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THE U.S.A. ENTERS A NEW ECONOMIC CRISIS

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The U.S.A. is entering a new economic crisis. The facts we now have still do not permit a complete exact definition of its character. Much points to the conclusion that it is the beginning of a great crisis, which, as in 1929, will include the whole capitalist world, and not an intermediate crisis similar to those which took place in the U.S.A. in 1924 and 1927.

What circumstances point to the fact that we are dealing with the beginning of a great crisis?

The history of capitalism shows that crises follow each other at an interval of from 7 to 11 years. During the epoch of imperialism and especially in the period of the general crisis of the capitalist system there exists a tendency towards a shortening of this interval. Chronic mass unemployment, the growth of the exploitation of the proletariat, the impoverishment of the peasantry--all this cuts down the purchasing power of the masses. Already eight years have passed since the beginning of the preceding economic crisis (fall of 1929). Thus the coming of a new crisis without doubt lies on the agenda.

Steel production has been unusually severely reduced. The use of productive capacity in this field of industry has fallen from 84% during the last week in August to 36% in mid-November; a fall of more than half in two and a half months. Even 1929 is a long way behind this tempo of recession. It then took 16 months (from June 1929 to Oct. 1930) for production to tumble to half its size. The use of productive capacity even in 1931 stood at an average of 38%. In other words after two years of crisis it was higher than at the present time. So severe a fall in the smelting of steel is evidence of the fact that the crisis with all of its force has struck the fields turning out the means of production. Thus, for example, the index of orders for machine tools has fallen from 211 in September to 152 in October.

Further, the stock market quotations have very seriously fallen. As always happens the fall in the price of stocks began considerably earlier than the restriction of production.

Index of 30 Industrials		
1929	Highest point	364.9
1932	Lowest point	46.2
1937	Highest point	
	(March 10)	194.0
1937	November 6	125.0

These facts do not, however, give the exact picture of the movement of the stock market, since in 1933 the gold content of the dollar was decreased by 40%, as is well known. If the present price of stocks is figured in terms of former gold dollars--then the following picture is portrayed:---March 10, 1937--116, and November 6, 1937--75. We see in this way that the price of stocks has come very close to the lowest point of recession in 1932.

A stock market crisis of such extent shows that it is a question of more than an intermediary crisis! Not less than \$25 billion, i.e. nearly 1/3 of the national income of the U.S.A.-- that is the sum of the paper losses of shareholders as a result of the fall in the price of stocks. Although this loss concerns fictitious capital, while the actual property of the country is not effected by stocks, it would be a mistake not to see the economic consequences of such a fall. The mass of shareholders is ruined. Many are cutting down their expenses, and the demand falls still further.

The bourgeois press in the U.S.A. is trying to prove that at the present time there are no prerequisites for a deep crisis similar to those which existed in 1929. There is nothing surprising in this. We have not yet forgotten what bad prophets these pillars of the American bourgeoisie showed themselves to be on the eve of the crash of 1929. They stubbornly denied the possibility of a crisis even when it was already raging with full force.

Nevertheless, let us examine the present arguments. They refer to the following: (1) there is no strain on the money market, the rate of interest being very low; (2) there is no lack of capital; (3) there are no great supplies of commodities, and (4) per capita production is notably lower than in 1929.

Not one of these arguments will hold up under even the mildest criticism. Their basic defect--completely natural for the bourgeois point of view--lies in the fact that there is a complete failure to take into account the setting of a general crisis of the capitalist system.

The abundance of capital of all sorts offered on the loan market is only a reflection of the fact that there exists a chronic loss of fixed capital. The bourgeoisie are not in a position to use completely the industrial enterprises which exist. Even at the time of the most favorable conjuncture, the power of enterprises remained in large measure unused. In consequence a large part of the newly accumulated capital in money form could not be applied as productive capital. From this followed the abundance of capital on the loan markets.

As for the supplies of commodities--here first of all one must bear in mind that their statistics are published with great delays, the last complete figures being only for August. Inventories of recent months have shown a tendency to expand; as a whole they are higher than last year, although lower than in 1929.

Index of Inventories
(1923-1925 = 100)

	May, '37	Aug, '37	Aug. '36
General Index	99	114	100
Industrial Goods	107	110	100
Raw Materials	93	116	113
Metals	70	115	93
Chemicals	144	145	122

From this we see that from May to August inventories expanded and reached much higher figures than in August 1936. Judging by newspaper reports, during September and October there occurred further and swifter accumulation of inventories. For example the supplies of copper increased from 144,000 tons in September to 182,000 tons in October, while the consumption of copper fell from 66,000 tons to 45,000 tons. The fact that before the beginning of the crisis supplies did not reach higher limits may be explained by the fact that since the crash of 1929 the American bourgeoisie have been more careful in this matter.

In this connection we must note still one more situation. During recent years there has been a great increase in installment sales. Even in 1929 there were installment sales of \$5 billion worth of goods (not counting immovables); in 1932 they amounted to \$2½ billion's worth, while in 1936 they reached \$9 billion.

What does installment selling of furniture, dresses, automobiles, and household articles mean economically, when it amounts to such a gigantic sum? Installment selling is evidence of the fact that for these commodities there was no demand by persons able to pay. In distributing commodities on credit to consumers capitalists fasten their clutches on the future income of the mass of purchasers. If credit were not given the consumer, the commodities would lie in the warehouse. From the point of view of creating reasons for the crisis installment selling is quite the same thing as accumulation of supplies. By presenting credit the merchants urge the buyer to spend his future income for the purchase of definite commodities. But after that the consumer during the whole period of payment has a capacity to buy a correspondingly less quantity of commodities with his current income. If one adds the commodities sold on credit to the supplies of commodities, then the accumulation of the latter before the beginning of the crisis was also important.

Finally, the last argument remains:--per capita production in the U.S.A. has not yet reached the level of 1929. This argument is also unfounded.

It is true that in the period of the dawn of capitalism a new crisis did not arise before the highest level of production achieved during the preceding cycle was surpassed. But the secret lies in this; that one must not approach capitalism during the period of its historical fall with measures and analogies taken from its period of rise.

We also note, by the way, that the big bourgeoisie of the U.S.A. are trying to blackmail Roosevelt by heaping on him responsibility for the crisis. The press day after day stands by the thesis that the reason for the crisis is the tax legislation of Roosevelt, especially the tax on undistributed corporate earnings. Apparently production has not produced enough profits to cover the high taxes. It goes without saying that this is the purest kind of deception.

The fall in industry, in prices of commodities, in stocks has already gone too far to be overcome in a few months, as is the case with an intermediary crisis.

One must not forget that the condition of American, and for that matter of world capitalism is now entirely different from that of 1927. Then there was relative stability of capitalism. The American bourgeoisie was thoroughly convinced of "permanent prosperity", etc. It was equipped with a wealth of opportunities to check the confusion, to more quickly overcome the intermediary crisis.

The present contradictions between classes and between the imperialist powers is aggravated in the extreme. In the states already carrying on war lies one third of the population of the world. The former optimism of the American bourgeoisie has evaporated like smoke under the influence of mass unemployment, budget deficits, large losses on loans abroad, etc. It has been replaced by great pessimism, chronic fear of depression.

In his speech at the XVII Party Congress Comrade Stalin spoke of the transition to a "depression of a new character which is not leading to a revival and dawn of industry". All subsequent developments have brilliantly supported this proposition. In the U.S.A., the wealthiest country of capitalism, a new economic crisis is beginning. And, moreover, industrial production of the U.S.A. during the now ending cycle never once reached the highest point of the preceding cycle.

The index of the Federal Reserve Bureau (1923-1925= 100) stood in May 1929 at 126. This was the highest point of the preceding cycle. In March-May 1937 this index was an even 122. Thus during the last cycle there can be no talk of "prosperity" of a rise in the old sense of the word when the level of production was a quarter or more times higher than in the preceding cycle. A Depression of a special type has not led to a "normal" rise in America.

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There is every reason to believe that the crisis in the U.S.A. will extend to the other capitalist countries. In "normal" conditions the crisis ought to have begun in England or Japan, since these countries considerably earlier than the U.S.A. fell behind the point of extreme recession during the previous cycle. But the gigantic outlay on armaments has temporarily created in these countries an "abnormal" broadening of the market for goods, holding back the beginning of the crash. However, in England there are indications of the early beginning of the crisis: the cutting

111 supp, 5

down of construction, the reduction of orders in heavy industry, a sharp fall in prices of commodities and stocks.

The new crisis is bringing immeasurable poverty to the toiling mass of the capitalist countries. There, where the bourgeoisie rule, the mass of toilers and peasants is doomed to penury and hunger, to unbelievable deprivation and suffering. On the background of a bourgeoisie decaying on its feet still more clearly stands out the gigantic advantages of the socialist system of economy of the U.S.S.R., freed from crises and unemployment, giving to all toilers complete assurance for the morrow, all conditions for a well-to do and cultured life.

LOOKING BACK AT THE SOVIET UNION

Groups of people riding in trucks to the polls, children marching with banners to urge their elders to vote, curtained booths held open for waiting voters:--that was my last picture of the Soviet Union as my study closed on its first election day.

Looked upon as an isolated event the whole procedure of elections has been termed a farce, but events in the Soviet Union cannot be examined outside of their setting. Each fits into a pattern of what has gone before and what is to come afterward, and to separate a happening from the unified picture is to lose the whole importance of the event. The creation of just such a unified picture has been the aim of this study.

These past three and a half years have not been sufficient to see every corner of Russian life. They have not been sufficient to provide that knowledge of the past which is so essential to an understanding of the present. But they have helped to create a basis for enlarged study. At their close it is impossible to resist the temptation to record present impressions so that in the future the pages may be turned back for comparison with new views developed in the light of new situations and further personal development.

Basic to my effort to understand the Soviet Union has been the attempt to put myself in the place of its people, to approach things as they approach them, to learn and not to criticize. It has never seemed sensible to examine the whole picture with the critical attitude which so many feel essential to an understanding of any situation. A critical attitude leads too often to the overlooking of good elements, and once overlooked these good elements so necessary for complete understanding are rarely able to push themselves again into one's orbit of attention.

With this principle as a general guide every effort has been made to examine the Soviet Union from a sympathetic standpoint; not an easy task in the face of critics who call such an approach soft-headed. The critical attitude was reserved for the second step.

Various considerations have entered into the placing of the sympathetic before the critical. To be critical one must assume that he has already found a nearly impregnable position which he sets up as the truth. Everything else is

to be judged in the light of the truths of that position. To my mind this attitude is a block to progress, for no new position can ever be taken when the old is sacred. One cannot evaluate the old to determine whether it should be abandoned until the arguments and reasoning of the new are sufficiently well known to permit of such an evaluation.

The result of this approach may be the scrapping of the old position, or it may result in a renewed assurance that the first position was correct, but without it, thinking stagnates, and dogmatism alone remains as a guide.

To avoid such a danger every effort has been made to put myself in a receptive attitude before approaching the new ideas so basic to the life of the Soviet Union. This does not mean that one comes to like them, but at least one understands them, and one has the comforting feeling that liking or disliking is based on something more than inherent prejudice.

With this attitude of mind my study of Soviet law has gone forward. I have never felt that I was studying just a narrow subject. From the very beginning I was ready to go to Moscow because I wanted to see what socialism and communism were supposed to be. I leave with the feeling that now a measure of understanding has been achieved.

I

Perhaps the greatest shock one suffers on entering the Soviet Union is the discovery of the small number who actually do the ruling. We have all read so much of rulership by the majority. Our American papers have long been filled with reports of what American Communists demand:-- rulership by the majority, freedom of speech, broad democracy, and divestiture of the over-privileged. The American has come to associate all of these principles with Communism, thinking that Communism stands for just such abstract ideas. Right here is the mistake which causes so many liberals to throw up their hands in horror when viewing the Soviet picture. If they had done more than read these slogans, if they had dug down into the Marxian principles from which they spring, they would understand that the slogans are only tools in a struggle directed towards the winning of privilege for the people whom Marxism serves. They are hardly principles which the Communist reveres in the abstract, and only by understanding the principles of Marxism can one evaluate them in their true light. To fail to do that basic spade work in heavy times is to miss the whole key to the development of the Soviet Union.

There are those who take great pride in laughing at Marxian science. They would never be caught studying it. They point to sentences which seem to contradict each other. They find changes in successive editions of Marxian classics, and they draw the conclusion that Marxian principles are only queer ideas used by the leadership of the Soviet Union to confuse and fool the people. Granting that there are ambiguities and changes in the texts, it would be error to cast the whole study aside. Marxism plays an all important part in the conduct of affairs in the Soviet Union and it has a guiding role in the determination of policy. For that reason any failure to learn its lessons is sure to result in the mistake of using standards known to the non-Soviet world in judging a society which differs radically from that world.

An example of this error is to be found in the critical attitude adopted toward official Soviet explanations. The inference is generally drawn that an official explanation must be a means of hoodwinking the public. As one digs deeper into Marxism one comes to the conclusion that the official explanation is often clearly the result of the application of Marxian principles. As one lives on in the Soviet Union, one finds that these principles still do govern determination of policy. One is forced to the conclusion that the official explanation is most often the real explanation.

Many a Russian who has come down from the past régime and been won over to the new ways that it almost seems as if the critic abroad does not want to understand. He himself knows that understanding has come to him only when he has mastered his theoretical Marxian background, and he looks on the person who makes no effort to do so as not wanting to try. A student coming from the Anglo-Saxon world is quite likely to laugh at the need of working on theory, since Americans and Englishmen so often pride themselves on being practical men who never think of theory. But with the Russian, theory is more than a plaything, it is a means of looking into the future, a means of planning what step must next be taken. For that reason it is particularly necessary for the American to begin with this theory and then check it with a close study of the practical world of the U.S.S.R.

II

The Soviet Union has been going through a difficult time, and those of us who have been privileged to live there during this period have seen the struggle which has been going on. Most of those who have not had the theoretical

background see in this a giving up of all the principles of the past, a retrogression from principles which were believed to be those of communism, a departure from the ideas of world revolution. All of this may happen if the men of the future are not able or not desirous of sticking to the program which has been laid for them. But no such retrogression has occurred up to the present, and to my mind those who think they see such a phenomenon are evaluating the Soviet Union's policies in terms of policy-defining elements in the rest of the world--terms which are not at all applicable in the present case.

Basic in all Marxian theoretical work is the principle that tactics may change but that strategy remains constant for long periods of time. By this is meant that the general direction is set at the beginning of an epoch, a general direction which in this case calls for the creation of socialism to be followed by communism, and this general direction may be called the strategy of the epoch. On the other hand, the goal cannot be achieved by straight sailing. Constant tacking or zig-zagging will be necessary. These make the tactical swings of the epoch, swings which may extend over days or months or years. At any one time these swings may be looked upon as being directly counterposed to the tactics of the preceding month or year. The person who looks upon the change as wholly unrelated to the general strategy of the epoch will shout that the past is being betrayed. He may even point to sentences in Marxian classics which never foresaw such a tactic. But he is forgetting that Marx himself wrote for a period, and often said that he could not prescribe for a period which might come later and which he could not know. He prided himself on developing a method of analysis from which tactics may spring, and not on developing a definite program from which departure cannot be allowed.

If one remembers the rule that policy can be determined only in the light of the historical events and conditions of the moment, one will be in a position to fit the varying policies of each year or decade into the general strategical plan for the epoch, and by so doing one may come to the conclusion that the apparent contradictions are not contradictions at all, and that the ultimate goal has never been lost sight of for a moment. He may understand why conditions in bourgeois countries called for certain Communist slogans which attracted support at one moment, while after a victory those slogans were abandoned without any sense of betrayal since any true Communist knew all the time that they were only tools in the struggle which are now no longer needed, and in fact would be a hindrance on the further development of society along the road set.

Another reason for misunderstanding is that so much has been written by so-called Marxian theoreticians on what the character of social relations should be under socialism that when such relationships do not materialize, one is inclined to say that there has been a departure from Marxian principles. On many points Marx never evolved principles, nor would he have tried to do so since he knew that historical conditions would change, and as they changed social relations would change even beyond anything he could foresee. People who thought they understood wrote books on how the family should be constructed, on how education should be carried on, on how work should be done and plans made.

Marx and Lenin presented only one great principle:-- that the productive relations of bourgeois society where a few men own the means of production and the masses work for them should be altered as no longer the most productive system of production. For this system of production, which they called outworn, they proposed the substitution of ownership of all means of production in the state, with the transfer of the control of the state to the masses. Since these masses were the majority of the population, and since the state could be used to further their interests, Marx and Lenin saw that there was every reason to believe that a greater rate of productivity could be achieved, and with the control of distribution in the state, they saw that the general level of the economic condition of the members of society could be raised.

Increasing the material wealth of society was the great principle for which Marx and Lenin fought. All of the other ideas which have been associated with them have swung along as means to attain that end, or in some cases as crank ideas of men who had plans they wanted to try and which they believed they could try under new conditions where things were to be begun over again. Many of these cranks put their ideas across and had them adopted by leaders who were ready to try anything. Some of these ideas have definitely failed, as with the early ideas on how the family should be constructed. Their failure has been heralded as a departure from Marxism and as evidence that Marxism will not work. But it must be understood that they have no connection with the basic principle of Marxism. They were merely an experiment tried by a people who were ready for any new experiments, and now that they have been abandoned, no retrogression has occurred. The new principles which have been adopted in their stead should not be treated as the discovery at last of the only correct Marxian principles. They are merely another idea developed to suit what is thought to be the need of the moment. If time proves that the idea was mistaken, it will be abandoned.

At the present moment the Soviet Union is going through one of the periods of greatest change since its founding. Many an idea of the first few years has been found out of keeping with the present needs. Abortions proved harmful to health and to the needs of a country demanding a larger population, both for purposes of war and to fill up a country so that others would not look longingly upon its empty spaces. As a result abortions are forbidden, and the outside world which had come to associate abortions with socialism and communism looks with horror upon a reversal of policy and a departure from principles. But if outsiders had studied the situation they would have known that from the very beginning abortions were favored because conditions during the civil wars were so serious that having children meant almost certain death not only to the child but to the parent. Abortions were permitted to bridge hard times, and even at that time it was declared that the policy was temporary so as to help the people through the wartorn years. Lenin said then that the time must come when conditions would be better and then he called for eventual abolition of the abortion privilege.

One may justly take issue with the determination of this past year as one in which the period of plenty has arrived as declared in the law abolishing the abortion privilege. If in fact conditions are not such as to permit the support of millions of new children, a very serious error in timing has been made, but to say that principles of the revolution have been abandoned for principles not at all in keeping with the interests of the people is to lose sight of the whole in examining the parts.

Another example is to be found in the changing ideas on the structure of the family. The early years of the revolution saw efforts to replace the family by the communal house where children would be cared for by trained specialists, and where mothers and fathers would live in a one-room apartment, having their recreation in a club room and their dinners in a community kitchen. This was the idea of a dreamer in the field of sociology, a dream which has often been expressed before. The revolution gave the opportunity to try it out, but it was found wanting. First of all the state did not develop the large funds needed to care for the children in community homes. And then statistics showed that the juvenile criminals were coming from groups not cared for in the family. People did not like to eat in community kitchens and have no intimate family life. Everything pointed to an abandonment of the earlier policy, and today we see a strengthening of the family not only by laws but by educational campaigns to teach parents what duty they owe to their children and to each other. Is it an abandonment of the principles of the revolution? One

who sees that the first idea had nothing to do with the revolution anyway is ready to say that it is not such a retrogression.

Still another example is in the field of personal property. There were writers during the early period of the revolution who did not distinguish between private ownership of means of production--factories, machines, and land, and private ownership of means of consumption--suits, food, homes, cars, etc. They knew that Marx had taught that the hindrance on progress lay in private property, but they did not see that he meant the means of production. They tried to cause the abolition of all private property, in both means of production and consumption goods, when such a policy was not only unnecessary but in fact undesirable. When the line was clearly drawn between private property in means of production and private property in consumption goods, and when laws protected the latter and abolished the former, people were heard to say that the principles of the revolution had been abandoned. To be sure they had been abandoned if one thought them the principles of the revolution, but if one saw that they had nothing to do with the only great aim of the revolution--abolition of private property in the means of production, then one could see that there had been no abandonment of the program set by Marx. In fact Soviet law has not departed from this program but carried it even further by reducing to a minimum the right to own means of production and to manufacture privately.

Characteristic of the Russian has been his labelling as counter-revolutionary the people who favored abortions, the communal home, and the abolition of private property in consumption goods. This has happened in many another field. Once a policy has proved mistaken the proponent of it is often credited with the design of having urged the policy so as to upset the Revolution's applecart. No one will ever know whether such was the case, but in all probability it was not. But even though one sees an error in the present trend to condemn, one cannot but comprehend the attitude. In our own world any attitude which we find disadvantageous to ourselves is very often criticized as intentionally assumed to thwart us. While we do not have the power to imprison or execute, and while we in all probability have no desire to do so because of our tradition of tolerance, if we were Russians just lifting ourselves from a medieval feudalism where such an end was the traditional result of every mistaken viewpoint or policy we might take a more hostile attitude. We may decry the Russian spirit of revenge as barbarian, and indeed it does seem to be so to the Anglo-Saxon, but at the same time we may understand why it exists, and once understood it will in all probability sink into relative unimportance in the face of the much larger considerations involved in the creation of a socialist state.

III

These past three years have been particularly fortunate for me in that I have been permitted to live with Russians, and have found my work primarily with the youth of the country. Young people anywhere are optimistic, just as men in the middle thirties are inclined to be pessimistic when they find their dreams difficult of achievement, and to explain their failure they are likely to blame the system and not themselves. My work has been with the youngsters, but I have known many of the middle group. I see in this mass of youth a great urge to serve, a real elimination of selfishness as the only motive in their lives. They really are interested in putting their country on its feet and in helping not the Soviet Union alone but the rest of the world. Many of them are going to be thwarted in the realization of their desires, and they are going to become the discouraged middle aged group. But I keep thinking that the crop is growing, for with each generation a greater number survive the ordeal of disappointment, and the Russian people is pushed farther along the road to more complete economic and spiritual betterment.

The backwardness in the Soviet Union is so extreme, the peasantry is so limited in its vision, and the average person so undereducated that any progress must be slow. We Westerners are quite likely to read the statements which are made to encourage the people forward, to read the comparisons made between conditions in the Soviet Union and abroad, to read the statements about Soviet democracy as the broadest in the world, and to jump to the conclusion that we may judge the Soviet Union in terms of what we know at home. It certainly looks as if Soviet writers were urging us to use our own criteria. But in my opinion here is a case where the Russian should be protected against himself.

Nothing could be more erroneous than to use our standards in evaluating Soviet achievements. The situation in the Soviet Union is quite different from anything in America, and for all I know from things in Europe. No one who has seen the peasantry in the Soviet Union can for a minute think that they are yet capable of understanding the fine points of governing themselves. No one who knows the worker should expect that all of them can now take part in running their country.

In spite of this caveat, which many of us had believed we had made a part of our lives, we let ourselves be fooled when the plans for the new Constitution and the new elections appeared. We read the statements issued in the

press that a real measure of democracy as we knew it was to be brought forward. We knew that it was not to be bourgeois democracy where in principle everyone can choose his rulers, and we knew that Proletarian democracy would be limited to choice within the circle of those committed to the principles of the revolution. But at the same time we jumped to the conclusion that this time the base was to be very greatly broadened.

Perhaps because of this preliminary impression we were more disappointed in what finally transpired than we would otherwise have been. We expected a broad choice of candidates from within the group of those committed in principle to the revolution. We thought that the people would be able to push out the bureaucrats and use the election to put up real honest revolutionaries who would not only adhere to principles of the revolution but show their administrative ability as well. Even Stalin had in 1936 defined the elections as to be just such a tool in the hands of the people. The conclusion seems to follow that even he was fooled and required to change his mind by the course of events. In the understanding of that course of events lies the clue to all that has happened in the Soviet Union in the past few months.

Would that we could fully understand that course of events, but no one really knows what has happened. That truth is most disquieting for anyone trying to understand the country, for the world expects him to give some sort of hint based on hidden facts which he is supposed to have dug out. But time after time the observer comes out disappointed in his search, and if he takes the official explanation he is ridiculed as having done no searching at all.

My own experience has followed the usual pattern in many aspects. I cannot surprise the world by giving out the key to the puzzle. In fact my position is quite the reverse, for what I know has so often coincided with the explanation official communist circles have given that I am being pushed towards acceptance of the official explanation. I have known people who have been arrested during the past few months. I know their background and their view. In each case they sprang from elements alien to the proletariat. Most of the time they were not from the higher bourgeoisie or the old nobility. They came from the petty bourgeois groups who so often fight hardest to preserve a system from which they themselves get very little. These people were not friends, and they might have been glad to take part in any movement to overthrow the régime. As far as I can see they did nothing to help any counter-revolutionary movement along, unless their talking be considered such an act.

Talking is seldom a crime in the Western world but there is no question that such talking does have a demoralizing effect upon those who hear it, and with that in mind Soviet courts punish it.

Failure to take up arms or throw monkey wrenches is not sufficient to protect one in any society which finds itself facing great difficulties. The doubtful are dangerous, and often more dangerous than those who are doing things. Friends of the régime will not listen to a person who is an open enemy, but they may give a second thought to a person who professes himself to be a doubter. The doubter is often more harmful than the criminal himself. I am convinced that if the international situation had been quiet, these people might have been left untouched, on the theory that progress would eventually prove that they were wrong in doubting. But the international situation has not been quiet.

No one can doubt that Germany has long been coveting a campaign into the Soviet Union. Official utterances have been numerous. To be sure there are those who think she is trying to hoodwink the French and British by these utterances while in reality trying to better her position in relation to these countries. I am in no position to judge what her real attitude is, but I can say that the Russians think she is headed east, and they have never found anything to lead them to suppose that they are to be left in safety. Japan likewise has done just as much to show her intentions of taking the Maritime Provinces of Siberia, if not more. Now Italy and Poland range themselves against the Soviet Union. It is not a pleasant situation to face externally, and it cannot help but have its effect internally.

Europe is too full of spies to think that none have gone into the Soviet Union. In fact it must have been the easiest country in the world to work in, for one only had to appear like a political emigrée, and one was welcomed with open arms regardless of race or color. Soviet books tell convincingly how Poles and Germans came into the Union in the guise of communists. Those of us who were members of the Foreign Worker's Club saw many of them. Today some are being expelled but arrests of professed foreign communists goes on.

A spy scare is a terrible thing. We have known such cases in our own history as with the witchcraft scares of old Plymouth, or the scare which swept America during the war. Many an innocent person was arrested during the general precautionary measures. This has undoubtedly happened in the Soviet Union. The breadth of the attack is increased by the attitude often expressed that every foreigner is a potential

spy. The only difference between individual foreigners when one starts with such a premise comes down to a comparison of the relative danger of one or another--and this depends upon his background of military training, chemical knowledge, or his specialization in more or less dangerous fields. The lawyer is obviously less dangerous than the chemist or the electrical engineer, but at the same time he is able to move about and is trained to watch society. In his observations he can see what is going on better than those who do not work in a field of social science.

No Russian has any illusions as to the fact that even Americans share their general information with other Americans, and this, of course, means that eventually it reaches the ears of people who know how to interpret it. As a result even the Americans are now suspect. With the broadening of the spy scare to include even the greatest potential friends, the extent of it is clearly apparent, and it is evidence of the jagged nerves of those who are trying to save the country from defeat in war.

IV

With such a background one is prepared to try and understand the events in the Soviet Union today. There can be no doubt that many of the arrests are justified, and at the same time there can also be no doubt that many people are interned only because they are negligent in their work. While the latter would hardly be subject to the same penalties as the former in ordinary times, in a period of fear psychology both groups are attacked equally. Circumstantial evidence is too often all that a good spy and wrecker leaves behind him, and inasmuch as circumstantial evidence often looks just as badly when it refers to the negligent worker and administrator he is subjected to the same fate as the real enemy. War psychology must be constantly borne in mind when interpreting current events in the Union.

One may wonder why penalties are so severe--to that there is no answer unless it be that Russians have always thought in terms of the death penalty. The revolution cared little for the sacrifice of a life. For that matter the suppression of rebellions such as that of Pugachev under Catherine II and the 1905 revolutionaries under Nicholas II took just such a violent form. People long trained in that tradition do not easily swing away. Another element enters in. The rulers know that persons whose lives are spared often rise up again to dog their punishers. The case of Trotsky is so much in point that one cannot but understand why execution and imprisonment for long terms of years has been preferred to banishment or forgiveness after abject confession.

The purge continues but in its setting it can be understood. One cannot like it; even the Russians regret that it apparently must be. One who lives on the spot knows the families deprived of a father and deprived of their jobs because of association with one who is declared a traitor. Only begging remains for them. Their friends fall away, for they dare not risk their own reputation by continuing their friendship. One sees the case of a Komsomol law student expelled from the society because he gave legal advice to his brother who had been arrested--while another Komsomolka was expelled and castigated because she continued to declare that her arrested mother was innocent. These are only a few of many incidents we all know.

We are torn by the desire to condemn the régime as brutal and question the advisability of pushing any program at such a cost. The question becomes more or less one of degree. How much may justly be sacrificed to gain an end? Each person will find himself ranged along the line in accordance with his own point of saturation. Many think that the government must soon call a halt before too many people are alienated. There is no doubt that such a process of alienation is going on, but up to the present any person who thinks revolution is in the offing is just dreaming. Russians cannot revolt against an army which is still loyal, nor can they be successful in opposing a strongly entrenched régime without a strong counter-revolutionary organization. One begins to wonder whether such an organization may have existed a year ago. If all the persons who have been executed as alleged members of this group were in fact members, one cannot avoid the conclusion that the régime must have been in a position in which it could not have withstood an attack from abroad. But the situation a year ago differs in the extreme from the situation today. There can be no organization left after the NKVD's activities of the past year.

There seems to be no chance of a revolution short of a war in which the Red Army might be defeated and the people disgruntled by the privation which would be sure to result. The Russian people grumble easily, and a long hard period of privation could bring forth an intense passive resistance, which would not be too harmful if the army held together, but which could wreck havoc if the army wavered in its loyalty. But such a situation is a different historical one, and until it arrives we cannot imagine what its outcome would be.

In evaluating the possibilities of such a revolt, one must not forget the Soviet youth. Some people think that if a new group had control of the press it could swing the youth away from the path which had been followed up to the present

and make it appear counter-revolutionary in the extreme. They point to the change of policy during the past few years and the reception this change has had. No one can deny that such a change has occurred, but at the same time the change has fitted in with ^{the} Marxian principle of pushing the revolution by means of zig zags. If the change were to be so extreme as to reintroduce private property in land and in the means of production, I cannot believe that a youth educated in the manner which I myself have seen could be swung over. A new NEP might be a possibility, but it would have to be limited to such a policy, where the retreat is temporary and does not include the giving up of means of production to private persons. The Soviet boy has been taught that progress can be continued only if means of production are kept in the hands of the state, no matter what other concessions may be made. He believes that if the means of production are gone, the power is lost and return to the revolutionary path is impossible.

Such a swing to the right could hardly occur, short of a condition of complete defeat in war, and even then it would be sabotaged by the youth who has learned genuinely to believe Marxian doctrines. Eyes will be kept on ownership of the means of production, and while any measure may be temporarily adopted in the name of progress of the revolution, the leader who proposes a change in ownership of means of production will find himself facing those who really think that the revolution is progressive. In my opinion this group is the majority of the people.

V

A wholly different question is presented when one asks himself whether he likes such a thing as the proletarian revolution. Assuming that he has sympathetically approached the problem so that he understands it, I believe he is then qualified to ask himself whether he likes what he has found. First there is the question whether he likes it for the Soviet Union, and second would he like to see it in America?

Before even attacking this question there are many thoughts which spring to mind. One wonders whether one can objectively answer such a query. Can one approve a régime which might mean his annihilation? The last year has shown once again that the lot of the intellectual is not a happy one after a proletarian revolution. Numbers of them who sincerely fought for the revolution have been imprisoned or executed because their very background has subjected them to suspicion. When times become difficult, even the suspected are subject to elimination. One wonders whether every

proletarian revolution would result in such a complete annihilation of the old class of bourgeois intellectuals, and I for one am reluctantly being driven to the conclusion that such a result would probably appear in any country.

The intellectual never quite understands all of the aspects of the revolution, nor is he willing to give everything to its success. He is not a worker and from the workers, and he is inclined to think of things in the sense of being good for all. This often gets him into a difficult position, for in the early stages of the revolution, the only criterion for the worker is the good of the worker. If one says that a policy may be good for the worker, but bad for humanity, the exponent of such a critical attitude is sure to lose his head, for it is not a time for reasoned argument. It is argued that the workers are destined to lead the masses out of the depths into which they have fallen, and by definition anything which helps the leading group is sure to help the masses.

The intellectual is not able to sing praises in as fullsome a voice and in as broad a way as the worker and peasant who really had nothing before and now has something. As a result the intellectual is distrusted by the workers because he does not take a blind part in the support of the state. This distrust may be fanned by real or apparent doubt occasionally expressed by the intellectual who has so long believed in thinking out loud, and when this time comes, he may find himself in trouble.

Having watched many cases, I have come to the conclusion that the intellectual can rarely survive the heated stage of the revolution, and so it seems all too apparent that any liking on his part must be done on altruistic grounds alone. When this decision has been faced, scores of intellectuals have immediately dropped the banner. Some have told me in America that there is no reason to struggle on in the revolutionary movement if all the principles of freedom of speech, of open discussion, of determination by the majority are to be sacrificed. Probably even this temptation can be overcome for some people who will then ask whether the principles of the proletarian revolution are desirable on other grounds.

For the Soviet Union I am inclined to think that they are the best possible method of the moment. To return to any other path would mean sacrificing as many lives as have now been sacrificed to put the revolution where it now is. The suffering of civil war and the famine which would necessarily follow would surpass even what we knew before. The balance of suffering can lead only to one conclusion that the

present régime should be supported, although this does not mean that one cannot hope that the need for the continuation of the purge will soon be ended.

VI

When one considers what must come in other countries two camps appear. One thinks no change need be made at all. The other sees the need of change and the only question is as to how it is to be brought about. I find myself in the latter group because any student of history is forced to believe that change is the essence of history. One may not like it, but it comes just the same. For me the question can only be--shall change be by violent revolution or other means?

In evaluating the desirability of violent revolution one cannot fail to consider that such a method of change takes untold lives and causes great suffering. The humane person cannot help but wish that it might be possible to make the transition in some other way. Only after lack of success in the efforts he may make to see change brought about quietly can he turn aside and take up the torch of revolution. We in America have shown a great tradition of change through existing channels. One can only hope that these channels may still operate.

VII

It would be incomplete to close without reviewing some of the things which seem to have followed the introduction of Marxian principles into the mores governing society.

Most pleasant of all is the very great spirit of camaraderie which is to be found--a spirit of friendship and lack of a feeling of superiority in those of higher position. To be sure there are people who feel overly important because of their position, and there are those who are haughty to those who serve them, but for the great majority there is a feeling of friendship and cooperation in a great task. It is the feeling which writers found on the American prairies when the West was being opened. Whether it accompanies with any new pioneer society I cannot say, but it is in the Union and it is essentially a part of the life there.

On the other side of the ledger is the principle that any tool may be used to achieve a desired end. It is a tool long used by the government, and justified by the belief that the end in view is so important and will reap such benefits

that it should be achieved at all costs. As unpleasant as this may be when administered by the government, it is not so apparent as in private relations because it is always a question of general policy, which does not affect the individual so completely as do the relations with his other fellow citizens. It is the introduction of this principle into private relations which seems disturbing.

With a rule that anything may be permitted if the desired end is achieved as a guiding principle of daily life one finds a great deal of what the British would not call cricket. One has to be constantly on the alert not to be caught up in such a program and harmed because someone finds you in the way. Personal honesty of statement and sincerity of declared purposes so rarely exist that one is always looking for other reasons than those given. One is always on the alert, and this does not make for great friendships. To be sure friendships do exist, and I had many myself, but even then one is always watching for the surprise and such an attitude creates a rather queer relationship.

Even in America the overly ambitious are likely to play the game in that way, but then one can spot such people and there are enough others with a tradition of honour to permit one to find many a good friend. We can only hope that the phenomenon in the S.U. is only a temporary one which will be outgrown while the revolution advances. Pravda has already seen the danger, and has written editorials calling for people to be honest. But editorials will not solve the problem, and one must wait until society becomes adequately supplied so that even the completely honest may get what he wants and needs before the present undesirable situation disappears.

VIII

Whatever one's likes or dislikes one cannot escape the conclusion that the Soviet Union will go on. Short of war the revolution will advance, and as it is successful it will attract the attention of the world. It will take a world which is doing pretty nicely not to be persuaded that the Soviet way is the better way. The Soviets have not given up, nor are they likely to give up their desire for world revolution. At the moment things on that front are quiet, but if a student has learned his Marxism, he is not going to be fooled. He will know that the Communist looks on this quiet stage as the tactical move of the moment, and even though he encourages his brothers abroad to enter the United Fronts about the world, he is not going to let them forget their true mission, and not going to let them forget that such action is only to better further their cause.

The Revolution will go on, and those who hold back will be swept along anyway, in all probability to their destruction, for the revolution has no time for the faltering. We must move ahead by one means or the other, and to one leaving Europe at this time it seems that the choice can no longer be between directions but only between alternative methods of moving along in a single direction.

The essential question at this time is one centering around what a European war would bring. All that I have said depends upon the continuation of conditions as we now know them. Should a war come, such violent forces will be let lose that a wholly new type of state and society may appear.

JNH

S. S. Manhattan
December 22, 1937

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over*

December 24th, 1937.

People's Commissariat for Foreign Affairs,
Moscow,
USSR.

Gentlemen:

The Institute of Current World Affairs has been informed that its agent, John Hazard, was requested to leave some of his documents for examination by Glavlit.

Would you be good enough to forward these documents as soon as the examination has been completed to the American Embassy in Moscow.

These documents are needed by the Institute as evidence of the fact that John Hazard has completed his course of study at the Moscow Juridical Institute.

There are also two note books covering work in International Law at the Harvard Law School under Prof. Manley O. Hudson. These books do not concern the Soviet Union, but are necessary for Mr. Hazard in carrying on his work in International Law.

Respectfully yours,

WSR/bd.

Walter S. Rogers,
Director.

Columbia University
in the City of New York

PRESIDENT'S ROOM

December 29, 1937

Charles R. Crane, Esq.
Palm Springs
California

My dear Charles Crane:

Your most welcome and interesting telegram relative to young John Hazard reached me yesterday and within a few hours the young man called in person, pursuant to an appointment which I had made with him. We had a most agreeable and interesting conversation and the impression that he made was most favorable. He is plainly a man not only of high intelligence but of fine personality and character. He is sure to make his way in the intellectual world.

He tells me that he is going at once to Chicago, where he has received the great compliment of an invitation to address the Association of American Law Schools now in session in that city. He plans to remain at the University of Chicago, in part studying law and in part lecturing on Soviet law, until the end of the academic year in June 1938. He then plans to return to New York and wishes to engage in the practice of law for at least a part of his time in order to gain the experience which he feels that he needs. He would like to add to this an opportunity to lecture, not only on Soviet law, but on the result of his studies in Russia.

I am going to take up at once with my colleagues the question of making such an arrangement for the academic year of 1938-1939, since I am wholly convinced that the results would be admirable for

Columbia University and helpful to him. If the young man once gets his foot on the academic ladder, he is likely to mount quickly and high.

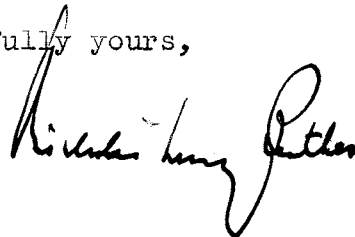
Unfortunately, the only difficulty I am likely to meet is the financial one. The falling rate of interest and the decline in benefactions due to government policies at Washington and at Albany have gravely affected our corporate income and we are under severe pressure to economize in every direction and to the greatest possible extent. If a way can be found to surmount this barrier, I think the plan which I outlined can be put into operation.

Young Mr. Hazard knows and has great admiration for our Professor Tanquary Robinson, who has a very great knowledge of Russia and whom Hazard has met in Russia itself. Robinson's advice will be helpful in meeting the situation which now lies before us. I shall keep you advised as to what proves to be practicable. You may count upon me to do my best.

I hope that your health is steadily improving in the warm and even climate of Palm Springs and that you are having a quiet and comfortable winter.

With warmest regards and all the compliments of the season,
I am

Faithfully yours,



C

December 3rd, 1937

Dear President Butler:

At the time the Department of State was selecting personnel for the new Embassy in Moscow it developed that there was no American with a knowledge of present-day Russian law. As it seemed that there should be at least one such American, I consulted the deans of several law schools with the result that a promising young man was found and later on the trustees of this Institute voted the funds necessary to cover his expenses.

John N. Hazard comes from a distinguished Rhode Island family. He is a Hill School-Yale-Harvard Law School product. Last June he completed the three year course given at the Moscow Juridical Institute. During his first two years he lived with the family of one of the professors of the Moscow University. His faculty adviser all along has been Professor Korovine, a Russian authority on international law who goes back to the old regime. You may know Korovine.

Hazard is now in Moscow gathering further information to be used in a book to be called An Introduction to Soviet Law, which he intends to write during the next eight or ten months. Professor Max Rhinestein, whose field is comparative law and who is now at Chicago, has agreed to advise Hazard in the preparation of his book. On December 30th he is due in Chicago to address the Association of American Law Schools.

Hazard has turned out to be a rare blend of attractive personality, discretion, energy, sanity and intellectual ability. And, parenthetically, he plays the violin beautifully. Mr. Oumansky, Chancellor of the Soviet Embassy, Washington, tells me that so far as he can learn Hazard has proved to be the most satisfactory student to work in Russia during the present regime. Attaches of the American Embassy tell me that Hazard associates freely with them, that he is always welcome at the Embassy, and that he usually has something worthwhile to contribute. He has made several informal legal studies for the Embassy and has been consulted by any number of Americans who have been in Moscow on legal matters.

The Trustees of this Institute have agreed to finance Hazard indefinitely. Our real solicitude is to help him in due time find a post of such a nature as will permit him fully to employ his ability and to achieve the distinguished career of which he gives promise.

President Butler - - - -

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One aspect of his legal work may appeal to you particularly. He has spent some time in Moscow studying the assumptions underlying the corpus of international law.

I am enclosing certain recent letters from Hazard. These I am sending to you not as samples of his work, but because of their intrinsic interest.

WSR/fc
encls.

Yours sincerely,

President Nicholas Murray Butler,
Columbia University,
New York, N.Y.