of Sidney Hillman on the War Board, with Dan Tobin as executive assistant, guarantees that the labor fakers will do their

utmost to link the workers to the imperialist drive for profits. Hillman has made no protest against the policy rapidly spreading through the country — the denial of relief to those eligible for military service. Hillman has uttered no word against the cry of "treason" uttered in answer to the struggle of the workers in the "war industries" for better conditions. Hillman has given no aid to the rank and file of the United Auto Workers in their demand for higher wages. The settlement made between the C.I.O. and General Motors has found Hillman totally "disinterested". In short, Hillman and Tobin are preparing to occupy the seat held by Gompers in 1917, that of capitalism's highest ranking stooges among the working class. Meanwhile wages maintain their low level while profits soar to new peaks.

Last there be some question regarding the increase in profits, we cite a few figures: United States Steel profits for the first quarter of 1940 were 17 millions dollars, as against \$660.551 for the corresponding quarter of 1939 (It will be recalled that Stettinius, now chairman of the War Resources Board, was previously the head of U. S. Steel). The increase in profits amounted to 2,500%! Bethlehem Steel raised its profits from two and one half million to ten million, a rise of 350% Youngstown Sheet and Tube is making six times as much this year as last, as is Girdler's Republic Steel.

General Electric, with 12 millions in profits is doing 62% better than last year, while its chief competitor, Westinghouse is doing 72% better. In automobiles, General Motors showed a 26% increase, Chrysler 35%, Studebaker no less than 800%. Among the aircraft manufacturers, Douglass made almost two millions for a gain of 134%; Martin showed a 213% increase in profit — the list could be extended indefinitely.

The boss class makes use of the war drive in two ways: on the one hand to "solve" its hopeless contradictions with competing cap-

italists of other nations and its internal contradictions of competition; on the other hand the drive serves as an expedient for the ruthless smashing of all working class militancy. We have already mentioned the "treason" involved in strikes against the boss government. Further steps are the discrimination against aliens, the finger-printing of workers in key plants (Westbrook Pegler has again raised the demand for universal finger-printing), the listing of all "fifth columnists", as well as all the hysteria being inspired from Washington.

The pledges by both C.I.O. and A.F.L. leaders that American labor will loyally join the rest of the nation in preparing for "national defense" are no more than we have predicted. Now a new red-hunting crusade will run like wild-fire through the unions. Every militant worker will be hounded, as much by the labor lieutenants of capital as by the police. The repudiation by the Auto Workers of the demand made by General Motors for firing of all laborers who advocate "subversive activities" is the one small voice raised against the whirlwind. Realistically appraised, this effort must be judged as valiant, but ultimately doomed to defeat.

What is in store for the working class? For a brief period it will undoubtedly succumb to all the bourgeois propaganda about "national unity". Strikes will be declared treason. The militant who raises his voice against working class collaboration in the imperialist blood-bath will be silenced, his voice throttled. But this "honeymoon" between capital and labor will be short-lived. Only too soon will the workers begin to see that they have again been roped into a new betrayal of their interests. The rising tide of struggle will overwhelm the whole rotten system, and the workers will desert the camp of imperialist war for their masters to take part in the class struggle — the only war in which they can make any gains.

7-3-40.

# The «New Turns» Of Stalinism!

To most people the zig-zag role of the Stalinists is as confusing as ancient hieroglyphics.

A week before the war began Stalinism was still calling upon the world working class to shed its blood in "defense of democracy against fascism", in defense against the "aggressor nations". The Communist Party of France and Great Britain voted for all the war credits of the bourgeois regime and supported even the conscription of the French youth for military service.

But with the Stalin-Hitler Pact, Stalinism seemingly became very militant. It began tirading "against imperialist war"; "starve the war, feed the unemployed", etc. In France its deputies were arrested for opposing the very war for which they had voted war credits only a few weeks before.

## SUPPORT GERMAN IMPERIALISM

But all this glossy verbiage was merely a cover for the basic support to the German Imperialists. As early as October 31, 1939, Molotov stated about fascist Germany that it "is in the position of a state striving for the earliest termination of the war and for peace, while Britain and France... are in favor of continuing the war and are opposed to the conclusion of peace". The "roles, as you see" (of Britain and Germany) "are changing". Yesterday Germany was an "aggressor" nation, today for the Stalinists she had become a nation solely with "peaceful" intentions.

So peaceful in fact was Germany that "The government of the USSR and the government of Germany assumed the task of bringing peace and order to the territory of former Poland". Stalinism became so depraved that it pictured the imperialist robbery by Germany as an act of "peace"!

The long standing enemy number one of the Stalinist press, Hitler, became suddenly an apostle of peace. The Stalinist press was now silent about his butcheries in Germany; and Stalinist members inside Germany cooperated with Nazi Storm Troopers in hundreds of factories in ferreting out militants.

But in 10 short months all this is already changing. The German blitzkrieg in France and the French capitulation have changed many things; and with it there are indications that Stalinism is about to "change its line once again".

If this crazy pattern is incomprehensible to the political layman, the whole thing gains meaning as a logical system when one uncovers what has been the basic policy of Stalinism throughout the years — since 1924 in fact.

## SOCIALISM IN ONE COUNTRY

Against the Leninist concept that Socialism was international and could only be achieved on the international scale, Stalin and Bakharin put forth the idea in 1924 that socialism — the complete socialization of the means of production and distribution — COULD be achieved in ONE country. But the achievement of socialism while surrounded by world capitalism could be predicated ONLY on the belief that the world status-quo could be maintained, that world capitalism, IMPERIALISM, would not invade the Soviet Union or threaten such an invasion. In the hopes of staving off such invasion, Stalinism bartered away the extension of the revolution to other countries for the temporary respite the imperialists were willing to give.

From 1924 to 1928, for instance, Stalinism capitulated to bourgeois democracy through social reformist alliances. Without any formal

written alliances it nevertheless made it clear to world imperialism that it no longer carried the banner of revolution as had the Comintern from 1918 to 1923. Stalinism supported the Anglo-Russian trade union committee, a group of labor fakers in England who sold out the great General Strike in 1926; it supported the bloc of four classes in China; the Farmer-Labor capitalist party in America, etc.

But with the defeat of these policies, Stalinism made a 180 degree turn in tactics, both inside and outside Russia. In order to maintain its position with the millions of workers that followed it, Stalinism had to give lip service to the ideas of revolution and even to take certain organizational steps in that direction. But the militant words were directed far less at the idea of achieving revolution than at undermining social-democracy, which now threatened to recoup still more of the following it lost after the Russian Revolution. The Stalinist rejected any united action to smash advancing Hitlerism. On a number of important occasions it even formed a bloc with the Nazis AGAINST the social-democracy. The basic underlying policy of Stalinism at the time was purely nationalistic; its main slogans in Germany were for the abrogation of the Versailles Treaty. It had no serious idea of overthrowing capitalism. It conceived of merely trying to weaken it a little. "After Hitler, our turn", that was its slogan. No action was organized to fight that putsch — Stalinism was too immersed in keeping the status-quo. It even deluded itself that Hitlerism — militant dictatorial capitalism — would not make any difference and could not last.

Its policy helped pave the way for Hitler.

## TRIES TO GET RESPITE

With the defeat in Germany Stalinism completed its right process from bureaucratic centrism, and became a form of social reformism having its roots in the October property relations which it was undermining.

Events belied the Stalinist prognosis, and from 1923 on it has made the most desperate attempts in its history to maintain the world status-quo. In every instance it has been an agreement with a capitalist nation or group of nations to CHECK THE PROLETARIAN REVOLUTION if only Stalin were to be permitted "peacefully" to build "socialism in one country".

The agreements of the S. U. so consummated include:

1—The Franco-Soviet pact which led to an end of Stalinist agitation in the colonial empire of France (and Britain to an extent), to support of French re-armament and universal conscription, and to support even of the French capitalist government.

2—The recognition by the United States of the U.S.S.R., which called — as one of the secret agreements — for the ending of the Cuban revolution which was in progress at that time, and led to support of the American war plans for 6 long years.

3—The entry into the League of Nations.

4—The entry into the Non-Intervention agreement with Germany, Italy, France and Britain to stop shipments of munitions to the Spanish workers during the Spanish Revolution of 1936-38.

5—The non-aggression pacts with Poland, which liquidated the Communist Party in Poland by Stalinist order from Moscow.

6—The attempted united front and agreement with Italian fascism, "on the program of 1919".

And many others. In the ranks of the C. P. the policy was even worse.

## MUNICH CHANGED TACTICS

But when this system of capitulation to world capitalism was shown to be ineffective after the Munich agreement, Stalinism had to (as predicted by the Marxists in 1936) try to make an agreement with Hitler and to subordinate both its internal and external policies even to the German Imperialist war needs.

But the new shift, like the old, was based on an anti-working class policy. Where it called for the defeat of France and Britain, it was not for A REVOLUTIONARY defeatism, but for pure and simple BOURGEOIS "defeatism", a change in the bourgeois government of France and a signing of peace with Germany — a maintenance in other words of the status-quo, with a few minor modifications; anything to check the closing ring of capitalism from overrunning the Stalinist haven.

Stalin hoped to gain a long respite. He hoped that the war in France would last for years, and that the military threat to Russia would thus be deferred. But events have not moved to Stalin's likings. The Nazi blitzkrieg was far too fast for the comfort of the Stalinists.

## DRANG NACH OSTEN

The main line of march of German Imperialism still remains and must continue to remain the MARCH TOWARDS THE EAST, especially through the Ukraine. The victories in Europe, while significant, nevertheless do not at all solve the needs or desires of German imperialism for conquest. Further conquest must come in Asia, Africa and possibly the western hemisphere. But lacking a strong navy, Hitler's next step, when and if the British Isles end their resistance, can only be through the Ukraine. His agitation for the Ukraine a year and a half ago will be brought forth again, possibly even before England is seriously attacked if Hitler cannot gain a quick victory against Britain.

The invasion of Russia by Germany — despite their present "alliance" — is thus inevitable. Stalinism is aware of this fact. In the face of this danger Stalinism has taken two more big steps:

1—It has consolidated its military hold in the Baltic, especially in Latvia, Esthonia, and Lithuania, in order to be stronger when the "Drang nach Osten" begins, and

2—It is paving the way for an alliance which it hopes to achieve in the near future with British and American Imperialism. Its sale of munitions to England, and other economic changes, indicate as much.

In order to make this change Stalinist policy and agitation is now in a transition stage. For the moment it has increased its condemnation of Germany, although the main culprit in the Stalinist press still is the "treacherous allies". Stalinism has learned something from its Stalin-Hitler pact. It has learned that a certain period of transition is necessary before making another zig-zag. That is the period in which the Stalinist is living in now.

## NEW CHANGES INEVITABLE

But the change to full fledged social patriotism in America and Britain, just as they are today full fledged social patriots in Germany, Norway and wherever else the swastika flies, will not be as difficult to make ideologically as it appears on the surface. The Stalinist slogans against war are today fully nationalistic, not internationalist. "For America's NATIONAL and Social Security", that is its slogan for the United States. "Strengthen the unity of the democratic forces of the Americas for peace, national freedom and real good neighbor relations". "Unite labor as the Bulwark of the NATION, DEMOCRACY and peace". Stalinism thus speaks of capitalist nations and capitalist "democracy" as permanent fixtures. But tomorrow some event — some Hitler aggression in the Balkans — may suddenly find Messrs. Roosevelt and Churchill again pursuing an "aggressive" policy in "defense of democracy". The line hasn't changed and will not change when the "new turn" is made. Only the trimmings will be different.

In the last world war social chauvinism took on a simple nationalistic form of "defence of the father-land". But new objective situations today demand new methods, even by our social chauvinists. The existence of a Workers State demands new forms of social chauvinism by the defenders of a ruling clique, which has developed like a cancer in the Soviet Union. Instead of each separate party in the International supporting its "own" imperialists, the whole Stalinist International supports now one GROUP of imperialists and now another; just as the heroes of the 2nd International are now doing in support of the Allies. The basic line, however, remains the same:

Against any independent working class action; for subordination to one group of imperialists against another in order to gain the necessary respite to build the illusory "socialism in one country".