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C O N T E N T S

G. Zinoviev: The World Historical Importance of the Events in Shanghai.

Hands off China

L. Trotzky: The "Moscow Spirit".

Appeal of the Chinese Railway Workers' Federation to the International Transport Workers' Federation.

Politics

Down with the Imperialist War in Morocco!

Karl Radek: World Capitalism and the Soviet Union. II.

Arthur Rosenberg: The German-Spanish Trade Agreement.

Maurice Spector: Financial Dictatorship in Canada.

The Balkans

P. F.: What is Happening in Bulgaria?

Economics

Eugen Varga: Economics and Economic Policy in the First Quarter of 1925. V.

In the International

H. Young: The Seventh Congress of the Communist Party of Great Britain.

The Situation of the C. P. of Germany.

Bertram D. Wolfe: Bolshevisation and Immediate Tasks in the Mexican Communist Party.

In the Colonies

English Imperialism in Cyprus.

The White Terror

Terrible Statistics as to German Class Justice.

Protest of the C. P. of Palestine against Anglo-Egyptian Class Justice.

Our Problems

Herman Dunker: The Propaganda of Marxism and Leninism.

The World Historical Importance of the Events in Shanghai.

By G. Zinoviev.

The movement began with the most modest economic demands — the Chinese workers demanded the eight hour day for juvenile workers, the ten hour day for adults, and one day's rest in seven; demands which the workers of the advanced capitalist countries put forward half a century ago.

The movement became a profound political event, which has assumed world historical importance.

From the demand for the eight hour day to the demand for the evacuation of China by the foreign troops! For this the Chinese workers needed in all only a few days. The working masses in Russia — after a long period of preparation — likewise traversed an analogous road at a very rapid pace. The troops of the English and Japanese imperialists have now furnished the Chinese workers with just a lesson as, in their time, the reactionary troops of Nicolas Romanoff, who was spattered with the blood of the people, gave to the Russian workers.

The Russian workers in their time learned through painful and bloody experience the connection between Economics and Politics. And the struggle of the Russian workers became converted more and more into a political struggle, and ever louder

and louder resounded the "Cry of the people": Down with Despotism! The Chinese workers are now learning by painful and bloody experience, not only the connection between Economics and Politics in general, but also the connection between Economics in China and international politics, the politics of bloody imperialism.

The troops of the English and Japanese imperialists have shot down dozens of Chinese workers and also students who supported them. The English gendarmes have arrested workers employed in the electric power stations and water-works in Shanghai. These sections of the workers of Shanghai have been compelled to work at the mouth of the revolver — in the literal sense of the word. Notwithstanding, the strike is extending to a general strike and the movement is spreading and growing. The slogans of the fight against international imperialism are growing louder and more powerful; the workers of Shanghai are coming forward more and more decidedly as the leaders of the general movement of the broad masses of the people of China.

The English, Japanese and American imperialists are sending urgent war signals to their warships and are dispatching them

to the "scene of action". One need not be a prophet in order to predict that the hate of the hundreds of millions of Chinese people against the foreign capitalist robbers will become all the more deeper and that their demand: "Clear out of China" will resound all the louder.

English and Japanese imperialism, and especially the first, cannot live without plundering the colonies and semi-colonial countries. Without the predatory plundering of such countries as China there would be no excess profits, there would be no possibility of bribing the labour aristocracy in their own countries. There are only two alternatives: either plundering of the colonies or hastening the proletarian revolution in its own country. This is the issue which faces English capitalism. The dialectics of history are working in such a manner that it is **precisely the pressure upon the colonies which is hastening the ripening of the national liberation movement in the East and which, in turn, is also expediting the proletarian revolution in imperialist England.**

The great world historical importance of the events in Shanghai also consists in the fact that they have confirmed precisely this truth in the most striking manner. The Chinese workers commence with the demand for the most elementary improvements in their economic existence, and end with the slogan: "Clear the foreign imperialist troops out of China!" At the present moment the Chinese workers are becoming one of the most important factors of the international proletarian revolution.

"51% of the proletariat are less than 20% when, among the 51% there exists imperialist infection and petty bourgeois resistance." So wrote Lenin in a sketch on the dictatorship of the proletariat.

The reason why for a long time the revolutionary weight of the English proletariat was so insignificant, was precisely because within the English working class there existed many elements of "imperialist infection" and petty bourgeois opposition to the idea of the proletarian revolution. The present rapid revolutionising of the English working class which has just set in, is bound up in the closest manner with the commencing decline of English imperialism. The growth of the revolutionary self-consciousness of the working class in the suppressed countries (colonies and semi-colonies), and the decline of "imperialist infection" in the proletariat of the **suppressing** countries, is a parallel process.

The working class in China represents a much smaller portion of the population than 20% (6 million among 400 million). But it is clear that, under favourable conditions, the Chinese working class can and will become the leader of the whole great national liberation movement of China, when one takes into consideration the following:

1. The working class, thanks to its situation, cannot be infected with the "Great Power" ideas of imperialism, on the contrary, the entire situation compels it to take over the role of leader of the whole of the people against the foreign capitalists who are oppressing them.

2. The advance-guard of the European proletariat who are led by the Communist International, recognise the enormous importance of the Chinese working class, and illuminate for it its historical way with the torch of Leninism.

3. The first victorious proletarian revolution (the Soviet Union) constitutes an ideal revolutionary point of support for the growing revolutionary movement in all colonies and dependent countries, among them being China.

4. In all the prominent centres of China (Shanghai, Hankau, Peking, Tsingtao, Nanking etc.) the Chinese proletariat constitutes a numerically important group. In Shanghai, for example, there are over 200,000 workers.

5. The majority of the population of China is keenly interested in throwing off the foreign imperialist yoke, and ever greater masses of the people of China are awakening to the conscious struggle against world imperialism.

6. The Chinese peasantry in particular are being driven by the whole situation to support the working class.

In view of the general situation which has arisen in China and the level already attained by the national liberation movement, the reprisals of English and Japanese imperialism will only add fuel to the flames.

The recent session of the Enlarged Executive of the Comintern was absolutely right when, foreseeing the alteration of the line of march of the proletarian world revolution, pointed out that the revolutionary events in the East were ripening with much greater rapidity than was to be expected, and that no partial "stabilising" of the capitalist West would be capable of post-

poning the victory of the proletarian world revolution for any great length of time.

The events in Shanghai serve as an example of the events in the whole of China, in India, Egypt, Java etc. In India, among a population of 350 million, there are 8 million workers; in Egypt, among a population of 20 million, 1½ to 2 million workers; in Java 2½ million workers among a population of over 30 millions. In all these countries there exist to a greater or less degree those six conditions which we indicated above. In all these colonial and dependent countries, the working class, if conditions are in any way favourable, will certainly succeed in impressing their stamp upon the great liberation movement of these countries.

"The revolt of the proletariat against the bourgeoisie of its own country, plus the revolt of the peoples in the colonies and in the dependent countries" — this, declared comrade Lenin, was the essence of the international revolution. Now this formula is being clothed more and more with flesh and blood. The time is no longer distant when there will begin the great appeal between Shanghai and Calcutta, Hankau and Madras, Tsingtao and Cairo, Peking and Alexandria. And at the same time the revolutionary appeal between these centres of the colonial and dependent countries on the one hand, and the proletariat of London, New York, Tokio and Paris on the other hand, will grow and become stronger. In China and in Egypt the affair has already come to the occupation of factories and works by the workers. In India the movement of the workers is growing and extending. The sheet-lightening of the revolutionary movement in the East is piercing the darkness of black reaction which is hanging over all countries.

The demand of the workers of Shanghai for the evacuation of China by the foreign imperialist troops will find a powerful response, not only in Moscow and Leningrad, but in all the capital cities of the world. The English Trade Unions are beginning to fulfil their international proletarian duty. The more European capitalism, which is being "stabilised", scorns and oppresses the workers of "its own" country, the more will the European proletarians cast aside the narrowness of European "provincialism" and give more attention and support to the revolutionary movement in the colonies and semi-colonies. It is in the interest of the European worker to support the colonial and semi-colonial liberation movement, not only as the sole leader of the approaching world revolution, but even simply as a seller of labour power.

It is not so many weeks since the Communist International for the first time pronounced the word "Stabilisation" (partial "stabilisation" of capitalism in Europe). The events which have occurred in the few weeks that have passed since that time have shown with sufficient clearness to what a great extent the political stabilisation of the world situation is only relative.

The war in Morocco, the events in Shanghai, the increase of unemployment in England, the victory of Hindenburg in Germany, the events in Bulgaria, the signs of a financial crisis in France etc. — all this goes to show that capitalism is doomed to decay, and that the international proletariat, led by the Communist International, will be its grave-digger.

"The cause of the workers in Shanghai is our cause", the advance-guard of the European proletariat will say. The textile workers, the printers, the railway workers of Shanghai, the Chinese proletarians, are occupying the front ranks in the proletarian world war. We are heart and soul with the Chinese workers.

HANDS OFF CHINA

The "Moscow Spirit".

To the Memory of the Murdered Workers and Students of Shanghai.

By L. Trotsky.

The "Times", the leading newspaper of the English bourgeoisie, writes that the movement of the Chinese masses reveals a "Moscow spirit". Well, for once in a way we are prepared to agree with the conservative denunciators. The English Press in China and in the British Isles brands the striking workers and students as Bolsheviks. Well, we are prepared to a certain extent to support even this terrible revelation. The fact is the Chinese workers object to being shot down by the Japanese police, so they have declared a protest strike and are proclaiming their indig-

nation in the streets. Is it not evident that here the "Moscow spirit" prevails? The Chinese students, filled with sympathy for the workers in their struggle, have joined in the strike against the exercise of violence by foreigners. It is evident, as far as the Students are concerned, that we have to deal with Bolsheviks.

We of Moscow are prepared to accept all these accusations and revelations. We should like however to add that the best agents for spreading the "Moscow spirit" in the East are the capitalist politicians and journalists. To the question of the ignorant coolie: "What is a Bolshevik?" the English bourgeois Press replies: "A Bolshevik is a Chinese worker who does not wish to be shot by Japanese and English police; a Bolshevik is a Chinese student who stretches out a brotherly hand to the Chinese worker who is streaming with blood; a Bolshevik is a Chinese peasant who resents the fact that foreigners, whose arguments are deeds of violence, behave on his land as though they were lord and master." The reactionary Press of both hemispheres gives this excellent description of Bolshevism.

Is it possible to carry on in the East a better, more convincing, more stirring propaganda? And to what purpose, may we ask, do we need in the East or, for that matter, in the West either, secret agents with Moscow gold in one pocket and with poison and dynamite in the other? Would any trained agents be capable of doing a thousandth part of the educational work which the "Times" and its companions is carrying on gratuitously — this must be acknowledged — throughout the world? If a so-called Moscow agent were to tell the oppressed Chinese that the policy of Moscow is a policy of the liberation of the oppressed classes and subjugated nations, the Chinese would very likely not believe him — has he not often been deceived by foreigners! But when Moscow's worst enemy, in the form of the English Conservative newspapers, tells him the same about Moscow, he will believe it implicitly.

When the half-naked and half-starved Chinese worker who is oppressed and degraded, begins to become conscious of his dignity as a human being, he is told: Moscow agents have egged you on! If he allies himself with other workers to defend his elementary human rights, he is told: this is the "Moscow spirit". If in the streets of his own town, he tries to defend his right to existence and development, he hears cries of: this is Bolshevism!

Thus the course of revolutionary education advances step by step under the direction of the foreign police and of the journalists, whose attitude of mind is similar to that of the police. And in order to imprint the political lessons deeply on his memory, the English police, after having shot down dozens and hundreds of Chinese workers and students, drags him into the cellars of the English prisons in Shanghai. Thus a short cut to political knowledge is accomplished. From now onwards every Chinaman will know that the "Moscow spirit" is the spirit of revolutionary solidarity which unites the oppressed in the fight against the oppressors; and that on the other hand, the atmosphere which pervades the cellars of the English prisons of Shanghai incorporates the spirit of "British freedom".

We would have concluded at this point, for, is there much to add to this eloquent and convincing propaganda of the capitalist Press on behalf of Moscow? But it occurs to us that liberal Labour politicians of the MacDonald type are eagerly listening to our conversation with the Conservatives. "You see", they say, pointing didactically at the chief editor of the Times, "we have always said that our Conservatives work for Bolshevism". And this also is true. The Conservatives, or rather the reactionaries — all capitalist parties are now reactionary — represent an enormous historical force which is supported by capital and gives expression to its chief interests. MacDonald is right in that there would be no Bolshevism, either in the East or in the West, if the forces of capital did not exist. As long however as the force and the yoke of capital does exist, the "Moscow spirit" will make its way throughout the world.

For the "adjustment" of events in Shanghai, and in order to counteract the influence of "Moscow", the liberals and Mensheviks suggest the idea of an international conference on the Chinese question, but they are shutting their eyes to the fact that at this conference the decision would lie in the hands of the same gentlemen at whose command workers and students are shot down in Shanghai.

Possibly MacDonald has a programme ready for this conference. If not, we can submit our own to him. It is very simple. **The Chinese house belongs to the Chinese. No one has a right**

to enter this house without knocking at the door. The owner has the right to admit none but friends and to refuse entrance to those whom he considers his enemies. This is the beginning of our programme. You will certainly reject it, because to your nostrils it seems to be thoroughly saturated with the explosive "Moscow spirit". But just for this reason it will penetrate into the consciousness of the oppressed Chinese and of every honest English worker. This programme contains in itself the most powerful innate force. This is the banner under which the workers and students of Shanghai are dying. The blood which has been shed in the streets of Shanghai, will infect the masses with the "Moscow spirit". This spirit penetrates everywhere and is invincible. It will overcome the whole world by liberating it.

Appeal of the Chinese Railway Workers' Federation to the International Transport Workers' Federation.

The Chinese Railway Workers' Federation has addressed the following appeal to the International Transport Workers' Federation in London.

"The international imperialists have thrown aside their mask and have decided to act openly as vandals and robbers. The success of the national revolutionary movement, the awakening of the Chinese people, the huge strike movement and the revival of the Chinese railway workers' organisation is driving the imperialists, who imagine that they can strangle the revolutionary movement by means of unprecedented brutalities, into a panic. Fresh warships are arriving daily in Shanghai in order that English, American, Japanese and Italian troops can fire upon the Chinese people, who are striving for national freedom, independence and an existence worthy of human beings.

The Chinese workers address to you, transport workers of all countries, the following appeal:

The imperialists wish to strangle China by means of armed force. **Hands off China! Prevent the transport of weapons, munitions and troops to China!**

Explain to the transport workers of the whole world, what crimes the imperialists are committing against China. Explain to the workers of all parts of the world that the imperialists, who are suppressing and plundering China, are preparing a new sling with which they wish to strangle the proletariat of their own countries.

We are convinced that the International Transport Workers' Federation will afford every moral and material support to the Chinese proletariat which is carrying on a life and death struggle.

(Signed) The Secretary: Lod Shan Lun."

POLITICS

Down with the Imperialist War in Morocco!

Appeal of the Eastern Bureau of the E. C. C. I.

Moscow, June 8th, 1925.

The Government of Painlevé, Briand, Caillaux has let loose a war in Morocco which Herriot had been preparing for months in secret understanding with the Resident General Lyautey. The imperialism of the Left Bloc, which was concealed behind numerous symbolic gestures of pacifism, is thus exposed as being no less dangerous than that of the national bloc. It is always the same unbridled race for the conquest of markets or for the seizure of natural riches which bring profit only to the capitalists and for which the workers and working peasants have to pay all the costs.

The proposals for negotiations made by Abd el Krim were systematically rejected by Lyautey and Herriot, who organised a blockade of the Riff in order afterwards to lure Abd el Krim into the trap of the Uergha.

The events in Morocco from 1907—11 and the arbitrary action of Agadir were the precursors of the great slaughter of 1914—18. The predatory campaign which France has now under-

taken against the Riff, contains elements which threaten to lead to serious international complications. Not only France and Spain, but Italy and England also have an interest in the plundering of Morocco. France is waiting for the defeat of Spain in order to take possession of the territory of the Riff for its own advantage. As in 1914, there is talk of the prestige of France which is said to be endangered by the Kabyles of the Riff, and it is once more explained that it was not peaceable France, but the Kabyles of the Riff who were the attacking party. England and Italy are waiting for the right moment to demand their share of the booty in the name of their national prestige. Thus, French imperialism has, in 1925, started a new conflagration in Morocco which may cause serious international complications.

This is imperialist war. It is directed against an oppressed people. This is war against the independence of peoples, who are oppressed by French, English, Italian and other imperialists. The fight of the Kabyles of the Riff is one of self-defence, is only a fight for their independence in the name of the right of peoples to self-determination. The democratic Left Bloc which poses before the workers and peasants as the defender of universal peace, has carried the war into Morocco in order to satisfy the greed for colonies of high finance and of the Comité des Forges (committee of foundry owners).

Having been accomplices of Herriot in preparing for the war, the socialist leaders, who belong to this bloc and support the government, are now accomplices of Painlevé in kindling and carrying on the war. They are still the same as they were in 1914; they use their ideology as a cloak for the imperialist adventures of the Left bloc and for the pacifist adventures which are pregnant with international complications, they help to spread lies about the peaceful and loyal character of the new affairs in Morocco. In order to conceal their new treachery, they pretend not to know the truth, and demand explanations from the government; at the same time however, they are, in collaboration with the government, working out a vote of confidence demanding the continuation of military action, so as to drive the troops of Abd el Krim across the borders of the Protectorate which they know do not exist. As in 1914 and 1918, they are in favour of war to the bitter end. Civil peace is restored. Renaudel and Jouhaux have come to an agreement with Loucheur and Briand in order to drive the Riff Kabyles out of the territory of French Morocco. They are those who execute the will of the reactionary cliques of imperialists of the national bloc.

If the democrats and the social democrats of the Left bloc do not speak as openly as they do in favour of completely smashing the Riff Kabyles, it is only for reasons of tactics, and so as to be the better able to deceive broad masses of the workers and peasants who are opposed to the war. These criminal quacks dare still to speak of pacifism and peace, while the blood of French workers and peasants is flowing and mingling with that of the Riff Kabyles who are defending their possessions threatened by the Spanish and French imperialists.

The war in Morocco will be long and destructive, it will lead to new conflicts and new international complications between the rival imperialists. England will resist with all the means in its power the creation of a French Gibraltar on the conquered coast of the Riff. It is intriguing with Spain which itself is opposed to France gaining a foothold in the Riff, in order to prevent an understanding between the two countries. Italian imperialism is making use of the events to demand Tunis, it is pillorying French desires in order to mask its own desires for colonial expansion and to conceal the preparations it is making in Tripoli, with this object. In view of complications of an international character, the government of the Left bloc maintains that it will confine itself to driving Abd el Krim out of the Protectorate and defending its own borders. In reality however, the war will be continued in the form of a blockade which is intended to exterminate the Riff Kabyles by starvation and to force them into submission, which would be equivalent to seizing their territory.

This is the peace which is the dream of the democrats and of the social democrats of the Left bloc. There is no essential difference between their colonial policy and that of the national bloc. Like the national bloc, they prepared for the war, they are now carrying on the Morocco war and will carry it on to the bitter end. This war may give rise to a new world war, more terrible than that of 1914—1918, with streams of blood, thousands of corpses, with unprecedented devastation.

French workers and peasants!

The horrors of the recent war will be as nothing in comparison with what murderous imperialism and militarism may now let loose upon the world. Not only will it cost innumerable victims, but milliards and milliards, which will again be squandered and will disappear into the pockets of the manufacturers of munitions. It is inevitable that heavy taxes will be loaded on your shoulders.

Workers and peasants of Spain!

French imperialism has sent a plenipotentiary to Spain in order to involve your country afresh in a murderous war against Morocco. Spanish soldiers have already fraternized with the Riff Kabyles. They will do it again if it become necessary. It is your duty to join your efforts with those of the workers and peasants of France in a common struggle against war, for peace and for the evacuation of Morocco!

Workers and peasants of Italy!

The French proletariat will do everything in its power to oppose the predatory war of its government by the resistance of the people. It is your duty to prevent the spread of the conflagration. Your government and the Fascist government of Mussolini is inclined to refresh its faded laurels by new conquests. In alliance with the French proletariat you will prevent your government committing this new crime!

Comrades, workers and peasants!

The Communist International warns you of the danger and calls to you: Command a halt! It depends on you, on you alone to put a stop to this slaughter! Unite, form a close organisation, raise such a protest that your criminal governments will draw back and will hasten to conclude a peace with the Riff Kabyles!

Workers and peasants!

All of you rise against war!

Long live fraternisation between the soldiers of France and of the Riff which may help to hasten peace!

Long live the complete independence of the colonial peoples!

Down with the imperialist war in Morocco!

The Eastern Bureau of the E. C. C. I.
Semard, Katayama, Nin, Berty, Kolarov.

World Capitalism and the Soviet Union.

By Karl Radek.

II.

The Question of the Russian and Chinese Markets.

The only way left to international capitalism in order to solve the question of markets, is the second way: the capturing of new markets at any price. What new markets are to be obtained? If we consider such markets as the Japanese or Indian, we perceive that they are now developing their own industries, which very jealously oppose the intrusion of foreign goods. If we consider such markets as the countries of South America, we have to realise that their powers of absorption can only develop very slowly, as these countries are relatively very thinly populated.

In order to develop these countries by means of colonisation, it would be necessary to invest enormous amounts of capital, which are likewise not available. There remains only Russia and China, which constitute a huge market for international capital, not only because our Mudjik, as well as the Chinese peasant, requires everything from the linen goods to tractors etc., but also because the peasant population in Russia and China can give an equivalent in exchange. The whole of Europe is suffering from the fact that it has to purchase agricultural products from America. But what can it pay to America in return? It has to pay with what America already possesses — with industrial products. Russia, therefore, is not only important for Europe as a market, but also as a source of raw materials and corn. God does not always punish the Bolsheviks with bad harvests! Agriculture is recovering more easily than industry, as its chief forces for the time being are still Nature and human labour power. This is the explanation why, in spite of the misery and the

backwardness of our peasantry, we have been able to raise our agriculture up to 80% of the pre-war standard. If there had been no bad harvests, then we should this year have attained to the pre-war level of production. The basis of the progress of our agriculture is not yet technical, but the fact that the brain of the mudjik is becoming active that the revolution and the war have caused a profound psychological change among the peasantry.

We do not always notice that in our every day work. Every foreigner however who has seen Russia before the war and who visits it today states, that there has been created for the first time in Russia a basis for a technical advance in peasant economy, because the mudjik is beginning to think. He is no longer afraid of the tractors and other wonders from over the sea, but gladly accepts them. Russia can increase its agricultural export. It thereby offers European capital a huge and growing market.

If we now consider China, this country which, as regards its coal and iron resources, occupies the third place in the world and is thickly populated, it suffices to indicate the possibilities of development if one says that China is already today carrying on a foreign trade equal in value to three milliard gold roubles, although capital has only penetrated into the narrow coast districts.

China is looked upon even today as a medieval feudal power. This view, however, is absolutely false. Manchuria alone which during the Russo-Japanese war from the standpoint of commerce, was of no importance, is now exporting 100 million puds of various kinds of grain yearly, a fifth of the Russian pre-war export. China constitutes today a new gigantic market, which, should world capital succeed in capturing, would serve as that decisive and vast reservoir with the help of which world capital would really be able to extricate itself from the morass of the last imperialist war.

At present one might say the following: **In Western Europe, world capitalism, with the help of English and American capital, is working feverishly to restore the conditions for stabilising the social relations of the pre-war period, and is undoubtedly achieving considerable results in this direction, in the first place in the sphere of the restoration of the world economic system.** We know from our own experience what the stabilisation of the valuta means in this connection. The situation of the workers in Russia is at present still far from being a splendid one. The fact, however, that the country possesses a stable valuta must have a correspondingly favourable effect upon the workers' household budget. The same applies to the State budget, and to economic life in general.

That which we are witnessing in this connection in Russia, is not absent in the capitalist countries. The stabilisation of the valuta is the most important basis for the restoration of the whole economic life.

Let us now consider the present social and economic situation. Here we must in the first place examine the prospects of the struggle of international capital for new markets.

The Question of the Imperialist United Front.

The first question is, whether world capital, in this fight for the extension of the markets, has succeeded in creating a united front. This question must be answered in the negative. **Capitalism has not succeeded in setting up a united front, and it will hardly succeed in doing so in the future.**

Why is it so difficult for the bourgeoisie to set up this united front? For the reason that politics is a tenfold more complicated thing than it appears to be if one only considers it schematically. England is pursuing the same aims as America — the extension of the market, but in the first place for itself and not for the United States. And whilst the two States act together in certain questions, as, let us say, in the German reparation question, we see in other questions, likewise relating to Germany, that Germany becomes an object of an economic struggle between both parties. When the gold mark was introduced in Germany, the purpose of which was to cover the German mark, the question immediately arose, whether this gold mark should be based upon the dollar or the pound. If the gold mark rests upon the dollar basis, then it is dependent in the first place upon America, in the other case London would become the centre for discounting German bills of exchange. There is proceeding here an uninterrupted struggle between English and American capital over the question of the domination of Germany. American ca-

pital is the stronger, but English capital is more organically bound up with Germany. As a result of "common" actions and a hard struggle, the American banks have succeeded in grabbing the fourth part of the shares of the German Bank. We therefore see in this connection, as regards the stabilising of capitalist conditions in Germany, where America and England act together, an uninterrupted struggle, which prevents common action on the part of the capitalist sharks.

In the Far East, England and America are likewise acting together and are endeavouring by this means to open the Chinese markets for foreign capital. Here, however, England relies upon diplomatic privileges which she obtained before the war. America does not possess these to the same extent as England. Soviet Russia is also intervening and demanding the abolition of all diplomatic privileges, and thereby delivers a blow to England and America. To the Americans there naturally occurs the question: why should one expose oneself to blows over that which one does not possess? As a result of the difference in the situation of England and America in the Far East, and as a result of our strong attack in the question of privileges, the American Ambassador delivered a speech in which he advocated the gradual abolition of privileges. The united front here possesses just as little stability as it does in regard to the German question.

The interests of England and America are equally divergent in regard to Russia. So far as American interests are concerned, America would not suffer if we were suddenly to disappear from the face of the earth, as one of the main questions of American economy is the question of the market for agricultural products. America does not want any agricultural competition at present. The Americans, while endeavouring to hold up the restoration of the economic power of the Soviet Republic, hope at the same time to go over mainly to cattle breeding, as then Russia would not only not be an unpleasant competitor for them, but would be required by them as being a huge market for supplying corn and grain.

Professor Tuleikov was right when he pointed out the hope prevailing in American circles that in 15 years America would begin to import corn, and that Siberia would then have to feed the west coast of America. In war and in economics, more than in anything else, everything depends upon time. At present it is to the advantage of America to postpone the economic reconstruction of Russia. England, on the other hand, which at present has to purchase from America, cotton, corn and many other articles of food, and in this respect is dependent upon the United States, would be able to free itself from this dependence to the extent to which the Russian grain market developed.

These two great capitalist powers have united for the time being in order to wring concessions from the Soviet Union. If their efforts however are shattered by our resistance, then each of them will proceed separately and there will be no talk of united action.

If, however, the Soviet Union agrees to grant concessions, then the question arises: what concessions shall be made and to whom shall they be granted? For Russia it is more advantageous to grant concessions to American oil Trusts than to English oil Trusts, as America is not in close contact with the Far East, which cannot be said of England. In the Far East there meet Japan, the Soviet Union and China. If Japan abandons the idea of territorial conquests in China, then a certain unity can be established between the Soviet Union, China and Japan against England and America.

The above, even if somewhat rough sketch of the world situation shows that capitalism will hardly succeed in creating a united front.

Besides America and England, there are a whole number of capitalist countries — Germany, France, Italy etc. — and also many smaller capitalist countries. Should the united front be organised, and should this united front be victorious, then those countries would reap the benefit of it who command this united front. They only need the smaller countries so long as the united front is maintained. When the united front has achieved its object, then these little countries will no longer be necessary. The little countries perceive this quite clearly, and this explains their inclination to unite with us, which fact does not conduce to strengthen the bourgeois united front.

These are the general prospects. Will the creation of the united front be achieved? Even should it succeed, this front

could not be regarded as a strong one; it would be incapable of solving the tasks imposed upon it.

The strengthening of capitalism is unavoidably accompanied by capitalist antagonisms. In 1924 we experienced an improvement in the relations between Germany and France. This is an objective fact, which is due to the circumstance that Germany is paying as much as it can, quite apart from any good will to pay. The paying machine is functionally mechanically. Germany is now raising the money. But will Germany be able to deliver over this money without seriously shaking its monetary system? This will only be seen in three years time, when the carrying out of the Experts' Report passes from the phase of raising the money in Germany to the phase of paying over the same. This will be a period of fresh debates and, perhaps, of the collapse of the whole policy of the Experts' Report.

America is endeavouring to work out on paper the peace between France and Germany, in order to be able to say to France: "My dear Sirs, nobody threatens you any longer, reduce your army and pay us back your debts". But France is not keen on doing this.

Now we come to the Anglo-French Front. During the last few years the struggle between France and England for hegemony played a very great role, nevertheless there is to be recorded here a diminution of the antagonisms, due to the fact that France, as a result of the collapse of the franc, is no longer in a position to supply its vassals with money, and is naturally losing influence. If Poland receives 35 million dollars from America, then it follows that Poland must to this extent dance according to the tune played by Washington and New York and to the same extent must turn away from France.

The same also applies to Czecho-Slovakia.

As soon as France and England become more dependent upon America, the small European states become less dependent upon France. For this reason France does not for the moment constitute a great danger for England. England, however, wishes to consolidate this truce. But then the difficulties in the East come to the forefront, England is endeavouring, by making concessions to France, to secure its rear in its actions in the East. In this respect its calculations are very simple and extremely "innocent". It believes that Germany, in the event of the success of the stabilisation of capitalism, would in five years constitute a strong power. Who else has such a huge chemical industry as the Germans? And even if they at present have no cannons, they will nevertheless remain a great capitalist power. And when the moment arrives, that is to say, when Germany becomes strong, — so thinks England —, then it will be possible to withdraw the concessions granted to France.

For the time being we see here a certain truce.

The Situation in the East.

How is it now with that stretch of front where the struggle for the market is taking place, the front of the East?

In the first place there is to be noted here a gradual but steady growth in the national revolutionary movement in all countries of the East. There exists a whole literature in England which calls attention to these facts ten times as often as we do in our literature.

The most important symptoms of the growth of the national revolutionary movement in the East consist in the following: first, in the economic growth of the Eastern bourgeoisie, which is based on the fact that during the war European capital was not capable of supplying the Oriental countries with a sufficient quantity of goods, so that they began to develop their own industries.

In the meantime there arises among this oriental bourgeoisie the natural fear of the competition of foreign capital. This not only applies to China but to all other Eastern countries, as for example Turkey, where the policy of the government consists in restricting the importation of foreign goods in order to render possible the growth of Turkish industry and Turkish commerce. The expulsion of the Greeks and Armenians has the same purpose — protection of native capital from foreign competition.

The second cause of the intensification of the revolutionary crisis in the East consists in the growth of national consciousness among the native intelligentsia. In all young bourgeois countries the intelligentsia, at the commencement of the liberation movement, plays the first fiddle. This was the case with

us in Russia before 1905, and is the case today in the East. Before the war the Eastern intelligentsia looked up to the European and American Democracy. The strongest of those capitalist powers which were in close contact with the East was America. And America defended the policy of the so-called "open door", it posed as the defender of the independence of China against England, Russia and Japan. Leading American politicians took India under their protection. The emigration, workers, merchants, and in fact all oriental people living in America, were enthusiastic over American Democracy, where every foreigner settling there is granted full rights of citizenship.

But in the course of time the mass of the oriental intelligentsia perceived the true features of this Democracy, and in what consists the nature of American "self-determination of the peoples". When, after the Versailles Peace Conference, the province of Shantung with its population of 40 millions was cut off from China and was made a "present" of to Japan, this fact served to enlighten the Eastern intelligentsia better than any propaganda as to what is the real attitude of bourgeois democracy towards the national movement. It is not surprising that we see at present in the East an ideological revulsion of the intelligentsia from Europe and America, a revulsion which at times assumes the form of reaction against European civilisation in general.

The third factor is the growth of the workers' and peasants' movement. The movement of the labouring masses in such countries as China and India is on the same level as was the Russian labour movement in the year 1896. It is the first mass movement of the proletariat.

Along with the mass struggles there is proceeding the creation of Communist Parties. The Russian proletariat, from the year 1896, had to carry on its fight for another ten years before it arrived at its first revolution. We hope — and this hope is based upon objective facts — that the East will traverse this road at a more rapid rate and with better results than the Russian revolution of 1905.

The revolutionary movement of the East is a factor the importance of which we underestimated.

When we consider the situation in Egypt, which was clearly illuminated by the bomb thrown at the English Sirdar — this also can hardly be considered as a sign of the stabilisation of capitalist conditions, when we remember that the bomb was thrown by a railway worker — we must again and again emphasise that the national movement in the East has not only seized the intelligentsia, but also the broad masses of the people, and that the chief task of world imperialism — the extension of the markets by intensified exploitation of the colonies and suppression of the Eastern countries, will meet with other resistance than was formerly the case.

The Foreign Political Prospects of the Soviet Union.

When we speak of the prospects of the Soviet Union we must take into consideration two aspects: the relation between the proletariat and the peasantry, and the extent and the force of the pressure of the foreign capitalists upon the Soviet Union. The question is, whether we shall be able to come to an agreement with the capitalists regarding the conditions on the basis of which we shall be able to live until the next rise of the European revolution, not only as a Soviet State, but for that aim for which we were established: for the development of socialism. We are profoundly convinced that the next few years will bring with them a real agreement with world capital. This conviction is based upon the simple fact that the capitalist great powers have divergent interests regarding us. The attempt to exercise a joint and permanent pressure will end in failure.

The question now is, whether they will be able to reconcile themselves to the existence of a workers' and peasants' Republic. If they are not able to do so, then they can do what they please. The main question is, whether they can destroy this Republic. They have already attempted it by military means — but they did not succeed. They will not succeed in the next few years in mobilising the masses of the peoples in their States against us. Can they strangle us economically? Can they carry out an economic boycott against us? It is easy for America to speak of an economic boycott, as she does not need us; England can also play with this policy for a certain time, but the smaller countries such as Germany, Italy, Belgium, France etc., which

have no oil and are interested in our benzine, cannot carry out a consistent boycott. They will attempt to intimidate us, but our situation is more favourable than theirs and we will find the necessary means in order to shatter their united front.

The question of the Russian debts is bound up with the question of the inter-allied debts. We are interested in postponing the solution of this question. Should it prove that the allies can only extract from France 10% of its old debts, why should we be better payers of debts than France? In practical politics what will decide this question is, whether we conclude an agreement at the moment when we have a good harvest and whether the allies will recognise that we are not afraid of their pressure, or whether this agreement is concluded at a time when our country is in a difficult situation.

The chief peculiarity of the policy of the Soviet Union consists in the fact that Russia, in spite of all its poverty, can, thanks to its vast extent, afford to wait its own time.

We are confronted with a period of pressure, a period which will be accompanied by a whole number of various threats, but which we shall survive, and which, in all probability, will smooth the way to agreements which will permit us not only to maintain, but also to develop our socialist State.

In regard to the Russian revolution, world capital exhibited the following phases: In the year 1919 it attempted to strangle Soviet Russia, it attempted to buy a part of the working class and to crush the steadfast revolutionary part. We had at that time, on the one hand, the intervention in Russia and the crushing of the Spartacists in Germany, and on the other hand, the promises of the socialising of industry in Germany, France and England, the extension of the suffrage to the workers etc. In spite of this world capital did not succeed in strangling us. The second phase consisted in the attempt to negotiate with us and to strangle the revolution in the East. In 1921 the imperialists negotiated with us in Genoa and shot down the Turks. They reckoned that if they succeeded in strangling our revolutionary rearguard we would have to capitulate.

The third phase began when they perceived that we were not throttled by the famine catastrophe and that the NEP did not mean a return to old capitalist politics. Then, in the year 1923, there set in the Curzon policy. It consisted in the attempt to come to an understanding with the East, with the Turks, and to exert pressure upon us. To this period belongs the Peace of Lausanne and the Ultimatum which was submitted to us. This attempt to divide the main forces of the world revolution from each other ended in defeat. To-day we are witnessing the preparation for a simultaneous attack against the East, against us, and also against the European proletariat.

This shows that the enemy is compelled to deliver blows simultaneously on all fronts. But he is over-estimating his forces and will be defeated.

The German-Spanish Trade Agreement.

A Chapter from the Practical Policy of the Hindenburg Republic.

By Arthur Rosenberg (Berlin).

Shortly before Whitsuntide, the German Reichstag agreed to accept the Spanish Trade Agreement after a tumultuous evening session at which the fate of the Luther Government was at stake.

The German-Spanish trade relations were limited even before the war to Spain supplying Germany with colonial fruits and wine, and receiving German industrial goods in return. The world war and the economic confusion which followed, had led to the German-Spanish trade relations being almost completely broken off. Not until the summer of 1924 did the German and Spanish Governments conclude a provisional trade agreement which was still awaiting confirmation by the German Reichstag. The confirmation of this trade agreement, which was already in force was the subject round which the parliamentary conflict was waged.

The trade Agreement was concluded in such a form, that Spain carried all its points, while the German bourgeoisie had to yield all along the line. Spain forced the concession that Spanish wines and colonial fruits were to be imported into Germany at a ridiculously low customs duty. This was of course

a death-blow to the German vine-growers. There are in Germany some hundreds of thousands of small vine-growers, especially in Württemberg and on the Rhine, who gain their precarious living under very difficult circumstances. For these vine-growers the wholesale import of cheap southern wines is nothing less than a catastrophe. Politically these vine-growers have up to now belonged to the Right parties almost without exception: to the German National Party and the Right wing of the Centre. By the Spanish Trade Agreement, the German bourgeoisie has now sacrificed these vine-growers in order to drive a good industrial bargain.

Besides this, German industrial goods are dealt with very unfavourably in the Spanish Trade Agreement. The German industrialists did not succeed in obtaining the most favoured nation terms; on the contrary, with regard to the most important German export goods such as coal, iron and steel goods, machinery, locomotives, dyes and chemicals, English and French goods have in Spain a preferential tariff as compared with Germany. The Spanish duties are also in themselves very high.

German industry however had its good reasons for concluding the Trade Agreement with Spain and for promoting this treaty with such lively interest. German big industry is trying to regain the world markets through wild protectionism. The object is to seclude the home market by high tariff walls and to exploit the native German consumers by exorbitant prices, and in this way to gain the strength to enter the world market with quite cheap, ruinously low competitive prices.

Thus the Spanish trade agreement represents on the part of Germany a dumping speculation of the worst sort.

In this situation, the C. P. of Germany had no alternative as to the attitude it should take. The C. P. of Germany violently opposes every customs duty which increases the price of goods for the consumption of the masses. Wine however is in Germany no staple article of food of the people, but a luxury. The working class which, with the exception of only a few districts in Germany, drinks no wine at all, has no direct interest as to how the prices of wine are determined. For this reason it was a self-understood duty for the C. P. of Germany to stand up for the poor vine-growers who are about to be ruined by the Spanish trade agreement. Another reason why the C. P. of Germany felt compelled to reject the Spanish trade agreement, was that it is, without exception, opposed to the whole economic system which is based on high protective tariffs, undercutting and increasing the price of goods for the German consumers.

The Spanish trade agreement was a cause of great embarrassment to the ruling parties of the Right in Germany. The acceptance of the commercial treaty would of necessity call forth great bitterness among the vine-growers and the small peasantry as a whole. The German Nationalists were in danger of losing their reputation as the party of agriculture. There were thus violent conflicts within the bourgeois parties between the industrial and the peasant interests. The trade Agreement was rejected with a large majority even when put to the vote of the Reichstag committee for Trade Agreements. Meanwhile however an intense counter-pressure set in on the part of the large bourgeoisie, and the Luther Government threatened to resign if the German Nationalists refused to accept the treaty.

What then was the attitude of the S. P. of Germany? This so-called Labour party behaved in its usual pitiable manner. As the faithful agent of the German large bourgeoisie, it declared that in this case it was in favour of the Spanish commercial treaty, but would only vote for it if the Government parties did so. The German Nationalists were not however allowed to get unpopular laws passed by the aid of the S. P. of Germany and to delight simultaneously in the joys of power and the joys of the opposition.

The situation was in very deed an embarrassing one for the Luther Government. For, had the Reichstag repudiated the Spanish Trade Agreement, the Luther Government would no longer have been in a position to conclude any treaties whatever with foreign States, since no one would have regarded the signatures of Herr Luther and Herr Stresemann as quite valid.

The day awaited with such anxious suspense arrived, the day when the question was to be decided by the Reichstag in full session. The Government parties made a declaration in common which, in tortuous language, expressed their agreement with the Trade Agreement. At the same time however it was announced that a certain minority from the Government parties would reject the agreement. The democrats, as a pro-capitalist

party, declared themselves in favour of the agreement. Hilferding made an unprecedented speech on behalf of the S. P. of Germany. He gave a very detailed theoretical exposition of the present economic situation in Germany, he raved against the anticipated corn tariff, he emphasised that the German big bourgeoisie had the intention of procuring for itself a special cartel profit through its tariff and trade policy — and then he spoke in favour of the Spanish Trade Agreement under discussion, declaring however that the S. P. of Germany would only accept the treaty if the Government parties agreed to it.

The Communist speakers pointed out the unprecedented contradiction which this attitude of the S. P. of Germany involved. The S. P. of Germany had dared to inveigh in theory against the cartel profit, and in practice it stood up for a trade agreement which simply embodied the efforts to obtain a cartel profit. The S. P. of Germany showed itself once more in this question to be the enemy of the workers and small peasants and the helpmate of German heavy industry.

The first voting took place. Almost 100 deputies voted against it, the communists, the nationalists and those of the Government majority who represented the rural districts. Another hundred abstained from voting; these were the courageous social democrats. The Government majority for the treaty was not quite two hundred. Thus the Luther Government was, in this decisive question, in the minority.

This made it evident that even in this Reichstag, a majority of workers and peasants would be possible if those deputies who were elected as representatives of the proletariat and the small peasantry, would seriously act in the spirit of their constituents. But the social democrats are in reality no representatives of the workers, but agents of large capital, and the German nationalist agrarians are only friends of the small peasants in demagogic agitation, never however are they prepared to fight for the small peasantry their party friends, the great industrialists.

This mental attitude of the opponents of the government made it possible for Luther and Stresemann to achieve their object in spite of all difficulties. When the decisive final voting took place, the S. P. of Germany left the hall, and the Government parties, holding in check those of their members who were in opposition, passed the bill.

The international proletariat ought however to be informed that the black white red Luther Government which is supposed to be so hated by the S. P. of Germany, was, in a serious crisis, saved by the social democrats; for, had the S. P. of Germany openly voted against the Agreement and insisted upon a division, many a bourgeois deputy, representing a rural district would have thought twice as to how he should cast his vote. No one can say whether in these circumstances Luther and Stresemann would have managed to hold their majority. The Spanish Trade Agreement thus showed the actual grouping of classes in Germany: the S. P. of Germany with the bourgeois parties on the side of capital, and the C. P. of Germany representing the interests of the workers and peasants.

The battle waged round the Spanish Trade Agreement was, for the German Government majority, the prelude to more serious things which are in course of preparation. The ruling black white red bourgeoisie of Germany will be compelled to drop one by one its national slogans of friendship for the middle classes and friendship for the peasantry. The disillusioned middle classes and the workers with confused nationalist ideas will oppose the system of Luther and Hindenburg with correspondingly increasing vigour. Social democracy on the other hand will be forced in every crisis of the kind to abandon its pretended fight against reaction and to take its stand openly for the so-called reaction, for the black white red capitalist government. This also will contribute to a clearing up of the situation.

The German-Spanish Trade Agreement has once more given the Communist Party the opportunity of fighting on the side of the poor peasantry against the coalition of the capitalists and the leaders of the S. P. of Germany, in a question of great significance for the small peasantry of Germany. In spite of all stabilisation of the currency, present-day Germany is pregnant with so many difficulties for the ruling class, with so many possibilities of a crisis, that a clever, clear-sighted and energetic communist policy might be successful.

Financial Dictatorship in Canada.

By Maurice Spector (Toronto).

The process of consolidation and concentration in Canadian banking and finance goes on apace. The economic and political destinies of the millions of Canadian workers, farmers and people of the middle classes are becoming increasingly subject to the control of a few great corporations, of a small clique of millionaire financiers. "Democracy" under such conditions is a figment of the imagination of bourgeois liberal doctrinaires.

The recent absorption of the Union Bank by the Royal Bank of Canada makes the fifth bank merger in the last three years and the thirty second merger since Confederation. In 1901 there were still 34 banks in the country. To-day there are only eleven. Nor are these survivors by any means all equal in strength of resources. It is only a question of time when the remorseless law of capitalist concentration will reduce their numbers to proportions of what, for all practical purposes, will amount to absolute monopoly. The statement recently passed unchallenged in Parliament that three men, the heads of great financial institutions controlled the credit-power of the whole country. The dominating banks are even now the so-called "Big Four": the Bank of Montreal, the Royal, the Bank of Commerce and the Bank of Nova Scotia, with assets together of over two milliard dollars, while the remaining 7 dispose of less than six hundred million dollars. After amalgamation with the Union Bank, the Royal itself will have a total of 923 branches and resources in excess of \$ 700,000,000.

In addition to exemplifying the tendency towards concentration, these mergers are no less a reflection of the state of crisis of Canadian capitalism — a condition which works by the Biblical precept that "unto him that hath shall be given and from him that hath not shall be taken away". As compared with previous years bank deposits and loans, both declined in 1924. Bank loans to industry last year reached the lowest level since 1918 — and this while current loans outside Canada climbed steadily upward. The crumbling up of the Union Bank in particular tells the story of the depressing conditions that have prevailed in the agrarian West. Its head office was in Winnipeg and it had more Western branches than the other banks. The latest series of mergers began in 1923, when the Standard and Union Banks announced the writing down of their reserve funds provided to meet emergencies. The most glaring failure of these years is that of the Home Bank, bringing in its train the ruin of thousands of small depositors. In the case of this Bank, looting on the part of its directors was so obvious that several were sentenced to terms of imprisonment. The reasons the directors of the Union Bank gave to the Acting Minister of Finance in seeking his, "consent" to the merger, were reduced earnings with no prospects of early improvement, making necessary a cut in the annual dividend which would result in a substantial drop in the bank shares.

It is important to observe that the Royal Bank is noted for its investment proclivities in Cuba, for instance, where it has over 50 branches and has financed the Sugar industry. This Canadian Bank, like its brethren of the "Big Four", has followed in the footsteps of the "National City" and "First National" of New York, who showed how so-called 'commercial' banks could invade the field of, or rather join forces with, the investment banker for the subjugation of large-scale transport and industry. As Lenin vividly reminded us, the domination of finance-capital goes with the shift in the centre of gravity of banking activity to investments in securities and loans extended to promote financial (and hence imperialist) enterprise — a development due to the realization of the enormous profits to be obtained from promotions, underwritings and security purchases. Incidentally, this is an activity that has been carried to its highest point of development by the Morgan House of New York, who have become the directing power in railroads, "public-service" corporations, and in industrial corporations, in banks, in trust companies and life — insurance companies.

And along with this growth of monopoly on the economic field, goes the open dictatorship of the monopolists on the political field. The financiers no longer think it worth their while to dissemble their aims. It is no longer only Marxists who point out the political implications of capitalist-financial concentration and monopoly. The New York "Post" last July, wrote boldly that "Finance always manipulated political affairs. Previously, the financiers acted under cover, unobtrusively. Now they openly

dominate." The "Manitoba Free Press", expressing the petty-bourgeois reaction to the Royal-Union merger, in its own murky way, writes as follows; "The Minister of Finance, in giving his blessing to the marriage of these banks, indulges in the usual jargon about 'great financial stability' that will result. Do Mr. Robb or any of his associates ever think about the need of doing something that will induce greater political stability? The concentration of banking power in Montreal and Toronto and in few and fewer hands is becoming a menace to Confederation."

The Canadian Progressives, or their left wing at least, will probably renew their demand in Parliament for a little tinkering to make such mergers "impossible". These are the elements who mark back to the free trade Utopia of Cobdenite Capitalism and try to stem the tide of capitalist monopoly by reactionary dreams of the Lafollette order. In connection with the decennial revision of the Canadian Bank Act, various reforms were discussed before the parliamentary Committee on Banking and Commerce. The mountain labored and brought forth a mouse. The result of the Committee's labors was — government inspection of the banks through the medium of an inspector-general (who by the way, is a former Royal Bank man). But for all the difference that an "inspector-general" can make, he might just as well be in Timbuctoo as in Canada. Half measures on the basis of capitalism are absolutely futile towards "controlling" financial monopoly. In 1914 there was appointed in the United States the Pujo Committee to investigate the existence and ramifications of the "money trust". After laying bare the monstrous financial monopoly in existence, the Pujo Committee proposed combatting it by legislation to prohibit "interlocking directorates". The Clayton Act to that effect was actually passed, but one must really be an impossible dolt to believe that the power of the Morgans is less and not greater to-day than it was in 1914.

The only way to combat a monopoly is by a greater monopoly. The only way to combat capitalist monopoly in the interest of the exploiting few, is by socialist monopoly in the interests of the exploited masses. The one desirable feature of capitalist monopoly is that it unwittingly lays the economic basis of — the socialist order — if the workers and poorer farmers actively avail themselves of their force of numbers.

And here is where the labour bureaucracy, which opposes every move of the militants towards amalgamation on the trade union field, prove themselves such traitors to working class interests. While the capitalists are merging, amalgamating, consolidating, weeding out the weaker, and seeking for avenues of more profitable and intensive exploitation, the labour fakery, like the Gompers, the Greens, the Tom Moores and the Lewis do their worst to sabotage the class-conscious unification of the workers, nationally and internationally, the only means of resisting and overthrowing the dictatorship of finance-capital.

The workers will carry out their historic mission despite this sabotage. The Communist Party of Canada is pointing to this latest bank merger as additional demonstration of the fact that the economic conditions for socialism are perfectly ripe in this country, where three or four financial corporations control the whole credit-and-money-power, where transport is concentrated in the hands of the Canadian Pacific Railway and the government-owned Canadian National Railways systems, where such organisations as the British Empire Steel Corporation dominate the mining and steel industries. Alongside of the demand for the nationalisation of the mines and transport under workers control, the Communist Party is raising the demand for the nationalisation of the banks as the only way to liquidate the domination of the small group of Toronto and Montreal financiers.

THE BALKANS

What is Happening in Bulgaria?*)

By P. F.

The international bourgeoisie, with England at its head has, since 1923, been making an experiment of world political significance in Bulgaria — the experiment of trying to maintain,

*) "What is Happening in Bulgaria?" An objective Description by Karl Maus, American Newspaper Correspondent. Published by the "Kulturpolitischer Verlag", Vienna 1925. N. B. Readers in England can obtain copies of this brochure from the Communist Bookshop 16 King Street, London, W. C. 2.

capitalist "law and order" by means of continuous brutal White Terror which does not stop short even at the physical wholesale extermination of all "restless" elements, in a country in which the overwhelming majority of the working population, i. e. the peasants and workers, are fighting against the capitalist yoke. For this purpose the ruling capitalists and their governments, before all, of course, the Bulgarian government of murderers, make use of that scum of humanity, the bourgeois journalists of all countries who, for a few pence, are prepared to betray thousands of victims in the interest of their moneyed "patrons". For many a long day the rabble of foreign correspondents in Sofia, to whom Zankov, the Prime Minister, now and then gives a trifle and sees that they get nice little tips, has been feeding the Press of the whole world with the vilest mendacious reports about Bulgaria, which only serve the purpose of hushing up the thousands and thousands of murders for which the Zankov Government is responsible.

If however the population, which is being tortured to death, resorts to a desperate act of defence, such as was the explosion in the cathedral of Sofia, the cowardly toadies of the magnates of the money bags flood the world with inciting reports which aim at rousing prejudice against the ill-treated and murdered masses of workers.

Only on rare occasions does a bourgeois or social democratic reporter raise a protest against all the gruesome happenings in Bulgaria and in the Balkans generally. It is all the more significant therefore when, as has recently happened, an impartial reporter gives a truthful representation of events. The 32 page brochure by Karl Maus, the American Newspaper Correspondent, which has recently appeared and which reproduces a number of documents, represents the events in Bulgaria objectively. The dispassionate and matter of fact representation intensifies the effect on our emotions.

How does this American journalist represent events in Bulgaria?

The Stambolisky regime, which bore a middle peasant and petty bourgeois character, and on the one hand repelled and persecuted the workers, and on the other hand calmly allowed the big bourgeoisie and the officers to make their preparations for the seizure of power, was overthrown by the counter-revolutionary putsch with the aid of the Macedonian nationalists. The so-called professors, nothing more nor less than politicians, and generals with Zankov at their head, came into power. The social democrats were in alliance with them. Their first step towards consolidating their power was that:

"Innumerable peasants, surprised by the putsch, were murdered, and Stambolisky himself was shot 'whilst trying to escape'."

Now began the era of the fiercest White Terror. The majority of the population was opposed to the Government. It did not occur to the latter to help the working population which was in a desperate economic situation. At the same time it saw that the workers and the poor peasants, taught by their bloody experiences, were joining in a united front. The putsch government was thus in danger of being overthrown at the election, the writs for which were issued for the autumn of 1923. It was this which induced it to resort, in September, to those measures which it has continually used ever since and with "good results" — measures of provocation and agitation in order to have a pretext for carrying out blood baths among the masses. By the beginning of September it had produced its "authentic document", and it then proceeded with wholesale arrests of peasants and communist leaders. The workers and peasants did not calmly submit to this. There were tumults and demonstrations and then:

"Punitive expeditions were undertaken against all districts 'affected with Communism'... Thousands and thousands of peasants lost their lives in these struggles, whole villages were burnt to the ground and completely wiped out. The majority of the peasants and workers, apart from those who managed to escape over the frontiers in good time, were slaughtered or shot 'while attempting to escape'. Thousands of peasants... took flight into the forests and mountains where they are now leading a miserable existence as outlaws."

And in spite of all this, the terror elections which took place a few weeks after the September massacre, showed that the workers and peasants, robbed of their leaders, were yet not broken in spirit. They polled together no less than 300,000 votes, which represents 35% of all the votes cast. And this, in spite

of the fact that thousands and thousands were still languishing in prison, that as many were living in the woods and mountain fastnesses and an equal number had already emigrated. As if to deride the emigrants, the wholesale murderer Zankov issued a "amnesty decree" which he dishes up to the servile foreign Press representatives at every interview. This amnesty is so framed that, while slaughterers of communists and murderers of peasants go scot free and may return home, anyone having the slightest sympathy with communism, is imprisoned as a criminal or executed. The law "for the Defence of the Realm", which is infinitely worse than all the infamous laws for the defence of States, serves the same purpose. These laws are best illustrated by the original texts which are reproduced by the author.

Only one example:

"According to this law, any member of a party which aims at the violent alteration of the form government or at the overthrow of the government, is liable to capital punishment. A member of such a party cannot occupy any official position. Whoever renders help to such a person or who holds any intercourse with him which justifies the suspicion of his having rendered help, is liable to the same punishment."

The government, on the basis of its excellent Defence Act, supplemented its methods of White Terror and provocation by the methods of depriving the working population of its economic rights, in which it also surpassed all records. Every Trade Union was dissolved, also the co-operative societies which had a membership of 70,000: actions which are unprecedented in the whole world. Needless to say, the funds and property of these organisations, amounting to many millions of Leva, were stolen by the government.

In spite however of these abominable measures of terror, the resistance of the population was not broken. The enormous pressure of taxation, the increase of prices, the fall in basic wages, made the situation of the government once more appear uncertain. For this reason it recommenced its massacres. And this time, the honest Macedonian leaders, who refused to join in, were included in the slaughter. This was in September 1924, just a year after the bloody September of 1923. And since then the White Terror has increased more and more.

"Since September scarcely a day has passed without one of the leaders and functionaries of the opposition parties, bourgeois radical, communist, and Peasants' League, being murdered upon the open street by 'unknown persons'. In spite of the fact that the Bulgarian government has a sufficient police and gendarmerie, the government organs have scarcely ever succeeded in capturing the murderers. This is all the more remarkable as the majority of cases of this sort take place in broad daylight in the open street..."

"These murders... were systematically organised by the government. But it was by no means satisfied with exterminating the opposition leaders to be found in the country, but sent vile murderers abroad in order to get rid of opponents who had fled to other countries. This was proved at the time of the trial which took place in Prague of the murderer of Daskalov, the former Bulgarian Ambassador in Prague..."

"As there were no more communist members of parliament left alive, the government this time proceeded against the next undesirable group of the opposition. It introduced an Exceptional Law, in accordance with which any persons who are in the least suspected of sympathising with Communism are to be removed from parliament and to a certain extent declared to be outlawed..."

The situation in Bulgaria about the middle of April this year, immediately before the explosion in the cathedral, is described as follows:

"The broad masses of the people are deprived of all possibility of legal struggle. The workers and peasants have been robbed of their political and economic organisations, the Consumers' Co-operatives and Trade Unions. All legal activity and all political and defensive measures by legal means are impossible. More than 20,000 men and women, among them the very flower of the intellectuals, some thousands of teachers, lawyers, doctors, and clergymen, have been slaughtered, not in the heat of the fight, but systematically and in cold blood according to a deliberate plan..."

The atmosphere before the explosion in the cathedral was determined by the fact that the Minister for War issued a secret order which, among other things, says:

"All garrisons and all military units must get into touch with the local committees of the government party for the purpose of combining the fighting forces against the members of the Peasants League and the Communists, against whom the most active measures must be taken, in which before all the intellectuals, the most capable and bravest supporters of these ideas, as well as their followers, must be annihilated. A register of these people must be drawn up in the shortest possible time, so that at the moment when action is taken against them, all the leaders can be killed, regardless as to whether they are guilty or not. In places where disturbances break out, all prisoners, all conspirators, and their helpers, as well as those who conceal them, are to be killed without mercy. The same must be done to their families. Their houses are to be burnt down.

If the insurgents, or those who are living illegally, hide themselves in a building, this — in order that the authorities shall not suffer any losses — shall be set on fire and not taken by assault. The military units must provide themselves with pumps in order to be able to soak such buildings with petroleum..."

With this representation we can only hint at the mass of gruesome facts which are comprehended in the name of Bulgaria. Since the explosion in the cathedral which was the result of the terrible suppression of the people, not a day passes, as was confirmed by the English delegation which was in Bulgaria, without hundreds of persons, regarded as "suspect" by the bourgeoisie, being arrested and executed "on mere suspicion", of course without trial.

What is to be done? is the author's last question. And his answer is:

"If the workers in Bulgaria are given back their organisations, their Trade Unions, their consumers' co-operatives and the right of combination, the danger of fresh explosions, of new war complications will disappear."

Will the public take cognisance of all these facts which speak in rousing language? The bourgeoisie will doubtless pass them over in silence. The proletarian Press should make it its task to cry these facts from the house-tops, in order to break through and finally render ineffective the despicable international campaign of lies and murders on the part of the bourgeoisie against the tortured proletariat in the Balkans.

ECONOMICS

Economics and Economic Policy in the First Quarter of 1925.

By Eugen Varga.

V.

Austria and the Plans for the Re-establishment of a Danube Federation.

In our last report we mentioned the great pressure being exercised upon the Danube states by England, in order to induce these to reduce their tariffs, or to arrive at some sort of economic cooperation. These endeavours now appear to have met with a certain amount of success. On 14. April the leader of the Christian Socialist Party of Austria, Seipel, delivered great speech in Graz, and this may perhaps prove to be the starting point for action along these lines. The most important points of his speech are the following:

"As early as the year 1923 we took action towards a permanent reconstruction of our economics, to the end that we might escape from the confines of an economic sphere so small and so limited that it is scarcely worthy of the name of an economic sphere at all. When we attempted to make more rapid progress, at the beginning of 1923, we encountered resistance. But now I am able to state that a great change has taken place in the outside world during the last few months, so that we can now undertake the

necessary steps, and have already done so to a certain extent, towards escaping from the narrow sphere of economics in which we are confined. Proposals towards a common conference have been made by some of the great European powers during the last few weeks."

The step here spoken of is a request sent to the League of Nations to initiate an inquiry into the economic conditions of Austria and its neighbouring states, obviously with the object of lessening the obstacles thrown in the way of traffic by the present tariffs, or of clearing these away altogether.

The great powers, especially England, or perhaps England alone, will exercise pressure upon Hungary and Czechoslovakia, inducing these countries to an economic rapprochement to Austria, in order that a possible connection between Austria and Germany may be prevented, and a sufficiently extensive economic sphere for the investment of capital in the Danube countries may be ensured for the great powers. We would refer here to an article published by the "Economist" on 29. November 1924:

"For the purpose of reorganising Central Europe and developing the East, the convocation of an international conference of bankers and industrialists is of the utmost importance... Secondly, no credits should be granted without reference to the results of this conference or without the cooperation of the industries concerned."

Austria is urgently in need of altered economic conditions. The crisis is becoming more and more acute. In March there were in Austria about 200,000 unemployed in receipt of unemployed maintenance and at least another 100,000 not receiving maintenance. If we count the relations of these unemployed, we find that no fewer than a million people, or one third of the city industrial population, are out of work. This percentage of unemployed is larger than anywhere else in the world.

All the well known difficulties suffered by Austrian economics: bank rate 13%, private rates of interest up to 5% monthly; enormous foreign trade deficit in 1924, no less than 1052 million gold crowns, or almost 40% of the imports; rising prices, etc., still continue as before. The stabilisation of the currency has not altered the total situation in any way.

The country continues to cover the deficit by means of loans, but these are becoming more and more difficult to raise. At the last negotiations in London a loan of 20 million dollars was promised, in order to enable the electrification of the railways to be carried forward, and in America another loan of five million dollars has been promised to the Alpine Mining Co. But Austria possesses but few undertakings like the Alpine Mining Co., and the possibility of further loans is rapidly diminishing.

The attempts made by the League of Nations to place Austria on a sound economic footing have been a miserable failure, and the League of Nations will now have either to prolong Austria's "artificial respiration", as Lloyd George has called it, by means of continuous fresh loans, or it will have to create the economic conditions desired by the English bourgeoisie in the Danube basin by means of a fundamental political reorganisation.

Czecho-Slovakia.

The pressure being exercised by England aiming at an economic rapprochement between Czecho-Slovakia, Austria, and Hungary, is meeting with fairly determined resistance on the part of the Czecho-Slovakian bourgeoisie. The reason for this is that economic life in Czecho-Slovakia, though unequal in its trend, has shown a generally upward tendency of late. The data are extremely contradictory. We find, for instance, that during the months of January and February 13,000 goods trucks were loaded in excess of the number loaded during the corresponding period last year. In view of the fact that coal transport has greatly decreased owing to the coal crisis, this signifies a very considerable improvement in other branches of economics. But on the other hand we find increasing unemployment since December 1924. The figures are as follows:

November 1924	69,965
February 1925	83,631
March 1925	87,600

The number of unemployed must have meanwhile considerably increased, owing to the many dismissals in the coal industry.

As regards conditions in the various branches of industry, we have the following picture:

Acute crisis in the coal industry. Inland sales have dropped by 28% since last year. On the other hand the import of foreign coal has risen from 7% of the total consumption in the 1. quarter of 1924 to 16 or 17% in January and February 1925. Conditions are precisely the same in the lignite industry. Various branches of the finished goods industry, especially the Gablonz industry (artificial jewellery etc.) are suffering from a severe crisis.

On the other hand, various branches of industry show an upward tendency. This is especially the case in the iron industry. Here the output is rising steadily, chiefly owing to increased opportunity for sales in the building trade, in the manufacture of agricultural machinery, and for export. Of late much iron has been exported to Germany and Italy. In February 36,000 tons were exported as compared with 30,000 in a whole quarter of 1924.

A tendency to improvement is again shown by the textile industry, due not only to the increased demands of the home market, but to the export of yarn to Germany. The factories are provided with orders till June. The Czecho-Slovakian textile industry is continually extending. The number of new spindles introduced of late may be estimated at about 50,000. In many factories there is a shortage of hands.

The sugar industry is developing favourably. This year's total production amounts to 14½ million cwts. as compared with 9½ last year. Foreign trade, with reference to export, was 50% higher in January and February than in 1924.

The only item of economic-political interest is the projected establishment of a new central note bank for the final stabilisation of the currency. The capital of the new bank is to amount to 12 million dollars, 4 million of which are undertaken by the State. The rate of exchange of the Czecho-Slovakian crown is to be stabilised at about the present basis of 3 cents for a Czecho-Slovakian crown. The discount rate has been raised in order to effect this, and this measure has aroused much discontent among the industrial bourgeoisie.

The Countries of Eastern Europe.

There is but little new to be reported on the economic life of the countries of Eastern Europe during the period covered by this report.

The Hungarian bourgeoisie, like the Czecho-Slovakian, is inclined to resist any economic rapprochement to Austria or Czecho-Slovakia.

A few interesting points may be noted with respect to the economic life of Roumania. The failure of the crops has brought about a crisis in food supplies. Fairly large quantities of foreign rye have been recently imported. A loaf of uniform quality is being baked, and on some days of the week bread baking is prohibited, in order that the consumption may be lessened.

Besides the food crisis, there exists an agrarian crisis. Large numbers of peasants are selling the land allotted to them by the division of land. We are unfortunately unable to ascertain the actual reasons for this. The main point upon which uncertainty exists is whether the failure of the crops in Roumania of late years is merely accidental, or owing to the division of land, as asserted by the bourgeois experts. The true state of affairs is probably as follows: The Roumanian bourgeoisie, fearing the effects of the Russian revolution, carried out a wholesale division of the land. But the live stock and other property belonging to the large farms thus divided were not distributed as well. The natural consequence of this has been that a great part of the ground has been either badly cultivated or not cultivated at all. As the impoverished recipient of the soil possessed none of the requisite means of production, the area cultivated has diminished. The failure of last year's crops has deprived the new owners of the land of any possibility of retaining it. They are forced to sell it — probably at very low prices — to the village usurer, to the former large landowner, state official, etc.

The land thus divided among the peasantry is being concentrated again. This process appears to be going forward with the greatest energy in Bessarabia, but is observable all over Roumania to a greater or less extent. A closer examination into this fact would be of international interest, as demonstrating the economic effects of even the most comprehensive bourgeois agrarian reform.

Poland.

The Polish currency was stabilised more than a year ago, a few months after the German. But whilst in Germany the "stabilisation crisis" was overcome within about six months, it has existed in Poland for more than a year. The phenomena which it calls forth are: extreme shortage of capital and constant lack of money. Private credits are paid for at rates of interest varying from 2 to 4, and even to 5% monthly*). It is true that during the period of this resort Poland received a loan from America to the amount of 35 million dollars. Great hopes were set on the effect of this loan, but it proved a mere drop in the ocean, and failed to bring about any real improvement in the situation. The amount of money in circulation is still very small. In February the amount was 550 million zloty, whilst various calculations show the amount in circulation over the same territory before the war to have been about 2 million zloty. The government fears to issue more notes, as this might endanger the stabilisation.

The reform of the state finances is making further progress. The following are the most important figures:

	Income	Expenditure	Deficit
	(in mill. zloty)		
Year 1924	1485	1668	183
January 1925 . . .	140	204	61
February 1925 . . .	157	158	1

As in Germany, the greater part of the state expenditure is raised by means of indirect taxation, while the income derived from direct taxation and from the capital levy has been a source of great disappointment.

As in Roumania, there appears to be an acute agricultural crisis in Poland, although up to now the peasantry has contrived to avoid the payment of taxes to a great extent. Of the 3.2 million farmers in Poland, no fewer than 2.8 million were exempted from the obligation to pay income tax at the beginning of this year, as they possessed less than 15 hectares of land.

The industrial situation continues to be very unfavourable. Prices are very high, and even the State has found itself compelled to order various industrial goods abroad — this was stated by the Prime Minister, Grabsky, in a parliamentary speech — the prices being 70% lower than the home prices.

Of the most important branches of industry, the situation of the coal industry is particularly unfavourable. The coal output in the first half of March was 300,000 tons less than in the second half of February.

In the iron industry matters are somewhat better, but it is only employed up to about 50% of its productive capacity.

The whole of the textile industry is suffering from a severe crisis. This is shown by the figures referring to the raw material imported in 1924, as compared with those of 1923.

	Imports to Poland (in tons)	
	1924	1923
Cotton	37,518	52,844
Wool	16,309	19,882
Flax linen	10,167	4,258
Cotton cloth	5,116	10,855
Spun cotton	2,498	—
Woollen cloth	641	19,255

A great number of the textile workers of Lodz are out of work. The data furnished by the director of the textile union, Parlovsky, show the figures as to unemployment in January to have been as follows:

Factories	Workers	Working days per week
11	940	6
21	1624	5
64	3288	4
132	734	3
38	2116	2
42		closed down

The extreme shortage of capital is leading to the financing of Polish industry by foreign capital. The most interesting case is the following: An English financial group, headed by the

British Overseas Bank, has granted a loan of 2 million pounds sterling to the Polish sugar industry: duration two years, interest 10%. The English group takes over the majority of the shares of the Anglo-Polish bank in Warsaw, whilst the lesser portion of the shares, 40%, pass into the hands of the Polish sugar industrialists in exchange for shares of the Bank of Poland. This bank, completely under English control, undertakes the financing and representation of the whole sugar industry of Poland. The whole affair is obviously a usurious business transaction, in which decisive influence over the whole Polish sugar industry is exercised by the English capitalists.

Italy.

During the period of this report the economic life of Italy has been more disturbed than usually. At the beginning of the year it seemed as if Mussolini's regime was coming to an immediate end. This had various effects. The bourgeoisie invested a part of its capital in foreign bills, and this, combined with the uncertain political situation, raised the rate of exchange for foreign securities. These rates were as follows:

Prices quoted in Rome for one pound sterling (lire, average monthly rate):

September 1924	101,83
December 1924	109,22
January 1925	115,05
February 1925	116,13
March 1925	117,41

This was accompanied by tremendous speculation on the exchange, and the values of all securities were driven rapidly upwards. Some examples:

	Nominal value	Rate of exchange		
		December 1923	February 1925	End of March 1925
(highest rate)				
Banca Commerciale	500	1220	1739	1600
Fiat Motor Car Works	200	385	600	500
Snia-Viserve artificial silk	200	220	477	350
Edison electric works	300	765	886	800

The government was obliged to resort to various measures: raising of discount rate, restriction of credits, reduction of the number of stock jobbers, etc., in order to preserve the currency from the evil effects of the exchange speculation.

The absurd rise in the value of securities was not justified on any economic grounds. The economic position of Italy has not worsened of late, but neither has it improved. The industries suffer from serious local drawbacks: lack of fuel, of ore, of any kind of important raw material in the whole country, with the exception of raw silk. The sole local advantage is the superfluity of cheap labour. Mussolini's government has helped to reduce real wages very considerably. The prices rise, but the wages do not keep pace.

The wholesale trade index figures were as follows: 1913 = 100.

December 1923	December 1924	March 1925
577	640	660

The Rome correspondent of the "Frankfurter Zeitung" remarks on this subject:

"Never before have prices reached such a record height in Italy. But the workers, who have no longer any right of combination or of holding meetings, cannot obtain corresponding rises in wages. Whilst the index figure for wholesale trade rose from 100 to 621 between 1913 and the fourth quarter of 1924; the statistics of the State accident insurance show the average wages of manual workers to have risen during this time from 100 to 487. A fairly accurate calculation shows the real wages of the Italian worker to be less by about one third than in 1920."

The Italian workers suffer not only from reduced wages, but from extensive unemployment. The official data, which certainly do not state more than a fraction of the actual amount of unemployment, are as follows:*)

*) "Frankfurter Zeitung". 25. February 1925.

*) "Corriere Mercantile". 4. April 1925.

31. January 1924	281,000
30. September 1924	116,000
31. December 1924	150,000
31. January 1925	156,000

The decrease in the number of unemployed is to be mainly attributed to emigration: in the year 1924 one hundred thousand Italian workers emigrated to France alone.

Extremely low wages and a gradual depreciation of the currency form the bases upon which Italian industry is developing into an export industry, and is combining with one or two large banks to carry on an imperialist policy. New enterprises and increases of capital are multiplying rapidly. These amounted to:

	million lire
Year 1923	3983
Year 1924	8052
January 1925	686
February 1925	570
March 1925	945

Some undertakings, as for instance the artificial silk factory, Snia-Viserse, are expanding in a manner which is almost American; this enterprise has raised its capital from 600 million to 1000 million lire, a sum almost amounting to 200 million gold marks. The great Italian banks have their connections in Austria, Hungary, Roumania, the Balkans, Asia Minor, and Egypt. But all this expansion is based on a very shaky foundation; the emigration among the workers, and the gradual recovery of the strength of the labour movement, will in the course of time, bring the wage level nearer to that of the competitors, and this means that the natural local disadvantages of Italian industry will once more assert themselves in full force, putting an end to the imperialism of weak Italian capitalism.

France.

During the last few years France's economic life has developed greatly, industrialisation having made rapid strides forward, and much progress having been made with the restoration of the districts devastated during the war. This work of restoration has been accomplished for the most part out of means furnished by the country itself.

But for several years there have been increasing signs which go to show that French economics are not strong enough to bear this mighty process of industrialisation, the work of restoration and in addition to all this, the great political superstructure. This weakness is shown by the financial crisis. This crisis became extremely acute during the period covered by this report, and led to the overthrow of the Herriot ministry.

This crisis has been accompanied during the same period by greatly worsened economic conditions. This is to a certain extent a part of the generally unfavourable economic conditions in the industrial countries of Western Europe (coal crisis), and is to a certain extent caused by the financial crisis, since the means have been lacking for completing the work of restoration. Those branches of industry and enterprises which have been chiefly engaged in restoration work have thus been plunged into a crisis.

The Industrial Development of France.

An exceedingly interesting series of articles on this subject has recently been published in "Information", and from this we derive the following most important data.

Coal: At the present time France is producing and consuming a much greater quantity of coal than before the war. The most important data are the following:

	In million tons	
Output	Coal	Coke
1913	40.8	4.0
1924	44.9	2.6
Import		
1913	18.7	3.1
1924	25.1	5.4

If we leave out of consideration France's insignificant exports, we see that the consumption of 59 million tons has

increased to 70 million tons. Lorraine's consumption naturally plays an important rôle here.

Iron and steel: The output of iron and steel has been as follows:

	In million tons	
	Iron	Steel
1913	18.7	3.1
1924	25.1	5.4

The production of iron and steel is still below pre-war level, when it is remembered that the production of Lorraine has since been added.

Industries working up metal: These industries have developed enormously in France since the war. The number of workers employed has risen from 600,000 to 820,000. 10% of the output is exported, 90% is absorbed by the home market. Apart from agriculture, the iron industry has become France's largest branch of industry.

The electrical industry: France's development into an industrial export country is shown most clearly in the development of the electrical industry. A number of huge electric power works have been built, and the number of municipalities provided with electric light has risen from 6000 to 10,000. The following figures show the development of the export of electrical goods:

	Value in million francs	
	Exports	Imports
1913	34	32
1920	260	282
1921	212	164
1924	413	174

We see that in 1920 France was still importing more electrical goods than it exported, whilst by 1924 the exports had risen to more than double the imports.

This rapid industrialisation has only been made possible by a large scale immigration of foreign workers, France's own population remaining stagnant. Accurate data with reference to the number of immigrants are not obtainable. The number officially registered during 1924 was: 239,000 new immigrant workers as compared with 48,000 leaving the country, a net increase of 191,000 remaining. The nationality of these immigrants, stated in round numbers, was: 100,000 Italians, 34,000 Belgians, 38,000 Poles. Besides these official immigrants, a great number of foreign workers enter the country with ordinary travellers' passports. The number of these cannot be ascertained. The above figures refer solely to workers who have immigrated into the country by means of a previous agreement with a French employer.

It is equally impossible to ascertain the sum total of the foreign workers working in France. The official labour exchange figures show work to have been provided in 1924 for 1,512,000 foreign workers¹⁾. The total number is estimated at three to four millions.

The process of industrialisation in France is again clearly demonstrated by the foreign trade figures. The following table gives the value for the year 1924, reckoning on the basis of one paper franc = 0.27 gold francs, in order to render a comparison with the year 1913 possible. The result is as follows:

Imports in 1000 gold francs:				
	1913	1924	difference	per cent
Food	1818	2405	+ 587	+ 32.2
Industrial raw materials	4946	7057	+ 2111	+ 32.7
Finished goods	1658	1374	- 284	- 17.0
	8421	10836	+ 2414	+ 28.7
Exports in 1000 gold francs:				
	1913	1924	difference	per cent
Food	839	1079	+ 240	+ 18.0
Industrial raw materials	1858	2844	+ 986	+ 53.0
Finished goods	3617	6713	+ 3095	+ 85.0
Postal packets	566	557	- 9	- 2.0
	6880	11193	+ 4312	+ 62.6

¹⁾ "Temps". 5. March 1925.

The reduction to gold francs at the present rate of exchange and the immediate comparison with 1913 are of course inaccurate, as far as the extent of foreign trade is concerned, since the present value of gold is considerably lower than it was before the war. The decisive factor however is the change in the percentages as regards foreign trade. Whilst the import of finished goods has decreased by 17%, the export has increased by 85%. Whilst before the war about 40% of France's industrial exports represented re-exports, this percentage has sunk to less than 20 at the present time.

These and similar data show the intensity of the industrialisation process undergone by France, and is naturally combined with increased investment activity.

The Financial Crisis.

In our last report we already made mention of the acute forms taken by the crisis in the state finances of France, compelling the state to pay over 20% annual interest for the cash actually received in a loan operation.

In our opinion the economic cause of this crisis is the fact that the enormous sums required for the restoration of the devastated areas, and for the maintenance of the huge political apparatus, could not be raised out of the values produced by French economics. The possibility only existed so long as there was an inflation in France.

Here a point must be taken into consideration which is often forgotten, the fact that the economic effects of an inflation do not always delay putting in an appearance until the currency has finally collapsed, as was the case in Germany. When the rate of exchange of a currency falls by 75%, as happened in France, this means that 75% of the moneys owned by the middle class, by the pensioners, etc., and of the capital invested in the banks and with the State, has disappeared, or rather passed into the hands of those reaping the benefit of the depreciation. The further progress of the depreciation to the point reached in Austria, Poland, or Germany, is doubtless of greater dramatic effect, but economically it is of quantitatively less significance. The further depreciation of the French currency, for instance from 75 to 99%, would only mean a shifting of 24% of the original capital, whilst the depreciation which has already taken place has deprived the original owners of 75%.

The restoration of the devastated districts, the intense activity of industrial investment, the great loans which France has made to its allies, and the maintenance of the whole apparatus of political power, has hitherto been covered only to a very small extent by the values produced in the current year. The expenditure has been covered for the most part by means of the inflation, at the expense of the middle class, workers, and officials. Now that the process of depreciation of the franc has been brought to a standstill for about a year, it is becoming increasingly obvious that the present policy cannot be continued without an inflation. The French bourgeoisie must therefore either decide in favour of a fresh inflation, or for a permanent stabilisation of the franc and the attendant restoration crisis, involving the necessity of a violent attack upon the proletariat.

The unfavourable situation of French state finances has been further aggravated by the petty bourgeois regime of the Left bloc. As always happens in similar situations when the petty bourgeoisie gets the government into its hands, great proclamations were first made as to the intention of thrusting the burdens of state finance upon the capitalists, but it has not sufficient strength to do so within the confines of the bourgeois State. It has been shipwrecked on the resistance of the great banks, of the big capitalists, and of the whole state apparatus. The agitation carried on by the Left bloc, and especially by the social democrats, in favour of a capital levy, had the sole effect of causing a great flight of capital from France, thus not only considerably worsening the situation of state finances, but the whole economic situation. But when the decisive moment came, and Herriot submitted the bill on the 10% capital levy to Parliament, he was swept away by the combined forces of the bourgeoisie, regardless of party, with such thoroughness that not a single minister of the Herriot cabinet is to be found in the new ministry.

With regard to the actual present position of French state finances, we must recollect the following. A distinction must be made between the position of state finances and of the state treasury. As far as state finances are concerned, these have undoubtedly improved during the course of the past year. It is true that we have to exercise the utmost caution in judging the French official returns, as the French budget system is such that

the actual situation cannot be ascertained until years have passed. But still there appears to be an evident improvement. This is shown by the following figures:

Year	In milliard francs:		
	Expenditure	Revenue	Deficit
1919	35.3	11.6	23.7
1920	39.5	20.1	19.4
1921	35.6	22.8	12.8
1922	34.4	22.3	11.5
1923	32.6	24.2	8.4
1924 (estimated)	31.9	27.7	4.2
1925 ²⁾ (estimated)	33.5	33.5	—

With regard to the state treasury, however, this may become involved in the greatest difficulties, even when the revenues of the state cover the expenditure. This is owing to the following reasons: The French state treasury is burdened with an enormous sum of floating debts, as follows:

1. 22 milliards to the Banque de France.
2. Approximately 56 milliards in Bonds (de défense nationale). These are interest bearing treasury bonds with terms running for three, six, or twelve months, and must be renewed every time on falling due.
3. Short term debts (bons de trésor, Credit National, etc.) with terms running for three, six, and ten years. Their sum total amounts to over 100 milliards.

If the French state treasury is not to land in a crisis, the following conditions must be fulfilled:

1. The owners of the bons de défense nationale must be willing to renew these when due.

2. The short term loans becoming due must be replaced in some way by fresh credit operations. The present difficulties of the French state treasury have arisen owing to the factors mentioned in point 2, for in France the treasury bonds are already partially serving as circulating media, or as media for the very short termed investment of free money capital. As the "Economist" of 11. April very correctly remarks, there is no danger that these treasury bonds cannot be renewed in any large quantity on becoming due. When the owners demand their redemption in money, they receive banknotes in return, and these are placed in the money institutions as savings, according to the French habit. By this means the available cash is increased in the money institutions, and these do best in investing it again in state treasury bonds, since the investment is a short term one. It need not be emphasised that this procedure presupposes a certain amount of confidence in the State. It is precisely for this reason that there is so much talk in France just now of the "crise de confiance".

The greatest difficulty confronting the French state treasury is the fact that during the course of 1925 short term loans to the amount of 21 milliards will become due. It is now becoming evident that it is becoming increasingly difficult to raise new loans in France to replace the old, for the economic reasons already adduced. The amount by which the newly issued state credit papers of every description have exceeded the liabilities falling due has developed as follows:

1919	24.3 milliards
1920	31.8 "
1921	23.0 "
1922	8.9 "
1923	7.8 "
1924	3.6 " ³⁾

We have already mentioned that this excess of 3.6 milliards in the year 1924 is costing the French state, interest at the rate of over 20%. There is imminent danger that it will be no longer possible to cover the next liabilities falling due by means of fresh issues of notes, a state of affairs which would be tantamount to the bankruptcy of the state treasury.

It goes without saying that the antagonistic attitude adopted by the French big bourgeoisie, and especially by the great French banks, towards the petty bourgeois Herriot government, has done

²⁾ The estimate of the 1925 budget is not yet final; the finance bill is still being deliberated on. ("Times". 16. March 1925.)

³⁾ "Information". 4. April 1925. The figures are obtained from various sources, and are contradictory to a large extent.

much to aggravate the position. It must be remembered that the small group of large leading banks possesses a network of thousands of branches all over France, that the heads of these branches guide the actions of millions of French investors and holders of government securities, and that it only requires a hint from the large banks to enhance or diminish, through the medium of this network of branches, the confidence felt by the French public in the government securities. The government would not have experienced such miserable results from its latest loan operations if the large banks had not sabotaged.

The position of the French state treasury was thus exceedingly critical at the beginning of 1925. The only way in which it could raise the required amounts for carrying on business was by obtaining advances to the state from the Bank of France, beyond the limit of 22 milliards which is contrary to the express provisions of the law. This was done by increasing the notes in circulation, and again beyond the given limit of 41 milliards. This fact was not made public. The financial operation was so carried out that the private banks took over treasury bonds, receiving the necessary money for this from the Bank of France on depositing other securities. Besides this, the Minister of Finance was obliged to deposit with the Bank of France the foreign bills which he had collected for foreign payments due later on, in order to obtain money from the bank.

These proceedings were kept from the general public. But when Herriot's Minister of Finance, Clémentel, submitted his bill on the capital levy, the large banks dealt a successful blow. Robineau, the manager of the Bank of France, published a letter to the Minister of Finance in which he raised the question as to whether this illegal financial operation could be permitted to continue at all. If so, the bill on the capital levy would have to be accompanied by a bill providing for the raising of the note issue limit of the note bank from 41 to 45 milliards, and for the raising of the amount of the advance allowed to be granted to the State from 22 to 26 milliards.

IN THE INTERNATIONAL

The Seventh Congress of the Communist Party of Great Britain.

By H. Young.

The Seventh Congress of the British Party marks a distinct advance on its predecessors.

The Party is "liquidating amateurishness" and proceeding with "the establishment of a definitely centralised Party organisation".

This Congress definitely established the Party as a recognised political force in Great Britain.

Two clear indications of this were the attention bestowed upon it by the Press — and the Police.

The Congress naturally opened on the key note of the lessons of the most significant event in recent British politics — the MacDonald Labour Government.

The effects of the new period in the Labour Movement were clearly visible in the Congress discussions. This was also clearly stated in the most important document of the Congress — "On the International and National Situation", which laid the correct basis, by stating the characteristics of recent British developments: The loss of imperialist monopoly, the gradual destruction of the privileged position of the British Labour aristocracy and the resultant amalgamation of the hitherto divided forces of British Labour, skilled and unskilled, thus bringing in its train new tendencies in the Labour Party from the Trade Unions.

The **Political Report** of the Party's work for the past year was introduced by comrade J. R. Campbell. It was now clear that the Labour Government did not constitute a working class victory, but a capitalist experiment, which successfully hoodwinked the workers and threw their ranks into confusion. The role of the present Labour Party parliamentary fraction was characterised as a sham one. Particularly evident is the treacherous role of this Party, now that the Tory Government is in power and its ministers blandly quote the speeches of the former Labour Ministers in support of their own policy.

This is to be seen in all questions: Foreign affairs, League of Nations, Geneva Protocol, Zinoviev Letter, Colonial Policy, (it transpired that J. H. Thomas, the Colonial Minister in the

Labour government, during his visit to Kenya, approved of the conscription of 4000 natives to work on the railways for a wage of 14s. per month), War Office, the Supplementary Reserve, Home Affairs, the Campbell Case and the use of troops in industrial disputes etc.

In the discussion it was pointed out that it is dangerous to praise too much, without qualifications and warnings to the workers, the leaders of the Labour Left Wing.

Campbell's final point that the Party was now politically unanimous, was appropriate, a significant feature of the Congress being the complete absence of factionalism.

Saklatvala reported on the **Party in Parliament** in an amusing exposure of Capitalist Democracy in the "Mother of Parliaments". His criticism of the Labour Left wing was good and his suggestion as to the necessity of a programme and concerted action excellent.

The **Organisation Report** by Inkpin, presented in conjunction with the thesis on the Mass Party reveal great progress. The Party is now breaking with every established tradition in the British Labour Movement by building a centralised Party, based on individual membership and daily individual activity. The most important feature was the announcement of the organisation of over a hundred factory groups.

J. T. Murphy presented the Thesis on the **International and National Battle Front**. This emphasised the temporary character of capitalist stabilisation and the need for intense bolshevik mass work. The theses relating to the tasks of building up the Left Wing in the Labour Party, fighting for trade union unity, winning influence in the co-operatives, reorganisation, educational work etc. were unanimously accepted.

The question of **Trade Union Unity** was summed up in the necessity for developing mass propaganda side by side with the demand for the establishment of the Anglo-Russian Unity Committee and the world Conference of all trade unions.

News draft statutes were introduced marking a definite step towards centralisation.

An important feature of the report and discussion on **Colonial Work** was the announcement that the Jute Workers had decided to send a delegation to India to enquire into labour conditions and to organise white workers while assisting native workers.

The two decisions of the Congress which particularly aroused the ire of the capitalist press were 1) factory groups, 2) colonial work.

Scenes of indescribable enthusiasm greeted the appearance of the **French and German delegates**. The success of these delegates in breaking through a cordon established by the government, produced an instant effect upon all delegates, whose confidence in their Party and the International was unbounded.

The subsequent discomfiture of the government was apparent and rendered more so by its clumsy attempt to absolve itself by declaring that Comrade Stöcker was an Englishman in disguise and that Comrade Faussegave (the French delegate) was really of no account.

An important indication of the present tendency of Left Wing Labour was the greeting proffered the Conference by George Buchanan M. P., the member for the Constituency in which the Conference was held.

The **Thesis on Bolshevisation** was rather unhappily conceived, as it only dealt with two questions: factory groups and Leninist education. This was rectified by the reporter who pointed out how Bolshevisation affects every sphere of Party life.

The resolutions on **Trotzkyism** and the **Youth League** were unanimously adopted.

The resolution on the **Youth** pointed out the need for Party participation in Youth Work. An especially important task of the Youth is its consolidation in the Minority Movement, which the Party will assist. The first appearance of young pioneers at an English Conference aroused an enthusiastic response.

The resolution on the **Work among Women**, together with the special women's Conference, showed the Party's clearer appreciation of its bolshevik duty to the masses of working women.

The Congress marks the beginning of a new stage in the Party's development. The Bolshevick course has commenced. In its unanimous decisions, in the very significant participation of the Youth League in all discussions and a clearer view of the organisational basis of a Bolshevick Party, the British Party has made big strides forward.

The Situation of the C. P. of Germany.

Resolution of the E. C. C. I.

Having heard Comrade Geschke's Report and taken cognisance of the decisions of the last Session of the National Council of the Central Committee of the German Communist Party, the Executive Committee of the Comintern resolved:

1. To endorse the decisions made at the last session of the Enlarged meeting of the C. C. of the C. P. G. and to censure the erroneous policy of the Minority of the C. C. of the C. P. G.

2. The Communist Party of Germany is the only Party in that country which does not only carry on a struggle for proletarian dictatorship, but is also determined to fight to the last against monarchy and the monarchist peril. The Social Democratic leaders defended the monarchy not only during the war (1914—18), but even to the very last minute at the beginning of the German revolution. Even now the Social Democratic leaders are not thinking of a serious struggle against the monarchist peril, and are about to come to an understanding with Hindenburg and the forces which support him.

3. The fault for the present situation (increased reaction, Hindenburg's election) lies mainly with the Social Democratic Party. The task of the German Communist Party does not only consist in exposing the real culprits of the present situation, but above all taking advantage of the new opportunities to capture the Social Democratic workers — as the latter take up an utterly different attitude to the question of the monarchist peril and to the fight for the republic from that of the counter-revolutionary Social Democratic leaders. The Social Democratic workers will be gradually drawn into the real revolutionary fight against the peril of a monarchist restoration.

4. All the members of the C. P. G. should recognise that the policy adopted at the last session of the Enlarged C. C. is not a policy of coalition with the Social Democrats, and still less with the bourgeois Parties — it is the application of united front tactics under new conditions, in which the question of monarchy and bourgeois republic has become actual. The monarchist peril in a country like Germany represents not only worse reaction within the country and worse class conditions for the German proletariat — but above all the peril of a new European war, more sanguinary and more reactionary than the war of 1914—18. Circumstances are such that the Communist Party will either take the lead in the struggle against the monarchist peril and will have the hegemony in this struggle, or its influence among the workers will be on the wane.

5. To be able to do justice to this task, the C. P. G. must at all costs, not by words but by deeds, learn to use **Manoeuvring tactics** — otherwise the Party will have to pay a heavy price for every lesson of the political struggle (vide presidential elections).

6. The manner in which the Katz, Scholem and Rosenberg group approach the question, is reduced to the assertion that it is all the same to Communists whether there be a monarchy or a bourgeois republic and to the practical rejection of manoeuvring in a given situation.

The attitude of the three above-mentioned comrades and their group at the National Council has greatly hampered the Party in drawing the necessary lessons from the events, and has postponed the practical carrying out of the decisions.

7. The most important thing is to change the entire agitation of the Party in the factories, the press, the parliaments, etc. Every worker should be made to feel that Communists attach enormous importance to the fact of Hindenburg's election, as an event which has shown the existence of a great monarchist peril of considerable international importance fraught with the peril of new wars and such like.

8. Whilst not relaxing its criticism of the Social Democratic leaders, nailing to the post their various vacillations in the direction of the Right (and probably in the direction of Hindenburg himself), the C. P. G. should at the same time assume a different attitude with respect to the Social Democratic workers, emphasising its readiness to give up much which divides the Communist Party from the Social-Democratic workers in the interests of joint struggle against the monarchist peril. Our aim is a united front against capitalism, against new wars and the monarchist peril.

9. It is essential to explain to all the members of the C. P. G. and to all workers that the main thing is closer contact with the Social Democratic workers in the factories and not parliamentary combinations. It is essential to advocate the idea of

forming joint committees in the factories under the slogan: against monarchy, against the capitalist offensive, against New Wars.

10. In connection with the monarchist peril it is essential "to interweave" the new tactics of the Party with our tactics concerning the unity of the trade union movement. It is also of the utmost importance to bring the question of the monarchist peril to the forefront within the trade unions.

11. "The Red Ex-Soldiers' League" ("Rote Front-Kämpfer-Liga") should address an open letter to the "Imperialist (Republican) Banner League" inviting it to join the struggle against the monarchists. Our slogan is: Wherever you will fight against the monarchists we will give you unconditional support.

12. It is essential to organise effective joint demonstrations of the C. P. G. and the C. P. F. (and of German and French workers' organisations generally) in connection with the peril of war, monarchist restoration, etc.

13. As to parliamentary tactics, the Party should be guided by the following considerations: Whilst in the real class struggle we see only two definite camps — on the one hand the monarchists and on the other hand the Communists, — in parliamentary life (on a national scale as well as in the separate parliaments) three camps are contending with each other: 1) the monarchist bourgeoisie, 2) the republican bourgeoisie and the Social Democrats, and 3) the Communists. And the parliamentary correlation of forces is frequently such that the Communists play the role of "pendulum".

We do not carry on our agitation and propaganda throughout the country under the definite slogan of the Republican-bourgeois Social Democratic government as salvation for the proletariat, but under the slogan of the **overthrow of the monarchist government**. In the struggle against the monarchist peril we support all forces which carry on this struggle not by words but by deeds.

In the Reichstag we vote against the monarchist government and work for its overthrow.

As to a possible republican coalition government, which might supercede the Luther Government, our attitude is that without promising it definite support, we declare that we do not work for its overthrow provided it fulfils certain conditions.

Such conditions might be, for instance:

- a) complete freedom of agitation for the C. P. G. and other revolutionary parties;
- b) full amnesty to revolutionary fighters;
- c) Elimination of Fascist and monarchist elements from the State apparatus;
- d) Reestablishment of the 8-hour day by law;
- e) determined struggle for peace.

If our Party adopts these tactics and adheres strictly to all the proposals concerning the establishment of a united front in the factories and trade unions, it will be able to take upon itself the initiative of the above-mentioned measures.

Our actions in parliament must be entirely subordinate to our work outside parliament. Union with the Social Democrats and bourgeois republicans of the type of the "Left bloc" in France, cannot be thought of. This would mean the eclipse of the Party as an independent political power. In the present epoch our Party should more than ever preserve its political character. But the Party should retain freedom of action in special cases of parliamentary voting. It is admissible for us not to vote under certain circumstances against those governments in which Social Democrats play a role, in order to allow these governments to exist for a time, to intensify the differences between the various fractions of the bourgeoisie and the Social Democrats and to support the elements of dual government in the enemy camp. On such occasions our voting should be accompanied by a special declaration explaining our position to the masses. Our parliamentary voting should be entirely dictated by the necessity to change the whole agitation in the country in the spirit indicated above.

14. The Party must employ special care in carrying out the decisions with regard to the question of municipal work. The attitude of the C. P. of Germany regarding the election of social democratic functionaries to municipal bodies must in no event become a purely parliamentary negotiation between the town council fractions of the social democrats and the communists or

even become a permanent alliance. The pre-condition for an eventual collaboration with the social democratic town council fraction is the setting up of simple, comprehensible demands, their propagation at public meetings and factory meetings in the town in question.

15. The fight against the erroneous attitude of the Katz, Scholem, Rosenberg group should take the form of an open explanatory discussion. At the same time the Party must fight against the right tendencies and deviations.

16. The preparation for the forthcoming Party Congress should be accompanied by a comprehensive explanatory and discussion campaign.

Bolshevisation and Immediate Tasks of the Mexican Communist Party.

By Bertram O. Wolfe.

Three things stand out in the third Congress of the Communist Party of Mexico which terminated on April 13: the **fight against American imperialism; the bolshevisation measures; and the firm grasp of the immediate tasks of the Party, particularly in the Trade Union and peasant problems.** All three of these represent great steps forward in the history of the Mexican Party.

Situated in a country of continuous turmoil, loosely called "revolutionary", it was nevertheless until a year ago, one of the most opportunistic parties in the Communist International. Its opportunism was due to three factors; its then leadership, the policy of corruption by subsidy which characterises the Mexican government in its dealings with labour organisations, and the absence of a social democratic party which might absorb the opportunistic elements. The bolshevisation of the Mexican Communist Party began somewhat before the slogan was adopted in the Communist International. At the meeting of the Enlarged Executive Committee called in April of 1924, one year previous to the Third Congress of the Party, all of the old Executive Committee, with one exception, was thrown out of office or resigned. The Party had fallen to pieces under its guidance, had failed to take a resolute communist attitude in the De la Huerta revolt, had no press, no dues system, no meetings and no longer any of its one-time influence in the labour movement. Nothing remained but the influence it had in the Peasant movement, principally in the State of Vera Cruz. As a result of this situation, the masses of the Party had lost confidence in their leadership and the enlarged executive named an entirely new committee, with one exception.

The leader of the youth, Rafael Carrillo, was, in view of the emergency, taken from the Youth League and installed into the secretaryship of the Party. Without funds, without press, without organisation, the new executive committee set to work to rebuild the Party. The third Congress was both the summing up of their work and the small beginning of a real Communist Party in Mexico. The delegates from revived locals, once more accustomed to meet, pay dues, obey discipline and carry on communist tasks, surveyed the work of the emergency executive and expressed their approval of it. Four of the five members of the executive were re-elected, including its young national secretary; and two new ones were added.

The theses on bolshevisation included, in addition to such points as reorganisation of the Party on the nuclei basis, education of the Party in Leninism and Marxism etc., precisely this concrete proposition: that all governmental support, whether local or national, shall cease, that all political trading with the "revolutionary" politicians of certain States terminate, and that the principal attack be leveled against just these "revolutionaries", as being the most dangerous misleaders of the proletariat. Such is the central core of the problem of bolshevisation in the peculiar conditions of Mexico.

The executive had already made good headway in the **fight against Imperialism**, having founded, in co-operation with the American Party, the Anti-imperialist League, begun the publication of the anti-imperialist united front organ, "El Libertador" and established connections and sections of the League in Cuba, Guatemala, Honduras, Salvador, Nicaragua, Venezuela and connections of a preliminary nature in Peru, and Colombia. It had marched far ahead of the membership in this matter,

and one of the tasks of the Congress was the orientation of the delegates from the locals on the importance of the fight against imperialism.

The third question, the question of the **immediate tasks of the Party**, took up the major portion of the time of the Congress and caused the most important discussions. Decisions were, in almost all points, unanimous. In no case was there more than one negative vote on any matter.

Some of the more important points in the programme of immediate tasks are:

1. "Expose the Calles government as the Left arm of American imperialism, the right arm of which is fascism and intervention. Slogan: The labour government is the gendarme of the yankee bankers and petroleum companies."

2. Fight against the payment of the debt provided in the Lamont-De la Huerta Treaty and the indemnities for damages caused by the revolutions. This debt recognized by the Obregon government and then by the present "Labour" government of Calles, consists of over half a milliard dollars, and with its interest accrued and to accrue, for payment is impossible, it will saddle Mexico with a perpetual debt and make the financial domination of the Mexican proletariat sure.

3. "Fight for the retroactivity of article 27 of the Mexican constitution and its extension to the socialisation of the land and the instruments of production." Article 27 is the semi-socialist core of the constitution adopted in 1917. It provides that the soil and the subsoil (oil and minerals) of Mexico is the property of the nation and all alienation of such property by former governments is declared null and void.

4. In the **peasant field**, the immediate tasks are: a) The formation of a national peasant league, or rather a federation of the already existing state leagues, the most important of which are under communist leadership, and the affiliation of such federation with the Krestintern; b) Fight against the disarmament of the peasants, which the federal government is attempting to carry out; c) peasant aid to all workers organisations on strike; d) practical detailed campaigns among the peasants to force the government to make more land distributions; e) To relate all such concrete campaigns expressing the immediate practical peasant needs with the slogan: "Only the workers' and peasants' government can solve the land problem"; f) Alliance of the peasant economic organisations with all workers organisations but organic independence from them.

5. **The Trade Union question:** a) Expose the leaders of the Confederacion Regional Obrera Mexicana (CROM) as paid agents of the government and instruments of American imperialism in Mexico. (All leaders of this, the principal labour organisation of Mexico, are government employees and draw their salaries not from the workers dues — they pay none — but from the government payroll. Of this they make no secret whatsoever. Through their connection with the American Federation of Labour they serve the aims of the American State Department, not only in Mexico but also in Central America where they are now attempting to organise.) b) Campaign against their sowing of division in labour ranks, their attacks against the independent unions not affiliated with them, their betrayal of all strikes against American capital, their class collaboration and anti-strike theories and their servility to the government. Slogans: Independence from the government; leaders controlled and paid from below by the workers, not from above by the government; war on expulsion and splitting tactics; united front of the masses of the CROM with the other organisations.

As a general policy with reference to the CROM and the CGT (anarquo-syndicalist) was offered the slogan of Internal policy "Attacks on the leaders but never on the organisations or their masses".

For the communist activity in the railway Federation where the leaders are not always well-orientated and courageous but in general are of good faith, was adopted the policy of united front from above and below.

Plans were adopted for the construction not merely of Communist nuclei in the various unions of the three federations (CROM, CGT, Railroad) and the possible forthcoming fusion of all not in the CROM, but also a national organisation of all left wing elements similar to the Trade Union Educational League in the United States. Struggle for the Red labour International and for Latin-American labour organisation free from the control of the American Federation of Labour.

6. **The electoral question.** The theses on immediate tasks include a declaration that the party has not yet, neither natio-

nally nor locally entered under its own banner in a truly communist spirit into the electoral campaigns. They provide for strict control of such campaigns by the national committee and offer the slogan that would be taken for granted in most parties of the Comintern: "No participation in local elections without previous consultation with the national committee.

Other significant sections in the theses on "immediate tasks" are:

"No subsidies from or collaboration with bourgeois politicians. Slogan: Absolute break with the bourgeoisie and its "revolutionary" servitors."

Independence of all proletarian organisations from local and national governments.

Formation of an illegal framework.

Campaign for recruiting of new members. Slogan: "Every meeting is a failure which does not attract new members.

Formation of a department of education.

Proletarianisation of the press. "The communist press should be written and sustained by the workers and peasants."

Reorganisation of the Party on the basis of nuclei of shops offices, farms and agrarian communities.

Strengthening of the Pan-American Anti-imperialist League and support for the calling of a continental congress of the League at the end of this year in Buenos Aires.

The executive named by the congress consists of Rafael Carrilo, Executive Secretary, Xavier Guerrero, Bertram D. Wolfe, Alfaro Siqueiros, Carlos Rendon and Manuel Ramirez. The first four are re-elected from the previous Executive.

IN THE COLONIES

English Imperialism in Cyprus.

Declaration of the Communist Party of Cyprus on the Inauguration of the Colonial Constitution of the Island.

To the Workers of England and the International Proletariat!

On the 1st of May, the very same day on which the proletariat of the whole world, under the red flag, proclaimed once more its just demands and protested at the same time against the dishonesty and baseness of the various fascist governments and against the endless intrigues of the imperialists, here in Cyprus, in the corner of the Mediterranean, English imperialism, by "Letters Patent", declared Cyprus to be a colony, thus adding three hundred thousand workers and farmers more to the millions of colonised peoples who are bound in heavy chains behind its bloody chariot.

This fact was not allowed to pass unnoticed by the bourgeois press of London, which hastened to pronounce and comment upon it in accordance with the interests of its patrons. Many newspapers were full of praise for the new political change in the island, as conferring more liberties on the country, while others, inspired by the Foreign Ministry of Greece, vociferously proclaimed that it was the duty of England to cede the island in favour of Greece in accordance with the well-known desire of its inhabitants.

English workers!

Proletarians of the whole world!

The Communist Party of Cyprus as the only sincere defender of the real interests of the inhabitants of this miserable island, is compelled to appeal to you in order to protest on the one hand against the lies of the bourgeois press which has always been continue its unjust rule over the island, and on the other hand against the lies of the bourgeois press which has always been accustomed to blur the truth in seeking to misinterpret the real aspirations of the enslaved peoples.

Imperialist England which has always been exceedingly cautious in concealing from the peoples she has enslaved her real plans of exploitation by means of granting sham pseudo-liberties, has played the same game in Cyprus, for the famous Legislative Council which was set up in 1878 was nothing more or less than a puppet in the hands of a sly and immoral governing clique.

The duly elected representatives who were returned to this legislative council were possessed of no real legislative power, as everything was entirely dependent upon the whims and the boundless ignorance of the Colonial Office, which had only one aim: to suck from the blood of the country the shameful tribute of £ 92,000, a share of the Turkish debt, in total disregard of the prevailing misery of the suffering people.

This was the state of affairs down to the 15th of May this year. Let us now examine what are the liberties so graciously granted along with this our official colonisation.

It is absolutely absurd and an abuse of language to talk of liberties! The increase of the native seats on the Legislative Council from 12 to 15, which has been trumpeted all over the world as a magnificent concession of further liberties to the population of Cyprus, is simply a piece of bitter irony, for the number of official parasites has at the same time been increased from 6 to 9, so that the same order is maintained. No other change has been effected. And how is it with regard to the share of the Turkish debt of £ 92,000? This continues to be a heavy burden on the shoulders of the long-suffering people at a time when the financial crisis in the Island is admitted to be without precedent. Has not Cyprus become a colony? By what right is the payment of this barbarous inhuman tribute demanded, when there exists no real indebtedness to Turkey? It can only be characterised as a suppression of the weak peoples by capitalism. The English Treasury finds it necessary to fill its huge coffers in order to maintain that invincible guard, the English Fleet. It is of no concern to its administration whether this money is wrung from starving villagers, clad in rags, who, unable to earn their daily bread, are obliged to feed on roots and old herbage.

But we not only protest against the continuation of the foreign yoke, we also protest against the clergy and our bourgeoisie who are clamouring in favour of the union of Cyprus with Greece. This bourgeois minority, consisting of money-lenders and big merchants in close co-operation, is struggling hard for the union, as it sees by this means an easier way to achieve its plans of exploitation against the poor villagers and peasants of the Island. We strongly protest against the national aspirations of the bourgeoisie which are trumpeted forth now and again, and declare that the Cyprian proletarians and the masses of the Cyprian peasants are against the national dreams of the bourgeoisie, for they know very well that under the union a new yoke is waiting for them, far worse than the present, a new conscription and new duties as guards on the sea coast.

Workers of England!

The workers and peasants of Cyprus appeal to you and ask you to take up their claim against the constitution of their slavery to imperialism.

Proletarians of the world!

On May day, when our conquerors were officially proclaiming to us our condemnation to live under British imperialism, our thoughts turned to you, who with your huge processions demonstrated once more to our exploiters that you mean to stand together, ever watchful guardians of our rights. We have placed our faith in you for the attainment of our real liberty, for our autonomy.

Down with imperialism!

Long live the liberation of the peoples!

Long live the international proletariat!

Long live the international social revolution!

The Central Committee of the Cyprus
Communist Party.

Cyprus, May 1925.

THE WHITE TERROR

Terrible Statistics as to German Class Justice

At the First National Congress of the "International Red Aid" in Germany, printed statistics were submitted giving the most detailed particulars for the period from October 1924 to April 1925 as to the number of trials, accusations, the sentences to fortress imprisonment, ordinary imprisonment and penal servitude, as well as fines imposed. The total statistics regarding the class justice against the working class (January 1st 1924 to April 31st 1925) show that the German class judges accomplished a terrible work in these 16 months. The figures show a total of:

981 trials,

7000 accused persons,

5786 condemned persons,

959 years 8 months fortress imprisonment,

969 years 1 month imprisonment with hard labour,

2255 years 4 months imprisonment,

233,261 marks fines.

From this it is to be seen that 5763 workers have been sentenced to 4184 years and one month imprisonment. These figures do not include the years spent under arrest while awaiting trial, the tortures and the enforced suicides, as well as those persons who are still languishing behind walls from the time previous to the 1st of January 1924. Further, these figures do not include the terrible judgment of the "Tschecha trial": against 16 accused persons there have been pronounced three death sentences, 71 years and four months hard labour, 9 years 11 months imprisonment and 5500 mark fines.

The number of those persons who are pining behind republican prison walls on the charge of political "crimes", according to the statements of Dr. Seckel, a barrister, exceeds 8000.

These statistics are supplemented by the enumeration of the cases in which the Juridical department of the Communist fractions of the Reichstag and the Prussian diet have rendered legal assistance. These latter amount to 19,349 cases from January 1924 to April 1925.

These frightful statistics must stimulate the proletarians of the world to join in the international campaign for the release of the political prisoners in all countries, and to come to the aid of the victims of the international class war by supporting with all means the "International Red Aid".

Protest of the C. P. of Palestine against Anglo-Egyptian Class Justice.

The Central Committee of the Communist Party of Palestine appeals to all workers and peasants to protest in the sharpest manner against the foul and shameful mass murder on the part of Anglo-Egyptian justice against eight accused in the Lee Stack trial.

This murder is one of the most shameful acts of revenge which English imperialism has committed in order to terrorise the enslaved masses in the Orient.

Further, the Central Committee of the C. P. of Palestine appeals to all workers, peasants and revolutionary organisations in the country to commence a great mass protest movement for the purpose of showing to the imperialist hangmen that, in spite of bloody death sentences and cannon, they will not succeed in strangling the movement for emancipation in the suppressed countries of the East.

The Central Committee of the Communist Party of Palestine
(Section of the Communist International).

OUR PROBLEMS

The Propaganda of Marxism and Leninism.

The ABC of Capitalist Profit.

By Hermann Duncker (Berlin).

The essential character of capitalist exploitation, or in other words the nature of capitalist profit, must be explained clearly, and in a manner easily comprehensible, in the theoretical material at the disposal of communist agitation and propaganda. Until we have such an explanation constantly at hand, and until we have learnt to make it known everywhere, the last hour of reformism will not have struck in the labour movement. Sometimes it seems as if this aspect of Marxist enlightenment has been placed too much in the background since the labour movement has become older. Are not these things long familiar to us? We forget that young proletarians are joining the movement every day, and that these have still to learn this ABC of economic Marxism. Its theoretical substantiation never becomes superfluous, though the history and literature of the labour movement have already thrown every possible light on the problem.

If we further remember that new economic phenomena are replacing those of the older theoretical conception, rendering a certain adaption of our former agitative formulas necessary, it becomes the more comprehensible that an increasing aversion is felt against theoretical generalisations. Such generalisations are one of the causes of the regrettable tenacity with which reformism is rooted in the proletariat. And reformism is our most dangerous and obstinate opponent. Capitalism would have been overthrown

long since if reformism had not taken it under its protective wings of economic illusions, and thus prevented great masses of the proletariat from joining the revolutionary class war. Reformism does not recognise capitalism itself as the enemy, but merely protests against certain of the regrettable shady sides and excrescences of capitalism. Reformism is willing enough to have these removed with the aid of Heaven. Higher wages, shorter working hours — these are demands which may be put forward within the confines of the capitalist system, without attacking the system itself. Appeals are made to the "short-sighted" or to the "socially far-seeing" employer, and the latter is shown that even higher profits will be the reward of his reformist obligingness. Wages and profit are not regarded as the extreme poles of antagonism, but are made to appear as if derived from entirely different sources. But if no antagonism exists here, then no class antagonism exists at all! Thus we arrive at the theoretical substantiation of civil peace and joint action between capital and labour.

It is an urgent necessity to oppose economic shallowness of this kind by a perfectly clear conception of the nature of capital income and labour income!

Following Marx with the utmost closeness, we shall endeavour to draw the fundamental outline of the source of profit.

We do best to begin with the formula of the circulation of capital: the capitalist buys with money (M): raw materials, machines and labour power for the production of commodities (C), and sells these commodities for which he obtains more money, in which is contained the surplus value (M + S). This process may be represented by the following formula: $M - C - M + S$.

This is the journey made by money to capital. For money is not capital in itself; it is solely the money which passes through the process to surplus money which becomes capital, "a value breeding surplus value." The whole of the decisive fundamental sources of profit must be demonstrated by this capital formula: $M - C - M + S$.

$M - C$ is an act of purchase, the purchase of all the prerequisites necessary to production: the purchase of means of production (raw and auxiliary materials, machines, etc.) and of living labour power. Whether we are concerned with purchase or with exchange, in both cases equal values only are offered for one another, or it is simply a matter of cheating or of usury. We here mean by "cheating" the underpayment of goods (the seller of the goods does not receive their equivalent). By "usury" we mean the overvalued price of goods (the buyer does not receive the equivalent of the purchase price). Marx assumes that equal values are exchanged. He does this for the purpose of clearly exposing the actual character of capitalist (industrial) profit, which cannot be said to be based in general on any trickery in trade. The development of capitalism during the age of "free competition" tended obviously to the increasing exclusion of deceptive manoeuvres and trickery in trade. $M - C$ opposes the producer of goods, or his selling agent, who may of course as such be an independent merchant, to the future producer of goods. It is clear that we cannot assume the money owner — the buyer, who will later on be "seller" again — to be in possession from the beginning of an economic ascendancy placing him in a position to cheat the commodity owner (the seller).

But there is the seller of the commodities known as labour power. He has no capital at his disposal. On the contrary, his absolute lack of means, his proletarian poverty, force him to the constant compulsory sale of the sole possession left to him, his only commodity, his labour power. If we add to this the fact that in the course of capitalist development the proletariat has increased in numbers far exceeding the total demand for workers, so that the "industrial reserve army" (the army of the unemployed) hangs like a chain round the limbs of every proletarian offering his labour power in the market, then it becomes clear that an underpayment is not merely possible, but highly probable. Full payment would mean wages enabling the labour power sold to the capitalist, and expended in the process of capitalist production, to be fully replaced and restored.

We see that wages have nothing to do with the "yield of labour". It has only been necessary to grant the proletarian sufficient wages to enable him to purchase the amount of food required for the maintenance of his standard of life at the customary social, historical and geographical level. As soon as

this is not the case, as soon as his real wages (expressed in the actual commodities purchasable with the wages) sink, then the payment has become an underpayment. The worker is cheated of his wages. Wherever there is impoverishment, there the capitalist gains his profit by cheating. There is no doubt that this particular source of profit has again increased to a frightful extent of late. During the period of the decline of capitalism we may observe the stage of "absolute impoverishment" as clearly as we observed during the honeymoon days of capitalism, when it was first putting its household in order. We must remember the words of the Communist Manifesto (1848):

"The labourer becomes the pauper, and pauperism increases even more rapidly than population and wealth."

The profit thus swindled out of the workers could be pressed out of the capitalists again to a certain extent by means of a comprehensive, energetic, and purposeful trade union struggle. If only the workers were fighters — and not social democrats! On the other hand, the gradual lowering of the proletarian standard of life is an essential part of capitalist development, and is only retarded temporarily, and for certain categories of the proletariat, during periods of rapid and greatly increased economic prosperity. Taken all in all, profit gained by cheating is also inevitable as part of the development of capitalism.

Let us now observe the process, by which the profit, peculiarly characteristic of capitalism, the "surplus value", is produced. In doing so we set aside for the moment every other source of profit. The capitalist may have paid for the labour power at its "full value". The capitalist may not have earned any special profit on the sale of his commodities. He may buy and sell everything at its real value, without trickery or cheating. A capitalist with a stainless white waistcoat! Can he possibly earn any profit? Of course he can. But this profit is so deeply embedded in the nature of the capitalist method of production that the naive spectator does not observe it at all; it is a profit forming the normal life of capitalism, it is the backbone of all capitalist profit. It might be designated as the "normal profit" of the capitalist, to distinguish it from the strongly contrasting cheated profit, or from the monstrous "usury profit" with which we shall deal later. This is the profit which Marx called the **surplus value**, and to the elucidation of which he devoted the greater part of his economic researches.

In this place we can only deal as briefly as possible with the production of surplus values. The actual exchange value of any commodity is imparted to it by the amount of "socially necessary labour" incorporated in it, that is, the amount of work necessary for the production of the commodity (from the beginning to the end of the process), given the socially normal conditions of production, and the socially average degree of skill and intensity in working. The amount of labour stored in the commodity can only be estimated by the time consumed, by the duration of the expenditure or activity of the whole of the necessary working powers. It is thus labour alone which creates value, and labour — as labour power — is in itself a certain unit of value, determined by the socially necessary amount of labour required to produce the food needed to replace the amount of labour power expended.

"At a certain stage of human productivity however, the value of the product of a day's labour is greater than the cost of a day's labour power."

The worker creates a greater value than he requires for his subsistence. (Just as the ox can pull a cart containing more hay than it needs as fodder!). And this difference, which under capitalism naturally falls to the commodity buyer of the fortunate represented by labour power, to the capitalist, is the surplus value, the "normal profit" gained in any case, even when no extra profit is won by cheating. (In this world the four legged oxen can however much more certainly expect to receive their necessary ration of fodder!)

After the process of production is completed, the capitalist has received with the value of the commodities produced at the same time surplus value, for the value of the commodities,

less the wages paid and the value of the means commodities production consumed, is equivalent to the surplus value. But the capitalist has first to realise this surplus value, to convert it into money, and this is only accomplished by the sale of the commodities ($C - M + S$).

It is however also possible that the capitalist sells the commodities at a price exceeding their actual value*). In this case the capitalist earns a usurer's profit at the expense of the buyer (consumer). With this we come to the third source of profit: the usurer's profit. In order to render this accessible, the capitalist has however first to attain a prerequisite which is in itself the product of a long capitalist development; he must be able to keep down competition. For "free competition" has naturally the tendency to deprive the individual sellers of their extra (usurer's) profit again, that is, so long as competition is free, the prices tend to approach the actual values **).

Should the buyer actually possess a "monopoly", he is in a position to force an over price. It is obvious that under monopolist capitalism this monopolist profit (or "usurious profit" as we have designated it) is bound to play a rôle of ever increasing importance, although the fact that the great monopolies (trusts, cartels, syndicates) are still competing with one another on an international scale has the effect of keeping the prices within a certain distance of actual values, however elastic.

During the youthful days of capitalism the rôle played by cheated profit (in addition to the surplus value or normal profit) was a very important one; as capitalism matured its importance lessened. The bourgeois scientists told fables on the "rise of the working class." Now, in the old age of capitalism, usurer's profit is added as a leading factor, and all three sources of profit flow into the pockets of the capitalists:

1. The profit cheated out of the workers by means of miserable wages;
2. The normal profit (surplus value) resultant on the purchasability of labour power;
3. The usurer's profit resultant on monopolist domination of the markets.

Besides this, the real wages of the proletariat can again be reduced by way of usurer's profit, the necessities of existence of the purchasing proletariat being increased in price. Here the cheated profit is again swallowed by the capitalist in the veiled form of usurer's profit.

A fundamental knowledge and a conceptional differentiation of these three forms of profit are the necessary premise for further theoretical enlightenment on the increases, divisions, and shiftings of profit under imperialism.

*) The reverse is equally possible, and can be a source of profit. Should for instance the degree of productivity in some enterprise exceed the social average, the workers employed by this undertaking create an extra surplus profit proportionate to the monopoly of productivity created by the quality of their work. The capitalist realises this extra profit by not selling the goods at their "individual" value, the value corresponding to the amount of labour required for their production, but at the "socially" determined value. He can however sell his goods under their general value, for even then the real "individual" value is realised. In this case the price demanded is under the socially determined value, and the consumer receives a present, so to speak (as for instance under Henry Ford's successful business methods). But this "extra profit of productivity", in contrast to the actual "usurer's profit" of the organised market monopoly is being based solely on the increased exploitation of the worker, and is generally very short lived, since competitors speedily catch it up.

**) We do not deal here with the modification of value with relation to the price of production, caused under capitalism by the equalisation of rates of profit. The object of the present article is to first give a popular outline.