

**IN  
REFUTATION OF  
MODERN  
REVISIONISM**

*(Enlarged Edition)*

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PEKING**



## RIP OFF TITO CLIQUE'S "SUPRA-BLOC" MASK

*Shih Tung-hsiang*

Since its betrayal of the socialist camp, the Tito clique, all the time claiming that it was maintaining a so-called "above blocs" stand, has been opposed to the socialist camp and the international communist movement and engaged in activities detrimental to the unity of all peace-loving forces and countries, thereby serving U.S. imperialism. These criminal activities of the Tito clique have not only been repeatedly and unanimously condemned and exposed by the socialist countries and the working class of the world but have been seen through by more and more peace-loving people in all countries. Instead of showing any inclination to repent, the Tito clique has gone so far as to assert that the severe, justified condemnations of the Communist and Workers' Parties are based on false grounds. At the recent summit conference of the non-aligned countries Tito once again tried his hardest to peddle his old "above blocs" ware — with his preachings about not attacking this or that country.

But hard facts tell the true story. Although the Tito clique claims to stand "above blocs", it is common knowledge that as early as 1953 Yugoslavia entered into

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a military and political bloc, the Balkan alliance, with Greece and Turkey. In this way the Tito clique has tied itself up with the aggressive NATO and CENTO blocs rigged up by the United States. To date Yugoslavia is still a member state of that bloc which fact alone is enough to give the lie to the Tito clique's "above blocs" claim.

The special role that U.S. imperialism expects this renegade of the socialist camp, the Tito clique, to play is, of course, not its participation in this or that military bloc. U.S. imperialism is attempting to use the Tito clique with its false signboard of "socialism" as a means of spreading revisionist influences in the socialist camp and in the international communist movement so as to undermine them from within. Neither the Tito clique nor U.S. imperialism has ever kept this intention of theirs secret. In his speech delivered at Pula in November 1956 Tito arrogantly declared that "Yugoslavia must not concentrate on herself; she must work in all directions". He means to make the Yugoslav revisionist line "triumph in the Communist Parties". This wild ambition of the Tito clique completely accords with the wishes of U.S. imperialism. An article which appeared in the U.S. *Saturday Evening Post* of May 17, 1958 stated that Tito was exporting Titoism consciously, playing a role that could not be played by anyone else. Its author held that U.S. interests are identical with those of the Tito clique and revealed U.S. imperialism's vain hope of having "two, three or half a dozen Yugoslavias". So it was only natural that the Tito clique was patted on the back by U.S. imperialism for playing that shameful role of interventionist and instigator in the counter-revolutionary incident in Hungary.



For years the Tito clique has resorted to all sorts of underhand schemes to undermine the unity of the socialist camp. But contrary to its wishful thinking, all the socialist countries have demonstrated great unity in the struggle against the Yugoslav revisionists. The Tito clique has not succeeded in its plot to make bad blood among the members of the socialist camp, nor will it ever be able to do so.

U.S. imperialism has assigned another special use for this tool of theirs, the Tito clique. Faced with the vigorous growth of the national liberation movements in Asia, Africa and Latin America, U.S. imperialism attempts to undermine them through the Tito clique. Its "above blocs" pose as prominently displayed as possible, makes it easier for the Tito clique to carry on its sabotage activities. An article in the U.S. journal *The New Republic* published last March says that "neutrality" of the "Tito brand" "has certain advantages" in the "competition" to win the "affection . . . of the countries in Africa and Asia" that is being engaged in by the imperialist countries headed by the United States. Indeed, the Tito clique has never missed a single chance to serve U.S. imperialism by co-ordinating its activities with the latter's aggressive activities in the vast intermediate zones of Asia, Africa and Latin America.

In recent years, under the "above blocs" cloak, the Tito clique has been very active among the many national independent countries, vainly hoping to entice them away from the path of fighting imperialism and colonialism. At the end of 1958 and in early 1959, Tito personally paid visits to seven Asian and African countries and visited another eight African countries in the first half of this year. What was behind these visits?



His first round of visits took place at a time when the Seventh Congress of the League of Communists of Yugoslavia adopted an out-and-out revisionist programme and when the Tito clique, unanimously exposed and repudiated by the Communist and Workers' Parties of all lands, found itself unprecedentedly isolated. His second round of visits took place after the Tito clique was again sternly condemned by the Meeting of Representatives of the Communist and Workers' Parties in 1960. The Tito clique was then finding it more and more difficult to peddle its revisionist junk under the false signboard of "socialism". Meanwhile, U.S. imperialism had intensified its aggressive activities in the vast intermediate zones of Asia, Africa and Latin America. It is obvious what Tito's two trips were aimed at. The Tito clique hoped, on the one hand, to extricate itself from its isolation and, on the other hand, to serve its master by paving the way for the aggressive activities of U.S. imperialism. Commenting on Tito's African visit this year, *L'Aurore*, a newspaper of the Right-wing French bourgeoisie, pointed out that Tito was on a mission for the United States. The peoples of the African countries, *L'Aurore* said, "have seen through the Western countries", which now proposed to use the Tito clique with its false signboard of "neutralism" to "save" their colonial rule in Africa. Tito, who enjoys the support of U.S. imperialism, thus went to Africa with "Washington's blessing".

On all his visits Tito took good care not to mention U.S. imperialism by name. Instead, confusing right with wrong, he incited the Asian-African countries not to trust the socialist countries. Though he talked in muted tones about imperialism and colonialism and



even lightly denounced Belgian and Portuguese colonialism, he did everything he could to avoid touching on the fact that U.S. imperialism is the most ferocious and vicious enemy of the national liberation movements in Asia, Africa and Latin America. This is how the Tito clique craftily gives its support to imperialism, and especially to U.S. imperialism. The broad masses of the people and far-sighted personages in Asia and Africa have gained an increasingly clear understanding of how the Tito clique serves U.S. imperialism and what lies behind its "above blocs" claim.

In donning the cloak of "neutrality", the Tito clique is trying to "pass fish-eyes off for pearls", as the Chinese saying goes. Its "above blocs" stand is fundamentally different from the policy of peace and neutrality followed by many national independent countries. With an eye to maintaining their national independence, these countries oppose colonialism, oppose aggression by imperialism, especially by U.S. imperialism, strive to win or maintain their national independence, endeavour to develop their national economy, and are able to keep on good terms with the socialist countries. They have played a positive role in the fight against imperialism and in defence of world peace. The Tito clique has turned traitor to the socialist camp. Under the "above blocs", it is dead set against the socialist camp, tries to undermine the unity of the peoples of the world, toes U.S. imperialism's line whole-heartedly, and plays a reactionary role in the struggle of the peoples of all lands for peace, democracy, national independence and socialism.

The Tito clique has always sided with imperialism in the struggle which the people of the Asian, African and



Latin American countries are waging against U.S.-led imperialism. Its so-called "above blocs" policy is nothing but a fig-leaf to cover up the nakedness of its reactionary stand. This is clearly demonstrated by its attitude towards the major events in the international arena in recent months.

First, let us see how the Tito clique treats the struggle of the Congolese people against imperialism. Usurping the name of the United Nations, the United States wantonly carries out military intervention in the Congolese people's struggle for national independence. Lodge, the former permanent U.S. representative to the United Nations, bragged that this was the most advanced and most mature international effort in history. By acting in this way, as the *Washington Post* disclosed, the United States could not possibly be tagged with the colonialist label. The Tito clique praised U.S. imperialism up to the skies for these interventionist activities and, echoing the tune of U.S. imperialism, talked such nonsense as that this intervention was helpful to stabilizing the situation in the Congo and, that it was of great importance and value. Last February, when the U.S. and Belgian imperialists, in collusion with the rebel group there, murdered Lumumba, the Prime Minister of the legal Congolese Government, the Yugoslav people, like the people of the rest of the world, reacted with bitter anger against U.S.-Belgian imperialism. They held meetings and demonstrated in protest. The Tito clique, however, went to the length of sending its troops and police to suppress and stop the demonstrating masses. They used mounted guards, hoses, clubs and tear-gas bombs, resulting in scores of casualties among the demonstrators.



Again, what is the attitude of the Tito clique towards the Cuban people who fight so stubbornly against U.S. imperialist aggression and intervention? Its press attacked Cuba's policy of nationalization, and slandered the Cuban Revolutionary Government's nationalization of U.S. companies in Cuba and big Cuban enterprises as "too big to swallow at one time". Its papers also maliciously claim that the "difficulties faced by the Cuban revolution are daily increasing". The press of the Tito clique also offered advice to the U.S. imperialists, hinting that they should employ more subtle tactics in their intervention in Cuba so as not to "endanger what U.S. interests still remain in Cuba". In April this year, following the invasion of Cuba by U.S. mercenaries, while broad sections of world public opinion were unanimous in pointing out that U.S. imperialism was the organizer, planner and director of the invasion, Tito in his various statements and speeches made no mention at all of U.S. imperialism being the chief culprit in the incident. Not only that. The Tito clique has also done its best to extol the "alliance for progress", that devilish trick cooked up by U.S. imperialism to induce the other Latin American countries to join in its intervention against Cuba. It has spread such nonsense as that U.S. imperialism has "begun to realize that times are changing", that "the genuine unity and solidarity of the Americas can only be established on the basis of mutual equality" and that therefore it has "indicated its readiness to make readjustments and correct its mistakes".

On the Laotian question, the Tito clique has also done all it could in taking up the cudgels for U.S. imperialism and trying to whitewash its crimes. Before the



convening of the Geneva Conference, the press of the Tito clique tried to mask the U.S. imperialist scheme of intervention in Laos by alleging that "the United States is adjusting its foreign policy" and that "Washington has taken a stride in tearing itself away from the past policies of Dulles". It even said that U.S. imperialism "wants a compromise solution" of the Laotian question "because it is really concerned about the peace and neutrality of Laos". Openly siding with U.S. imperialism, it tried to intimidate the Soviet Union and China by asserting that the peaceful solution of the Laotian question "depends on the Soviet government" and that the Soviet Union and China should not "take the change of U.S. policy as evidence of weakness".

Yugoslav revisionism is the outcome of the U.S. imperialist policy of buying over the Tito clique at a high price. It is no accident that the Tito clique has been so zealous in rendering every kind of service to U.S. imperialism under the signboard of standing "above blocs". But after all, it is a shameful thing to play the role of a running dog and get paid for it. That is why the Tito clique has always tried to hide the fact that it receives U.S. dollars. On June 5 this year, Tito in a speech made another attempt to defend himself. "What actually have we got after all?" he asked brazenly. One may well ask. According to available figures, the Tito clique has to date received U.S. economic and military aid to the tune of more than 3,000 million dollars. It is a fact that the Tito clique is paid by the United States in dollars and it is also a fact that it has rendered its services to U.S. imperialism. Are these things just thought up? Such universally known facts can never be erased



from the pages of history just because Tito chooses to deny them.

Wearing its "above blocs" mask, the Tito clique is engaged in wholesale cheating and swindling and fondly imagines that this is a paying proposition. But since it is serving the imperialists with such diligence its reactionary nature can never be covered up. The Statement of the Moscow Meeting of Representatives of the Communist and Workers' Parties in 1960 condemned the Tito clique for selling itself to imperialism and for its crimes in conducting subversion against the socialist camp and the international communist movement; it pointed out that under the pretext of a "no bloc" policy the Tito clique is engaged in activities detrimental to the unity of all the peace-loving forces and countries. This statement, representing the will of progressive humanity in its millions, is a stern moral judgment on the Tito clique. No amount of sophistry, whitewashing, name-calling or denial by the Tito clique will help. It will only discredit and isolate itself more than ever in the eyes of the people of the world.



## A "MAGIC MIRROR" REVEALS TRUE COLOURS — THE TITO CLIQUE'S STAND ON THE TAIWAN QUESTION

*Li Ya*

The true colours of the Tito clique have become clearer and clearer, though it still flaunts the banners of so-called "positive co-existence", of "no blocs" and "peaceful neutrality" and seizes upon every opportunity to deceive others. From its own words and deeds, not only the proletariat and working people, but all peace-loving countries and people in the world, have no difficulty in seeing that the Tito clique is in fact nothing but a camouflaged tool serving the policies of imperialist aggression.

Here we shall review the Tito clique's statements and actions in connection with the struggle in the Taiwan Straits area since August 1958. In the course of this struggle, the Tito clique has clearly exposed its real character by serving as a mouthpiece of the forces of imperialist aggression.

From the very beginning it was obvious which side the Tito clique was taking in this struggle. From the latter part of August on, Yugoslav newspapers and magazines, in their coverage of the situation in the Tai-

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wan Straits area, published a great many dispatches and reports by U.S., British and other Western news agencies, photographs playing up the military power of the United States and Chiang Kai-shek, and statements as well as remarks by Eisenhower and Dulles on their aggression and war provocations against China. For instance, as early as August 24, *Borba* carried Dulles' statement as reported by Western news agencies, which maliciously distorted the punitive blows dealt to the Chiang Kai-shek forces by the Chinese People's Liberation Army on the Fukien front. Even more preposterous was the fact that the Tito clique's press went so far as to treat the Kuomintang clique on Taiwan — long repudiated by the Chinese people — as a state. From August 24 on, it constantly carried the communique issued by the so-called "defence ministry of the Chiang Kai-shek government". It was hard to see any difference between the press of the Tito clique and that belonging to U.S. monopoly capital.

Besides these reports favourable to the U.S. aggressors, the Tito press also published many commentaries and articles on the struggle in the Taiwan Straits area. These went even further in exposing the true colours of the Tito clique.

Many of the commentaries in the Tito press sang duets with the reactionary U.S. press, slandering the Chinese people's just struggle against U.S. aggression as creating "tension" and "sharpening" international relations. Commenting on the "sharpening tension in the Far East", *Slovenski Porocevalec* wrote on August 26 that China "is deliberately choosing this opportunity. China's intention is to sharpen relations in that part of the world". Even more blatantly, the same paper



wrote on September 9 that "the sharpening situation is created by the Chinese People's Republic itself", adding that "every action which sharpens the situation must be condemned" and "China's action is a threat to peace". See how shamelessly the Tito clique takes the stand of the U.S. imperialist aggressors against People's China!

In the eyes of the Tito clique, the tension and the threat to peace in the Far East and the world did not arise from the occupation of China's territory, Taiwan and the Penghu Islands, by the United States with outright force, and the U.S. arming of the Chiang Kai-shek clique to harass, and commit acts of sabotage against the Chinese mainland. On the contrary, it was the Chinese people, the victims of aggression, who were "creating a tense situation"!

By the same logic, when the Egyptian government nationalized the Suez Canal Company, when the Indonesian government demanded the recovery of West Irian, when the Lebanese people opposed the rule of Chamoun and when the Iraqi people overthrew Faisal, all could have been accused of "creating tension"!

In its efforts to confuse right and wrong and white-wash the policies of war and aggression pursued by the imperialists, the Tito clique described the struggle of the Chinese people to oppose imperialist aggression and liberate their own territory as the outcome of "the division of the world into two opposing military and political blocs" and the so-called "policy of blocs". According to the Yugoslav *Foreign Political Bulletin* of September 4, the guns roaring at the Quemoy front were



“once again bringing the clash between the blocs to danger point”.

This nonsense of the Tito clique is indeed despicable. The heroic struggle conducted by the Chinese people against imperialism and domestic reactionaries dates back over a century. From their struggles, the Chinese people have learned that there actually is a bloc, the imperialist bloc of aggression, that has constantly plotted the partition of China. This bloc perpetrated many wrongs against the Chinese people and the peoples of the world long before the birth of the socialist camp. It was not the existence of the socialist camp in the world or the “policy of blocs” that caused the imperialists to launch aggressive wars and create tension everywhere. The Chinese people’s just struggle on the Taiwan question is their sacred task against imperialist aggression and for the unification of their motherland. It is a fact that all countries of the socialist camp have expressed their greatest sympathy and support for this just struggle of the Chinese people. All countries and all peoples in the world who cherish peace have also expressed their full sympathy and support. This sympathy and support has nothing in common with the “policy of blocs” which the Tito clique talks about. Posing as an opponent of the so-called “policy of blocs”, the Tito clique openly opposes the just struggle of the Chinese people for the liberation of Taiwan and objects to the sympathy and support expressed for the Chinese people by the countries of the socialist camp and all other peace-loving countries and peoples of the world. This only serves to show that the Tito clique is not outside a bloc or “non-bloc”, but stands stubbornly on the side of the imperialist bloc of aggression and is ob-



stinately hostile to the just struggle of the Chinese people and all people in the world who resist imperialist aggression.

In slandering the Chinese people's just struggle, the Tito clique echoed the U.S. aggressors while decking itself out as deeply concerned with peace. *Slovenski Porocevalec* wrote in a commentary entitled "A New Hotbed" on August 26: "It is very obvious that the world needs peace more than the Chinese People's Republic needs Formosa (Taiwan)." The Yugoslav paper *Oclobodjenje* wrote on September 7: "The people have the right to ask: Is it worthwhile throwing millions of people into the calamity of war over the fate of the Chinese offshore island Quemoy? Is it worthwhile plunging the world into war for the sake of Quemoy?" On September 9 this paper even openly warned China "not to play with fire which may set the whole world ablaze". In making all these preposterous and brazen statements, they were simply parroting Dulles. While carrying out their scheme of aggression, the imperialists always keep up a clamour about "defending peace" and the "abandonment of the use of force". Actually they never for a single moment drop their aggressive aims. And the Tito clique acted exactly as the salesman of their line. It did not demand that the aggressors stop their aggression, but tried to intimidate the victims into accepting the aggression meekly. It did not urge those who kindled the flames to put them out, but urged the victims of arson neither to resist nor to put out the fire. Failing this, the victims were to blame for "breaking the peace". So this is the "peace" the Tito clique clamours for; it is the kind of "peace" which serves the aggressors and the warmongers!



The Tito clique's press, moreover, put on an evangelical face to preach in the interests of U.S. imperialist aggression and talked glibly of "peaceful settlements" and "concessions". *Politika* wrote on September 10: "Whether it be China, the United States or all the world, only mutual concessions and understanding can be beneficial, while further aggravation of the situation would do no one any good." *Borba* on September 17 wrote: "It is precisely the dangerous development of these events which dictates to both sides that they express their greatest goodwill, so as to prevent further complications." What does the Tito clique actually mean by the "peaceful settlement" and "tolerance" which it so loudly pipes? *Slovenski Poročevalec* answered this question on August 26 when it said: "The United States will not tolerate it if the mainland releases an attack, especially if it means the prelude to the landing of troops." And *Politika* wrote on September 3: "No one can predict what will happen if the military pressure exerted by the Chinese side is continued." According to these arguments of the mouthpieces of the Tito clique, the Chinese people must only "tolerate", but on no account resist, the armed provocations of the United States. Otherwise the situation will be intolerable to the U.S. "overlords". And great misfortune will fall on the Chinese people if they dare to "continue" applying "military pressure". It is worth noting here that in its devotion to U.S. imperialism, the Tito clique even forgot to mask itself and directly adopted U.S. Secretary of State Dulles' tone of threatening the Chinese people. Let us ask: How can the Tito clique's commentators know so well what the United States will "tolerate" or not? Who in Washington authorized them to say so?



Obeying the wishes of its master, the Tito press strongly advocated "arbitration" of the Taiwan question by the United Nations. The *Slobodni Dom* of Zagreb wrote on September 8: "Just as arbitration was necessary in the Middle East, it may also be necessary in Asia and other places." The *Vjesnik* of Zagreb also wrote on September 19: "In any case, the conflict in the Formosa (Taiwan) Straits will certainly be brought to the United Nations." It is well known that according to the U.N. Charter, the United Nations has no right to intervene in the domestic affairs of any country. If the United Nations sincerely wishes to do its duty in defence of world peace and security, there is indeed a job for it: It should sternly condemn U.S. aggression against China and urge the United States to withdraw its forces of aggression from Taiwan and the Taiwan Straits at once. But it seems that the U.N. is still far from being able to do these decent things. What then is the motive of the Tito clique in impatiently advocating U.N. arbitration? It is obvious that it is to prepare public opinion for imperialist interference in China's internal affairs.

In taking up the refrain of the reactionary U.S. propaganda, the Tito clique repeats many U.S. State Department phrases to slander the Chinese people. It libels China's big leap forward and the great movement to set up people's communes, alleging that there are very great "difficulties" within China. According to the descriptions in the press of the Tito clique, the situation in China is simply beyond retrieve. The Tito clique has gone so far as to declare, through the *Vjesnik* of Zagreb, on October 15, that mankind has "never ex-



perienced such a degree of bureaucratic degeneration and inhumanity as the People's Republic of China is now experiencing". *Borba* also carried long reports slandering the people's communes in China. And on November 23, Tito himself came forward with an attack. In a speech at Novo Mesto, he once again shamelessly slandered the socialist countries. Speaking of China, he said: "They have certain difficulties and big ones too . . . they would like to overleap these difficulties, and sometimes they seek possibilities outside their country". Tito also hurled wild slanders against the people's communes, which were set up voluntarily by more than 99 per cent of the peasant households in China. He called them "military communes" which "have not much in common with the Marxist conception of socialist construction".

Of course these slanders cannot in the least dim the brilliance of the great achievements of the Chinese people. On the contrary, they only show the world that the Tito clique has degenerated into a pawn of Dulles' and a mere echo of the American reactionaries. Dulles says: "Under the Chinese 'commune' system, the human being is sought to be denied individuality and personality. He or she is treated as a mere material unit." The Tito clique says: "Millions of people are being turned into machines in China." Dulles says that China has been "feverishly imposing upon the 650 million people of the mainland a backward system of mass slavery which is labelled the 'commune' system". The Tito clique says the Chinese people are suffering from "inhumane" rule. Dulles says: "The Chinese Communist rulers recognize that what they are doing is bound to induce hatred on the part of the Chinese people. So



they try to divert that hatred away from themselves and to divert it against foreigners." Tito says that China is in the midst of the greatest "difficulties" and in order to "overleap these difficulties", it is necessary "to seek possibilities outside their country". See how alike their statements are — so much so that their names could be interchanged with ease.

In the eyes of such imperialists as Dulles, the Chinese people could have "individuality" and "personality" only if they obediently submit to the rule of imperialism and feudalism. But when the liberated Chinese people, working energetically, build up their country, then this is called a "slave system". Such, of course, is the logic of imperialism and it cannot be otherwise. But why does the tune of the Tito clique, which claims to be Marxist and socialist, sound just like that of the imperialists? It is because the flunkey has to parrot the words of his master and serve him in order to earn a tip. This is why the people throughout the world despise the running dogs of imperialism as much as they despise the imperialists themselves.

The statements of the Tito clique on the Taiwan question are only a small part of its many distortions and slanders directed against the just struggle of the Chinese people and serving the policies of imperialist aggression. But they already suffice to delineate the features of this clique of renegades. Just as fire cannot be wrapped in paper, no amount of camouflage can entirely disguise their true features. The objective facts speak with more authority than sophistry. The modern revisionists cannot escape the revelation of their true colours in the "magic mirror" of facts.



## HOW MUCH U.S. "AID" TO THE TITO CLIQUE?

Since the end of World War II, and more particularly since the Information Bureau of Communist and Workers' Parties published in 1948 its resolution on the question of the Yugoslav Communist Party, the Tito clique of Yugoslavia has received huge amounts of "aid" from the United States.

Neither Yugoslavia nor the United States has ever published the exact figure on "military aid", but judging from what the American press has disclosed, it can be estimated at over U.S.\$1,000 million.

Figures on "economic aid", as made public by Yugoslavia, are as follows:

1945-50:	294 million dollars (economic aid)
1950-51 fiscal year:	94 million dollars (economic aid without compensation)
1951-52 fiscal year:	78 million dollars (economic aid without compensation)
1952-53 fiscal year:	124 million dollars (economic aid without compensation)
1953-54 fiscal year:	65 million dollars (economic aid without compensation)

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1954-55 fiscal year: 121 million dollars  
(economic aid without compensation)

1955-56 fiscal year: 100 million dollars  
(economic aid without compensation)

1956-57 fiscal year: 120.8 million dollars  
(long-term loan for 40 years)

1958: 62.5 million dollars  
(agreement on loan in surplus farm  
produce)

1959:  
1959 agreement on loan in surplus farm produce —  
94.8 million dollars

agreement on loan for Panceva Nitrogen Fertilizer  
Factory — 22.5 million dollars

agreement on loan from Export-Import Bank —  
7.7 million dollars

agreement on loan for the purchase of Diesel  
engines — 5 million dollars

agreement on loan for the construction of Kosovo  
thermal-power station — 9 million dollars

1959-60 agreement on special economic and technical  
aid — 2.3 million dollars

agreement on loan for the construction of Trebisnica  
hydro-power station — 15 million dollars

Totalling 156.3 million dollars

1960:

1960 agreement on loan in surplus farm produce —  
18.8 million dollars

agreement between the Yugoslav government and  
the Export-Import Bank on loan for subsidizing the  
purchase of goods — 3 million dollars



agreement on loan for the purchase of Diesel engines — 14.8 million dollars

agreement on loan for the Zagreb Plastics Factory — 23 million dollars

agreement on loan for building nuclear reactors for laboratories — 0.35 million dollars

agreement on loan for the technical aid programme — 4 million dollars

Totalling 63.95 million dollars

1961:

agreement on loan for the expansion of the Kosovo thermal-power station — 14 million dollars

agreement on loan for the expansion of the Sisak Iron and Steel Works — 8.5 million dollars

agreement on loan for the purchase of Diesel engines — 5.2 million dollars

agreement on loan from the technical assistance administration for training of agronomists — 0.42 million dollars

agreement on loan from the U.N. Food and Agriculture Organization for subsidies to Yugoslav students — 0.13 million dollars

agreement on loan for the construction of the Seny hydro-power station and transmission grid—30 million dollars

agreement on loan from the International Co-operation Administration for Yugoslavia's reform of the foreign exchange system — 25 million dollars

agreement on loan from the Export-Import Bank for the reform of Yugoslavia's foreign exchange system — 50 million dollars



agreement on loan for the purchase of scientific instruments and equipment for the Vinca Nuclear Research Institute — 0.15 million dollars

1961 agreement on loan in surplus farm produce — 30.4 million dollars

1961 agreement on another loan in surplus farm produce — 33.6 million dollars

Totalling 197.4 million dollars

These figures add up to a total of over U.S.\$1,476 million. If loans from the U.S. Export-Import Bank of U.S.\$55 million before 1954 and \$24 million in 1956 are included, the grand total of U.S. economic "aid" runs to over \$1,555 million.

In addition, Yugoslavia has received U.S.\$230 million in short and long-term loans from the U.S.-controlled International Bank for Reconstruction and Development and loans totalling U.S.\$430 million from the United Nations Rehabilitation and Relief Administration.

These figures show that since 1945 Yugoslavia has received more than U.S.\$3,200 million in military and economic "aid" from the United States and U.S.-controlled international organs. *U.S. News & World Report* (Nov. 27) estimates that the total U.S. "aid" Yugoslavia has received since World War II is even higher than this and amounts to U.S.\$3,500 million.



## YUGOSLAV AGRICULTURE ON THE CAPITALIST ROAD

*Liao Yuan*

The Tito clique has constantly declared that it is building socialism in Yugoslavia in a "unique way". It claims that in agriculture it has chosen "the best road for building a large-scale, modern agriculture and for the socialist transformation of the countryside"; it boasts that the "socialist agricultural organizations" it has set up have played a big role.

But what is the true picture?

In 1951, Yugoslavia had more than 6,800 agricultural producers' co-operatives, embracing 16.6 per cent of the country's peasant households and 21 per cent of the land. Since 1953, large numbers of co-operatives have been disbanded by the Tito clique. In March 1953, the Tito clique promulgated the "Law Concerning Property Relations in the Co-operatives and the Reorganization of the Agricultural Producers' Co-operatives". Co-operatives were arbitrarily disbanded; permission was given for the free purchase and sale of land, the unrestricted renting of land and employment of hired labour. In his article "On Some Questions of Our Country's [Yugoslavia's] Rural Policy", Kardelj openly advocated

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that free capitalist competition should be practised in agriculture. He said that the first principle of Yugoslav agricultural policy is to "free agriculture from the element of administrative leadership and put agricultural development on a basis of free competition between various economic forces". In a speech made in April 1954, Tito declared that the Yugoslav government's "policy from top to bottom must be one of support for the individual peasants". The Tito clique repudiates socialist agricultural co-operation and advocates the development of capitalist co-operatives and capitalist farms of the American type. In the same speech he said: "Various types of co-operation exist in the agriculturally developed countries and in the capitalist countries. These are also good for our [Yugoslav] society." In a talk given to the Eddie Sherwood Seminar group in July 1955, Tito said that neither he nor his colleagues would give up the idea that the small farms in Yugoslavia would one day be merged in one way or another and that they would search for a common way of life to be shared by the two opposing sides (meaning the small farms and the big capitalist farms—*Ed.*) in this respect. This, he said, had already been done in the United States, and Yugoslavia must find ways and means of solving this question.

The policy and measures adopted by the Tito clique have nearly brought about the total collapse of Yugoslavia's original agricultural producers' co-operatives. In the Yugoslav countryside at the present time, individual economy prevails on more than 90 per cent of the total cultivated land. Capitalism is growing and spreading on the basis of the small-scale peasant economy; polarization among the peasants has already got under way.



In Yugoslavia, because land can be freely bought and sold, the well-to-do farmers can legally swallow up the land of the poverty-stricken peasants; they may also sell their own relatively poor land to buy more fertile land. Many poverty-stricken peasants can't afford to manage their own land and they have no alternative but to sell it. The Yugoslav *Borba* of September 13, 1960, wrote that "in recent years, there has been a pretty brisk exchange of land among the individual farmers". "In some areas," it said, "more and more farmers want to sell their land."

The process of polarization in the rural areas can be clearly seen in the figures for land distribution. From 1952 to 1958, the number of individual peasant households rose from more than 1.96 million to more than 2.33 million, an increase of over 370,000. Of these, the number of well-to-do peasant households owning more than eight hectares of land increased by over 37,000 only, while the number of peasant households owning less than five hectares<sup>1</sup> increased by more than 268,000, seven times the above figure. In 1958, peasant households with holdings of less than five hectares accounted for 70 per cent of all individual peasant households, but owned only 38 per cent of the cultivated land owned by individual peasant households while the well-to-do peasant households with holdings of more than eight hectares made up only 13.6 per cent of the total number of individual peasant households but owned 39 per cent of the cultivated land owned by individual peasant

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<sup>1</sup> According to *Jugoslovenski Pregled* of January 1959, peasant households owning less than five hectares of land are, as a rule, grain-deficient households.



households. These figures show that the great majority of the people in the Yugoslav countryside are being impoverished, holding only a small amount of land while only a handful of people can climb up to become well-to-do farmers, owning relatively more land. This is an inevitable phenomenon in the development of individual economy towards capitalist economy; it is an eloquent proof that the Tito clique has brought the Yugoslav countryside onto the road of capitalist development.

Well-to-do farmers can also enlarge their own cultivated land acreage by renting land from others. According to data printed in the November 1959 issue of *Jugoslovenski Pregled*, individual peasant households in 1956 altogether rented out 370,000 hectares of land. The reason why they did this was largely because they had not enough reserves, they did not have enough manpower, draught animals and farm implements to cultivate their land. A great part of this land was rented by well-to-do farmers. *Borba* of February 13, 1960, says: "Certain agricultural producers cultivate almost twice as much land as the maximum limit permitted",<sup>1</sup> and they have "in fact doubled the area of the land they themselves own".

A large proportion of Yugoslav peasant households do not have enough draught animals and farm implements. In the Republic of Bosnia-Herzegovina, for instance, 43 per cent of peasant households have no draught animals and 53 per cent have no ploughs. The better-off farmers owning more draught animals and farm tools can not only rent land from those peasant households who cannot

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<sup>1</sup> The Tito clique has laid down that the maximum limit of land each private household is permitted to hold is ten hectares. (In the case of poor land, it is 15 hectares.)



afford to cultivate it themselves, but, for purposes of exploitation, can hire out their own draught animals and farm tools to the impoverished peasant households which do not have these means of production.

Another distinct feature marking capitalist development in the Yugoslav countryside is the widespread increase in the employment of hired labour. According to a report of the weekly *Komunist* of February 7, 1958, in 1956, 52 per cent of the peasant households in Serbia owning over eight hectares of land employed hired labour. Those subjected to this form of exploitation are agricultural labourers who lack means of production themselves.

In Yugoslavia, resorting to usury as a means of getting rich is no longer a secret. The *Oslobodjenje* of November 15, 1958, writes: "A number of former usurers have again made their appearance in certain areas." The paper gave the following example. From 1956 to 1958, a usurer named Luich lent 6 million dinars in cash, more than 5,800 kilogrammes of grain and more than 1,500 litres of spirits at a rate of interest ranging from 10 to over 100 per cent. He raked in more than 5 million dinars in interest charges. More than 780 peasant households were in his debt. "If the debt is not cleared when due," the paper says, "he will sell the last milch cow of the peasant debtor at the door."

The Tito clique, on the one hand, has disbanded large numbers of the original agricultural producers' co-operatives, and on the other hand, bragged about the part played by their so-called "General Farm Co-operatives" in the development of agricultural production. This sort of co-operative is in fact an agricultural



organization run in a purely capitalist way, with profit-making as its aim.

Commercial transactions make up the biggest share of the business of the "General Farm Co-operatives". Taking advantage of the free market and price fluctuations in farm produce, these co-operatives go in for racketeering on a big scale, fleecing the agricultural producers on the one hand, and the city consumers on the other. When, for instance, Yugoslav agricultural production dropped in 1958, the co-operatives and other trading organizations raised the selling price of farm produce. The next year there was a bigger harvest; the co-operatives then scrapped the purchase contracts which they had concluded with the peasants, reduced the amount of purchases and simply let the crops rot in the fields.

So-called "co-operation" with the individual peasants in production is another job of the "General Farm Co-operatives". They sign contracts with the individual peasants, ploughing, sowing, harvesting for them and providing them with transport, or they rent land from the individual peasants and take full responsibility for its cultivation. They are paid by the individual peasants according to the contract. This sort of "co-operation" is in a pretty bad mess. Large numbers of peasants have landed themselves in debt as a result of their "co-operation" with the co-operatives. According to a report in the *Komunist* of October 6, 1960, only some 500,000 peasant households "co-operated" with the co-operatives, but they owed the co-operatives debts to the amount of more than 13,650 million dinars. Over 7,000 million dinars were still unpaid when these debts fell due. For various reasons there have been a number of



cases of co-operatives incurring losses. This, of course, runs counter to the wishes of the Tito clique and as a result of this the Tito clique's propaganda machine has openly advocated that the co-operatives should not deal with the poorer peasants but only with the better-off ones. *Borba* of September 10, 1960, took Osijek County, a grain-growing area in Yugoslavia, as an example. It wrote: "In Osijek County, 50 per cent of the peasant households own less than three hectares of land." "Facts have proved that total output of the great majority of co-operative farmers is just enough to feed their own families, they have no surpluses for sale nor have they any surpluses with which to repay their debts." Speaking in the tones of a mouthpiece of the rich-peasant class, this newspaper asked: "What results can be got by co-operating with producers who do not produce commodities? Is it necessary to guarantee their livelihood free of charge on land which in any case could not give them a normal living? If this is done, who will be benefited?" The paper came to this conclusion: "Co-operation with the relatively stable farmers [well-to-do farmers — *Author*], can be more profitable and is a better paying proposition."

The co-operatives also run their own farms and so partly engage in agricultural production. But these farms too are wholly for profit-making. They hire workers to make profit for them, and purchase or rent land from the individual peasants on an extensive scale so as to enlarge their cultivated acreage. In 1959, the co-operatives employed more than 68,000 permanent workers. (In busy farm seasons they also hire large numbers of temporary hands.) There is fierce competition between the farms. Those who are economically



weak and whose production costs are higher are no match for those which are economically strong. They frequently incur losses, close down or are swallowed up by the latter. The agricultural labourers live in very bad conditions. The *Privredni Pregled* of September 30, 1960, said that with the worsening of conditions on the farms, "a large proportion of agricultural labourers get only the minimum possible personal income". Many of them are so hard up that they are compelled to move into the cities to try and eke out a living there.

These co-operatives run in a capitalist way have created extremely favourable conditions for the activities of the rich peasants. Their managements have step by step fallen into the hands of the rich peasants. A book entitled *Economic Policy of the Federal People's Republic of Yugoslavia* records that in 1956, peasants owning less than two hectares of land made up only 15.3 per cent of the members of co-operative management committees; while those owning over eight hectares made up 25 per cent. The *Weekly Information Gazette* of February 22, 1959, carried a report about "A Co-operative Which Lost Money". It turned out that every type of important job was held by the rich peasants. They were members of its management committees, book-keepers, cashiers, procurement personnel, etc. In six months' time, they had made this co-operative lose nearly 60 million dinars.

Because of lack of support from the broad masses of the peasants, these "General Farm Co-operatives" are already in the throes of crisis. There has been a steady decrease in their number and a drop in membership. According to the *Jugoslovenski Pregled* of June 1959, there were 8,004 such co-operatives in 1950, with



3,540,000 members. By 1958, the number of the co-operatives had dropped to 5,197, and the number of their members to 1.37 million. According to a report of *Tanjug* on December 7, 1960, less than 4,800 such co-operatives were left in 1960.

The facts mentioned above clearly demonstrate that the policies and measures carried out by the Tito clique in the Yugoslav countryside in the past ten years have carried Yugoslav agriculture onto the road of capitalist development. This shows that the Tito clique's so-called "unique way" is in fact nothing but the capitalist road which runs completely counter to socialism.



## **"SELF-MANAGEMENT OF ENTERPRISES" IN YUGOSLAVIA: THE TRUE PICTURE**

*Liao Yuan*

The so-called "self-management of enterprises" has been carried on by the Tito clique of Yugoslavia for more than ten years. In Yugoslavia the socialist planned economy has been practically abolished and formerly state-owned factories and mines, transport and communications, trade, agriculture and forestry, public utilities and enterprises of other branches of the national economy have been placed under the "independent" management of the so-called "working collectives" in the enterprises concerned (through "workers' councils" and "administrative committees"). Every enterprise arbitrarily determines the output, variety and prices of its products according to the supply and demand in the market; it buys raw materials and sells its products on the domestic and foreign markets on its own; it alone decides on how profits and wages are distributed and bears sole responsibility for its gains or losses.

This economic policy of the Tito clique has its own "theoretical" basis, that is, the revisionist theory that a socialist state and particularly its economic functions

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will wither away during the transition period. The Tito clique slanders the dictatorship of the proletariat and the management of economic affairs by the socialist state as "bureaucracy", and socialist ownership by the whole people as "state capitalism". It asserts that the withering away of the economic functions of the state should start immediately, and that a so-called "higher, thoroughly socialist relationship" and a so-called "genuine economic democracy" should take its place. It claims that "self-management of enterprises" represents such a "higher, thoroughly socialist relationship" and "genuine economic democracy" and is "the only correct way for the withering away of the economic functions of the state".

This economic policy of the Tito clique is determined by its general political line. It is this reactionary line that has caused the entire social system of Yugoslavia to degenerate into capitalism.

The Tito clique has always described this revisionist twaddle as a new development of socialism. In his message of November 1960 commemorating the 15th anniversary of the founding of the Federal People's Republic of Yugoslavia, Tito said that the carrying out of "self-management of enterprises" had made "great contributions to the further development of the general theory and practice of socialism". The actual economic conditions in Yugoslavia, however, give the lie to this claim of the Tito clique.

As a matter of fact, the Tito clique's so-called handing over of enterprises to the workers for management merely empowers a handful of bosses in the enterprises to control the management and administration of those enterprises. The broad masses of the workers, on their



part, are often unjustifiably deprived of their right to work, not to speak of having the right to administer the enterprises. S. Vukmanovic, leader of the Confederation of Trade Unions of Yugoslavia, admitted in a speech at a trade union meeting in January 1960 that bureaucracy, nepotism and corruption prevailed in Yugoslav enterprises, and that many workers got sacked merely because they criticized leading personnel of the enterprises. In a speech made in June 1959, Tito himself had to admit that in the eyes of the leaders of enterprises, "the handing over of the management of the enterprises to the workers was merely something theoretical and nominal", while "actually, those who made decisions there were individuals".

The distribution of income in the enterprises also clearly shows up the hypocrisy of this so-called "economic democracy". Wage regulations laying down the criterion of distribution are drawn up by a small number of leading members of the enterprises; the workers have no say in them. According to Yugoslav press reports, when the various enterprises drew up new wage regulations in 1959, all the leading personnel of the enterprises took the opportunity to increase their own salaries. They got far bigger pay increases than the workers. In some areas the pay increase for a manager almost equalled the total wages of two skilled workers. Some departments only increased the salaries of a few leading members but not the workers' wages. In addition to higher salaries, leading personnel in enterprises have the privilege of using the public funds of enterprises for foreign travel and receiving bigger bonuses and allowances. So their real incomes are far



greater than their nominal salaries and this enables them to lead a particularly well-to-do life.

In essence, the Tito clique's "self-management of enterprises" means regarding profit-making as the highest criterion of the economic activities of an enterprise, and so-called "material incentives" as the sole motive force promoting its economic activities. It encourages the capitalist way of management and advocates capitalist free competition in which the weak are squeezed out by the strong and the small swallowed up by the large.

Under the Tito clique's system of "self-management" any enterprise which succeeds in beating its rivals on the market and raking in bigger profits is rated as a "successfully" managed enterprise. Cutthroat competition among enterprises is the common practice in Yugoslavia.

This keen competition among the enterprises has caused man-made damage to production. Three machine-building works, Ivo Lola Ribar, Djuro Djakovich, and Jedinstvo, in 1959 jointly contracted to produce equipment for five sugar refineries. Each of the three sought to make the maximum profit out of this deal. A good six months were wasted in squabbles about how to allocate the job among themselves. As a result, production of the equipment for the refineries was delayed and the five sugar plants were commissioned a year later than originally planned. For fear of competition from their rivals, enterprises keep trade secrets to themselves and refuse to pass on technical know-how to others. The Yugoslav *Borba* reported on June 13, 1959, that two years after being put into operation, the Proletarian Rug Factory in Zreljanin was still unable to produce terry velvet up to standard because it had not



yet mastered the necessary technique. It asked a plant in Ljubljana producing decorative fabrics to allow its workers to be trained there or co-operate in production, but this request was turned down and the rug factory had to send its personnel to learn the necessary technique in foreign factories.

As regards relations between enterprises engaged in supplying raw materials and those engaged in processing, the former, hunting profits by every means, often deliberately raise prices, provide substandard goods, delay deliveries or refuse orders for supplies. This makes it impossible for the enterprises engaged in processing to fulfil their production plans and even compels them to halt production. The Yugoslav *Vjesnik* of July 10, 1960, reported that shipbuilding enterprises in Yugoslavia had "extraordinary difficulties" with the hundreds of firms with which they co-operated because the raw materials or manufactured parts supplied by the latter were often "late in arriving, failed to meet specifications and were charged for at high prices". As a result, the launching of the S.S. *Opatija* was delayed one year. A factory in Zagreb was forced to "freeze" its products valued at 100 million dinars because the firm with which it co-operated held off the supply of spare parts until it had agreed to the firm's "exorbitant price". *Borba* of January 11 and 24 this year reported that the Krschko Factory had stopped producing standard rotary paper because of the shortage of wood-pulp. Although the firms producing wood-pulp had large stocks, they refused to sell, waiting to get still higher prices; as a result, "no one could tell when the Krschko Factory would start production again". According to *Vjesnik*, the enterprises engaged in supplying raw



materials and manufactured parts are granted special privileges in Yugoslavia while the processing enterprises dependent on them "have to keep mum" even if deliveries are delayed for months or they are provided with substandard goods.

Sharp competition is also widespread within communications and transport departments, commercial and foreign trade departments and between different economic departments. There are cases of several bus companies operating on the same routes, each setting up its own stations and booking offices and charging different fares. Similar practices also prevail in Yugoslavia's overseas transport. Two shipping companies, for instance, operate on the same sea route to the United States. One company uses such methods as calling at fewer ports on the way and speeding up the voyage to take business out of the hands of the other. In commercial departments, shops in the same district charge different prices for the same commodity in order to attract customers. Many enterprises in Yugoslavia engage in the import and export trade by themselves. They also compete with each other on the foreign market. The Yugoslav weekly *Komunist* of November 12, 1959 reported that once the Serbia Automobile Company had made a contract with a foreign firm for exporting its lorries at the price of 8,000 U.S. dollars apiece but the Yugoslav Automobile Company undercut it by offering a price 500 U.S. dollars cheaper. In order to reap super-profits, Yugoslav commercial departments make no bones about importing from foreign countries those industrial goods which Yugoslavia's industrial departments themselves can supply; they also try to squeeze out home products from the



market and undercut the industrial departments of their own country. Industrial and commercial departments in Yugoslavia even sling mud at each other by advertising in newspapers, broadcasting and distributing posters. For instance, a poster distributed by the Bakat Sewing Machine Factory said: "For some unjustifiable reasons our home industrial products, even those of the best quality, are often slandered as below standard while imported substandard commodities are forced upon our citizens. . . . Most of our commercial departments not only place our home products in a bad light but unduly and unfairly praise imported sewing machines." The poster also titled at certain commercial enterprises, saying that the imported sewing machines handled by them were "of a low order", fitted with "out-of-date parts", "were noisy in operation" and had "no reserves of spare parts". It boasted that the Bakat products were modelled on those produced by "the world's most famous" sewing machine factory in Italy and were made with "top-notch technique in the field of sewing machine manufacturing". Those commercial enterprises which become targets of such attacks of course do not take it lying down. They waste no time in advertising in newspapers and replying to their opponent with similar mud-flinging.

A common practice in capitalist society is to make profits by every means and at the expense of others. But under socialism all enterprises come under the unified leadership of the state, are run for the good of the people, help each other and attain common prosperity through planned co-operation and friendly competition. This is one of the outstanding characteristics of socialism which demonstrates its superiority over capitalism.



It is also something which the Tito clique's system of "self-management of enterprises" can never attain.

Under the system of "self-management of enterprises" carried out by the Tito clique, many enterprises, on the look-out for fabulous profits, engage in frantic profiteering on the market, unscrupulously raising commodity prices, and so harming society as a whole. The Yugoslav weekly *Nedelne Informativne Novine* of June 5, 1960, reported that as a result of increased state investments in building projects, a wave of frantic profiteering activities "swept the market in building materials" and "cunning merchants found it a good opportunity to do good business". Many enterprises scrambled for and stocked up building materials, causing a serious shortage of such materials on the market. Departments producing these materials immediately took this opportunity to raise prices and the commercial departments followed suit. As a result, timber prices rose by 100-150 per cent and the price of structural steel increased by two-thirds. Some enterprises which had never been in this line of business before also tried their hand at it and fished in the troubled waters by setting up "agencies" dealing in building materials. "By using a number of middlemen, they could usually rake in enormous profits merely through talks on the telephone." Several months ago when commodity prices soared in Yugoslavia, many enterprises again seized the opportunity to engage in wild speculations. A commentary entitled "Those Who Fish in Troubled Waters" carried in the *Borba* of February 7 this year revealed that "there is a fairly long list of enterprises which engage in speculation in prices and this list is being extended".



The sharpening rivalries and selfish strife among enterprises are vividly reflected in the increasing number of economic disputes. According to data published by the Yugoslav press, the number of cases of economic disputes handled by the economic courts of the country is increasing every year. There were more than 106,000 such cases in 1953, 167,000 in 1954, 213,000 in 1955, 278,000 in 1956, nearly 270,000 in 1957 and nearly 340,000 in 1958. By 1959, the number had risen to 380,000. In 1959 alone two enterprises in Belgrade, Neimar and the Labourers, each laid themselves open to over 500 charges while the leaders of a tractor plant in Novi Beograd and the Ivo Lola Ribar Works in Zheleznik each appeared in court over 200 times. In these circumstances there has been a crying need for judges in Yugoslavia. In Belgrade, each judge is expected to handle 200 cases a month, a figure which "far exceeds his quota". Many enterprises have spent large sums of money on lawsuits. In one year, the building enterprises of the Republic of Serbia spent more than 250 million dinars in this way. Since May 1960, in pursuance of its policy of currency deflation, the Tito clique stopped issuing loans to enterprises to be used as circulating funds. As a result, enterprises have run into difficulties with the turn-over of their capital and there has been an enormous increase in the number of disputes over debts. The Yugoslav *Politika* of November 12, 1960, reported that the largest iron and steel enterprise in Yugoslavia, the Zenica Iron and Steel Company, had had "its current account frozen for several months" because it had not been able to collect the debts owing to it or to clear off its own debts. "Those business opponents which supplied it with raw materials had



rejected some of its orders," while "those enterprises which supplied it with fire-resistant materials and ferro-alloy had refused to do so." As a result, the production of that company had landed in a serious "crisis". The company had brought lawsuits against over 200 enterprises, stopped its supplies to 60 enterprises and refused to renew contracts for further supplies with those enterprises which failed to clear off their debts to the company. However, "none of this had been able to bring about much improvement in the situation".

In 1958, the Tito clique promulgated a "Law on Economic Associations", which stipulates that enterprises may organize "business associations", "jointly producing and marketing certain products", and "jointly purchasing raw and other materials". Miha Marinko, Member of the Executive Committee of the League of Communists of Yugoslavia, admitted that such "economic associations" were intended to "imitate capitalism in concentrating capital in monopolistic concerns and cartels". According to the Tito clique, this could "shut the doors to all unhealthy competition, narrow-minded viewpoints and the interests of provincialism". As is well known, in a modern capitalist state, free competition leads to monopoly; this cannot eliminate competition but merely enables competition to develop more fiercely on a new basis. This is exactly what has happened in Yugoslavia. Eight tobacco factories and some 40 wholesalers of processed tobacco products, for instance, organized a "business association" in 1959. It was stipulated that the participants could obtain raw materials and market their products only through the commercial organization under this "business association"; it also fixed the scope of production for each participant. Consequently, three



tobacco factories which did not participate in the "association" were seriously discriminated against: their products could be sold only in Macedonia and nowhere else. Furthermore, the establishment of monopolistic organizations increases the profits of certain enterprises and adds considerably to the burden of consumers. Eight wholesalers of electrical appliances, for instance, had organized a "business association" with some radio producers and contracted to purchase all the radios produced by the latter in 1960, while at the same time they decided to raise the retail price of radios on the market by 5 per cent.

The Tito clique has all along boasted that "self-management of enterprises" can help develop production in the best way and create a force for promoting the growth of production which cannot be achieved by any "state control" or "administrative intervention". But, what is the real situation as regards the economic development of Yugoslavia?

Under the rule of the Tito clique, the Yugoslav economy is being subjected more and more to the economic system of the capitalist world. The Yugoslav market is flooded with U.S., West German and Italian goods; Yugoslavia's domestic industry is being dealt ever heavier blows and is being squeezed out. A large proportion of the industrial enterprises in Yugoslavia has practically been turned into assembly shops for foreign capitalist monopoly enterprises, carrying on production by buying licences to imitate industrial products from the capitalist countries and by importing semi-manufactured products and spare parts from these countries. An article carried by *Borba* of May 29, 1960, lamented that Yugoslav industry was "an industry



without inventors" and was "content with carrying on production according to foreign licences". The figures on the expansion of Yugoslav industry, so frequently trotted out by the Tito clique, are to a large extent dependent on imperialist investments and on imports of semi-manufactured products and manufactured parts from foreign countries. The Yugoslav press disclosed that in the first four months of 1960, most of the products of the electrical engineering industry, the industry with "the fastest rate of growth", were turned out by increasing imports of manufactured parts and spare parts, and held that "this situation also applied to other departments" (*Borba*, May 24, 1960). In 1958, the total value of output of the industrial departments producing motors and motor vehicles amounted to 36.5 million U.S. dollars, of which imported spare parts and raw materials were valued at 16.5 million U.S. dollars, or 45 per cent of the total (*Komunist*, October 22, 1959). Most pharmaceutical plants "engage in processing imported pharmaceuticals or merely changing the wrapping paper of imported drugs; they make their own drugs only on a very limited scale" (*Borba*, March 8, 1960). Heavy imports have caused enormous foreign trade deficits. To make good these deficits, the Tito clique relies entirely on begging "aid" and loans from the imperialist countries. Whenever foreign exchange difficulties occur, those enterprises whose production depends on imported manufactured parts have to reduce production, stop work or close down altogether.

Phenomena characteristic of a capitalist society — commodity "surpluses", the closing of enterprises and large numbers of unemployed workers — frequently occur in Yugoslavia, which the Tito clique claims to be



a "socialist country". Although the living standards of the broad masses of working people in Yugoslavia are very low, there are large quantities of "surplus" goods. Enterprises generally sell their "surplus" goods on credit. In 1958, one-fifth of the industrial goods were bought by consumers with the loans issued to them. In 1959, over 90,000 million dinars were issued as such loans, or more than 50 per cent over the preceding year.

Many enterprises with large stocks of unsalable products on their hands are forced to curtail production. Some even resort to the destruction of large quantities of commodities in order to maintain high prices. According to a report of the Yugoslav *Vjesnik U Srijedu* of August 19, 1959, certain farms and commercial enterprises dumped tons of vegetables and other farm produce in the rivers in order to "maintain their high prices on the market". These are by no means isolated cases in Yugoslavia. In 1958, *Borba* reported that in the milk-producing regions in Yugoslavia large quantities of milk were used to feed pigs. Tito himself admitted in 1954 that in Yugoslavia "enterprises destroyed their own products and left half of them to rot in order to raise the prices and make out of the other half a profit far greater than out of the whole. In short, the most negative phenomenon of the capitalist world had appeared".

Some enterprises, squeezed out by their rivals in competition, were unable to make a profit, had no money to pay taxes, repay bank loans or pay the wages of their workers and finally had to shut up shop. *Svet*, a supplement to the newspaper *Oslobodjenje*, reported on February 23, 1959, that 2,000 enterprises had folded up in four years. According to data published in the first ten issues of *Bulletin of the Federal People's Republic*



of Yugoslavia of this year, 118 enterprises closed down in the period from January 11 to March 15.

Unemployment among workers is very serious. The ranks of unemployed are expanding every year. According to data published in *Indeks* (No. 5, 1960), the number of unemployed was more than 67,000 in 1955, close on 100,000 in 1956, more than 115,000 in 1957, 132,000 in 1958, more than 161,000 in 1959 and rose to more than 216,000 in February 1960. The Yugoslav press reports that unemployment among the Yugoslav workers continues to increase at the present time. So-called "labour surpluses" have appeared in every enterprise, and "there is no way out other than dismissals".

All these economic difficulties in Yugoslavia have been created entirely by the Tito clique itself; they are the result of the fact that that clique has taken Yugoslavia out of the orbit of socialism, dragged it onto the road of capitalism and placed it in subservience to imperialism headed by the United States. The Tito clique is implementing this system of "self-management of enterprises" and advocating the so-called "withering away of the state" and "economic democracy" in order to cover up its renegade deeds with a fig-leaf and deceive the Yugoslav working masses and at the same time shift the burden of these economic difficulties onto the Yugoslav working people. One of the major features of the Tito clique's "self-management of enterprises" is the provision that the income of the workers is decided by how much profit an enterprise can make; if the enterprise makes a small profit or incurs losses, the income of the workers is drastically reduced.

Soaring commodity prices, a constant occurrence in Yugoslavia, has universally reduced the real income of



the workers and worsened their living conditions. Although the workers have sometimes got nominal pay increases, these have been practically nullified by soaring commodity prices. *Indeks* reported in its 9th issue of 1960 that the cost of living index for a worker's family of four had increased by 25 per cent in 1959 as compared with 1953. *Borba* of March 14 this year reported that the cost of living index in 1960 registered another increase of 11 per cent over 1959. The Yugoslav *Privredni Pregled* of March 3 this year reported that in the previous few months the prices of all textiles, with the exception of woollen fabrics, "had shown a sheer upward tendency", "the prices of most foodstuffs had been raised and those of flour and noodles were taking a sheer upward turn". *Borba* reported on March 14 this year that the cost of living index during the first two months of this year was 15 per cent higher than that in December 1960. Under these circumstances, many hard-pressed workers have no choice but to work overtime. Those working in enterprises which are losing money and workers who have lost their jobs are having an even harder time.

The data cited in this article covers only a few aspects of the situation brought about by "self-management of enterprises" and other related conditions as disclosed by the Yugoslav press. But this is quite enough to show clearly what the Tito clique's so-called "self-management of enterprises" and the "withering away of the economic functions of the state" really signify.

In fact, the state does not wither away in Yugoslavia under the rule of the Tito clique. The Tito clique advocates the so-called withering away of the state for the purpose of covering up the fact that Yugoslavia is de-



generating into a capitalist state, and uses it as a means of attacking the socialist countries.

The superiority of socialism over capitalism lies in the fact that under socialism the common ownership of the means of production has superseded private ownership and the planned and proportionate development of production has taken the place of anarchy, thus opening up the possibilities of using the objective economic laws for the benefit of society. In the socialist countries, the economic functions of the state are to grasp and use the objective economic laws and, in a planned way, carry out economic construction and develop production for the good of all the working people. In their economic relations with foreign countries, on the one hand the socialist countries expand their mutual economic cooperation and develop trade relations with other countries on the basis of equality and mutual benefit; on the other they wage struggles against imperialism and safeguard their own economic interests. These economic functions of the state in the socialist countries represent the immediate and fundamental interests of the working people, enjoy the energetic support of the working people and integrate, in the best possible way, the centralized leadership of the state with the initiative and creative power of the working people. The great achievements made by the countries of the socialist camp in their economic construction provide the best proof of such economic functions.

Lenin unequivocally points out that the complete withering away of the state can be realized only when completely victorious and consolidated socialism has developed into complete communism. He points out that the proposition of dispensing at once with the adminis-



tration of economy by the proletarian state during the period of the transition from capitalism to socialism is totally alien to Marxism. He holds that a central leading body for administering the entire social economy will still be necessary even in communist society.

The Tito clique's distortion of the Marxist-Leninist theory on the withering away of the state, its attack on the management of economic affairs by the socialist state power and its implementation of "self-management of enterprises" in Yugoslavia are a manifestation of its betrayal of the proletarian cause and evidence of its service to imperialism and the reactionaries.



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