

DEMOCRACY OF A NEW TYPE

By EUGENE VARGA

ONE of the most important political results of the Second World War is the emergence of democratic states of a new type: Yugoslavia, Bulgaria, Poland, Czechoslovakia and, also, Albania. We understand by a "democracy of a new type" a state of affairs in a country where feudal remnants—large-scale landownership—have been eliminated, where the system of private ownership of the means of production still exists but large enterprises in the spheres of industry, transport and credit are in state hands, while the State itself and its apparatus of coercion serve not the interests of a monopolistic bourgeoisie but the interests of the working people in town and countryside.

The social structure of these States differs from all those hitherto known to us; it is something totally new in the history of mankind. It is neither a bourgeois dictatorship nor a proletarian dictatorship. The old State apparatus has not been smashed, as in the Soviet Union, but re-organised by means of a continuous inclusion in it of the supporters of the new regime. They are not capitalist States in the ordinary sense of the word. Neither, however, are they Socialist states. The basis for their transition to Socialism is given by the nationalisation of the most important means of production and by the essential character of the State. They may, with the maintenance of the present State apparatus, gradually pass over to Socialism, developing to an ever-increasing extent the socialist sector which already exists side by side with the simple commodity sector (peasant and artisan) and the capitalist sector, which has lost its dominant position.

The general historical pre-requisite, applying in all cases, for the emergence of these states of democracy of a new type is the general crisis of capitalism, which has very considerably intensified in consequence of the Second World War.

The historical conditions specific to these countries are:—

1. The discrediting of the ruling classes and their political parties in the eyes of the broad masses of the people, as a result of their policy of collaboration with Hitler fascism before and during the war, which led to the occupation of these countries by German troops and the fierce suppression and impoverishment of the working masses.

2. The leading role of the Communist parties in the resistance movement, as a result of which unity of the working class was achieved and a people's front formed for struggle against fascism, large-scale landownership and big capital—the economic basis of fascism.

3. The moral, diplomatic and economic support which these countries find in the Soviet Union. Without this support the states of democracy of a new type would be hard put to it to withstand the attacks of reaction, both external and internal. Very edifying in this respect is the fate of Greece.

The following features are characteristic of the *economy* of the states of a democracy of a new type:

Private ownership of the means of production continues to exist;

the peasant is the owner of his land, the artisan of his workshop, the trader of his shop, the small capitalist of his factory. Big enterprises, however, in mining, industry, transport and banking are nationalised and are under state management. There still exists the appropriation of surplus value, but it is restricted to a relatively narrow sphere*—not only because there is considerably less privately-owned capital but also because the trade unions and the State successfully protect the workers against the capitalists.

We would like, here, to stress the decisive significance of the special character of the State for the development of the economies of these countries. Where the State is controlled by monopoly capital and serves its interests it can own a very considerable part of the means of production without in the slightest degree altering the character of the social system. In Hitler Germany the railways, Imperial Bank, Discount Bank, Prussian State Bank, large industrial enterprises (e.g. Hermann Goering-Werke), power stations, agricultural and forest areas, etc., were the property of the Reich, individual lands or municipalities. The existence of such considerable public property, however, did not at all alter the fact that the economy of Hitler Germany remained a monopolistic economy and the social order a bourgeois one. The change in the character of the State—its transformation from a weapon of domination in the hands of the propertied classes into the state of the working people—this is what determines the real significance of the transfer of a decisive part of the means of production into the hands of the State in the countries of a democracy of a new type.

The change in the character of the State explains also why the influence of nationalisation on the distribution of the national revenue is totally different in the democratic States of a new type from that in the bourgeois-democratic countries such as Great Britain.

Nationalisation in the new democratic States signifies a special sort of economic revolution. The property of traitors to the country, of fascist capitalists, was confiscated without compensation. Other big capitalists received compensation, but their income after compensation was only a small part of the surplus value which they previously appropriated. †

The contradictions between the social character of production and the private character of appropriation have sharpened to such a degree as the result of the deepening of the general crisis of capitalism that in the post-war period the wave of nationalisation has embraced almost all

*The bourgeoisie, nevertheless, which still almost entirely dominates in the sphere of trade, receives large profits, thanks to the sale of the commodities of the socialised enterprises; withal it frequently enjoys the support of former officials who have remained in the State apparatus.

†Difficulties arose in connection with the fact that British and American capitalists were partners in numerous enterprises taken over by the State. Many capitalists, who have fled abroad, are rapidly becoming American citizens and demanding, with the support of the authorities of their new "motherland," full compensation or the return of their enterprises.

countries with fully-developed capitalist relations, with the exception of the U.S.A. Nationalisation in these countries is *an attempt to solve the contradictions between the social character of production and the private character of appropriation within the framework of the bourgeois social system.* It is precisely this which explains the introduction of nationalisation *with full compensation for the capitalists.* Thus in Britain, for example, the share-holders of electricity companies were given compensation to the amount of £450,000,000 sterling. This sum was calculated on the basis of the Stock Exchange value of the shares before nationalisation. Similarly, compensation amounting to £1,035,000,000 was fixed for owners of transport enterprises due to be nationalised. This means that the shareholders were not harmed. The distribution of the national income remains almost unchanged.*

These various methods of carrying out nationalisation show the difference between a bourgeois democracy and a democracy of the new type.

The economic importance of the nationalisation of big industrial enterprises naturally differs very greatly in various countries of democracy of a new type. In countries where agriculture predominates and where industrial development is inconsiderable—Bulgaria and Yugoslavia—its importance is relatively less. In Poland, which has a big coal mining and heavy industry, the importance of nationalisation is far greater, the more so as it extends also to industrial enterprises of medium size. In Czechoslovakia, which is much more highly developed industrially, and where industry was expanded by the Germans during the war, nationalisation plays the greatest role, despite the fact that in this country it embraces a smaller number of medium enterprises than in Poland. While industry in Yugoslavia and pre-war Poland was almost completely destroyed during the war, the industry of Czechoslovakia suffered extremely little from military operations. The fact that in Bulgaria and Yugoslavia it was not necessary to nationalise so many individual plants does not detract from the importance of this measure for the future economic development of these countries, which are being transformed from agrarian appendages of Germany, as they were before the war, into independent agrarian-industrial countries.

The second important feature of the economies of the countries of democracy of a new type is the complete and final elimination of large-scale landlordism, of this feudal survival inside the capitalist system of economy. The social and political power of the big landowners, dating back a thousand years, has been destroyed. The big landed properties were confiscated by the State and distributed among peasants having little land and landless agricultural labourers. The

*Nevertheless, bourgeois nationalisation also signifies progress in the direction of the new type of democracy.

number of peasant households (i.e. private owners of land) increased very considerably in these countries.

The division of the lands among many hundreds of thousands of peasants who had little or no land has converted the overwhelming majority of these peasants into loyal supporters of the new regime. The mistake made by the Hungarian Communists in 1919, when they wanted to leap over an essential historical stage by converting the confiscated large landed properties into state farms, instead of dividing them up among the peasants and so satisfying the land hunger, has nowhere been repeated.

The cultivation of land by the peasants using their own resources and giving them the opportunity of selling their produce on the market (in some countries only after fulfilling tax payments and deliveries to the State) make possible the preservation or re-emergence of commodity capitalist relations in the economy of the country. As Lenin pointed out "small-scale production engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously and on a mass scale."*

Thus, the social order in the States of democracy of a new type is not a socialist order, but a peculiar, new, transitional form. The contradiction between the productive forces and relations of production becomes mitigated in proportion as the relative weight of the socialist sector increases.

The nationalisation of the land of big landowners and its distribution among the peasants had a different significance in different countries. In peasant countries like Bulgaria and old Serbia there existed no large-scale land ownership in the proper sense of the word. Only a relatively small amount of land could be distributed among the peasants there. In other parts of Yugoslavia, previously belonging to Hungary, e.g. in Croatia and the Banat, considerably more land could be distributed. In Czechoslovakia an agrarian reform was carried out already after the first World War: here the estates, first and foremost of expelled Germans, were distributed among the peasants.

In Poland the agrarian reform is of decisive importance for the political development of the country. Here the position of the peasantry was at its worst. "*Polonia infernum rusticorum*"—"Poland is the peasant's hell" was said of it already some hundreds of years ago. Here landownership of the feudal type was retained in its entirety, both on the territory of pre-war Poland and in the Western districts which were previously under German domination. The elimination of landlordism opens up a new era in the economic and political life of Poland.

It is quite clear that the class of big landowners by no means intends to accept these changes peacefully but is resisting the new regime in every way. Nationalisation of the land does not mean that

*Lenin, Selected Works X., p.60.

the big landowners immediately lose their political influence. True, some of them fled abroad, but many remained inside the country. A considerable part of their property was in the form of valuables, works of art, furniture, houses, which remained in their hands. In many cases the former big landowners, e.g. in Poland, succeeded in penetrating into the State apparatus, above all into the agricultural administration, and in sabotaging the carrying out of the agrarian reform. More important still is the fact that there remained in the country a stratum of people enjoying some influence, whose existence wholly or partially depended on the big landowners. Among these are the rural clergy, notaries, judges and teachers, who regularly received money, food, firewood, etc., from the landowners; various estate employees, agronomists and other persons who were in the service of the landlord; State officials, judges, officers, who obtained their posts through the influence of the landlord; deputies elected by the population at his behest. In short, the elimination of the economic basis of the power of the agrarians does not signify simultaneous destruction of their political influence inside the country.

The same can be said of the big bourgeoisie. Although their enterprises were nationalised, in the majority of cases considerable personal property still remained in their hands. A large part of the former managers, leading engineers and other persons in the service of this bourgeoisie remained in the nationalised enterprises. To this day, persons sponsored by the big bourgeoisie are to be found in the State apparatus and the various economic organisations—Chambers of Commerce and so forth—which continue to exist. The representatives of the big bourgeoisie have close contacts with the middle bourgeoisie, whose enterprises have not been expropriated. Since the nationalisation of their enterprises they have not yet completely lost their influence.

Here too the general rule that changes in the economic basis do not immediately evoke corresponding changes in politics continues to operate. Deprived of their economic power, the landlords together with the expropriated and unexpropriated capitalists and their adherents fight with every means at their disposal against the new democratic regime, organise oppositional political parties and through priests, teachers and notaries already debauched by them conduct agitation among the new peasants (who often lack the necessary means of production) for giving back land to the landlords. They frighten the peasants by telling them they will be hanged in the event of the old system being restored, because they "stole" the land. They organise plots against the government, arm bandits, etc. They seek and find active support in reactionary circles abroad.

The big bourgeoisie, still to a degree playing a dominant part in home and foreign trade,* struggles against the new regime in the

*The co-operative bodies are still not sufficiently strong to squeeze out private capital in the circulation of commodities, and in many cases they are tied still to the capitalists.

economic sphere as well, attempting to plunder the State and discredit the social system. With the help of accomplices bribed by them in the State enterprises and the State apparatus they often obtain commodities at less than cost price, hide them, send them to foreign countries or sell them inside the country exclusively in exchange for gold or foreign currency. The representatives of the big bourgeoisie try to cause inflation or increase the existing inflation, thereby to provoke dissatisfaction among the working people and turn them against the new regime.

In a word, it is by no means a peaceful idyll that reigns in the countries of new democracy but, on the contrary, a sharp, extremely fierce class struggle that is in progress, just as in the old capitalist countries.

As regards the class struggle, however, there exists a difference in principle between the States of democracy of a new type and the old bourgeois countries. In the old bourgeois countries the State is a weapon of domination in the hands of the propertied classes. The entire State apparatus—officials, judges, police and as a last resort, the standing army—is on the side of the propertied classes.*

The opposite is to be seen in the countries of new democracy. Here the State protects the interests of the working people against those who live by appropriating surplus value. When conflicts arise the armed forces of the State are to be found, not on the side of the capitalists, but on the side of the workers. It is wholly inconceivable that the armies of these States should be used against the working people. State officials and judges serve the interests of the working people.

This distinction vividly demonstrates the fact that power is in the hands of the people—the new character of the States in the countries indicated. The State influences the economic life of the country far more and in a different direction than in the old bourgeois countries, though there too the economic functions of the State have greatly extended as compared with the pre-war period. In the countries of democracy of a new type, however, the trend of economic policy is different in principle. In the capitalist countries the economic policy of the State serves the interests of maintaining the existing social order in general and the interests of monopoly capital in particular.

In the States of democracy of a new type economic policy is directed to strengthening and developing the socialised sector of economy, accelerating economic development, improving the position

*This does not, of course, prevent the organs of the bourgeois State in certain cases settling wage disputes between capitalists and workers in favour of the latter. This, however, never happens should it threaten the foundations of the bourgeois social system—private ownership of the means of production. The passage of social legislation—the shorter working day, health insurance, unemployment benefits—can be explained by the well-understood interests of the bourgeoisie.

of the working people, establishing a fair distribution of income in accordance with services rendered to society. To raise the standard of life of the whole people requires an increased output of production. The economic policy, therefore, aims at the utmost development of the productive forces and the elimination of restrictions on their development caused under capitalism by the scramble for profits.

To realise these aims, the States of democracy of a new type seek to influence the development of economy in a planned way. Economic plans calculated over several years have been drawn up.

It is obvious that there can be no planned economy, as understood in the U.S.S.R., in these countries. It is impossible owing to the presence of private ownership of the means of production. Genuine planned economy is possible only under Socialism, when all the means of production are nationalised.

However, nationalisation of the decisive enterprises in mining, industry, transport and credit gives the States of new democracy far greater possibility, than in the case of the States of monopoly capital, to influence by means of planning the economic activity of individual small private producers, the more so because the planned influence of the State is in the interests of the overwhelming majority of these small private producers, primarily the peasantry, and is not against their interests. Undoubtedly, this influence will increase as the countries of new democracy become more industrialised. All these facts show that the planned influence of the State on the economy of the countries of new democracy is sufficiently effective not only to be an obstacle to their reconversion into capitalist social systems of the old type, but also to encourage the development of these countries in the direction of Socialism. Not only does the general line of historical development push them along this road, but also concrete practical needs.

Thus, for example, many former agricultural workers have been given land but do not possess the means of production, tractive power and implements, with which to cultivate it. The means of production of the big estates—tractors, steam-ploughs, etc.—distributed among the peasants are unsuitable for cultivating small peasant plots. The new rural proprietors, lacking the means of production, are threatened by the danger of becoming economically dependent on the prosperous peasants who, for money, or part of the harvest or labour, will cultivate their lands.

The practical needs of the peasants who possess land but not the means of production, urge them, therefore, towards joint cultivation of the land, in order to make use of the existing means of production which can only be used to advantage on a big farm. Various forms of artels have arisen. In a number of artels the peasants jointly plough and cultivate the land. After this the boundaries of the individual plots are re-established and each peasant gathers the harvest on his own field.

In Bulgaria, where old traditions of cultivating the land on a

co-operative basis exist, co-operatives for joint cultivation of the land have been formed on a voluntary basis. All the land of the members of the co-operative (which often includes all the peasants of a village) is cultivated jointly and the harvesting is also done jointly. But the harvest is distributed not according to the purely Socialist principle of the number of days worked: besides the number of days worked, account is also taken of the size of the land which the peasant put at the disposal of the co-operative and also the amount of the means of production put in. Hence, this is a compromise between the Socialist principle and one based on private ownership of the means of production. It is a solution of the problem which corresponds to the transitional character of the social system.

By giving support to this new type of agricultural co-operative in the form of credits, tractors and seed, etc., the Government encourages its development and extension and influences the development of economy in a progressive direction.

(To be continued).

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THE NEGRO PEOPLE

By BETTY WALLACE

LYNCHINGS, on the increase in the United States—more than forty negro *war veterans* alone lynched between V.J. Day and April of this year—have shocked people, as evidence of certain aspects of the Jim Crow* policy. The recent lynching of Willie Earle in Greenville, South Carolina, where an all-white jury acquitted twenty-six men who had signed statements admitting taking part in the lynching, caused a nation-wide sensation—not so much because of the acquittal but because this is one of the first instances of lynchers ever being brought to trial.

By 1940 out of a total U.S. population of 132 millions there were twelve and a half million negroes, of whom two-thirds still live in the south and nearly five million in the “Black Belt” from Virginia and the Carolinas to the States of the lower Mississippi. In these States negroes often number more than 50 per cent. of the population. Give the negro full democratic rights, education, voting facilities and so on, *and these States will become largely led by the negro people themselves.*

But just in these areas the great sell-out of the negro population occurred. Freedom from slavery turned out to be another form of

* Jim Crow policy is the policy of complete segregation of the negro population from the white population in all social, political and economic activity.