THE DISINTEGRATION OF THE SINGLE WORLD MARKET AND THE DEEPENING OF THE GENERAL CRISIS OF CAPITALISM

Moscow 1953

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CONTENTS

- Preface
- The beginning of the general crisis of the world capitalist system
- The second stage of the general crisis of capitalism
- The disintegration of the single, all-embracing world market into two parallel world markets
- The deepening of the general crisis of the capitalist system in connection with the disintegration of the single world market
- The sharpening of contradictions between imperialist states
- Appendix

PREFACE

This monograph by Vyacheslav Aleksandrovich Maslennikov was written in the fall of 1953 when significant changes were taking place in the economic field of USSR.

The subjects of the general crisis of capitalism, the disintegration of the single world market and the deepening of the general crisis capitalism were brought up by Stalin in his well renowned work of "*Economic Problems of Socialism in the USSR"* in 1952. Maslennikov rightly explained in detail of how general crisis of capitalism had developed and two world markets had emerged – that of capitalist and of socialist - and that the capitalist market had been shrinking and that socialist market had been expanding. These specific topics then were distorted and revised by Shepilov, Mikoyan and Krushchev in 1956, the details of which have been provided in the Appendix to this monograph.

It is particularly important to note that Maslennikov justified The Fifth Session of the Supreme Soviet of the USSR that took place from August 5 to August 8, 1953, where Premier Malenkov declared to increase in the production of consumer goods in USSR at the expense of cancelling a number of major infrastructure projects and investments of Fifth Five Year Plan (see *M. Saburov, Report On The Directives Of The XIX Party Congress Relating To The Fifth Five-Year Plan For The Development Of The U.S.S.R. in 1951-1955*) approved by the Party at the X1X Congress of CPSU and became a law when Stalin was still alive.

While Maslennikov rightly defending the line of Stalin, that of general crisis of capitalism, at the same time he failed to go against the abandonment of *The Fifth Five-Year Plan* and declared that the decision to increase the production of consumer goods in USSR after the death of Stalin was the correct path.

Nevertheles, this monograph in the main is a valuable study with facts and figures how the general crisis of capitalism was developing and the disintegration of the single world market. It is the duty of the communists today to update these figures of the general crisis of capitalism to fight against the attacks of capitalist-imperialists and their stooges.

Socialist Truth in Cyprus
London Bureaux
2026

THE BEGINNING OF THE GENERAL CRISIS OF THE WORLD CAPITALIST SYSTEM

The laws of social economic development are objective. They do not depend on the will of people, are not destroyed, but rather lose their force, giving way to new objective laws of development resulting from new economic conditions of life.

The objective economic law common to all formations is the law of the mandatory correspondence of relations of production to the character of the productive forces.

In the famous preface to his work *A Contribution to the Critique of Political Economy*, K. Marx wrote that in the social production of their life, men enter into definite, necessary relations, which are independent of their will—relations of production which correspond to a definite stage of development of their material productive forces.

The most mobile, revolutionary, and at the same time decisive element of social production is the productive forces. First, the productive forces change, and only then, in accordance with them, do the relations of production change. However, relations of production are not passive. In turn, they exert an active influence on the development of productive forces, accelerating or slowing it down.

The profound cause of the decline, crisis, and downward line of development of modern capitalism lies precisely in the conflict, in the sharp contradiction between the productive forces and capitalist relations of production. The relations of production of capitalist society have turned into fetters on the development of the productive forces. Under capitalist conditions, relations of production reduce the consumption of the majority of the population in capitalist countries to a miserable minimum.

In that grandiose historical struggle of progressive forces against the old, obsolete forces of society, which is unfolding more and more in capitalist countries, nothing other than the objective striving of the economic law of the mandatory correspondence of relations of production to the character of the productive forces to break its way through and emerge into the open is reflected. If this law has not yet broken its way through and has not emerged into the open, it is only because it encounters the strongest resistance from the obsolete forces of society.

But the death of capitalism is inevitable. "The monopoly of capital becomes a fetter upon the mode of production, which has flourished alongside and under it," wrote K. Marx. "Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."[1]

In his brilliant work *Imperialism, the Highest Stage of Capitalism*, V. I. Lenin exposed the economic and political essence of the final, highest stage of development of capitalism—imperialism. He showed that by the beginning of the 20th century, capitalism had turned into decaying, dying capitalism. This definition does not mean an automatic collapse of capitalism. In the era of imperialism, an extreme aggravation of all the contradictions of capitalism occurs, and the prerequisites are created for the revolution of the working class, for breaking the imperialist chain at its weakest link.

In October 1917, the imperialist chain was broken in Russia. A social force in the form of an alliance of the working class and the peasantry, organized and led by the Communist Party, broke the resistance

Footnote

[1] *K. Marx. Capital, Vol. I, Gospolitizdat, 1951, p. 766.*

of the old, obsolete forces of society and overthrew capitalism. The Great October Socialist Revolution meant that in our country, the economic law of the mandatory correspondence of relations of production to the character of the productive forces broke its way through and obtained full scope for its operation.

In our country, capitalist relations of production were replaced by socialist ones. The establishment in the USSR of the correspondence of relations of production to the character of the productive forces ensured the continuity of development of productive forces and high growth rates of socialist production unprecedented in history. This growth is accompanied by a steady increase in the material well-being and cultural level of the entire people.

Socialist relations of production are the main, decisive force behind the mighty development of the productive forces of the Soviet Union. Thereby, the greatest advantages of the socialist system over the capitalist one have been practically proven.

The international significance of the October Revolution lies in the fact that it dealt imperialism a mortal wound from which it will never recover, and accelerated the decay and decomposition of the world capitalist system.

The general crisis of the world capitalist system began during the period of the First World War, especially as a result of the breakaway of our country from the capitalist system. The crisis is general, i.e., comprehensive, because it embraces both economics and politics.

The general crisis of the world capitalist system is an objective consequence of the fundamental contradiction of the capitalist mode of production, i.e., the contradiction between the social character of production and the private capitalist form of appropriation. Under the conditions of imperialism, this fundamental contradiction increasingly takes on acute forms. Monopolists need maximum profit, which they obtain through the exploitation, ruin, and impoverishment of the majority of the population of a given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and finally, through wars and the militarization of the national economy. A characteristic feature of monopolistic capitalism is that it demands not just any profit, but precisely maximum (the highest) profit. This pushes monopolistic capitalism to risky, adventurous steps that bring untold miseries to the working masses. Owning the means of production, the ruling monopolies distribute the products of production not in the interests of society, but in their own interests. The working man with his needs disappears from the field of vision of capitalism. The working masses in capitalist countries are merely objects for exploitation. In bourgeois countries, as a result of the operation of the fundamental economic law of modern capitalism, the absolute and relative impoverishment of the proletariat grows; the solvent demand of the workers is continuously reduced, and because of this, the sale of goods becomes difficult. This sharpens the contradictions of capitalism, leads to economic crises, and slows down production growth.

The main contradiction of the capitalist mode of production is the source of all other contradictions, internal and external. Economic crises, unemployment, the destruction of productive forces, interruptions in the development of technology, and wars are the inevitable companions of modern capitalism.

The Great October Socialist Revolution shook imperialism not only in the centers of its domination, but also struck at the rears of imperialism, undermining its rule in colonial and dependent countries. It opened the era of the death of capitalism and the victory of socialism, followed by the breakaway of individual links from the system of imperialism as a result of revolutions in imperialist, colonial, and dependent countries.

The first stage of the general crisis of the world capitalist system is marked by the fact that the world split into two systems—the socialist and the capitalist. The emergence and existence of the socialist system meant that capitalism no longer represents the sole and all-embracing system of the world economy. The course of historical development shows that the socialist system grows and prospers, confronting the capitalist system, which is decomposing and decaying. Thus, the First World War and its consequences, and the breakaway of our country from the capitalist system, intensified the decay of capitalism and undermined its equilibrium. The sphere of application of the forces of the main capitalist countries to world resources narrowed.

It is also important that imperialism is no longer able to lord it over colonial and dependent countries in the old way. In these countries, a native, young capitalism arose, competing with the old capitalist countries. The first stage of the general crisis of the world capitalist system led the majority of capitalist countries to a chronic underutilization of enterprises, and to the appearance of million-strong armies of the unemployed and semi-unemployed. These armies turned from a reserve into a permanent fixture.

Until the Second World War, the capitalist economy thrashed about in the grip of an ever-deepening general crisis and periodically recurring economic crises. The productive forces of capitalism stagnated under conditions of growing decay, the militarization of the economy, and the one-sided development of production, all of which sharpened the conflicts between labor and capital, the growth of the national liberation struggle in colonial and dependent countries, and the intensification of the imperialist struggle for the redivision of "spheres of influence," markets, and sources of raw materials. The internal policy of the bourgeoisie took on an increasingly reactionary character. In a number of countries, the militant bourgeoisie established a fascist dictatorship, suppressing the last remnants of democratic freedoms.

At the same time, the development of the socialist system achieved colossal success. The productive forces of the Soviet Union, freed from the fetters of capitalist relations of production, grew continuously and rapidly. Soviet industry moved continuously along the path of upsurge, increasing its output year by year. From an industrially backward country, the USSR turned into an advanced industrial-collective farm power, which already by the end of the second five-year plan occupied first place in Europe in terms of the volume of industrial output.

By the beginning of the Second World War, the industrial production of the Soviet Union showed enormous growth— 552% relative to the level of production output in 1929. Meanwhile, the industrial production output in capitalist countries at that same time stagnated, amounting, relative to the 1929 level, to 99% in the USA, 123% in England, 80% in France, and 108% in Italy. The peaceful economy of the Soviet Union developed in the interest of maximum satisfaction of the constantly growing material and cultural needs of society. For the sake of this noblest goal, continuous growth and improvement of socialist production were ensured on the basis of superior technology.

Thanks to the operation of the fundamental economic law of socialism, the growth of needs and the solvent demand of the entire population of the Soviet Union systematically outstrips the growth of production, pushing it forward. It causes accelerated rates of accumulation and expanded socialist reproduction.

The advantages of the socialist system over the capitalist one were revealed with particular force and persuasiveness during the period of the Second World War.

THE SECOND STAGE OF THE GENERAL CRISIS OF CAPITALISM

The Second World War was engendered by the general crisis of the world capitalist system. Entangled in irreconcilable internal and external contradictions, international imperialist reaction clung to war like a drowning man grasping at a straw. The main imperialist powers hoped to find a way out of the crisis through war.

The inspirers and organizers of the Second World War were both capitalist coalitions: the so-called "Fascist Axis" (Germany, Italy, Japan) and the Anglo-Franco-American bloc. The participants in these coalitions calculated on crushing their rival competitors, seizing foreign markets and sources of raw materials, and establishing their world domination.

International imperialist reaction placed great hopes on the destruction or weakening of the Soviet Union in order to profit at its expense. To this end, the imperialists of the Anglo-Franco-American bloc sought, first and foremost, to bring Hitlerite Germany and the Soviet Union into a direct collision.

But the struggle of capitalist countries for markets and sources of raw materials, and the desire to drown their competitors, turned out in practice to be stronger than the contradictions between the camp of capitalism and the camp of socialism. Hitlerite Germany, having unleashed war in the West, directed its forces first and foremost against the Anglo-Franco-American bloc. Militarist Japan, having unleashed war in the East, directed its forces first and foremost against the USA and other competitors.

The treacherous attack of Hitlerite Germany on the Soviet Union proved fatal not only for the aggressor, but also for the entirety of international imperialist reaction. The Soviet people, led by the Communist Party, crushed the fascist forces—Hitlerite Germany and militarist Japan. Thus, the Second World War ended with results unforeseen by the imperialists, overturning all their calculations. The world-historical victory of the Soviet Union over Hitlerite Germany and militarist Japan dealt a crushing blow to the positions of imperialism. Instead of the destruction or weakening of the Soviet Union, there occurred a strengthening of the USSR, and its international authority grew.

The world-historical victory of the USSR created the decisive conditions for the detachment from capitalism of a number of countries in Europe and Asia. The peoples of these countries took their destiny into their own hands and established a people's democratic system. The great victory of the Chinese people was of particularly great significance. Thus, instead of the defeat or weakening of democracy, which international imperialist reaction had counted on, there occurred a strengthening of the camp of democracy. There also occurred a new, powerful upsurge in the national liberation struggle of the peoples of colonial and dependent countries, which sharpened the crisis of the colonial system of imperialism.

The People's Republic of China and other people's democratic countries—Poland, Czechoslovakia, Hungary, Bulgaria, Romania, Albania, the Democratic People's Republic of Korea, the Mongolian People's Republic, the German Democratic Republic—formed, together with the Soviet Union, a single, powerful camp of peace, democracy, and socialism.

The detachment of a number of countries from the capitalist system brought about a further narrowing of the sphere of domination of imperialism. The balance of power between the two systems changed fundamentally in favor of socialism and to the detriment of capitalism. Today, in the powerful democratic camp opposing the camp of imperialism, there are countries with a population of up to 800 million people. This means that by now 1/3 of humanity has been torn from under the yoke of imperialism and liberated from the chains of imperialist exploitation.

Within the camp of imperialism itself, changes occurred as a result of the Second World War. France and England lost their former positions. The circle of major capitalist powers narrowed. Germany, Japan, and Italy fell out of the ranks of the great powers. The population of the major capitalist oppressor-states, which constituted 19% of the total population of the globe before the Second World War, now numbers no more than 10%. At the same time, it is necessary to take into account that the share of the three main capitalist countries—the USA, England, and France—currently accounts for over 70% of the industrial production of the entire capitalist world. In this connection, it is important to bear in mind that the share of colonial and dependent countries, with a population of 1,050 million people, constituting 2/3 of the population of the capitalist part of the world, accounts for only 5% of the industrial production of all countries in the capitalist system.
The postwar period is characterized by a further weakening of the world capitalist system and the steady growth of the forces of the camp of peace, democracy, and socialism.
The postwar years are years of rising economic difficulties in capitalist countries, of the unfolding expansion of American monopoly capital, and of the aggravation in connection with this of contradictions between capitalist states. The fact is that after the Second World War, a new center of reaction and aggression emerged in the capitalist world in the person of the USA. US imperialism acts on the international arena as the main exploiter and enslaver of peoples, as a pretender to world domination. Utilizing the weakening of its competitors, US monopoly capital has seized a significant share of the world capitalist market. American monopolies are penetrating the markets of England, France, and other countries, as well as their colonies, seizing sources of oil, rubber, non-ferrous and rare metals, and other sources of raw materials. US monopoly capital is destroying the historically established market ties between capitalist countries and replacing them with unilateral ties between these countries and the USA. American monopolies are intensely exporting their goods to other countries even at dumping prices, while safeguarding the US domestic market in every possible way from the import of foreign goods. This is done in order to maintain high prices on goods within the USA for the purpose of plundering the working people. At the same time, American imperialism deprives Western European countries of the opportunity to obtain food products from markets in Eastern Europe and to sell industrial goods to the Soviet Union and the countries of people's democracy.
Naturally, such an economic policy of American imperialism causes a sharpening of contradictions between the USA and the rest of the capitalist states. The main among them remain the contradictions between the USA and England, the struggle of American and English monopolies for sources of raw materials, for capital export markets, and for the sale of their goods. Added to this are the most serious contradictions between the USA and France, between the USA and Italy, between the USA and Japan, and between the USA and Western Germany.
Capitalist countries are trying to break out of submission to the USA in order to ensure for themselves an independent position and high profits. Already now, a stubborn struggle is unfolding against American dominance in international trade.
The fundamental changes that have taken place in the international situation in favor of socialism and to the detriment of capitalism characterize the deepening of the general crisis of capitalism at the second stage of its development. It was precisely during the period of the Second World War that the second stage of the general crisis unfolded, especially after the detachment from the capitalist system of the people's democratic countries in Europe and in Asia.
The first crisis during the world war of 1914–1918 and the second crisis during the period of the Second World War do not represent separate, isolated independent crises, but rather stages in the development of the general crisis of the world capitalist system.

The general picture of the world economic situation at the present time is characterized by the presence of two lines of development. One line is the line of continuous upsurge of the peaceful economy in the Soviet Union and the countries of people's democracy. This economy knows no crises, unemployment, or ruin. It develops in the interest of ensuring the maximum satisfaction of the constantly growing material and cultural needs of society.

The other line is the line of the increasingly intensifying decay of the economic system of capitalism, the stagnation and rotting of its productive forces, the growth of military production, and the decline in the production of consumer goods. The militarization of the capitalist economy gives it a one-sided development. This economy develops not in the interests of society, but in the interests of ensuring maximum profit for the capitalists, and in the interests of fanning new wars.

The objective causes of the two opposite processes lie in the character of the basic economic laws—the basic economic law of socialism and the basic economic law of modern capitalism.

The cause of the intensifying decay of the world economic system of capitalism lies in those irreconcilable contradictions created by the operation of the basic economic law of modern capitalism. The operation of this objective law disrupts and cripples the main productive force of capitalist society—the working class, and strikes at the very foundation of economic life—the production of material goods. The destructive effect of the basic economic law of modern capitalism is particularly strong in colonial and dependent countries. Here, imperialist domination leads to the enslavement and systematic plundering of the majority of the population.

In the pursuit of maximum profit, monopolies mercilessly exploit the working class of capitalist and colonial countries. In the countries of capital, sweatshop methods of exploitation are being used ever more widely. The growth of output per worker occurs due to the immense intensification of labor. Thus, in the USA from 1945 to 1950, due to the intensification of the sweatshop system, the output of workers in the mining and construction industries rose by 45%; in Western Germany, the average hourly output in all industry increased by 34% by the end of 1952 compared to 1949. The monstrous exploitation at capitalist enterprises undermines the health of workers, shortens their lifespan, and leads to an increase in accidents. The capitalist rationalization of production leads to an increase in unemployment. In connection with the constant underutilization of the production apparatus, unemployment in the conditions of the general crisis of capitalism is permanent (chronic). In capitalist society, the supply of labor always exceeds its demand, which gives capitalists the opportunity to systematically worsen working conditions and lower wages. The exploitation of the working class is particularly brutal in colonial and dependent countries. The vast masses of the ruined, impoverished population of these countries create conditions for establishing wages significantly below the cost of labor power, for the widespread use of semi-slave forced labor, and for the predatory utilization of female and child labor. As a result of hunger, poverty, and brutal exploitation, the indigenous population of colonial and dependent countries is doomed to extinction. Thus, the population of New Guinea has decreased by 27% over the last 20 years. In the Union of South Africa, the mortality rate per year reaches up to 1,200, on the Gold Coast up to 1,393, and in Northern Rhodesia up to 2,469 people for every 100,000 inhabitants. Tens of millions of people in Indonesia, Iran, the countries of Africa, and other countries live in conditions of constant hunger, and a vast number of people have fallen victim to death by starvation.

The depreciation of money (inflation) in capitalist and colonial countries, and the policy of driving up prices and increasing taxes—which has been increasingly intensifying since the Second World War—lead to an ever-greater reduction in the standard of living of the masses of the people. The purchasing power of the dollar, even according to official data, amounted in 1951 to only 43% relative to 1939; the purchasing power of the pound sterling had fallen to 32% by the end of 1952.

In France and Italy, the real wages of workers in 1952 were less than half of the prewar level; in England, it was 20% lower than prewar.

Receiving fabulous profits through the exploitation and plundering of vast masses of the population, monopoly capital brakes the development of the productive forces of society. This manifests itself in all countries of the capitalist world as a result of the operation of the basic economic law of modern capitalism. In colonies and semi-colonies, the operation of this law leads to the braking of industrial development and to the systematic decline of agricultural production. According to data from the UN Economic Commission for Asia and the Far East, rice production in Asian countries in 1951–1952 decreased by approximately 4.5 million tons. The yield of grain crops in Asia for 1946–1949 was 12% lower than prewar, and in 1950–1952 it dropped even lower. In the main capitalist countries, industrial production is marking time or developing insignificantly due to the ugly, one-sided expansion of branches connected with the production of armaments. The militarization of the economy and the arms race lead to the deployment of military production at the expense of reducing civilian industry. The result of the one-sided development of industry is a reduction in the output of consumer goods and the underutilization of the production apparatus of civilian branches of industry. At the present time, the underutilization of the production apparatus has assumed vast proportions in all countries of the capitalist world and continues to increase in connection with the sharp narrowing of the world market for capitalist countries as a result of the disintegration of a single, all-embracing world market into two parallel world markets. The disintegration of a single, all-embracing world market is the most important economic result of the Second World War and its economic consequences. This determined the further deepening of the general crisis of the world capitalist system.

THE DISINTEGRATION OF A SINGLE ALL-EMBRACING WORLD MARKET INTO TWO PARALLEL WORLD MARKETS

A single all-embracing world market historically emerged in connection with the development of capitalist production, foreign trade, and the international division of labor. Large-scale industry created a world market, prepared by the discovery of America. The world market caused a colossal development of trade, navigation, and means of land communication.

The growth of international exchange and means of communication transformed numerous scattered markets into a single world market, where the demand and supply of exporters and importers of capitalist countries clashed. The development of the world market was accompanied by the breaking down of the narrow boundaries of national economies, and the drawing of more and more countries into the world capitalist trade turnover. The unity of the world market found its expression in the freedom of export and import of goods from one country to another, in uniform world prices that were formed depending on supply and demand on the basis of the law of value, and in the presence of a single gold equivalent. The unity of the world market manifested itself in general rules and norms of international trade and international settlements.

The process of formation of a single all-embracing world market reached its completion with the transition of capitalism (the era of free competition) into its highest and final stage—the stage of imperialism. At this stage, capitalism turned into a worldwide system of financial enslavement and colonial oppression of the gigantic majority of the world's population.

Under the conditions of monopoly capitalism, individual national economies and national territories turned into links in a single chain called the world economy. The export of capital became the most important means for encouraging the export of commodities abroad, linked with the division of the world into a handful of major capitalist countries, which exploit and oppress peoples, and a vast majority of colonial and dependent countries forced to wage a struggle for liberation from imperialist oppression.

The development of world trade and the economic rapprochement of peoples under conditions of imperialism take place in sharply contradictory forms. Under imperialism, the process of economic rapprochement of peoples developed not through cooperation of peoples on the basis of equality, but by way of imperialist arbitrariness. Colonial plundering and seizures, national oppression and inequality, imperialist arbitrariness and violence, colonial slavery and lack of national rights—such were the forms within which the process of economic rapprochement of peoples took place. Concurrently, a struggle took place between colonizers for dominance over peoples. Under these conditions, along with the tendency toward the unification of peoples, there arose a tendency toward the destruction of the violent forms of this unification, a struggle against colonizers, against imperialist oppression.

The contradictions of the era of imperialism affected the development of the world market. The rapid growth rates of world trade in the era of industrial capitalism were replaced by a slowdown in growth rates in the last quarter of the 19th century and in the first decade of the 20th century, extreme instability, and a sharp decline in the era of the general crisis of the capitalist system. Thus, over the period from 1839 to 1876, world trade increased 5.6 times. Over the same span of time from 1876 to 1913, world trade rose only 3.4 times. World trade developed extremely unstably from 1913 to 1950, showing a negligible growth of 1.2 times by 1950. During the years of economic crises and world wars, trade dropped sharply.

The disintegration of the single all-embracing world market could happen only after the Second World War, when a number of countries in Europe and Asia broke away from the system of

imperialism, and a democratic camp emerged, opposing the imperialist camp. The disintegration of the world market was an objective result of the entire line of economic development of capitalism, an economic result of the existence of two opposing camps—the socialist camp and the capitalist camp.

Against their own will, the major capitalist countries—the USA, Britain, and France—themselves contributed to the formation and strengthening of the new parallel world market. They rejected the proposals of the Soviet Union and the people's democratic countries to expand economic ties between democratic and capitalist countries.

The USA, Britain, and France began to pursue a policy of economic blockade and trade discrimination against the USSR, China, and European people's democratic countries. They began implementing this policy back in 1946. It took on its sharpest forms starting in 1951. Thus, in early 1951, under pressure from the USA, the export of 300 types of goods from France to the European countries of people's democracy and to China was banned. Restrictions on the export of goods to democratic countries were also established in Belgium, Italy, Sweden, Switzerland, and other countries. In April 1951, in Britain and Malaya, the export of rubber without licenses to all countries except the USA and the countries of the British Empire was banned.

Britain, like other capitalist countries in Europe, passed a law banning the export of 250 types of goods to the USSR, China, and European countries of people's democracy. In May 1951, the USA passed a law increasing duties on goods imported from the USSR and the countries of people's democracy. In June 1951, the US government unilaterally terminated the Soviet-American trade agreement, as well as trade agreements with European democratic countries. In the same year, the US Congress passed a law banning Marshall Plan "aid" to those countries that would sell strategic goods to the Soviet Union. The list of so-called "strategic goods" included thousands of items that had nothing to do with strategic goods. As a result of this policy, a reduction occurred in the trade turnover of the major capitalist countries with the countries of the democratic camp.

But the major capitalist countries failed to strangle the countries of the democratic camp. In reality, it resulted not in strangulation, but in the strengthening of the new world market. The fundamental element in this matter lies, of course, not in the economic blockade carried out by the imperialists. In strengthening the new world market, a decisive role was played by the fact that in the period after the Second World War, the countries of the democratic camp economically drew closer together and established economic cooperation and mutual assistance.

The new world market, opposing the capitalist market, encompasses the Soviet Union, the People's Republic of China, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, the German Democratic Republic, the Democratic People's Republic of Korea, and the Mongolian People's Republic.

Relations of a new type have been established between the countries of the democratic camp, based on the principles of equality and friendship of peoples.

The formation of the world democratic camp and the developing economic and market ties between democratic countries mark the beginning of establishing a correct and normal development of the world economy.

Loans and credits granted by the Soviet Union to people's democratic countries strengthen their economic self-reliance and political independence. They are directly opposite to the bonding loans and credits of imperialist countries. As a result of the dominance of the principles of fraternal mutual assistance, cooperation, and a sincere desire to help each other in relations among the countries of the democratic camp, a lively trade turnover has developed within the democratic world market. Each of the countries of the democratic camp finds in the new market everything

necessary for the development of its economy. In the foreign trade of democratic countries, the new market has become predominant. Thus, in the foreign trade of the USSR, the share of the countries of the democratic camp amounted to 80% in 1952; in the foreign trade of Bulgaria—89%, Romania—85%, Hungary—71%, Poland—67%, Czechoslovakia—71%, Albania—100%, and the People's Republic of China—72%.

From Poland, this market receives coal, coke, rolled products of ferrous and non-ferrous metals, machinery, food, and textiles. From Hungary—transport vehicles, electrical industry products, bauxites, agricultural goods, and textiles. From Romania—oil, petroleum products, timber, and food. From Bulgaria—industrial crops, fruits, and mining industry products. From Albania—oil and agricultural products. The People's Republic of China supplies the new world market with agricultural raw materials, mining industry products, and food.

The Soviet Union supplies the countries of people's democracy, according to long-term agreements, with complete sets of equipment of the newest designs and industrial raw materials, and provides the cheapest possible and first-class technical assistance. Not a single capitalist country could provide such effective and technically qualified assistance as the USSR provides to the countries of people's democracy. The complete sets of equipment of the newest designs supplied by the Soviet Union contribute to the accelerated commissioning of such large industrial facilities as the "Nowa Huta" metallurgical plant in the Polish People's Republic, the Stalin Chemical Plant and the Valko Chervenkov Thermal Power Plant in the Bulgarian People's Republic, a metallurgical plant and a large printing complex in the Romanian People's Republic, the Anshan Iron and Steel Complex in the People's Republic of China, etc.

Assistance in production technology and the free transfer of patents for technical inventions and improvements to the countries of people's democracy enable them to quickly build their industrial enterprises and equip them with the most advanced technology. With the help of the Soviet Union, a number of industrial branches fully equipped with the latest technology have been created in all people's democratic countries. According to designs developed by Soviet specialists, own machine-building enterprises and large power plants are being established and are already operating in the countries of people's democracy.

The work of Soviet specialists in the countries of people's democracy receives high praise from the public. Soviet specialists, according to Stalin Peace Prize laureate Soong Ching-ling, approach the task assigned to them—to help the Chinese people build a new China—with the greatest enthusiasm. It is no coincidence that the Chinese people call Soviet specialists elder brothers.

With the help of the Soviet Union, Romania has now become a country with a developing petroleum machinery industry. "Our country," wrote Gheorghe Gheorghiu-Dej, General Secretary of the Central Committee of the Romanian Workers' Party, "will be able to sell to other countries the surplus products of its manufacturing, for example, petroleum equipment, the output of which, thanks to the fraternal assistance of the Soviet Union, is growing very rapidly here."

A significant role in the industrial development of several countries of people's democracy is played by the supplies of equipment and machinery from Czechoslovakia and the German Democratic Republic.

All this determines the growth of trade turnover between the countries of the democratic camp and changes the character of the structure of foreign trade among them, contributing to the growth of production and foreign trade of the countries of the democratic camp. Thus, the foreign trade turnover of Poland in 1952 exceeded the 1946 level by 6 times, Czechoslovakia—by more than 3.5 times, Hungary—by more than 13 times, Romania—by more than 14 times, and the German Democratic Republic—by more than 17 times.

Over the period from 1948 to 1952, the trade turnover between the countries of the democratic camp increased more than 3 times and continues to expand. Supplies of machinery and equipment of the newest designs from the Soviet Union to the countries of people's democracy grew 10-fold over the past four years.

Economic cooperation among democratic countries makes it possible to solve problems concerning the joint use of transport routes, mutual supplies of electricity, etc. The transmission of electricity from Romania to Bulgaria, and from Poland to Czechoslovakia has already been established, and a mutual exchange of electricity has been set up between Poland and the German Democratic Republic. Between Hungary and Romania in 1952, an agreement was signed on the construction of a main gas pipeline to transfer natural Transylvanian gas to Hungary. Chemical plants will be built in Romania and Hungary on the basis of the gas field. Hungary committed to providing electrical equipment for Romanian chemical plants.

Economic cooperation between the peoples of democratic countries makes it possible to combine the efforts of a number of countries to solve major problems regarding the development of productive forces and the utilization of natural wealth. The world democratic market is expanding on the basis of friendly cooperation and the planned development of the economy of democratic countries, on the basis of comradely mutual assistance and respect for mutual interests, and on the basis of the equality of all peoples of the democratic camp.

The new mutual relations established in the world democratic market are socialist in nature. They fundamentally differ from the relations in the world capitalist market.

Economic relations based on socialist forms of exchange open a wide field for the operation of the economic laws of socialism in the countries of the democratic camp, contribute to the continuous rise of the national economy, and to the growth of the material well-being of the working masses. The new system of economic relations among democratic countries ensures crisis-free development and an improvement in economic planning.

At the 19th Congress of the Communist Party, striking data were presented, demonstrating a significant lag in the growth rates of industrial production in capitalist countries compared to the growth rates of industrial production in the USSR and the countries of people's democracy. Industrial production in the USA, despite a sharp increase in military production, was only 90% of the 1943 level in 1951; it had risen only 2-fold compared to the 1929 level. In other countries of the capitalist world, production growth in 1951 compared to 1929 was even more negligible: 60% in Britain, 34% in Italy, and 4% in France.

At the same time, industrial production in the USSR in 1951 exceeded the 1929 level by almost 13 times. Compared to 1940, it had risen more than 2-fold. This line of development of socialist industry is being successfully carried out at the present time as well. The fulfillment of the 1952 plan shows that pig iron production in the USSR increased by 14% over the year, steel smelting—by 10%, rolled products production—by 12%, oil extraction—by 12%, and electricity generation—by 13%. The volume of industrial production in 1953 will exceed the 1940 level by approximately two and a half times, with steel production reaching over 38 million tons, or more than two-odd times more, over 320 million tons of coal will be mined, or 93% more, oil—over 52 million tons, or nearly 70% more, cement production will exceed 16 million tons, or almost 3 times more, and 133 billion kilowatt-hours of electricity will be generated, or 2.8 times more; chemical industry production will increase 3-fold, and the production of machinery and equipment—3.8 times. The total volume of industry producing consumer goods in 1952 exceeded the pre-war level by approximately 60%. The Fifth Five-Year Plan provides for an increase in the production of consumer goods by approximately 65% in 1955 compared to 1950. At present, the production of

consumer goods is being deployed on such a scale as to complete this task of the five-year plan significantly ahead of schedule. The Central Committee of the CPSU and the Soviet Government have set an urgent task: to sharply increase the supply of food and manufactured goods to the population over the next two to three years. To this end, the development of light and food industries is being accelerated in every possible way, while agriculture has been tasked with achieving an abundance of food for the population and raw materials for light industry in our country over the next two to three years. In 1952, the Volga-Don Shipping Canal named after V.I. Lenin entered into service, the Tsimlyanskaya Hydroelectric Power Station began generating electricity, and the irrigation of the first phase of arid lands in the Rostov Region was carried out.
The rise of production in the countries of people's democracy is occurring at a turbulent pace. The pre-war level of production in 1952 was exceeded in Poland by more than 3 times, in Czechoslovakia—by nearly 2 times, in Hungary—by more than 3 times, in Romania—by more than 2 times, in Bulgaria—by more than 4 times, and in Albania—by more than 7 times. In these six countries of people's democracy, the overall level of industrial production by the end of 1952 exceeded the pre-war level by nearly 3 times. In the German Democratic Republic, industrial production in 1951 was not only restored, but exceeded the pre-war level by 36%. In the People's Republic of China, the rehabilitation period ended in 1952; the country moved on to large-scale economic construction and the implementation of the first five-year plan.
With the fraternal help of the Soviet Union, a powerful heavy industry is being created and is growing in all people's democratic countries, and a raw material and energy base is developing. For example, in Poland, eleven blast furnaces and 25 open-hearth furnaces have been built or fully reconstructed over eight years, and 8 rolling mills have been put into operation. In Czechoslovakia alone, the growth of pig iron and steel smelting in 1952 exceeded the entire production of ferrous metals in that country in 1934. In Poland, the pre-war level of steel production was exceeded 3-fold, and in Romania—2.5-fold. In the countries of people's democracy, new deposits of coal, oil, iron ore, non-ferrous metal ores, and various types of chemical raw materials have been discovered. Well-equipped new coal mines, oil wells, and pits are being put into operation. A rapid growth of the energy base is taking place. In Czechoslovakia, 11 billion kilowatt-hours of electricity were generated in 1952 against 4 billion in 1937. In Romania, the capacity of power plants commissioned in the years 1950–1952 is 10 times higher than the capacity of power plants built in the years 1928–1938.
The massive growth of production and the construction of new industrial enterprises in the countries of the democratic camp, and their general economic rise, show with all evidence that the policy of blockade and trade discrimination pursued by the major capitalist countries has ultimately bankrupted itself.
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The Soviet Union has always stood and currently stands for the development of trade and cooperation on the basis of mutual benefit with other countries, regardless of differences in social systems. The International Economic Conference, held in April 1952 in Moscow, demonstrated the readiness of the Soviet Union and the countries of the democratic camp to expand trade ties with all countries without exception. This line of trade policy, and the long-term economic cooperation of the Soviet Union and the countries of people's democracy with all other countries, is in full

alignment with a peaceful foreign policy aimed at easing international tension and eliminating the threat of a new war.

THE DEEPENING OF THE GENERAL CRISIS OF THE CAPITALIST SYSTEM IN CONNECTION WITH THE DISINTEGRATION OF THE SINGLE WORLD MARKET

The disintegration of the single, all-embracing world market into two parallel world markets determines the further deepening of the general crisis of the world capitalist system. The problem of markets acquired particularly important significance as early as the first stage of the general crisis of capitalism. In connection with the departure of the USSR from the capitalist system, the expansion of the world market came to a halt.

The worsening of the market problem was also due to the intensifying process of the absolute impoverishment of the proletariat and the ruin of the working peasantry in capitalist countries. As a result, the contradiction between the possibilities of expanding capitalist production and the narrow boundaries of the market became sharply acute. The contradiction between the growth of production capacities and the relative stability of markets formed the basis of the fact that the problem of markets became the fundamental problem of capitalism.

The state of capitalism was characterized by:

The worsening of the problem of sales markets in general;

The worsening of the problem of foreign markets in particular;

The worsening of the problem of markets for capital export in detail.

In connection with this, the under-capacity operation of factories and plants became a common phenomenon. The strengthening of customs barriers aggravated the situation even further.

This situation did not mean, however, that there were no longer objects for the application of capital and the development of productive forces in the capitalist world. But it did mean that under the conditions of the dominance of imperialism, when the free flow of capital from one branch of production to another proved impossible because the objects for its application were seized by a small number of monopolies, capitalism became cramped within the framework of existing markets and spheres of influence. Capitalist entrepreneurs sought new markets for the application of capital, striving to expand opportunities for extracting maximum profits.

Obtaining maximum profits became a necessity for competing monopolies and monopolistic groups. The fact is that in this era, the competitive struggle turned into a fierce clash of monopoly-giants for the destruction of competitors, for the dominance of individual monopolies within the country, for dominance over colonies, and for the world dominance of individual, stronger imperialist powers. This is no longer a competitive struggle between small and large, technically backward and technically advanced enterprises; this is the strangling by monopolists of those who do not submit to the monopoly, its oppression, and its arbitrariness.

For competitive struggle against giant opponents, obtaining average profits or even superprofits is no longer enough for monopolies. It is not average profit and not superprofit, which, as a rule, represents only a slight excess over average profit, but precisely **maximum profit** that is the engine of modern monopolistic capitalism. Monopolists believe that falling behind in accumulation means losing their positions among other predators of world capital and being destroyed. That is why imperialists are satisfied only with such profits that yield a rapid and massive increase in capital.

The necessity of obtaining maximum profits drives monopolistic capitalism to risky steps. It strives to:

Enslave and plunder colonies and dependent countries;

Turn independent countries into dependent ones;

Organize new wars and conquer world economic dominance.

Monopolistic associations intensively search for monopoly spheres of capital application and monopoly raw material markets to secure maximum profits. Hoping to strangle the USSR, China, and the European countries of people's democracy through economic blockade, they have in fact closed off their own access to the world democratic market.

As a result of such a policy by the major imperialist countries, the trade turnover of the USA with the countries of the democratic camp in 1951 compared to 1937 decreased 10-fold, Great Britain's trade turnover with these countries decreased 6-fold, and France's—more than 4-fold. Thus, the imperialists dealt a serious blow to their own exports.

Meanwhile, trade with the USSR and the countries of Eastern Europe had always been of great importance to the USA, Great Britain, and France. Thus, in 1935, the share of the USSR, Poland, and China in US exports accounted for 4.5% of total exports, and in Great Britain's exports—3.5%. The share of the USSR, Poland, and China in US imports in the same year was 5.2%, and in Great Britain's imports—5%.

In 1938, Great Britain sent to the USSR up to 40% of all British machine tool exports, and in 1947—over 30% of the entire production of steam boilers and boiler installations.

According to US statistics, the Soviet Union held first place in the export of American equipment in 1931;

In 1938, 35% of all US exports of metalworking machinery and 38% of all machine tool exports went to the USSR.

In 1946, the USSR imported from the US up to 25% of all American metalworking machinery exports.

At the same time, the Soviet Union and the countries of Eastern Europe were the most important suppliers of agricultural raw materials, animal feed, timber, coal, etc., to the world market. Thus, as late as 1950, Great Britain imported 690 thousand tons of feed grain, a large quantity of sawn timber, etc., from Eastern European countries.

Japan had always maintained broad trade relations with China. Before World War II, it received from China (including Manchuria) 60–65% of all its imported coal, 30–40% of its iron ore, 60% of its salt, and 100% of its soybeans and oil cake. Currently, the Japanese are overpaying huge sums on imports of soybeans, coal, and iron ore from the USA.

In connection with the sharp reduction of export opportunities for the major capitalist countries, the contradiction between the social character of production and the private capitalist form of appropriation has become even more acute. The competitive struggle of monopolies to obtain maximum profit, to conquer and seize new markets, and to plunder the peoples of weakly developed countries is unfolding even more broadly.

A comparison of the dynamics of industrial production volume and exports from 1929 to 1951 reveals that the exports of the capitalist world's countries lagged behind industrial production by more than 28%. Despite the significant growth of trade in armaments, the volume of exports from capitalist countries in 1951, on a per capita basis, was 7% below the 1929 level. In 1950, the level of international trade in many types of products from peaceful industries had not reached pre-war proportions. Thus, trade in rice in 1950 was only 46% of the pre-war level, animal fats—79%, cotton fabrics—79%, and coal—70%. In 1952, world capitalist exports decreased in value terms by 4% compared to 1951, and in physical volume by more than 2%.

Under the policy pursued by the major capitalist countries (the USA, Great Britain, France), the sphere of application of their forces to world resources will not expand, but contract, the conditions of the world sales market for these countries will deteriorate, and the under-utilization of enterprises

in these countries will increase. This, in fact, is what constitutes the deepening of the general crisis of the world capitalist system in connection with the disintegration of the world market.

The contraction of the world capitalist market is due to:

First, the reduction of the territorial sphere of imperialist dominance;

Second, the impossibility for imperialists to exploit the resources of several of their colonial possessions because of the unfolding armed struggle there against oppressors and the growth of the national liberation movement;

Third, the massive growth of the relative and absolute impoverishment of the broad masses of the people in capitalist countries.

The conditions of the world market for the major capitalist countries will deteriorate further if the self-isolation of the capitalist countries from ties with the world democratic market continues. The countries of the democratic camp themselves are expanding the production of those types of products that were previously purchased in capitalist countries. At the current rate of industrial development in the people's democratic countries, it will soon come to the point where these countries will not only have no need to import goods from capitalist countries, but will themselves begin to sell surplus goods of their own production.

The policy of the imperialists, aimed at disrupting the economic ties of their states with the world democratic market, inflicts heavy damage on Great Britain, France, Italy, Belgium, Denmark, Holland, and other countries of capitalism.

The disruption of traditional market ties is particularly severely reflected in the economies of capitalist states under the conditions of the shrinking capacity of the world capitalist market. This policy causes growing dissatisfaction with American dictation. Many representatives of progressive circles and bourgeois figures demand that their governments resume economic ties with the democratic states.

The deterioration of world market conditions for the major capitalist countries also occurs because their competitors—the monopolies of West Germany and Japan—are intensively invading the world capitalist market.

Characterizing the situation of West Germany and Japan, which found themselves dependent on the USA after World War II, J. V. Stalin pointed out:

> "To think that these countries will not attempt to rise to their feet again, smash the US 'regime', and break out onto the path of independent development means believing in miracles."[1]

The struggle for markets between the major capitalist countries is waged under conditions where the capitalist market is divided into separate, closed economic blocs and zones (dollar, sterling, franc). Trade takes place mainly within the framework of individual zones (excluding forced American supplies). It is regulated by high customs tariffs, currency restrictions, licenses, and quotas on the import and export of goods. The development of foreign trade of some capitalist countries can occur only at the expense of crowding other capitalist countries out of the markets.

Footnote

[1] *J. V. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, p. 34.*

All of this greatly complicates production capabilities in the major capitalist countries, increases the under-capacity operation of enterprises, expands the scale of chronic unemployment, and, consequently, makes the contradictions between labor and capital even more acute.

Under modern conditions of the second stage of the general crisis of capitalism, it is no longer possible to apply the thesis stated by V. I. Lenin in 1916 that, despite the decay of capitalism, "on the whole, capitalism is growing immeasurably faster than before." The relative stability of markets that existed before World War II has come to an end. After World War II, a sharp contraction of the world capitalist market took place. This means that after World War II, even deeper contradictions arose in the capitalist economy, and the world system of capitalist economy as a whole became significantly narrower, weaker, and more unstable than it was before the war.

The imperialists of the major capitalist countries would like to bring back under their dominance the democratic countries that fell out of the capitalist system, to find ways out of their immense difficulties in terms of profitable capital investment. But there is no force in the world that could turn back the wheel of history. The imperialists tried to offset their economic difficulties with the "Marshall Plan", unleashed a war in Korea, and engaged in an arms race and the militarization of the economy. But this is like a drowning man clutching at a straw.

An analysis of concrete reality confirms that the "straw" monopolistic capitalism is clutching at brings no salvation. Difficulties increase even further, and contradictions sharply worsen:

Between the imperialist powers;

Between colonial peoples and imperialist states;

Between labor and capital.

All of this enormously weakens capitalism and deepens the general crisis of the capitalist system.

It is well known that the imperialists of the major capitalist countries seized upon the "Marshall Plan" as a means by which they wanted to shift the post-World War II balance of power in their favor. To this end, the creators of the "Marshall Plan" set out, on the one hand, to undermine the economy of the USSR and isolate the Soviet Union from the countries of people's democracy. On the other hand, they wanted to crush and strangle the democratic movement in the countries of Western Europe and turn the popular masses of these countries into cannon fodder; under the banner of stabilizing the European economy, US imperialists sought to subject it to their dictation.

But the imperialists failed to undermine the economy of the USSR and strangle the countries of people's democracy, they failed to isolate the USSR from the countries of people's democracy. This policy yielded the opposite results.

The policy of so-called "aid" to the capitalist countries of Western Europe under the "Marshall Plan" not only failed to stabilize the capitalist economy, but further worsened the economic situation of the capitalist world.

Indeed, under the "Marshall Plan," the US government undertook annually, beginning in April 1948, to purchase goods at high prices from American monopolies to supply them to European countries on the basis of so-called "bilateral" agreements. The US government paid for the goods using budget appropriations. This was a highly profitable transaction for US monopolies, aimed, first, at selling off stagnant agricultural and other commodities that found no market in the US, and, second, at selling off armaments produced at military plants built by the Americans during World War II.

The so-called "bilateral" agreements, which secured control over the economies of the Marshallized countries for American monopolies, led to the infringement of the political sovereignty of Western European countries and turned them into military-strategic appendages of US imperialism. The currency devaluation carried out in 1949 allowed American monopolies to buy up entire sectors of Western European industry on the cheap, facilitated the seizure of the raw material resources of Marshallized countries, and accelerated the draining from these countries and their colonies of strategic materials. American imperialists used supplies under the "Marshall Plan," foreign loans,

and credits to force the militarization of Western European countries and to integrate them into the aggressive North Atlantic bloc. By 1952, the official operation of the "Marshall Plan" had ended. Since then, American "aid" has been directed openly toward military purposes under the so-called "Mutual Security Act." American imperialism has finally cast off the mask of "restoring" the economies of capitalist countries. American "aid" is given solely for armaments, for the preparation of a new war. The arms race, conducted by the rulers of Britain, France, Italy, West Germany, Belgium, Norway, and other capitalist countries at the dictation of American monopolies, is destroying the economies of these countries and driving them toward catastrophe.

Such is the outcome of the "Marshall Plan." It neither restored nor stabilized the economies of Western European countries. On the contrary, it disorganized them.

Everywhere in Western European countries, the implementation of the "Marshall Plan" caused a decline in industry and agriculture, which is linked to the flooding of Marshallized countries with stagnant goods from the US and the prohibition of trade with democratic countries. The implementation of the "Marshall Plan" brought about a distorted pattern of foreign trade for the capitalist countries of Western Europe. Thus, US exports to Marshallized countries are four times greater than US imports from those countries. The economic absurdity and distortion of such trade is vividly apparent. The Americans export over 4 billion dollars worth of goods annually to Western Europe, while importing only 1 billion dollars worth from Europe. The Americans have closed their border with high customs duties against the import of European goods. Over five years, from 1946 to 1951, American exports totaled 75 billion dollars, while imports were only 44 billion dollars—meaning the annual excess of exports over imports equals over 5 billion dollars. It is clear that European capitalist countries can carry out such trade only on the basis of economic and political coercion. The so-called US appropriations for military purposes cover only 1/5 of those monstrous military expenditures imposed on Western European countries by obligations arising from their military alliance with the US.

US policy regarding the Marshallized countries has led to the disorganization of public finances, currency circulation, and credit in those countries. It has intensified the absolute and relative impoverishment of the working class and sharply worsened the condition of the peasantry.

The peoples of Western European countries, under the leadership of communist and democratic parties, are offering resolute resistance to the aggressive plans of American imperialism. They are increasingly taking up the path of struggle for national independence and national sovereignty, and for the disruption of the criminal plans of the warmongers.

THE ARMS RACE AND THE MILITARIZATION OF THE ECONOMY—A PATH TO THE INEVITABLE ECONOMIC CRISIS

One of the highly profitable "enterprises" of the main capitalist countries—one of the "straws" clutched at by imperialists after World War II in the hope of finding a way out of the growing difficulties of capitalism—was the arms race and the militarization of the economy.

The arms race and the militarization of the economy mean a broad expansion of military industry and a reduction in civilian production. This policy is linked to the inevitable, massive bloating of the state budget, transforming it into a wartime budget during peacetime. Even according to official, understated data, military expenditures in the US in 1952/53 accounted for 74% of the entire budget, compared to 14% in 1937/38; military expenditures in Britain rose to 34% of the entire budget, compared to 17% in the pre-war period; in France, military expenditures now constitute nearly 40% of the budget.

The policy of militarization of the economy is linked to a chronic state budget deficit, the issuance of domestic and foreign loans, and an enormous increase in taxes. In all major capitalist countries, the national debt now exceeds the volume of revenue budgets several times over: in the US—by 4 times, in Britain—by 7 times, in France—by 2 times.

The militarization of industry provides monopolistic capital, which subordinates the entire state apparatus to itself, with immense opportunities to siphon resources from the state treasury into the income of monopolies. These opportunities are exploited by monopolies primarily by increasing the tax burden. Taxes on the population in the US, Britain, France, and Italy, along with indirect exactions, account for anywhere from one-third to one-half of the average earnings of working people. In the US, the tax burden has increased more than 12-fold compared to the pre-war period, in Britain—2-fold, in France—2.6-fold, and so on. Under these conditions, the state budgets of capitalist nations are increasingly and openly being turned into a means for monopolies to rob the people and a source for securing maximum profits.

The arms race and the militarization of industry enable monopolistic capitalism, for the time being, to raise the level of industrial production. Thus, American imperialists managed to raise industrial production by a few percent as a result of the arms race and the launching of the war against the Korean people.

Bourgeois economists once asserted that capitalist expanded reproduction could only take place on the basis of producing the means of production. But the contradiction grows precisely out of the fact that consumption in capitalist society is not the goal of capitalist production, and that production is ultimately linked to and dependent upon consumption. V. I. Lenin wrote that this contradiction is not one of doctrine, but of real life.

Modern bourgeois economists, to please the monopolies, claim that capitalist expanded reproduction can develop boundlessly on the basis of military production and state military orders. The possibility of temporary production growth driven by military industry is used by bourgeois economists to assert that large state military orders can indefinitely sustain a high level of production and a high level of so-called "business activity." In reality, however, this is not the case. The frantic arms race conducted by the imperialist camp under US pressure under conditions of a sharp reduction in civilian industry increasingly intensifies the difficulties and contradictions of the capitalist economy and inevitably leads to an economic crisis. The policy of the arms race and the militarization of the economy pursued by the imperialists of a number of countries means a reduction in public consumption and the rapid maturation of an economic crisis in these countries. Shifting a country's economy onto the tracks of a war economy means a one-sided, military

orientation of industry. The production of items for war, which are unrelated to public consumption, is expanded in every possible way; the production and especially the market release of consumer goods for the population is narrowed in every possible way. Consequently, the militarization of the economy means a reduction in public consumption, and this confronts the country with an economic crisis.

A striking confirmation is found in the current economic situation in the countries of the imperialist camp. As a result of the distorted, one-sided development of the economy, there is a massive reduction in civilian production, a decrease in public consumption, and an under-utilization of the production apparatus of civilian industrial sectors. According to data from the UN Economic Commission for Europe, in the first quarter of 1952, the consumption of textiles and clothing was lower than in 1949: in France and Denmark—by 13%, in Belgium—by 22%, in Sweden—by 23%, in Britain—by 26%, in Holland—by 27%, and in Austria—by 37%. In the subsequent quarters of 1952, the process of declining consumption continued. In all countries of the capitalist world, there is a reduction in the consumption of sugar, butter, meat, and vegetables. In France, over the period from 1949 to 1951 alone, meat consumption fell by 24%, and fresh vegetables and fruits—by 27%. In Britain, the per capita consumption of meat products and butter dropped by 40% compared to the pre-war level, rice—by 37%, and sugar—by 16%. In the US, the consumption of butter compared to pre-war times fell by 41%, mutton—by 56%, bread—by 19%, wool—by 23%, and passenger cars—by 20%.

The reduction of civilian industry and the US policy aimed at flooding a number of countries with its goods at dumping prices cause a massive under-utilization of the production apparatus. Thus, in the US, the production apparatus of the steel industry was utilized at only 86% capacity in 1952. Textile industry enterprises in the US in 1952 were utilized at only 40–50% of their capacity. The entire manufacturing industry of the US was utilized at no more than 3/5 of its capacity. In Britain, shipyards in 1951 operated at 80% of production capacity. In 1952, the volume of shipbuilding in Britain decreased significantly due to competition from West Germany and Japan. In Britain's cotton industry, 40% of production capacity was idle in 1952. In Italy, up to 70% of civilian machine-building capacity lay idle in 1952. The utilization of textile machinery enterprises in France in 1952 decreased by 30% compared to 1951.

Despite the high level of military production, unemployment—a terrible scourge for the working people—has risen in all capitalist countries.

In the US at the end of 1952, there were no fewer than 3 million fully unemployed and 10 million partially unemployed; in Italy—over 2 million fully unemployed and even more partially unemployed; in West Germany—nearly 3 million fully and partially unemployed. In Britain, the number of unemployed in 1952 increased by 64% compared to 1951 and by the end of 1952 reached 500,000 people. The total number of unemployed and underemployed in Western Europe, the US, and Japan exceeds 45 million people. Unemployment in Western European countries as a whole has currently reached the level of 1938, when another economic crisis began in capitalist countries. The existence of a huge, permanent army of the unemployed is a characteristic feature of the era of the general crisis of capitalism. It sharply degrades the material situation of workers engaged in production and sharply reduces the share of working people in the national income of capitalist countries.

In connection with the massive rise in prices, the cost of living in all capitalist countries, under conditions of a wage "freeze," has significantly increased, and the situation of working people has become even more difficult. Thus, in the US in 1951, according to data from the electrical workers' union, the cost of living increased nearly 3-fold compared to pre-war times. In 1952, the cost of

living in the US was 25% higher than in 1949. The real wage of an American worker by mid-1952 was 70% of the pre-war level. In France, the cost of living in September 1952 increased by 45% compared to September 1949, in Britain—by 22%, in Sweden—by 28%, and so on.

Alongside the rise in retail prices for food, clothing, and footwear, nearly all countries of the capitalist world have recently seen a drop in wholesale prices for meat, wheat, corn, cotton, wool, and other types of agricultural raw materials and products. In the US in December 1952, wholesale prices for agricultural products were on average 10% lower than in December 1951. The fall in wholesale prices for agricultural raw materials undermines the purchasing power of the peasant population. The processes of ruin among the peasantry have intensified to an enormous degree in capitalist, colonial, and dependent countries alike. In just 10 years, from 1940 to 1950, in the US, [farmers] were driven off the land led to nearly 7 million people [being driven off the land]. Small landowners in the US owning less than 100 acres of land accounted for 59.4% of all farmers in 1930; by 1940, this figure had dropped to 58.7%, and by 1950, to 56.5%. In 1930, small landowners owned 15.7% of all cultivated land; in 1940—13.5%; and in 1950—only 11.4%. The process of ruin among the peasantry continued in subsequent years.

The growth of the exploitation of the population, the massive increase in prices alongside a wage freeze, the ruin of farming, and an unprecedented rise in taxes are reducing the purchasing power of the population to a minimum.

A sign of the approaching economic crisis in capitalist countries is the fact that the decline in civilian production is beginning to outpace the growth of military production. Such a moment has already arrived in a number of capitalist countries. This is evident from the fact that recently, production in capitalist countries as a whole no longer shows growth, but is stagnating or sharply contracting. Thus, in the US, the overall level of industrial production for 1952 decreased by 2% compared to 1951; in Britain—by 4%; in Belgium—by 9%; and in Denmark—by 7%. Despite the continued growth of the military industry in Western European countries, their industrial production as a whole contracted in 1952 compared to 1951. The contraction of civilian production continues into 1953.

Another sign of the approaching economic crisis is the growth of inventories of mass consumer goods in wholesale warehouses. In mid-December 1952, product inventories in US warehouses exceeded the level of inventories for the same period in 1951 by one billion dollars. This means that the purchasing power of the population is falling faster than the production of consumer goods. In the US, retail trade contracted in 1952, and the volume of capital construction decreased sharply. This process continues into 1953.

The approach of an economic crisis in the capitalist world means that the contradiction between the social character of production and the capitalist form of appropriating the fruits of production has reached extreme limits. The expression of this fundamental contradiction of capitalism is the contradiction between the colossal growth of the productive capacities of capitalism, calculated to secure maximum capitalist profit, and the relative reduction in effective demand on the part of millions of working masses. Monopolies constantly try to keep the living standard of the working people within the limits of an extreme minimum.

The war in Korea, unleashed by the imperialists in 1950, also failed to bring them their desired results. The imperialists calculated on creating a strategic staging ground in Korea to expand aggression, using this foothold in the struggle against the national liberation movement of the peoples of Southeast and East Asia. The imperialists thought that by means of the war in Korea, they could intimidate the peoples of the colonies and semi-colonies who had risen up after World

War II to fight for their independence. They also wanted to use the war in Korea to justify their gigantic arms race and ensure even greater profits for themselves.

For over three years, the American imperialists and their satellites waged war in Korea. However, they did not achieve the goals they had set for themselves. The heroic Korean People's Army and the valiant Chinese People's Volunteers dealt blow after blow to the interventionist forces. Suffering immense losses in manpower and equipment, the interventionists stagnated at the very same 38th parallel from which they had begun their adventure. The war in Korea brought defeat to the imperialists of the primary capitalist states.

The adventure of the interventionists in Korea revealed the predatory character of imperialism to the entire world. It provoked great indignation among the peoples of all countries. The masses resolutely demanded an end to the war in Korea and a peaceful resolution to the Korean question. The signing of the armistice in Korea is a great victory for the heroic Korean people and the valiant Chinese people's volunteers—a victory for peace-loving forces.

The attempts of the imperialists to preserve the old colonial orders in colonies and dependent countries are running into stubborn resistance from the peoples. Armed with weapons in their hands, the peoples of a number of countries in Southeast Asia are waging a struggle: the Philippines, Malaya, Vietnam, Pathet Lao, the Khmer Republic, and others. The peoples of the Near East, and the countries of Southern and Latin America are rising up to fight against imperialism. The peoples of the African continent have also been set in motion. Events in Tunisia, Algeria, Morocco, Kenya, and a number of other African colonies show that the front of the national liberation struggle is becoming increasingly broad.

A characteristic feature of the contemporary national liberation struggle in the colonial rears of imperialism is that the banner-bearer of this struggle everywhere is the working class and its vanguard—the communist parties. The closest ally of the working class is the peasantry, which constitutes the overwhelming majority of the population of the colonies. The colonial rear of imperialism has been set in motion. It is being revolutionized under the leadership of communist and workers' parties. Colonial countries are the essential rear of imperialism. The revolutionization of this rear cannot fail to undermine imperialism.

The revolutionization of the colonial rear after World War II is taking place under conditions where the general crisis of capitalism is deepening.

This leads to an aggravation of the revolutionary crisis in capitalist countries. Attacked from two sides—both from the rear and from the front—imperialism is inevitably moving toward its doom.

THE INTENSIFICATION OF CONTRADICTIONS BETWEEN IMPERIALIST STATES

The deepening of the general crisis of capitalism causes a sharp intensification of contradictions between imperialist states.

In the pursuit of maximum profit, American imperialists are aggressively seizing raw material resources, sales markets, advantageous strategic positions, and trade routes, doing so not only at the expense of the defeated Axis powers but also at the expense of Britain, France, and other capitalist countries.

Following the Second World War, American imperialism placed all other capitalist countries in a position of dependency on itself, entangling them in a web of financial and economic bondage.

In the first years after the Second World War, the competitive struggle for spheres of influence and sales markets was reduced almost exclusively to the struggle between British and American monopolies. Utilizing the weakening of their competitors and imposing upon them the so-called aid under the "Marshall Plan," American monopolies seized a significant share of the capitalist world market. While on the eve of the war the share of the US accounted for 1/8 of the total exports of capitalist countries, by 1947 it reached 32.6%. The share of Britain in capitalist world exports, which stood at 13.1% in 1938, fell to 9.4% in 1951.

After 1947, other capitalist countries began to enter the world market—France, West Germany, Japan, and Italy. As a result, the US share in the exports of capitalist countries fell to 19.7% in 1951, compared to 32.6% in 1947. If in 1947 West Germany, Japan, and Italy accounted for only 2.5% of all exports of capitalist countries, by 1951 the share of these countries rose to 8.6% and continues to grow. West Germany and Japan are crowding Britain out of the markets of several countries. In trade with Turkey, West Germany had already reached first place by 1951, and in 1952 its share in Turkish imports was 25%, compared to 18% for Britain and 8% for the US.

West German exports to the sterling area countries are growing rapidly. For instance, West German exports to Egypt in the first nine months of 1952 increased by 59% compared to the same period in 1951, while British exports for the same period fell by 15.6%. The volume of West German exports to Latin America is also growing. Here, West Germany has already overtaken France and occupies third place after the US and Britain. West Germany's exports to European capitalist countries now already exceed those of Britain.

Japan has appeared in traditional British markets in India and Pakistan. In 1951–1952 alone, Japan's exports to India grew 2.4-fold. Japan has displaced Britain from first place in textile imports to Pakistan and is attempting to push it aside in the supply of machinery and equipment. As early as 1950, Japan surpassed Britain in the export of cotton fabrics; in 1951, Japanese fabric exports were 20% higher than British ones. The markets of Asian countries are being flooded with Japanese textile products manufactured from American cotton.

An especially sharp struggle is unfolding among the major capitalist countries in the pursuit of strategic raw materials. American monopolies are striving by all means to achieve dominance in the production of Iranian oil, which until recently was in the hands of British monopolies and was nationalized by the Iranian Majlis under pressure from the masses.

As the Paris newspaper *Le Monde* reported, oil companies supply Middle Eastern oil at a price of 15 to 16 dollars per ton, whereas the cost of production, including concession payments, does not exceed 2.55 dollars in the Middle East. American monopolies operating in Saudi Arabia make a profit exceeding 13 dollars on every ton of oil produced, which is 7 times the cost of production. They extract no less profit in other countries of the Middle East, whose peoples languish in poverty. Oil prices are determined by an international oil cartel comprising five American and two British oil

companies. This cartel controls 99% of oil production in the Near and Middle East and 88% of oil production in other countries.

However, the organization of a cartel involving American and British companies, which yields immense profits to its owners, does not mean an end to the struggle between the monopolies within the cartel itself. On the contrary, the struggle between the British and American partners is taking on increasingly acute forms. American monopolies are striving by every means to squeeze British oil monopolies out of the Middle East.

The nationalization of the Anglo-Iranian Oil Company by the Iranian Majlis and the difficulties in marketing Iranian oil were exploited by American oil companies to seize a significant portion of the sales markets of their British partners in the oil cartel. The US, which before the Second World War received no more than 14% of all oil produced in Middle Eastern countries, has now raised its share to 70%. Prior to the Second World War, Britain owned 4/5 of all oil produced in the Middle East; today, its share has drastically declined.

The Anglo-American struggle for oil is also unfolding in other regions. American monopolies are striving to take over the oil industry of Indonesia, which provides more than 80% of all oil production in the Far East. They control up to 43% of all oil production in Indonesia. American monopolies have seized approximately 60% of oil production in Canada, captured a significant portion of the oil market in Australia, and are penetrating India and Pakistan.

In 1939, American firms controlled approximately 37% of oil production in the entire capitalist world (excluding US territory), while British firms controlled 49%; by mid-1952, the share of American firms in oil production had already reached 59%, while British firms accounted for only 30%.

The US imperialists act as the chief usurers—the stranglers of weak, industrially backward nations. Having seized strategic bases in a number of colonial and dependent countries, US imperialists, relying on military power, are forcing the export of capital into these countries. The US financial oligarchy has put forward a broad program of capital export to so-called backward and underdeveloped countries. From these countries, American monopolies import 3/4 of all strategic raw materials. At the same time, the US imports a large quantity of its goods into these countries. But the main interest of the American monopolists is to obtain maximum profits through the enslavement and plunder of the peoples of these countries.

One of the means of plundering the peoples of underdeveloped countries is unequal (non-equivalent) exchange. It is associated with a massive, widening price scissor effect—with artificially depressed prices for raw materials and food purchased from the peasantry of economically backward countries, and exorbitantly inflated prices for industrial products of the monopolies sold to the populations of these countries.

In 1929, the cost of one Ford passenger car exported from the US to Brazil was equal to the value of 20 bags of coffee imported into the US from Brazil. In 1949, for one automobile, Americans received not 20, but 200 bags of coffee—i.e., 10 times more. Approximately the same price ratio applies to other goods as well. The intensification of unequal exchange in Britain's trade with dependent and colonial countries is evidenced by the fact that in 1952, the index of import prices for raw materials supplied by these countries fell by 9%, while the index of export prices rose by 6%.

The expansion of American monopolies striving for obtaining maximum profits in underdeveloped and dependent countries and for achieving world domination, runs into the growing activity of British and French monopolies. British oil monopolies have launched major exploration works in India, Pakistan, Egypt, Kenya, Tanganyika, the island of Sicily, etc. They are increasing oil

production in Iraq. British monopolies are fighting for the markets of Latin America and North Africa, and are increasing the export of capital to colonial and dependent countries.
French monopolies are also exhibiting exceptional activity in exporting capital. The largest French trusts export capital not only to their own colonies, but also to Latin American countries, South Africa, and the Middle East.
Thus, the contradictions between the US and Britain, and between the US and France, are intensifying and will intensify even further. Britain, and following her France and other capitalist countries, are trying to break free from US subordination in order to secure an independent position and the highest profits. The struggle between the major capitalist countries is manifesting itself more and more clearly. This is evident from the fact that Britain refused to join the European Coal and Steel Community under the "Schuman Plan." The dominant position in this association is held by US monopolies and their agents—large German monopolies, the former bosses of Hitler's Germany.
The struggle between Britain and the US is sharply manifested in the trade war for sales markets. American imperialists, exploiting the dependent status [of these nations, seek to weaken] and ultimately abolish the system of Imperial Preference tariffs, which hindered American exports to the countries of the British Empire. At the same time, American imperialists pursue a policy of high tariff barriers and employ dumping, export subsidies, and bonuses that encourage the export of American goods.
The growth of contradictions among imperialists in the struggle for markets, for sources of maximum profits, and for the right to enslave and plunder colonies and dependent countries inevitably leads to new imperialist wars.
It is well known that the Second World War did not arise accidentally. It arose as the inevitable result of the development of world economic and political forces on the basis of modern monopoly capitalism. The capitalist system harbors within itself elements of general crisis and military conflicts. Under imperialism, military catastrophes are impossible to avoid.
In his work *Economic Problems of Socialism in the USSR*, J. V. Stalin exposed the erroneous assertions of certain economists who believed that, owing to the development of new international conditions after the Second World War, wars between capitalist countries had ceased to be inevitable. These economists argued that the contradictions between the socialist camp and the capitalist camp were stronger than the contradictions between imperialist countries; that the US had sufficiently subordinated other capitalist countries to prevent them from waging war against one another and weakening each other; and that the progressive people of capitalism had been taught by the bitter experience of two world wars and would not risk dragging capitalist countries into a new war.
Some comrades believed that because powerful popular forces standing up for peace and against a new world war have now grown, imperialism would not breed war.
J. V. Stalin provided an exhaustive clarification on the inevitability of wars between capitalist countries. He pointed out that the contradictions between socialism and capitalism were stronger than the contradictions between capitalist countries before the Second World War as well. Nonetheless, the Second World War began with a war among capitalist countries.
This happened, firstly, because a war with the USSR, as a country of socialism, is more dangerous for capitalism than a war between capitalist countries. While a war between capitalist countries raises only the question of the dominance of stronger capitalist countries over other capitalist countries, a war with the USSR must inevitably raise the question of the very existence of capitalism itself.

Secondly, the world war began with a war among capitalist countries because, although the capitalists make a clamor for "propaganda" purposes about the aggressiveness of the Soviet Union, they themselves do not believe in its aggressiveness. They take into account the peace-loving policy of the Soviet Union and know that the Soviet Union itself will not attack capitalist countries.
The intensification of contradictions within the imperialist camp and the inevitability of wars between capitalist states in the era of imperialism stem from the objective laws of the development of capitalist society. The peace movement is insufficient to eliminate the inevitability of wars between capitalist countries, for as long as imperialism persists, the inevitability of wars remains in force. To eliminate the inevitability of wars, imperialism must be destroyed.
Under certain circumstances, the peace movement may develop here and there into a struggle for socialism. But this, J. V. Stalin emphasized, would no longer be the contemporary peace movement, but a movement for the overthrow of capitalism. The contemporary peace movement, as a movement for the preservation of peace, will, if successful, result in preventing a given war, in its temporary postponement, in the temporary preservation of a given peace, in the resignation of a bellicose government, and its replacement by another government prepared to temporarily preserve peace.
Framing the question of the inevitability of wars between imperialist states does not, of course, remove the question of the threat of a new aggression by international imperialist reaction against the USSR and the countries of people's democracy.
One cannot fail to take into account that in the imperialist camp, corroded by contradictions, instability is growing in both the economy and the politics of the ruling circles, reaching a fear of peace and a loss of confidence in the future stability of the capitalist system. The successes of the Soviet Union in building communism, the successes of the European people's democracies in building socialism, the powerful rise of the economy and culture of the People's Republic of China, the development of the working-class movement in several capitalist countries, and the national liberation struggle are all evidence of the immense growth of the strength and power of the democratic camp and the global liberation movement.
The steady growth of the economy of the socialist and democratic camp, alongside the simultaneous intensification of contradictions, the deepening of economic difficulties in the capitalist camp, and the weakening of capitalism's positions, drive the imperialist forces to step up their activity, which provokes furious anger and frenzy in the imperialist camp, and an escalation of various provocations, adventures, and sabotage by the imperialists against the socialist and democratic camp. All of this makes the utmost concern of the Soviet people, the Communist Party led by its Central Committee, and the Soviet Government for ensuring the proper active defense of our socialist Motherland even more necessary. The Communist Party teaches the Soviet people to always remember the capitalist encirclement, to tirelessly raise revolutionary vigilance, and to strengthen the might of the Soviet State.
The Communist Party and the Soviet Government consistently pursue a policy of peace, a policy of expanding economic ties with foreign countries. The Soviet Government pursues a policy of peaceful cooperation with all countries because it is convinced that there is no disputed or unresolved issue that cannot be resolved peacefully on the basis of agreement between the interested nations. The policy of the Soviet State answers the aspirations of all states that are ready to facilitate the development of international cooperation based on mutual trust, regardless of their social systems.
In all of their foreign policy, the Communist Party and the Soviet Government proceed from Lenin’s instruction on the possibility of prolonged coexistence and peaceful competition between the two

systems—the socialist and the capitalist. The development of trade, business, and economic ties between the two systems on mutually beneficial terms, and the peaceful resolution of disputed issues based on the principles of respecting mutual interests, is the only correct policy that serves the interests of all peace-loving peoples.

At the fifth session of the Supreme Soviet of the USSR, the Chairman of the Council of Ministers of the USSR, Comrade G. M. Malenkov, stated that the circle of states with which the Union of Soviet Socialist Republics has trade relations is growing, and along with it, the volume of trade turnover with the countries of the West and the East is increasing. Trade agreements have been concluded with France, Finland, Iran, Denmark, Greece, Norway, Sweden, Argentina, Iceland, a payment agreement with Egypt. Negotiations regarding trade relations with other states are proceeding successfully. Business circles in several capitalist countries have begun to understand the necessity of restoring normal trade relations between countries for which mutual trade turnover is a firm tradition, as well as the need to put an end to all kinds of discriminatory measures restricting world trade. The development of economic relations between the two parallel world markets will serve to strengthen peace.

Comprehensive cooperation is expanding and growing stronger; the economic and cultural ties of the Soviet Union with the People's Republic of China, Poland, Czechoslovakia, Romania, Hungary, Bulgaria, Albania, the Mongolian People's Republic, and the Democratic People's Republic of Korea are growing rapidly and on a significant scale. The friendly relations of the USSR with the German Democratic Republic are steadily strengthening. It is precisely this mutual concern for the interests of all countries of the democratic camp and close economic cooperation that serve as the source of strength and progress for the camp of peace, democracy, and socialism.

The foreign policy of the democratic camp is clear. The democratic camp, led by the Union of Soviet Socialist Republics, consistently and steadfastly pursues a policy of preserving and consolidating peace, and of developing cooperation and business relations with those states that, for their part, strive toward this.

Under the current balance of power, given the firm determination of the Soviet Union and the countries of the democratic camp to defend their vital interests in the international arena, Comrade G. M. Malenkov emphasized at the fifth session of the Supreme Soviet of the USSR, pursuing the policy of peaceful coexistence between the two systems is the duty not only of the countries of the democratic camp, but also the duty of all countries.

APPENDIX

In this appendix we have provided a number of quotations from Stalin, Krushchev, Shepilov and Mikoyan to expose how revisionism distorted the general crisis of capitalism and appeased to capitalist world. – *ST Cyprus.*

1. “The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War and of its economic consequences. It has had the effect of further deepening the general crisis of the world capitalist system. The Second World War was itself a product of this crisis. Each of the two capitalist coalitions which locked horns in the war calculated on defeating its adversary and gaining world supremacy. It was in this that they sought a way out of the crisis. The United States of America hoped to put its most dangerous competitors, Germany and Japan , out of action, seize foreign markets and the world’s raw material resources, and establish its world supremacy. But the war did not justify these hopes. It is true that Germany and Japan were put out of action as competitors of the three major capitalist countries: the U.S.A. , Great Britain and France . But at the same time China and other, European, people’s democracies broke away from the capitalist system and, together with the Soviet Union , formed a united and powerful socialist camp confronting the camp of capitalism. The economic consequence of the existence of two opposite camps was that the single all-embracing world market disintegrated, so that now we have two parallel world markets, also confronting one another. It should be observed that the U.S.A., and Great Britain and France, themselves contributed—without themselves desiring it, of course—to the formation and consolidation of the new, parallel world market. They imposed an economic blockade on the U.S.S.R., China and the European People’s Democracies, which did not join the “ Marshall plan” system, thinking thereby to strangle them. The effect, however, was not to strangle, but to strengthen the new world market. But the fundamental thing, of course, is not the economic blockade, but the fact that since the war these countries have joined together economically and established economic co-operation and mutual assistance. The experience of this co-operation shows that not a single capitalist country could have rendered such effective and technically competent assistance to the People’s Democracies as the Soviet Union is rendering them. The point is not only that this assistance is the cheapest possible and technically superb. The chief point is that at the bottom of this co-operation lies a sincere desire to help one another and to promote the economic progress of all. The result is a fast pace of industrial development in these countries. It may be confidently said that, with this pace of industrial development, it will soon come to pass that these countries will not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products. But it follows from this that the sphere of exploitation of the world’s resources by the major capitalist countries (U.S.A., Britain, France) will not expand, but contract; that their opportunities for sale in the world market will deteriorate, and that their industries will be operating more and more below capacity. That, in fact, is what is meant by the deepening of the general crisis of the world capitalist system in connection with the disintegration of the world market. This is felt by the capitalists themselves, for it would be difficult for them not to feel the loss of such markets as the U.S.S.R. and China. They are trying to offset these difficulties with the “ Marshall plan”, the war in Korea, frantic rearmament, and industrial militarization. But that is very much like a drowning man clutching at a straw.

“This state of affairs has confronted the economists with two questions: a) Can it be affirmed that the thesis expounded by Stalin before the Second World War regarding the relative stability of markets in the period of the general crisis of capitalism is still valid? b) Can it be affirmed that the thesis expounded by Lenin in the spring of 1916, namely, that, in spite of the decay of capitalism, “on the whole, capitalism is growing far more rapidly than before”—is still valid?. I think that it cannot. In view of the new conditions to which the Second World War has given rise, both these theses must be regarded as having lost their validity.” J. Stalin, *“Economic Problems of Socialism in the USSR”*, 1952, (P. 34-37.)

2. “It should be said that the idea that the general crisis of capitalism means complete stagnation, a halt in production and technical progress, has always been alien to Marxism-Leninism. Leninism pointed out that capitalism’s general tendency to decay did not preclude technical progress or an upswing in production in one period or another. “It would be a mistake to believe,” he wrote, “that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies.” (Works, Vol. 22, p. 286.) Therefore we must study the capitalist economy attentively and not over-simplify Lenin’s thesis on the decay of imperialism but study the best that capitalist science and technology have to offer, in order to use the achievements of world technological progress in the interest of socialism.” (N. S. Khrushchev. “*Report of the C.C. of the C.P.S.U to the 20th Congress*”, 1956, p.14.)

3. “It does not follow, however, that we should draw simplified conclusions about a steady down-grade in capitalist production. Marxist-Leninists have always decisively rejected the theory of “stagnation” of capitalism— the erroneous and unscientific view that the decay of capitalism in the imperialist era means the “bottling up” of 88 productive forces, that a stop is put to technical progress.” (“*Speech by D. T. Shepilov at the 20th Congress of the CPSU”* , February 16 1956. p. 20.)

4. “In analysing the economic situation of present-day capitalism it is doubtful whether we get any help from Stalin’s thesis in the Economic Problems of Socialism in the U.S.S.R. or whether it is correct-in relation to the United States, Britain and France-that, with the break-up of the world market the “volume of production in these countries will shrink”. This assertion does not explain the complex and contradictory phenomena of present-day capitalism and the fact of the growth of capitalist production in many countries since the war. As has been stated in the report of the central committee, Lenin in 1916 in his work on imperialism, having brilliantly illuminated the laws of imperialism, pointed out that the decline of capitalism does not preclude a rapid growth of production, that in the epoch of imperialism individual branches of industry and individual countries display, to a greater or lesser degree, now one and now another of these tendencies. All the facts show that these Leninist theses are in no way outdated. Incidentally, one cannot but note that other theses of the Economic Problems as well, if strictly examined, demand from our economists profound study and critical reexamination from the stand point of Marxism-Leninism. (“*Speech by A. I. Mikoyan at the 20th Congress of the CPSU”*, February 16 1956. p. 20.)