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TO THE WORKERS AND COLLECTIVE FARMERS OF THE SOVIET UNION, THE TOILERS AND OPPRESSED OF THE CAPITALIST WORLD!

SIXTEEN years have passed since the Russian proletariat in October, 1917, under the leadership of Lenin and his Party, with the support of the toiling peasants, overthrew the yoke of capitalist slavery, and took power to forge their own fate with their own hands, and win a better life for all toilers.

The capitalist world, at the time of this anniversary, is in exceptionally great confusion. The tremendous October gains and the great victories in the U.S.S.R. for Socialism, are rousing the whole of the world's workers against the capitalist exploiters and oppressors.

Chaos, devastation, decay, dominate the capitalist countries, while the Soviet Union stands as an immovable rock amid them.

The bourgeoisie are using the weapon of Fascism and bloody imperialist war to save their power.

We are at the threshold of a new world war.

In the East, Japanese imperialism plays the rôle of the initiator of an anti-Soviet war, and the provoker of a new imperialist war. In the West, Fascist Germany offers counter-revolutionary service to the imperialist world.

British imperialism is the chief organiser of the counter-revolutionary war against the U.S.S.R. French imperialism builds its forces to defend the bandit Versailles Treaty. The frantic armament race between the U.S.A., Japan, Great Britain, France and Germany shows the intense imperialist contradictions which head to war.

A new war danger arises from the "Disarmament" Conference at Geneva itself.

The bourgeoisie trembles before the Communist Revolution. The world faces tremendous convulsions in the near future, new wars and great revolutionary struggles. Decisive battles are approaching.

Sixteen years of the proletarian dictatorship in the U.S.S.R. are sixteen years of the proletarian struggle for Socialism. The results now stand before the judgment of history.

"All Power to the Soviets," Lenin's slogan, was the Bolshevik slogan. Under this slogan the proletarian revolution conquered in October, 1917, and converted backward Russia into an invincible Union of Socialist Soviet Republics. The Soviet Power has realised the teachings of Marx, Engels and Lenin on proletarian dictator-

ship. The October Revolution expropriated the expropriators, gave the proletariat the factories, workshops and banks, gave the peasants the land, liberated hundreds of people from national oppression and ended women's enslavement.

In the civil war the Soviets crushed the resistance of the landlords and the bourgeoisie and organised the world's first proletarian State. The Soviets overcame the post-war crisis, converted an agrarian country to an industrial country, created Socialist agriculture and carried out the greatest cultural revolution.

The victorious classless Socialist society in the U.S.S.R. is being built by scores of millions.

October became the banner of struggle for victory for the world's exploited and oppressed.

Workers!

International Social-Democracy promised a peaceful bloodless path through democracy to Socialism. In democracy's name they helped the bourgeoisie with blood and iron to defeat the workers' revolutionary struggle for proletarian dictatorship. Social-Democracy in Germany, Italy, Poland, Austria, Hungary and Finland wrought vengeance on the revolutionary workers, clearing the path for Fascist dictatorship, and giving the Fascist executioners hundreds of thousands of workers and peasants.

The workers and the toiling peasants of the U.S.S.R. are firmly holding power. With no unemployment, and there is no anxiety for the morrow on the part of the workers and peasants; no terror for the workless, no homeless evictions into the streets, but unceasing construction of new industrial giants.

The number of workers has increased seven-fold since the civil war. Unemployment has been abolished for ever in the country of the proletarian dictatorship.

There are tens of millions of unemployed in the capitalist world! And tens of millions of part-time workers, millions of youths who have never had a job!

In the U.S.S.R. the workers' well-being is continually growing, the wage level rises, Social insurance is improving yearly. In all capitalist countries without exception there are the most cynical forms of plundering wages and social insurance.

In the U.S.S.R. on the basis of the widest Soviet democracy, thousands of prominent

Government leaders and talented organisers, tens of thousands of inventors, engineers, economists, scientists and artists, are arising from the workers' and peasants' ranks.

The Socialist competition and labour enthusiasm increases daily. The masses of workers are enthusiastically mastering technique, astonishing the world by their exploits and the boldness of their success in the scope of "re-education," converting yesterday's capitalist slave into a conscious active builder of a classless society.

Unlimited loyalty to working-class revolutionary internationalism is the imprint of the whole life of the toiling masses, and thus the future generation of joyful labour becomes a reality.

No end can be seen of the world economic crisis. The big bourgeoisie of the imperialist countries attempts to find the capitalist way out of the crisis at the expense of the toilers, by the plunder of Government funds for armament orders and inflation, which lead to the sharpening of the contradictions of the internal and foreign capitalist system.

Workers of all capitalist countries are more than ever being enslaved, being made prisoners of capitalist labour. The workers of Germany and other Fascist countries have been deprived of all elementary rights. Trade unions have been dissolved, the Labour Press suppressed, and the Communist Party driven underground.

In the so-called democratic countries the bourgeoisie are also Fascising their governments.

In the U.S.S.R. the peasants have boldly followed the workers' Socialist path. Over 20,000,000 peasant families are in collective farms wherein a firm base is being laid for a cultured and prosperous life.

The victory over the kulaks and the supply of the most modern machinery to the collective farms has brought a tremendous agricultural revolution. In the Socialist fields the efficiency of the collective farmers is steadily growing, poverty being eliminated, a new life is being built and the lack of culture is being rapidly overcome.

With the proletarian Government's help and leadership the high harvest of 1933 was assured, and it has proved to the whole world the advantages of collective economy.

Hundreds of millions of small middle peasant farms in the capitalist and colonial world are ruined yearly, peasants are losing their last possessions, plundered by landlords, money-lenders, bankers and tax-collectors.

Throughout the capitalist world the agrarian crisis is raging, and indignation of the peasants rapidly increases, calling forth an unprecedented

wave of terror, punitive expeditions and Fascist gangs.

TOILERS OF THE WHOLE WORLD!

You see sixteen years of proletarian dictatorship, and sixteen years of capitalist mastery. Two paths lie before you: The path of the U.S.S.R., along which you were and are called by the Communist International, the world Party of Lenin, Stalin and the fraternal alliance of the peoples liberated from oppression and exploitation; the path of the capitalist countries, the path of bourgeois democracy, along which you were called by the Second and Amsterdam Internationals, has brought hunger, poverty to the toilers, oppression and the people's enslavement, Fascist shame and the bloody glare of fratricidal war.

The October Revolution was a shattering blow at the world war, sixteen years ago, and during these sixteen years the imperialists have tried to provoke the Soviet power into war, hundreds of times.

A new imperialist slaughter and counter-revolutionary war against the U.S.S.R. would have happened long since if the U.S.S.R. had not stood inflexibly by, defending peace.

The U.S.S.R. has repeatedly exposed and disrupted the imperialist war plans. The imperialist robbers have more than once been restrained from their war-like desires by the fear of the revolutionary defence of the Soviet Union from their own proletariat.

The U.S.S.R. has become a tremendous bulwark for peace and the defender of the oppressed and colonial peoples. Fascism is accelerating imperialist war and provoking anti-Soviet intervention.

With the League of Nations, Social-Democracy has helped Japanese Fascist military chiefs, who have already seized tremendous Chinese territories in their daily new provocations against the U.S.S.R.

The Japanese chiefs, taking advantage of the crisis and chaos, speed-up the anti-Soviet war, and by provocations hope to draw into this war other imperialist countries.

German Fascism has intensified the war danger in the West, and the Hitler Government has become the chief European war incendiary, offering the international bourgeoisie German hired soldiers against the U.S.S.R.

Sinister British imperialism is driving the peoples into bloody war, and everywhere is assembling the counter-revolutionary forces against the U.S.S.R.

The League of Nations has always been the League for war preparations, and the Second

International always the faithful servant of the League.

The Communist International calls the proletariat to greater vigilance and organisational activity.

The bourgeoisie wish to drown the revolutionary working-class in a sea of blood and bar the path to a World October.

The International revolutionary proletarian united front must be the barrier in the path of Fascism and imperialist war.

The revolutionary defence of the U.S.S.R. by the whole of the world toilers is the best reply to Fascism and the Second International, which is ever becoming more Fascist.

PROLETARIANS! TOILERS! COLONIAL PEOPLES!

The banner of the Soviets has been held victoriously for several years over the enormous territories of the Soviet districts in China, rousing the entire colonial world, and mobilising tens of millions of colonial slaves for revolutionary anti-imperialist struggle.

The Chinese Red Army has covered itself with glory, marching with confident steps against the sixth Kuomintang campaign, organised with the help of American, Japanese, British and other imperialist countries.

Replying to the division of China, already begun, replying to the imperialist armed intervention against Soviet China, the international toilers must raise their voices in protest, must come forward in the united front of active defence of the Chinese Soviets.

The German proletariat have not and will not bow their heads before Fascism. They are offering a heroic resistance. Hitler, fearing Communism, has framed the provocatory trial on the burning of the Reichstag.

With the aim of averting from himself the fury of the starving masses, he holds an axe over the heads of the Communist leaders. But Communism in Germany is growing daily. The German Communist Party is an example to the workers of all capitalist countries.

Only the German Communist Party is capable of standing at the head of the united revolutionary anti-Fascist front. Only the German Communist Party, with the active support of the entire international proletariat will save the German proletariat from the Fascist outlaws, and lead it on to the path of October.

The workers of the world must unite their forces and form a united front for the firm fraternal support of the German revolutionary proletariat!

All out to defend the victims of bloody Fascist terror!

Wrench from the hands of the executioner Thaelmann, Dimitrov, Torgler, Popov and Tanev, the working-class leaders, and all other Communists, and tens of thousands of revolutionary prisoners of Fascism!

YOUNG WORKERS AND PEASANTS!

In the factories, in the workshops of the old and new world, at the Labour Exchanges, in the forced labour camps, ruined villages, desolated fields, halls, town squares, barracks, warships, among the Japanese soldiers, the Kuomintang soldiers, everywhere there is one leading emblem shining for the victims of accursed capitalism, who awaken in the struggle — the star of the October Revolution, the star of the Soviet Power.

You will be the first victim of imperialist war, you must be in the first ranks of the proletarian and anti-imperialist revolution.

More than ever the proletarian fate, the Socialist fate depends on the working-class. Criminal social democracy is continuing its work of splitting the working-class, to preserve its united reactionary front with the capitalists.

The Second International, at its Paris Conference, again prohibited the Social-Democratic workers from struggling together with the Communists, their class brothers, prohibited them from fighting against Fascism and imperialist war, and stimulated the anti-Communist struggle of the counter-revolutionary Social-Democracy against the proletarian dictatorship.

German Social-Democracy, under the leadership of Loebe, on May 16, voted solidly for the Fascist Government. The Swedish Social-Democratic Government supplies Hitler with arms and ammunition. In Denmark the Social-Democratic Government mercilessly drives the police against the sailors and dockers, who are striking in protest against the flying of the Fascist flag.

The Czech Social-Democrats participate in the Government's terroristic crusade against the Communist Party and the Red Trade Unions.

Like Otto Bauer, the Social-Democratic leaders tell the workers that it is not now the question of the proletarian struggle for proletarian dictatorship, but the alliance of bourgeois democracy.

Dollfuss Fascism as the "lesser evil" is compared with Hitler's Fascism. Everywhere they openly say that on the day that the Fascist edifice collapses under the onslaught of the working masses, it will be necessary to hinder the proletarian revolution with all their power.

Only by going over the heads of Social-Democracy, only by rallying the forces under the banner of proletarian revolution, will the

workers defeat Fascism and imperialist reaction, and bury the capitalist system.

PROLETARIAN TOILERS OF ALL COUNTRIES!

The fate of all toiling mankind is in your hands. The only path is the path of Lenin, the path of the October Revolution!

The Communist International tirelessly calls upon all the exploited and oppressed to follow this path, because only when the workers win power can they bring work, food, freedom and peace to all toilers and Socialism's complete victory.

WORKERS OF THE U.S.S.R. AND COLLECTIVE FARMERS!

You are the foremost fighters on the path to World October. Raise still higher the banner of Socialist labour. Raise still higher the banner of Lenin and Stalin!

For new victories, for greater aims in the Second Five-Year Plan!

For the victory of the Soviets throughout the world!

Workers and oppressed of all countries!

Rally more closely, unite your forces, close your ranks around the proletariat of the U.S.S.R.!

Forge ahead for a united revolutionary front against Fascism and war!

Against Japanese imperialism, against world imperialism!

For the Second Socialist Five-Year Plan, for the Chinese Soviets, for Soviet Germany!

Long live the October Revolution!

Long live our coming World October!

Executive Committee of the Communist International.

THE PRESENT SITUATION IN GERMANY AND THE TASKS OF THE C.P.G.

Resolution Passed by the Polit-Bureau of the C.C. of the C.P.G.

The following resolution was adopted by the Polit-Bureau of the C.C. of the C.P.G. at its meeting on October 10th, 1933, i.e., a few days before Germany's withdrawal from the League of Nations. Recent events confirm the correctness of the analysis and perspective contained in the resolution. As is known, the C.C. of the C.P.G. defined its attitude to the most recent events and to the "elections" on November 12th in a special appeal.

Eight months ago, under conditions of the extreme aggravation of the political and economic situation in Germany, the bourgeoisie entrusted Hitler and his "national-socialist" party with the task of setting up the open fascist dictatorship. The eight months' existence of the blood and starvation government of Hitler, Goering and Goebbels has confirmed to the fullest extent that the brutal, unrestricted fascist dictatorship is incapable of solving a single political and economic question of present-day Germany.

The handing over of power to the national socialists was the result of the bankruptcy of the old bourgeois parties, which have proved incapable of checking the growth of the revolutionary crisis in Germany. In a situation when, as a result of the severest economic crisis and unbearable exploitation of all toilers by German and foreign capital, a storm of German nationalism

was sweeping the country, and the proletariat, split by the policy of the social democracy, had proved not strong enough in order to lead these masses and immediately repel the fascist offensive, the national-socialist party succeeded by means of its nationalist demagogy in drawing the millions of petty bourgeois and peasants over to its side. The national-socialist party was supposed to check the growth of the revolutionary crisis and to save Germany from economic disaster. In view of the disintegration of the whole political system in Germany, the fascists, who had achieved their victory by means of deceitful nationalist demagogy, had to continue this demagogy when in power and to base themselves upon the nationalistic movement of the masses against Versailles as well as against the corrupt bureaucracy of the Weimar Republic. In order not to lose their influence upon the petty-bourgeois masses, and to lead them into the fight against the proletariat, the fascists posed as revolutionaries, talked of "Socialism," designated the nationalistic reaction and the fascist terror as a "national revolution," promised a Four-Year Plan to liquidate unemployment and misery, promised the restitution of petty-bourgeois property, organised actions against the Weimar Republic which is hated by the masses, and attempted to give vent to the nationalistic feeling in actions against the Jewish petty bourgeoisie. But finance capital,

this real master of the fascist government and of the country, compelled the national socialists, in view of the uninterrupted growth of the economic crisis, to declare the "national revolution" to be at an end and to limit their activity to questions of "national winter relief," a relief which is to replace by miserable alms the real State benefit for unemployed workers and employees, as well as for the needy peasant masses and the urban petty bourgeoisie. Under these conditions the influence of the national-socialist demagogy of the fascists is beginning to dwindle rapidly. The Hitler-Goering-Goebbels government is more and more exposed before the masses as the government of finance capital and the junkers. As a result of its adventurist policy it is accentuating all the inner and outer contradictions of German capitalism and leading Germany to disaster. In spite of the most ruthless and bloody terror, a revolutionary upsurge is growing among the working class, which is completely deprived of all rights by fascism. The masses of the urban petty bourgeoisie and of the peasantry are beginning to realise that they have been deceived by the national socialists.

The "national-socialist" party has won its influence over the urban petty bourgeoisie and the masses of peasants in the first place owing to its nationalistic, chauvinistic and anti-Versailles demagogy. But in the past few months the Hitler government has already proved in practice that it is incapable of shaking off the Versailles yoke, just as it is incapable of effecting the "union with Austria" or solving the question of the Polish corridor and other districts separated from Germany by the Versailles Treaty. Only the victorious proletarian revolution, in brotherly alliance with the proletarians of the other countries, is able to do this. The Hitler government has sharpened the relations with all other States without exception, and thus led to a fresh weakening of the foreign-political position of Germany. It has turned Germany into the main source of constant war danger in Europe.

The fascists have commenced civil war in the country in order to prepare for imperialist war, to crush the resistance of the masses, to decapitate and shatter the German proletariat. They pursue the path of feverish military arming of Germany in order to prepare for the carrying out of their military plans, for a re-division of Europe and the conquest of colonies for German capitalism. The fascist government sees its main enemy in the Soviet Union, where the growth of Socialism shows the toiling masses of Germany that the overthrow of the fascist dictatorship and the establishment of the power of the working class

is the only way out from unemployment, misery and want. The Hitler government is, therefore, conducting a fierce campaign of lies and incitement against the Soviet Union, is destroying the economic relations with the Soviet Union which have existed for a decade and which provided millions of German workers with work and bread, and is organising an intervention campaign against the Soviet Union. This policy of preparing for war imposes upon the German toilers, in the interests of finance capital and of the junkers, a fresh military burden of exploitation weighing much heavier than the Versailles tribute, and means that hundreds of thousands of German youths are being enslaved in the labour service camps. The working masses, who expected an improvement in their conditions as a result of the removal of the Weimar coalition governments, are becoming convinced in practice that the fascist policy of adventures and drive for war in no way lessens their old double yoke, but on the contrary has brought about a still worse enslavement of the whole people. Of the whole national "emancipation" programme of fascism there actually remains only the mediæval "race" theory and anti-semitism, which serve fascism as a theoretical basis for the fresh slavery set up by the Hitler, Goering and Goebbels government in Germany.

In order to deceive the toiling masses the Hitler government declared eight months ago that it would work out a Four-Year Plan for overcoming misery and unemployment. Nothing has been heard of this plan up to now, for the bourgeoisie has no plan whatever for overcoming the crisis, misery and unemployment. Instead of the promised overcoming of the crisis, the Hitler government has brought about a further worsening of Germany's position on the world market, a further restriction of the home market, a further growth of unemployment, a more rapid pauperisation of the masses, a wholesale mortality of toilers as a result of starvation, cold and disease. The militarist policy of fascist Germany is swallowing up vast sums for armament purposes; it leads to cutting down of unemployment benefit and social welfare expenditure, to the imposition of fresh burdens upon the working class, the peasantry and the urban petty bourgeoisie, it leads to actual inflation. The increase of large military orders, the promotion of the motor-car industry by the State, the building of strategical railways, the making of uniforms for the Reichswehr, the Storm Troops and the Special Troops, and also for the inmates of the labour service camps, which the government had commenced in the period of the seasonal spring revival of economy, and the commencement of the seasonal work

in agriculture, brought a certain revival of economic activity. As a result of prohibiting the immigration of Polish landworkers, sending German industrial workers to work on the land, forcing nearly 400,000 workers into the labour service camps, and incarcerating over 100,000 workers in concentration camps, a small number of fresh workers were engaged in the works and factories, thus enabling the fascist dictatorship to speak of a decline of unemployment, of unemployment being overcome in a number of rural districts, thanks to the fascist policy. This created illusions amongst some sections of the population and enabled the fascists to maintain their position during the summer months. But this revival did not reach even that level which other capitalist countries were able to record in the course of the summer. The serious financial situation of the country, which in spite of the monstrous plundering of the masses rendered it impossible to accumulate great military stores, and also the shrinking of the home and the foreign markets led with unexpected rapidity to a decline in the seasonal revival. Already in August and September there commenced an exceedingly rapid decline in the whole economic activity. The number of the unemployed is already much higher than in the corresponding months of last year. The formation of cartels aiming at increasing the prices of industrial products in spite of the declining purchasing power of the masses, has resulted in a further falling off of production and trade, in a further lowering of the standard of living of the masses, a further disastrous increase in unemployment, a further catastrophic worsening of the situation of the urban petty bourgeoisie and of the peasantry. The policy of the government in regard to reducing the standard of living of the working masses and liquidating unemployment insurance is also leading to a further decline in production and trade. The crisis is becoming increasingly acute, and the policy of the fascist government makes it absolutely unbearable for the working masses. The working people of Germany are faced with an even more severe winter than that of 1922-23. The demagogic assertions of the fascists that no German will suffer hunger and cold this winter are only a frantic attempt to conceal the real and exceedingly desperate situation of fascist Germany from the outside world.

Hand in hand with this there is taking place a worsening of the situation of the petty bourgeoisie and of the peasantry, caused by the shrinking of the market and the falling standard of living of the whole people. The increase in the prices of agricultural products achieved by the closing of frontiers to all foreign agrarian products has long

since been negated by the increase in the prices of industrial products and the decline in consumption. The financial situation of the country renders necessary an increase in the burden of taxation and a revision of the debt moratorium for the peasants. This threatens hundreds of thousands of small peasants with bankruptcy. The situation of the artisans and small shopkeepers is becoming disastrous. The shutting out of the competition of the Jewish bourgeoisie has not brought, and could not bring, any economic advantage to the German petty bourgeoisie and the clerical workers are already feeling this fresh worsening of their situation called forth by the fascist dictatorship. The illusions of the working masses that the government of Hitler, Goering and Goebbels would lead the country out of the economic crisis, that it would improve the situation of the petty bourgeoisie and peasantry and abolish unemployment, are rapidly disappearing.

Under these conditions it is becoming clearer every day to the working people that fascism is the undisguised form of the dictatorship of finance capital and of the junkers, who have made use of the discontent of the masses with the Weimar Republic in order to crush the revolutionary labour movement, in order to render the working people dumb slaves and to consolidate the position of finance capital. Therefore a rapid growth of fresh revolutionary actions of the unemployed, which have already commenced, and a turning away of the petty bourgeoisie and peasant masses from fascism is inevitable.

All the forces of the fascist dictatorship are already trembling in face of the uninterrupted growth of the forces of Communism, in face of their inevitable doom. In its impotency to alleviate the crisis, distress and unemployment, and to crush the C.P. of Germany, the fascist dictatorship, which is losing its head, is desperately seeking for ways and means in order to raise its prestige at home and abroad. But the growth of the Communist movement in Germany and the adventurist, foolhardy policy of the government itself are undermining the prestige of the Hitler government among the broad masses in Germany and abroad.

The furious terror against the Communists and all revolutionary elements, the system of provocation and forgeries, the foreign-political adventures, the flood of lying reports about hunger and misery in the Soviet Union, in the country where the standard of living of the masses, thanks to the leadership of the Communist Party, is rising every month—all this is the expression of the despair of the victors, who have deceived the petty bourgeoisie and peasant masses with false promises

and to-day are losing their influence over these masses. The National Socialist Party Congress at Nuremberg, the party congress of a victorious party in power, in spite of all the phrases about crushing Communism, presented a picture of bankruptcy of the attempts to create a mass support for the fascist dictatorship; it was the expression of the great concern of finance-capital for the fate of German capitalism, called forth by the growing discontent of the masses and the increasing influence of the C.P. of Germany.

The slaveowners' theories of superior and inferior races, of the impermissibility of elections in the Third Reich, are nothing else but the expression of the increasing isolation of the fascists and their fear of the masses. The trial in Leipzig, which according to the intention of the fascists was to be a demonstration of the services they had rendered in the fight against Communism and a proof of the "legality" of their dictatorship, has turned out to be the greatest fiasco for the Hitler-Goering-Goebbels government and the whole fascist system. The prosecution on account of the Reichstag arson has proved a boomerang against the government and the National Socialist Party. The whole world has seen that in Germany a criminal band of incendiaries and adventurers is in power, which must be overthrown. The broad masses of the working people of Germany have seen that there are only two parties in Germany: the National Socialist, which is led by a clique of adventurers who rely on the inert mass of followers who are deceived by them, and the Communist Party, which fears neither fascist terror, nor provocations, nor the death penalty, and which in spite of the raging terror is rallying the masses round it for the overthrow of the fascist dictatorship.

Under these conditions the Communists must redouble their energies in order to win the majority of the working class for the revolutionary overthrow of the government of criminals and adventurers. The creation of the united front with the social democratic workers, the winning of the Christian workers, of the non-Party workers and the workers who have been deceived by the National Socialists is the most important and decisive task of the C.P.G. The Communists must at all times and places be with the masses and among the masses, must place themselves at the head of the spontaneous and growing discontent, must weld together under their leadership all the forces of the proletariat and, by developing the revolutionary fight of the working class, set an example to the broad masses of the urban petty bourgeoisie and the peasantry, arouse them for the fight against the fascist dictatorship. The

Communists must organise the fight of the proletariat by means of strikes, under the leadership of strike committees elected by the workers themselves, which fight must be directed against all forms of the fascist offensive against the working class, in the factories, against wage cuts, against lengthening of the working day, against dismissals, against the abolition of the factory councils, against the terror against revolutionary workers and for Communist propaganda. The Communists must arouse the unemployed to the fight against the cutting down of social insurance and reduction of unemployment benefit and make clear to them that the fresh growth of unemployment to be recorded in the autumn shows the bankruptcy of the whole national socialist policy, and organise committees for the defence of the interests of the unemployed. The Communists must perform revolutionary work in the incorporated trade unions and endeavour to capture the individual trade unions and local branches by combating their fascistisation; the Communists have likewise to conduct revolutionary work in the N.S.B.O. (national socialist factory organisation), to rouse the workers organised in these organisations for the fight against fascism and point out to the masses the counter-revolutionary character of this organisation. The Communists must at all times and places be with the masses and among the masses in order to be able to set up illegal revolutionary trade unions, independent of the fascist State and the social democratic party, wherever conditions are ripe for this.

The Communists, who are striving for a fighting alliance of all toilers for the overthrow of the fascist dictatorship, have to conduct increased propaganda among the toiling masses of the peasantry and the urban petty bourgeoisie. The Communists call upon the peasants to organise themselves, to set up peasants' committees for the collective refusal to pay rent and taxes, for prevention of distraints, for driving the junkers from their estates and the appropriation of the land of the big landowners by the agricultural workers and poor peasants. The Communists must call on the toiling sections of the urban petty bourgeoisie to organise themselves for the collective refusal to pay taxes to the State or interest to the banks, by setting up their own committees and by coming to an understanding with the workers regarding defence against compulsory selling up of their goods and belongings. Everywhere where the toiling masses are rising to the struggle, the Communists must be in the front ranks, formulate the slogans and propose their tried and tested forms of organisation.

The social democratic party of Germany, which

has been ousted by the fascists from the apparatus of the State, the municipalities, the co-operatives, trade unions and social insurance institutions, continues the policy of splitting the workers' movement and organising a counter-revolutionary united front with the bourgeoisie against the revolutionary united front of the proletariat. The chief aim of the social democrats in setting up an illegal organisation is to create a point of support in the struggle against the masses going over into the Communist camp, against the approaching proletarian revolution in Germany, in the interest of the defence of German capitalism, against the offensive of the proletarian masses. In the present situation this is their chief rôle as the main social buttress of the bourgeoisie. Therefore, in their struggle for the revolutionary united front of the Communist and social democratic workers and the drawing of the Christian, non-party and those workers who were deceived by the national socialists into the revolutionary fight against the fascist dictatorship, the Communists must point out to the masses the perniciousness of the social democratic policy both before and during the imperialist war, and in particular during the fourteen years of the Weimar Republic. The Communists must make it clear to the working class that the restoration of the social democratic organisations and of the social democratic leadership in the trade unions is harmful for the cause of the working class.

More than ever to-day it depends upon the activity of the C.P. of Germany how rapidly the fight against the fascist dictatorship develops, how quickly the united front of the working masses is formed and to what extent the proletariat succeeds in bringing the petty bourgeois and peasant masses under its leadership. History now offers a real possibility of liquidating the mass influence of the social democratic party, which is responsible for the victory of fascism and which is the main support of the bourgeoisie, and the possibility of establishing the unity of the labour movement. The Communists must develop their activity among the broad masses of workers to such an extent that they become the only mass party of the German proletariat. They must consolidate their fighting alliance with the urban petty bourgeoisie and the peasantry, gather round them all the anti-fascist forces of the country, and by this means create the preconditions for the victorious proletarian revolution, this real people's revolution, for the armed overthrow of the fascist dictatorship and the establishment of the power of the proletariat.

The proletarian revolution against the fascist dictatorship in Germany is on the order of the

day. The bourgeoisie has handed over power to the most reactionary demagogic party, the national socialists. But the illusion that the national socialists could extricate the toilers of Germany from want and misery is being rapidly dispelled. The proletariat is deprived of all its rights. The terror against the masses is assuming enormous dimensions; crisis and unemployment are increasing from month to month; starvation is increasing, whilst the storehouses are full to overflowing with unsold goods. The national socialist party which is in power keeps bloody guard over the storehouses of the capitalists and the junkers. The toiling masses are beginning to realise that only the proletarian revolution, only the destruction of the power of the exploiting classes, only the overthrow of the fascist dictatorship and the establishment of the power of the working class, only Socialism can save the toiling masses from starvation.

The Communist Party, which alone is capable of preparing the masses for the revolutionary decisive fights, for the overthrow of capitalism and the establishment of the proletarian dictatorship, is the only party which has a programme for saving the toiling masses from want and misery, starvation and unemployment. It will immediately realise this programme as soon as power comes into its hands. This programme is the programme of Socialism, the only programme which brings salvation to the toilers of Germany. The Communists must bring this programme to the knowledge of every proletarian, peasant and toiler of Germany who is suffering from hunger, unemployment and want.

Every Communist must explain to the masses that the power of the working class, the dictatorship of the proletariat in the form of the Soviets elected by all workers, peasants, and clerks in private and State employ and all toilers, under the leadership of the Communists, will immediately after the overthrow of the fascist dictatorship carry out the following measures:—

- 1.—Confiscate at once all the big undertakings, banks, railways, warehouses of the big capitalists and convert them into the socialist property of the people.

- 2.—Confiscate the whole of the landed estates of the big landowners, the churches and monasteries of the Hohenzollern and other princes, as well as any other form of big landed property, and distribute them gratuitously, together with all implements belonging, among the peasants and agricultural workers.

- 3.—Cancel all the debts of the workers, peasants and petty bourgeoisie to the banks, big capitalists and big landowners, and abolish all

existing taxes, both of the Weimar Republic and of the Hitler government.

4.—Draw all toilers into the administration of the State on the basis of the proletarian democracy by means of the Soviets, as well as into the immediate control of industry, the banks, railways and agricultural big undertakings.

5.—Confiscate all the houses, dwellings and villas of the rich, drive the parasites out of them, and hand their dwellings, with all furniture and fittings, to the unemployed, as well as those toilers who are badly housed (workers, clerks, artisans, etc.).

6.—Confiscate all State and big capitalist stores of food and all articles of necessity, and place them at the disposal of the unemployed and all necessitous, by handing over to unemployed committees the task of distributing such stores.

7.—Guarantee to all working people complete freedom of assembly and press, and the right of combination by placing at their disposal the big halls, printing works and all stocks of paper.

8.—Conclude a brotherly alliance with the Soviet Union, arm all toilers and create a powerful revolutionary Red Army and, in alliance with the toilers of the Soviet Union, of Poland, France, Czecho-Slovakia and England, organise the defensive fight against all attempts of finance-capital and of the junkers to restore their rule.

9.—By taking over all the means of production,

the proletarian power will create the preconditions for an unprecedented economic advance of the country in the interest of the toiling masses, will create better conditions for the development of foreign trade, in the first place with the Soviet Union, and provide work for all unemployed.

After the establishment of the fascist dictatorship, the revolutionary mass movement is experiencing a fresh upsurge. The toiling masses have seen with their own eyes the bankruptcy of all bourgeois parties. Only the dictatorship of the proletariat, which constitutes the broadest democracy for all toilers, can save them from disaster, hunger, misery and want. Socialism alone offers a way out for the toiling masses.

How long the fascist dictatorship is destined by history to continue depends to-day upon the energy, the self-sacrifice, the faithfulness and initiative of every single Communist, on the contact of the Communists with the masses, on their capacity to rouse the masses for the fight and to organise them.

For bread, freedom and power!

For the dictatorship of the proletariat!

For Socialism!

These are the slogans under which the Communists must rouse the masses for the fight for the overthrow of the fascist dictatorship, for the proletarian revolution, the only real people's revolution!

O. PIATNITSKY

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THE TRANSITION TO A NEW STAGE OF THE GENERAL CRISIS OF CAPITALISM

The Ripening of the World Revolutionary Crisis.

THE world economic crisis, which has been continuing for four years, and which has led to the further disintegration of the mechanics of capitalist economy, is one of the principal causes which determine the conditions of the transition of the general crisis of capitalism to a new stage. The Twelfth Plenum pointed out that—

“the domination of monopolist capital . . . makes it extremely difficult in the conditions of the general crisis of capitalism for the economic crisis to be brought to an end in the way that was usual for capitalism in the period of free competition.”

The accelerating disintegration of capitalist economy during the last year has confirmed the fact that all measures adopted by monopoly capitalism, to an unprecedented extent, to find a way out of the economic crisis, lead only to an accentuation of the principal contradictions in the capitalist system — contradictions both economic and political, internal as well as external. *The general crisis of capitalism has fully reached a new stage in its development—the capitalist world has reached the brink of a new cycle of revolutions and wars.*

It is well known that it was the war which laid the basis for the period of the general crisis of capitalism.

“The war bent to its service the entire national economies of the belligerent countries, thus creating the mailed fist of state capitalism. It increased unproductive expenditures to enormous dimensions, destroyed enormous quantities of the means of production and human labour power, ruined large masses of the population and imposed incalculable burdens upon the industrial workers, the peasants and the colonial peoples. It inevitably led to the intensification of the class struggle, which grew into open, revolutionary mass action and *civil war*” (Programme of the Communist International).

The four-year-old economic crisis which rages in all the spheres of economy and has the same tendency to wreak havoc and to sharpen the basic contradictions of capitalism, is one of the principal factors which have brought the world to the very brink of a new cycle of revolutions and wars.

The four years of crisis have brought about a paralysis of part of the production apparatus of capitalism, amounting to two-thirds and even more of its productive capacity. At the same time, the process is one, not of the restoration,

but of the destruction, of basic capital—both as the result of the outright destruction of idle equipment as its exceedingly slow replacement. It is difficult to ascertain the total of the means of production which have been destroyed and not replaced during the course of the developing crisis, but one thing is certain, that it exceeds the total destroyed during the imperialist war. Though differing from the forms employed during the war, the present destruction of human labour power bears the same predatory mass character in consequence of dooming millions of unemployed to starvation and premature death, in consequence of the increasingly oppressive exploitation and onerous deprivations which are the lot of the workers still employed, in consequence of the ruin and despair of the toiling population in town and country throughout the whole capitalist world. The innumerable burdens which the world economic crisis heaps, mountain-like, upon the industrial workers, peasants and colonial peoples grow to enormity as a result of the policy of state compulsion and unbridled violence, which the financial oligarchy applies in its effort to find a way out of the crisis. The mailed glove of state capitalism in 1914-18 was donned by the bourgeoisie to solve its war problems. What strategic problems is it raising now by its policy of “state-regulated economy,” which the Second International declares to be “the new forms of monopolist capitalism controlled by the state . . . which may become the forms of transition from capitalism to socialism?” (Paris Conference of the Second International.) War-time state capitalism solves the problem of mobilising industry to meet the insatiable demands advanced by the war-time market. For what kind of market is monopolist capitalism now mobilising industry, knowing that all programmes of salvation from the crisis, be they of the type proposed by Roosevelt, Hitler or Macdonald, already lead and necessarily lead to decreased financially responsible demand on the part of the toilers and consequently on the part of the domestic market, as well as to a further shrinkage of foreign markets? It may be readily understood that this question finds no direct answer in the official bourgeois programmes. We know that the Greek poets, when dissatisfied with the existing number of gods, set up an additional altar to an “unknown deity,” and this altar was even made the richest of them all. For what unknown deity, what as yet undis-

covered market are the Morgans, Thyssens, Vickers, Comités de Forges now putting into operation additional blast and open hearth furnaces, rolling mills, turbines, chemical ovens, and so forth? Need any proof be adduced to show that this future customer whom the bourgeoisie is preparing to supply is war and its insatiable market, which in the eyes of the band of monopolists is always a financially responsible market?

* * *

The rift in world economy as a result of the first cycle of wars and the October Revolution, splitting it into two systems whose principles are antagonistic to each other—the countries of decaying capitalism and the country of socialism in construction—is the chief expression of the general crisis of capitalism. This rift is not merely an internal contradiction of a “single world capitalist economy, to the laws of which the economy of the Soviet Union is subordinated,” as the counter-revolutionary Trotskyists assert, but it is a split of world economy into two hostile systems which “exposes all the contradictions of capitalism to their very roots, gathers them into one knot, converts them into a question of life and death for the capitalist orders themselves.” The transition of the general crisis of capitalism to the very borderline of a new stage in its development betokens an accentuation of this question, so catastrophic for the world bourgeoisie, to an unprecedented degree. The Twelfth Plenum was already in a position to record the tremendous change in the relationship of forces between the socialist and the capitalist world. During the time that has elapsed since the Twelfth Plenum this progress has made it absolutely clear to increasingly large masses of toilers and oppressed that the only salvation for mankind from the ruin and degradation threatening it lies in substituting the world system of communism for the world system of capitalism.

Characteristic of the anti-crisis measures of the bourgeois governments during the last year is the haste with which fascist measures are being rushed through to “restore economy”: the prohibition of strikes, compulsory arbitration, compulsory labour camps, the short working week with corresponding reduction in pay, the wiping out of social-insurance, systematic measures taken by the Governments to lower real wages tremendously, the reduction of sown areas, the enslavement of the peasants by capitalist monopolies, miscellaneous measures leading to still further ruination of the toiling peasantry and the urban petty bourgeoisie, attempts to subject all branches of economy even more than heretofore to the ruling clique of monopolist capitalism. The object of all this was to find a way out of the

crisis by raising the rates and amounts of surplus value and re-dividing the world by means of war. All this actually has led the ruling monopolist clique to use the state apparatus for the purpose of interfering in business by every manner and means with the object of suppressing and enslaving the toiling masses, with the object of preparing war—all this has led to a spasmodic growth of separate branches of industry, *a growth which is of a war-time and inflationary character, with the further deterioration of the position of the whole of economy and the further aggravation of the crisis.*

The bourgeoisie has been carrying out all these measures under the demagogic slogan of “planned economy” or “the importation of the Five-Year Plan,” but in a “harmless form,” as the American bourgeoisie press sometimes puts it.

Here the social-fascists come to the aid of the bourgeoisie. They palm off these fascist measures as the introduction of “planned economy,” as “socialism,” and would have people believe that the war-time inflationary growth of industry is the end of the crisis and the beginning of the period of “revival.”

Some unstable elements in our ranks have been caught in the net of this bourgeois and social-fascist demagogy—elements which evolve opportunist views to the effect that the National Industrial Recovery Act was based upon the theory of an artificial expansion of the market by means of “raising the wages of the workers,” or, to quote another instance, that “Roosevelt counted least on the foreign market,”—an attempt at out-and-out nationalism—or that Roosevelt “has been acting within autarchic nationalist boundaries.” Thus the apologist of monopolist capital for its anti-crisis programme ignores the fact that these phrases about expansion of the market and raising of wages conceal a new manoeuvre to launch a still more cruel offensive against the standard of living of the workers which will, *in the first place, assume the form of cutting real wages* and wiping out whatever there is left of unemployment relief. Furthermore, it is clear that “economic nationalism” and “autarchy” do not mean giving up the foreign market and being peacefully content with the domestic market, but on the contrary they mean that imperialist aggression will grow for the purpose of preparing the conquest and of conquering new markets, for the purpose of adapting the economy of the country to war.

The same applies to the theory of the introduction of “planned economy.” “Planned economy” of monopolist capitalism, from its very inception, revealed itself as still more unbridled anarchy in production, in finance and in distribution in the

interests of the handful of financial magnates; the secret of the "short working day" and the "just distribution of work" was exposed as a further cut of the total wages received exceeding all previous cuts in its extent, as a refusal of the government and the employers of the unemployed of the few crumbs which they had hitherto thrown them. "State-regulated agriculture" turns out to be nothing but increased ruination for the poor and middle peasants, as the throwing of new strata of the peasantry out of the production process, as the driving of the rapidly growing surplus population of village or farm into the city—where this stream runs athwart the no less strong counter-current of the workers who have been thrown out of industry, and are rushing back to the land in the vain hope of finding some means of gaining a livelihood there. Last but not least, *capitalist autarchy is interlinked with the frenzied preparation for war, with the imperialist wars which have already commenced or are now commencing upon the various continents (Japan, China, South America), interlinked with counter-revolutionary intervention (Soviet China) — this capitalist autarchy now stands revealed as a slipping into the war, upon which the bourgeoisie in the final analysis hangs all its hopes of extricating itself from the crisis.* At the same time the example of the U.S.S.R. strikes the eye of every worker, the land where the realisation of the great programme of socialist construction, the programme of socialist industrialisation, of collectivisation and cultural revolution, gives rise to a development of productive forces unparalleled in the history of mankind, where the domestic market is unlimited, where the national income is on the increase and the material and cultural level of the masses rises uninterruptedly. The growing superiority of the Soviet system of economy over the capitalist system hastens the mobilisation of the revolutionary forces of the working class of all countries against capitalism.

It is hardly to be doubted that all measures taken by the bourgeoisie to effect an exit out of the crisis inevitably lead to an intensification of the economic and the general crisis of capitalism. This comes to light with especial clarity in most cases where these measures, for the carrying out of which the most powerful imperialist countries employ their tremendous productional and financial resources, lead to partial, sometimes even to considerable, improvements in individual branches of economy. Experience has shown that all these improvements bear a spasmodic, unstable and transitory character — after giving this or that branch of economy a forward push, it sooner or later slides back again. But not this was of decisive importance. Decisive was the fact that

these measures lead to an aggravation of the economic crisis of the whole of capitalist economy and to an aggravation of the general crisis of the capitalist system. At the bottom of all the display plans and theories of the bourgeoisie, despite their diversity, lies the conviction that an escape from the crisis is absolutely feasible by economic means. Some think that this will be so when these means will be applied in "orthodox" fashion, cautiously and slowly, at snail's pace (the English point of view); while others opine that this can be done by artificially forcing economy and thus applying the needed push to "get the machinery started again" (German point of view). Roosevelt, on the other hand, speaks of a sufficiently energetic "swinging of the pump handle" and "blood transfusion" into the most prostrate and vital parts of the economic organism. Hence the conclusion to which the bourgeois economists subscribe and will naturally subscribe to their dying breath: that an economic solution out of the crisis has *not yet* been attained, that it has not yet been realised, only because these salutary measures have not been applied with sufficient skill, or with sufficient decisiveness, or to a sufficiently great extent.

The decisive point in characterising the general condition of capitalist economy is the fact that these upswings in production in individual countries and in individual branches of industry have been attained, first, by measures by no means purely economic, have been attained by economic as well as political and partly even military violence; and secondly that these artificial unstable improvements in the business situation have been attained at the cost of a general deterioration of the world capitalist economy, and the further sharpening of the economic and political contradictions of the capitalist system. Therefore in characterising the present stage of the crisis, the point is not simply to ignore, to leave out of account, the temporary improvement in business which is to be noted in individual branches of industry in individual countries. Such an estimation would draw the attention away from the basic and decisive point: the character of these "improvements," the means by which they are attained and consequently the influence which they exert on the sharpening of the economic and the general crisis of the capitalist system.

As a matter of fact, world output as a whole has risen this year approximately 30 per cent. as compared with the lowest point reached last year. This growth is by no means slight (even if the exceptionally low level of last year is taken into consideration) and would have indicative significance if we were really dealing with an emergence out of a "normal" cyclical crisis. But if we

pass on from the growth of production on a world scale to an analysis of the curves showing the movement of production for the principal capitalist countries, the picture we see is chequered indeed, on which account it is still more apt to mislead. Thus, parallel with the curve showing how production advanced in the United States by leaps and bounds, one might even say at a whirlwind pace—after a sharp recession in April, 1933—the curve for Great Britain rises slowly but surely, as it were; the curves for Germany and France for the period beginning with May, 1932, and ending with May, 1933, are almost parallel, the low point being reached in the autumn of 1932 (France in August and Germany in September), while thereafter up to and including August, 1933, these curves rise at an almost even pace (France 22 per cent. and Germany 18 per cent.). Finally, Japan appears on the scene as the embodiment of the “stability,” “financial soundness” and the “absence of crises” in the development of capitalism, seeing that Japan’s production exhibits a “rising” tendency. This is the verdict of the curves, that is, of the vacillations in the business indices. If this verdict is to be trusted, then the United States has not only been coming out of the crisis ever since the beginning of April, but has actually been flying out of the crisis, nor has Japan ceased to be a mainstay of world capitalism, but has become the backbone of its stabilisation!

In characterising the crisis, may one therefore simply ignore and pass over in silence the change in the business index now taking place? No, one may not do so. It is necessary to decipher the origin and real character of these changes in the business index and to show thereby in what direction they “grow.”

Let us confine ourselves here to an indication of some of the basic features of this development.

* * *

The growth of production in the capitalist world — this unequal, unsound, disintegrating growth—proceeds at the present time in the face of an acute contraction of foreign markets, as well as a narrowing of the domestic markets as a result of the incessant fall of the financially sound demand on the part of the basic masses of the population. The contraction of the foreign markets is revealed before the eyes of all in the fall of foreign trade which, as everybody knows, has already dropped to one-third of its pre-crisis level expressed in prices. As for the shrinkage of the domestic market, its full extent is hidden by the fact that the state itself becomes a customer and consumer in an increasing degree, a “sharer in the losses,” temporarily keeping some enterprises busy, steadfastly encouraging others

to work for stock and at the same time playing the rôle of a direct implement in all the speculative transactions of the monopolists. This growth of production takes place under conditions when, on the one hand, a struggle is waged on the international area for the constantly shrinking markets, and is directed immediately and with increasing energy toward the extermination of the opponent; on the other hand, when within each country the unproductive expenses of the state grow, when the pillaging by the financial oligarchy is on the increase, when there is unheard-of ruin and desolation, exploitation and oppression among the masses.

The “improvements” which British statistics hasten to note in individual branches of industry, primarily in the iron and steel industry, are attained by means which lead to the intensification and accentuation of the disproportions in capital economy, to an “opening of the scissors,” an increase in the disparity between production as a whole and markets, between individual branches of industry, especially between industry and agriculture, between national income on the one hand and unproductive expenditures and the debt burden on the other, between prices and the purchasing power of the basic masses, between prices for industrial products and for agricultural products, between wholesale and retail prices, between merchandise turnover and the total of money tokens issued, and so forth. The result is an accentuated economic crisis.

The changes in the business index, in a number of cases, are the result of direct monetary inflation in the full sense of the word. True enough, the inflation being effected, alongside of the sum total of measures taken to arouse economy by artificial means, even in countries like the United States, have not yet appeared in a completely open form, but everything points to the fact that, after some hesitation, the American bourgeoisie will be compelled by the march of the crisis to inaugurate open monetary inflation, inasmuch as the promise and hope of an impending inflation alone is no longer able to support prices at their present level.

“If Roosevelt’s experiment fails, a depression will ensue in the United States which will also affect Great Britain,” recently declared Mr. Runciman, Great Britain’s President of the Board of Trade. The English economic press speaks of this failure, not as something possible, but as something inevitable. The *Economist* of October 10th writes:

“There are serious grounds for believing that the operation of the National Industrial Recovery Act has done nothing but increase the cost of production instead of raising the purchasing

power. If this is so, not only has the N.I.R.A. suffered shipwreck in that it has not accomplished its aim, but in that event its failure assumes a more catastrophic character. It signifies that the N.I.R.A. has definitely weakened the recuperative powers of industry and has created a situation which is worse than that existing before."

In the opinion of English economists Roosevelt cannot prevent this catastrophe by energetically instituting open monetary inflation: "The mood created by the inflation would be one of *sauve qui peut* and the level of production, the disparity between agricultural and industrial prices, real wages—everything would get out of control in Washington and would be swallowed up by the vortex of inflation." Nor can he save the situation by renouncing inflation:

"Industrial, financial and business activity at the present moment is largely based upon the depreciation of the dollar, and therefore to proclaim a renunciation of the hoped-for immediate rise in prices would be tantamount to tightening the grip that is clutching industry, and the next session of Congress would meet under circumstances more gloomy than ever."

In *this* respect the English are right: the crisis and the speculation let loose to overcome it have taken on such forms that it is hard to tell which solution—inflation or its renunciation—is worse for the Americans. The English economists, however, find no difficulty in making a choice from their point of view: they counsel America to adopt the policy which will be the lesser evil for Great Britain . . . Sir Walter Layton wrote a special article in the American magazine, *Foreign Affairs*, entitled "After the Economic Conference." It was the aim of this article to intimate to the United States that although a policy of giving up inflation might mean a renunciation of hopes reposed in the N.I.R.A., it would prevent currency chaos on the world market in the case of open monetary inflation—a result which would be particularly ruinous for Great Britain. We may hazard the conjecture that Washington will hear what counsel London has to give, and then proceed to do the opposite.

But not only in America, but in all capitalist countries, even in the so-called "gold" countries, the "improvements" in the business situation betray a number of traits peculiar to inflation: they are the result of the application of means which like inflation are temporarily effective only to have a reaction inevitably follow upon their footsteps—a struggle which requires administration of stimulants in increasingly large doses.

The intensified financial war on the world market which has been declared in Roosevelt's

latest speech, will quickly make a breach in the first line of defence of the French franc — its deposits in American and British banks. When matters will have advanced far enough to call for a stand at the last line of defence of the franc, that is France's gold reserve, all opposition to inflation in France will quickly have melted away. As for Hitler Germany, one step in the direction of open inflation will suffice to hurl the mark down to abysmal depths due to the anarchic condition of Germany's finances.

On the foreign markets the inflationary character of the "revival" manifests itself in the form of foreign currency dumping* which is resorted to, not only by the countries which have gone off the gold standard, but also by those which like Germany, for instance, are still true to gold redemption on paper. This is proven in part by the tears shed by the French trust magnates on account of the cut-rate prices which Germany is quoting on the world market for iron and steel, products with which it crowds France even out of the Italian market.

It is a characteristic fact that the bourgeoisie of each country accuses that of other countries of intensifying the general crash of capitalist economy as a whole by its particular measures. Especially severe are the reproaches levelled at Roosevelt in this connection. On the occasion of the London Economic Conference not merely ordinary mortals, but even the English king himself admonished everyone who might impede the success of the conference that he would be answerable for the fate of mankind. Each imperialism deems its opponents responsible for the economic warfare. Each country accuses its competitor of disrupting the international money market, of countenancing all kinds of dumping, of setting up prohibitive tariffs, of practising "narrow" economic nationalism.

British statesmen and economists endeavour to represent matters as if overt economic aggression which stops short of nothing were the doleful privilege of American imperialism.

"The difference between our programme of emerging from the crisis and that of America consists in this," stated Montagu Norman, director of the Bank of England, "that we pursue the course of tried experience, while they are performing an experiment."

This is only a boast. The British bourgeoisie tries to picture matters as if its measures were directed toward "non-interference or toward aiding the operation of the recuperative forces which are beginning to manifest themselves in economy," while in reality Great Britain makes

* Invoicing bills in depreciated currency.—Ed.

the same convulsive efforts as United States and Germany to extricate itself from the crisis by means of political violence and economic adventures. Great Britain's "fortunate position" in the crisis in comparison with that of the United States—a circumstance which has been widely advertised by British economists—amounts to no more than saying that Great Britain, which even before the outbreak of the economic crisis was caught in the thralls of economic marasmus and decay, was now losing less foreign trade than other big capitalist countries. This may be further explained by the fact that, first, it had started on the course of depreciating the pound and introducing prohibitive tariffs which in their turn accelerated the general collapse of the world market; second, that having resorted to these measures sooner than others it has gained time at the expense of its rivals in the matter of engaging in foreign currency dumping and of closing markets to others; third, that with its markets secure, in consequence of its superior colonial power, it supports them to this day by the use of growing political violence and where this proves to be inadequate (as, for instance, in India, where Britain is increasing its share of trade at the expense of the United States, losing, however, at the same time to Japan), it endeavours to right its position by relying again upon its political monopoly; fourth, being the best customer in the world by reason of its unfavourable trade balance, it occupies a more favourable position on concluding bilateral contracts with its customers. All these advantages, which make Great Britain dependent in the long run upon the general position of world trade, upon payments, on its foreign investments, upon foreign raw materials, which even now develop into centrifugal forces in the Empire, will turn into a force which will spell catastrophe for it in proportion as the crisis sharpens, as the economic war develops and the revolutionary movements in the colonies grow.

Increasing disparity between supply and demand, working for stock, the mounting number of bankruptcies, concealed even more than open, the chase of the biggest monopolies for credits, including those specified to be non-repayable, i.e., subsidies which pillage the public coffers—all find their expression in credit inflation.

"In times of stringency," said Marx, "the demand after loan capital is a demand for means of payment and nothing else; it is by no means a demand for money as a means of payment . . . the demand for means of payment is a mere demand for convertibility into money, to the extent that the merchants and producers can offer good security; it is a demand for money-capital in so far as it is not this other, in other

words, so far as an advance of means of payment gives them not merely the form of money, but also the equivalent which they lack for making payment in whatever form" ("Capital," Vol. III., pp. 605-6, Kerr).

Under the conditions of the present sham "revival," merchants and producers who require loan-capital are unable to offer any "reliable" security. The state tries to surmount this difficulty by persuading the bankers to show the greatest possible "liberalism" in extending credit to enterprises. Roosevelt and his bank dictator, Jones, president of the Finance Reconstruction Corporation, goes so far in violating "the basic principle of sound banking policy" that he demands that the bankers close their eyes altogether to the absence of solvency in the case of their debtors. Schacht proceeds still more openly, directing his banks to hand out credits to industrialists entangled in a network of debts, and telling them to do so as a matter of fascist discipline. He pacifies them by informing them that payment will ultimately be made out of the government's purse. Similar plans projected to bridge the gap between extended production and a contracted market by the aid of artificial credit extension, credit inflation and so forth, Marx, in his works, called "so stupid that they ascribe to the banks the power and obligation, by means of issuing paper, to convert all bankrupt speculators into sound, financially responsible capitalists."

Credit inflation plus growing unproductive expenses in general, plus a shrinkage in state revenue, plus deficits in state and municipal budgets, plus, finally, preparation for war—all lead to a point where the *economic crisis is now manifesting itself most clearly in the form of a crisis of finances*. And we need not be surprised if, in the near future, the most feverish convulsions make themselves felt in the sphere of finance, primarily in those countries where, as in Germany and Japan, fascism and the fascist war cliques have succeeded only by artificial means—by means of bank swindles—in preventing a catastrophic fall in the price of securities. It is therefore readily understood that in the sphere of finance, and the international speculations connected with it, the interlocking interests of the imperialists of the various countries in preparing for war are revealed to-day more than ever. Thus, in Germany, the financial crash would have come much sooner if the Reichsbank had not recently acquired the Bank of England as its big-hearted backer. For the latter directed its private British banks to buy up German securities, both government and private. As for Japan, an airing of its secret but evidently sufficiently strong connections not only with the London banks but also with

those of Paris would disclose the participation not only of England but also of France in the war brigandage and "honourable" war designs of Japan much better than anything that has been published so far in the government press of either country.

Finally, the inflationary character of the business upswing strikes the working class and the toilers in general particularly hard, inasmuch as it is one of the acutest forms in which the bourgeoisie can attack the standard of living of the masses. The rise and cost of living lowers real wages to an extent that it would be impossible at present to achieve by cutting nominal wages alone. The promises made by the financial oligarchy to the farmers and peasants to guarantee high prices for farm products by means of legislation have already been unmasked as speculative deception which merely subserves the interests of the wheat kings, cotton kings, vegetable kings and so forth. The American farmer was promised a dollar a bushel for his wheat and more. There really was a moment when this price was touched, but it was gone before the farmer was able to avail himself of the opportunity. The leap which farm prices took was no boon to him. The "consummation devoutly to be wished for" never came, because at the very moment when this precipitate rise in prices occurred, the grain reserves on the market were cornered in the hands of the speculators. Now, when the farmers market their harvest, despite all promises by the government, there is a growth in the disparity between prices for agricultural commodities and the retail prices for the products which the farmers purchase. In France wheat prices have dropped 25 per cent. below the government-fixed level, but the peasants, on selling their grain, give receipts for prices in conformity with the law, that is, at a much higher level than they actually receive.

* * *

We have already noted the decisive rôle which preparation for war plays in the growth of the output of some branches of industry. Even the bourgeois press cannot conceal this rôle. The French organ, *L'Usine*, in its report on business conditions for September, where it speaks of the immediate prospects of the iron and steel industry and of engineering, defines them as "none too brilliant, in consequence of the fact that public works are coming to an end"; "only orders for 'national defence' which are at hand in every possible form, disclose comparatively moderate animation." In this way the Comité de Forges admits in its organ that it links its hopes for a revival to war orders. Similar statements in one form or another can be met with in the bourgeois economic press of every country. Recently the

American *Annalist* published a comparative table of the output of the three principal consumers of steel in July, 1933, and in May, 1930, that is, in those months when the production of steel was on a par. It appears that in 1930 the number of automobiles manufactured was 35 per cent. greater than in 1933; the building industry held five times as many contracts; carloadings were one and a half times as great. Thus these three branches of industry which absorb about half the steel produced required much less steel in July, 1933, than in May, 1930. Where did the steel go? The *Annalist* does not vouchsafe a direct answer to this question, but leads the reader to think of a fourth consumer who has not yet been mentioned—the war industry.

But more eloquent by far than all these hints are the facts which go to show how sensitively the iron, steel and chemical industries react to the slightest change in the international situation, if it tends to accelerate war. In such event quotations of war industrial shares display the greatest optimism and indicate what consumer capitalist industry has in mind, for what market it is getting ready in order to overcome the handicap of partly idle equipment. As for the "idle hands" that have to be taken into account, it holds out "splendid" prospects in case of war and speaks more frankly on the subject. The bourgeois governments and their ideologists endeavour to excel one another not only in the tempo of increasing armaments, but also in the organisation of forced labour and military training camps for the unemployed.

It would be a mistake to underestimate the enormous demand which the products of industry are now enjoying, and not only the products of war industry in the narrow sense of the word at that, which strengthened preparations for war present. In the first place, because in several countries new branches of the war industry are developing at a feverish pace. These demand new installations and machinery for their development. In other countries which were armed up to the teeth even before we witness a re-equipment, a modernisation of every kind of equipment which proceeds at a no less feverish pace. Equipment which is still quite new but which is "morally worn out" or "out of style" is cast aside as useless. Secondly, the upswing in the war industry cannot but give an impetus to increased output of those branches of industry which are directly connected with it, though such increase be exceedingly one-sided.

For in what sense may it be said that preparation for war and war itself create a market for capitalist industry and thus evoke a growth of industrial production? Only from the point of view of the capitalists themselves and of their

calculations, from the point of view of the financial magnates, for whom the growth of their own enrichment is equivalent to the restoration of the country's economy. But from the point of view of the general development of the productive forces of capitalist economy, pre-war and war-time growth of industry is a factor of tremendous destructive force. Under present conditions it is especially clear—and it is the task of the Communists in every country to make it quite clear to the masses—that the growth of the war industry is not only attended by, but actually calls forth, degradation in the whole of the country's economy.

* * *

But is it impossible for capitalism to "adapt itself" to a prolonged crisis; can it not suspend the extended production of its contradictions, once the hope of a "transition of the crisis to the stage of a depression" has been exploded? Can it not renounce in an "organised" manner the desire to expand production in general? This theory of a solution of the crisis by means of curtailing production and of adapting it to a shrunken market, and consequently of an unruffled happy existence of capitalism upon this narrowing basis, was advanced by bourgeois economists in the Expert Commission attached to the League of Nations, when a programme for the International Economic Conference in London was being worked out. It was pounced upon in an opportunist fashion by some economists in our Party who betray too great credulity in the writings of bourgeois economists. Did they really calculate that an "equilibrium can be established between the market and production" and that it is possible to retard the collapse of capitalist economy by having each entrepreneur separately set himself the "task" of "not exceeding the produced quantity of commodities, as there would be no chance of disposing of them"? Did they really think that the government would transfer in its entirety this benevolent principle of asceticism and self-limitation to international relations? Of course not. But precisely in the period when the international economic war is developing with particular sharpness and the predatory designs of monopolies are growing at the expense of the weaker links of capitalist economy, the reactionary utopia of the "organised curtailment of production," as "a lesson taught by the crisis," was the only possible platform for the bourgeoisie from which to preach "international collaboration" and "reconciliation of conflicting economic interests."

On the other hand, such a theory aimed at "justifying" the growth of chronic unemployment and the absence of all prospects of seeing it

reduced to any considerable extent. In a more overt form it was formulated by the "technocrats" especially in the latter stage of their development when after a short period of "storm and stress," the object of which was to call the attention of the public to them, they assumed the rôle of experts on "adapting the volume of production to the requirements of the market" on terms advantageous to the bourgeoisie.

The first signs of a speculative growth of production in individual branches of industry in individual countries confirmed the fact that, in connection with preparations for war and inflation, no codes of fair competition, so much advertised in the United States, no trustification forced by the state for the purpose of "organising" entire branches of industry, can compel individual monopolists to renounce their "sacred right" to produce at the first opportunity, however fleeting or illusory, as much as their hearts desire, with an eye not to the size of the market in general, but merely to that part of the market which they strive to seize for themselves. No appeals to moderation, if there were any such—and the fact is that at the first temptation this voice counseling well-wishing abstention hushes up altogether—could stop the rise in steel production, in the manufacture of cotton fabrics and so forth in the United States, not because there was any demand for them on the market, but because the manufacturers had reason to expect a temporary rise in the price of their products. No super-monopolies, which, as we all know, are stronger in the steel industry of the United States than in any other industrial branch of any country, could prevent outsiders, that is, firms operating outside of these monopolies, from running ahead and raising their quota of production, thus instigating also the "organised monopolies" to produce for stock, to engage in competitive warfare and thereby display organisation and unity in the only way possible—namely, their joint attack upon the workers. The same phenomenon attended the slightest rise in production in other countries. We shall not even mention the fact that the London Conference, which was steering for an amicable restriction of production on an international scale, became a factor for intensifying the economic war in all its forms.

* * *

The anti-crisis policy of monopolist capitalism in the entire bourgeois world, in fascist lands as well as in the lands of "bourgeois democracy," is based upon the growing offensive against the standard of living of the working masses and of the peasantry. This becomes especially clear to all toilers because of the growth of frenzied exploitation even in those branches of industry,

especially war industry, in which the growth of production enhances the profit of the employers and is stated by them to be an index of the general "revival" of economy.

To cut to the bone the share of the working class in the national income, to strike out the "unproductive" expenditures incurred for aiding the unemployed out of government or municipal funds—such is the social programme on the labour question of the states that are fascist or becoming fascist. To attain this goal, monopoly capital has, during the last year strengthened the old methods of exploitation and is putting new methods into effect. To this end the bourgeoisie applies violence without stint in various forms and makes use of new demagogic camouflage.

Coupled with the lowering of the nominal wages, which is already becoming insufficiently effective both in consequence of the exceedingly low level of pay and the resistance of the workers, there is a deep-going slash of real wages. Prices of prime necessities rise; the cost of living is mounting. The bourgeoisie is aiming at this both by inflation and by restricting the import of food products, by fixing retail prices for the most important of these products, etc. Seeing what inexhaustible possibilities in this respect are offered to them by inflation, the employers are not loath in isolated cases to fix a "minimum" wage even in contractual form (U.S.A.). The purpose here is in this way to make certain that real wages will fall progressively; in other cases they cut wages in individual enterprises; thirdly and finally the employers have open recourse to wage cuts in an entire industry (England). In all these instances states that are fascised or are becoming fascised establish at the factories conditions of war-time penal servitude, accelerate the organisation of the entrepreneurs in militant unions directed against the workers and outlaw strikes.

Intensification of labour grows increasingly greater and is not only not stopped but abetted by the abundance of labour power, by the existence of a greater number of unemployed workers. With technical progress exceedingly retarded by monopolies, the frenzied intensification of labour is the *basic content of crisis rationalisation*. For the purpose of exerting pressure on wages the employers utilise not only unemployment, but also the presence of part-time workers at the enterprise itself, distributing work in such a manner as to "make use of" the weekly labour power of each one of the workers for the period of a few days. The renewal of equipment at the enterprises which is taking place, with the exception of those cases when this is found to be necessary for the introduction of new technical processes, primarily in the war industry, reduces itself, at

bottom, not to a rise in the productivity of labour, but to the creation of the technical possibilities of screwing up its intensity, that is, intensifying the exploitation of the workers. This is attested to with special conviction by the "prosperity" now witnessed at the expense of the workers in individual branches of industry in individual countries. The most striking instances of this may be seen in Japan, where the Japanese textile industry lowers its cost of production to such an extent that it emerges victorious on the world market. But Japan is no exception in this respect. A number of strikes in the United States, in France and other countries of late were directly aimed against the terrific and intolerable drive against the workers to intensify their labour (textile strike in Armentières, textile workers' and needle workers' strike in various states of the U.S.A., etc.). The protests of the workers against the intensification of labour in the war factories are prevented or nipped in the bud only thanks to the use of war-time terror. This frenzied drive to intensify labour shows the masses of workers what a "revival" of industry, which the bourgeoisie promises them in case of war, would bring them.

Simultaneously with the growing exploitation of the employed workers, the bourgeoisie of all countries is steering definitely toward the actual abolition of social insurance, especially unemployment insurance, in some countries, against its introduction in other countries and against every other form of aid to the unemployed. Launching the slogan "Help those at work, not those out of work," the bourgeoisie endeavours to reduce the standard of living of those employed to the starvation level of the unemployed during the first years of the crisis. The abolition of aid to the unemployed takes the following forms: (a) The extensive application of forced labour; (b) Various forms of "sharing work," going as far as the so-called shortening of the working week.

There is no need to prove that "the general attack upon unemployment," of which Hitler speaks, that "the drive against unemployment," of which Roosevelt speaks, the programme of procuring work of which we hear in other countries, all signify in the first place that unemployment relief will be reduced to a minimum with the object of stopping all aid to the unemployed. At the same time all forms of forced labour: "public works," which are being organised to take the place of paid relief benefits to the unemployed, works which are organised in the main by municipalities and participation in which is compulsory for the unemployed who receive any kind of benefits—in most instances gruel or a check exchange-

able for gruel; "voluntary" labour duty is performed in camps to which primarily the youth is driven by hunger, and which are set up by the governments of those countries primarily where there is no compulsory military service—finally, compulsory labour service — all these forms of penal servitude for the unemployed are utilised by the employers to lower wages in both agriculture and industry. Being one of the most merciless forms of attack upon the living standard of both employed and unemployed, compulsory labour, according to the schemes of the bourgeoisie ought to be a means of stirring up enmity between these two sections of the working class.

Finally, the introduction at the enterprises of the "short" week pursues the same goal, which is said to be "the inclusion in the production process of the greatest number of unemployed," whereas in reality its aim is to distribute the falling total of wages paid on "just" principles between those at work and those out of work, that is, "distributing starvation on an even basis between them." The short working week is, above all, a starvation week, as in most instances it is accompanied by a corresponding direct cut in the nominal wage.

Of decisive importance in characterising the revolutionary upsurge is undoubtedly the following circumstance: in conditions when the bourgeoisie in a number of countries has taken to forms of open civil war against the working class, when in all countries it mobilises all means of violence to exert economic pressure upon the standard of living of the toilers, the world revolutionary crisis is in the ascendant. In estimating *the new revolutionary upsurge commencing in Germany*, the decisive point to bear in mind is the fact that the most cruel and unbridled terror proved powerless to smash the proletariat, to crush the Communist Party, that ferment is intensifying at the factories, likewise among the unemployed in the forced labour camps; that strikes (in the Rhenish-Westphalian districts) and revolutionary activities (demonstrations in Berlin and so forth) are starting; that the Communist Party heads this struggle and is drawing to itself the Social-Democratic and unemployed workers with increasing success, preparing the armed overthrow of the fascist dictatorship. In order to estimate the strike struggle of the miners, for instance (U.S.A.) we must take into account that it developed already *after* the entire Rooseveltian system of demagoguery had been set afoot, combined with the use of violence to tie the workers hand and foot and convince them that to strike while the N.I.R.A. is on the statute books is "treason to the national cause"; the American strikes have

shown that even in the U.S.A. where the Communist Party has only weak contacts in enterprises, the bourgeoisie despite the same opportune prognoses of certain pessimists proved incapable of "sweeping the revolutionary vanguard out of its enterprises."

The factory, the mill, the pit, can, and must, be converted into fortresses of Communism.

The fact that in not a single country where there was a developing strike movement did the bourgeoisie and the social-fascists succeed, even after the application of anti-crisis measures of monopolist capital (Poland, Great Britain) in making use of the unemployed as strikebreakers, despite the fact that "public works" have this object in view, coupled with the short working week, goes to show how far the opportunist prognoses of some sceptics fell short of the truth when they asserted that "the working class is being split more and more into two camps: those employed and those unemployed," that "the chasm between the position of the unemployed and that of the employed workers is becoming larger and larger . . ."

This relapse into right opportunist underestimation of the ripening of the internal contradictions and of the intensification of the class struggle in capitalist countries can only lead to an underestimation of the tempo of the ripening of the revolutionary crisis. Moreover, it leads to a capitulatory conclusion concerning the impossibility of finding a way out of the position of the proletariat, to the conclusion which is in most violent contradiction to the growing world revolutionary crisis.

At the Sixteenth Congress of the C.P.S.U. Comrade Stalin in characterising "the position as regards the basic contradictions of world capitalism, sharpened to the extreme as a result of the world economic crisis," came to the following general conclusion:

"What do all these facts show?"

That the stabilisation of capitalism is coming to an end.

That the revival of the revolutionary movement of the masses will develop with new force.

That the world economic crisis will in a number of countries grow into a political crisis.

And this means, in the first place, that the bourgeoisie will seek a way out of the situation in further fascisation in the sphere of internal policy and utilise all the forces of reaction for this purpose, including Social-Democracy.

It means, secondly, that the bourgeoisie will seek a way out through a new imperialist war and intervention, in the sphere of external policy.

It means, finally, that the proletariat, fight-

ing capitalist exploitation and the war danger, will seek a way out through revolution." Life has fully confirmed this prognosis. The world has come to the very brink of a new cycle of revolutions and wars. The bourgeoisie is seeking a way out through fascism and war. The proletariat, fighting capitalist exploitation, fascism

and the war danger, mobilises its forces for the revolutionary way out of the crisis.

The world revolutionary crisis is ripening. The question of power, of fighting for the power of the Soviets, for the dictatorship of the proletariat, is on the order of the day.

JAPAN AS A NEW FACTOR IN THE IMPERIALIST STRUGGLE FOR SOUTH AMERICA AND THE CARIBBEAN COUNTRIES

By G. SINANI.

THE deepening of the world economic crisis and the end of the partial stabilisation have brought about a tremendous intensification in the struggle among the imperialist powers in the colonial and semi-colonial countries. The struggle for the repartitioning of the world is growing continually sharper, continually more intense, and is leading more and more directly to a transformation of imperialist contradictions into an imperialist world war. The extension of colonial monopolies and semi-colonial spheres of influence, and the converting of these spheres of influence into colonial monopolies (Manchuria), are becoming a more and more important feature in the imperialist struggle for a capitalist way out of the crisis. From this standpoint the imperialist struggle for South America and the Caribbean countries is extremely interesting.

Its significance lies not only in the fact that South America and the Caribbean countries constitute one of the prime objects of semi-colonial exploitation, but also in the fact that the struggle for this part of the world is being waged by the most outstanding predatory powers of modern imperialism—England and the United States.

The new factors in the struggle for South America and the Caribbean countries are first of all, the increasing intensity of this struggle and the more and more aggressive attacks of Yankee imperialism on the British positions, both by means of economic pressure, and by the method of utilising cliques of the local ruling classes. The attention which the United States devoted to extending and strengthening its positions in South America and the Caribbean countries was very greatly intensified following the collapse of the London Economic Conference. This is but a continuation and development of the old tendency, which was quite unmistakable even before the world economic crisis set in.

The second new factor in the imperialist struggle for South America and the Caribbean countries is expressed in the fact that Japan is taking a more and more active part in this struggle, in some countries opposing the United States, in others opposing England.

Thus imperialist rivalry in South America and the Caribbean countries serves as a direct spur not only to the development of the Anglo-American struggle for world hegemony, but also to the struggle between the United States and Japan for the markets of the Pacific, which at the present juncture is so fraught with war.

The Pacific problem is assuming ever greater dimensions, and is by no means limited to the struggle for the countries of the Far East. The Japanese-American contradictions, which have become extremely acute during recent years in the western regions of the Pacific, have been supplemented now by the conflicts on its south-western borders, namely, in the countries of South America and the Caribbean.

This expansion of Japanese imperialism, which at first glance may appear somewhat unexpected, was possible only under conditions of severe economic crisis, under considerably altered conditions of struggle between the predatory imperialist powers. Of decisive importance in this connection was the fact that the world economic crisis tied up the export of capital and practically reduced it to nil.

The world economic crisis threw capitalism far back, to the beginning of the twentieth century and the end of the nineteenth century, not merely in regard to the output of a number of basic products in some of the leading industrial countries. This setback is expressed also in the fact that, at the present time, the struggle for markets, which, when imperialism is not undergoing a crisis, is inseparably bound up with the struggle for the

export of capital, is again becoming more and more an independent factor in itself.

Imperialism, of course, does not in any sense cease to be imperialism. Under the blows of the crisis, along with the bankruptcies occurring in the imperialist countries, there is a marked accentuation of certain processes leading to the further development of monopolies, the interlacing of industrial and finance capital, to the further subordination of the government to the control of the big capitalist monopolies, and to a simultaneous increase in the interference by the government in economic life, an interference bearing the character of preparation for imperialist war. But at the same time, with regard to the mutual relationship between the export of capital and the export of goods, even the biggest imperialist countries have now been thrown back to the conditions of pre-monopoly capitalism.

With the tremendous cutting down of world markets, the struggle among imperialist powers for colonial and semi-colonial countries as markets is now becoming particularly acute. And at the same time, this very fact, with the great lowering of the standard of living of the proletariat in capitalist countries, opens up for some imperialist countries, Japan in particular, unprecedented possibilities of competition with imperialist rivals.

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South America and the Caribbean countries constitute a vast field for the investment of capital. The sum total of imperialist investments in these countries amounts to 14-15 billion dollars, six billion dollars of which have been invested by England and the United States. Japanese investments have been quite insignificant, hardly more than a few hundred million yen. Japanese investments have been directed primarily to retail trade (Mexico, Peru and Brazil) and have played no rôle of any importance in a single South American or Caribbean country.

It is easy to see that, *basically*, the dominating rôle of this or that imperialist power in general capital investments and foreign loans to one or another South American or Caribbean country was determined not only by the destination of its exports, but particularly and above all by the source of its imports (the destination of exports is not of such vital importance to ruling foreign finance capital as the source of imports). At the present time this situation has considerably altered. The world economic crisis, leading to a tremendous cutting down of the markets of the big imperialist countries importing agricultural products and mineral ore from South American and Caribbean countries, forces them to be continually seeking new markets. At the same time,

the almost complete cessation of new foreign investments and loans affords greater possibilities — only slightly greater, of course — for South American trade to direct its course to other markets. The world economic crisis, far from weakening the semi-colonial dependence of the South American and Caribbean countries, is increasing this dependence. At the same time it is providing the ruling classes of these countries and their governments with greater manoeuvring possibilities in dealing with this or that imperialist power, and is enabling the various bourgeois and landlord cliques to utilise the sharpening struggle being waged by the imperialist powers more advantageously. These factors have been brought out quite clearly, for example, in the foreign policy of Argentine and Brazil during the crisis.

It is these very changes which have produced a considerably more favourable situation, than at any time previous to the crisis, for the penetration of South American and Caribbean countries by Japanese imperialism.

The financial weakness of Japan and the gigantic capital investments of England and the United States in South American and Caribbean countries, have hitherto prevented this country from becoming a competitor of any importance in the financial conquest of South America and the Caribbean countries. The import of capital, as a rule, brought with it a strengthening of ties in the field of foreign trade. The world economic crisis put a stop to the export of capital and tied up a great portion of the capital which had already been invested, thus undermining one of the vital levers in the concentration of the foreign trade of the South American and Caribbean countries in the hands of British and American finance capital. New possibilities were thus opened for Japan.

The economic crisis, with its sharp drop in prices of raw materials from the colonies and the tremendous cutting down of the market for these raw materials, is forcing the South American and Caribbean countries to make feverish attempts to take advantage of every opportunity which presents itself for even a slight expansion of their exports.

But in the present situation, Japan, in its "state of war," has proved to be the only country in a position to increase its imports from a number of South American and Caribbean countries.

And, finally, as will be pointed out in greater detail further on, the offensive which British imperialism has launched in its Asiatic possessions against Japanese dumping, based on a 60

per cent. fall of the yen and outrageous exploitation of the Japanese working class, is spurring Japanese imperialism to work for the strengthening of its positions in South America and the Caribbean countries.

These are the main economic factors which have led Japan to launch out on an expansion of her positions in the markets of South America and the Caribbean countries.

There is no doubt that this increased interest of Japan in South American and Caribbean countries, particularly those bordering on the Pacific, is determined not only by economic, but also by political and strategic considerations.

South American and the Caribbean countries constitute the main colonial periphery of the United States. American investments in these countries amount to 6 billion dollars, and before the crisis these countries furnished one-fourth (25.6 per cent.) of American imports and absorbed almost one-fifth (17.9 per cent.) of American exports. Any blow aimed at American positions in these countries is all in Japan's favour. By no means is the truth of this statement limited to the economic field. By thus strengthening and extending its contacts with various cliques of the local ruling classes, Japan is putting itself in a position to utilise them for a political, and possibly even a military, offensive against the United States, and especially against the vassal states of American imperialism. We have an example of the latter in Japan's tactics in stirring up the Peru-Columbia conflict. Japan's aim here is to provide a possibility in the event of war for creating great complications for American imperialism in the region of the Panama Canal, which is the key to the power and manoeuvring capacity of the American fleet. With this in view it is already establishing positions in these countries in order to organise and lead the "national liberation" movement against the United States.

And, finally, the South American and Caribbean countries bordering on the Pacific, especially Peru, can play an outstanding rôle as auxiliary bases for cruiser operations of the Japanese fleet. There is no doubt that the shores and islands of Peru and Ecuador are advantageously situated for operations of big Japanese submarines against American communications in the Panama Canal itself—at least in the matter of fuel and food supply and pleasure trips.

These are the main possibilities which the development of the crisis offers to Japan in South America and the Caribbean countries—these are her interests.

Japanese imperialism is doing everything in its

power to take advantage of these possibilities, and extend its positions and influence.

Here are a few concrete facts relating to the strengthening of the economic ties between Japan and the South American and Caribbean countries.

The robber war in Manchuria and the preparations for a new imperialist war, above all, a counter-revolutionary war against the Soviet Union, have increased the demand in Japan for goods directly related to the development of the war industry and supplies for the army. Thus, there has been an increase in the export of saltpetre, copper and oil from Chile, cotton from Peru and Brazil, and fresh and canned meat from Argentine and Uruguay.

A special trade delegation was sent to Argentine, which acquired and put into operation a number of meat-packing plants which had been shut down. Several other meat-packing plants are engaged in filling Japanese orders. A special Japanese shipping company has been organised, called the "La Plata Maru," for the transportation of goods between Japan and Argentina. Negotiations are now being conducted in Uruguay for the formation of a similar company there.

In answer to England's renunciation of the agreement relating to the exporting of cotton from India by Japan, the Japanese shipping companies have made a sharp reduction in the rates for transporting cotton from Brazil to Japan. Correspondents of Brazilian newspapers, who have gone to Japan especially for the purpose, are now carrying on widespread propaganda for Brazilian cotton, and are meeting with favourable response by the Japanese press (see, for example, the "Japan Advertiser" for August). Last year the Japanese Ambassador to Brazil took a trip to Sao Paulo (the chief anti-American centre in Brazil), to ascertain the commercial possibilities with regard to cotton and coffee. In the north-eastern region of Brazil, especially in the state of Para, we find enlivened activity in the Japanese concessions (cotton and tobacco raising, magnesium and coal mining). These concessions border on American concessions, especially the famous Ford concession. Moreover, new concessions are being acquired by Japan. At the present time Brazil is carrying on negotiations with Japanese shipping companies regarding the construction of thirty battleships, including three cruisers and nine destroyers, the building of which is to be paid for to a great extent in the form of shipments of coffee, manganese and other products.

According to the Japanese Agency, "Rengo" ("Japan Advertiser" of September 5th), this pro-

posal has met with favourable response from the shipping companies, and a special conference of their representatives was called on September 23rd to discuss the matter (the results of this conference are not yet known). Thus it is that Brazil, the centre of a bitter Anglo-American struggle, in which the United States has now succeeded in getting the upper hand, is coming also to be a centre for the growing interest of Japan. There can hardly be any question of Japan's readiness in Brazil to ally itself with the anti-American, pro-British bourgeois and landlord cliques for joint struggle against the growing influence of the United States. This was made sufficiently clear by the visit of the Japanese Ambassador to Sao Paulo, which was undoubtedly of political significance.

Of very great interest are Japan's plans for expanding its trade with Argentine. Threatened with the loss of its textile markets in the Asiatic colonies of England in connection with the prohibitive measures adopted by the latter, Japan is seeking an opportunity for increasing its textile exports in the South American and Caribbean countries, especially Argentina. At the present time—according to the figures for the first half of 1933—the export of textiles from Japan to Chile has increased by 283 per cent. and to Argentine by 186 per cent., as compared with the same period for 1932, which is considerably above the general increase in Japanese textile exports, namely, 27 per cent. (Trans-Pacific). As yet, this amount is not so large in absolute figures—Argentina occupies tenth place in the export of manufactured goods from Japan (17 million meters for six months), which is far behind British India (269 million meters), Dutch West Indies (182 million meters), Egypt (104 million meters) and China (70 million meters). But with the prohibition of the export of gold and foreign currency from Argentina, the goods shipped to Argentina from Japan have to be paid for in the form of a corresponding increase of Japanese imports from Argentina. It is with this in view that Japanese textile companies are proposing to transfer to Argentina its wool orders, which are usually placed in Australia, and which constitute the bulk of Australian exports to Japan (84.2 million yen out of 134.2 million's worth of Japanese imports from Australia for 1932—"Japan Advertiser," of August 15th of this year.)

At the present time a trade mission, made up of representatives of all the big cotton manufacturing firms of Japan, has been sent to Argentina to work out these plans in detail and conclude agreements. At the same time preparatory steps are being taken to convert a number of Japanese silk mills into woollen mills (two of these are

already operating with Argentine wool).

Thus, in answer to the repressive measures adopted by British imperialism against Japanese dumping, Japan is organising an offensive against the export of British textiles to Argentina, and at the same time aiming to undermine the foreign trade of Australia. "It is easy to see," writes the "Japan Advertiser," "that every pound of wool bought in Argentina as payment for our cotton goods is a blow to British imperialism." Similar measures are now being contemplated by Japanese firms and the Japanese press with regard to Uruguay (see "Japan Advertiser" of September 9th).

At the present time it is difficult to ascertain just how far these plans of the Japanese imperialists are being carried out. They would involve a market reduction in the export of textile goods to Australia, whereas for six months in 1933 it was 29 million meters, i.e., 12 million meters more than the export to Argentina.

But, in any case, there can be no doubt that Japanese imperialism is extremely active in Argentina and Uruguay (meat-packing, textiles, shipping companies), and has drawn up extensive plans, aimed primarily against British imperialism. "The countries which will lose are naturally those which have been supplying Japan with raw materials—above all, the countries of the British Empire," writes "France Pacifique" of September 7th. For the fulfilment of these elaborate plans of Japanese imperialism it is proposed to organise a big monopoly, with branches in all South American and Caribbean countries.

Most careful attention should be paid also to Japan's efforts to strengthen its economic ties and political influence in Peru, the strategic importance of which has already been mentioned above, and in the retail trade in the big harbour cities, over which Japanese capital has almost a complete monopoly.

During the Peru-Columbia conflict, which led to war, Japan made every effort to support Peru against Columbia, in so far as this support created serious difficulties for the policy of the United States government and undermined its influence. In the League of Nations Japan refused to join in the condemnation of Peru. It issued a small war loan to Peru and supplied it with armaments. At the present time it is increasing its cotton imports from Peru, as well as its imports of cement (for irrigation purposes). Of very great significance also is the arrival of the Peruvian military mission in Japan. This mission even visited Manchuria, where it presented General Araki with the highest Peruvian order, and was most cordially received by the Japanese press.

And finally, there have been reports just lately

that Japan has acquired from Chile the island of Paskha, situated in the Pacific Ocean, and suitable as a distant naval base.

* * *

Argentina, Brazil and Peru—these are, at the present moment, the chief centres for the expansion of Japanese imperialism in South America and the Caribbean countries. In all these countries the investments of Japanese capital are absolutely insignificant as compared with British and American investments. But it is precisely at the present time, when markets are becoming a more and more vital necessity for imperialism, and when the struggle for markets is sharpening and leading to more and more tense conflicts, that trade is coming to occupy such a tremendously important place. The ruling classes and governments of these countries are already coming to look upon the increased trade with Japan as one of the chief means for overcoming the crisis. On the other hand, the sharp drop in imports in all South American and Caribbean countries means that every increase in Japanese trade will lead to a new sharpening of the struggle of the imperialist powers for their markets.

Argentina, Brazil and Peru (and also Chile) are the very countries of South America where Anglo-American rivalry is most tense. Now Japan has appeared upon the scene, as a politically independent and extremely important factor in the imperialist struggle. It is already coming out now against one of the "traditional" rivals, now against the other, and in the different countries will of course back sometimes one, sometimes the other, *though its main blows are unquestionably directed against the United States*. Thus Japan's appearance on the scene *means a new sharpening of imperialist antagonisms*, the prospect of a new series of governmental upheavals, and the growing threat of new South American wars.

At the present time the United States is feverishly preparing for the organisational consolidation of its political and economic positions in South America and the Caribbean countries. In December the regular Pan-American congress is to be held in Montevideo, with the participation of all American countries except Canada, which, however, will very likely attend in the capacity of "observer." The United States is already attempting to conclude trade agreements with Argentina, Brazil and Columbia, which would guarantee a considerable increase of its trade with these countries, and would consolidate the position of the United States at the Congress. At this Congress, as at all imperialist congresses, the centre of gravity, of course, will not lie in the open sessions, but in the conversations of the

diplomats, conducted behind the scenes. Quite characteristic is the feeler put out by American diplomacy, as expressed in the proposal made by the Mexican President, Rodriguez, before the Mexican Congress on September 1st of this year, namely, that the United States and Mexico should take upon themselves the initiative for the establishment of an American "League of Nations," to include *all* South American and Caribbean countries.

Mexico, with whom the United States last year concluded a military agreement, is becoming more the diplomatic mouthpiece of the United States wherever South American or Caribbean countries are concerned. It was Mexico which, unquestionably under the influence of the United States, turned recently to Argentina, Brazil and Chile with a proposal for joint action, recommending that Cuba should not encroach on foreign property, existing agreements or the rights of foreigners. (The only country to respond to this appeal was Chile.) It is Mexico which has now opened negotiations with Japan for the revision of the commercial treaty of 1925, according to which the principle of the most favoured nation was mutually agreed upon, and the Japanese were granted exceptionally broad citizenship rights, putting Japanese subjects in Mexico on a par with Mexican citizens in matters related to leaving the country, commercial activities, acquirement of landed property, etc. It is perfectly clear that this was done under pressure from the United States, as an answer to Japan's attempts to extend its trade with Mexico.

Now it is Mexico which is coming forward with the initiative for the establishment of an "American League of Nations," i.e., the organised political consolidation of the leading rôle of the United States on the American hemisphere. There is no doubt whatever that this proposal has very slight chance of success. It is bound to run into resistance on the part of England behind the scenes, and now that of Japan as well. The official mouthpiece of this resistance is evidently Argentina.

* * *

The imperialist struggle in South America and the Caribbean countries is growing more acute. Besides England and the United States, which are competing for monopolist "rights" in the exploitation of the South American and Caribbean countries, there is now Japan. It is here that Japan hopes to find compensation for the losses it has suffered in British-Asiatic markets, and at the same time deal a blow to British imperialism in South American markets. Its appearance as a new factor in international quarrels inevitably

leads not only to its struggle with its old rivals for imperialist hegemony, but also to a new sharpening of Anglo-American rivalry.

From the standpoint of the development of world relationships this means the formation of new centres of bitter imperialist antagonisms and a new hastening of new imperialist world wars.

If we consider the increasing activity of Japanese imperialism in South America and the Caribbean countries from the standpoint of the development of events in these countries, we can foresee a new sharpening of the struggle of the various cliques in the camp of the ruling classes, a new series of governmental upheavals, and a growing danger of new South American wars. The proletariat and the Communist Parties of

South American and Caribbean countries must be ready to take advantage of this intensification of the struggle in the camp of the ruling classes and imperialism in order to overthrow the dictatorship of the landlords, the bourgeoisie and imperialism and establish a revolutionary democratic dictatorship of the proletariat and peasantry. The formation of soviets in Chile in July, 1932, and the revolution which is developing at the present time in Cuba, show that the working class and peasantry of South America and the Caribbean countries are faced with great revolutionary battles, the outcome of which will depend primarily on the strength, capabilities, activity and correct policy of the Communist Parties.

THE ECONOMIC WAR POLICY OF BRITISH IMPERIALISM

THE economic policy of British imperialism has undergone a basic transformation since the collapse of 1931. The decline of British imperialism has not been checked; on the contrary, the absolute decline is greater than ever, despite a slight advance in Britain's relative world economic position as compared with other powers. If before Britain's policy in the face of the decline was passive, conservative and attempted only to restore the pre-war conditions of international stabilisation, it has now evolved to a new aggressive, offensive policy consciously accepting the breakdown of the old order and the failure of attempts at stabilisation. With this new policy British imperialism has entered on the path of economic isolationism, as expressed in tariffs, the closed empire and the "sterling bloc," to build up its world power on a new basis in the conditions of destructive economic warfare and furious preparation for a new world imperialist war. This transformation of the rôle of British imperialism, previously one of the factors in the partial stabilisation of capitalism characterises and conditions, together with other factors, the inevitability of an ever more rapid transition of the capitalist world into a new round of wars and revolutions.

I.—THE TURNING POINT OF 1931.

The collapse of September, 1931, marks the turning point of the post-war development of British imperialism.

Up to 1931 the effort of British imperialism was

directed to the restoration of the pre-war system, of the international financial leadership of London, of the gold standard, of the full gold value of the pound.

This was the reflection of the British position and interests as the principal world creditor, the traditional international, financial centre, the centre of the empire, with ever-higher imports diminishingly paid for by exports, and with relatively declining exports and industry for over half a century.

In 1929 British overseas tribute of interest on exported capital and financial commissions amounted to £330 millions as against a corresponding net income for the United States of \$565 millions or £113 millions. Over 40 per cent. of British imports were not paid for by exports of goods. British imperialism was the classic example of the most advanced, most parasitic imperialism.

Under these conditions the aim of British imperialism after the war to re-establish the full gold value of the pound and international financial stability was obvious. To this aim the policy of the decade after the war was directed, both in respect of economic policy (deflation) and foreign policy ("co-operation" with the United States, "restoration of Europe"). In 1925 the gold standard was re-established. For six years it was maintained. This policy was pressed forward, despite the continuous decline of industry since 1920, heavily affected by the adverse effects of the doubling of all deadweight burdens, includ-

ing the national debt of £8,000 millions. The attempt to retrieve this was made by successive offensives against the standards of the workers; but this policy of robbing the workers, which was very widely practised, could not alone check the decline. The basic industries and exports went down; but rentier income and foreign tribute was maintained at a high point.

This system could not be maintained. Its growing weakness was visible before the world crisis. The world crisis gave it its final blow. The crash was inevitable through two basic causes.

First, the decline of the world tribute in consequence of the world crisis and growing insolvency of debtor countries. Net overseas income from interest on exported capital, financial commissions, etc., fell from £330 millions in 1929 to £290 millions in 1930, to £210 millions in 1931, and to £185 millions in 1932.

Second, the decline of industry and exports, which could no longer cover even the necessary proportion of imports or provide new capital for export. Exports fell from £729 millions in 1929 to £571 millions in 1930 and £391 millions in 1931.

Thus, on the one hand, the overseas tribute to cover imports was going down. On the other hand, the export of goods to pay for the balance was equally going down. This inevitably meant the decrease of the net credit balance for the new export of capital, and finally a net debit balance.

By 1930 the net credit balance had fallen to £28 millions. In 1931 there was a net debit balance of £104 millions. The pound crashed.

British capitalist policy had to enter on a new stage. The political expression of this new stage was the formation of the National Government.

2.—THE NEW POLICY—TARIFFS, THE CLOSED EMPIRE AND THE STERLING BLOC.

A complete transformation of policy had now to take place. British capitalism was entering on a fight for its existence.

The preparation of this transformation had already been visible in the Bankers' Memorandum of 1930. Four years previously, in 1926, the majority of bankers had signed a memorandum in favour of the extension of international free trade. In 1930 the majority of leading bankers now signed a memorandum declaring that "bitter experience" had proved the failure of this policy, and that the only line forward in present world conditions was that of economic isolation on the basis of the empire:

"While we retain the hope of an ultimate extension of the area of free trade throughout the world, we believe that the immediate step

for securing and extending the market for British goods lies in reciprocal trade agreements between the nations constituting the British Empire.

"As a condition of securing these agreements, Great Britain must retain her open market for all Empire products, while being prepared to impose duties on all imports from all other countries."

The leading industrialists, and their organ, the Federation of British Industries, had long called for a policy in this direction, and pressed their criticism of the monetary policy associated with the maintenance of the gold standard as injurious to industrial interests. But now the central bankers, the traditional spokesmen of free trade, were joining with them.

The crash of the pound brought the issue to a head. The maintenance of the pound at its old value could no longer be in question. Losses on exported capital and overseas tribute had to be compensated in other ways. The drive must be to industrial and trade expansion, to using the devaluated pound as a stimulus to exports, and to using tariffs as a check on imports and as a means to increase exports through monopolist agreements with the Dominions and other countries and closing in of the markets of the empire. This became the new direction of policy.

The industrialists hailed the new line with acclamation. Sir Henri Deterding declared through the "Times":

"I am convinced that every business man who gives the matter full and undivided attention will come to the same conclusion, that there is something better than gold—namely, trade . . . To my mind the question before many of the countries throughout the world today is: Which is it to be—gold without trade or, if need be, trade without gold? To the industrial mind, and therefore to the practical mind, the answer must be in favour of trade irrespective of gold." ("Times," 22.10.31.)

To the Director of the Bank of England, Sir Basil Blackett, the situation opened up the possibility of an independent economy and liberation from servitude to the United States and France:

"If by sacrificing stability of exchange this country could be made master of its own economic destiny, not dragged at the wheels of the chariot of the Federal Reserve System of the U.S.A. or the Bank of France . . . the alternative of a managed sterling currency system was at least worth examining." ("Times," 22.10.31.)

He held out the prospect of an "Imperial currency standard" binding together the Empire in isolation from any world standard:

"It was possible to conceive of an Imperial currency authority far more easily than a world currency authority."

In the same way Professor Cassel, the Swedish economist in close contact with British finance-capital, who had previously been in the forefront of advocating the return to the gold standard throughout the world when this had been the line of British capitalism, now proclaimed the opposite:

"We must take into consideration the possibility that the necessary conditions will never be fulfilled, and that a return to the gold standard will prove impossible."

He accordingly advocated:

"A paper £ as World Standard. London must take the lead." ("Daily Telegraph," 4.12.31.)

All these expressions from the period of the crash in the concluding months of 1931, through the form of a discussion of the gold standard and possible alternatives, express in fact the passing over from the line of international stabilisation to the line of the fight of British finance-capital to organise and fortify its monopolist bloc in the conditions of the end of comparative stabilisation of capitalism, and of an acute sharpening of economic warfare and the transition to a new round of revolutions and wars.

The weapons with which British finance-capital proposed to conduct this fight were six:

First, the devaluated and unstabilised pound to subsidise British industry and conduct a world trade offensive against the rivals on the gold standard, especially the United States, France and Germany.

Second, the government (and banks) to subsidise the industries most important in the preparation of imperialist war and counter-revolution against the U.S.S.R.

Third, tariffs, not only to secure monopolist hold of the home market, but also to strengthen the world trade offensive by monopolist agreements with other countries, and as a basis to secure agreements with the Dominions.

Fourth, the closed Empire on the basis of agreements with the Dominions.

Fifth, the "sterling bloc" or endeavour to draw a wider range of countries than the empire into the British orbit on the basis of the sterling standard.

Sixth, reduction of the cost of commodities by a further attack on the workers' wages, an extreme intensification of labour, inflation—an attempt to bring down the living standard of the workers to a level similar to that of Japanese proletarians and colonial slaves.

3.—SUCCESSSES AND FAILURES OF THE NEW POLICY.

It is now two years since the formation of the National Government and entry on the new line of policy. How far, and with what success, has the transformation of British economy and economic policy been achieved?

First, the depreciation of sterling gave a temporary subsidy to British exports during the end of 1931, 1932 and the beginning of 1933. This was reflected in the relatively improved trading position of Britain in 1932, compared to its principal rivals.

But this advantage could only be temporary. So soon as costs and the purchasing of raw materials are adjusted to the new standard, this advantage must disappear too. Further, the increasing passing of other countries from the gold standard, and in 1933 the devaluation of the dollar in particular, cuts away the relative advantage, and places British capitalism before the problem of a race in inflation.

Under these conditions the robbing of the working class, by raising prices as a consequence of inflation, acquires a particular importance. The British bourgeoisie considers this an ever more powerful means for retaining the relative advantage it has achieved.

On the other hand, the depreciation and prospects of a drive to further inflation raise great difficulties for the special interests of British capitalism. For, while utilising a partial lowering of the value of the pound to stimulate industry and exports, British capitalism is no less strongly anxious to prevent this lowering going too far, and to maintain still, at whatever level might be found finally possible, the value of the pound, that is, of its world capital holdings. On this question a sharpening of the internal struggle and a split in the camp of the British bourgeoisie itself is inevitable. But the net debit balance was not yet overcome; despite all the currency and tariff measures, there was still a net debit balance for 1932 of £59 millions. Thus in the early stages, before the extended world tendencies of devaluation and inflation began, extreme efforts had to be made to maintain the value of the pound from further collapse. For this purpose widespread repatriation of British securities abroad, drawing in of hoarded gold in Britain, and above all drawing in of gold from India took place (during 1932 no less than £55 millions of gold were withdrawn from India—"Times," 7.2.33). The Bank of England has worked to build up its gold reserve from £117 million at the beginning of 1932 to £190 millions by July, 1933.

Thus British policy, after the first temporary advantage from currency devaluation, is now

caught between two fires, and in extreme difficulty as to the further line.

Second, a general tariff system has been brought into operation since March 31st, 1932. Previously, taking 1930 as the basis, tariffs covered about 14 per cent. of the total value of imports. The new tariffs raised this to the equivalent of 55 per cent. of the 1930 figure. The scope of the system has been successively extended, and a network of quotas, equivalent in effect to duties, has been, and is still being, built up for wheat and meat imports. Britain has thus become a fully protectionist country, though not yet with as high an average level of tariffs as the United States, Germany or France.

For the effect of the tariffs in operation, the Government claimed in July, 1933, that the tariffs imposed had been successful in checking 36 per cent. of the imports of manufactures, while the volume of exports for 1932 was equal to 1931 ("Times," 5.7.33). Nevertheless, despite the heavy cutting of imports, the excess of imports over exports still remained as high as £289 millions in 1932; and there still remained a net debit balance of £59 millions. The bare equivalence of exports to the 1931 volume, with a drop of almost 30 per cent. in world trade, could either be attributed to inflation or to the combination of this factor and tariffs. The "Times" Annual Financial and Commercial Review for 1932 claimed that any improvement in 1932 was due to both factors: Britain

"has been able to alleviate the worst pains of the crisis through having kept in reserve untouched two devices of amelioration and relief which other countries had already used—namely, devaluation of currency in terms of gold, and a protective tariff."

The "Economist Commercial History and Review of 1932" argued that only currency depreciation, and not tariffs, had produced this result:

"Among the countries whose trade benefited at least to a limited extent from currency depreciation, Great Britain must be reckoned. To this cause and not to the tariffs erected during the spring by the National Government—still less to the meagre achievements and disabling commitments of Ottawa—is to be attributed the fact that 1932 witnessed in this country a more definite deceleration of decline than was the case with the world in general."

It was evident that the tariffs could benefit certain industries, chiefly the newer industries and some of the finishing industries, but could not affect the main depressed industries, especially coal, textiles and shipbuilding, save so far as it was possible to negotiate agreements of very

limited and doubtful value with the Dominions and with certain other countries (Argentina, Germany, Sweden, Denmark).

The improvement in outlook is practically limited to the war industries. As such must be regarded the growth of the iron goods, steel and chemical industries.

The fascist "Vossische Zeitung" said this in October, 1933, when it wrote:

"The carrying out of the naval programme for 1931, which for financial reasons can only be begun now, and also the preparations for carrying out the naval programme of 1932, is a most important factor in the recovery.

"In Sheffield alone, the British and other governments have placed orders for fifty men-of-war. Negotiations are continuously carried on concerning the construction of apparatus for air defence and of supplying other war materials to the governments of East and West European states, as well as to the governments of Latin America and of the Dominions."

In complete accordance with this is the information given by the "Daily Herald" of October 30, 1933, on the enormous war orders placed by the British government with the following firms:—Imperial Chemical Industries, Armstrong-Vickers, the Sheepbridge Coal and Iron Co. in Chesterfield; Armstrong-Vickers in Dartford; the I.C.I. metallurgical works in Birmingham; the Fairey Aviation Co., Hayes, Middlesex; Hawker Aircraft, Kingston-on-Thames; A. V. Roe & Co., Manchester; Short Brothers, Rochester; the Blackburn Aeroplane and Motor Co., Yorkshire; the De Haviland Aircraft Co., Edgware, Middlesex; Brown's, Glasgow; G. A. Harvey and Co., London; Ransomes, Simms & Jeffries, Ipswich; Ruston and Hornsby, Lincoln; the Clayton Aniline Co., Manchester.

Together with these direct war orders must be considered the feverish growth of the war industries. For example, the Imperial Chemical Industries plant in Scotland producing explosives, which now employs as many as 2,000 workers, is being further extended.

The enormous explosives plant of Nobel's, Ayrshire, which is the largest of its kind in the world, is also to be extended. Only a few weeks ago this concern received a government subsidy of £4,500,000 in order to carry on the liquidation of coal and the creation of a fuel base of its own for the British air force.

Further, it is well known that the war materials for China and Japan have for a long time been manufactured in England.

But in this respect, too, there has been a further growth during the last few weeks—a number of European states has now placed new orders with

Great Britain. The firm of William Beardmore and Co., in Dalmuir, now employ much more labour than in 1926. The causes for this must be sought in the enormous orders for warships which have been placed.

One French concern producing war materials is at present conducting negotiations with the war equipment plant of William Beardmore and Co., in Glasgow. This plant has been shut up for several years. But during the war it was one of the most highly rationalised plants for war equipment production. It has now been equipped with new machinery and is to be transferred to France.

S. V. Craven, one of the directors of Armstrong-Vickers, declared recently that the number of workers employed in his plant increased between April and September from 6,800 to 8,200, mainly on account of the large orders for war materials placed by Brazil. A constant concentration and rationalisation of British industry is going on, which is closely bound up with this growth in the output of war materials. It finds expression mainly in a systematic *intensification of labour*. It is well known that a year ago the Government, when it extended the iron and steel tariffs for another two years, made it a condition that this period should be used to unite these two branches of industry. With the aid of these measures, all other branches of industry are to be forced to co-operate with the iron goods and steel industry, and also to be reorganised. The least important part is technical rationalisation. In this sphere, the war industries form an exception.

Third, the Ottawa Conference of 1932 represented the decisive attempt of British imperialism to reach an inclusive economic agreement holding the Dominions and India within its orbit. The proceedings of the Conference made abundantly clear that the basic contradictions could not be reconciled, and that the conception of a "closed Empire" or "Empire Free Trade" must remain a myth. On the one hand, even a monopoly of the entire British market would not be able to provide an adequate market for the output of wheat, wool, meat, etc., of the Dominions, which would necessarily have to look for the promotion of trade outside the Empire; at the same time, Britain was concerned to maintain its sources of food supplies also outside the Empire, especially from the Argentine and Denmark. On the other hand, while the British manufacturers were anxious to extend their sales in the Dominions markets, the Dominions manufacturers were equally concerned to keep them out. Thus the paper agreements which were reached were of very limited scope. Britain had to buy any agreement by heavy concessions

in respect of preferential entry of Dominions foodstuffs in the British market; while the return of the Dominions in promises of preferences on their already extremely high tariff rates on manufactures was largely fictitious, as the declarations of the Dominions Premiers after their return to their respective countries made abundantly clear.

"This agreement does not reduce the protective level of our Australian tariff. On the contrary, although it does not reduce the protective level against British goods, it very generally increases the protective level against British imports."

(Australian Minister of Trade and Customs, Gullett, in the Australian Legislative Assembly, October 13, 1932.)

"I say to this House and to this country that in the present depression, such as the world has never before seen, to do what was suggested—i.e., reduce tariffs—would bring about a dislocation of business; and we did not do it."

(Canadian Prime Minister, Bennett, in the Canadian House of Commons, November 3, 1932.)

Only from India under its autocratic control was Britain able to extract any serious advantages in the way of new preferences.

How completely Britain alone paid the price for even the paper "unity" of Ottawa was shown in the subsequent trade figures. During the first half of 1933, compared with the previous year, Canadian imports into Britain increased from £17.3 millions to £20.4 millions; but British exports to Canada decreased from £7.8 millions to £7.2 millions. The proportion of British imports from the Empire increased from 36.2 per cent. of the total imports to 38.8 per cent. But the proportion of British exports to the Empire decreased from 44.8 per cent. of the total exports to 44.1 per cent. The Dominions thus won a slight gain in the British market. But Britain won no gain in the Dominions markets.

Nevertheless, at the price of these concessions, Britain had at any rate won a form of economic agreement with the Dominions, and hoped on this basis to check the tendency to disintegration and build up closer relations.

"The old foundations sorely needed renewal. Certain members of the Empire were making trade agreements elsewhere. The Ottawa Conference has checked the more palpable processes of disintegration. It has stemmed the unmistakable trend towards Dominion economy nationalism. For five years at least, but permanently as we trust, it has rejoined commercial ties between the Dominions and the

United Kingdom which had begun to wear perilously thin." ("News-Chronicle," 22.8.32.)

This process was carried a stage further at the World Economic Conference, where Britain was able to secure the co-operation of the Dominions in issuing a joint Currency Memorandum in favour of a concerted currency policy within the Empire.

The question of any wider bloc or agreement, extending to countries beyond the Empire, on the basis of a "sterling standard," has remained so far in the region of hypothesis.

Finally, the direction of the export of capital since the crisis of 1931 has shown a complete concentration on the Empire. In 1931 £38.5 millions of new capital went to the Empire and £9.1 millions to foreign countries. In 1932 £25.5 millions went to the Empire, and £291,000 to foreign countries.

Thus the decisive steps have been taken in the transformation of British policy. They witness the further disintegration of the mechanics of capitalist economy, of the growing process of disruption of capitalist economy, of the development of autarchy, the growth of parasitism and the rotting of capitalism. Even the slight "improvements" in the economy of single capitalist countries are brought about at the cost of a great sharpening of all imperialist contradictions, and the further intensification of the world economic crisis.

4.—FROM FREE TRADE INTERNATIONALISM TO THE CULT OF ECONOMIC SELF-SUFFICIENCY.

Corresponding with this transformation an evolution has taken place, a change in ideology, which has acquired ever more openly fascist features.

In the spring of this year the liberal "Economist" (1.4.33) made a survey of "The Temper of the Nation" (i.e., of bourgeois "public opinion"), and found the following four characteristics:

- (1) No interest in the old party divisions (Conservative, Liberal, Labour), which are found "meaningless."
- (2) No interest in "the old fiscal issue of Free Trade versus Protection," which is regarded as settled.
- (3) "A complete swing-over from the desire for economy and a currency at gold parity, which carried the National Government into power in 1931, to keen support of the expansionist school, with its programme of public works, cheap and plentiful credit, and a stimulation of a rise in wholesale prices."
- (4) Fear of "inactivity" of the National Government.

This is typical of the mentality of the bourgeois society in the period of the aftermath of partial stabilisation, of advance to speculative, adventurously aggressive policies, which lead right up to war.

No less typical is the Federation of British Industries' "Memorandum on Monetary Policy," issued in February of this year.

The central thought of this Memorandum is that the attempt to rebuild international stabilisation has finally failed.

"The breakdown of the gold standard in Great Britain in September, 1931, marks the final failure of the attempt, probably foredoomed from the first, to recreate after the war the pre-war international monetary system."

Even the pre-war gold standard, it is pointed out, was not really a collective international system, but was based on British financial dominance, was in reality "a sterling standard." Already before the war this was weakening through the emergence of rival powers, France, Germany and the United States; and the war only completed its destruction.

"The uncontrolled association, through the gold standard, of other countries having independent national plans, such as France and Germany, with the British plan, was an unstable and highly artificial phenomenon. The war shattered that association beyond recall. The emergence since the war of the U.S.A. as a leading creditor country has still further complicated the situation."

The conclusion is drawn that the aim must now be to establish "a British system."

"Our immediate effort should be directed to building up a British system based primarily on the Empire, and secondly on such other countries as desire to come into some system related to sterling."

"British monetary policy must now consciously adopt a new plan, duly subordinated to and co-ordinated with commercial and industrial policy." ("Times," 9.2.33.)

Even more characteristic is the complete turnover in ideology of the former liberal internationalist economists such as Keynes. Fully caught in the prevailing capitalist stream, and servilely reflecting it, Keynes comes out with his latest pronouncements with the naïve air of one who is making new discoveries. He writes on "National Self-Sufficiency," which is rapidly becoming fascist, in the "New Statesman and Nation" (8.7.33 and 15.7.33) and describes the change in his own thought as follows:

"I was brought up, like most Englishmen, to respect Free Trade, not only as an economic

doctrine which a rational and instructed person could not doubt, but almost as a part of the moral law. I regarded departures from it as being at the same time an imbecility and an outrage. I thought England's unshakable Free Trade convictions, maintained for nearly a hundred years, to be both the explanation before man and the justification before heaven of her economic supremacy. As lately as 1923 I was writing that Free Trade was based on fundamental truths which, stated with their due qualifications no one can dispute who is capable of understanding the meaning of words.

"Looking to-day at the statements of these fundamental truths which I then gave, I do not find myself disputing them. Yet the orientation of my mind is changed; and I share this change of mind with many others."

He then sets out the drawbacks of which he has become aware, and reaches the conclusion:

"I sympathise therefore with those who would minimise rather than with those who would maximise economic entanglement between nations . . . Let goods be homespun wherever it is reasonably and conveniently possible; and above all let finance be primarily national . . . I am inclined to the belief that, after the transition is accomplished, a greater measure of national self-sufficiency and economic isolation between countries than existed in 1914 may tend to serve the cause of peace rather than otherwise."

This is not Hitler speaking, but Keynes. It is a valuable measure of capitalism in decay.

We are undoubtedly indebted to Keynes for the naïve candour with which he exposes the subjective and vulgar assumptions on which the old traditional "economic science" of the bourgeoisie, especially in its centre in England, was always based, and which Marx long ago exposed as bearing precisely that character. Marx long ago in the middle nineteenth century—before, not after the event—laid bare the local, temporary and insular character of the free trade economic theory as only the reflection of the historically caused British capitalist supremacy; and showed also how this phase would necessarily pass, how British capitalist supremacy would disappear, and with it the accompanying free trade theory, and liberal free trade capitalism would pass into the capitalism of the period of decay. However, the empiricist can only learn from the behind-side of history; only the impact of the event compels the bourgeois professors of economics to begin to grope for the source of their errors. Keynes, the faithful believer in the divine ordainment of free trade and British economic supremacy until 1923, now in 1933

announces his disillusionment with the pride of a pioneer.

"National self-sufficiency," "Economic isolation." This is now the teaching of the "enlightened" "liberal" professors of bourgeois economic science.

But "national self-sufficiency" is only an ideological deception which conceals the modern forms of monopoly capitalism, the extreme sharpening of class antagonisms and the development of intra-imperialist antagonisms which arise in the growth towards fascism and war. By disguising their booty wars for robbing the world by the slogan of "national self-defence," the imperialist blocs try ever more to mask their monopolist organisation of economy and their economic warfare by the slogan of "national self-sufficiency" too.

The old England is going through a rapid process of fascistisation and preparing intensively for war—that is what the slogan of "national self-sufficiency" actually conceals.

5.—THE BATTLE OF BRITISH AND AMERICAN IMPERIALISM.

At the root of the new policies of capitalism, whether of the National Government in Britain, of Roosevelt in America, or of Hitler in Germany, is the intensified conflict of the imperialist powers in the conditions of an extreme intensification of the world economic crisis, the intensified economic arming and preparation for war.

The centre of this world imperialist conflict is the conflict of British and American imperialism. On every issue, on currency, on tariffs, on debts, on armaments, this conflict has reached a very great tension.

The long fight to maintain the gold standard, to maintain the pre-war value of the pound, expressed the fight of the pound against the dollar, the fight to maintain the world financial supremacy of London against New York.

When this fight finally ended in defeat, when the basic British economic decline compelled the collapse of the pound, British imperialism quickly reversed its tactics and utilised the depreciation of the pound as the new weapon of offensive against the dollar and the franc, to win the markets of the world, and thereafter re-establish financial supremacy by drawing the world after sterling.

Ottawa was equally the expression of the offensive against American imperialism, to check the growing American economic penetration and domination of the Dominions, and re-establish the British hold. The Ottawa decisions were estimated by the American authorities to represent a loss to the United States of 300 million

dollars in trade. The same fight went on with extreme intensity in relation to South America. Britain was using every weapon to check its decline, to take advantage of the extreme American crisis, and to press forward anew.

In the first stages the main aim of American policy in the face of this offensive was to force back sterling to stabilisation on the gold standard. This was resisted by Britain. Sir Robert Horne declared:

It is in the interests of France and America to have as rapid a stabilisation in England as possible, and to get us to stabilise the pound at a high figure. We must not succumb to any such pressure." ("Daily Telegraph," 30.10.31.)

During 1932 the main initiative and offensive was in British hands. The main counter-weapon of America was the use of the question of war-debts.

But in April, 1933, the United States took the initiative anew and brought the dollar off the gold standard—on the eve of MacDonald's arrival for his conversations with Roosevelt. A completely new situation has thus developed. The World Economic Conference laid bare this new stage of conflict.

The United States was now beating Britain at its own game of currency depreciation. And the United States was in a far stronger position to go forward with this policy, at once to greater immediate lengths, and with less ultimate loss and danger. For the United States has still a considerably less absolute volume of exported capital than Britain, and in proportion to the total national capital enormously less; while at the same time it holds overwhelmingly greater gold stocks for any ultimate stabilisation.

Thus the tables were turned on Britain. Previously the United States was pressing Britain for currency stabilisation, and Britain was resisting. The immediate effect of the menace of dollar depreciation in April was British agreement to the urgent necessity of currency stabilisation, as set out in the joint MacDonald-Roosevelt statement on April 25th.

But it was now the United States that was pressing forward with the policy of inflation. Britain in alarm became the pleader for currency stabilisation. This was the situation at the World Economic Conference. Britain sponsored and pressed forward the successive provisional currency stabilisation agreements. Each in turn was torpedoed by the direct messages of President Roosevelt.

The United States pressed for schemes of public works, which boiled down, to a great extent, to construction of the navy, inflation, and possibly

currency inflation, to raise prices and stimulate production.

But Britain, with its weaker economic basis, and larger world capital holdings to protect, was in no position to enter on this policy. As the British spokesman, Runciman, declared at the World Economic Conference:

"We have terminated our scheme for dealing with the unemployed by capital expenditure works, and we shall not reopen these schemes, no matter what may be done elsewhere . . . I can say emphatically that for our purposes we are abandoning this policy once and for all, and we do not think we can usefully participate in any international scheme of a similar nature." ("Times," 14.7.33.)

Therefore the British price-raising policy *remains so far based essentially on the restriction of production.*

"To allow production to go on unchecked and unregulated in these modern conditions when it could almost at a moment's notice be increased to an almost indefinite extent was absolute folly." (N. Chamberlain in the House of Commons, "Times," 3.6.33.)

British anger at the American refusal of currency stabilisation was extreme. If the United States refuses currency stabilisation, declared the "Daily Telegraph" (20.6.33):

"the effect on the World Conference may be very serious. That fact will be represented to Washington in the clearest possible manner. The gravity of that situation would lie in the fact that Great Britain in that event could then hardly resist the pressure which would seek to drive her into a united European front against the United States."

But in fact the difficulties in the way of association with the Gold Bloc, while the United States conducted a currency offensive, were no less heavy; and thus only the isolationist path, on the attempted basis of the empire, remained:

"British objections to close association with the Gold Bloc without the United States remain as strong as ever. There is no possibility of Britain's return to gold while the dollar is still being deliberately depressed. If others feel impelled to play a lone hand, then Great Britain must play for hers either by lowering the pound *pari passu* with the dollar, or by forming a British Empire bloc." ("Daily Telegraph," 3.7.33.)

Thus the position following the collapse of the World Economic Conference is one of extreme tension between the rival powers. The United States presses forward its policy of expansion and inflation, and its world trade offensive on this

basis. France and the countries associated with it fight to maintain the gold standard. Britain manoeuvres between the two, up to the present lowering the pound parallel with the dollar, but with obvious anxiety as to the outcome, and placing its main hopes for ultimate victory in the looked-for collapse of the Roosevelt experiment.

6.—THE PERSPECTIVE FOR BRITISH IMPERIALISM.

What, then, is the perspective for British imperialism on its new line of policy?

The outcome for 1932 showed a relative improvement of the position, not absolutely, but measured against the general increase of the world crisis and the universal decline, and at the cost of this intensification of the world crisis. Production for 1932, according to the Board of Trade figure (1924 as 100) stood at 93.1, against 93.7 for 1931, 103.2 for 1930, and 111.8 for 1929. Thus the absolute decline in industrial output continued. But the percentage share of world production as between the leading powers changed as follows:

	1928	1932
Britain	9.3	11.2
U.S.A.	44.8	34.5
Germany	11.6	8.9
U.S.S.R.	4.7	14.9

The British share thus increased, while the American and German share heavily decreased. The United States retained its leading position, though at a low level. The Soviet Union advanced to second place. Britain remained third. Germany, which had attained the second leading position in 1928, fell to fourth place in 1932.

This outcome was acclaimed as a triumph in Britain. Baldwin declared at the opening of 1933:

"The achievements of the Government have, I believe, prepared the way for a return of trade prosperity, and are responsible for the more hopeful feeling that now prevails in industry. Recovery may be slow, but I believe it will be sure." ("Observer," 1.1.33.)

The President of the Federation of British Industries, Sir George Beharrel, declared similarly:

"The manufacturers of this country look forward to the coming year, not only with hope, but also with a quiet confidence, because they have weathered the storm more successfully than their rivals." (Ibid.)

The facts of the first half-year have scarcely borne out these expectations. The volume of production, according to the Board of Trade Index, has slightly risen, to 94.8 in the first

quarter, and 95.9 in the second quarter, somewhat exceeding the level for 1931, but still a long way off that for 1930. As we showed before, this growth in output in some branches of industry is caused to a very great extent by the *preparations of British imperialism for war* and its furious struggle for retaining the advantages in economic warfare which the empire obtained after the crash of 1931. But the volume of trade has fallen. Exports have fallen in money value by £11.7 millions compared to the first half of 1932, and imports by £40.4 millions. Allowing for the decline in prices, the volume of exports has fallen by 3.4 per cent. and of imports by 3.2 per cent. Thus a small improvement through tariffs on the home market has been accompanied by an obvious decline in world trade.

The change-over and retreat from even the temporary gains of 1932, owing to Japanese competition on the colonial markets, is particularly visible in textile exports. Exports of cotton piece goods, taking the first six months of the year, had risen from 847 million square yards in 1931 to 1,147 millions in 1932; but by 1933 they had fallen to 1,083 millions.

The temporary character of the stimulus from currency depreciation and the first effects of tariffs is obvious, and is recognised increasingly by leading capitalist opinion:

"There is, therefore, ground for the argument that the distinct improvement which has occurred in the economic situation of this country over the past twelve months has been due to influences of a somewhat transitory character, and that, in so far as more permanent progress has been made in certain directions, notably in the greater command of a number of industries over the domestic market, there have been permanent losses in other kinds of trades—our cotton textile exports are a case in point, our financial and shipping services another.

"The fact remains that these adverse influences acting on the international economic situation are realities, while the favourable factors remain for the time being highly problematical and uncertain forces." (The "Statist," 19.8.33.)

The line of economic isolationism, currency juggling, tariffs, concentration on the empire, and so-called "national self-sufficiency," is in fact no solution of the problems of the British capitalist decline, but on the contrary a phase of that decline, leading to further intensification of the crisis of capitalism.

First, it reveals the loss of the world financial leadership, and means a heavy lessening in the

overseas tribute from invested capital in the colonies and elsewhere.

Second, the temporary gain through currency depreciation is rapidly wiped out as the United States proceeds to equal and outbid Britain along this line.

Third, the attempt to build any basis of economic unification throughout the Empire only lays bare the irreconcilable and growing contradictions, and the in consequence extremely limited measures that can be carried out.

Fourth, no solution can be found for the problem of the basic industries. The Chancellor of the Exchequer, Neville Chamberlain, staggers his hearers by calculating on permanent high unemployment for the next ten years as an obvious assumption. The Prime Minister, MacDonald,

speaks of two million workers being "superfluous scrap." (House of Commons, November 22, 1932.)

Fifth, social contradictions are in consequence intensified, and will be carried further by the new offensives planned in connection with the "price-raising" policy.

Sixth, imperialist contradictions are brought to the highest point by the new policies.

The new line of British capitalist policy is in consequence no line towards even a partial solution of the problems confronting British capitalism. It is, on the contrary, the expression of the advance of the capitalist crisis, leads to its further intensification and to the sharpening of capitalist antagonisms and to war.

IRELAND'S FIGHT FOR INDEPENDENCE

By J. SHIELDS.

THE rapidly growing anti-imperialist upsurge in Ireland is arousing the greatest fear and alarm in the camp of British imperialism. The desperate efforts of the British Imperialists are directed to crushing down the Irish masses and so maintaining the age-long crushing yoke which tyrannical imperialist domination exercises over the people of Ireland.

That is why the capitalists of Britain are conducting their savage economic warfare against the Irish Free State at the present time. It is also the reason for the feverish attempts which are being made by the British imperialists to advance the open agents of imperialism—Cosgrave and O'Duffy — those representatives of the utmost capitalist-imperialist reaction, who are seeking, with Britain's help and support, to smash the rising mass struggle which is directed towards the winning of complete Irish independence.

For British imperialism, the question of maintaining its oppressive robber stranglehold over Ireland is a matter of life and death. This is important for it, not only from the standpoint of the bloodsucking tribute which it is able to draw forth at the expense of terrible suffering and poverty for the great mass of the Irish people, but also from that of maintaining the position of great strategical importance which Ireland occupies in relation to the war plans of British imperialism.

At the present time, especially, when the end of the relative capitalist stabilisation has come and the transition is taking place to a new round

of wars and revolutions, the growing challenge of the masses of Ireland to imperialist domination is a serious obstacle to British capitalism's plans for trying to find a way out of its ever-increasing difficulties at the expense of the toilers, and by means of war.

The breaking of Britain's stranglehold over Ireland would deal a heavy blow at the very existence of British imperialism. Not only would it put a speedy end to one of the sources of its criminal exploitation, but it would also give a tremendous fillip to the revolutionary movements in other British colonies throughout the world.

The liberation of Ireland from Britain's yoke would be of incalculable importance to the working class of Britain itself. It would mean an enormous weakening of the hold which British capitalism has upon the British workers, and would open the way for the more rapid advance of the working class to power.

That the imperialists of Britain and their agents have serious cause for alarm with regard to the developing situation in Ireland is undeniable. The revolutionary movement of the Irish masses is advancing. It was due to the pressure of the growing revolutionary mass upsurge that the pro-imperialist Cosgrave Government was brought down, and the national-reformist government of De Valera enabled to come to power on the basis of extensive national-reformist agitation, and of the promises which De Valera made to carry on the anti-imperialist fight.

Under mass pressure De Valera proceeded to

withhold the land annuity payments, which amounted to the sum of £3,000,000 per year, and took steps to abolish the oath of allegiance to the English king. These measures immediately aroused a storm of threats and vituperation from British capitalism.

Neither of De Valera's measures is, in itself, dangerous to British imperialism. It is true that they touch the prestige of the British Government, but their most important point is that the British imperialists fear lest the masses of the people should take the "national" gestures of the De Valera government seriously and should undertake an anti-imperialist struggle, which would in that case inevitably overstep the leadership of the Fianna Fail, over the head of De Valera's Government.

The notorious J. H. Thomas, who was reared and nurtured in the bosom of the British Labour Party and occupies the post of Dominions Secretary in the British Government, fulminated and raved in a vitriolic outburst against the Irish Free State. The scoundrelly National Government in Britain opened economic warfare against Irish trade, and sought to destroy it by the introduction of prohibitive tariffs on all Irish exports to Britain.

Recently published trade figures regarding Irish Free State imports and exports reveal how drastically this latter weapon has been a factor in deepening the economic crisis in the Irish Free State. For the 12 months period ending July 1st, 1933, Irish Free State imports fell from £49,000,000 to less than £35,000,000 (equivalent to a fall of 29 per cent.), while exports for the same period fell from £33,000,000 to £19,000,000, or a drop of 42 per cent.

But the effect of the tariffs is not turning out as Britain expected. Already hard hit as the result of the deepening world economic crisis which has drawn Ireland into its orbit, and with their position still further intolerably intensified as a result of the economic blockade, the Irish workers and peasants are replying with increased revolutionary struggle.

Both in the industrial centres and the rural areas throughout Ireland the wave of mass indignation is rising. This is leading to a sharpening of the conflict with British imperialism on the one hand, and a sharpening of the class contradiction on the other. The movement for complete Irish liberation from the chains of imperialism is growing in volume and gaining ever-wider mass support. Alongside of this the struggle of the Irish toilers in support of their social and economic demands is becoming keener against the background of the deepening economic crisis.

In this connection a significant feature is the

growth of the strike movement and the sharpening of the struggle which is taking place in the countryside.

In the past period the strike struggle and struggle of the unemployed has reached a higher stage than before in the post-war period. The two-month strike of the railwaymen displayed the greatest solidarity on the part of the workers. The strike committees set up by the workers were able to continue the strike in spite of the opposition of the trade union bureaucracy, and to gain the support of workers, not only in Ireland, but also Britain. But the united front of the De Valera and Northern Governments with the trade union leaders (both Irish and English) brought the strike to a defeat of the workers. The resistance of the workers to the terms of the agreement which allowed the employers to carry out a series of dismissals and wage reductions resulted in partial strikes in Dublin, Belfast and other centres.

Recently the seamen in Dublin struck against a wage reduction which was agreed to by the British Seamen's Union. This strike resulted in the formation of an independent Irish Seamen's Union, but the leadership of the latter came to an agreement which in reality meant capitulation. At the present time the seamen are on strike again, fighting the introduction of worsened conditions and wage reductions under the new agreement. In these struggles the seamen have been supported by the dockers in Dublin, and the seamen of Cork, together with the seamen in Liverpool.

These strikes of the railwaymen and seamen showed the growing willingness of the workers to struggle, growing workers' solidarity, and the growing movement for a united front from below. But although individual Communists enjoyed the confidence of the workers and became leaders of the workers' strike committees, the Communist Party was unable to decisively influence the course of events. The trade union bureaucrats in co-operation with the Free State and Northern Governments were able to bring about the defeat of the workers.

Besides the above, many strikes have occurred in small enterprises in the Free State: clothing workers, building workers, road workers, etc. In Dublin the teachers had a one-day demonstration strike against the wage cuts introduced under De Valera's "economy" programme. These actions show a definite rise in the resistance of the workers to the capitalist offensive on the conditions and standard of living of the workers.

Similarly with regard to the struggle of the poor farmers. Reports which have appeared in

the press concerning various counties show that efforts made by the authorities to carry out evictions of farmer-tenants and collect taxes are meeting with stubborn resistance. These facts show the growing disillusionment which is taking place with regard to the De Valera Government, and are expressive of the dissatisfaction and discontent which is flaring up as the hollow character of the glowing promises made by De Valera during the general election becomes more pronounced, and his reactionary social policy becomes more marked in character.

At the moment there are approximately 56,000 registered as unemployed on the Labour Exchanges in the Irish Free State, a figure which is far from reflecting the real position. Of this number only 16,000 are in receipt of unemployment benefit. In addition to those registered at the Exchanges there are also 124,000 unemployed persons who are in receipt of public assistance relief. In Northern Ireland over seventy thousand are registered at the Exchange even after many thousands have been struck off through the "Means Test."

The figures of unemployment are steadily rising. Apart from the dismissals which are taking place in various branches of industry, the unemployed total is being swelled in consequence of the stoppage of emigration abroad. The closing of this latter "safety valve" has resulted in throwing an additional fifteen to twenty thousand into the ranks of the unemployed during the past year.

The struggle of the unemployed has developed greatly during the past year. Last October in Belfast the struggle of the unemployed for increased relief resulted in street battles with the police, who used their arms, killing workers. In this struggle both Protestant and Catholic workers fought side by side. The unemployed were supported by the trade union branches. The government, alarmed by the situation, declared martial law and surrounded the city with troops, and flooded the streets with armoured cars and bullets. In spite of the opposition of the reformist leaders of the trade unions and the Labour Party, the Communist Party and the unemployment movement led the struggle and forced the government to grant increased relief. At the present time the Belfast workers are fighting against the attempt of the government to take back the concessions won last year. The hunger march from Dublin, Derry and other places to Belfast to join the demonstrations on the anniversary of the events of last October was broken up by troops and police. The Irish Unemployed Workers' movement in the Free State is mobilising the workers against the new "relief" bill of De

Valera and in many places demonstrations have been held against this fake unemployment measure. In Dublin, Belfast, Cork, Derry, Newry and other places there is seen a growing movement of the unemployed workers against the starvation policy of both governments.

In view of all these circumstances, it is not surprising that the growing upsurge in Ireland is, by its rapid tempo, causing great alarm to the imperialists and the national Irish bourgeoisie.

Fearful of the rising tide of the mass movement, the Irish bourgeoisie, in alliance with British imperialism, mobilises all its forces to crush down the rebelling Irish masses.

At the direct instigation of Britain the "National" Guard Blueshirt fascist movement was set on foot under General O'Duffy and from the same source there has sprung the new merger of the reactionary forces of O'Duffy, Cosgrave, and MacDermott, which is known by the name of the United Ireland Party.

O'Duffy, at one time in the past a leading figure in the Irish Republican Army, and afterwards Police Commissioner under both the governments of Cosgrave and De Valera, is a willing tool in the hands of the British imperialists—Ireland's enemy. His aims are those of the big Irish capitalists, ranchers and bankers.

With the help and support of the British imperialists and the leaders of the Cosgrave Party, O'Duffy organised and equipped his Blueshirt fascist movement of ex-army officers, army pensioners, etc., drawn from the so-called Army Comrades' Association, for the purpose of trying to crush the national revolutionary movement in Ireland and to "combat communism." In the British gutter-press the new fascist movement was loudly applauded and called upon to fight against the Irish masses. Against the Blueshirts the labouring and revolutionary masses demonstrated their bitter hatred and hostility. In Dublin and other cities, O'Duffy's organisation was literally driven off the streets by the infuriated Irish workers, against whom this organisation was directed. Wherever groups of Blueshirts endeavoured to parade themselves in the open they were set upon and roughly handled, and in many instances were only rescued from the grip of angry crowds with the help of the police.

This situation was utilised by the De Valera Government to restore the temporarily suspended Coercion Acts which had originally been set up by the Cosgrave Government and in order to conceal the fact that its measure is directed against the workers, against revolution—declared O'Duffy's organisation banned. Accompanying this, the notorious Military Tribunal, endowed with extraordinary powers, was again set up, with

exactly the same army officers in charge who functioned on it during the Cosgrave régime.

As we said, the Military Tribunal has the widest powers at its command. It can inflict any penalty, including death. There is no appeal from any order or sentence which the Tribunal may pass. It can declare any book, periodical or other document seditious, carry out searches and arrests without a warrant, close down buildings, etc. It can execute persons secretly, and in such cases no coroner's inquest is permitted to be held.

In his speeches and declarations, De Valera is picturing himself as the upholder of "democracy" against attacks from the Right and Left. In actual fact, the whole policy of the government is directed against the latter, under which head he includes the Communists and the members of the Irish Republican Army. The Government's own organ, the "Irish Press," does not mind openly declaring that the Government's measures do not interfere with the fascist organisations.

Writing in reference to O'Duffy's National Guard (Blueshirts) and their activities, this paper declared that :

"No interference came from the Government, which relied upon the good sense of responsible citizens to prevent that organisation becoming a national menace" ("Irish Press," 12/8/33).

Barely a week later, however, the same journal carried a report of a speech by De Valera at Thurles, in which the question of the Communists is put very differently :

"Since we got into office I have repeatedly myself got from the Department of Justice reports which are submitted from time to time by the police on Communism and other activities which might be dangerous to peace and order" ("Irish Press," 21/8/33).

These disclosures, which reveal the essence of the policy of the government which throws open the road to triumph for the agents of British imperialism, directs political repressions against Communists and rank and file members of the I.R.A., whilst at the same time allowing the fascist Blueshirt movement to proceed untrammelled, speak for themselves.

It can also be noted that while De Valera is now taking "a firm stand" against the "danger of disturbances," just a few months previously, when a mob of those who are General O'Duffy's followers ran loose, supported by clerical reaction, in openly besieging for three days the Irish Communists' headquarters, Connolly House, wrecking and burning it, they were permitted to do so without the slightest hindrance on the part of the authorities.

Again, there is also the fact that the Communist, Jim Gralton, has been deported by the govern-

ment because he engaged in revolutionary working-class activity, and further, during the past few weeks, armed police have been carrying out raids upon the I.R.A. on government instructions.

The significance of this counter-revolutionary attitude of the De Valera government is being exposed by the Irish Communist Party and the need stressed for the waging of vigorous struggle against these attacks on the revolutionary movement.

Immediately following upon the "banning" of the so-called National Guard, negotiations were at once opened up between O'Duffy, Cosgrave, and MacDermott (leader of the Centre Party), for the merging of their respective organisations into one united body. There can be no doubt that the prime mover behind this step was British imperialism, from whom continuous moral and material support is being poured out in aid of its reactionary allies in Ireland.

These negotiations were hurriedly carried through, and the organisations referred to, namely, the National Guard (Blueshirts), the Cosgrave Party, and the Centre Party, have fused themselves into a new party known by the name of the United Ireland Party. General O'Duffy has been made the president of this reactionary consolidation and Cosgrave and MacDermott the vice-presidents.

The formation of the new party was immediately welcomed by the British capitalist press, and the London "Times" stated :

"The party's detailed programme is still awaited, but the summary of the policy which has been published gives general satisfaction to constitutional citizens of the Free State In effect the new party's chief aims are peace with England and friendship with Northern Ireland. There is no doubt that this programme will be supported solidly and consistently by all the conservative and ex-unionist forces in Dail, Senate and country."

In other words, the policy of the United Ireland Party is to bring about the complete submission of Ireland to British imperialism and its whole energies will be devoted to this end.

What attitude does the De Valera Government adopt in this situation? Having established the Military Tribunals ostensibly to preserve "law and order" against the Blueshirt movement, De Valera shows a remarkable leniency with the Blueshirts. Even although the Blueshirts were "suppressed," at all the meetings organised by O'Duffy and his followers throughout the country, hundreds of Blueshirts paraded in full uniform, and the police gave them protection. The Blueshirts who were tried in court received very light fines even when charged with using arms.

O'Duffy and other leaders of the United Ireland Party openly state that their aim is to carry out the demands of British imperialism, and even accuse De Valera of using State funds to support the "Irish Press." And no attempt is made by the tribunal to suppress them.

But with the workers on strike and those carrying on republican activity it is quite different. The government is active in organising strike-breaking, striking workers are thrown into prison. Republican workers arrested for carrying arms are imprisoned, and widespread raids and arrests of republicans have been carried out. Republicans active in the British boycott are jailed. If the workers attack the Blueshirts the police attack the workers and protect the Blueshirts.

It is evident that De Valera considers the main enemy not the Blueshirts, but the workers, small farmers and revolutionary republican elements who attempt to carry on a real struggle against British imperialism and Irish capitalism. De Valera protects and encourages the development of Irish fascism, does not suppress it with the State forces at his disposal, but, on the contrary, uses the State forces against the workers and farmers who are the real anti-imperialist, anti-capitalist force in the country.

Such a development is the inevitable outcome of the whole programme and policy of De Valera's party which he has been putting into effect since he came to power. National reformism, while talking loudly about its hostility to imperialism, in reality holds back the mass movement against imperialism, comes to an agreement with imperialism in face of the danger of a strong anti-imperialist movement of the masses. Coming to power as a result of the successful struggle of the anti-imperialist masses against Cosgrave, De Valera cunningly diverted the movement into "constitutional" channels, to the "oath question," etc., in order to retard the anti-imperialist movement of the workers and farmers.

To retard and break up the movement of the workers and farmers struggling for their class demands, against the Irish bourgeoisie, De Valera utilised phrases regarding the "struggle against England" to get the masses to agree to his policy of "making the country independent," thus carrying into effect a policy suiting the interests of Irish capitalism. To-day when British imperialism, in alliance with the most reactionary elements of the Irish bourgeoisie, carries out a great mobilisation in the United Irish Party, De Valera, consistently with his national reformist policy, attempts to destroy the movement of the masses against this fascist menace. The essentially reactionary rôle of De Valera is now more than ever apparent.

From the very commencement of its existence the Communist Party of Ireland has been in the forefront of the struggle, organising the fight against imperialism and the growing menace of fascism, and waging a struggle to wrest the masses away from the influence of the national-reformist, De Valera, who previously held back the masses from the fight for Ireland's national and social liberation, and has now entered on a road of applying terrorist measures against the revolutionary movement, opening up the way to the establishment of fascist dictatorship.

At its foundation convention in June of this year, the Irish Communist Party explained to the masses that only under the hegemony of the proletariat, led by its own Communist Party, could the revolutionary struggle of the Irish toiling masses be carried through to success.

Basing itself upon the fundamental principles of Marxism-Leninism, the Irish Communist Party is organising and leading the fight for freedom from capitalism and imperialism, putting forward as its main aim the struggle for an Irish Workers' and Farmers' Republic. Despite the tremendous persecution which has been levelled against it, the Party is rapidly extending its influence and winning ever-growing mass support to its side. This can be seen from the fact that many new recruits are coming into the Party ranks, while an ever-increasing response is forthcoming to the call launched by the Party for the building up of the united front of mass action against the growing menace of fascism.

The growing authority and influence which the Party is obtaining as a result of its correct policy and leadership is exercising a big effect upon the rank and file of the Irish Republican Army, whose attitude with regard to their own I.R.A. leadership is becoming growingly critical, as a result of the weak and wavering attitude manifested by the latter with regard to the present position.

The I.R.A. leadership, following the road towards open collaboration with De Valera's government, seriously under-estimates the menace of fascism in Ireland, thus taking part in the government manoeuvre calculated to break down anti-fascist struggle. The official organ of the I.R.A., for example, the *An Phoblacht*, stated with regard to the Blueshirt fascism movement that, "There need be no alarm. The character of the leaders of this movement ensures its failure."

Acting in line with this estimate of the fascist danger, the I.R.A. Army Council has failed to advance a single concrete proposal or step which would assist in the mobilisation of the masses for the struggle against fascism. *Instead, Communists have been expelled from membership of*

the I.R.A., whose Army Council openly calls for unity with the De Valera Government, on the basis of repudiation of the Treaty of 1921, under which the Free State was established, although in the very same document in which this appeal appears, the I.R.A. Army Council itself has recourse to a "Left" phrase calculated to deceive the rank and file members of the I.R.A. :

"The government functioning in the Twenty-six Counties has no more claim to the allegiance of the people than the Imperialist junta ruling in the Six Counties."

This attack on the government is explained by the fact that the De Valera government is taking steps to establish a supplementary armed force in the form of the Volunteer Reserve, which the rank and file members of the I.R.A. will regard, and not without foundation, as a force which the national bourgeoisie of Ireland is creating in order to turn it against the revolutionary proletariat and the I.R.A. The I.R.A. leadership, fearing isolation from the masses of the membership, is forced to declare, relatively, its "opposition" to the formation of the Volunteer Reserve; but, as the following quotation shows, it does this in a very loyal form :

"The Army Council feel bound to inform Republicans that the Fianna Fail Government, availing itself of the popular resentment against the A.C.A. (Army Comrades Association, from which the Blueshirt movement was formed) and under the cloak of dealing with that organisation, intend to form a new appendage to the Free State Army. This force will be styled the Volunteer Reserve, and will, like the Free State Army, be used to maintain the Free State Constitution and the "Treaty" position, amended or otherwise" ("An Phoblacht," 2/9/33).

The lessons of what has taken place in Germany stands as a deadly warning of the terrible results which follow any support for a policy similar to that of the German Social-Democratic leaders, who counselled the masses to place their faith in Hindenburg in opposition to the policy of revolutionary mass struggle, which was advocated by the Communist Party. To pursue a policy of trying to obtain unity with De Valera can only serve the purpose of disarming the Irish toilers in face of attack, inevitably lulling their vigilance and make easier the path for the strengthening of the forces of political reaction.

The Irish Communist Party, supported by the working class and the republican masses, alone has given clear directions as to how the struggle for Ireland's liberation can be successfully advanced, and concentrates all of the forces at its command to rouse and rally the widest mass sup-

port for the building of a broad anti-fascist fighting front. The formation of such a united fighting front is impossible without consistently exposing and fighting against the counter-revolutionary policy of De Valera's Government, a policy of harsh political repressions against the revolutionary elements, and of clearing the road for the fascist agents of British imperialism. The Fianna Fail, which plays the part of a social support for Irish capitalism, without abandoning its demagogic programme of national and social liberation, takes a more definite line against the workers and by its policy aids the growth of the fascist danger.

The *principal danger*, under these circumstances consists in the tendency manifested in some localities, of capitulating to national-reformism, which is taking on ever more fascist features, and in abandoning or relaxing the fight against the Fianna Fail.

One of the major tasks confronting the I.C.P. at the present moment is to transfer the centre of gravity of its campaigns right into the factories, the trade unions, and in the masses of the unemployed. In this way it will be able to effectively organise united mass action, and, through taking up energetically the daily struggle for the economic and social demands of the masses, will be able to unmask the reactionary rôle which De Valera is playing in a convincing manner, thus freeing the workers from the disrupting influence of the Fianna Fail.

The Party must also offer resistance to all attempts to drive a wedge between the Communists and the militant republican rank and file. Very great care should be taken to see that this move is rendered unsuccessful, and to take all necessary steps to secure the closest contact with the membership of the I.R.A. for the purpose of intensifying revolutionary mass action.

Just as it has so frequently done in the past, so also at the present time, the Irish Labour Party continues to act with the greatest treachery against the interests of the Irish masses. In the Dail (Irish Parliament) a Labour Party member named Davin recently made an eloquent plea in support of granting a pension to General O'Duffy for the services he rendered during his term of office as police chief. In the Senate another well-known Labourite, Senator Johnson, openly praised what he termed the good contained in the National Guard's fascist proposals and urged that these proposals should be carefully considered by the Government.

On top of this, the Labour Party has now taken steps towards openly entering into an agreement with De Valera, whereby it aims at securing the support of the working class for the De Valera

Government, in return for certain demagogic promises which De Valera is said to have made regarding the introduction of a new unemployment Bill, a workmen's compensation Bill, and a scheme for widows' pensions, in the near future.

This latest piece of Labour Party treachery is being brazenly acclaimed by the Labour leaders as a great success won by the Irish working class, when in reality what it amounts to is that the Labour Party is deliberately throwing dust in the eyes of the working masses to conceal its rapid fascisation, and its desire to hold back the rising mass struggle in the interests of the class enemy.

The Irish Communist Party must expose the true significance of this cunning Labour manoeuvre, carefully explaining its whole meaning and purpose to the masses, and especially to the working masses in the factories and the trade unions.

In view of the great significance which the revolutionary struggle of the Irish masses against British imperialism has for the working-class movement in Britain, the British Communist Party must give this struggle the utmost possible support. Both by word and by deed the Communist Party of Britain must assist in the task of rallying genuine mass support to the side of the Irish toilers' struggle against its own imperialists on the basis of the struggle for complete Irish independence.

To carry this out in practice means that the closest possible contact must be established and developed between the revolutionary movement in Ireland and the revolutionary movement in Britain.

Through a wide and vigorous propaganda the workers of Britain must be kept informed of all the events which are developing in connection with the struggle of the Irish masses, and must be shown the tremendous bearing which the successful development of that fight will have on the upsurge in the revolutionary movement in Britain itself. At the same time every effort requires to be made to expose and counteract the dangerous anti-Irish propaganda which is being systematically carried on by the British capitalist press.

Communist Party locals and units in such areas as Liverpool, Glasgow, London, etc., should give particular attention to this aspect of their work, for it is in precisely such areas, where there is a considerable Irish population present, that all sorts of attempts are being made to stir up the most jingo, anti-Irish feelings on the one hand, whilst on the other no effort is being spared to try and convince Irish workers that the "O'Duffy-Cosgrave forces are worthy of their support."

In the trade unions and other working-class

organisations, widespread activity should be conducted with a view to securing an extensive campaign of solidarity with the Irish masses in their fight, and an insistent demand raised for the withdrawing of the embargo on Irish goods, and the withdrawal of the British army garrisons from Irish soil, i.e., from Northern Ireland. Together with these measures, mass demonstrations of solidarity with the revolutionary struggle of the Irish toilers should be arranged in Britain at which the demand for the granting of complete Irish independence shall be raised in the clearest possible manner.

The attitude of the social-fascist Labour leaders in Britain with regard to this latter question must be taken up and dealt with. The policy of the British reformists is one of active support to robber imperialism in its effort to maintain its stranglehold upon the slave British empire. This has been particularly in the case of Ireland and India.

The Labour bureaucracy are the self-professed upholders of "democracy." So far as Ireland is concerned, this means they are upholders of the rule of the British imperialist bludgeon and the bayonet. The present leader of the Labour Party, Henderson, was one of those who sat in the British War Cabinet which was responsible for the suppression of the uprising and the murder of Jim Connolly in 1916. In similar fashion to their Liberal and Tory predecessors, the two British Labour Governments continued the drawing of the bloodsucking robber tribute from Ireland on behalf of the British bankers.

More recently still, however, further acts of the most dastardly treachery have been carried through by the trade union bureaucrats in Britain. An outstanding example in this connection was the treacherous betrayal of the heroic Irish railway strike, an action which directly lies at the door of the railway union leaders.

The Communist Party of Britain must make it one of its main tasks to conduct a concrete exposure of the policy of the reformists on these questions, and wage the most active struggle against them. Unless this is done the social-fascists will succeed in carrying into the ranks of the working class the aims and ideas of the British capitalists, in order to assist in smashing down the anti-imperialist fight, the national revolutionary and agrarian movements of the Irish toiling masses.

By drawing the attention of the masses to and concentrating it on intensifying the struggle along these lines, the revolutionary mass movement both in Ireland and in Britain will become enormously strengthened, and the bonds uniting the Irish toilers with the workers of Britain in the fight against the common enemy will be drawn

ever more closely together. This will result in giving a powerful impetus to the advance of the mass revolutionary movement in both countries

and will advance our aim of establishing a free and independent Irish Workers' and Farmers' Republic and a Free Socialist Britain.

THE ECONOMIC SITUATION IN GERMANY UNDER THE FASCIST DICTATORSHIP (SEPTEMBER, 1933)

By S. SCHWAB.

ALL the German bourgeoisie, and together with it the overwhelming majority of the petty bourgeoisie, which the bourgeoisie has succeeded in causing to follow its lead, hoped to find a way out of the crisis in establishing an open fascist dictatorship, in adopting open violence against the working class, in concentrating all political power in the hands of a single "strong man." After eight months of fascist dictatorship these illusions began to be dispelled like a mirage among the bulk of the petty bourgeoisie. The contradictions in the camp of the bourgeoisie are assuming ever more extensive dimensions. Monopoly capital, after collecting all the political forces in one hand, attempting to subordinate to itself the whole economy of the country, and ruthlessly forcing down the standard of living of the working class and the toiling masses, has succeeded, during these eight months, in causing a seeming economic reanimation to take place in the mire of rotting capitalism, but this cannot conceal the fact that capitalism continues to rot under the fascist dictatorship, that the crisis has become still more acute, and that monopoly capital is ever more candid and more insistent in its preparation of war, regarding it as the only way out of the crisis.

The flowers of this so-called economic reanimation could bloom only in the sphere where capital is most highly monopolised in Germany—in the sphere of heavy industry. Heavy industry is that section of monopoly capital which has brought state power into its own complete domination. The shadowy economic reanimation could take place only because heavy industry is counting on a very profitable situation in war orders. With this in view, it has even decided to bear the temporary difficulties connected with getting some shut down works or even shops going, *and to store the output for the time being*. Naturally, heavy industry tries to shove this burden on to the back of the working class. For instance, the Krupp works, in Essen, took on several thousand skilled unemployed workers, giving them hot porridge and no wages, allegedly

in order to give them the opportunity of becoming acquainted with the processes of production.

A certain increase in the output of heavy industry is counterbalanced by a catastrophic depression in all other forms of production.

Taking the figures of the gross output for the first nine months of 1933 and those for the first nine months of 1932, we get the following picture. The development of production in 1933 has, up to now, been by no means even. In Group I. (production of means of production) a certain increase in production may be remarked in the most important sections since 1932. But it is only a relative improvement, for the figures do not approach those for 1931.

In Group II. (production of products of consumption) the output is, with the exception of a few industries (e.g., textile) on the whole less than last year. As opposed to the so-called reanimation in heavy industry, we have here a very clear sinking of the level of the quantity both of production and of consumption. A lengthy and persistent drop in sales may be noted in wholesale and retail trade; the sales of some commodities fell by 20 per cent. of the sales of 1932. Particularly great is the drop in the sales of the food industries and of all articles for cultural requirements. If the two groups are taken together, we shall find that the total output has grown to a certain extent as compared to 1932, but the total sales have considerably decreased; the increase in output is caused solely by the increase in the production of iron, steel, building materials, coal and automobiles.

The following points are characteristic in the development of production and its growth in Group I.:

(1) The growth in output is by no means even in various branches of industry; (2) some branches of industry are very sensitive and evince an expectation of a further drop in production. One of the expressions of this is the immediate drop if the slightest difficulty is experienced in disposing of the commodities produced; (3) the disparity (scissors) between output and sales is ever increasing; (4) almost every increase in

production is accompanied by a rise in prices; (5) simultaneously with the disparity between consumption and production, the situation on the credit market, and the rates of interest are a great obstacle to the further increase in the output of Group I.; (6) the seasonal decrease, which began at the end of July in 1932, began a fortnight earlier this year, and has already spread to the whole of this sphere of industry.

THE ALLEGED "REANIMATION" AND THE ACTUAL DROP IN THE PRODUCTION OF MEANS OF PRODUCTION.

The amount of coal disposed of per month during the first eight months of 1933 exceeded the amount per month of the average for 1932. Nevertheless, the consumption of coal in April, 1933, fell to the lowest point for the whole period of the crisis. Industry could not completely use up the increased output of coal, and a large part of the coal was stored. Thus, the stores in the German coal industry in July, 1933, reached 16,000,000 tons—the greatest store reached during the post-war years.

In the production of iron, steel and rolled steel from the beginning of 1933 up to July, a tendency was, on the whole, to be observed in the direction of increase of output; beginning with the middle of July, the reanimation which had begun in the production of iron and steel has been on a continuous downgrade, and it is to be thought that in August and September the same has been taking place in the rolling industry, too, as the orders of the state railways will have been completed. The total output for 1933 shows a partial increase as against 1932; this increase took place by fits and starts. The average monthly figure for pig iron production in 1932 was roughly 300,000 to 320,000 tons, for August, 1933, it was roughly 420,000 to 440,000 tons. For steel the average monthly figure for 1932 was 480,000 tons; now it is over 640,000 tons.

While the import of ore has been steadily increasing during the last few months, again the symptom of the preparation of heavy industry for the approaching war, the export of rolled iron goods and of machines is as steadily decreasing. In the opinion of the fascist press, the increase in output is due solely to increased sales within the country. However, the Institute of Economic Research of fascist Germany is itself forced to state that the increased sales within the country are explained mainly by the filling of storehouses. A real increase in sales is witnessed only in materials used directly or indirectly for preparations for the impending war. The filling of storehouses referred to by the Institute has as little in common with a real increase in sales as the

great stores of coal which are growing up. The steel trust transfers large quantities of its output to the warehouses of its adjunct and wholly subordinate distribution organisation, and there they accumulate.

The total output of iron and steel in the first half-year of 1933 is supposed to be only 8 per cent. less than in 1931.

In the machine-building industry, on the contrary, the situation is very bad, and there are no hopes of improvement. In the first four months of fascist dictatorship production in this branch of industry fell to its lowest level, and last year's level of output was reached only very recently, on the basis of special government measures (expenses incurred by enterprises in investment are covered by a reduction of taxes paid by them). The total output in this branch of industry amounts to only 38-40 per cent. of the 1929 output. The machine building industry has no chance of reaching last year's level in output. A decisive part is played in this respect by the decrease in foreign orders, which amount to only 22-25 per cent. of the internal orders, as compared to 130-140 per cent. in 1929.

The automobile industry has not yet succeeded in reaching the level of 1931, in spite of considerable stimulation of production by government measures. In some branches of this industry, e.g., in the production of cars, the 1931 level was for a short time exceeded; during recent months (July-August) it is true that there is an increase of 14 per cent. as against 1931. But, as we find from official sources in this case, too, the output of commercial vehicles has not yet reached the level of 1931, falling short of it by 17 per cent. In the production of motor-cycles the situation is different. An increase has taken place, as against last year, only in the production of high-power motor-cycles. But the total output hardly reaches 20 per cent. of the output of 1929.

In the building trade a great unevenness of development is observable. In connection with the assigning of funds for carrying out the government's programme of "provision of work," the construction of dwelling houses was pushed on somewhat, but industrial construction has been considerably less than last year. The only branch of this industry which approaches the 1930 level is that producing cobblestone and gravel. There is not a single branch outside this which comes anywhere near the figures for 1930.

THE SHARPENING OF THE CRISIS IN THE SPHERE OF PRODUCTION OF ARTICLES OF CONSUMPTION.

A totally different picture is found in the industries of Group II. from that found in plants

producing the means of production. Here the sharpening of the crisis is seen particularly vividly. First of all, in the textile industry a considerable difference between the quantity produced and the retail sales may be observed. The production of textiles has risen by 26 per cent. between 1932 and July, 1933, whereas the sales during the same period have increased by only 2 per cent. From the beginning of July a steady drop has been taking place in this industry with the exception of the flax industry. The only cause of the growth of the output of textiles was the increased demand for uniforms and banners.

The development of the food industry is particularly significant if an estimate is to be made of the situation in the whole of Group II. Not even the fascist dictatorship can deny that the buying capacity of the masses has here been reduced and that utter poverty is spreading. They are too vividly reflected in the figures of the falling turnover. The falling turnover in this branch of industry in the first quarter of 1933 amounted to 11.7 per cent. as against the first quarter of 1932. In the second quarter of 1933 there was a drop of 4.9 per cent. according to the official figures (in reality the drop in this output of the food industry must have been higher in the second quarter than in the first). In the clothing industry, sales have decreased by 8.4 per cent. in the first half-year of 1933, as compared with the first half-year of 1932. With the exception of some special spheres, as, for instance, the production of electrical apparatus, radio, etc., a considerable drop is to be noted in all branches of wholesale and retail trade as compared with last year, which is, on the average, 8 to 15 per cent. In the sales of some articles of vital necessity it amounts to as much as 25 per cent.

THE CRISIS CONTINUES TO SHARPEN IN AGRICULTURE.

In spite of all the measures of the government (moratorium, subsidies, etc.), a slow but very steady intensification of the agrarian crisis is evident. Even the Institute of Economic Research was forced to admit that during the whole of 1933 the situation has not changed much in comparison with last year. There is a great disparity between output and sales (scissors). In precisely the same way the contradictions in the fluctuation of prices on grain and on animal products sharpen the effects of the crisis in agriculture. During the last four months the prices for wheat and rye in Germany have fallen to the lowest point for the whole post-war period. Only in September has a certain rise taken place, owing to the introduction of a scale of prices; however, prices are lower than last

year. The prices for cattle have been rising during the last few months owing to the government policy on fats, but at the same time a considerable falling off in sales has been taking place recently. The prices for pigs rose by about 50 per cent. between June and September, 1933; the prices for butter by 40 per cent. between March and August, 1933. State Secretary von Rohr (a relic of the Hugenberg period, who has now been removed from the government) declared that, owing to the rising prices for meat and fat, food has generally gone up by 18 per cent. A steady decrease is on the other hand to be noted in sales. On May 15 (the last statistical report) the stores of grain in Germany were three times greater than the stores last year. The sales of pigs in the first quarter of 1933 dropped by 250,000 as compared with the same quarter of 1932. In the second quarter they dropped by 220,000. The sales of calves were 25,000 head less in the first quarter of 1933 than in the first quarter of 1932, and 30,000 in the second quarter.

All this, which is made more acute by the relentless squeezing out of taxes which the fascist authorities are carrying on, and also by the rise in the prices of commodities important for the peasant population, proves that the poor and middle peasants, who form the overwhelming majority of the village population, are falling into still greater poverty as a result of the intensification of the agrarian crisis.

THE RISE IN PRICES—INTEREST AND THE CREDIT'S PROBLEM.

With very few exceptions (as for instance the prices for grain) a rise in prices or a tendency towards such a rise may be stated to exist everywhere. The causes of this rise in prices must be sought: (1) in the attempts of individual and monopoly capitalists to transfer on to the shoulders of the consumers the additional expenses incurred in connection with the partial growth of output with a decrease in sales; (2) in the attempt to raise prices, which have fallen greatly in connection with the crisis and to receive in advance part of the profits which are to come in connection with the expected war situation; (3) in a noticeable depreciation of currency as a result of the intensive measures taken by the fascist government for inflation.

The government decision on cartels, which was to help monopoly capital to spread its influence on the branches of industry which are as yet unmonopolised, has during the last three months (July, August, September) led to the establishment of cartels or embryonic cartels in a whole number of branches of the finishing industries,

where up to now such mergings of enterprises have not been taking place (the fascist press publishes the information that the enumeration of such enterprises would alone take up several newspaper columns) but practically the only purpose of these amalgamations was to raise prices. Simultaneously this finishing industry — for instance, the Zolingen plant producing small hardware goods and the machine building industry—complain of the rise in prices in heavy industry, which reaches 30 to 100 per cent. of their former prices. The rise in prices in wholesale trade reaches 30 per cent. for almost all commodities.

At the same time, in connection with the particular rise in prices of raw materials, a growth in the disparity between the prices of raw materials and finished goods may be pointed out; this is explained by the improving situation in the world raw materials markets. Only during the last few weeks has a slight improvement taken place in this respect.

This rise in prices in almost all industries does not always nor unreservedly correspond to the general present interests of monopoly capital (it corresponds to these interests absolutely in agriculture and in some branches of heavy industry) and this has forced the fascist government to interfere. When, for example, some time ago the prices on certain iron goods and unfinished goods rose by 30 per cent. the government forced the manufacturers temporarily to forego a rise in prices. At present there is, of course, still a number of branches of industry where this tendency towards a rise does not exist and prices continue to fall.

The problem with which the fascist dictatorship is faced at the present moment, and which forms an obstacle to all further development is the *situation in the credits market* and the exceptionally high rates of interest. The situation on the credits market shows that there is no possibility whatever of a real reanimation in the iron and coal industries. The total sum of credits advanced by private banks, even according to the fascist press, decreased by 500,000,000 marks as compared with last year. On the money market more or less considerable sums of money can be found only for short-term credits; it is impossible to find money for investment in production. Even the present Minister of State Economy, Schmidt, was forced to state in the speech he made at Cologne:

“Capital is so miserly because it is frightened, incredulous, and does not know on what to rely. Dissatisfaction reigns on the market of capital in connection with the frequent theoretic-

cal discussions about ‘obligatory reduction of rates of interest’ and so on.”

But if we have a situation in which credits have been reduced and money is not to be found on the credit market for investment in production, how is the increase in production declared by Hitler financed? Under the capitalist system not even the fascist dictatorship can produce an output out of thin air, without money or credits. The increase in production in some branches of heavy industry was achieved on the basis of further wage cuts, further reductions of the social burdens borne by the employers, and also as the result of subsidies from the state exchequer. This situation on the credits market gives still more weight to our assertion that, in spite of the growth in output in some branches of industry, we see, not a genuine reanimation in economy but a brief transitory growth in output which can continue on account of the war industry, which is financed with the aid of the printing press; this makes the further intensification of the crisis inevitable.

A good barometer for the fascist “economic reanimation” and the real economic situation is given by the bourgeoisie itself in its information on the fluctuation of stock exchange quotations.

The “Deutsche Volkswirt” of August 25 is forced to make the following statement:

“A sharp contrast with the growth of production and the decrease in unemployment, is the stock exchange, which is completely stagnant and where bonds are steadily falling.”

Actually, shares have been falling steadily and uninterruptedly ever since Hitler came into power.

According to the “Deutsche Volkswirt” of September 1, the average value of shares on the Berlin Exchange has fallen by 17 per cent. and that of fixed income securities by 12 per cent. It is indicative of the instability of the situation that the least offer of sale on the stock exchange is enough to cause a considerable fall in the rate. Lowest of all are the quotations of the municipal stocks. Six per cent. bonds are mostly quoted under sixty per cent., this means that the rate of discount usually amounts to 10 to 15 per cent. The “Deutsche Volkswirt” of August 25 writes in this connection:

“It might perhaps have been possible to submit to the unfavourable tendency in the stock market from the point of view of general economy: the point now is not to extend existing industrial enterprises and found new factories, which requires first and foremost the issue of new stocks. But of great importance is the situation on the fixed income securities market: as long as 8.0 or an even higher rate is the rule in accounting first-class income

securities, there can be no talk of further reducing rates of interest. Therefore bank and mortgage credits remain expensive and the possibility of stimulating production by cheap money is excluded."

The government regards the high rates of interest as the main obstacle in the way of the further growth of production, and has repeatedly attempted—at first by persuading the bankers and later by exerting a certain pressure through the credit policy of the Reichsbank—to bring about lower rates of interest. Up to now all these attempts have been futile, owing to the situation on the stock exchange, which, in turn, is decisively influenced by the estimate given of the government's situation as exceedingly unstable.

The attempt of the government to bring about results favourable to itself by introducing its own specific methods of domination into economy is characteristic of the economic policy of the fascist dictatorship. First of all came the introduction of the "dictatorial principle"; the General Council of the Reichstag was done away with, and the president of the Reichsbank, Schacht, was given a financial and currency dictatorship over Germany. He alone decides questions of the size of credits and the means for circulation and payment, of the rate of discount, of advancing credits to the state and the provinces. He alone decides whether to pay foreign debts and interest and when to pay them. By controlling foreign currency he controls the whole of the import and export; as the representative of monopoly capital he must aim solely at protecting the latter's interests. However, the way in which Schacht is now trying to bring about a general reduction of rates of interest already shows on what artificial stilts the fascist dictatorship was forced to place the dictator of the Reichsbank. In contradiction to the decisions made in 1924, under which the Reichsbank must not interfere in the business of the stock exchange, the government has now issued a law giving the Reichsbank the right to buy up on the stock exchange the bonds and securities of bankrupt municipalities and to use these valueless "securities" as a cover of currency. The dictatorship of the Reichsbank hopes to raise the shares of the municipalities' loans by buying up these bonds and thus destroying the principal obstacle to a general reduction of the rates of interest; he will probably only bring about a situation in which this paper, with a fixed rate of interest, will turn into a new object of speculation for the stockbrokers. The official declaration of the bankruptcy of all municipalities and the legislative carrying through of agreement under duress on the short-term credits of all municipali-

ties is a further compulsory measure of the government. By a single decree, short-term credits are to be turned into long-term; interest will be paid on them only beginning in 1936 (4 per cent.) with 3 per cent. amortisation. Creditors who do not agree to such a decision cannot, according to the law, make any claim during the next five years, including claims to the payment of interest.

The object aimed at by the fascist dictatorship is to lessen the financial difficulties of the class of owners by doing away with the debts of the communities and to make a step towards a general reduction of rates of interest by compulsory reduction of the rate of discount. After the moratorium on agricultural debts and the failure to pay interest on foreign debts, this is the third compulsory measure undertaken by a completely bankrupt economy; this measure boils down to postponing the payment of debts and interest to the more or less distant future. This measure, like the others, will, by easing the situation to an insignificant extent at the present time, call forth a much more serious intensification of the crisis, as it is impossible to do away with the short-term debts within the capitalist system.

ECONOMIC "LIBERALISM," THE POLICY OF AUTARCHY, AND ECONOMIC NATIONALISM.

The economic theoreticians of fascism regard economy, not as the basis of economic policy, but as one of the weapons in their hands. The compulsory measures taken by the fascist dictatorship inside the economic apparatus of the bourgeoisie are the last desperate attempts of monopoly capital to save itself, to find a "normal" way out of the crisis. But just as monopoly capital did not find it possible to bring political power completely under its domination without developing a chauvinist and nationalist campaign calculated to win over the masses, does it not find it possible to ground this political dictatorship on an economic basis without disguising its economic interests by such phrases as "common welfare" and "national unity," without creating a deceptive semblance of defending the interests of the petty-bourgeoisie. The policy carried on under Brüning and Papen of subsidies and gifts to branches of economy weighed down by debts, and particularly the very industries which had a decisive influence on political power inside the state; the policy of "socialising the debts of the bourgeoisie," the policy of autarchy is now labelled by the fascists as economic "liberalism," which is to be blamed for the fact that the way out of the crisis has not been found before now. Naturally this policy of subsidies, of cutting off the economy from foreign countries, is continued by the fascist

dictatorship, the only difference being that the subsidies and gifts are now distributed solely with the view of completely subordinating the economic apparatus of the bourgeoisie to monopoly capitals. In this way a certain "order" has been introduced into the policy of "socialising" the debts of large-scale capital. But monopoly capital is forced to create the impression in the masses of the petty-bourgeoisie that something new in principle is being carried on, and to place its political nationalism on a foundation of economic nationalism. This economic nationalism of monopoly capital is, in reality nothing other than the preparation of the whole economy for the suppression of the labour movement and for war.

Unlike the policy of autarchy practised under Brüning and Papen and at first under Hugenberg and Hitler—a policy very awkwardly and amateurishly practised (this policy mainly boiled down to regulating distribution on the internal market by means of various barriers separating it from the world market)—the policy of economic nationalism constitutes a higher form of the subordination of all branches of industry to the capital of heavy industry and the systematic transfer of them to direct production of the means of war.

There are two facts which permit the explanation even now of this content of the policy of economic nationalism, which is being carried on by monopoly capital.

The step in this direction which has so far been the most important, and is decisive, is the law of the creation of an *estate of German agriculture*, the aim of which is supposed to be the separation of agriculture from all other forms of economy and the establishment of agriculture on a special basis. This law declares:

"The Imperial Minister for food supplies and agriculture can invest the estate of State food supplies* or separate groups with the right to regulate the production and distribution and also the prices and the difference between the prices of agricultural products. Further, he can, with a view to regulating production, distribution and also prices and the differences in prices on agricultural products, unite separate groups and members of the estate of state food

supplies and other groups and enterprises producing or distributing agricultural products, or include them in similar existing unions. If the imperial minister of food supplies and agriculture makes use of this right he retains the function of controlling and intervention."

The purpose and aim of German monopoly capital in framing this law is as follows: (1) In reality, to subordinate agricultural production in the guise of regulating it, in every possible way to the interests of monopoly capital, and the needs and requirements of fascist dictatorship and first of all to the *preparation for war*. (2) To strengthen the economic basis of the fascist dictatorship in agriculture, to give monopoly capital the opportunity of binding up the junkers and the rich peasants with its interests still closer than they have been up to now. To subordinate to them economically and politically and to bind down the poor and middle peasants, which leads to the further pauperisation of the toiling peasantry; (3) and, lastly, this law is an attempt to replace the clumsiness in laws and decisions which existed up to now in the alteration of duties and tariffs with the flexibility and adaptability to the existing situation, acting systematically on the basis of economic nationalism, i.e., the preparation of the economy for war. As for the possibilities which this law offers, it must always be taken into consideration that these are in absolute dependence on the general condition of the class struggle, on the degree of resistance offered by the working class in general, and particularly on the situation in the German village and the internal contradictions in the camp of the German bourgeoisie.

Further, another bill is now being discussed and prepared whose aim, like that of the agricultural law, is to unify foreign trade and use it as a weapon for a nationalist foreign policy. The representatives of monopoly capital in Germany are hoping to carry on foreign trade mainly with the countries with which the fascist dictatorship succeeds in making definite political agreements. But as this law is a measure of foreign policy, as it touches on the interests of the whole imperialist world, it is doubtful whether this law will make its appearance very soon from the conference halls of the fascist manipulators. So far the results of the discussions and projects of this law which have been taking place are not felt. The acute contradictions and considerable difficulties in the camp of the bourgeoisie, of heavy industry and light industry at the present time hinder the realisation of these plans, but their very existence is significant, for they give a reflection of the road which monopoly capital is adopting.

* In the Middle Ages there were three estates: "The estate of supplies," which comprised all industry and trade, "the military estate," whose task it was to defend the country, and "the learned estate," which consisted of the priests and the professors in the monasteries and schools. On the basis of the mediæval ideology the fascists have now created the "estate of state food supplies," which in distinction from the mediæval estate is to comprise only the agricultural population and agricultural products for industry.

THE FURTHER PAUPERISATION OF THE WORKING CLASS.

(a) *The Actual Situation in the Sphere of Unemployment.*

In order to get a correct understanding of the extent of unemployment in Germany it is necessary to make use of calculations based on auxiliary statistics, for the official figures published by the fascist government on unemployment are falsified and absolutely meaningless.

According to the data supplied by the fascist government there are two million workers who have received work under the fascist dictatorship. Exclusive of the workers who have found jobs in connection with the seasonal rise (about a million workers this year, like the years before Hitler came to power), it may be supposed that as a result of the measures taken by Hitler's government 700 to 900 thousand workers have found work.

But even if we accept this figure we find that a great number of these do not take part in the production processes at all, but have simply been struck off the lists of the unemployed. Consider the following indisputable figures: There are 150,000 workers who were sent to labour camps, are supposed to have notified the labour bureaus that they have received work, and have been transferred to the category of employed workers. There are 120,000 assistant agricultural labourers, mainly youths, who have been sent by the fascists to the countryside from the towns and who are receiving no wages; not even hospital dues are paid for them. There are about 100,000 workers who have this year been employed on public works ("aid to the unemployed on the basis of creating valuable things"), financed by the state (altogether 187,000 workers are at present employed in these works). Among the measures adopted in Hitler's Germany for doing away with unemployment must also be included the terror, as a result of which about 100,000 people have been thrown into the concentration camps.

Thus unemployment in fascist Germany is being "liquidated" *firstly* by compulsory means, through forced labour; the unemployed have simply been segregated in camps and been forced to work on road construction and improvement works, or have been distributed among the landlords and peasants to help in harvesting. Any refusal to perform this sort of work led to being immediately struck off the unemployment benefit; *secondly*, by the introduction of a system of working in turns, the extensive introduction of the "krumper" system, the forty-hour or the incomplete working week. For example, in the north-

west field of enterprises the number of workers has increased from 102,000 in August, 1932, to 121,000 in August, 1933, in spite of the fact that production has remained at the same level. In other words, we have the results of measures for introducing the incomplete working week. The average number of working hours of industrial workers fell as early as July from 7.3 hours to 7.1 hours; the *third* means for "liquidating" unemployment was by filling the orders placed by the war industry and as a result of carrying out Papen's and Schleichter's programme of "provision of work." These programmes were calculated to absorb 700,000,000 and 500,000,000 marks, a total of 1.2 billion marks, about half of which were invested by the beginning of July.

According to official data the actual situation in the sphere of unemployment is approximately as follows: On the basis of the figures for income tax for 1928, at that time the total number of workers amounted to 23,890,000; at the same time the Institute of Economic Research, counting up the number of employed workers, of unemployed in receipt of benefit and not in receipt of benefit in May, 1933, gives a total of 18,209,000. Thus we are over five and a half million workers short; five and a half millions who during the last five years have disappeared entirely from official statistics and of whom at least half is unemployed without benefit. Apart from the unemployed workers in the labour camps *there must be a total of at least seven million unemployed in Germany at the present time.*

(b) *The Lowering of Wages and of the Standard of Living of the Working Class.*

It is of no importance to the fascists really to give an unemployed man work; the main thing, as they candidly declare, is to split up what work there is among the greatest possible number of people, without regard to whether this brings down the cost of living of the whole working class or not. It is true that by introducing the forty-hour week the three- and four-day week, the further application of short time, of the "krumper" system, as it is called (under which the workers take turns at work), and "voluntary" unpaid vacations, the fascists have succeeded in giving jobs to several hundred thousand workers who were unemployed up to now. But in every case when an unemployed man is brought into the production process the living standard of workers employed in production is further lowered.

The total sum of wages paid to the working class has been further reduced under the fascist dictatorship. The total tax on wages collected in 1933 fell as follows as compared with 1932:—

In millions of marks.

January	February	March	April	May	June	July
15.1	9.6	6.6	6.4	4.2	3.8	3.7

This means that the total sum of wages was 50 million marks lower even in July, 1933, than in July, 1932.

The employers try as before to bring about a general reduction of the wage tariff. Wages were cut by 18 per cent. for all wood-workers, but the question now is mainly one of cutting all additional forms of benefit, of cutting piecework rates, of abolishing payment of wages during vacations, etc.

If the total sum of the wage-tax is to be compared with the official number of workers employed (taking a 7 per cent. tax as the average) we have the following picture of the fall in monthly wage per worker; the important thing is not so much the absolute level of wages as the record of the change:—

	1932	1933
January	95.08 M	81.31 M
February	81.52	72.67
March	77.42	68.85
April	76.27	68.04
May	73.60	66.72
June	71.75	64.41
July	72.75	63.88

This direct lowering of wages is further intensified by the reduction in real wages which results from the rise in prices. The situation is further made worse by various compulsory payments which are made from wages to the fascist trade unions and the fascist authorities. These compulsory payments in the form of "voluntary" pay-

ments to the unemployed fund, the "winter aid fund," the "air force fund," "donations" to the fascist unions, to "victims of labour," etc., sometimes amount to as much as a third of the wages. The living standard of the whole working class under the dictatorship of the fascists has fallen so catastrophically that the majority of German workers now receive an income which is just greater than the average unemployment benefit in 1929 and 1930.

By its anti-crisis measures the fascist dictatorship during eight months has not only not found a way out of the crisis and a new reanimation, but has brought on a further intensification of the crisis. The temporary increase in output (brought about by inflation and preparation for war) in some branches of industry soon brought on a considerable worsening in all branches of economy. The crisis has sharpened and the fascist manipulators daily feel the consequences of this sharpening in the form of a growing movement of resistance of the working masses in the factories, the growing indignation of petty tradesmen and artisans who become more and more profoundly convinced that it is useless to expect salvation from the horrors of the crisis from the fascist dictatorship. The Communist Party, which in the very first months of open fascist dictatorship with energy and rapidity brought the masses out of a state of depression, makes it its aim at the present moment to win the leadership of the movement in the factories and labour exchanges and also in the movement of the petty bourgeoisie, in order to develop a mass revolutionary movement and bring about the conditions necessary for an armed overthrow of the fascist dictatorship.

D. Z. MANUILSKY

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THE WAR AND INFLATION CHARACTER OF THE GROWTH OF JAPANESE INDUSTRY

By J. VOLK.

THE total industrial output in Japan fell more slowly until 1931 than in other countries, and in 1932 it exceeded the pre-crisis output of 1929; in the first months of 1933 it continued to increase.

What are the character, basis and consequences of this?

The character of the growth in the output of industry in Japan is first of all distinguished by the fact that it is limited to the branches of industry which work for export or for war.

Until 1931 an abrupt decrease in the output in all branches of industry occurred in Japan. 1931 was the year of direct preparation for and the beginning of Japan's war against China. During that year the production of articles of consumption continued to decrease (their relative total for 1930 was 104 and for 1931 only 93) and the "production of means of production" or rather, the production of means of *destruction* shows its first increase for the whole period of the crisis—an increase from 103 to 106. A greater increase took place in these branches of industry in 1932 and 1933.

This was the direct result of the realisation of the new extensive war programme of Japanese imperialism which began in the second half of 1932—a programme of direct preparation of a vast new war, calculated to take place in the very near future. The Japanese army is rearmed at a super-rapid tempo, it is armed with the most modern military technique; new reserves for mobilisation are rapidly built up and railways of a military and strategic importance are being built in Manchuria and Korea. Mobilising all the forces of the country, the state is placing large war orders such as it has never placed before. It is well known that even small-scale enterprises

in 1932 received war orders to the value of 250,000,000 yen. This gives an indication of the size of the war orders and government subsidies which the large-scale concerns have received.

The branches of industry which produce the weapons required by new war technique are being rapidly developed, as, for example, the aviation industry, the tank industry, the automobile industry and others. The chemical industry is being extended to enormous dimensions. The production of sulphate of ammonia increased from 230,000 tons in 1929 to 680,000 in 1932. The estimate for 1933 is 900,000 tons. In 1932 the production of superphosphates increased by 16.7 per cent., of soda potassium by 40.3 per cent., of caustic soda by 16 per cent. and sulphur by 38 per cent.

Large-scale machine-building plants are working on the orders of the war industry. The orders received by the machine-building plants increased during the first quarter of 1933 by 50 to 100 per cent. as compared with the first quarter of 1932; the Mitsubishi, Hidachi and Fuji factories received orders increased by 120 per cent. In connection with the realisation of the war programme a very rapid growth is taking place in the metal industry. The production of pig iron and steel have reached record figures for Japan. In the past the highest point reached by Japan in the production of pig iron was 103,000 tons per month. In June, 1933 it was 136,000 tons per month. A corresponding increase has taken place in steel smelting; the former maximum of monthly production was 159,000 tons; in 1933 it was 243,000 to 266,000 tons. As a result of the preparations for war the importance of metallurgy and the metal industry has con-

EXPORT OF TEXTILES FROM JAPAN.

Years.	Cotton goods in millions of yards.	Cotton yarn in hundreds of thousands of bales, or in one-hundred-and-thirty-three-thousands of pounds.		Small goods in thousands of dozens.	Large goods in hundreds of thousands of bales.	Small knitted goods in millions of dozens.			
							
1929	1,790	...	201	...	2,819	...	35	...	12.3
1930	1,571	...	178	...	1,698	...	41	...	13
1931	1,413	...	58	...	1,339	...	23	...	10.5
1932	2,031	...	268	...	2,567	...	27	...	13.7
1933	6,54	...	60	...	—	...	—	...	—
	Four months		Five months						

siderably grown; they now occupy third place and form 17 per cent. of the country's total industrial output.

Until 1932 there was a steady decrease in the output of the light industry. In 1932, particularly in its second half, it began to increase rapidly, solely on the grounds of an increase in export.

During the last six years the export of artificial silk from Japan multiplied nine times; the British export during the same period fell by two-thirds.

What is the cause of such a growth of the Japanese textile industry? The main reason is the unusually high rate of exploitation of workers in Japan.

the U.S.A. for 36 to 51 yen (i.e., 9 or 12½ cents a pair according to sort). Nor is this surprising, for the workers receive for making 100 pairs 5 to 7 yen (i.e., 1 to 1½ dollars). (See "Textiles and Tariff," supplement to "Japan Advertiser," July, 1933.)

The Japanese export is growing wholly and solely on the basis of ousting the more expensive goods produced in other countries, particularly the British textiles. This may be seen in the export of textiles to India.

In 1932 India consumed 30 per cent. of the Japanese textile export, of which 66 per cent. was yarn and 34 per cent. cloth. The whole of

THE COMPARATIVE COST OF LABOUR POWER IN SPINNING.

	Weekly wage in yen	Number of workers per 1,000 spindles	Weekly wage in yen per 1,000 spindles	Weekly output per 1,000 spin- dles (in bales)	Pay per bale in yen	Percentage of wages per bale
Japan	5.8	6.1	35.5	2.7	13.2	100
U.S.A.	35.0	3.4	119.0	2.4	49.6	376
British India	5.0	15.0	82.5	2.4	34.4	260
England	18.0	4.0	72.0	2.3	31.4	238
China	3.7	8.9	32.9	2.8	11.8	89

These figures show that the cost of labour power in Japan is on a level with that in colonial India, seven times lower than in the United States and 3.5 times lower than in England. The norm of exploitation of a spinner is 25 times that in India. *For a productivity of labour as high as that in Europe the Japanese labourer receives colonial wages.*

It is a long time since Japan adopted the road of currency dumping. Earlier and more boldly than other countries it made its currency depreciate. The yen fell by more than 50 per cent. and has, to the present day, remained much lower than the pound and the dollar, which fell considerably.

Japanese export grew and is growing, but not on the basis of an extended market of world sales. It is only a swelling of a certain kind on the putrifying body of the capitalist world. The crisis is ruining ever new sections of the population in all capitalist countries, thus reducing the number of purchasers of the more expensive goods and increasing the number of purchasers of the cheaper and lower quality Japanese goods. Other countries are following in the Japanese path of reducing workers' wages, but Japan is ahead of them as before. During the first few years of the crisis the cost of British goods fell by 16 per cent. and of Japanese by 48 per cent. The export of Japanese articles of consumption is growing, not only to the colonial countries but to the U.S.A. and Europe, too. For example, 100 pairs of Japanese rubber boots are sold in

the British Empire consumed 53 per cent. of the Japanese textile exports and 28 per cent. of the total Japanese exports.

EXPORT OF CLOTH TO INDIA.

(In millions of yards)

From "Toye Kaydzai Simpo" of August 26th,

Years	1933 :—	
	Great Britain	Japan
1913-14	3,104	9
1916-17	1,786	100
1924-25	1,614	155
1928-29	1,456	357
1929-30	1,248	562
1930-31	523	321
1931-32	384	340
1932	551	552

Japan is ousting Great Britain even from its own colonies. Britain replies with prohibitive tariffs. In India additional duties on textiles were consistently introduced, which were specially directed against Japan—in April, 1930, 5 per cent. duties; in September, 1931, 10 per cent. duties; in August, 1932, 50 per cent. duties; in June, 1933, 75 per cent. duties. Similar duties are being imposed in the Union of South Africa, in Egypt, etc. But these methods did not have the expected effects. Great Britain is now going over to more acute forms of economic warfare. At the Simla conference the Anglo-Indian side insisted on the imposition of a 33 per cent. quota on cotton purchased by Japan in India. Japan is being relatively displaced from a number of its

principal old markets. It is expanding to new markets, such as South America, Africa and the Malay States. Here it again comes into conflict with Great Britain. A new field of battle arises between them. But their most heated economic struggle is yet to come. It will extend to all Great Britain's markets and will take on ever more acute forms.

COTTON CLOTH EXPORTS OF GREAT BRITAIN AND JAPAN FOR THE FIRST HALF-YEAR OF 1932 AND 1933.

(Millions of yards)

	Japan		Great Britain	
	1932	1933	1932	1933
Total exports ...	815	1,036	1,148	1,083
Export to British				
India ...	284	269	292	287
To China ...	136	177	99	40
	132	193	27	10
To Africa ...	128	206	125	147
To South America	9	26	91	131
To Singapore ...	26	40	26	12

Thus the character of the growth of Japanese industry is that of war and world economic crisis. *Every success achieved by Japanese industry inevitably leads in turn to the intensification of this crisis and the sharpening of imperialist contradictions*, which leads to military conflicts outside the country and the development of class antagonisms within it. The growth of Japanese competition is, at the same time, used by the bourgeoisie of other capitalist countries for an offensive on the living standards of their own working class. The bourgeoisie of these countries follows the lead of the Japanese bourgeoisie. It aims at sinking the living standard of its workers to the colonial level of the Japanese proletariat. Such is the inevitable international consequence of the military and speculative recovery in Japan.

What are the consequences in this growth in the output of the war and export industries within Japan? The Japanese bourgeoisie, supported by a monarchy state apparatus of violence, continues its attack on the Japanese proletariat along two lines: it carries out the further reduction of the workers' wages, which are at a colonial level as it is, and simultaneously carries through an intensification of labour. The following figures show the dimensions reached by the intensification of the labour of the Japanese workers:—In 1922 there was one worker to every 30 spindles, in 1929, 48, and in 1932, 60. The number of spindles increased from 4,900,000 in 1927 to 7,100,000 in 1933, the number of workers employed in spinning decreased during the same period from 170,000 to 130,000. In the weaving

industry, the number of looms in the mills of the nine largest companies even increased in 1933 as compared with 1928 (72,928 as against 72,611), while the number of workers in these companies decreased during the same period from 44,000 to 33,000 — a decrease of 25 per cent. — and this decreased number of workers produced much more in the first half-year of 1933 (827,000,000 yards) than during the first half-year of 1928 (668,000,000 yards). In the nine largest companies the maximum output per worker during six months of 1927 amounted to 20,000 yards, and the minimum output to 8,000 yards; in 1933 it amounted to 31,000 and 15,000 yards respectively.

Side by side with this terrific intensification of labour we find a lowering of wages all along the line. Nominal wages are falling. Even according to official figures, the index for nominal wages, which was 92.1 in December, 1932, dropped steadily from month to month, reaching 88.1 in May, 1933. At the same time, in view of the increase in the cost of living, real wages dropped still further. According to the estimate of the Ministry of Trade, the cost of living for the year beginning with July, 1932, and ending July, 1933, increased 11 to 15 per cent. In actual fact the decline in real wages is much greater. At the same time the system of temporary labour is very widespread. This system involves an unprecedented growth in the exploitation of the workers, for temporary workers are paid far less, and their working day is much longer—not less than fourteen hours. Moreover the internal regulations do not apply to temporary workers, they are given no allowance whatsoever when they are discharged, they are not entitled to the meagre rights which have been won by the permanent workers, etc., etc. The bourgeoisie and the government enterprises make a practice of discharging permanent workers and hiring temporary workers, who are doubly exploited and doubly deprived of rights.

We have no complete figures on the number of temporary workers. But this number can be judged from the following facts: In the Mitsubishi factory in Nagoya, there are 1,700 permanent workers and 1,800 temporary workers; in the Matsuda munitions works there are 600 permanent workers and 1,000 temporary workers, and in the naval base at Kura there are 17,000 temporary workers and 10,000 permanent workers. It is self-evident that the labour conditions of the temporary workers are being exploited by the bourgeoisie and government enterprises in order to exert pressure on the permanent workers and force down their labour conditions. In recent times a new form of wage

cut has been extensively applied, which actually amounts to forcible collections from the workers for "defence." At the same time the profits and dividends of the big capitalists are increasing. Thus, for example, nine big textile companies showed profits of 9 to 35 per cent. for the last six months of 1932, and paid out dividends reaching 25 per cent. ("Textile and Tariff"). All this is bound to result in an accentuation of the contradictions between labour and capital.

For a certain period of time the agrarian crisis was to some extent driven inward. For a few months the fall of the yen was accompanied by an increase in the prices on rice and silk cocoons. But, first of all, owing to the fact that this increase took place primarily at a time when the peasants had already succeeded in disposing of their surplus at extremely low prices, the benefits of this increase were reaped by the landlords, traders and exporters. With the approach of the new harvest the prices on rice dropped rapidly—from 22 yen for the wholesale price they dropped to 20 yen by August, 1933. The prices received by the peasants are somewhat lower.

The Seyukai Party, playing at opposition to the government, is demanding the calling of an emergency session of parliament, devoted specially to the question of rice prices. This demand is being exploited by the landlords' organisation, "Imperial Agricultural Society," which demands that rice prices be fixed at 25-30 yen per bale. At the same time the movement for tax reductions is spreading. The extent of these tax burdens can be judged from the results of the investigation conducted by this same "Imperial Agricultural Society," which revealed the fact that a peasant with an income of 300 yen or less pays 115 yen in taxes. During the four years of the crisis the peasantry has sunk into frightful misery and indebtedness. According to bourgeois estimates, this indebtedness amounts to 300 yen per one-tenth hectare of land. Eighty per cent of the peasants are thus overburdened with debts. It is admitted by the bourgeois press that the peasants "live and work only to pay off their debts." The sales price of rice does not cover the cost of production. Prices for fertiliser, which play a most important part in the expenditures of the Japanese peasantry, have gone up 70-119 per cent. The discrepancy grows all along the line (if we take the prices prevailing in November, 1932, as 100, agricultural prices come to 118, while the prices on manufactured goods come to 130.1). Taxes reach 35 per cent. of the income, and the indebtedness of the rural districts exceeds 7 billion yen, the greater part of which represents loans obtained under usurious conditions. Not a single prominent person, even in

business circles, so much as implies any alleviation of the crisis in the rural districts. This whole situation inevitably sharpens the contradictions between the peasants and their exploiters.

A new wave of mass destitution is sweeping over the rural districts. The situation of the workers and peasants is growing so much worse that the increase in industrial output is leading not to an alleviation but to an accentuation of the contradictions prevailing throughout the country. The number of workers participating in industrial conflicts continues to grow. From 49,000 for the last six months of 1932 it has risen to 53,000 for the first six months of 1933. Strikes for wage increases amounted to 16 per cent. for the first half of 1932, 20 per cent. for the second half of 1932, and 34 per cent. for the first half of 1933. At the same time the number of conflicts in the rural districts is increasing. The number of such conflicts was 1,100 for the first half of 1932, rising to 1,793 for the first half of 1933, i.e., an increase of 60 per cent.

Not only has there been no letting up of the process of robbery of the Japanese workers and peasants, but, as we have seen, this process has been intensified. Consequently, the purchasing power of the population is continually declining. This means that the home market is becoming more and more restricted. As a matter of fact, the home demand for cotton goods is falling off from month to month. It dropped from 167,700 cases in January, 1932, to 82,000 cases by the end of the year. The result is that the ratio of export to home consumption, instead of being 40:60, as in 1932, has become 60:40. The demand for sugar declined from 3,292 piculs* for 10 months in 1931 to 3,049 piculs for the same period in 1932. Even the demand for the staple food production of Japan—rice—has fallen off during the past year from 110 sho† to 100.6 sho per capita of the population.

Thus there is no basis within the country for economic revival. The only enlivenment of production in Japan is to be found in the war and export industries. Over the export industry hovers the Damoclean sword of economic war with its prohibitive tariffs and quotas. The extent to which any enlivenment of Japanese industry is dependent on export, and the extent to which Japan is sensitive to the blows of the economic war which is developing between it and England, are made clear by the figures for May-June, 1933. During these months we still find a growth in the export of Japanese textiles, but the prospects of a restriction of Japanese exports to British colonies is becoming continually clearer.

* Picul equals 133½ lbs.

† Equals approximately 5 bushels.

Even during the past months Japanese exports have continued to increase. But the imminence of prohibitive tariffs in India and other British colonies has already had the effect of a restriction in the production of goods for export in spite of the actual increase in exports. Thus, for example, the index of production of yarn, which was 122 for June, dropped to 118 for July; cotton textiles dropped from 131 to 127.7 for this period, while the output of artificial silk dropped 16.8 points, and coal 2.5 points. The various branches of the war industry continue to increase their output: the output of iron has gone up 0.8, soda potassium 17.9, cement 6.5, etc. But the relative importance of export branches of production is so tremendous that the drop of five points for these branches brings the general index down by 19.5 points. The lowering of the general index (Mitsubishi) began in June and still continues.

This double dependence of Japan on her export is bound to lead to an extreme sharpening of her economic war with England.

The development of the war industry is basically undermining the financial position of the country. Japanese imperialism did much plundering in Manchuria and Northern China, and very probably receives secret credits from war lords in other countries. In 1932 Japan had an active balance amounting to 132 million yen.*

Nevertheless, in spite of all this, war expenditures swallowed up nearly the total amount of real government income. The deficit amounts to approximately one-half the entire budget, and is covered in full by internal loans. More than one

billion yen were raised in this manner during the budget year of 1932-33, and during the coming budget year of 1933-34 this figure is to be increased to approximately 1,450,000,000 yen.

The government debt of Japan is officially estimated at 7,862,000,000 yen, but actually reaches 10 billion yen. During the month of September new loans were floated amounting to 300 million yen.

The fragile character of the Japanese financial system is revealed particularly clearly by the fact that the new loans floated last year were not subscribed to in the open market, but were forced on the banks, and 50 per cent. of them are still locked up in the safes of the banks, while 20 per cent. have been subscribed to out of the free funds of the savings banks, which are disposed of by the Ministry of Finance without being subject to control. The government, by force of its state power, takes over the free capital of the banks and savings banks. The government is still in a position to draw hundreds of millions of yen from this source. For example, a savings bank has, let us say, four and a half billion yen in deposits. Anyone can see the risk involved in such a financial policy. If the financial position of the country is shaken and people lose confidence in the banks — and under the existing conditions of world crisis and unprecedented and ever more bitter economic war this is more than likely—there will be a collapse, not only of the financial system. The policy of the Japanese government is placing the economic life of the country in a precarious situation. If it continues this policy it will be forced to adopt open inflation. Apparently such a possibility exists, but there is far greater reason to suppose that such an inflation, undermining the confidence of the depositors, will be the beginning of complete financial and economic catastrophe. The inevitability of such a catastrophe is quite evident, but the most adventurous elements of the ruling military circles are counting on prolonging the present state of affairs for a while, both in the economic field and in the field of finance, in order to avert economic collapse when the time comes, by means of a new great war. *The military and speculative growth of industry in Japan is taking place at the cost of the plundering of the masses. It is one of the factors which is intensifying the world economic crisis. It is sweeping the country along towards financial collapse, and sharpening the external and internal contradictions of Japanese capitalism, leading to new wars, and is hastening the approach of decisive class battles within the country.*

* JAPAN'S BALANCE OF PAYMENTS FOR 1932.

I.—INVISIBLE EXPORTS.

(1) Interest and profit on Japanese capital abroad	150 million yen
(2) Income from Japanese living abroad	104 " "
(3) Net profits from trade fleet ...	150 " "
(4) " " " insurance	1 " "
(5) Income from foreign loans in Japan	35 " "
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	440 million yen

II.—INVISIBLE IMPORTS.

(1) Expenditure of Japanese abroad ...	55 million yen
(2) Interest and profit on capital in foreign enterprises in Japan	17 " "
(3) Government expenditures on representatives	20 " "
(4) Unfavourable trade balance	24 " "
(5) Payment of foreign debts	215 " "
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	331 million yen
Favourable balance	109 " "

(Figures of the "Yokohama Specie Bank," published in the "Japan Advertiser" of February 4, 1932.)

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