

Vassar College Faculty Meeting

September 28, 1988

IN MEMORIAM

Eugen Loeb

1907 - 1987

Eugen Loeb was born on May 14, 1907 in the village of Holiò, in the Hungarian part of the Austrian Empire. After World War I it became a part of the newly created the nation of Czechoslovakia. He started his education in Holiò and then went on to study in Vienna, two and a half hours away, at the University for Welthandel (World Commerce) and later completed his economic studies in Prague at Charles University, where he also subsequently taught.

Although Eugen came from a religious background, he was not a "pratiqueant," and unlike his brother who was an ardent Zionist, Eugen went directly into politics. As a child he had noticed the gap between peoples' religious beliefs and their acts. And in the political sphere, the acts of cowardice and accommodation to the rising Nazi movement were even more troubling. In Vienna he and other Jewish students were beaten by brown-shirted Nazis who stalked the halls of the university. He was shocked that this could be allowed to happen, and in his mid-twenties he joined the Czechoslovakian communist party because it was the only group that was seriously resisting the rise of Nazism.

Eugen was a very bright young man and he rose quickly within the party's ranks. By the time of World War II and the German invasion of Czechoslovakia in 1939, he found himself in London

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with the provisional Czechoslovakian government in exile, where he served as economic adviser to Jan Masaryk, the minister for foreign affairs, and in the immediate postwar years as representative of Czechoslovakia in the United Nations Relief and Rehabilitation Administration (UNRRA). Toward the end of the war, when the defeat of Hitler seemed inevitable, Eugen was sent from London to Prague in a roundabout way with plans for the new government. The path to Prague was via Turkey and then through most of the back part of Russia on train. On the last leg of the trip Eugen shared a train compartment with a Russian general who forced him to drink down toast after toast of vodka and black pepper to the Russian nation, to the Czech nation, to the armies, to the generals that led them, and on and on until Eugen became deadly sick. When he finally arrived in Prague, somewhat wobbly, he found the war had ended and the Czech exile government already installed.

As close as Eugen had been to Jan Masaryk, he could never bring himself to discuss the death of his friend in the communist takeover of the Czech government -- whether he fell or was pushed out of the bathroom window. Whenever asked about it he went into a pained silence, and one soon sensed it was a topic not to be pursued. In the new communist government Eugen became deputy minister of trade. It was in this capacity that Eugen

made a fatal mistake. The Czech government in exile had provisionally agreed (at a time when Czechoslovakia was still occupied by Soviet troops) to provide the Soviet Union with

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uranium ore at cost plus 10 percent. After the war, in 1947, Eugen headed a Czech delegation that met with Foreign Trade Minister Anastas Mikoyan and Deputy Prime Minister Krutikov to renegotiate the terms of the earlier agreement. Eugen suggested that the Soviet Union pay Czechoslovakia at world market prices for the ore. That was the beginning of Eugen's downfall. Years later, after his release from prison and his rehabilitation as Deputy Governor of the Central Bank of Bratislava, Eugen asked his research staff to calculate the difference between the prices the Soviet Union actually paid and the world market price for uranium ore. For the period 1945 to 1965 the difference exceeded one billion dollars.

The tragedy of Eugen Loeb is best explained by a book published early in the postwar years under the title *The God That Failed*, with Ignazio Silone, Arthur Koestler, Stephen Spender, and others as contributors. Eugen was arrested on November 24, 1949 and was brought to trial in 1952 along with Rudolph Slansky, the Secretary-General of the Czechoslovak Communist Party, and 12 other defendants. In the Slansky trial of 1952 Eugen saw his great hope, the thing he most believed in turned into an instrument of terror. He later came to think that the failure was built into the system of Marxism; that betrayal of the revolution was inevitable; that the system itself was fatally flawed and inhuman. And he spent the rest of his life making amends for his earlier beliefs by writing books and articles, by

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testifying before Congressional Committees, and by taking to the lecture circuit in Spain, Germany, Switzerland, Brazil and India. Eugen set out the story of the 1952 Slansky Trial in his book *Stalinism in Prague*. In it he repudiated Koestler's thesis in *Darkness at Noon*, based on the trial of Nikolai Bukharin in 1939, that confessions were made out of a sense of party loyalty and political need. One confessed, according to Eugen, simply because one had no other choice. Of the fourteen defendants, eleven were Jewish. And of the 11 not one was a Zionist. Yet the accused were charged with conspiring to promote world Jewish domination and of trying to sabotage socialism in order to align Czechoslovakia with the West. The charges were espionage, high treason, and sabotage. All were regarded as "Trotskyite, Titoite, Zionist and bourgeois-national traitors in the service of the U.S. imperialists and under the direction of Western espionage agencies." All confessed after extensive grilling and torture by Czech and Russian interrogators. In particular, Eugen Loeb was accused of being an Israeli agent. The shipment of arms in 1947 to Israel from the Skoda plant in Czechoslovakia was seen as part of an international Zionist plot. Of the fourteen

charged, only three survived -- Artur London, Vavro Hajdu, and Eugen Loeb. The rest were executed.

Eugen spent eleven years in jail, five of them in solitary confinement. It was while in solitary confinement, with no books and no writing material at his disposal, that he began rethinking his Marxism and committing his new thoughts to memory. The

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critical fault he found in Marxism was its dependence on a primitive labor theory of value based on manual labor. It was while in jail that Eugen devised his notion of "mental" labor, which became the basis of all his subsequent thought in the field of economics.

With the rise of Khrushchev to power and his repudiation of Stalin in 1956, rehabilitation became a possibility, but Eugen was not to be released from jail until five years later in 1961. For two years after his release he worked as a wrapping clerk and was not rehabilitated until 1963. At that time, Alexander Dubcek, the head of government, insisted that Eugen be given a responsible position in government. He was assigned by the bureaucracy to the central bank of Bratislava with the expectation that he would fail. Instead, he excelled and was shortly made deputy director of the bank. The "Spring Thaw" of 1968 saw the end of "socialism with a human face" and the brutal reimposition of Stalinism in the Eastern European countries. Russian tanks rumbled through Prague's Wenceslas Square in August of 1968 and Eugen fled to the West.

It was on January 24, 1969 that President Alan Simpson announced the appointment of Eugen Loeb as Dexter M. Ferry, Jr., Professor of Economics and Political Science at Vassar College, where he stayed as a member of the economics department until his retirement in 1975 at the age of 68. He was an active member of the department of economics and a major participant in the Critical Thought program of Science, Technology and Society. He proved to be an inspiring teacher and his classes were extremely popular with the students. It was while at Vassar that he put down in writing his major thoughts on mental labor. His book Humanomics: How We Can Make the Economy Serve us -- Not Destroy us was widely reviewed and endorsed by such prominent writers as Alvin Toffler, Peter F. Drucker and Michael Novak. It was a controversial book that recommended the doing away of income taxes, the imposition of stiff value added taxes on the products consumed by the rich, and placed human values at the center of the economy -- which in his view was done neither by capitalism nor by communism. Above all, the one thing he most wanted was to remove economists from the center of decision making. "I think all economists," wrote Eugen, "should be given five years of solitary confinement. Half of them might radically rethink their ideas, and the other half would at least be out of circulation where they could do no harm."

His biggest success was in India in 1978 where Prime

Minister Moraji Desai not only endorsed the book but was photographed prominently holding it out for the benefit of the photographers — and the book. So much publicity was received Eugen's ideas in India that a group was formed to promote them (which still continues to function), and the Dalai Lama invited Eugen to visit with him. It turned out the Dalai Lama was interested in combining the religion of Tibet with the teachings of Marx -- in the hope of finding some way of ending his exile in India by compromising with the Chinese communists. Eugen was by

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appalled by the idea and severely lectured the Dali Lama on the impossibility of doing so, as he did, on another occasion, to Marxist catholic clergy in Brazil on the impossibility of combining christianity with Marxism. But while he was in India his hosts were alarmed at his being constantly followed by agents of the Czech and Russian embassies -- so much so that they appealed to the Indian government for his protection. It was with considerable relief that his official host kissed him goodbye at the airport.

In his retirement years, from 1975 to 1987, he attended a conference on human rights in Madrid and travelled extensively in Europe and Latin America. He also served as a consultant to Denison Mines, the world's largest uranium mine in Canada, run by the Slovakian multi-millionaire, Stephen Roman, with whom he wrote a book, The Responsible Society. Less than a year before his death, Eugen travelled to Vienna where a television documentary was being made on the psychological effects of his imprisonment and interrogation (The Confession). Eugen played himself in the documentary, and in prison uniform spent hours walking the prison corridors and reliving his past. The TV documentary was broadcast on June 13, 1987, two months before his death. It was also broadcast in the Czech language.

The last project Eugen Loeb1 worked on was the problem of Peace and Freedom, to which he was convinced he had the answer. His views attracted considerable interest in West Germany, where his papers on peace and freedom are to be deposited, in India,

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and among some deputies in France. All his other papers will be deposited at the Libraries of Columbia University.

Eugen Loeb1 suffered his first heart attack in 1961, one week after his release from prison. He had a second, and minor, attack in 1983. With the passage of years he had, at times, difficulty in breathing, and in 1987 he decided to undergo bypass surgery at the age of 80. He went into it with courage and was sure that it would turn out all right. He made rapid progress the first two weeks after the operation, but the trauma of the operation, in conjunction with his diabetes, proved too much. He died at home in New York on August 8, 1987, leaving behind a son in Switzerland from his first marriage, and his second wife of

eighteen close and very happy years, the artist, well known and well loved in Vassar circles, Greta Schreyer.

The extraordinary life of an extraordinary man had come to an end. Throughout his life, Eugen was "engagé." He was not content to sit on the sidelines watching developments from the safety of his classroom, as so many academic "seminar Marxists" are wont to do. He was a warm and caring man who, though "engagé," never allowed his critical faculties to be subordinated to an external dogma. To have known Eugen was to have basked in his warmth, his bubbling enthusiasm, and his eternal optimism and belief in the possibility of a better world.

Respectfully submitted

For the Department of Economics

Stephen Rousseas