

**WORKERS OF THE WORLD  
UNITE!**

# THE COMMUNIST INTERNATIONAL



NO.

**23**

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**Monthly Organ of the Executive Committee of the  
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The  
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ORGAN OF THE EXECUTIVE COMMITTEE OF THE  
COMMUNIST INTERNATIONAL

Appears simultaneously in  
English, Russian, French  
and German

*Publishing Office*

Leningrad, Smolny, 63. Tel. 1.19.

*Editor's Office:*

Leningrad, Smolny, Zinoviev's Cabinet

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Published at 16 King Street, Covent Garden, London, W.C.2

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# Revolutionary Struggle of the British Workers

“The fundamental law of revolution confirmed by all revolutions, and particularly by all three Russian Revolutions of the twentieth century, is as follows: It is not sufficient for the revolution that the exploited and oppressed masses understand the impossibility of living in the old way and demand changes; for the revolution it is necessary that the exploiters should not be able to live and rule as of old. Only when the masses DO NOT WANT to live in the old way and when the rulers ARE UNABLE to govern as of old, then only can the revolution succeed. This truth may be expressed in other words: revolution is impossible without an all-national crisis, affecting both the exploited and the exploiters. It follows that for the revolution it is essential, first, that a majority of the workers (or at least a majority of the conscious, thinking, politically active workers) should fully understand the necessity for a revolution, and be ready to sacrifice their lives for it; second, that the ruling class be in a state of governmental crisis which attracts even the most backward masses into politics. It is a sign of every real revolution, this rapid, tenfold, or even hundredfold increase in the number of representatives of the toiling and oppressed masses, heretofore apathetic, who are able to carry on a political fight which weakens the government and facilitates its overthrow by the revolutionaries.

“In Britain . . . both conditions for a successful proletarian revolution are obviously developing.”—N. Lenin’s “Left Wing Communism: An Infantile Disorder,” English Edition—pp. 65—66.

\* \* \* \* \*

**T**HE most important thing we have learned from the British General Strike and on an even greater scale from the coal struggle has been that millions of the British proletariat “do not want to live in the old way.” The intense tenacity with which the coal miners have persevered in the struggle, although they have had to suffer the severest privation; the enthusiasm with which millions of other workers hurried to their assistance; the stormy surge of these masses of workers into the sympathetic strike; the bitterness of the masses when the General Strike was called off—all this shows the correctness of Lenin’s words six years ago:

“In Britain the conditions for a successful proletarian revolution are obviously developing.”

The British workers “do not want to live in the old way.”

This great fact, this existence of one of the two pre-requisites which Lenin considered necessary for a successful proletarian revolution, stands out above all else; it stands out above the treachery of the trade union leaders and the vagueness of the masses as to their ways and aims. To create clarity as to the aims and the path to be followed, to show the way to power to the proletariat who no longer want to live in the old way—this is the task that falls to the lot of the Communist Party. The Party will fulfil this task. The experiences of the masses in their struggle will make that fulfilment easier.

The British workers do not want to live in the old way. But the road which they must travel in order to be able to live in a new way is still vague to them. Their struggle is a revolutionary struggle. On this point there can be no doubt. It is a struggle in which the great mass of fighters is fighting in a truly revolutionary manner, but is not yet conscious of, indeed actually deny, the revolutionary character of its struggle. The ideology of democratic Parliamentarism, of the State above all classes, the ideology of "non-political" trade unionism, acquired during many decades of peaceful participation by the workers in imperialist super-profits, weighs heavily on the British proletariat. This false ideology makes it difficult for them to find the right way. The experience of the last few weeks, however, has given this false ideology some severe jolts and opened the way to an understanding of Communism.

The ideology of the State above all classes! The struggling masses of workers saw how all the powers of the State were directed against them: how the soldiers and police were called out against them, how Communists were arrested, how all the means of defence were monopolised by the bourgeoisie, etc. They recognise the fact: the State is NOT above classes.

But this by no means disposes of democratic-parliamentary illusions. The adherents of this ideology still have a loophole. The State apparatus would work differently if there were a Labour Party majority in Parliament, if a Labour Cabinet controlled the government. It seems probable that the broad masses of workers will not draw correct conclusions from the events during the strike as to the class character of the bourgeois State; they will conclude instead that it is necessary to have a Labour majority at the next elections. Perhaps the British working class must experiment with a Labour Government not "only in office" but also "in power," in order really to overcome the illusions about the decisive power of the ballot and about the State being above all classes.

A much stronger set-back was suffered by the vague syn-



dicalist ideology of the omnipotence of the peaceful General Strike. The exponents of this ideology had a vague notion that by a repeated application of the General Strike they could force the bourgeoisie, at the expense of their profits, to give the workers a "living wage." These fantasies have not developed into a definite theory, nevertheless they play a great rôle in the ideology of the workers. The premature calling off of the General Strike prevented the British workers from recognising that this method is impracticable. The General Strike ended at a moment when the peaceful General Strike was threatening to turn into a political struggle for power. In many places there were formed workers' committees for distributing provisions, for controlling the use of electricity, and for controlling the transportation of provisions. These were germ-cells for the formation of Soviets, although the workers who formed them did not know this. A few more days and the necessity would have arisen *ipso facto* for connecting these embryonic Soviets with each other. Another few days and the government of the bourgeoisie would have been forced to use violence against these embryonic Soviets. This would have brought these organisations as germ-cells of the future proletarian power clearly to the consciousness of the workers *but even the illusion of the "peaceful" General Strike has not been entirely overcome.* Many workers are convinced that if the General Council had issued the "second call" in the struggle, if the trade union leaders had not shown themselves to be cowardly weaklings, a peaceful General Strike would have succeeded. They believe that it was not the *method* of the General Strike but the leaders who failed. For a complete liquidation of this illusion perhaps it will be necessary for the British proletariat to go through "a peaceful General Strike" to the end.

The agents of the bourgeoisie in the camp of the workers—the MacDonalds, Thomases and Co.—recognised the revolutionary significance of the struggle better than the masses of workers. These agents therefore took pains that this struggle, which they were unable to prevent, should end as quickly as possible. They therefore consciously spread a panicky mood among the vacillating members of the General Council. Therefore Thomas and MacDonald now announce that the "General Strike" should never again be used as a method of struggle by the working class. These gentlemen know quite well that millions of workers cannot be mobilised for a "peaceful" General Strike without running the danger of conjuring up a struggle for power.

The bourgeoisie also saw the significance of the struggle.

It conducted the struggle incomparably better than the General Council. It made preparations for it nine months in advance. It provoked the conflict. But when millions of workers took up the struggle with determination; when the direction of the strike threatened to shift from the hands of "labour leaders" devoted to the bourgeoisie to the hands of the spontaneously created workers' committees—the bourgeoisie fell into a panic of terror. *It looked the spectre of the Proletarian Revolution straight in the face.* Therefore, also, there was no victorious mood when the gang of traitors presented the bourgeoisie with an unconditional calling off of the strike, with victory. The bourgeoisie is convinced that the next time it will not get off so smoothly.

Despite its defeat—suffered because of cowardly treachery—the General Strike has an epoch-making significance for the British workers. It showed plainly that one of the general requisites laid down by Lenin for a victorious proletarian revolution—namely, that the masses no longer want to live in the old way—exists in Britain. The events of the General Strike shook the old ideology of the working masses and opened the way for the acceptance of Communist teaching by the proletarian advance guard, for the creation of a Communist mass Party, for the replacement of the agents of the bourgeoisie by revolutionary Communists in the leadership of the working class. All the subjective conditions for the victory of the proletarian revolution were thereby created. Matters are undoubtedly developing in that direction; *when* this development will reach its goal cannot be easily predicted.

### **The Decline of British Industry.**

The British proletariat obviously no longer wants to live in the old way, and it can be said with good reason that the British bourgeoisie no longer *can* live in the old way.

How is the British bourgeoisie living?

Disregarding detail and keeping only the big outlines of development in view, one sees that the British bourgeoisie is giving up more and more the direct leadership of production; it is becoming a parasitic absentee bourgeoisie. The importance of industrial capital\* becomes less and less, while the im-

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\* Industrial capital in Marx's sense: "The capital which assumes these different forms in the course of its total process of rotation, discards them one after the other and performs a special function in each one of them, is industrial capital. The term *industrial* applies to every branch of industry run on a capitalist basis."—"Capital," Vol. II, p. 59.

portance of finance capital, foreign investments, the exploitation of the colonies is becoming greater. The unfavourable balance of trade, *i.e.*, the merchandise which Britain receives from the rest of the world without countervailing exports, is becoming greater and greater. However, the profits which the British bourgeoisie is squeezing out of the rest of the world, without a corresponding return, are even greater. And of the values received from abroad without a corresponding return the greater part is used to expand Britain's foreign investments; that is, the greater part is reserved for increasing the income from abroad in the future. Thus the British bourgeoisie is still able to throw to the British labour aristocracy a few crumbs from the exploitation of the world.

We will illustrate this development with a few figures :

British agriculture grows smaller and smaller : grassland and hunting fields take its place. (During the war there was an interruption in this development.)

*In 1,000 acres.*

	1905	1913	1919	1924
Grain and Vegetables ...	7,054	6,922	8,371	6,671
Grazing Lands and Meadows	17,200	17,567	15,782	16,429

Correspondingly, the number of those employed in agriculture has become less and less from year to year. In 1921 it was only 8.5 per cent. of the total number of those employed. *Britain has no peasant class.* This is of special importance in estimating the relative strength of the proletariat and the bourgeoisie.

The shrinking of agriculture proceeded in the 19th century side by side with a great expansion of industry. In Marx's time Britain was unquestionably the leading industrial workshop of the world. In the 20th century, however, Britain was far surpassed by its rivals in the development of industry. This can be seen from the following figures :

*Output—in million tons.*

	Coal		Iron		Steel	
	1900	1913	1900	1913	1900	1913
Great Britain ...	229	292	9.1	10.6	6.0	7.8
Germany ...	109	190	7.6	12.9	7.4	15.3
France ...	33	40	2.7	5.2	1.9	4.7
Belgium ...	23	23	1.0	2.5	0.9	2.5
United States ...	245	217	14.0	31.4	10.3	31.8

While other countries have doubled their iron and steel production, Britain's production has risen only by 20 per cent. After the war, British coal, iron and steel production declined absolutely as compared with 1913. The figures are :

*In million tons.*

	1913	1925
Coal ... ..	292	242
Iron ... ..	10.6	6.3
Steel ... ..	7.8	7.4

An absolute decrease in production has also occurred in the other leading British industries on which the country's export rests : machine construction, ship building, the textile industry. Direct figures for production are not at hand, but there are estimates of the total production of British industry. This has been estimated as follows by various authorities :

Professor Bowley*	...	87 per cent. of 1913 production.
A. T. Layton†	...	95           "           "
Lord Weir‡	...	86           "           "

The decline in the quantity of the raw material worked up or consumed within the country also shows indirectly the shrinkage of the whole of British industry.

The nett import of "raw materials and articles wholly or mainly unmanufactured"<sup>1</sup> (import deducted from export) amounted on the basis of 1913 prices (Balfour Report, I, p. 639) :

	<i>Million £. Ster.</i> 1913 = 100	
Annual Average 1900—1904	...	158.5      72.8
"      "      1905—1909	...	179.3      82.3
"      "      1910—1913	...	204.7      94.0
"      "      1913	...	206.2     100.0
"      "      1922	...	163.9      79.5
1923	...	163.6      79.3
1924	...	185.7      90.1

\* Noted economist.

† Editor of "Economist."

‡ Noted Big Industrialist.

<sup>1</sup> This group of commodities comprises the main industrial raw materials, such as cotton, wool, jute, metal, wood, hides, etc.

These figures bear witness to the further shrinkage of British industry. Since the apparatus of production, the population and the number of industrial workers are greater than before the war, part of the apparatus of production must be in chronic idleness, and a considerable part of the workers must be suffering from chronic unemployment.

British political economists have made a number of investigations of the phenomena of the industrial crisis which has been chronic since 1920. The most thorough of these has been made by the Balfour Committee.<sup>1</sup> The most important finding is that Britain's export of *industrial commodities* as compared with 1913 is as follows :

*Export of Industrial Commodities on the basis of 1913 prices.*<sup>2</sup>

	Million £. Ster.	Per cent. of 1913 export
Annual Average 1900—1904	... 264.6	64.3
„ „ 1905—1909	... 327.5	79.6
„ „ 1910—1913	... 387.4	94.2
„ „ 1913	... 413.8	100.0
„ „ 1922	... 279.6	66.4
„ „ 1923 <sup>3</sup>	... 305.5	73.3
„ „ 1924	... 325.1	78.6

Thus we see that the export of industrial commodities during 1924 fell below the level of 1905—1909 when figured on the same price basis.

The export of industrial commodities is of the greatest importance for Britain's economy. That was why the causes of the decline were investigated at such expense. The Bal-

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<sup>1</sup> The findings so far have appeared in two volumes : Committee of Industry and Trade—

I. Survey of Overseas Markets, London, 1925.  
II. Survey of Industrial Relations, London, 1926.

<sup>2</sup> Vol. I p. 640. The introductory section of the Report, page 4, emphasises that these figures exaggerate the decline of exports, and estimates the total 1924 export of the United Kingdom (England, Wales and Scotland) at 90 per cent. of the 1913 total.

<sup>3</sup> These figures (as well as the figures preceding it) are of course not entirely accurate. In 1913 the grouping was somewhat different. In 1923 Ireland was counted out of the internal trade and thenceforth exports to Ireland were counted as part of foreign trade. Both changes make the post-war export appear greater than it actually is.

four Committee gives the following as the causes of the decline :<sup>1</sup>

(a) Decline in the purchasing power of the population in those countries which serve as markets for Great Britain.

(b) The development of their own industries.<sup>2</sup>

(c) The pressure of competition on British exports by the exports of other countries.

We shall not bother with the first two causes here; they apply equally to all European industrial countries; they are components of the general crisis of European capitalism. As far as the third cause goes, the Balfour Report denies that up to 1923 (!) British exports were pushed back by its competitors. On the contrary: Britain's share in world export rose up to 1923. This export amounted to :<sup>3</sup>

1913	...	...	...	13 per cent.
1923	...	...	...	14 per cent.

Thus the chief conclusion of the investigation is that the decline in exports as compared with the pre-war period is due not to special factors in British economy but to the general economic situation.

<sup>1</sup> Vol. I, p. 5.

<sup>2</sup> In general the increased tariffs are considered as one of the chief reasons for the market crisis of European industry. The calculations of the British Board of Trade for the Balfour Committee for the year 1924 arrive at another conclusion. The tariff on the leading British exports—the "staple exports"—in the 18 leading markets amounted to :

*Tariffs in percentage of value.*

	1914	1924		1914	1924
<i>British Empire</i>			<i>Other Countries</i>		
India ... ..	2 $\frac{3}{4}$	10 $\frac{1}{2}$	U.S.A. ... ..	19 $\frac{1}{2}$	32
Australia ... ..	6 $\frac{1}{4}$	9 $\frac{3}{4}$	Germany ... ..	17 $\frac{1}{4}$	10
Canada ... ..	15 $\frac{1}{4}$	13 $\frac{1}{4}$	Argentina ... ..	24	20 $\frac{1}{2}$
South Africa ... ..	7 $\frac{1}{2}$	9	France ... ..	21 $\frac{3}{4}$	12 $\frac{1}{2}$
New Zealand ... ..	8 $\frac{1}{4}$	8 $\frac{1}{2}$	Japan ... ..	19 $\frac{1}{4}$	10 $\frac{1}{4}$
			China ... ..	5	5
			Holland ... ..	2 $\frac{3}{4}$	2 $\frac{3}{4}$
			Brazil ... ..	88	41
			Egypt ... ..	8	8
			Belgium ... ..	10	8 $\frac{1}{2}$
			Italy ... ..	18 $\frac{1}{4}$	15 $\frac{3}{4}$
			Spain ... ..	42	37 $\frac{1}{4}$
			Sweden ... ..	23	12 $\frac{1}{2}$

<sup>3</sup> Ibid, p. 3.

We believe however that since 1923 a great change has taken place. The shrinkage of British industry has increased considerably since then. The year 1923 was an especially favourable year for Great Britain; two of its leading rivals—Germany and France—were crippled by the Ruhr Occupation. The export of British goods has fallen off in the past year as a result of the competition of those countries which have gone through an inflation period. No figures have been compiled on this aspect yet, but this can be established without doubt on the basis of newspaper reports.

### The Aftermath of Deflation.

This decline in the competitive powers of British industry must be ascribed, among other things, to the prevention of inflation, the stabilisation of the currency on a full pre-war basis.

Inflation always means the *strengthening of industrial capital* at the expense of all other elements in economy, especially at the expense of *interest-bearing capital*. In Great Britain bank and investment capital is much stronger in relation to industrial capital than is the case on the Continent; the fusion of bank and industrial capital into financial capital has made much less progress than on the Continent; British bank capital would like to regain its rôle as the world's banker at all costs. Therefore, when it was a question of the basis on which the currency should be stabilised the interests of bank and investment capital were victorious over those of industrial capital. Great Britain is the only country in Europe that went through the war and has returned to the pre-war gold standard. This, as we shall show, has intensified the decline of British industry and weakened its competitive powers not only against those countries where there is an actual inflation of the currency, but even against Germany and those countries which have stabilised their currency but have, as a result of inflation, rid themselves of the burden of debt.

It is well known that in Britain itself there was a not inconsiderable opposition to the return to the gold standard. Industrial capital, through its powerful organisation, the Federation of British Industries, took its stand against it. McKenna and Keynes offered timid and vague arguments in favour of inflation. But the interests of bank capital gained the victory.

The significance of the return to the gold standard can be discussed on a Marxian basis as follows :

For our particular purpose we may divide the annual product in values<sup>1</sup> of capitalist society into three groups of income :

- (a) Wages.
- (b) Profits and ground rents.
- (c) Capital "rent."

Capital "rent" is a part split off from the total annual product in values, closely allied to profits, which falls to the lot of those people who invest money in any interest-bearing form : for example, in war loans, obligations of governments, cities, capitalist enterprises, banks, loans, life insurance companies, etc.

*To return to the gold standard*—as Great Britain succeeded in doing—means that all income from invested capital is paid in full gold value.<sup>2</sup> From the annual product in values these "rents" must be deducted to their full gold value. *If the share that goes to wages remained unchanged, this means a reduction in industrial capital's profits.*

The economic mechanism by which the share of "capital rent" is take out of the total amount of profits differs. In the case of industrial investments the deduction of profits from the enterprise in question takes place directly. Interest on government debts is paid by raising the taxes paid out of profits; interest on municipal debts by local taxes paid out of profits; interest on the outstanding debts of banks by raising the rate of interest, etc.

In those countries which have stabilised their currency after inflation, "capital rent" was for the most part expropriated. That is (again assuming that the income from wages

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<sup>1</sup> *Product in values* (the new values created in the form of commodities) *not value of the product* (the total value of the commodities finished during the year). The product in values for any given year is smaller than the value of the product. "The difference obtained by deducting from the total value of the annual product that portion of value which was added by the labour of the last year is not an actually reproduced value but merely one reappearing in a different form of existence . . . . It is value transferred to the annual product from previously existing value which may be of an earlier or later date according to the wear of the constant portions of capital which have participated in that year's annual labour process, a value which may be derived from some means of production which were first created during the year before last or even the years previous to that. It is under all circumstances, a value transferred from means of production of former years to the product of the year under discussion."—"Capital," Vol. II, p. 508.

<sup>2</sup> This does *not mean full pre-war value*, since the purchasing power of gold has meantime become  $\frac{1}{3}$  less than before the war. An equally large nominal gold income therefore means a real income reduced by one third.



has continued unchanged) the deduction from the profits of industrial capital for rent on capital disappeared almost completely. In Germany for example, after all calculations, the real "rent" income amounts to only a few per cent. of its original nominal value.

All things being equal, industrial capital in the countries that have gone through an inflation period has the advantage over British industrial capital, in that they are free from deductions for rent on capital.

The quantitative significance of this fact can be estimated approximately from the following figures on rentier income :

*State Obligations.* Mill. £

The British Budget shows for interest on State debts ... .. 355

Of this £35,000,000 went to the United States. This item was a burden on industrial capital, but at the same time furnished no income to the British stock-holding class.

*Savings Deposits.*

Before the war savings deposits (in post office and trust companies<sup>1</sup>) amounted to £230,000,000; in 1924 they reached £363,000,000 (we do not intend to deal specially with rentier incomes from bank accounts, in which predominantly industrial capital appears as money capital). As annual interest we can assume about ... .. 15

*Life Insurance.*

In 1924 there were paid out as incomes<sup>2</sup> ... 40

*Stocks and Bonds.*

We have not succeeded in establishing the total amount of non-government obligations with a fixed interest. However the six great British Railway Companies alone have an indebtedness with a fixed interest rate (debenture and preferred stock) of £666,000,000. The average interest rate of the obligations amounted in 1925 to 5.1 per cent.<sup>3</sup> Interest on the railway debts alone amounted to

<sup>1</sup> According to various annual estimates in the "Statistical Abstract for the United Kingdom."

<sup>2</sup> "Statistical Abstract," 1924, p. 220.

<sup>3</sup> "Economist," Jan. 26th, 1926.

£34,000,000.	If we add another £16,000,000 for all		
other obligations, we get for one year	... ..	50	
			Total    £450,000,000 <sup>4</sup>

We get an idea of the size of this sum when we recall that the national income of Great Britain was estimated by Sir Leo Chiozza-Money in 1914 at £210,000,000 a year. For 1924 the "Economist" estimated it at £4,000,000,000.\* The rentier income according to our computation (which is certainly low) thus constitutes one-tenth of the national income.

How heavily the income from investments weighs on Great Britain's industrial capital can be seen clearly from the following consideration. The British coal capitalists demand a wage reduction averaging 10 shillings a week for the workers. (We are using round figures in order to make the calculations easier). Assuming 1,000,000 miners this wage reduction would amount to £500,000 a week or £26,000,000 a year. (A subsidy of £23,000,000 was sufficient to keep the coal industry going profitably for nine months.) However, compared with the income from investments these are very small sums—one-twentieth of the sum at which we computed the income from investments.

To this must be added further burdens in the form of pensions and unemployment doles. According to the calculations of Comrade Max Beer in a special work on the subject, the unemployment doles have in the past three years amounted annually to :

The Government	... ..	£12,000,000
The Employers	... ..	£28,000,000
The "Community"	... ..	£36,000,000
		Total ... .. £76,000,000

The contributions of the workers to unemployment insurance are not included here. This means that industrial capital's profits are burdened every year by another £76,000,000.

Of course a large part of the income from investments goes to the owners of industrial capital themselves, or to the

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<sup>4</sup> This figure of course, is approximate; however since £355,000,000 interest on State debts is a certainty, this total cannot be too great.

\* Issue of Nov. 10th, 1925.

members of their family. This strengthens the industrial bourgeoisie as a class. However, this does not change the fact that the profits of industrial capital as an economic whole are cut down by the amount of the rentier annuities—if we assume that the share of the product in values which goes for wages remains the same. Expressed in terms of private economy: the fact that the shareholders of a big industrial enterprise draw interest from other sources, does not at all change the fact that the profit of this enterprise is cut down by the weight of the interest with which it is encumbered. This means that the cost of production is increased. This last is important for the competitive powers on the world market.

The return to the gold standard had a profound effect on the whole structure of British industry. It enabled British bank capital to resume its struggle with American bank capital for the rôle of the world's banker. It had a profound effect on the home market. The power of absorption of the British home market is relatively great because there exists a class of investors who are able to buy. The branches of industry which produce for the home market are enjoying a relatively favourable period, while industry which produces for export is in a low state. The country's imports are rising, its exports falling.<sup>1</sup> The unfavourable balance of trade grows greater every year. In contrast to this there is in Germany a great market crisis on the home market, while the export industries (chemical, electrical industry) are enjoying a relatively favourable period.

Thus we see that the different forms of stabilisation in Great Britain and in the Continental industrial countries have basically influenced the structure of economic relations.

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<sup>1</sup> Great Britain's foreign trade in the last few years has been as follows:

		<i>In million £</i>			
		<i>Export of British Goods</i>		<i>Imports</i>	
		<i>At present prices</i>	<i>At 1913 prices</i>	<i>At present prices</i>	<i>At 1913 prices</i>
1910—1913	... ..	474	493	611	615
1921	... ..	703	372	979	484
1922	... ..	719	262	899	570
1923	... ..	764	391	978	626
1924	... ..	795	396	1,140	701
1925	... ..	733	—	1,169	—

These figures—except those for 1925—are taken from the Balfour Committee Report, Vol. I, page 636. For the year 1923 Ireland's new position in the British Empire and the consequent changes in trade are taken into consideration.

### The Dilemma of the British Bourgeoisie.

Nothing is further from the mind of the capitalist who represents the profit interests of industrial capital, than to make a Marxian analysis of the distribution of society's income. He knows only the difference between cost price and selling price, which gives him his profit. All the cost factors : wages, cost of material, interest on outstanding obligations, taxes, etc., are for him equally important. From direct experience he sees that the cost price of his goods is too high for the competition on the world market ; he therefore seeks to lower the costs. He fulminates against the high taxes, the high freight rates ; but above all he tries to attack high wages. Actually, however, the great wage battle which is now going on in Britain revolves to a great extent around this question :

*Shall the share of annual income which goes to the unemployed out of the total social production be covered at the expense of wages or at the expense of the profits of industrial capital?*

The legally secured share of the social product-value which goes to invested capital has been restored to its full nominal value by the return to the gold standard. This constitutes an unbearable burden for British industrial capital in its competitive struggle with the industrial capital of those countries which have passed through an inflation period and which are free of this burden. This problem is an objective one—even though the capitalists themselves may be unconscious of it :

*Either ; the confiscation of incomes from investment through inflation, as in rival countries. Or : lowering wages below the level of the rival countries in order to be able to support the investors.*

Inflation would make it impossible for British bank capital to play the rôle of the world's banker ; with it there would be destroyed an important source of income for the country. At the same time it would make it impossible for British industry to strengthen its competitive powers by the union of industrial exports with the export of capital.

Even more important, however, is the aspect of class politics. In Great Britain there is no peasant class. Inflation would ruin the petty bourgeoisie ; it would destroy the in-

vestors, who in Britain constitute a particularly large class.<sup>1</sup> The big bourgeoisie would thus be isolated.

According to current figures of the vocational census for 1921 for England and Wales (the figures for Great Britain are still unknown) the number of people of independent means was 1,511,197; while the number of people receiving wages and salaries was 16,736,447.

*Thus for every person of independent means there were more than 11 wage earners.* Among these "independent" people there are a number of semi-proletarians. During an inflation which would proletarianise investors and a section of the independent merchants and commission merchants, the big bourgeoisie would be absolutely isolated, facing the proletariat. In the present period of the decline of capitalism, which expresses itself in a sharpening of the class struggle, such a situation would be fatal for the British bourgeoisie. It cannot afford to deprive itself of its last auxiliary troops in its struggle with the proletariat. It must therefore drag the investors along with it.

The British bourgeoisie is all the more impelled toward an alliance with the investors and the petty bourgeoisie (in the absence of a peasant class) as its former support among the workers is disappearing. There is a general economic crisis; the competitive powers of industrial capital are weakened by the burden of investment incomes; colonial profits have been reduced by the resistance of the colonial and semi-colonial peoples. All this has made it impossible for the British bourgeoisie to support a privileged labour aristocracy by the sacrifice of a part of its super-profits. As a result, the relations of the bourgeoisie to the working class have been radically changed. Whereas formerly the workers of the export industries — machine builders, ship builders, textile workers—formed the labour aristocracy, at present it is precisely those sections which are suffering most from un-

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<sup>1</sup> Just how large the class of investors in Great Britain is, I am unfortunately unable to determine from the material I have at hand. The investors are not treated as a separate class in the statistics. In addition, there is among those who receive incomes from investments a large number who do not derive their income at the expense of industrial capital. These are people who receive their incomes as pensions from the Indian, Egyptian, etc., Governments, where they serve a few years as officials. Furthermore, there are incomes from foreign capital, dividends (direct share in the profits of industrial capital), etc. There is no question, however that the investors constitute quite a considerable section of Great Britain's population.

employment<sup>1</sup> (including part-time work) and are therefore exposed to the most powerful attacks on their wages. When the bourgeoisie is in danger of having its profits lowered it has these alternatives: either to cut wages, or lower the costs of production in general or raise prices. The last is possible only on products intended for internal consumption—in other branches of industry it runs into the competition of the world market. Thus we see that the wage rise in the sheltered industries as compared with the pre-war period is considerably greater than the wage rise in those branches of industry which are exposed to the competition of the world market. Here are a few examples:

*Percentage of Increase of Full Week's Wages on April 30th, 1925.<sup>2</sup>*

*August, 1914 = 100.*

EXPORT INDUSTRIES		SHELTERED INDUSTRIES		Increase over August 1914 Cost of Living June 1925
Coal	49—67	Building	81—105	72.0
Iron	21—35	Railway	85—161	
Machines	44—76	Book Printing	107—117	Wholesale Price Index 64.2
Ship Building	35—68	Bakers	88—112	
Cotton	68—	Public Works		

*Approximate Average 60    Approximate Average 100<sup>3</sup>*

The absolute level of wages in the sheltered industries is also higher than that of the approximately equally qualified workers in the industries which produce for the world market.<sup>4</sup>

We see that even according to the one-sided reports of the capitalists, real wages in the “unsheltered” industries of Britain in 1924 were below the pre-war level. According to the calculations of the trade unions, *all* wages at the end of

<sup>1</sup> At the end of March, 1925, the percentage of those who receive unemployment insurance and who were unemployed in the various branches of industry was:

Iron workers	... ..	20.1	Ship builders	... ..	36.7
Machine makers	... ..	12.0	Linen weavers	... ..	29.6
Ship machine makers	... ..	24.1	Dock workers	... ..	24.3
On the other hand, unemployment in the protected industries was:					
Building trades	... ..	8.8	Provisions	... ..	7.0
Book printing	... ..	5.5			

<sup>2</sup> Survey of Industrial Relations: Vol. II of the Balfour Committee Report, London, 1926, pp. 88 passim.

<sup>3</sup> *Ibid*, p. 7.

<sup>4</sup> Survey of Industrial Relations: Vol. II of Balfour Committee Report, Table on p. 71.

1924 were really only 92.7 per cent. of the July, 1924, level. In this calculation the falsification of the cost of living indices to the disadvantage of the workers was left out of account.<sup>2</sup> Real wages in the unsheltered industries must thus have been even lower.

The British export industries are incapable of supporting their workers as a labour aristocracy. They are continually attacking the high wages of the workers in the sheltered industries: their motive is thereby indirectly to lower the cost of production in the export industries—higher railway rates as a result of higher railway wages; higher taxes as a result of higher salaries of civil servants, etc.

The British bourgeoisie is in a situation where it is forced to attempt to reduce the real standards of living of the entire proletariat. All the gains made by the working class during and after the war are to be completely swept away; indeed, the standards of living are to be reduced below the pre-war level, down to and even below the level of the competing countries.

The demand of the bourgeoisie that the workers should live in the old way, *i.e.*, as they lived twenty years ago, is the crassest contradiction to the will of the workers not to live in the old way, but rather to raise their standard of living. The fight of the coal miners is one part of the general struggle between capital and labour, which in the present position of British capital in the world economic situation is unavoidable.

### **Britain's Ruling Classes No Longer able to Govern as of Old.**

From all this it follows that the ruling classes of Great Britain are no longer able to live in the old way. The whole system of alliances between capitalists and the labour aristocracy is in complete dissolution. A general reduction in the income of all classes is unavoidable. Out of a production which is from 86 to 95 per cent. of the pre-war level, with a population which is 5 per cent. greater and with a reduction in the income from imperialist piracy, it is impossible to give each person the same real income without a reduction in existing wealth, without a disaccumulation.

The British people as a whole has actually been living better in the post-war period than before the war. The import of provisions, liquors and tobacco is greater than before the war.

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<sup>2</sup> The Labour Year Book, 1925, p. 47.

The expenditure for the import of these goods is :\*

*Millions of Pounds Sterling.*

	<i>At present prices</i>	<i>Percentage of Total Import</i>	<i>At prices of 1913</i>	<i>Percentage of Total Import</i>
1910—1913	263	40	260.5	42.1
1923	484	49.4	319.2	49.7
1924	543	47.7	349.2	48.7

*About half the imports—about ten per cent. more of the total imports were consumed in the post-war period for eating, drinking and smoking.*

This is not merely a matter of price increases, but a matter of an increase in the per capita use, as may be seen from the following figures for several leading imports. The foreign production may be assumed to remain unchanged.†

*Per capita use of imported provisions in terms of English lbs.*

	1910—13	1922—24	1925
Wheat ... ..	256	258	215
Flour ... ..	26	28.8	19
Bacon ... ..	13.7	20.7	19
Beef ... ..	21.2	28.2	26.7
Mutton ... ..	12.9	13.7	11.8
Butter ... ..	10.0	11.3	12.2
Cheese ... ..	5.6	6.7	6.6
Sugar ... ..	81.0	78.0	—
Tea ... ..	6.6	8.7	8.0
Rice ... ..	6.8	5.2	—

Too much significance and accuracy must not be ascribed to these figures. The increase in the per capita consumption during the past year is partly due to the separation of Ireland, where standards of living are much lower. Also, the change in the production of provisions in Ireland is not taken into consideration. But the collapse in the development of foreign trade values together with these figures makes it possible to assume with certainty that the living standards

\* Survey of Overseas Markets, p. 636 and p. 639. The change due to Ireland's separation is taken into account. (Percentage calculations author's.)

† These figures are computed for 1910-13 and 1922-24 in the "Statistical Abstract" for one year per capita. On the basis of those figures we computed an average for three years. The figures for 1925 were computed *approximately* by us on the basis of the figures given by the "Board of Trade Journal," of January 14th, 1926.



of the British people have risen—despite the lowered real wages of the workers in the export industries and despite the mass of unemployment.

*With a decrease of internal production there has been an increase in consumption.* This difference can be covered only at the expense of accumulation, especially at the expense of new investments of capital abroad. In the past few years there has been an increase in the number of bourgeois voices that claimed that Britain's "invisible" income no longer covers the deficit in the trade balance, that Britain is already beginning to draw on its foreign investments.

It is difficult to establish the correctness or incorrectness of this statement, since the balance of payments contains many vacillating entries. The following table however, shows at any rate the line of development.\*

*In Millions of Pounds Sterling.*

	1907	1910	1913	1922	1923	1924	1925
Excess of imports for goods and precious metals	142	159	158	171	203	341	386
Net income from ship transportation ... ..	85	90	94	110	115	130	124
Net income from foreign investments ... ..	160	187	210	175	150	185†	215‡
Commissions (banks, etc.) ...	25	25	25	30	30	40	40
Other services ... ..	10	10	10	10	10	15	15
<b>Total "Invisible Export" ...</b>	<b>280</b>	<b>312</b>	<b>339</b>	<b>325</b>	<b>305</b>	<b>370</b>	<b>394</b>
Balance for foreign investments ... ..	138	153	181	154	102	29	8‡

Thus we see the chief phenomenon of the past few years is the doubling of the excess of imports over exports, and the disappearance of the free surplus for new foreign investments. In view of the heavy damage which exports have suffered from the coal strike, the unfavourable balance of trade can no longer be concealed. We see the new contradiction: the British bourgeoisie has returned to the gold standard in order to regain its position as the world's banker; meantime there disappears the very basis which enabled Britain to play the

\* The table up to 1925 is taken from the Balfour Report Vol. I, p. 665; for 1925, London "Times," January 21st, 1926. The figures for 1907 and 1910 are taken from the "Economist," the figures for later years from the monthly reports of the Midland Bank. (To the indicated excess of imports, the Balfour Committee has added £8,000,000 sterling for diamonds valued at that amount.)

† After deducting £25,000,000 for payments to the United States.

‡ The official revised figures in the "Times" show a surplus of £28,000,000 because against the payments made to the United States were balanced payments received by Britain from other governments to the extent of £20,000,000.

rôle of the world's banker, namely the ability to invest every year large sums of capital abroad.

Every problem of British economic life, if we follow it out closely, leads us to the conclusion that the most difficult contradictions exist which must lead to the most bitter class struggle. What Lenin foresaw six years ago has happened: the conditions for a successful proletarian revolution are becoming ripe. The workers do not want, the ruling classes are no longer able, to live in the old way . . . .

There are already the first signs that the ruling classes are undergoing a crisis. The ruling classes are puzzled and torn into fractions in the face of the sharp resistance of the workers against the deterioration of working conditions, demanded by the British capitalists to bolster up Britain's ability to compete in the world market. It is an open secret that Baldwin himself wanted to grant further subventions for the coal industry in order to prevent a General Strike, but was forced into the struggle by his intriguing colleagues who threatened to resign from the Cabinet. In the Liberal Party we see a sharp struggle between the remainder of the big bourgeois wing under Asquith's leadership which has not yet gone over to the Conservative Party, and the petty bourgeois radical wing under Lloyd George's leadership. This unscrupulous demagogue found it necessary to take the side of the workers on the surface. He has always shown that he has a sure sense of the popular mood. The representatives of the interests of the bourgeoisie in the camp of the workers—MacDonald, Henderson, Thomas, etc., have damaged their influence considerably among the workers, and thereby also their credit with the bourgeoisie. The die-hard Tories have announced the necessity of an attack on the trade unions themselves.\* This institution, the British trade union, always (so long as the world situation enabled the British bourgeoisie to maintain a labour aristocracy for its protection) used to act as a rampart for capitalist rule. The consequences of the fact that the British bourgeoisie can no longer live in the old way do not yet appear in the form of a crisis—nevertheless they do appear in the form of confusion within the ruling classes such as has never existed in the history of Great Britain.

### Facing the New General Strike.

In the Christmas issue of the London "Times," Lady

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\* On November 23rd, 1925, the Home Secretary Joynson-Hicks, declared at a public meeting in Isleworth that "A touch of Mussolini would do the British workers good."

Oxford—Asquith's wife, who is noted for her frankness—created a sensation in Britain by writing that preparations for a revolution were being made. Four months later the British working class launched a revolutionary struggle to prevent a further deterioration in the conditions of the miners. Due to the treachery of the leaders, the General Strike ended in defeat for the workers. The coal struggle, at the time these lines are being written, is in its seventeenth week.

Although it went off peacefully, although it was lost through the treachery of the leaders, the General Strike was nevertheless an event of world historic importance. Class stood against class, might against might, in bitter determination, for the first time in Britain for nearly a hundred years.

For these reasons the significance of this event reaches far beyond Britain's borders. Not in any chance country, or in a defeated or minor country, did the decline of capitalism lead to a struggle of the classes that came near revolution, but in Britain, the greatest imperialist power in Europe, the second Power in the world, second only to the United States. The British bourgeoisie, with an area of 36 million kilometres, ruling directly over 450 million people, faces the necessity of giving up the old system of class harmony in the mother country itself; it is forced to use violent means in order to repress the workers in the mother country and force upon them a deterioration of their labour conditions. And this struggle has not been willingly conjured up somehow by the bourgeoisie, but arose from dire economic necessity. The British bourgeoisie cannot expropriate the rentiers and the petty bourgeois elements through inflation, as did its European competitors; in the absence of a peasant class, such a step would isolate it absolutely from the working class. British industrial capital, on the other hand, under the burden of rentier incomes and the constant reduction of colonial super-profits can maintain its competitive powers in the world market only at the cost of the proletariat. That is the problem.

The struggle itself makes the situation of the bourgeoisie worse. The year 1926 will certainly see a further reduction in exports, a further deterioration of the trade balance and payments. The long coal struggle is making a big breach in British economic life. The result becomes a cause.\* Although the British bourgeoisie is trembling in all its limbs before the

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\* When we consider the condition of unemployment in Britain in the past five years, we find that the percentage of unemployed in the trade unions passed the 10 per cent. mark for the first time in April, 1921, in connection with the coal strike at that time. Since then unemployment has not lost its mass character.

revolutionary solidarity of the working class, it will have to continue the struggle. It cannot do otherwise . . . .

The internal struggle weakens Britain's external political power. More recently the British bourgeoisie has succeeded in encircling, to a certain extent, the two danger points in its world position—Egypt and Soviet Russia. The agreement with Turkey over Mosul, the setting up of British-made governments in Greece† and Poland, the agreement with Italy for the partition of Abyssinia into spheres of influence—all these are chess moves, for the encirclement of Egypt and Soviet Russia. Great Britain is the patron and protector of all reactionary and anti-proletarian governments (Horthy Regime) and parties in the world. But if there should be repetitions of workers' struggles, of the duration and intensity of the coal struggle, if sympathetic strikes such as that of May should be repeated, the British bourgeoisie will soon not have enough strength to play its counter-revolutionary world rôle; it will not have enough strength to repress the revolutionary movement of the colonial and semi-colonial peoples. The British bourgeoisie already, to-day, must endure with sullen rage the boycott of British goods in China. Hong-Kong—boycotted, impoverished, bankrupt Hong-Kong—is the symbol of the future.

The British proletariat is already preparing spiritually for new struggles, for a new General Strike. In vain do Thomas and MacDonald confess their guilt before the bourgeoisie, and strike their breasts and whine: "Never again a railway strike, never again a General Strike!" In the latest number of the "Railway Review," the organ of the British Railwaymen's Union, the N.U.R. (whose general secretary is Thomas, the darling of the British bourgeoisie, the friend of the Prince of Wales), we find the following lines in a prominent place :

"After the great display of class conscious cleavage we have seen, *we are not of those who think that we have seen the last General Strike. The next General Strike will not be ordered by those in authority. It will come as a spontaneous outburst from those in industry, in response to some act of aggression either in industry or in war, and having seen and witnessed the tenacity of the*

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† The present Greek Premier is a former secretary of Venizelos, who used to live in England. He was sent directly from England to Athens to take over the post of Premier! (N.B.—this refers to the government before the recent "revolution" in Greece. But the new government has been so warmly welcomed by the British Press that it is probably as much under British influence as the former one.—Editor, English Edition).

men who risked all there was to risk, the recent Strike appears to us to have been but a preliminary test, in which we found how each other was made . . . . Three millions of men went into a cause at command, risking all . . . . They risked themselves with the full knowledge that there had grown a sense of working-class fealty that would see them through all, and, whatever 'leaders' may have determined, the spirit of those three million men known as the rank and file was unshakeable in its intention."\*

The British workers, even the railway workers, whose general secretary is the most open, cunning and rascally trickster, are already preparing for a new General Strike, three weeks after the ignominious defeat. The opinion of the railway workers is certainly that of all the other workers. This second general strike, however, will not be led by the old traitors; out of the depths of the revolutionary movement new leaders will arise, who, under the direction of the Communist Party of Great Britain, will understand that a general strike is not a mere economic struggle, but a revolutionary struggle for power. The period of the mightiest class struggles has opened for Britain. We wish to close as we have begun with the words of Lenin :

*"In Britain the conditions for a successful proletarian revolution are obviously developing."*

E. VARGA.

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\* "Railway Review," June 4th, 1926.

# The "Ultra-Left": Petty Bourgeois Intellectuals Gone Mad

*(The German Communist Party has been forced to expel from its ranks within the last few months several members of the "Ultra-Left." The expulsion of Herr Korsch, whose tactics and policy are analysed very fully in this article, was confirmed by the Presidium of the Executive of the Communist International on June 22nd, 1926. The expulsion of Ruth Fischer and Maslov was published by the Executive of the German Communist Party on August 19th, 1926.*

*The article, however, is not only of importance as showing developments in the German and other parties. The following extract from the resolution of the Political Bureau of the Communist Party of Great Britain adopted on August 9th, 1926, shows its importance in relation to recent events—*

*"At the last Plenum in February, in the interests of the whole movement, the Delegation of the C.P.G.B. did its utmost to dissipate the strongly held suspicions of the German Delegation that comrade Zinoviev was still supporting the anti-Communist and anti-Party "Ultra-Left" group in Germany (Ruth Fischer, Scholem, Urbahns, Korsch)."*

*The resolution goes on to mention new signs that such support had been given or was contemplated.)*

**T**HE two months which have elapsed since the last extended Executive of the Communist International have been marked by facts and events in the German Communist Party requiring very earnest and careful consideration. We refer to the rather noisy demonstrations of the German "Ultra-Left" which recently convened an All-German Conference and elaborated a "platform" which finally disposes of this group as non-Marxist and non-Leninist.

The noise and bustle created by the German "Ultra-Left" certainly cannot serve as a criterion for their actual importance in the German labour movement. Sensational advertisement does not always guarantee the superior quality

of the goods. In the majority of cases it is rotten and shop-soiled goods which require showy advertising in order to attract customers.

This simple truth, so familiar to every dishonest shop-keeper, has been fully realised by the Ultra-Left petty bourgeois elements. Professor Korsch, Schwartz and Katz are advertising their rotten Social Democratic ideas in a truly American fashion and clothing these ideas in tempting revolutionary phraseology. Neither Korsch nor Katz, as far as their rôle in the German Communist movement and the popularity of their views among the German workers are concerned, deserve any special attention. On the contrary they will take advantage of any kind of attention to remind the world once more of their existence before sinking into political oblivion.

Messrs. Korsch, Katz and Co., might well be left to their fate. But it seems to us that the Ultra-Left demonstrations should not be entirely ignored, for a number of reasons. First of all for propagandist and educational considerations : only quite recently such sections as the Italian and the Polish Communist Parties were afflicted with ultra-Left tendencies, and the aftermath of this tendency is still prevalent in Norway, and to some extent also in some of the Balkan countries. In Germany itself the views professed by Korsch, Ruth Fischer and Maslov have enjoyed "citizen's rights" (the right to free expression and full discussion) in the German Communist Party for at least two years. That is why it will be very useful to show whither such views lead.

They lead, as experience of the Korsch group shows, to Social-Fascism. This example should be made known widely in all the sections of the Communist International. This is all the more necessary because not so long ago this group made an attempt at amalgamation with groups in other Communist Parties, and is at present endeavouring to present a "united front" on the international arena. Secondly, it is necessary to dwell on the recent ultra-Left demonstrations for reasons closely connected with the internal life of the German Party.

The strategy of Korsch and Co. is as clear as daylight. Their provocative actions have one aim only : to bring about, like Katz, their own expulsion from the Party, in order to create within it the impression of another "Heidelberg."\* We must expose this manoeuvre.

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\* At the Heidelberg Congress Paul Levi brought about the expulsion of K.A.P.D. workers.

We cannot even tolerate a few score workers leaving the Party, just because of Korsch's expulsion, for this would only give an opportunity to those elements who remain in the Party (Urbahns, Ruth Fischer, etc.) to cultivate within the Party the views of the expelled. It would give them a chance to bring disorganisation into the Party and raise a hue and cry about a "Heidelberg." In a truly Leninist spirit we must dot the i's, we must exercise relentless criticism of the ultra-Left views; for only such clarity and straightforwardness will be convincing to all honest workers who take Korsch and Co. seriously—that is to say if there still are any such workers. Those who want a sample of such a straightforward treatment of the question, let them read once more Lenin's polemics against "Otzovists" and "Ultimatists."\*

This is what Lenin wrote on July 24th, 1909, in No. 46 of the "Proletarian": "The Bolsheviks have to lead the Party. In order to lead one must know the way, one must cease vacillating and wasting time over convincing the waverers—those who are against struggle within the fraction . . . . Our Party cannot make any progress without a very definite wiping out of those who want to dissolve the Party. By this we do not only mean the direct 'liquidators' among the Mensheviks and their opportunist tactics. There is also a tendency towards dissolution of the Party which is Menshevism turned wrong side out . . . . Let them not blame us for a new split. We have used every possible means to convince our comrades, who are not in agreement; we have worked at this for over a year and a half."

Lenin wrote this about the "Otzovists." And yet the Otzovists even at their worst never descended to such triviality and to such semi-Fascist cynicism as characterises the actions of the Korsch-Katz group. The third reason which compels us to deal with the question of the German ultra-Left is the peculiarity of the international *mise-en-scène* in which Korsch and Co. appear. Their actions in themselves are petty, meaningless and contemptible, but taken together with the strategic plan of international Social Democracy with respect to the U.S.S.R., the Communist Party of the Soviet Union and the Comintern, they are of symptomatic significance. They signalise the beginning of a new crusade against the U.S.S.R. and the Union C.P. by the West-European capitalist world "of all persuasions." The question of the U.S.S.R. and our C.P. will be—already is—the central question before the world proletariat. This is due not to us, but to the Social Democratic and non-Party workers who sent their delegations to us.

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\* "Ultra-Lefts" in the Bolshevik Party before the Revolution.



Is the U.S.S.R. reverting to capitalism, to increased social inequality? Is the participation of the working class in the administration of this enormous country and its economy decreasing? Or is the U.S.S.R. on the contrary going slowly, and may be not quite steadily, its path interrupted by partial crises, towards Socialism, towards the victory of Socialist methods in industry over private capitalist methods, in a word is it going towards the victory of Socialism over capitalism? Such are the questions which must perforce agitate the European proletariat, replies to which it will seek anxiously in spite of any obstacles which might arise.

These questions will be the watershed which will cause new groupings to spring up within the world Labour movement. Therefore it would be unpardonable for us, at a moment when working class opinion is taking shape and form with respect to these questions, to leave it to the Korsch and Urbahnses to throw light on them. The importance of these questions for the new orientation of the Labour movement is fully realised by the journalists of the entire bourgeois press, and the upper strata of the international Social Democracy. As the bourgeoisie and its echo—world Social Democracy—have at their disposal a propaganda apparatus considerably stronger and more effective than that of the Korsch and Katzes, the struggle on this front will require a considerable concentration of energy and expenditure of forces on our part. Attack on Korsch and Co. is tantamount to attack on Social Democracy, for within our Party Korsch and Co. repeat only what outside of it and through its propaganda apparatus Social Democracy propagates about the Union Communist Party and the U.S.S.R.

Finally we raise the question of the Korsch group because it represents within the Communist Party an organised agency of Social Democracy for the disintegration and the ideological demobilisation of the Communist movement. During the stage of regroupings and changes in the working class such a permeation by hostile elements is inevitable. We are manœuvring, we are endeavouring, on the basis of the united front, to establish contact between our Party and the best working class elements of Social Democracy, tendencies are taking shape and form within the latter which are a reflex of our influence, tendencies which—probably illogically and in a wavering and at time even in a distorted form—defend and reflect our tactics and our views. This is what constitutes the "veering to the Left" of the workers within the ranks of Social Democracy.

But we are not the only people who manœuvre, the

Social Democrats also manoeuvre with respect to us. They are seeking in our midst groups willing to play a disintegrating rôle in relation to their own Party. In some countries, as for instance, France, where post-war revolutionary events were unknown, where the proletariat did not go through the baptism of street fighting, this demoralising work is done through the Right groupings (Souvarine, Monatte, Rosmer, etc.). In countries where revolutionary events have taken place, where Right groupings have hopelessly compromised themselves for some time to come, the rôle of a Social Democratic agency is performed by people like Korsch and Co., who carry on the Social Democratic criticism of the Party under the cloak of Left-sounding phraseology. Outwardly these two groupings might be considered to be as wide apart as the antipodes. But in reality they are akin. Not only do they play one and the same objective rôle, they resemble one another also by the manner in which they deal with various questions, and by the answers which they give to these questions. At times these groups form political alliances among each other (the bloc of the ultra-Left and Schenlank in Germany, the August bloc in 1912 in Russia, Bordiga's bloc with the French Right). In the trend of events the ultra-Left and the Right "swap horses," change from one front to another.

This was the case with Korsch who migrated from the Right to ultra-Left positions, and also with Souvarine who shifted from the Left to the Right, from an extremely uncompromising attitude to Menshevik semi-Fascism. The history of the Labour movement teems with such examples. Those who know something about the "evolution" of such rabid anti-militarists as Gustave Hervé, of such Communards as Henri Rochefort, such Left Marxists as Paul Levi, will admit that we are not exaggerating. Still more vivid is the effect of this degeneration on the fate of the pre-war anarcho-syndicalism of the Latin countries. The present over-lords of Italian Fascism—Bianchi, Rossoli, Maxim Rocca, etc., hail from the ultra-Left wing of the Italian Labour movement. No less instructive is also the example of the big fish of the German K.A.P.D. such as Wolfgang and Lauferberg, who completed their political career by attempts at military agreement with reactionary nationalist German generals. Such revolutionists in inverted commas Lenin justly called "petty bourgeois elements gone mad."

"The petty bourgeois, 'gone mad' from the horrors of capitalism is a social phenomenon which, like anarchism, is characteristic of all capitalist countries. The weakness of

such revolutionism, its futility, its liability to transform itself swiftly into obedience, apathy, fantasy and even into 'rabid' enthusiasm for this or that bourgeois 'modern' tendency—all this is a matter of common knowledge."\*

### The Disappointed Petty Bourgeoisie.

Why do these rabid petty-bourgeois elements appear again on the scene?

Before the war the middle classes were one of the props of capitalist society. This society, which guaranteed their interest on investments, the security of their savings, regular revenues in sound currency and "law and order" preserved against the interference of unruly elements by means of police batons, appeared to them as the most sensible organisation of social relations. The middle and the petty bourgeoisie would not even conceive of the possibility of any catastrophe or upheaval likely to threaten their existence. They considered the pre-war social order "permanent." Their ideologists of the type of Bernstein disputed the concentration of capitalism, setting against it "the democratisation of ownership." They substituted for the Marxist theory of "revolutions are the locomotives of history" the theory of evolution. Such theories were good for the peaceful slumbers and good digestion of pre-war democracy. This was the state of affairs before the war.

The war and the inflation period which followed it thoroughly reshuffled all the classes of pre-war Europe. Whilst at one social pole the new rich sprang up through contracts for war material, or made monstrous profits by speculation, at the other social pole there was widespread ruin of the middle classes.

People spoken of as "comfortably well off," representatives of liberal professions, scientists and scholars, writers, artists, lawyers, small rentiers, civil servants, were suddenly reduced to penury, were robbed and demoralised. During the inflation period the French banks have taken about a thousand million gold francs out of the pockets of their middle classes, one-third of the entire national wealth of France. The middle classes of Germany suffered approximately to the same extent. During the war the petty bourgeoisie became "rabid" with "patriotism," it threatened to reconstruct the world on the basis of the domination of the universe by its fatherland (which represented the interests of civilisation, justice and right against all the other barbarian nations).

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\* "Left Wing Communism: An Infantile Disorder," Chapter IV, p. 18 (English Edition).

The sons of this bourgeoisie rotted for years in the trenches ; they themselves went on investing in " liberty loans," starving, existing on potatoes distributed on special ration cards.

The conclusion of the war, on which the petty bourgeoisie had placed such glowing hopes, brought it only the bitterness of defeat and the economic collapse of the fatherland. Surely that was enough to make anyone go mad. Never before did the capitalist social order turn its back so cruelly on the petty bourgeoisie as in the post-war period. Before the war there were countries, for instance France, where petty bourgeois elements loved to boast of their radicalism over a glass of wine, and to " frighten " the government with the spectre of their ancestors of " 1793." But now there was no longer any inclination for advanced schools of thought, or for anarchist ranting of an evening in the cafés over the newspapers. It was now a question of fighting tenaciously for one's brute existence, whilst the hammer of history was smashing ruthlessly the social group which before the war had looked upon itself as the salt of the earth.

In this catastrophic stage Fascism was for the petty and middle bourgeoisie a means of self-defence. This was a stage when in the struggle for existence all the classes asserted themselves, everyone of them determined to play an independent rôle. It goes without saying that at a stage when the two fundamental classes—the proletarian and trustified big capital—are confronting each other, an independent rôle for the petty bourgeoisie is inconceivable. But at the same time the thorough reshuffling which was taking place among the classes was bound to bring into the camp of the proletarian revolution various representatives of the intermediate groups.

It is here that we must look for the origin of the views which are at present defended by the Korsch and Katzes, on whose " Right " shoulder lean the Maslovs and Ruth Fischers. Into this category we must also place such people as Souvarine in France.

It is no accident that at a moment when the German petty bourgeoisie, together with the big bourgeoisie, is adopting in international politics an orientation towards the West, towards the Locarno Pact, the Korsch and Maslovs set against Leninist Communism their own " West-European " Communism. Neither is it accidental that at the moment when new sections of workers are attracted to Communism and are veering round towards the Comintern by the round-about way of recognition of the successes of Socialist construction in the U.S.S.R., the Korsch and Katzes join the chorus of the bourgeois and Social Democratic press, ex-

pressing doubts about Socialist construction in our country. This united front is certainly not a matter of chance: in the struggle against the U.S.S.R., the Communist Party of the Soviet Union and the Comintern we find such correspondents as Henri Béraud of the gutter press *Journal*, such papers as the Saxon Left Social Democrats' *Leipziger Volkszeitung* and the semi-anarchist and semi-police *Libertaire* on the one hand, and on the other Souvarine, expelled from the French Party at the World Congress, and the "ultra-Left" Korsch and Katz group. It is sufficient to give at random a few quotations from the productions of the allies of the Korsch and Souvarines, in order to realise with what kind of people we have got to deal with here.

For instance, the Social Democratic *Leipziger Volkszeitung* writes as follows: "The Russian Communist Party is on the eve of being converted into a petty bourgeois reformist party resting on the middle and well-to-do peasantry, and will play the same part as was played by the Right Social Revolutionaries in the pre-war period. In reality the leading party of the Communist International is much more to the Right than the most Right Wing of the European Socialist Parties."

We have met in the past with attempts at criticism of this kind launched against the policy of the Soviet Union C.P. and the Comintern from the "Left." It is enough to recall the accusation of opportunism brought forward by this "Left" against us at the time of the Brest-Litovsk Peace. But this campaign has never before assumed such a concentrated character, coming so to speak from all directions. Here are for instance a few more samples of similar criticism from the anarchist press, which does not differ in the least from what is said and written at present by the Korsch and Katzes and other people who call or called themselves Communists.

This is what the *Libertaire* has to say with respect to united front tactics: "In Russia the Bolsheviks have reverted since 1921 to the regime of pre-war capitalism. They have re-introduced wages in the old form, private ownership, exploitation, primary accumulation and development of private capital. For the last few years they have been negotiating with the capitalist powers for a permanent agreement" . . . . Therefore, "the aim of the Bolsheviks is to get as many advantages as possible from the international bourgeoisie in connection with their negotiations. The closer their connection with the European proletariat and the greater the support they receive from the revolutionary elements of the

latter, the more weight and strength they will have in their negotiations with the capitalist powers. In the end they will strengthen, owing to united front tactics, their position in the camp of the capitalist States. They calculate therefore to sell themselves as dearly as possible to the bourgeoisie, and to receive from it a higher price for their betrayal of the social revolution."

In another place, and as a concrete programme, the same organ adds: "Anarchism can and will become the only way back to the achievements of the October Revolution."

Just as typical of the "petty bourgeois gone mad" is the argument of the *Libertaire* on the direction in which to strike now, during the period of acute class struggle. It writes as follows: "The bourgeoisie is a relentless enemy, but with respect to it we know with whom we are dealing. We have no doubt whatever that it is using and will use every means to destroy our forces. The Bolsheviks are more dastardly, they shroud themselves in a revolutionary cloak in order to satisfy their appetites, and the working class allows to-day the red Jesuits to lead it without hindrance, just as for centuries it allowed the black Jesuits to do so."

But let us now deal with the German petty bourgeoisie gone mad. Here too it will be best to allow the Katzes and Korsch to speak for themselves, to express their viewpoint, all the more so as we have since the Enlarged Executive of the Communist International a number of documents and resolutions in which this group, which has come to the end of its tether, has divulged its true character.

### Classic Samples of Literature.

The crux of the position occupied now by the rabid petty-bourgeois Korsch is of course the Russian question. Why? Because, in the interests of group diplomacy it is an easy matter to make capital out of the decision of the Executive of the International not to start a discussion on the affairs of the Russian party among the other parties. It is on this that not only Korsch and Co. speculate, but also the Urbahns-Ruth Fischer group which shields them within the Party. All of them demand a discussion on the Russian question, actuated by a desire to lessen the prestige of the Union C.P. as the leading Party of the Comintern by throwing out hints that it is afraid of discussion. At the Enlarged Executive of the International Comrade Bukharin declared on behalf of the C.C. of our Party that it is willing at any moment to bring forward the Russian question in its entirety, provided

the responsibility for this action was shared by all the other European sections of the Comintern. The "double-entry" fraction would have been untrue to itself if it had given a direct answer to this direct proposal. It preferred to keep silent in order to be able to repeat in Germany, together with Korsch, the legend about our desire to conceal divergences of opinion from the European proletariat. This is a disloyal and shameless policy! All this does not of course prevent Korsch and Katz, and those who shield them, from giving in all their documents first place to the Russian question, and carrying on a discussion in the German Party on this question.

From this discussion and Korsch's theses, we learn first of all that the U.S.S.R., together with the U.S.A. and India, is to be reckoned among the countries where capitalism is on the up-grade!

"Thus"—writes Korsch in his theses on the world economic crisis—"in the countries of capitalist progress, the U.S.A., India, and the Soviet Union, the tendencies towards economic crisis predominate over the tendencies towards a satisfactory financial situation. On the other hand the countries of economic decline (Europe is meant) are shaken by serious crises, and as yet there are no signs of revival on the horizon in these countries."

Further along we receive even more curious information, to the effect that reflecting these tendencies of ascending capitalism which, at least in Korsch's mind, place the U.S.S.R. on a par with the U.S.A., our Party Congress "confirmed and emphasised that line of internal and external policy which, since 1921, aims more and more at giving satisfaction to the requirements and interests of the peasantry, especially its well-to-do section."

This is what Korsch and his followers candidly declared: "In our view the best Labour government which has ever existed, namely the Russian government, is after all founded not on the dictatorship of the proletariat, but on the dictatorship of the 'kulaks' (rich peasants exploiting the labour of others) against the proletariat."

According to Korsch to proclaim "the Soviet Union as the axle of world revolution is tantamount to renouncing the revolutionary Communism of Marx, Lenin and Luxemburg."

"The course of the foreign policy of the Soviet State"—says Korsch further along—"is also getting more and more under the decisive influence of the wealthy peasantry."

This influence is evidenced first and foremost by the fact that the U.S.S.R. is championing at present "the policy of

peace" which is in harmony with the feelings of anti-militarism prevailing among the peasantry. This will inevitably lead to "Soviet Russia joining sooner or later the League of Nations, the League of the predatory imperialist powers."

Katz adds to this "Korsch" perspective the following profound observations :

"Russia needs loans from the capitalist countries, and not revolutionary adventures . . . . That is why Russia wants to get into contact with the old reformists and Social Democrats."

"The Comintern is a phantom. Is not the recent session of its Executive perhaps the last one? Some, and precisely those who have returned from Moscow, assert that this is so. But we think that although the Enlarged Executive of 1926 represents a serious shipwreck of the Comintern craft, it is as yet not its final collapse. The craft is seriously damaged but it is still crawling along."

But how is it that the German Party which, unlike the "Workers' and Peasants' Party of the U.S.S.R." consists of proletarians, does not raise its voice against this danger? Because the C.P.G. itself is not any better!

"Within it reigns not only thirst for revenge on the part of the returned White Guards, but even a fully conscious endeavour to split off the revolutionary Left Wing" (*i.e.*, Katz's 'Wing'). At this point we can very well stop quotations, for if we went on it would mean giving pages of Korsch and Katz prose. Moreover from the quotations we have given it is evident that our accusation of Fascist tendencies against the German ultra-Left is much better founded than their accusation of opportunism against the Communist Party of the Soviet Union.

Hitherto only the Fascist and police press of the various countries provided such classic samples of literature. That is why this kind of literature cannot reckon on much success among workers. One would even be justified in saying that it was only after the Korsch and Katzs had been deserted by the workers that they allowed themselves the luxury of using this kind of language. As long as there were proletarians in the "Ultra-Left" fractions they had a restraining influence. No worker can get reconciled to such views. Therefore, Katz could not come out into the open in all his nakedness until he had secured freedom of action, and had shaken off any form of party control.

But it is not really the Katzs and Korsch who matter. Cleaning them up is a mere bagatelle. Much more dangerous is the indirect reflex of these views within the Communist



Movement, views presented as a rule in a perfectly loyal, "almost Marxist," form. Within the German Communist Party, and to a certain extent also in the Comintern, there is a whole gamut of such closely linked-up moods. Korsch considers Katz's views perfectly permissible within the Communist Party; Weber, a member of the German Central Committee who dissociated himself from Korsch and Co. at one of the conferences of the "ultra-Left," considers in his turn that Korsch and Co. are by no means the worst members of the Communist Party; and behind Weber is the Urbahns-Ruth Fischer group, which is blackmailing the Comintern with the spectre of the desertion of the Party by Left workers. In a word, one tendency defends the other. This system of shielding harmful anti-Leninist and anti-Communist views is the most dangerous phenomenon.

The exposure of the "concealers" is the most pressing task of the Comintern. It is essential to show to the toiling masses of all countries that much more dangerous than the Korsch's are the Ruth Fischers, Maslovs and Urbahnses, who smuggle Korsch's views into the rank and file circles of the Party. All the Sections of the Comintern must concentrate their attention on this.

### **Defeatism Within Our Party.**

All these ultra-Left shades of opinion constitute a defeatist tendency in the making. This defeatism finds an expression first and foremost in relation to the Comintern. All these groups, big and small and Right and Left (Souvarine, Rosmer, Monatte, Korsch, Ruth Fischer) have no faith in the Comintern. They assert that the vessel of the Comintern has struck a rock on the Right and is sinking. Others again assure us that it is sinking by the Left. To them the Comintern is swarming with crises. They have lost faith in the vanguard of the proletariat organised under the banner of the International. This faith has been replaced by purely intellectual feelings of self-importance on the part of some of the "leaders" and circles who believe in themselves as revolutionary Messiahs (Bordiga and others). According to them most of the Communist workers are infected with "Brandlerism," and only a few personalities outside the working class and outside the industries have preserved the real spirit of revolution.

This conception was expressed by Ruth Fischer in a naive form in the German Commission in the summer of 1925. "The working class of Germany is not capable of fighting for everyday demands." With Bordiga and Korsch

this lack of faith in the strength of the working class assumes the form of a critical attitude towards the reorganisation of the Party on a factory group nucleus basis. According to them to make the workers the basis of our Party organisation is mere formalism. What matters is the spirit, and the spirit of course can only be enshrined in precious vessels of human thought (Bordiga, Korsch and Co.).

Secondly, this defeatism is evidenced with respect to their own Party. To Katz the Party is "1,000 functionaries who are afraid to be left without a job;" to the others the Party is at the best a collection of people infected with ideological servility, nonentities without any opinion of their own, without any will-power, blindly following the majority.

One of these "personalities" who cannot find a place within the framework of the Party—Souvarine—says that in the midst of the Party of the working class reigns "cynicism, hypocrisy, falsehood, falsification, duplicity, and intrigue—all of which is a characteristic of the high politics of the newly-baked Leninists who waited for Lenin's death to use his name as a shield for themselves." These Souvarines watching with folded arms, like Mephistopheles, the every-day hard work of the Party, pounce on even the most trivial mistakes, consciously exaggerate them, giving them monstrously big dimensions; they invent these mistakes if they cannot discover them; they cynically rejoice at every failure of the Party: "We of course foresaw all this."

Banking on the defeat of their own Party—such is the main line adopted by these groups, for only in the event of defeat will they be able to prove their correctness as well as their foresight to the masses. At the same time not one of the successes achieved by the Party under difficult conditions can satisfy them. Such successes they ascribe entirely to some elemental circumstances or to chance.

When such elements are outside the ranks of the Party all this is not so serious, but if they remain within the Party, shielding themselves behind its authority and exploiting it, they exercise a demoralising influence on those who surround them, they bring disbelief and depression in their wake; their rôle in the Party is like that of deserters who are the first to throw away their rifles and head for the rear crying "We are lost!" In nearly every Party there are groups of disheartened and tired people, but they do not always vent their feelings by means of a "platform." In the majority of cases they are leaders of fractions who have suffered shipwreck and have become bankrupt in the eyes of the masses (Ruth Fischer, Souvarine).

Thirdly, and finally this defeatism is evidenced with respect to the Russian revolution.

This revolution—if you please—has not come up to their expectations. They expected from it wonders and heroism, whilst it very prosaically works for community with millions of peasants. It does not want to die picturesquely, in order to provide a few unemployed intellectuals with an opportunity to write essays in rhyme and prose about it, giving "Marxist" and objective explanations for its collapse. On the contrary, under the leadership of a Party that is conscious of its enormous responsibility to the world proletariat, it wants to live, building up Socialism slowly—with almost tortoise-like slowness—out of the rubbish heap inherited from Tsarism.

Those who thus find fault with the Russian revolution, the U.S.S.R. and the Union C.P. have been unable to organise in their own countries a single rising against the capitalist regime worth mentioning. They have not dealt a single decisive blow at the ruling classes, they cannot organise at home a single more or less successful strike, neither can they bring over to their side a score or two of workers' factory nuclei or wrestle from the Social Democrats one trade union. But this does not prevent these utter failures, who have shown their incapacity to lead the working class, giving grandiloquent advice to others and heaping accusations on a Party which is working modestly for the benefit of the world working class, for Socialism, in a far from revolutionary atmosphere.

Where must we look for the basis of this kind of attitude? That basis is to be found in the partial stabilisation, which set in after the last big revolutionary events, and has lasted about seven years. There is no doubt whatever that under these conditions the best and most revolutionary part of the working class naturally gives signs of revolutionary impatience. At such a juncture it is the elementary duty of the party which leads the working class to teach these revolutionary elements the strategy of struggle for the masses under unfavourable conditions, to direct their *élan* into the right channels, and to prevent it evaporating into empty talk which would damp the enthusiasm of the working class . . . . To give the right direction to these moods means above all to prevent people like Korsch, who have nothing in common with the working class, exploiting these moods and giving them the ideological forms of counter-revolutionary defeatism. Workers showing revolutionary impatience want to serve the revolution, the Korsch and their allies want to compel them to serve the bourgeoisie. Workers suffering to-day from

these moods will fight and die for Communism, whilst the Korsch's together with the Katzes are already coming out into the open in the capacity of agents of capitalism. Those who fail to see this are either downright fools or aiders and abettors of the Korsch's within the Party.

In the present struggle against the Korsch's, the intermediate groups (Urbahns, Ruth Fischer) adopt the tactics of making reservations, big or small, on trivial, formal considerations which obscure the substance of the dispute and which sow confusion where clarity is of paramount importance. By this defence of Korschism within the Party, the German semi-Korsch's find themselves in the position of people attempting to inoculate the revolutionary German workers with defeatist ideas which reflect their own defeatist mood.

Whilst in the West the reason for defeatist moods is the slow pace of the development of the revolution, with respect to the U.S.S.R., which has accomplished the revolution, the reason lies in the difficulties of an economic character arising in the path of Socialist construction. West European comrades should take into consideration that we are on the threshold of a new stage in our Socialist construction. Hitherto, our mode of locomotion was a worn-out peasant horse which had to drag along the heavy load of our economic life destroyed by the imperialist and civil war. The part which the peasantry played in reconstructing our industry, the criterion for which is the pre-war level, cannot certainly be considered negligible. The White Guard Socialist Revolutionary gentry assert even in the foreign press that our Socialist industry exists entirely on that part of the State budget which draws its revenue from the peasantry. This is, of course, a lie. The proletariat too has taken a considerable part in the reconstruction of the economic system during this initial period. But it had a perfect right to demand that the peasantry should also participate in this work, for building up Socialist industry is not only the interest of the working class but also the interest of large sections of the peasantry. Only the "kulak" part of the peasantry, which endeavours to act as a middle-man between private capital in town and the peasant masses, had an interest in the capitalist reconstruction of industry.

At the present juncture we are already approaching the pre-war level in industry. This level, however, is no longer sufficient to give satisfaction to the demands of the peasantry. Hence the disproportion between the production of commodities by our industry and the demands of the peasantry. We are approaching a moment, or rather a stage, when swop-

ping horses becomes a necessity—the worn-out peasant pony must make way for the mechanised, industrialised steed. This will be a very serious and difficult stage in our economic development. It will exact from us the maximum of economy, reduction of all expenditure to a minimum. It will also exact from the peasantry and proletariat new efforts and more sacrifices. Extension of industry is the problem confronting us now, and this means that it is essential to get capital, which pre-war capitalist industry got in the form of loans and deposits mainly from abroad, from our own budget. We shall have to create basic capital ourselves, without any other help. In connection with this arises the question of fixing a correct proportion in accord with which the peasantry and the proletariat should be called upon to help in creating basic capital. It is concerning this problem that the Party as a whole and all comrades engaged in economic work are cudgeling their brains. We have among us elements inclined to look upon agriculture as a colony which has to make all the sacrifices for the extension of the production of the metropolis (the towns). If we were to listen to these wiseacres we should in a very short space of time be tolling the death-knell of all our conquests and achievements.

All these problems are, of course, beyond the ken of the Korsch, Urbahnses and Ruth Fischers. It is so much easier to shout about capitalism in the U.S.S.R. than to exercise one's brains over these problems and find out whence the new difficulties come. They cannot understand that the positive results of the industrialisation of our country, in the sense of a growth in the basic capital of our industry, will only be felt in a year or two's time, or even longer, and that in the meantime we shall have to cope with various difficulties which do not frighten our Party. Just at present, these difficulties are considerable. The entire capitalist press abroad speculates on them, prophesying an early decline of Socialism in the U.S.S.R. Disillusioned petty bourgeois elements chime in with them "from the Left," and at their head are Korsch and Co.

It is useless to dispute with this kind of people, for they cannot bring forward a single serious argument or a single figure. All the most complicated problems of Socialist construction in the U.S.S.R. are judged by them from the viewpoint of the group diplomacy which they carry on within the C.P.G. It is not to convince *them* that the facts and data of our Socialist construction should be fully explained in the press. This must be done for the sake of the workers, who show a sincere and lively interest in every advance in our country.

### Is Russia becoming Capitalist?

The Korsch's assert that the U.S.S.R., like North America and India, may be reckoned as a country where capitalism is on the up-grade. What does this assertion mean, if it has any meaning at all? It means one of two things: either that there has never been any Socialism in the U.S.S.R., or that the private capitalist elements of our economic regime are getting the best of the Socialist elements. Do they give in defence of this proposition even one single figure showing the strength of the various forms of production in our complicated transitional economics, within which five economic forms are contending with another (Lenin, "The Food Tax")? Nothing of the kind: the Korsch's imagine that people will take their word for it. It does not enter their heads that every conscientious proletarian wants to know, not what Korsch, Urbahns or Ruth Fischer think about the successes of Socialism in the U.S.S.R., but above all the evidence of facts. A glance at the material and statistics on this subject shows that the figures say something quite different from what is asserted by Korsch and Co.

The Socialist elements of our economy are slowly but steadily getting the better of the private-capitalist elements. With millions of individual peasant homesteads which after all play a subordinate rôle in relation to big socialised production, with markets where commodities appear which for some economic reason or other have lost their former value, with conditions which obscure the background of the Socialist beginnings of our economy, these processes are not so evident, they do not strike us forcibly. But they are there nevertheless. Let us take for instance the figures for social and private capital and compare them. At the beginning of 1924-25 the State owned, at a very modest estimate, a capital fund of no less than 11.7 milliard chervonetz (gold) roubles, the co-operatives had 5 milliard and private (mainly peasant) undertakings had 7.5 milliards. Thus we see that in a peasant country 62 per cent. of all the necessaries of production are socialised by means of co-operation. The socialised means of production predominate in the towns. Up to 97 per cent. of big industry and railway transport is socialised, whilst only about 4 per cent. of the capital available in the villages is as yet socialised.

Let us also consider the figures in relation to private and socialised industry and find out if there has been a tendency during the last few years for private capital to drive us out of the positions we have conquered. The position of whole-

sale production is given in the following table in chervonetz roubles.

*Production in Million Roubles.*

	State and Co-op. Industry	In percentages	Private	In percentages	Total
1923—24	... 5,562	76.3	1,728	23.7	7,290
1924—25	... 7,550	79.3	1,970	20.7	9,250*

It should be taken into consideration that this private industry is small industry, home industry, which does not require much capital and has therefore every opportunity for rapid development when there is a shortage of commodities. Nevertheless we witness even here a decline in the comparative importance of private industry.

Let us turn our attention now to trading capital. This form of capital is so to speak the soul of "N.E.P." Private capitalists prefer this sphere of activity, as it promises quick returns and does not require the capital expenditure necessary in industry. It should seem that here we have a wide field for the development of private capital. Shortage of commodities also creates here extremely favourable conditions for its growth. We can see by the difference between wholesale and retail prices what usurious profits this capital is making. Nevertheless, the table 2 we give below shows clearly how premature would be the conclusion that private trading capital has gained in importance during recent years. The half-yearly turnover of retail trade in million roubles may be put as follows :

*Turnover in Million Roubles.*

	State and Co-op.	Private capital	Percentages	Total
1923—24 (1st half) ...	2,236	2,265	50.3	4,501
1923—24 (2nd half) ...	3,359	1,729	34.0	5,088
Total 1923—24 ...	5,595	3,994	41.6	9,589
1924—25 ...	10,228	3,650	26.3	13,878†

What does this table show? It shows that private capital's share in the internal trade turnover is diminishing. Private capitalists, who during the first half-year 1923-24 had one half of the entire trade turnover, had only one third of it to their credit in the second half year, and in 1924-25

\* Control figures of the State Planning Committee. We omit the 1925—26 figures as many corrections had to be introduced into them by our economic organs.

† Control figures of the State Planning Committee.

their share fell almost to one quarter (26.3 per cent.). It would seem that with such figures we need not get into a state of panic as a result of the "Korsch" analysis. But anything and everything is grist to the mill of the Korsch

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But let us proceed to consider the pace of the reconstruction of the socialised industry. Every new success of this industry means a consolidation of Socialism in the commanding positions in a peasant country. In spite of all our economic difficulties we are assigning this year 700 million\* roubles for the expansion of production. This means that in the forthcoming year, even after all the changes introduced into the primary economic plans, we are making a 35 to 40 per cent. expansion in the production of our socialised industry. Those who know that in the pre-war period the pace of expansion of industry did not usually exceed 6 per cent. will understand the significance of this fact. From the general gross production, which in 1913 amounted to 5,620 million roubles, the workers' State is in a position to assign about 700 million for the development of the production of its socialised industry. This fact shows that Socialist elements in the U.S.S.R. have to their credit certain achievements, even if these achievements are very modest. We do not doubt that the White Guard elements, who are coquetting with Menshevism, will see in this also nothing but the "defeat" of Socialism.

More than once they have raised a hue and cry that the re-establishment of our industry is proceeding at the expense of the working class. It is quite possible that they will receive support in this also from the Korsch. Therefore for the benefit of the European workers it would be as well to give a few data about the proportional growth of wages in connection with the development of our industry. We are aware that on this field too, we have not yet achieved miracles, and that our achievements also in this connection are but modest. But it should not be overlooked that five years ago, just before the N.E.P. was introduced, our industrial production constituted one sixth of the pre-war level. In September of last year we reached with respect to wages an average of 100.4 per cent. Our European comrades must know that this achievement of pre-war standard of wages is not equally distributed everywhere. In some branches as for instance the food and paper industries we are ahead of the pre-war wage level, whilst in other branches of industry we have not yet

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\* Originally it was intended to assign about one milliard chervonetz roubles for this purpose.



attained it. The wages of metal workers for instance, are 83 per cent. of the pre-war level, and those of miners only 72 per cent., the wages of textile workers are 123 per cent., those of chemical workers 122 per cent., those of leather workers 131 per cent., and of food workers 140 per cent., etc. But it must be borne in mind that in 1923-24 wages were only 67.2 per cent. of the pre-war level.

If in calculating wages we take into consideration the social insurance benefits received by the workers, we get the following picture: the metal workers' wages have reached 96 per cent., the textile industry 154 per cent., the chemical industry 153 per cent., the leather industry 156 per cent., the paper industry 171 per cent., the food industry 188 per cent. This means that in a whole series of industries wages far exceed the pre-war level.\*

Is this enough? We would not be the Party of the working class if we considered this level normal. Pre-war wages cannot be a criterion for us, all the more so as economic difficulties which we have experienced have temporarily put a stop to the further increase of wages. The increase in the cost of living is also affecting the working class. But one thing is certain—that whilst we are crawling upwards with respect to the material existence level of the working class, the capitalist countries are slipping downwards. Only hopeless blockheads can shout under such conditions about the anti-working class policy of the Soviet Government. To illustrate the character of our policy with respect to the working class, let us turn our attention to the budget. Budget policy gives us an opportunity to analyse any government, to ascertain the interests of what classes it serves. There is no need to be a professor and a high-brow to understand this simple truth.

We very much doubt that the critics of the U.S.S.R. who come from the "Ultra-Left" have ever deigned even to glance at the reports of our State revenue and expenditure. To us these signify that here the working class is given the opportunity through its ruling Party to have its say with respect to the distribution of that part of the "national revenue" which might put too much money into the pockets of the "Nepmen," because of the operations of elemental economic forces not easily lending themselves to regulation.

If Korsch and Co. were to take this question seriously they would see firstly, that we use taxation to squeeze the "Nepman" to the utmost; secondly that with the help of

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\* Comrade Kwiring's report at the Plenum of the Moscow Committee of the C.P.S.U., February 19-21, 1926.

the same system of taxation we prevent the abnormal growth of the "kulak" element in the villages. What for instance is the explanation of the fact that the role of private capital in trade has suffered an eclipse, since N.E.P. had opened the sluices for private capital in this sphere? The only explanation is of course the policy of regulation on the part of our workers' and peasants' State. If there were no proletarian dictatorship in our country, but simply conditions of "parliamentary democracy" we should see the birth of an "opposition party," consisting of representatives of trade, and working to change our policy towards the "Nepmen." But this is not the case, and the Korschs (accustomed to judge of the most complicated phenomena according to parliamentary usage) conclude from this enforced silence on the part of the "Nepmen," that the workers' and peasants' government is lenient to them and that they lead a peaceful and almost idyllic existence in full harmony with the regime of proletarian dictatorship.

Our critics have evidently never given a thought to the fact that the foreign organ of the Mensheviks, the "Socialist Messenger" (Sozialistichesky Vestnik), which represents beyond our borders the interests of this Nepmen bourgeoisie, virulently attacks the Bolsheviks for stifling "the initiative of private capital." As to the taxation of the "kulak" we cannot decide this question apart from the interests of the development of our economic system. The proposed taxes for the current year in this direction are such that they should hit the "kulak," but should not hit the middle peasant, so that the development of the productive forces of the homesteads of the middle peasantry should not be hampered thereby. To overdo taxation in this respect would be a sign of irresponsibility. But our Party, which is ruling over millions of people, is not a little group of intellectuals admiring its own radical pose in the mirror.

We find that the expenditure this year on agriculture amounts to 157 millions. It is sufficient to compare this modest figure with the figures relating to our industry in order to realise the *bona-fides* of the assertions of Korsch and Co., with respect to the transformation of the U.S.S.R. into a peasant Republic. We are in reality faced with quite another peril: the peril of putting too many burdens on peasant economy, of neutralising the stimulus behind it, and so of destroying the fundamental basis of a successful socialised industry. In this sphere nothing can be artificially forced; there must be proper planning in the development of all the elements of our economy, for only in this manner will we be able to make a reality of the "honest coalition"

between the proletariat and the largest possible masses of the toiling peasantry—which was Lenin's injunction to us. He said in November, 1917, that "union between the workers and peasants can be an 'honest coalition,' an honest union because there is no fundamental difference between the interests of hired workers and the interests of the toiling and exploited peasants. Socialism can give full satisfaction to the interests of both. Socialism alone can satisfy their interests . . . . On the contrary, 'coalition' between workers and exploited classes and the bourgeoisie cannot be an 'honest coalition' because of the fundamental divergence of the interests of these classes."

The main peril for the cause of the October Revolution consists in the endeavour of the Social Revolutionists, the Mensheviks, the Korschites, the entire International Social Democracy and all world capitalism to break up this honest coalition and to drive a wedge into the relations between the working class and the peasantry.

This is the watershed which separates us from the capitalist world and its lackeys.

### **Our Allies the Peasants.**

Let us now turn our attention to the "kulak." With respect to the "kulak" as an economic category the conceptions of Korsch and Co. are as muddled as their conceptions of capitalism in the U.S.S.R. But this does not of course prevent them making the "kulak" the central figure of the entire policy of the U.S.S.R. It would seem that he determines both the internal and external policy of the U.S.S.R., that he has already got the upper hand in the Soviet C.P. ! He is in the East like Brandler in the West, the only focus for the rays of thought emanating from the Korsch and Ruth Fischers. The followers of Korsch have of course heard nothing about the discussion carried on for nearly a year in our press, on the question of what categories of peasant households should go under the heading "kulak," or of the as yet tentative, partial investigations carried out in some regions by some of our comrades and by statisticians with respect to differentiation in the villages (Krstchov, Gritzenko, Terletsky, Kritzman, Yakovlev, and others). Neither have they the least notion of the various processes in the villages since the revolution—Military Communism and N.E.P., the character of the differentiation in the villages under the regime of proletarian dictatorship, the nationalisation of the land and the general development of national economy. What does this "kulak" represent as far as economics are concerned, what is

the numerical strength of the "kulak" element, to what extent has this element developed and been able to permeate the Soviets and the co-operatives, has he been able to carry with him the middle peasantry, was not the poor peasantry left unprotected, is the C.P.S.U. helping the poor peasantry at present to become organised and to defend its interests—you you will seek in vain in Korsch circles for answers to these questions. They imagine that it is just as easy to judge processes demanding careful and attentive study (for instance, Lenin's work on "Conditions of Capitalist Development in Russia") as it is to judge Brandlerism. They are inclined to drag everything in creation within the purview of Brandlerism. But to get to the crux of the question, we must first of all reduce the "kulak" problem to its proper limits.

First, it would be a mistake to imagine that it is a very simple question, to imagine that what is going on now in our villages is the growth at one end of a section of "kulak" farmers and at the other end of large sections of very poor peasants ruined by the "kulak" farmers, with a general tendency towards the disappearance of intermediate groups. In reality matters are much more complicated. The development of agriculture noticeably during recent years is having an effect on all the various groups of peasantry, including the poorest homesteads. Thus, for instance, according to the statistics of the Central Statistical Department, "Agriculture in the process of reconstruction," the growth of the sowing area between 1920 and 1924 in groups of peasants who do not sow at all, or sow up to 4 dessiatins in the gubernias affected by the famine of 1921, yields about  $\frac{4}{5}$  of the total increase of the sowing area. And most of these are precisely homesteads of the poorest and semi-middle peasant type.

This does not of course mean that an upward development has taken place during the reconstruction of all the poorest homesteads—some of them were ruined. Such a phenomenon as famine was bound to affect differentiation in the villages. Generally speaking the differentiation process was much more thorough in the districts affected by the famine than in those not affected by it. But even in the districts which came out of the famine unscathed, differentiation among the peasantry made a great step forward since the levelling process in 1917-18. Thus, for instance, according to statistics published in the "Agrarian Front," No. 1, 1925, which embraces the Moscow-Vladimir, Nijni-Novgorod and Novgorod Gubernias, the well-to-do and kulak village upper stratum has considerably grown in strength during the 1920-1923 period. These groups have visibly become consolidated with respect to the size of the sowing area as well as with respect

to the number of cattle. But nevertheless, according to the opinion of those who have studied differentiation in the modern villages, the difference between pre-war and modern differentiation consists in the following fact: in the pre-war period capitalisation of the upper strata of the peasantry was accompanied by the wholesale ruination of the lower stratum, whilst at present the increasing wealth of the upper stratum of the peasantry is accompanied by an upward development of the lower stratum, only one part of which is on a downward grade. To be frightened by this upward development of the fundamental nucleus of peasant homesteads, to look upon it as a sign that the kulak element in the villages is getting the upper hand—is tantamount to questioning the whole doctrine of Leninism on alliance with the peasantry. "Twenty years of correct policy with respect to the peasantry" spoken of by Lenin did on no account presuppose economically disintegrating villages, but rather that villages undergo an upward economic development.

Therefore, if when we study these processes we do not want to fall into the Korsch viewpoint which looks upon the peasantry, with the exception of a small group of "ideal poorest peasantry," as a kulak peasantry, we must have a clear conception of the term kulak. To understand what a kulak is we must turn our attention to the exploitation and enslavement prevalent in the villages. Kulaks are a group of peasant exploiters whose own homesteads exist and develop entirely on the basis of the ruination and enslavement of the poorest homesteads. It has been repeatedly pointed out in our Party and economic literature that the term kulak must not include every cultured peasant who develops his homestead, introduces the rotation system, sows grass and raises the revenue of his homestead, by developing his dairy, etc. If we look up the kulak question from this viewpoint, a careful study and investigation of villages will show us that this category is far from numerous in our modern villages. There is a concensus of opinion among those who have made village differentiation a special study that the percentage constitutes from 3 to 5 per cent. Has this category any chance to develop and grow in strength? That depends greatly on correct policy on our part during the next few years. Correct policy in this direction must take the following form: first, we must aim at raising the productive forces of the villages, avoiding all thoughtless acts which might discourage instead of stimulating progress in the villages, and second, we must paralyse the formation and consolidation of the capitalist upper stratum in the villages. This very complicated policy demands from our Party at times particular firmness, at times

flexibility, and least of all—hysterics. Union between the weak shoots of collectivism in agriculture with the tendencies of capitalist development in the villages is extremely dangerous. Hardly anyone will deny this. But we possess three points of vantage, with respect to correct policy in the villages: (1) the dictatorship of the proletariat (the rôle of big industry, the course towards industrialisation strengthens our positions); (2) nationalisation of the land, which in spite of leasehold tenancy granted by the Soviet Government in the interests of the development of the productive forces in agriculture, is something which bars the way to the development of a village bourgeoisie; (3) co-operation, as a path to the socialisation of agriculture.

Those who like the German ultra-Left are already proclaiming the victory of "capitalism" in the villages show first of all their ignorance with respect to the question they are dealing with, and secondly they are capitulators recommending us to surrender without a fight our positions in the most vulnerable spot. The only argument which the ultra-Left capitulators give as a proof of kulak victory in the villages—is the fact that at last year's elections the number of Communists decreased in the lower village Soviets (from 12 per cent. to 6 per cent.). Why should the number of Communists in village Soviets be a decisive factor with respect to the transformation of the economic regime of the U.S.S.R.? We hardly think that a Party which together with the candidates equals 900,000, a Party which rules over a population of more than 130 millions, on a territory constituting one-sixth of the globe, a Party taking the lead not only in politics, but also in economy and capable of dealing with territories whose populations comprise the most varied nationalities, can claim that even the lowest administrative and elective positions must be held by its members. Those who think so have certainly a very queer notion of proletarian dictatorship and its Party. If on this point the proletarian party were to follow the advice of the high principled associates of "proletarian dictatorship" from ultra-Left ranks, it would have to strip the factories and works entirely of Communists, it would have to convert most of its members into "office soldiers," in fact it would have to dissociate itself from its class basis and expose itself to the danger of "degeneration."

This ultra-Left conception of "proletarian dictatorship" provides the substance of petty bourgeois views. Moreover, as the peasant population becomes more active, the Communist element is superseded which only wants to give orders. It frequently happens that, instead of this element,

non-Party active peasants become part of the administrative apparatus in the villages. They represent a type of honest, businesslike, "peasant-social workers" who by their mentality and level stand much higher than many of the Communists who were removed from the lower village Soviets. Such elements would be in our Party to-morrow if we were to open wide the doors of our Party to the peasantry. But we are a workers' Party, compelled to keep a watchful eye on our social composition. However, for the Korschites disillusioned of the C.P.S.U., this simple truth is a book with seven seals. Finally, it would be just as well for our European comrades to know that it was precisely after the XIV Congress of our Party that Communist influence increased in the villages. The recent elections to the village Soviets held this year show that far from losing our positions we have strengthened them and even won new positions in the villages.

Have Korsch and Co. heard of this? Hardly, and if they heard of it, they have preferred to remain silent. We have not yet received all the election results throughout the Union, but on the strength of the figures available in some districts one can already judge of what our Party has done in the matter of organising the poorest peasantry. Of course not very much has yet been accomplished, but what is done is well done. Let us take for instance such a kulak district as Kuban which, during the years of civil war, was the support of our Vendée. At the election last year in the Kuban those elected to the village Soviets were mostly members of the capitalist upper stratum, the poorest peasants were disorganised and isolated from the middle peasantry. This year's elections show a different picture. Whilst last year representatives of the poorest peasantry elected to the village Soviets constituted 19 per cent., this year they constitute 34 per cent.\*

Another achievement was that everywhere the middle sections of the Kuban village population acted in unison with the poorest section, determinedly throwing out from the Soviets kulak counter-revolutionary elements. This fact certainly means something. Let us now consider the rôle of the kulaks in the agricultural co-operatives. It goes without saying that our Party has to employ great circumspection in order that agricultural co-operatives should not get into the hands of the kulak upper stratum. It also goes without saying that well-to-do and kulak elements are more inclined to become co-operators than the poorer elements. This is a

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\* From the report of the Kuban Party organisation.

fact. To the capitalist village upper stratum co-operation is a kind of re-insurance against pressure on the part of the poorest peasantry and the apparatus of the Soviet Government. And yet if we consider the correlation of forces between the kulak upper stratum and the poorer peasant homesteads, we will realise what an insignificant rôle the kulak is playing numerically in agricultural co-operatives. As an example of this we reproduce here a co-operative revival of various peasant groups according to the number of cattle.

The data refer to April—August, 1925.\*

	No. of homesteads	Without dr. cattle	1 head	2 head	3 head	4 head
Consumers' area ...	104,191	14.2	70.0	14.6	1.2	0.0
Producers' area ...	365,930	29.7	46.3	15.5	6.3	2.2
In consumers - producers' area ...	470,121	26.3	51.5	15.3	5.2	1.7

Taken altogether the data *re* co-operated homesteads of the consumers-producers area show that the main group in agricultural co-operatives comprises the homesteads of the middle peasantry.

The percentage *re* cattle in them are as follows :

With 1 head of draught cattle ...	51.5 per cent.
With 2 head of draught cattle ...	15.3 per cent.
Without cattle ...	26.3 per cent.

Reckoning homesteads with 1 and 2 head of draught cattle as middle homesteads (66.8 per cent.) and adding to them homesteads without draught cattle (26.3 per cent.) we get a group of middle and poor peasantry homesteads constituting 93.1 per cent. of all the co-ordinated homesteads.

An investigation according to number of cows, land under tillage, etc., gives the same picture.

But maybe this capitalist upper stratum, numerically so insignificant, is in reality master of the co-operatives, that is to say, it holds all the leading posts in them? This question too we prefer to answer by giving figures. We give below a table illustrating the possessions of the elective members of the network of minor co-operatives. The percentages with respect to this in 7,214 co-operative associations are as follows :

	Possessing draught cattle.			
	1 head	2 head	3 head	More than 3
Members of all elective organs ...	60	23	8	9
Members of administrations ...	54	23	8	15

\* Selskosoyous Magazine : "On the Road to the Socialisation of Agriculture."



Thus this table shows that in elective co-operative organs the poorest and middle element predominates, that is to say these two groups constitute 77—83 per cent.

### Conclusion.

What deductions are we then to draw from the anti-Communist campaign of the ultra-Left? Ultra-Left moods among workers have of course an utterly different basis from that among fellow travellers who veered round towards Communism during the inflation period and whose enthusiasm rapidly cooled down because of the slackened pace of the revolution. Historically, ultra-Left tendencies among workers were noticeable firstly where reaction had created very bad, nay barbarous conditions of life and labour for the proletariat and its Party (Italy, Poland). Secondly, this tendency was the result of serious defeats of the revolutionary movement (Germany, Bulgaria), thirdly, it was almost invariably a reaction to the opportunist mistakes of our Parties, fourthly, it originated mostly in those sections where our Party was built up on a very narrow class basis. Such Parties magnified their sectarianism—sectarianism enforced by illegal conditions—into a kind of principle, they endeavoured to extend it, as a tactical model, to all the other sections of the Comintern (the Italian Party after Leghorn). Fifthly, ultra-Left tendencies were caused by unemployment and by the fact that our Parties became "Parties of unemployed" because of police and employers' persecution. Thus, for instance, in Germany 70 to 80 per cent. of our Party members have been dismissed and are unemployed. Taking all these manifold conditions into consideration, we must carry on with the utmost energy a campaign among proletarian sections of the population for the purpose of exposing the harmfulness of this tendency for the proletarian cause. Whilst we must show no mercy to the ideologists of such tendencies, our Parties must show a maximum of patience of consideration for workers who have not yet outgrown ultra-Left ideology. We must put a stop once and for all to legends spread by ultra-Left gossips that the Comintern is prepared to sacrifice Left revolutionary workers in order to win over Social Democratic workers. We will fight tenaciously for every truly Left and revolutionary worker. But fighting for him does not, of course, mean being indulgent to his errors, pandering to his moods, coquetting—after the fashion of the intelligentsia—with love for the proletariat, exclaiming on every occasion: "Such are the views of the revolutionary proletariat!" Those who have not

the courage to tell the truth to the German revolutionary proletarians show that they are more fit for the rôle of "expert advisers" to the working class in sympathy with the Labour movement, than for the rôle of leaders of the working class. We have reached a stage in our discussion with the ultra-Left when all the demarcation lines have been drawn, when all the means to convince its upper stratum in Germany have been exhausted. At this stage of dissociation from the ultra-Left, the Comintern demands from the Urbahns-Ruth Fischer group a clear and definite answer: *Are they with the Korschists or with the Comintern?* The time has come to make a definite choice. No evasive answer, no negotiations between Korsch and the C.C., no renewed cunning zig-zagging or trampling on the same spot will do. Only incorrigible opportunists could indulge once more in a diplomatic game at the time when a general dissociation of classes is taking place, and in connection with it, a regrouping within our Party in Germany. We must also ask the same question of the ultra-Left comrades of the other Sections of the Comintern—comrades Bordiga, Hansen and Domski with whom Katz, in his filthy publication, claims ideological and organisational connection.

The question has been put—let us await the answer.

D. MANUILSKY.

# The German Situation

## THE ECONOMIC SITUATION.

**T**HE sharpening of the economic crisis on an international scale and the consequent signs of political crisis in the camp of the bourgeoisie are finding more marked expression in Germany. In October and November, 1925, there began a rapid increase in unemployment, which has continued to grow to this day, and is already greater than the widespread unemployment of the 1922-23 inflation period. It may be said that half industry is at a standstill; the chimneys no longer smoke.

In July, 1925, the number of workers receiving unemployment benefit was 195,000; that is, 3.5 per cent. of the total number of workers; the number of part-time workers was 5.2 per cent. By December, 1925, the number of workers receiving unemployment benefit had reached 1,499,000, or 16.4 per cent. of all workers entitled to such benefits. These figures rose in January, 1926, to 2,310,000 workers entitled to unemployment benefit, or 22.6 per cent., while at the same time the number of part-time workers rose to 22.5 per cent. In February the number of workers entitled to unemployment benefits rose to 2,560,000. And so it went on from month to month. In Berlin alone, during the month of June, the number of unemployed rose by 14,000 in three weeks. And now the Krupp firm announces that by November it will have discharged 4,000 more workers.

In addition to the unemployed workers entitled to benefit, there are a large number without benefit. It may be assumed therefore, that the number of unemployed exceeds 3,000,000, and approaches 3,500,000. To this must be added about 2,500,000 part-time workers, with a very low income, about on the same level as the unemployed workers receiving benefits. These six to six and a half million workers constitute half of the workers in Germany employed in industry, transport and commerce.

*Thus practically half of the entire German working class is either totally unemployed or is receiving wages from part-time work so low that they do not exceed unemployment benefits. In certain categories of work wages are even lower. That characterises the condition of the working class.*

The effect of the economic crisis on the petty-bourgeoisie, the independent handicraft workers and tradesmen, is the ruin of their economic life. The failures and bankruptcies of the small and middle capitalist enterprises have increased so much that the courts and executive authorities are swamped; they state that they are not in a position to clear up the mass of failures and bankruptcies, despite all the assistance they have called in. Here are a few comparative figures.

Before the war there was an average of 7,000—8,000 bankruptcies per year in Germany. In 1925 there were 10,813. For 1926 the following figures are given :

January, 2,013.

February, 1,920.

March, 1,700.

Thus in the first quarter of the year there have been 5,543 bankruptcies, so that for the entire year at least 20,000 failures are to be expected, as against 10,813 in 1925. To these must be added the businesses in the hands of receivers, under the supervision of a commercial court; that is, failures which have been announced but in which the business has not been wound up.

The number of enterprises under such supervision in the first quarter of 1925 was 731; in January, 1926, 1,428; February, 1,465; March, 1,426. Altogether in the first quarter of 1926, 4,319 as against 731 in the first quarter of 1925. *The year 1926 should leave behind it about 40,000 ruined enterprises in the camp of the petty-bourgeoisie. That characterises the condition of the petty bourgeoisie.*

The big bourgeoisie is taking advantage of the economic crisis in the same way as it did of the inflation crisis: (1) to concentrate industry in trusts, etc.; (2) to mop up small capital; (3) to reorganise. Under the slogan of the "Restoration Crisis" the middle classes are being expropriated, and the proletariat is being subjected to new methods of exploitation intensified by mass unemployment. At the end of the economic crisis there will be either a thoroughly enslaved proletariat and pauperised petty bourgeoisie or—the Social Revolution.

### **How the Working Class Reacts.**

The trade union bureaucrats united in the A.D.B.G. (German T.U.C.), the most reactionary section of the Amsterdam International, are following the slogans and demands of the

big bourgeoisie. They consider the policy of class collaboration to be the solution of the economic crisis. They see in the elimination of the economic crisis means for removing the poverty of the working class. Here they also follow completely the programme for the reorganisation of industry put forward by the big bourgeoisie, which is expected to overcome the economic crisis. They are the most bitter opponents of the Communist slogan demanding control of production by shop committees and trade unions and the nationalisation of the factories shut down under the supervision of trade unions and shop committees. In support of their policy, and in order to counteract the swing to the Left and radical tendencies among the masses of trade union members (who see more and more the necessity for adopting the methods of Anglo-Russian trade union unity and who are demanding study-trips to Russia) the leading trade union bureaucrats have undertaken a journey to the United States. Their purpose was to study the exploitation methods of the American bourgeoisie, which they intend to propagate among the German workers as a solution for the devastating economic crisis. By this trip the A.D.G.B. is seeking to do two things: (1) To make the German workers tractable, so that they might continue to bear the yoke of capital, which continually grows more oppressive; (2) By the inclusion of the American trade unions in the Amsterdam International to retain their own ascendancy over the growing oppositional tendencies in that International.

*That is the programme of "Rescue" of the trade union bureaucracy.*

The attitude of the German worker is best seen in the following figures. Out of approximately 13 million German workers in industry, commerce and trade, 3,500,000 were organised in 1914, about 8,000,000 in 1920-21, and now there are about 4,500,000. The attitude of the German working class towards the policies of the trade union bureaucracy shows up most clearly in the drop in membership figures during the past five years. This drop, however, is also the chief reason for the reduced influence of the Communists in the trade unions. Only in the past few months can we again note a strengthening of this influence, shown by the elections among the metal workers. There, for the first time in Berlin, we won a victory over the reformists by 13,625 votes to 10,195.

*Two factors are responsible for the German proletariat standing practically unarmed in the face of the offensive of the big bourgeoisie—the policy of the trade union bureaucracy,*

*and the fact that only one third of the German workers are organised in trade unions.*

This explains why no great workers' conflicts have taken place since the beginning of the great economic crisis. It must not be concluded from this that the German proletariat is thoroughly passive towards its present condition. How untrue such a conclusion would be may be seen from the great extra-parliamentary political struggles which the German proletariat have carried on in recent weeks as the beginning of a political offensive.

Under the powerful pressure of the economic crisis, the German working class follows two tendencies. Each conditions the other, although on the surface they seem to stand in the sharpest contrast. Fearing that economic struggles are hopeless in this crisis in view of the enormous army of unemployed, they maintain a passive attitude towards the economic offensive of the employers; at the same time the employers' pressure on the whole proletariat forces great activity on the political field. In pointing out these tendencies we do not maintain that there is either a contradiction between the economic and political activity of the proletariat in general, or that one part of the working class is active while the other is passive. Quite the opposite is happening.

These tendencies show that the German proletariat is more and more permeated with the knowledge that the economic, social and political problems confronting the German proletariat under the rule of the bourgeoisie and under capitalist methods of production *cannot be solved at all*. They perceive more and more that the solution of these problems can be achieved only through the Social Revolution. The German proletariat has shown in its past class conflicts that it knows very well how to apply the economic struggle to the solution of political tasks. At present, however, unemployment weighs so heavily on the workers that to escape heavy sacrifices they are avoiding strikes for partial demands. The German proletariat has therefore gathered its forces under political slogans.

### **The Two Tendencies.**

The existence of these two tendencies can be illustrated by the following facts :

(a) *The first tendency.*

1. Despite the increasing deterioration of living conditions and working conditions, the lengthening of the work-

ing hours, the spread of the "speed-up" system and the drop in wages, there have been no workers' struggles worth mentioning.

2. Despite the most strenuous efforts by the German Communist Party it was not possible, during the British General Strike and the British coal lock-out, to obtain active solidarity by means of strikes and boycotts in order to prevent the shipment of blackleg coal to Great Britain.

(b) *Symptoms of the second tendency.*

1. Great advances may be noted in the movement toward the Left among the workers. This movement toward the Left was conditioned and fostered by the change in the policy and leadership of the German Communist Party, following the publication of the Open Letter to the German C.P. from the Executive Committee of the Communist International. Notable achievements of this policy are: The split in the Social-Democrats in Saxony, the formation of a large number of unity committees, the enormous mobilisation of the masses at the recent referendum, the penetration of Communist slogans among the petty-bourgeois masses.

2. The enormous participation of the proletariat in the mass meetings and demonstrations of the German Communist Party. This was most notable in the demonstration for the expropriation of the ex-Ruling Houses in March, when in Berlin alone 25,000 workers took part. This despite the fact that the Social-Democrats arranged counter demonstrations and the R.F.B. held its national conference at Whitsuntide, in order to draw the workers away from the Communist demonstrations. Even the bourgeois press recorded 300,000 participants in these demonstrations, including 80,000 uniformed Red Front Fighters.

3. In the campaign for the expropriation of the ex-Ruling Houses, begun in November—December of last year and culminating in the referendum of June 20th, it was possible to mobilise 12,500,000 voters in March and 15,000,000 voters in June. That constitutes one half of all voters entitled to participate in Reichstag elections. This happened despite the fact that the Reichstag, by a two-thirds majority, opposed the expropriation of the ex-Ruling Houses, and the fact that the Social Democrats were forced to support expropriation only under the pressure of the masses following the Communist expropriation Bill. Fifteen millions voted for this Bill despite the fact that it was not only the sharpest battle-call against the monarchy, but at the same time the sharpest

battle-call against the capitalist form of ownership. By common consent of all political parties and of the nominal leaders of the bourgeoisie like Stresemann, the Communist campaign for expropriating the ex-Ruling Houses disintegrated all the political parties and completely confused even the staunchest supporters of the bourgeoisie and the monarchist parties of the Right. The number of workers' votes was in any event 9,000,000. At the last elections the Social Democrats and Communists together polled about 9,000,000 votes. During the referendum at least 1 to 2 million workers were prevented from exercising their right to vote by threats of being fired from their jobs. Consequently it can be assumed that 6,000,000 came over from the bourgeois camp to the proletariat. The Centre and the Democrats had only a little over 5,000,000 votes at the election, and the Centre put very strong pressure on its followers to prevent their participation in the referendum. At the most 3,000,000 out of this camp took part in the voting, which means that 2 to 3 millions came from the camp of the monarchist parties of the Right. This shows most clearly the mighty process of disintegration in all bourgeois parties which the Communists succeeded in starting by the campaign for expropriating the ex-Ruling Houses. This campaign has been the greatest victory of the Communist Party for years.

4. With the increasing activity of the Communists, the Social Democratic working masses forced the Social Democratic leadership to surrender four times. During the first days of July the leadership of the Social Democratic Party had to retreat for a fifth time, under the pressure of the masses mobilised by the Communists. This was when they had to give up their alliance with the bourgeois parties for a settlement law. The aim of the Social Democratic Party leadership, which in the autumn of 1925 as in January, 1926, was to form a coalition with the bourgeois parties, is being blocked by the protest of the Social Democratic workers. The Social Democratic Party leadership and the Social Democratic Reichstag fraction had to give up their attempt to form a united front with the bourgeois parties against the Communists in the campaign for expropriating the ex-Ruling Houses. They had to do this under the pressure of their working class following. At first they announced a referendum for the compensation of the princes, but finally they had to give up even this position and to join in the support of the Communist Bill.

5. In the recent Berlin elections for delegates to the



national congress of the German Metal Workers' Union, the Communist opposition in the trade unions gained its first victory over the reformists since 1922. This is a clear sign of the radical tendencies and Left orientation of the German working class.

All these facts show that since the beginning of the economic crisis last November the German working class has been steadily growing more radical. This has given rise to strong political activity, while at the same time the German proletariat has been cautious and reserved in its conduct of economic struggles. These are the typical phenomena which can be established and which indicate the nature of the situation in Germany, the tempo with which matters will develop in Germany will be greatly influenced by the activity and energy of the Communist Party. That the Party is on the right path is shown by its recent successes. From the course of events it may be concluded that the German proletariat is approaching great and decisive class struggles, and to-day is in a position to carry on these struggles with far more experience behind it.

HERMANN REMMELE.

Moscow, July, 2nd 1926.

# G. M. Serrati

*G. M. Serrati, leader of the Socialist Party of Italy during the war, died during May of this year.*

*Serrati led the Socialist Party of Italy into the Communist International soon after the war. In 1921, however, his group left the International in the futile effort to "maintain unity" with the reactionary Right Wing of the old Socialist Party. In 1923 his group rejoined the Communist Party of Italy, taught by the bitter experience of Fascism that their past policy had been mistaken.*

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**S**ERRATI was not a theorist of the Labour movement. This must be taken into consideration when analysing his personality. It should also be added that there were too few theorists in the Italian Labour movement when Serrati joined it, and that the absence of thorough theoretical knowledge and adequate training was one of the most characteristic traits of the leaders and representatives of the Party of which Serrati was one of the founders.

In all countries Marxist theory in its endeavour to gain widespread recognition and triumph had to overcome resistance—considerable resistance—on the part of the preceding forms and tendencies of the struggle of the working classes for their liberation. In Italy this resistance was stronger than anywhere else, and as a result the Labour movement was very backward in theoretical understanding and revolutionary ideology. The causes, however, of this phenomenon are self-evident. On the one hand our country lacked a factor which in other countries was the strongest force in the development of the Labour movement in the theoretical sphere: it lacked a proletariat which already, by its objective position, is receptive of class consciousness. On the other hand democratic tendencies which in many cases assumed a social character developed in the struggle for national independence. During the first decades of its development the Labour movement was, to a certain extent, bound up with the traditions of these tendencies, and these traditions prevented it from adopting wholeheartedly Marxist criticism and the revolutionary class struggle. When the Socialist Party was founded—and it is well known that Serrati was in its

ranks from its very foundation—it lacked most of all a critical recognition of the aims of the Labour movement, of the aims and methods which must be pursued by the policy of the proletarian vanguard. Not one of the founders of the Party, not one of those who controlled it during three decades had made a complete study of the idea of Marxism. They thought of the Labour movement solely as the extreme Left-wing of the bourgeois democratic movement, and, therefore, their interpretation of the role of the Party was erroneous and narrow.

But if the Italian Socialist Party lacked theoretical clearness, it did not lack strong personalities with a fiery political temperament, a will to fight and passionate sympathy for the cause of the liberation of the workers. These gave the imprint of their personalities to the young Party, and by their devotion to the working class they were able to make up for, or at least to neutralise, the lack of ideological clearness. People such as Andrea Costa, Constantine Lazzari, Turatti and Prampolini, such as Serrati himself (although he was the youngest among them) had a decisive influence on the fate of the Socialist Party. It is true that they were not Marxists. Their language was even the language, in the main, which could very well be adopted by Left bourgeois radicals. None of them maybe had a clear notion of the cause, of the manner, of the concrete realisation of the Social-Revolution which they pictured before the eyes of the masses. But they went right into the masses. They addressed the ignorant toiling masses, the artisans, the very poor urban population, who for centuries had known nothing but oppression and poverty. To these masses they spoke of the coming day of liberation, of salvation from misery and of general well-being. They called upon the masses to assert themselves, to enter into the struggle in order to fashion their fate with their own hands, they imbued this propaganda with fiery enthusiasm, with the spirit of self-abnegation and self-sacrifice which could not help attracting the notice of the masses, and to which the masses were bound to respond by a steady devotion which has been tested and has not been found wanting. And that is not all. The first generation of working class leaders felt deeply the necessity to connect propaganda and agitation with action serving at least some of the immediate needs and requirements of the masses whom Socialist propaganda had brought into motion. Hence untiring work in connection with the organisation of the first "resistance unions" (*leyne di resistenza*) among industrial and agricultural workers, of mutual aid societies, and of co-operatives, clubs, etc.

More than once I have heard comrades belonging to the younger generations in the Labour movement speak somewhat commiseratingly and contentiously about the "evangelical" preaching of the initial stages of the movement. They spoke disparagingly of the work carried out during that stage in the simplest and seemingly least "revolutionary" form with the object of satisfying the most pressing needs of the workers. And there was indeed in both camps something extremely simple and extremely empirical which it is now very easy to criticise. But without this work in the initial period—and we must be reminded of this—we would not have in Italy a Labour movement of such revolutionary strength, we would not have a Party which for 30 years was recognised by the **entire** working class of Italy as its **only** Party, from which it expected leadership in the revolutionary struggle for liberation.

I think that it is impossible to conceive a clear idea of what Serrati meant for the Labour movement of our country unless one estimates at its right value what was done by the old generation to create a working class Party and to establish close contact between it and the exploited masses—unless one estimates at their right value the successes, the undoubted successes, which that old generation achieved in this sphere. Serrati, who was developing together with the old generation, although not in very close contact with its chief representatives, naturally ascribed enormous importance to this work and to these successes. It is possible that his mistake consisted in going a little too far in this direction. It prevented him recognising the right moment for breaking with part of our past in order to progress, in order to open up for the struggling working class the way of the immediate future. He was unable to solve the problem of connecting—at the proper historical moment and in the proper form—the heritage of the past with the demands of the future, the problem of connecting the old generation with the young. And it is not to be wondered at that the whole Labour movement has suffered from this failure of his. In fact, this was the problem over which all the Parties have laboured during many years and which, may be, has not yet been solved in all the Parties.

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Nevertheless, Serrati was probably the man who more than anyone else was destined to direct and bring about this fusion of two generations of the Labour movement.

From the first, the older generation, he inherited very definite qualities. First of all, devotion to the working class a devotion which was more vocational and instinctive than

conscious. He loved the toiling masses. He understood fully the most urgent needs of the workers and the need to satisfy them. These qualities were particularly prominent in him, because they were accompanied by a wonderful spirit, which to some seems to be the spirit of adventure, but which in reality was rebellion and mutiny against the social order in which he was compelled to live. There was inherent in him that restlessness which is an attribute of those who have emerged from bourgeois and petty bourgeois circles in order to devote their life to the proletariat, and who do not rest content until in their personal life they do not exceed the level of the most backward and unenviable workers. In this he differed from all the other leaders of the Socialist Party. He had severed irretrievably all connections with the class from which he had emerged. And to the working class with whom he was destined to struggle to the day of his death, he was tied with bonds as close as if they were physical. When an emigrant he devoted himself to the workers; with a light heart he took upon his shoulders the hardest of labour and dire poverty, he was a docker with the dockers, sailor with the sailors, he bent his back with the road makers, under the scorching rays of the tropical sun. It is with these extraordinary adventures of his life that no doubt are connected two peculiarities of his as a politician; his internationalism and his class irreconcilability.

Serrati's internationalism was for a long time an exception in Italy. Our Socialists did only lip service to the International. In reality one had only to scratch them a little to discover good Italian nationalists and patriots. Let me remind you of Enrico Ferri, the recognised leader of the "Left" who after his sojourn in the countries where there are Italian emigrants delivered a speech in Parliament in which he declared that one's country is above classes. Let me remind you of Modigliani, whose Internationalism consisted in sending every six months a picture postcard to the Executive of the International. But let me above all, remind you of Turatti, who at the moment of the defeat of the bourgeois State, when there was the possibility of a workers' and soldiers' rising, issued the slogan of national defence: "Our country is in peril."

Serrati was an internationalist by instinct, by conviction and by experience. He spoke the same language to the masses of both hemispheres, for he sought everywhere first of all the same exploited masses and the same fundamental class problems. His life was a proof that the workers' international can and must become a reality.

Even that which I have called his "irreconcilability"

made him an exception almost alone among the representative and recognised leaders. Most of them were doomed through their very lack of clarity and ideological training to end in opportunism and treachery. Not having grasped that the Labour movement is an independent movement of the working class, their horizon was necessarily very narrow. For a long time it did not expand beyond the limits of Parliament. But in Parliament the representatives of the working class who had come to summon the exploited to rebel ended by becoming playthings in the hands of bourgeois politicians, having lost entirely their class spirit and class consciousness. Serrati has never been in Parliament, and what is more, he has not wanted to be there. Only once was he a candidate, on the Communist Party's list in 1924. He was not an anti-Parliamentarian on principle. Nevertheless, it seems to me that he never endeavoured to explain from any general viewpoint the motives of this position of his. But I am prepared to say without hesitation that this was a symptom of that which separated him from the old generation, from everything which at a certain moment made the old generation unequal to its task and unworthy of itself, that which carried him, Serrati, into the foremost ranks of the Party, in front of the masses.

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This moment occurred in the beginning of the war and during the war itself. He came out into the fray first of all, within the Left fraction of the Party. But here as almost at all times in Italy, it was a rather strange Left: side by side with an "Operariota" (representative of the group of Labour) such as Lazzari stood a "Social Revolutionary" (socialrivoluzionario), or to be more precise a Blanquist such as Mussolini, and several others who subsequently proved themselves to be reformists and Social Patriots. For some time Serrati let them take first place, not out of modesty, I think, but because no man asserts himself until his hour has come. And his hour came just when at the beginning of the war it became necessary to induce the Socialist movement and its representatives to take a mighty step forward on the road to revolutionary struggle, on the road to the severance of all connection with the class enemy of the proletariat. Then Serrati took first place. Then his rebel spirit his uncompromising irreconcilability, his internationalism, ceased to be traits of some exceptional type, but became qualities essential for the salvation of the Labour movement from the peril of degeneration. Without Serrati—this one can say quite openly—the position of the Socialist Party during

the war would not have been what it was. From the neutralist Lazzari position the Party would have rapidly evolved into the defensive and social patriotic position of Turrati. Serrati had no formula of his own. Nevertheless, he issued Lenin's slogan demanding the conversion of the imperialist war into civil war. He did not go beyond negation. But his negation was such that it did not only leave no room for silent or open compromise, but opened the road to the positive re-establishment of the workers' international after the collapse of August 4th. His negation placed him among the initiators of Zimmerwald, it led him to Kienthal and to his active solidarity with the Russian Revolution and the Third International.

There is no doubt whatever that Serrati was fully aware that the war was the most important period of his political life, the period when he was able to do more than ever before for the Labour movement. "The most glorious stage of my life"—so he wrote in an article which was interrupted by his death—"is certainly not the Leghorn Congress but the Turin Trial." At this trial he declared before the military court which sentenced him to seven years' imprisonment at the darkest stage of the war: "I always agree with all the Internationalists and I will remain faithful to the International." And once more before the masses whose eyes were turned towards him, he openly took upon himself the defence of the Russian Revolution.

He could go a long way along the path which he pursued during the war. He went as far as the revision of the programme of the Party, and as far as the Bologna Congress. Then he came to a stop. If he had so wished, he could have become the head and the leader of the new generation of workers who demanded from the old Party something besides words and parliamentary manoeuvres. In the battle which he waged in order to make the Socialist Party a real organisation of the revolutionary vanguard of the Italian proletariat, the masses, all the masses were with him. But when the right moment came he failed. The old and the new had not yet fused in him. At the decisive moment sentimentality, devotion to the old Party as a complete organism, to its old representatives, its tradition, the whole of its tradition, gained the upper hand. This was the greatest mistake of his life, a "mistake"—we shall one more let Serrati speak for himself—"as a result of which I supported by my capacities and my honour a movement which I imagined to be leading to revolutionary proletarian unity and which, on the contrary, had within it everything except revolutionism."

We are justified in saying that this was not an individual error. Behind Serrati there were broad, important sections of workers who still needed convincing, by facts, of the necessity of severance from the Party of the past. With Serrati, who was sincerity and straightforwardness personified, the contrast assumed dramatic forms. He was not only doing lip service to the revolution. When he spoke to the masses about revolution he was not acting as a demagogue. He saw in revolution hard struggle and difficult creative labour. The work of ideological clarification and in organisational policy for the revolution undertaken by the younger generation could not but appear to him essential, absolutely essential, although in order to achieve this aim we were compelled to go against the traditions with which he was so closely connected. Therefore it seems to me that the struggle which he carried on against us was a struggle within his own consciousness. He said quite openly at our recent Third Party Congress:

“Even in the most acute moments of our polemics and our struggle I was and felt spiritually nearer to you than to many of my then Party. No one will ever know of the mental suffering inflicted on me by this inconsistency. I believed that I was right and at the same time I committed the terrible mistake, the most serious mistake of my life.”

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Others speculated on this mistake and Serrati became for a time a plaything in their hands—in the hands of D'Arragona, Baldesi, Modigliani, the agents of the bourgeoisie in the proletarian ranks. The darkest period of his life was when on the return from the Second World Congress he was unable to pillory the campaign of calumnies against Soviet Russia initiated by the reformists, when after the defeat of the movement for the seizure of the factories he was unable to find a slogan with the help of which he could have cut the ties which still connected the masses with the treacherous leaders and could have found a new outlet for their aspirations, when at the first Fascist attack he did not demonstrate against the reformists and their dastardly propaganda. It seemed then that Serrati's role in the Labour movement was at an end. Then **without him, against him**, our Party, the Communist Party of Italy was formed. It was formed through the faith which the new generation of workers had in themselves, it was formed in a stormy outburst which caused much suffering to those who went with us full of faith in the future, a faith of which we are proud even now. Time proved, and that after a few



months, that we were right; then Serrati came back to us and came back in such a manner that even now he is not appreciated according to his merits, and deserved the honour to be given immediately the place which he hoped to occupy in the first ranks.

We had fought against him openly, not counting the blows, and with the vehemence due to the cause for which we were fighting; his new rapprochement with us cost him dearly. He had to rise alone or almost alone against the Party in the foundation of which he had participated, against the "Avanti," which under his editorship became a banner and weapon in glorious fights, he had to sever from himself part of his life. A man less devoted to the cause of the working class could not perhaps have taken this step.

The words by which he condemned his past are clear and honest. But there is in them also the feeling of pride and dignity; they indicate to what extent this man was above the average:

"I have come back to you and I feel freer and more easy because I am conscious that I also form part of the Communist International. There is only one thing which I demand of you—that you should assign me the post of a true soldier of the proletarian revolution and I promise you to give myself heart and soul, to give my life to the liberation of the working class."

Lately, in his entire work, in the posts assigned to him by the Party, he was able to overcome the greatest obstacles which might have separated him from us. He completed the fusion of the two generations, the most worthy symbol of which he certainly was.

He truly devoted his life to the cause in which he believed. We feel that in him we have lost one of our most prominent forces. But we also feel that he has taught us something and that we must follow in his footsteps.

E. ERCOLI.

# Chili and Anglo-American Imperialism

**C**HILI used to be a semi-British colony. British and German capitalists owned the greater part of the mines and heavy industry. Since the war, North American capital has developed very rapidly. Little by little America has begun to supplant the former predominating British influence.

“La Defensa Obrera,” organ of the Tocapila Communists, writes on this subject: “British capital owns four railways in the salt region (the North). It also exploits salt-petre. Its great industrial enterprises receive big profits and secure all kinds of concessions. Large commercial stores and numerous banks are dependent upon British capital. Together with American capital they have an absolute monopoly of corn exploitation. They also monopolise the exploitation of wool (in the Southern region) which is of considerable importance in the country.

“British finance exercises widespread influence by means of loans. From 1885 to 1912, British capital provided £35,610,000 to Chili in loans as against £5,246,400 provided by German bankers. After 1912 the American bankers succeeded the British bankers. In 1921 and 1922, in these two years alone, American bankers issued loans amounting to 33,628,678 dollars.”

In the commercial enterprises in Chili, British capital in 1916 was represented in 143 enterprises with a capital of 14,563,140 Chilian pesos; in 1919, in 205 enterprises with a capital of 42,136,736 pesos. America, which in 1916 was represented by 68 enterprises with 9,274,504 pesos, in 1919 was represented by 97 enterprises with a capital of 46,985,462 pesos.

America has taken the place of Great Britain as supreme in the export and import trades. During the war, America developed trade with Chili on an enormous scale. To-day this competition is proving ruinous for England, which cannot regain its privileged pre-war position.

British and American capitalists have played an important role in recent events in Chili. British bankers financed and supported the coup d'etat against President Alessandri, the military dictator of the country. The subsequent military

movement which overthrew the dictatorship of Altamirano received the financial support of the American banks.

The present intervention of the United States in the question of Tacna and Arica is a proof of the growing influence of imperialism over Chili, and the political consequences which may accrue from the economic domination of the United States over the South American countries.

### **The Working Class and the Poor Peasants.**

The position of the working class in Chili is very favourable for widespread Communist agitation. The standard of living is very low. The average wages of the workers, according to the Labour Federation, may be estimated at about eight Chilian pesos; these wages are absolutely inadequate. We get this average by taking the wage basis as 5-15 pesos per day, which are the current wages in industry. Only a very small number of workers get a wage higher than 15 pesos.

The workers' conditions as far as hours, housing, etc., are concerned are no better. Unemployment periodically attains great proportions in relation with industrial crises, especially in the mines. Energetic agitation is being carried on throughout the whole country at the present time about the housing question.

In agriculture the situation is also bad. According to the organ of the Labour Federation and the Communist Party of Tocopila, the existence of the corn monopoly is making itself felt. The position of the small peasants, owners of plots of land insufficient to provide for their own needs, is a very clear indication of the situation in agriculture.

In certain regions the workers lack the most elementary guarantees of meeting and association; the capitalists are real feudal lords, and Communist propagandists very often have to overcome innumerable obstacles in order to get into contact with workers who are victims of the bosses or of governmental reaction.

The miserable living conditions which are quite worthy of the name generally given to the Chilian proletariat—the "Roto" (the ragged)—are the essential corollary of this regime of exploitation. Illiteracy is widespread and 60 per cent. of the population can neither read nor write; drunkenness is an absolute pestilence. The cost of living has reached tremendous proportions. Recently the bourgeoisie demanded a revision of the taxes on the import of Argentine cattle which resulted in the price of a kilo of meat rising fabulously: five pesos a kilo, i.e., almost the equivalent of one day's work for a great number of workers.

The terrible consequences of this situation of the working class and the poor peasants find their expressions in infantile mortality (under one year) ; in some districts this is one-third of those born, and throughout the country as a whole there are 264 deaths under one year out of every thousand births. Tuberculosis is rampant, and so also are innumerable other diseases of an epidemic nature, which are the result of the bad living conditions of the poor classes.

### **The Middle Classes and the Intellectuals.**

Among certain strata of the middle class there is discontent caused by the constant aggravation of their economic position. The discontent of the petty bourgeoisie, the bureaucrats and the intellectuals is an important factor, which causes the bourgeois parties to follow a demagogic policy by seeking support amongst the working class and the discontented elements of the middle classes. Amongst the intellectuals there are some who sympathise with the working class. A section of the students also supports the working class struggle.

The financial situation in Chili, which was most difficult after the last crisis in the saltpetre industry (1921-22), the principal source of State revenue, does not promise the bureaucracy a flourishing future. The discontent even extends as far as the army. These political conditions are exploited by big American finance capital, which uses them to cover up the struggles of capitalist antagonism and to try to establish effective domination over its imperialist opponent.

The students, like in many South American countries, play a more or less revolutionary role, although at the bottom it is a movement with liberal-bourgeois tendencies. This is undoubtedly due to the fact that the process of these class differentiations has not attained the same degree as the European countries and that there are fairly large numbers of students at the universities from proletarian or semi-proletarian families. As this process of proletarianisation of the liberal professions increases, and the position of the poor students deteriorates, the university gradually assumes a more distinct class nature, but at the same time produces a reaction among the students and the poor professionals, pushing certain strata into the ranks of the proletariat and evoking amongst them a movement of more or less radical tendencies, often of an anarchist nature, but which may be characterised as petty bourgeois revolutionism.

These elements play a fairly important role in the political life of Chili. The demagogic policy of the bourgeois

parties, such as the Radical party, and the Democratic party, find their best interpreters among these elements. A certain number come near to the Communist Party, the more easily since the latter has not yet completed its transformation into a real Communist Party and retains much of the prejudice and confusion of Social Democracy.

### **The Political Situation.**

The political situation in Chili is very interesting. We are witnessing a change in the decisive holding of power, in which all the classes (particularly the big owners of the saltpetre mines) represented by British capital, are being replaced by the liberal bourgeoisie subjected to American capital. This liberal bourgeoisie conducts a demagogic policy in order to find support amongst the working classes and poor peasants.

The antagonistic struggle between the bourgeois classes has led to the decomposition of the old political parties and the commencement of a new re-grouping; this has been transformed into a struggle for power and has disorganised the army.

This open struggle was caused by the triumph of the liberal bourgeoisie, which conducted a demagogic policy and looked for support amongst the working class; with the triumph of the President Alessandri.

This group was supported by American capitalism, which was most interested in destroying the power of the old bourgeoisie, consisting mainly of big proprietors and British capitalists.

The military coup d'etat of Altamirano was only an attempt to retain power in the hands of these big proprietors and British capitalists, who were an obstacle to the development of American influence. He was supported and financed by the British bankers; but those classes which formerly played a decisive role in the State were not in a position to go on ruling, or to obtain concessions which favoured their interests as opposed to the interests of the bourgeois strata of industry and trade, who for the most part were under American influence. The owners of saltpetre mines particularly exploited by the British demanded to be exempted from the export taxes, one of the most important resources of the State (71,973,870 pesos out of 317,314,652, without counting the State railways). Their plea was based on the crisis in the saltpetre industry. Naturally, these taxes would have been replaced by other taxes on other industrial and commercial branches.

This concession was not made. The supporters of the first coup d'état wanted to follow this policy. But it was a policy which was impossible to carry out.

Very quickly a second military coup d'état brought back Alessandri to power. Once more the bourgeoisie, middle industry and trade supported by American capital, got into power. The working class played a very important role in this new coup d'état.

The demagogic policy of the bourgeoisie and the political crisis which followed caused very great agitation amongst the working class. The working class masses appeared a decisive force; at some moments one had the impression that the revolutionary proletariat would succeed in getting a majority in the Constituent Assembly. A closer tie was established between the students and the workers, and naturally, in order to defend their class interests, the various bourgeois classes had to try to make an alliance against the proletariat. The reaction first of all attacked the saltpetre workers of the North, the biggest masses of concentrated and organised workers, who were assuming an ever increasingly revolutionary attitude. This reaction destroyed the organisations and temporarily paralysed Communist activity. It also led to an increase in the exploitation of these masses by the saltpetre capitalists.

The Alessandri Government shot down the workers who had brought it into power, in favour of those who had made the first coup d'état and dismissed Alessandri from the presidency in order to set up the military dictatorship.

### **The Referendum for a Constitution.**

Amongst the projects for new "working class" legislation characteristic of the demagogic policy of attracting the working masses employed by the Alessandri Government, Alessandri has put forward plans for a new constitution, to set up a "strong" government in Chili, in place of the military government which has been making itself more unpopular every day.

This new constitution establishes a form of government invested with extraordinary powers which annul all possibility of control. All other powers, including judicial power, are merely instruments in the hands of the president. At the plebiscite for this draft constitution the Communist, Radical and Democratic parties came out in opposition, forming a kind of united front under the banner of parliamentary government. Governmental pressure, especially by the

military element, was very great; the arrest of Communists, martial law in the Northern provinces, all possible measures to prevent propaganda against this project were brought into play. The results of this referendum, which cannot be taken as an indication of forces, were as follows: 127,509 votes for the Alessandri project; 6,825 votes for the Communist-Democratic-Radical opposition; 1,249 abstentions. But, we repeat, this result is not an effective expression of forces, as it was a put-up election.

At the time when the working class represented an immediate danger for the struggling bourgeois classes, who feared the consequences of this political crisis, the bourgeois fractions sought to come to an agreement. The relation of forces amongst the bourgeois classes separated from the proletariat did not permit a decisive triumph of one or the other. This was behind Alessandri's attempt to form a single convention of all parties to propose a single candidate as president of the Republic. The Communists decided to participate in this convention to prevent the triumph of a military candidate.

After the regime of reaction against the Communists and the destruction of their organisation, printing press, etc., the proletariat seemed less dangerous to the bourgeois classes. The attempt at a united convention did not succeed. The bourgeois antagonisms were too great. The Radicals decided to maintain their candidature for the Presidency. This is probably the strongest party representing the Liberal bourgeoisie, and its action scotched the possibilities of arriving at an agreement.

The military forces once more had to play a decisive role. The War Minister, Colonel Ibanez, who had taken active part in the January coup d'etat (the recall of Alessandri to power), decided to renounce Alessandri who handed over his position to his old enemy in the presidential election, Luis Barros Borgoño. The latter remained president.

The War Minister, Colonel Ibanez, is now a candidate for the Presidency of the Republic; it was this fact combined with the fact that Ibanez refused to hand in his resignation to the War Ministry that provoked the resignation of Alessandri.

### **Working Class Agitation and Social Legislation.**

The Alessandri government, in accordance with its demagogic policy, made promises of the most advanced social

legislation in order to satisfy the working class, which played a very important role in all these events. But this social legislation was really meant to increase the exploitation of the workers and to give the State new pretexts to augment the bureaucracy. A law on housing conditions, one of the most serious problems of the working class, was a cause of great discontent amongst the masses, who demanded that it really be put into force as this law had so far only remained on paper.

The Labour Federation has shown up the real essence of the law on compulsory insurance for illness, disablement and old age enforced by President Alessandri.

According to the calculations of the paper "Justicia," this law will decrease wages by 2 per cent. monthly and the wages of the Northern mine workers by 3 per cent. While giving no real advantages to the workers, like most bourgeois laws in general, it is destined to bring the State 113,200,000 pesos, per year. In 1924 the budget deficit was 131,449,033 pesos.

The bureaucracy, which in Chili is very numerous, has been increased by almost 2,000 for the purpose of applying this law. The 3 per cent. which the bosses must pay will only be a new burden on the workers, as is pointed out in a number of convincing examples in the manifesto of the Labour Federation. The advantages brought by this law are really absurd. Pension after 65 years; medical aid, pensions to invalids, to the extent of 50 per cent. or 100 per cent. according to the number of years during which this 2 per cent. is paid, a small sum in case of death—and that constitutes all the advantages for the workers.

In reality this social legislation, an expression of the reactionary attempts of the bourgeoisie directed against the organisations of the proletariat, pursues quite a different aim and is a symptom of the difficult financial situation of the State and of new forms of exploitation of the working masses. The State is endeavouring to bring about a cleavage in the midst of the workers, to create artificially a labour aristocracy and at the same time to increase the exploitation of the workers while creating advantages for the bureaucracy.

The social legislation of Chili has no other object; by its housing law and its law on insurance the government will only increase the ferment of the proletariat, its discontent with the bourgeoisie, and will even bring discord into the bourgeoisie, particularly amongst the petty and middle bourgeoisie, who to a greater extent than the big bourgeoisie are suffering from the direct results of the discontent of the proletariat.



### Reaction in the North.

The political situation of which we have given a brief analysis, and the two coups d'état changing the military dictatorship, evoked strong agitation amongst the working class. The discontent in the ranks of the proletariat assumed such a serious nature that it terrified the ruling party. The intelligentsia, the students, professors, etc., rallied to the workers and publicly announced their sympathy for the working class and Soviet Russia.

The Alessandri Government decided to take steps against the working class movement. The General Department of police sent a circular to all its branches informing them of the organisation of a new section. This was the "Central Information Bureau of the Social Movement" whose functions were as follows :

Firstly, control over the organisation of societies in general and of workers' unions and trade unions in particular.

Secondly, control over the workers of these unions, over meetings and congresses with the object of getting acquainted with the resolutions and initiators of same.

Thirdly, control over the whole movement of the proletariat and over the activity of the organisations.

Fourthly, statistical data on these societies, on their membership with indication as to the social convictions they preach.

This circular is a sufficiently eloquent symptom of the fears of the government.

After a few months, in the North, in the region of the saltpetre industry, where the working masses are mainly concentrated and where they are well-organised and able, reaction attacked the working class organisations with particular force. The trade unions were destroyed; workers' printing presses were burned and several hundred of the most active workers were killed, arrested or exiled.

In the province of Tarapaca recently the number of members of working class organisations was 12,000. In the port of Iquique, the 5,100 railwaymen have joined the federation. The new social laws and their application are evoking a number of conflicts between the administration and the railwaymen. In these conflicts the workers have got the upper hand. Throughout the whole region of the saltpetre industry a strong movement amongst the proletariat may be observed connected with the demand for increased wages, freedom of unions and distribution of the labour press. Big employers have not even permitted the application of the new social legislation; this led to a strike ending with the

appointment of an arbitration commission on the proposal of the authorities. The commission worked out a collective agreement whereby certain of the workers' demands were satisfied. Meanwhile the workers were promised that no repressions whatsoever would be taken against the strikers.

But the employers refused to observe these conditions. A system of provocation started with the aid of which the capitalists succeeded in discharging a large number of workers, thus infringing the conditions of the collective agreement. At the same time the authorities demanded military reinforcements for the "maintenance of order."

At the same time the electoral campaign commenced. The workers supported the electoral lists of the Communist Party. If the election had been conducted in an atmosphere of minimum guarantees of liberty, it would undoubtedly have brought the Party colossal success. This was a big threat for the capitalists who by no means wanted to be reconciled to the prospect of control by working class representatives.

Meanwhile, the workers conducted a systematic campaign demanding the application of social legislation which had been sabotaged by the capitalists wherever it was to a certain extent advantageous for the workers. "El Desperatar," an organ of the Communists, conducted a struggle against the monopolies and abuses of one railway company organised by British capital demanding that the railway roads under its exploitation be transferred to State hands, to end the high transport charges resulting from this monopoly.

This campaign of the Communists was welcomed with sympathy by the entire population.

The provocative conduct of the owners encountered the open sympathy and protection of the authorities. The British company was able to increase exploitation and deprive the workers of all their former gains by the aid of military authorities who destroyed the workers' organisations.

In the Pisague Department reaction commenced. The authorities wanted to compel workers to hoist the national flag at all their meetings. The workers decided not to call general meetings until this order be withdrawn. At midnight on May 31st, without any preliminary agitation, 33 workers of this department were arrested, taken away to the port and then transferred to Quintera and embarked on a cruiser. On June 3rd, in San Antonia, a meeting of the Labour Federation was stopped; no detailed information has as yet been received about this.

The workers decided to reply to all this violence by a general 24 hours' strike throughout the whole region, as a protest against this brutal violation of their rights.

During the strike an incident was provoked in the Corunna enterprises in which a member of the administration was mortally wounded. This served as a signal for the most savage reaction. Rumours circulated that the workers had organised a Soviet of Workers' Deputies in the enterprise and had armed themselves with guns and dynamite. After this the military authorities did not hesitate; they brought artillery into action, killing men, women and children without discrimination. In the town of Huera, in the premises of the Labour Federation, the military authorities attacked a general meeting employing similar weapons.

The same wild reaction reigns in other enterprises in this district. Although the workers hoisted white flags as a sign of peace, the military authorities, accompanied by a member of the administration and the night watchman of the enterprise, broke in by force with a view to arresting those workers figuring in the black list. These workers were taken out, cruelly beaten up and shot. There were some cases of workers losing their reason, their sufferings being more than they could endure.

The government wrote to the General who organised this massacre: "Have recourse to the laws of the war period, in order to finish off all Communists."

In the Party manifesto it is stated that the information spread by the military authorities about the arming of the workers is untrue. Even according to official information there were 30 workers killed, whereas not a single soldier suffered. In reality the number of workers killed or seriously wounded is much higher than the figure given. All this proves that there was simply a mass slaughter of unarmed and defenceless workers.

More reliable sources indicate that the number of killed and shot was close on 3,000. The number of wounded is also very high; more than 600 workers were arrested and more than a thousand exiled.

The printing shop of the journal "El Despertar" and the premises of the workers' organisations were destroyed.

Then reaction spread over the entire region of the salt-petre industry. In Antofagasta, the Communist workers were exiled by hundreds. A trial was staged at which one of our comrades was brought up on the following charge: "While not entering into direct conflict with the Government, but with the aid of cunning and other methods, he did propagate and organise a society with the aim of over-

throwing the social order, striving to bring about civil war by treason to the State Constitution and overthrowing the government in order to establish the Soviet form of rule in Chili." On the basis of these ridiculous accusations the military court sentenced 11 comrades from Antofagasta to three to five years' exile on the Southern Islands—noted for their terrible climate.

This monstrous sentence evoked the strongest protest even among the conservative classes. Even bourgeois politicians of the radical party had to leave the region owing to too sharp a protest against these abuses. Under pressure of public opinion, the government changed the place of exile of our comrades, but nevertheless endorsed the sentence despite the fact that everyone including one minister spoke of the corruption of the authorities of this district, who were completely under the thumb of the British capitalists.

Our comrades in Tocopila were also exiled and the paper "La Defensa Obrera" was closed down, also the journal "El Comunista" in Antofagasta. In Tocopila seven Communists including four editors of "La Defensa Obrera" were deported simply on a government order. Later on they were released.

In other parts of the country, the Communist Party was also subjected to persecution, although not to the same extent as in the North. In the coal mines district quite a number of Communists have been deported.

At the present time the Party is practically illegal and the military censorship does not permit these facts to be fully described in the Communist organs which still continue to appear.

JOSEPH F. PENELON.

# BOOK REVIEWS

## I.

### “THE AMERICAN ECONOMIC MIRACLE.”

*Julius Hirsch: “The American Economic Miracle.” (Published by S. Fischer, Berlin, 1926, 247 pages.)*

**T**HE author of this work, which has much in common with “America and Europe,” by Feiler, is a well-known professor and a former Secretary of State. The Democratic organs, especially those with a strong orientation towards industrial capital, as well as the “Vorwärts,” have a very high opinion of him. As a professor he specialises in industrial questions. As a matter of course, he sees in all the abnormalities and speculations of capitalism, which are particularly evident in commerce, merely innocent shortcomings of the capitalist system which can be remedied by the capitalists and the government, provided they use reason and good will. Thus he is one of those petty bourgeois elements whom Marx fiercely derided in his “Poverty of Philosophy” because of their search for the good and bad sides, and because of their illusions that these bad sides can be done away with in the capitalist system.

This general conception also forms the basis of the work on America which we have before us; as a result the book is in many ways weaker than the work by Feiler, who in spite of the same Democratic illusions, has a healthy dose of scepticism about the American “economic miracle,” and particularly about the attempt to transfer American experience to Europe. On the other hand, Hirsch’s optimism prevents him from seeing in the right light the fundamental facts of the American “economic miracle.” He entirely ignores the speculative character of the type of construction which American capitalism represents, which is, as yet, in a certain sense, colonial, as well as the fact that America has still, to a certain extent, virgin natural wealth in quantities which can only be compared to Soviet Russia. He certainly shows some understanding of the importance of American immigration restrictions for the wage level of the American workers. Nevertheless he fails to see the whole

bearing of the labour aristocracy's viewpoint, which has made the American trade unions the fiercest champions of this measure. He naturally believes that the innocent shortcomings of capitalism, which are particularly prominent in American commerce, can be easily remedied, especially if on this point America would "Europeanise" itself.

Because of his belief in the American "economic miracle," his description gives first place to the surface aspects of American capitalism. He places the wealth of America before starving Europe in a series of choice examples. All the more or less known stories of a motor-car for every sixth inhabitant, etc., etc., are trotted out. But the best proof of all this wealth he sees in the fact that the wage level of America is four times as high as that of Europe, while the price level is only twice as high. Having established this, it is easy for him to arrive at the formula so beloved by the Social Democrats for the salvation of Europe: a higher wage level, which would end the economic crisis.

After this description of the wealth of America comes a tour through all the famous organised, standardised, Fordised works, such as the Chicago stock-yards, Ford's factory itself, and other big plants.

Among the shortcomings of the American economic system he observes the unusual over-saturation of American commerce. It is rather astonishing to hear that in America the cost of production and the cost of distribution are at least equal, and even that the latter is sometimes higher. It is also interesting to learn that within the last ten years the number of persons employed in commerce increased eight times as rapidly as the number of persons employed in production. The over-saturation of commerce is about 50 per cent. higher than in Germany, which, considering what over-saturation in Germany is, means a great deal. However, Hirsch only states this fact, regrets it, but cannot explain it, for he fails to see the speculative nature of the American capitalist structure. He partly recognises the excellent effect of a counter-tendency which is gradually making itself felt and which is particularly fostered by the American government. He fails to see that this counter-tendency is connected with the gradual merging of this colonial capitalism into a capitalism of the type existing in the European mother countries. Moreover he fails to see that a big reduction of this commercial apparatus brings with it the problem of increased proletarianising of the sections of the population affected by it; he fails to connect it with the influx of the farmers from the country to town, which clashes with the policy of the trade unions. He

recognises of course the agricultural crisis, but he fails to recognise the social importance which it has in connection with the fact mentioned above. On the contrary, to him America is the classic country where the question of the reserve army of labour is solved for ever in a manner absolutely favourable to capitalism.

He also avoids details about the nature of the gigantic fortunes, he does not allude to the history of this fiercest of all monsters. He has not seen or has not wanted to see the problems of the labour aristocracy, the contrast with the vast masses outside these feudal trade unions and the comparative misery of these sections of workers. He sees in these corrupt trade union leaders, in their official machine, and in their struggle against those not organised in their unions, the beginning of economic democracy. The "thoroughness" of his investigation of this problem is shown by the fact that he disposes of it in two and a half pages.

Still more disgraceful is his treatment of the Negro question under the heading "A Sketch of the Negro Problem." These prophets of Americanism, who are very reminiscent of the mendicant friars of former centuries, are intent on hushing up everything that is not agreeable to the rich Uncle. As a matter of course nothing is said in his book about the brutal imperialism of the United States towards Mexico and the Latin American countries.

Thus the only value of this book lies in some rather apt descriptions of the details of American economic methods and in some not very well-known statistical material. Its weak spots occur in what purports to be the main part of his book—the actual application of American methods to Europe. In this he differs from others by not treating the problem of Americanisation as an open question, but by declaring that politically, culturally, and ideologically Americanisation is a fact. All he demands is: more logic with respect to economics, *i.e.*, not only limitation of American credits but the full application of all the economic methods which he approves. He makes a fierce attack on all the "pessimists" among the German employers, who approach this problem with hesitation. It is clear that this leaning on America is of a double nature; he speaks of this relation as if Europe could be not only a partner of America, but also a client. What he alludes to here as a possibility he would like to see as the only reality.

But in order to entice the workers also into testing the juicy apple of Americanisation, he declares in a truly Social Democratic manner that through such an Americanisation the same phenomena will take place in the living standards

of the masses as are supposed to prevail now in America, *i.e.*, not only a considerably higher standard of life for the European proletariat, but also the abolition of the reserve army of labour, hitherto an undeniable fact. A shortage of labour in the next few years is his prophecy for the European capitalists, if they succeed in Americanising themselves.

Thereby, he merely proves that he completely fails to understand either the peculiarity of America or the real nature of European decline, the decline of a capitalism which has had its day, apart from the fact that such reorganisation and standardisation as he dreams of is no longer possible within the European economic system without an infringement of the laws of capitalist ownership. The struggle of the British miners and the obstinate refusal of the British mineowners to reorganise the British mining industry, even within capitalist limits, show clearly that the difference between the forces of production and the conditions of ownership have reached their climax.

R. SONTER.



## II.

**TWO GERMAN AUTHORS ON AMERICAN SOCIAL PROBLEMS.**

*Karl Köttgen: "Das Wirtschaftliche Amerika," Berlin, 1925.*  
*Arthur Feiler: "Amerika—Europa," Frankfurt a/M, 1926.*

OF late there has been a regular pilgrimage of German engineers, economists, industrialists and bankers to the United States. They all think it their duty to record their impressions of this country in order to edify their fellow-citizens. Literature about America has increased remarkably, but . . . it is not very much appreciated in Germany itself. Some few authors constitute exceptions; those who have carried out research work of interest, or at any rate who have raised certain questions. Amongst these few exceptions may be numbered the two works about America mentioned above, which recently appeared in German.

Herr K. Köttgen, an engineer who is at the head of an organisation for introducing "economy" into German industry, was sent by this organisation to the United States in order to study conditions of labour in that country and in Germany. His work, which is rich in material, has now become a handbook for factory owners and a source of arguments in justification of their attacks on the German workers. Köttgen is absolutely ignorant of economic theory. The fact that his work has become so popular and so highly valued in bourgeois circles is a further proof of the declining position of European industry, and at the same time of the decline of the "theoretical" thought of bourgeois economic science.

A. Feiler, the chief editor of the "Frankfurter Zeitung," on the contrary, possesses no small amount of economic knowledge and a strong instinct for reality; but he is a democrat, and all his conceptions are tinged accordingly. He grasps the weak sides of American development but is unable to free himself from certain democratic illusions which prevent him from emphasising with sufficient sharpness how decayed and decrepit the entire political system of the United States really has become, and how intolerable is the pressure of the money-bags upon the whole life of the country. Nevertheless with the exception of certain parts, Feiler's work may be classed among the best works on America. We bring these two works together because Feiler in many respects refutes what is said by Köttgen, and on these questions Feiler is after all an undoubted authority even for industrial magnates.

Köttgen's task was to prove that Europe—and especially Germany—should introduce the same labour methods as are in vogue in America—minus the wages which the workers receive there. For this purpose he first of all wants to give “an explanation” of the high wages in the United States.

Köttgen's theory is very simple: “Everything that is produced is consumed. That is how it should be. Otherwise why produce?” Hence his main conception: “*Consumption determines the dimensions of production*” (page 3). Everything that is produced is consumed; but where does the *accumulation of capital* come from? Fancy forgetting about the accumulation of capital in our time, and an engineer at that! If a considerable part of what is produced remains as basic capital, it is clear that the limits of personal consumption are not determined by the amount of products produced, but by the relations between personal consumption and the accumulation of capital. The theoretical conception of our author, which he has emphasised in italics, either confirms something we all know, or else asserts the obvious nonsense that the accumulation of capital is non-existent in modern society.

Having made this first discovery of his, Köttgen goes still further, and on page 48 teaches the German workers that, “the level of wages depends upon the amount of products produced in the country and the capacity of production of each individual worker.” Whereas on the question of production he repeats the classics, here he simply reasons in a popular strain, assuming that the workers receive the entire product they produce, and that therefore the dimensions of wages are equal to the dimensions of products. That a certain part falls into the pockets of the factory-owners, bankers and landlords—of this our modern engineer, studying the economic order in America and Germany, also knows nothing!

“If,” he says further, “more is produced than is consumed, this surplus serves for improving production and consequently, again an increase of production. Therefore there must be an accumulation of capital which causes no harm to anyone, and brings advantage to everyone.” Here it would seem that he has just remembered that there is such a thing as accumulation of capital; but at the same time he has forgotten that there is also *non-productive* consumption by the capitalists and their whole fraternity. *The struggle against this consumption together with the struggle against the anarchy of production, comprises the main economic content of the social struggle of the working class.* All this is unknown to Köttgen. But surely it cannot be possible that the Union of German Engineers, which has published this work, and

widely advertises it, is also ignorant of all these problems of the modern class struggle? After this, no one can be surprised to learn that German (and not only German) engineers think so little about the modern Labour movement; they serve capital not only for money, but also for conscience sake, convinced that everything that exists is sensible and cannot be otherwise.

But Köttgen also tries to prove his conceptions by statistics. Let us examine his data. In America, he says, wages are three to four times higher than in Germany . . . . How is this explained? Greater productivity of the land, smaller number of people engaged in agriculture. In the United States only 29 per cent. of the entire independent population is engaged in the production of foodstuffs, and in Germany 43.3 per cent. The remaining population produces all the other things that are necessary for its existence and convenience, and the workers also share these things. (Page 17-18.) Let us assume that these figures are correct. What do they prove? They prove that in the United States labour productivity is some small percentage higher than in Germany. But how is it to be explained that products there are dearer (in his words twice as dear) than in Germany? Is it explained by higher wages? That, however, has been explained by the greater productivity of the land. But it must be one of two things: either high wages are compensated for by high productivity—then it is not clear why there are high commodity prices in America; or else they are not compensated for by high productivity—is it not clear why such wages are paid in America, and what is the use of all this “theory” of the dependence of wages upon the productivity of the land?

Indeed, all is not so well with his figures as one might think. According to Köttgen nominal wages in America are three to four times, or an average  $3\frac{1}{2}$  times (Feiler says that they are 4—5 times more than German wages: figures cited by “Wirtschafts-Kurve” confirm the opinion of Feiler) more than those in Germany; real wages in America, however, are 1.7 times (according to Feiler much more) more than wages in Germany, whereas the difference in productivity of labour is 1.49.

But this is not yet all. How did Köttgen get his figures? He deducts the number engaged in American agriculture on wheat production, cattle-raising, etc., not counting the production of cotton; 12 per cent. is deducted for the part of the food products which is exported. Further, he adds a section of the workers engaged in producing the means of production for agriculture, and in preparing and distributing these products, not counting, however, the employees engaged

on the railways for the transport of these products. However, he gets these results reckoning that the exchange between agricultural and industrial products take place according to their value and that the entire exported products are exchanged for import products of industrial consumption, or on the contrary that the imported agricultural products are paid for in industrial products. But neither one nor the other assumption is accurate. The rôle of the so-called "invisible exports" (income from capital, from transport and imports, from the export of capital, etc.), has obviously been left out of account.

In the journal "Jahrbücher für Nationalökonomie und Statistik, 1926," Herr Luft, who knows America very well, not merely from books and who has already published several works about that country, makes certain extremely interesting remarks about Köttgen's book. First of all he asserts that American agriculture produces *high quality products*, whereas in German agriculture *the production of poor mass products still continues*. Further, products in America are no dearer than in Germany, in general; in America the living minimum is *socially* higher, which is by no means the same thing as being an *economically dearer* living minimum. "The American Worker," he says, "is hardly in a position to live so badly as the German." (Page 137.) Finally, he alludes to the absolutely uncertain position of the German worker: he states that the social problem of modern Germany is not merely how much time it is necessary to work in order to earn a living, but as to whether there is sufficient work to go round, even if the maximum is an eight hour day.

Luft's point of view may be summed up as follows: Germany's misfortune is the development of the class struggle and class hatred. This is very characteristic of the psychology of this "intelligentsia" which also sees the ideal of its future in America.

We can also prove the entire incorrectness of Köttgen's construction by a different analysis.

Take Great Britain for instance. There, in 1911, 12 per cent. of the independent population was engaged in agriculture; to this must be added another 2 per cent. engaged in the preparation of food products, and together with the production of the machines, etc., needed for agriculture, about 14 to 15 per cent. Great Britain itself produces 60 per cent. of its foodstuffs (in 1907 out of all food products consumed to the value of £600,000,000\* £235,000,000 were imported). If we add to these even a quarter of those engaged in commerce and transport, we have 30 to 31 per cent. of the independent

\* First Report of the Royal Commission on Food Prices, January, 1919.

population engaged in supplying, preparing and distributing food. Should it be concluded from this that productivity of labour in England is not lower than in America? We think that even Köttgen will not draw such a conclusion. Hence we see that Köttgen's "theory" is without method, is not in accordance with facts, and will not stand any criticism whatsoever.

Now let us see what is presented to the Germans as a life-saving device:—extension of working hours, reorganisation of production, "normalisation and standardisation of labour." We learn what is really meant under all these new slogans from Feiler's book.

Feiler gives a clear picture how modern machinery gets the workers into its shackles, how it regulates his labour, and the intensity and success of his work. "Wherever," he says, "collective agreements do not regulate the speed of the automatic carrier belts, the latter draw all the energy out of the worker that he is capable of, and at times even more than he can give. For them the question as to what pressure the automatic carrier belts demand from the worker in each given unit of time is simply decided by experience. Competition among unorganised employees already gives the employer the possibility of attaining the highest degree of pressure, and it is also said that there have been cases where the owners have specially hired men who for higher wages have beaten the record in this respect; then others have been compelled to work with the same intensity, but for a lower wage. The lower the position the employees and workers occupy in the enterprise, the more defenceless they are . . . ."

American enterprises, said Ford, are by no means philanthropic institutions, and his engineer was right when he stated that with such a labour system, piece rates are not necessary. "I have sometimes seen in Ford's and other enterprises," says Feiler, "a terrible tension caused by the carriers (the endless belts), but the very worst cases, and this is particularly characteristic, I encountered not in industry but in commercial enterprises . . . ."

Feiler narrates how employees are made to prepare 350—400 letters per hour! In one factory women workers had to place plates under a drill to have holes bored, and this operation had to be done 12,000 times per day, *i.e.*, for eight hours the same movement had to be made twice in one second! It is difficult to imagine what a person becomes, working eight hours at a stretch with such intensity!

"This transformation of a worker into an automaton," he says, "might reach perfection if the working men and women, sitting close together on chairs from which they must

not get up during the whole time, could be shackled to the carrier, fulfilling some little part of the work the sense of which remains incomprehensible to them as they never see what is done by those who sit before them or further on." (Pages 172-173.)

What is the real position of the workers in the United States? B. Goldschmidt ("Outline of Economic and Social Policy of the United States" published by "Planovoe Khozaistvo," page 45), correctly points out that with great varieties in wages and length of working hours, it is very difficult to determine wages per hour and day in various branches of industry, or even of the same locality if the "open shop policy" prevails. The position of the organised workers is seen from the following data. The wages are for the most part the minimum wage established by wage agreements which, however, does not apply to the hiring of non-union members.

*Real wages of organised workers.*

("Monthly Labour Review," January, 1926.)

Year	Index of nom. wage	Index of min. living standard	Purchasing capacity of real wages	Changes in wages compared with 1913
1913 ... ..	100.0	100.0	100.0	- 0.0
1914 ... ..	101.9	103.0	98.9	- 1.1
1915 ... ..	102.8	105.1	97.8	- 2.2
1916 ... ..	107.2	118.3	90.6	- 9.4
1917 ... ..	114.1	142.4	80.1	- 19.9
1918 ... ..	132.7	174.4	76.1	- 23.9
1919 ... ..	154.5	188.3	82.0	- 18.0
1920 ... ..	199.0	208.5	95.4	- 4.6
1921 ... ..	205.3	177.3	115.8	+ 15.8
1922 ... ..	193.1	167.3	115.4	+ 15.4
1923 ... ..	210.6	171.0	123.2	+ 23.2
1924 ... ..	228.1	170.7	133.6	+ 33.6
1925 ... ..	237.9	173.5	137.1	+ 37.1

However, here the curtailment of working hours is not taken into consideration. The actual weekly income for a full working week was as follows :—

("Monthly Labour Review," November, 1925.)

Year	No. of working			Weekly wage
	hours			
1913	...	...	...	100.0
1914	...	...	...	99.6
1915	...	...	...	99.4
1916	...	...	...	98.8
1917	...	...	...	98.4
1918	...	...	...	97.1
1919	...	...	...	94.7
1920	...	...	...	93.8
1921	...	...	...	92.9
1922	...	...	...	94.4
1923	...	...	...	94.3
1924	...	...	...	93.9
1925	...	...	...	93.0

In estimating the weekly wage by the minimum living standard then, we get for the year 1925, an increase in 26 per cent., which is quite an insignificant increase in a period of ten years, especially if we consider the tremendous profits the employers pocketed during this same period.

But this is only the wage of the organised worker. The condition of the unorganised is considerably worse. In the building trades in the United States the agreed wages on May 15th were:—

	1913	1922	1924	1926	1925
Bricklayers	67.1	132.1	135.1	139.2	207
Plasterers	64.9	130.6	139.0	142.8	220
Carpenters	49.8	108.4	104.9	107.0	215
Painters	47.1	110.8	101.8	104.8	223
Unskilled Workers	29.7	72.8	67.5	70.7	238

Only the few organised workers receive such comparatively high wages; most of the building workers are, according to the questionnaire of the National Association of Builders' Exchanges, in receipt of a far lower wage. On October 1st, these wages were:—

	Based on T.U. data. May 1, 1925	Wage of unorganised Oct. 1, 1925	Difference in wage of unorganised
Bricklayers	139.2	138.0	1.2
Plasterers	142.8	138.6	4.2
Carpenters	107.0	96.2	10.8
Painters	104.8	95.1	9.7
Unskilled workers...	70.7	49.4	21.3

Hence, the conclusion may be drawn that unorganised workers, who constitute by far the majority in the United States, receive a much lower wage than the organised. For skilled workers this difference is not so great, but for the unskilled the difference is often as much as 40 per cent. Unorganised unskilled workers receive on an average 64 per cent., painters 77 per cent., and the other 81-84 per cent. of the wage standard of organised workers.\* The idea about the idyllic existence of workers in America must consequently undergo considerable revision.

It should be added that there are in the United States, pariahs exploited to a degree unequalled in any European capitalist country. We do not intend to refer here to the 5,000,000 Negroes in industry who are subjected to the most wanton exploitation. The conditions of these pariahs both in industry and agriculture, and even as tenants, are much worse than those of European workers. Here we wish to call attention to the exploitation of child labour, which in America is seen in its most widespread and objectionable form. Feiler writes in this respect (page 100): "Hundreds of thousands of American children troop off, not to school, but to the factory as in the days of the worst stage of early capitalist development in Europe . . . . Child labour constitutes one of the most malignant ulcers in the social system of America . . . ."

It is clear that we are dealing with the favoured few, the organised labour aristocracy, while the large mass of the American workers, who are squeezed dry, as we have already seen, receive but a miserable pittance. Everyone knows that in America the productivity of labour is higher than in Europe, four or five times more per hour in the mining industry for instance, and yet there exists this miserable condition of the children and unorganised workers, not to mention the Negroes.

It is difficult to say how far the wages of the unorganised and the worst paid sections of the workers already referred to have increased during the past ten years. In any case, should Köttgen's calculations be correct that real wages in the United States are 70 per cent. higher than in Germany, this cannot be said in respect of unorganised workers. When American wages are compared with those in Great Britain, the difference is considerable. But how is the undisputed fact to be explained that wages are higher in America than in Europe? Feiler answers this question by pointing to the colonial nature of America.

"America," he says, "is now in a transition stage. It

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\* *Wirtschaft und Statistik*, 1926, p. 163.



has not yet acquired its real form . . . . But already the process of its delivery has begun . . . .”

It is a known fact that Marx also considered America in the light of a colony of Europe, attributing this to the fact that in the United States there was still land to spare and that American conditions of labour were better.

In reply to Wakefield, Marx wrote: “The wage-worker of to-day is to-morrow an independent peasant, or artisan working for himself. He vanishes from the labour market but not into the workhouse. This constant transformation of the wage-labourers into independent producers, who work for themselves and not for capital and enrich themselves instead of the capitalist gentry, reacts in its turn very perversely on the conditions of the labour market. Not only does the degree of exploitation of wage-labourers remain indecently low. The wage-labourer loses into the bargain, along with the relation of dependence, also the sentiment of dependence on the abstemious capitalist. Hence all the inconveniences that our Mr. Wakefield pictures so doughtily, so eloquently, so pathetically.” (Capital, Vol. I, p. 795.)

Later on he quotes Wakefield who complains that there is a shortage of workers and that the worker takes too great a share of the general produce. In exactly the same manner Feiler argues: “An abundance of natural resources, but a shortage of labour to realise them. Material is cheap, but labour is all the dearer . . . .”

Marx refers to the close of the colonial period at the time of the civil war, but Feiler puts it at the beginning of the nineties, when the reserve of free land was beginning to become exhausted. The process has not yet finished. The war and the resulting crisis greatly hastened it. As we have already pointed out it is now possible to say that the colonial epoch has definitely been relegated to the past. At the same time both the social and economic position of the workers has undergone a considerable change. Unclaimed land has ceased to exist, the rural population is decreasing not merely relatively but *absolutely*. The lack of surplus rural population is beginning to have its effect on the urban workers.

Hence, to save its position, “the workers’ aristocracy” brought about immigration restrictions, in order to maintain its “privileged” position on the labour market. Feiler thoroughly understood the significance of this step. He says: “Hitherto the aim and outcome of the introduction of machinery was to substitute unskilled for skilled workers, to replace man power, which was becoming expensive, by machinery, thus restricting the workers to those who served the machines. Now this has become more difficult, since there is a shortage

in the influx of unskilled labour. Mechanisation, electrification by water power and suchlike make it possible to economise in labour power also in the future. If in the development of America a sharp change for the worse does not set in, it will be impossible even by these means to make up for the shortage in man power which already exists. This shortage will continue to grow and simultaneously with it the power of the workers in their struggle for a share in social production. The organisation of the workers will grow; this process has been rendered excessively difficult by the new streams of immigrants who are either not organised at all or only to a very small extent. There is a simultaneous increase in trade union influence and the prospects are improving for a successful issue of the struggle." "This is the prognosis," the author adds, "which good judges of the social development of America make of the future development of that country."

There is no doubt as to the attitude of the Trade Union leaders. The following will show in what way their deductions are erroneous: it is possible to maintain a high standard of wages while industry develops. For this purpose a reserve army of workers is necessary, which will hardly be supplied in a sufficient number by the rural population. Further, America has launched out on the world market and will endeavour to keep wages more on a level with European wages. Hitherto, the high wages for the few have meant increased exploitation of the large majority: now organised American workers are anxious to maintain their position, at the same time not allowing any considerable growth in the number of badly-paid workers. The capitalists are not becoming reconciled to this situation; for them the question of finding foreign markets is becoming more acute and consequently the question of the *relative* level of wages.

There can be no gainsaying that the American workers are *already* losing all hope of becoming independent masters and are trying to improve their position by methods which the crafts resorted to during the period of their decline: *limitation of the admission to work in America*. This illusion about becoming an "independent master" has been the greatest hindrance to the development of the class struggle in America. "Capital," as already shown makes reference to this fact; Sombart specially stressed this point as the reason for the backwardness of the social movement in the United States. Feiler also talks about this—"Our labourers are not permanent beggars," they said to him in explanation of the weak state of Socialism. He also adds to this various psychological factors: The struggle against State power is very often a motive for emigration to America and causes an

attitude of mistrust of State intervention on the part of the immigrants. Further, the individualistic attitude of the peasant emigrants to America and the great variety of languages are factors in this. Then there is the weakness of the employers in America, the corruption of the upper strata of the working class by the distribution of shares amongst them, etc. . . . However, at bottom there was a hope for "independent" economic existence, a hope which has been finally destroyed by the post-war industrial and agricultural crisis. Feiler also sees that the position has changed in this respect.

Since the year 1890, when the free exit from the industrial reserve army into the position of "independent" masters was closed, everything had to develop with definite consistency. Only the tempo of development might be in doubt. The classes have not yet become stabilised. But this process has already commenced. A way out from the position of a worker to-day is still possible, but it is already much more difficult than it was and it will become still more difficult. In America, as in every capitalist State, a class of proletarians will appear which is fated to remain such. Then the social problem and social struggle will be on the order of the day in all its acuteness, just as in old Europe.

What Feiler foresees as a problem of the future already exists; for an exit into the country for the urban worker is already closed, and an influx from the countryside\* with the poor development of industry (number of workers engaged in the American factories in 1925 was only 95 per cent. of the number in 1919) is already exerting pressure on the position of the workers . . . The position of those who have work has again improved. But there is no doubt that a reserve army of unemployed has already begun to grow in the towns, which will also have its effect on the employed.

“SPECTATOR.”

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\* Feiler still regards the development of American agriculture optimistically, but if it be remembered that the rural population, the number of farms and number of workers on them has decreased since 1919, then it will become clear that his prognosis in this respect is not correct.



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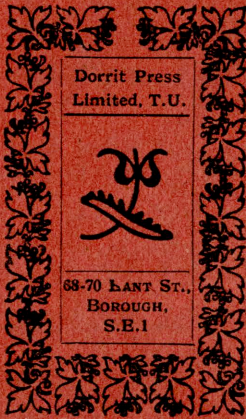
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