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## VII. Meeting of the Enlarged E. C. C. I.

### Capitalist Stabilisation und Proletarian Revolution.

### Report by Comrade Bucharin

### on "The World Situation and the Tasks of the Comintern".

(Delivered at the 2nd Session on 23rd November 1926.)

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#### I. QUESTIONS OF CAPITALIST STABILISATION.

Marxian policy is the only scientific policy for the working class. Hence, this policy must be based on a careful scientific analysis of the whole historical sphere within which the working class must operate, as well as of each concrete economic and political situation which determines the immediate action of the workers' parties. It is not surprising therefore that the estimation of the peculiar sphere in which capitalist development exists today should have acquired first importance.

There is not the slightest doubt that the serious crisis which has affected the whole of the capitalist organism and which reached its zenith in 1920—21, has diminished somewhat in acuteness. While in 1919—21 the situation in a number of countries was such as, in the language of Lenin, should be defined as a "direct revolutionary situation", while this "direct revolutionary

situation" existed in the principal centres of European capitalism, there is not the slightest doubt that during the last few years, capitalism has been able to recover its position. This found and still finds its expression in the absence of a "direct revolutionary situation" in the principal centres of capitalist economy. It is self-understood that this fact alone is not sufficient to determine the character of the situation. It is necessary to determine to what extent capitalism has managed to extricate and is extricating itself out of the mire of the profound post-war crisis. It is necessary to determine what are the main tendencies of capitalism at the present time and consequently, what will be the fate of capitalism generally. In this it is essential to bear the following circumstances in mind. In trying to make a prognosis, we must under no circumstances confine ourselves to any preconceived theory, which must be proved correct at all costs. We must first of all make a careful study

of the concrete facts of the concrete position. Only in this way shall we be able to reply to the questions raised above. Only in this way can we make a thorough test of theoretical generalisations.

It is quite understandable that bourgeois theoreticians cannot help adopting an apologetic point of view, for, by their very nature they cannot help picturing capitalist society as an eternal category. They fail even to grasp the proper importance of such a fact of world historical significance as the nine years of existence of the proletarian dictatorship in an enormous country, embracing a considerable portion of the Asiatic and European continents. This gives rise to the constant illusions in capitalist circles that the main tendency of economic development in the U. S. S. R. is a tendency towards a return to "normal" capitalist society, that development was accidentally interrupted by the non-economic interference of the Bolshevik Huns. One of the principal forces supporting the present capitalist regime, "international" Social Democracy, completely shares the bourgeois point of view with regard to the development of the proletarian dictatorship in the U. S. S. R. and therefore also shares the principal theoretical position of the bourgeoisie with regard to the longevity and stability of the capitalist system. The greatest representatives of Social Democratic theoretical thought regard the present sphere of world capitalist development as a sphere comprising the following principal facts. First, the absolute strengthening of the capitalist regime, of its economic and political organisation, with prospects of future capitalist prosperity. Second, the transition of capitalism to a new phase of development, namely a phase in which capitalist anarchy in production is being overcome not only within the limits of individual national economies, but even in world economy. This, in the opinion of these theoreticians, finds its expression in the formation of inter-State political organisations (League of Nations, etc.) which will eliminate the convulsion of capitalist society by wars. Thirdly, a re-grouping of the inherent forces of capitalist society is taking place which renders possible a peaceful or almost peaceful "merging into socialism", without revolutionary shocks and certainly without the violent dictatorship of the proletariat. Hence, we have a complete system of views which, as will not be difficult to understand, represents a complete capitulation to bourgeois ideology and complete abandonment ("emancipation") of the last remnants of Marxism.

The mere repudiation of this crudely anti-Marxist theory however, is not sufficient; for even if capitalism has not yet solved its fundamental, inherent contradictions in the slightest degree, even if it has not entered such a phase of development as is trumpeted by the Social Democratic town criers, the question, however, of the fate of capitalism, of the gradual recovery from the diseases of the post-war period, the question of the character of the present sphere as regarded from the latter point of view, still remain open. And this is precisely the question of capitalist stabilisation, in the sense in which that term has already been accepted in modern literature.

Differences on this question exist in our own Communist ranks. For example, Comrade Trotzky argues on the one hand about the omnipotence of American capitalism, which will put Europe on rations and that "the economy of Europe in other parts of the world will become part of the economy of the United States". ("Europe and America", p. 74). On the other hand, Comrade Trotzky, argues about the complete absence of capitalist stabilisation. For example we read:

"I think that a new critical period is approaching and that equilibrium, order and calm will not be seen in Europe this year. Only quite recently we stated that a certain "stabilisation", i. e., a certain temporary equilibrium of European capitalism has set in and consequently that it has become more firmly established. But this stabilisation has proved to be far more short-lived than might have been expected". ("Pravda", Jan. 31-1926).

Comrade Zinoviev's views particularly are extremely indefinite on this question. They range between the recognition that partial stabilisation has set in and the denial that partial stabilisation has set in. In his speech on the "General Strike in England and its World Significance" (See "Pravda", June 5, 1926), Comrade Zinoviev stated:

"I think we have not stabilisation but a fresh disorganisation of capitalism. The storm is tossing the ship of capitalism first to one side and then to the other. When

the ship gives a list to starboard, then, of course, the workers suffer, but the ship is feeling the strain. Stabilisation is a state of being in a fixed position, but when one day, capitalism heels over to the right and the next day it heels over to the left, that cannot be called stabilisation. The ship of capitalism heels over only in Germany, and in Poland, but in England, and England is not Germany, nor Poland, nor Esthonia. England is the premier capitalist country on the Continent (Evidently the storm has so "tossed" the "ship" and the world has been so disorganised that not only has stabilisation disappeared but England has been blown off from the island to the Continent. N. B.). Next to America it is the richest country in the world. Those who can see beneath the surface and can penetrate to the "skeleton" of capitalist economics by means of a class analysis will say that events of the past year have refuted the existence of a state of capitalist stabilisation".

As is seen, in spite of previous statements to the contrary. Comrade Zinoviev in the above passage denies that there is stabilisation; he asserts that this fact has been "refuted". It is quite clear that the leaders of the opposition have no fixed, clear and well grounded point of view on this extremely important question of the estimation of the world situation. And yet, it must be understood that an international revolutionary organisation, and each Communist Party separately, is unable to conduct a proper policy, cannot take proper tactical aim, unless it has a fixed and definite estimation of the situation, an estimation which corresponds to reality. That is why the question of stabilisation of capitalism and of its concrete characterisation plays, and will play in the future, an important role as the starting point of our political discussions.

## A. INDICES OF CAPITALIST STABILISATION (WORLD).

### a) World Production.

The most striking and profound expression of war and postwar crises was the decline of production, the fundamental and most important basis of the very existence of human society. It was precisely in this sphere that the destructive effects of the war were mainly felt. This restriction of the vital basis of society was the most important indication of the cul-de-sac into which the development of capitalism had driven everybody with the inexorableness of fate. Consequently, the fact that capitalism has extricated itself from this cul-de-sac, should be reflected, first of all in the subsequent growth of production. When we say "first of all", we do not by any means desire to indicate the sequence of events in time, we do not speak here of the order in which the process of restoration took place, but exclusively of the economic importance of the corresponding phenomena. But there cannot be the slightest doubt of the increase of production in general, and of the increase in the production of various means of production in particular; and it is precisely the latter which expresses the raising of the organic composition of capital and an increase of the productive forces of the world capitalist organism. We quote below the most important statistics on this question:

World production of coal, iron and steel.  
(% of 1913).

	1919	1920	1921	1922	1923	1924	1925
Coal . . .	86,3	97,6	80,5	86,8	98,3	96,9	97,6
Iron . . .	70,0	83,5	49,7	73,6	89,8	87,2	95,7
Steel . . .	81,1	99,2	60,6	90,5	105,5	105,0	115,4

The above figures were compiled by the Konjunktur Institut and the Bureau of World Economy of the Supreme Economic Council and published in "Mirovoye Khozaistvo" 1919-1925.

The preliminary figures for the first nine months of 1926 according to several indices show a reduction of output due to the strikes in England.

World consumption of cotton  
(in million bales) (1 bale = 478 American pounds).

	1913	1921	1923	1924	1925
31st July of each year	22,1	16,9	21,3	20,0	22,6

The above figures are taken from "Mirovoye Khozaistvo" 1913—1925.

The above may be summarised as follows: in the first place there is an undoubted tendency of growth in world production; secondly, in this sphere, world capitalism is quantitatively approaching to its pre-war level. Hence, it can be said that this year, capitalism is completing its process of "restoration". It is true that the term "restoration", — even when applied to the capitalist organism, does not fully express the quintessence of the situation, for the question is not the simple restoration of pre-war proportions: we have a new technic, which was unknown prior to the war, new forms of organising labour, a regrouping of economic centres and various branches of industry. These facts concerning **qualitative changes**, (which will be dealt with below) do not in the least affect the fundamental conclusion concerning the **quantitative aspect** of the question. Thus, with regard to world production, capitalism is approaching its pre-war level.

**b. Foreign Trade.**

Another important fact of the disorganisation of world economy during the period of the war and post-war crises was the significant decline in international trade. As a result of the war world economy broke up into separate pieces, precisely because the war broke the threads of international exchange, that extremely important form which establishes the unity of world economy as a complete whole. Of course, the breaking of these world commercial ties caused serious disorganisation of economy within each separate country, for the relations between the various branches of industry in each country are bound up with the world market and to a certain extent were determined by the latter. However, we see that in recent years the ties that were broken by the war have been restored, and this finds its expression in the growth of international trade. The most important figures concerning this sphere are as follows:

**Foreign Trade of 34 countries.**

(In millions of gold marks at pre-war prices).

	1913—1924—1925	1924—1925
	(monthly average)	(% 1913)
34 countries . . . . .	11566 10512 11259	91 97

("Vierteljahrshefte für Konjunkturforschung", Berlin, 1926, h. 2).

Summary: In the sphere of foreign trade also, capitalism has not yet reached the figures of the pre-war period, but has approached fairly close to them. It can be said that from the point of view of international trade also, capitalism is completing its process of restoration, although, here, too, the same reservation must be made as was made in connection with production, namely, that reference is made only to the **quantitative aspect** of the question. From the **qualitative aspect** we have an enormous regrouping of commercial centres, displacement of the principal junctions of international trade and a radical change in the principal routes along which the mass of commodities flow from country to country.

**c) Currency Relations.**

The third index of the state of affairs is the index of currency relations. The state of the currency in any country is a most sensitive index of the state of health of the economic organism of that country. The slightest disturbance in the sphere of economy, in production, in exchange, in the credit system, etc., the slightest disturbance of the economic equilibrium between the various component parts of the economic system, finds its expression, to a more or less degree, in the disturbance in the process of the circulation of money. That is why the post-war crisis was accompanied and was inevitably accompanied by the phenomenon which received the specific title of "financial chaos". The state of the currency in a commodity-money system is the knot which joins together the most varied economic ties and there is nothing surprising therefore in the fact that the currency problem has been and is still one of the most difficult problems confronting the world bourgeoisie. And here too, in spite of the strikingly motley character of the picture, we see that the chaos which was so characteristic for the period of the lowest decline of capitalism is now disappearing. The principal statistics on this question are as follows:

**Rate of foreign currency in New York.**  
(% of gold parity).

	Germany	England	France	Belgium	Poland
1924 monthly average .	98,80	90,78	27,07	24,01	101,88
1925 monthly average .	99,96	99,25	24,69	24,66	92,16
1926 January . . . . .	99,96	99,87	19,53	23,52	69,53
1926 July . . . . .	99,96	99,87	12,72	12,59	52,64

("Vierteljahrshefte für Konjunkturforschung", Berlin, 1926, h. 2).

The above table shows that the English pound sterling and the German mark has reached fixed gold parity. On the other hand, France, Belgium, Poland and partly also Italy remain countries with a falling currency. Of other countries it should be said that rates are becoming steadier for Roumanian, Greek, Yugoslavian and Bulgarian currency and that the rates for Norwegian, Danish, Spanish and Japanese currency have risen.

From the above we see that the picture of currency relations is more motley and the unevenness of development is far more sharply emphasised than in the sphere of production and commerce. We observe also an absence of a direct parallel with the other economic indices. Similarly, it may be said that the degree of closeness to the pre-war figures is considerably less than in the other indices referred to above. Nevertheless, even here the principal tendency is observed in so far as we speak of a certain conventional average. This index also, undoubtedly shows a definite tendency towards stabilisation.

**B. INDICES OF UNSTABLE STABILISATION (WORLD).**

The above quoted facts, however, do not in the least exhaust the questions, for the reason that they are general, "average" and insufficient for an **all-sided estimation** of the situation. It is important for us to know not only the average, in which all deviations, contradictions and conflicts of various tendencies are smoothed out. For a proper estimation it is necessary to analyse all the counter-tendencies, their specific gravity, their probable direction and their dynamics. It is important to a high degree for us to know the **qualitative characteristics** of all these various cross-cutting forces. Only such an analysis, embracing the subject from all sides (or as far as possible from all sides), can serve as anything like a firm basis for proper practical conclusions.

First of all the following must be observed. In spite of the number of years that have passed since the Versailles Treaty was signed, capitalism is just barely creeping up to the pre-war level of production. Furthermore, notice must be taken of the absolute change that has taken place in the **character of the curves on economic charts**. The "normal" crises of capitalist production were periodical crises, which occurred at more or less regular intervals of time and assumed a very definite "pattern". We had definite cycles of development accompanied by changes in the various phases within these cycles and consequently we had a very definite curve on the economic chart. This must not be understood too vulgarly, of course; the variation in the structure of the "capitalism" in the various countries (their peculiar "national" features), the varying degree of connection between the different countries, the unevenness of capitalist development generally and a number of other features, into the examination of which there is now no need to enter, inevitably resulted in various deviations and unevenness of development of the phases of the industrial cycles and to the fact that certain phenomena in the development of a certain cycle did not synchronise. Nevertheless, the law of industrial crises was sufficiently definite. The curve on the economic chart in the post-war period however bears an altogether different character. The very period of an industrial crisis reveals a different law and consequently, a different character of the crisis as compared with the "normal" crises of pre-war times. Development proceeds in extremely uneven sudden leaps, which excludes all possibility of periodicalness in the strict sense of the word; the curve develops a sort of feverish and unhealthy character; there is not that regularity in the changes of the various phases which was so characteristic of previous crises. If we examine world production we will observe that in 1919 there was a decline; in 1920 there was again a rise; in 1921 an acute crisis; in 1922—23 there was again a slight rise, but an extremely severe crisis in Germany connected with the occupation of the Ruhr by the French troops. In 1924, we again observe a slight drop in production, and in 1925 again a certain rise, which in its

turn, ends with a severe crisis in Germany and considerable depression in England. The crisis in Germany continued in 1926 until the beginning of the third quarter of that year when a slight improvement was observed, whereas there has been a serious industrial crisis in England this year in connection with the great coal strike, etc., etc. The development of economic cycles thus proceeds in forms which destroy the very conception of cycle. Economics are frequently closely merged with factors of a non-economic character (occupations, social-class conflicts and "politics" in general) that the customary normal process of development cannot be conceived. This is the first fact which must be observed, for every impartial observer will see in it the pathological state of the economic organism and consequently of the extraordinary character of the difficulties which capitalism is now experiencing. In order to illustrate what has been said above concerning the economic curve, we can take the figures of the amplitude of the fluctuations of production and prices in the "economic cycles" prior to the war and now.

The greatest decline in the production of cast-iron during pre-war crises was in England, — 19.4% (1889—1892) and in the United States, — 39% (1908).

After the war, England experienced a drop of 60% in 1921 and the United States of 48% in 1920—21 and 22.5% in 1924, although the crisis in that year is regarded as having been an extremely mild one and some even assert that there was no crisis at all.

The most severe drop in prices in England prior to the war was 24.8% (1883—1887) and in the United States 20% in the period 1867—71. After the war, in 1920—21 alone, there was a drop in the index of English prices by 48% and of the United States prices by 40%<sup>1</sup>.

The second fact which must be noted in analysing the qualitative aspect of the subject is the extreme unevenness of the development, taken according to separate countries. A certain unevenness of development was observed previously (compare the curve of development of the classic land of European capitalism, England, with the curve of development of the United States of America), but the comparative figures characteristic of present conditions prevailing in world economy reveal an astonishing divergence in rates of development in the various junctions of capitalist economy. While in the United States of America, for example, productive forces increased rather rapidly, European economy has not yet reached the pre-war level. The average, about which we spoke, glosses over this radical distinction, balances the plus and the minus, and does not provide the material for a qualitative estimation of the process. On the other hand, in Europe itself we observe an enormous difference between France, say, which is rising upwards and England, the productive forces of which are in a process of almost steady decline. The European average smooths out these differences and does not permit of a correct picture being obtained of the extreme unevenness, which is so characteristic of the present stage of development and which no doubt has its profound causes.

If we take the principal indices for the principal countries of the world, we will obtain the following picture of exceptional unevenness of economic development:

- 1920—21. — England, U. S. A., — crisis; France, Germany — boom;
- 1923. — Germany, — crisis. All other countries, — boom;
- 1924. — France, Italy, — boom; U. S. A., Germany — fluctuating; England — depression;
- 1925. — U. S. A., France, — boom; Germany, — beginning of the year, boom followed by crisis; England, — depression;
- 1926. — England, Germany, — depression; France, U. S. A. — boom.

But it is not only the tendency of the phases of the market "cycle" which, in various countries, frequently proceeds in varying and opposite directions. To indicate the unevenness in post-war development of world economy, the most instructive of all is the difference in the rate of the process of "restoration" in the various countries. The following table illustrates this perfectly:

Production in 1925.  
(% of pre-war production.)

	Coal	Iron	Steel	Wheat sown.
World output (without U. S. S. R.) . . . . .	97,6	95,7	115,4	112,9
Europe (without U. S. S. R.) . . . . .	90,1	78,4	93,9	90,8
U. S. A. . . . .	102,5	118,8	141,2	110,8
England . . . . .	84,2	60,9	96,5	83,8
Germany . . . . .	93,6	93,2	103,5	92,6
France . . . . .	107,9	95,0	99,6	82,0

(Figures by the Konjunktur Institute of the Bureau of World Economy of the Supreme Economic Council in "Mirovoye Khozaystvo" 1919—25.)

The third index of the absolutely peculiar situation of affairs is the enormous extent to which the apparatus of production is working under capacity. Never has the contradiction between so-called productive capacity on the one hand, and actual production on the other reached such dimensions as they have done in the present epoch. This is due, as we shall show below, to the colossal impoverishment of the masses of the people, to the enormous shrinking of home markets in capitalist countries and to all the consequences that resulted from the world war.

The following, for example, indicates the actual extent to which the apparatus of production is utilised in the U. S. A. and Germany respectively:

Utilisation of enterprises in U. S. A.

% of Average	technical Average	power 6 months—
1924	1925	1926
71%	77%	78%

Rate of capacity utilised in German industry.

% of enterprises employed to capacity in categories:  
(7 months 1926.)

Bad	Satisfactory	Good
62	26	12

(Compiled by the World Economic Section of the State Committee.)

The fourth and last fact which should be noted is the exceptionally enormous, and what is more important, chronic unemployment. It is true that unemployment was, is and will be a constant feature of the capitalist method of production; it is true that the so-called reserve army of labour will always increase in size during periods of industrial crises, but what we have today cannot be compared with any such phenomena observed in periods of "normal" capitalist crises. This phenomenon became so characteristic and striking that an attempt has been made in economic literature to "explain" the very nature of modern capitalist crises by the change in the proportions between various categories of people and to convert the present chronic capitalist crisis into a so-called labour crisis<sup>2</sup>. The total number of unemployed in Europe in 1925—26 according to official returns increased in comparison with 1924—25 by 61% and amounted to 3,700,000. The actual number of unemployed is calculated at 5,870,000 (not including those working short-time).

The comparison of unemployment today with that of pre-war times in countries like Germany and England show their unparalleled increase:

	Germany % of trade union membership	England % of State insured
1913 . . . . .	2,9	3,7
Jan. 1926 . . . . .	22,6	11,1
June 1926 . . . . .	18,1	14,7

(“Vierteljahrshefte für Konjunkturforschung”, Berlin, H. 2.)

Chronic unemployment in Germany is of particularly enormous dimensions, in spite of the fact that capitalism in that

<sup>1</sup>) Calculated on the statistics of Professor S. Pervushin, "The Economic Situation" and the "Economist".

<sup>2</sup>) Cf. Robert Friedlander, "Chronische Arbeitskrise".

country is exerting the greatest efforts to repair its foundation that had been shattered by the war. The classic land of flourishing capitalist relations, the world capitalist Power, England, also has an increasing army of unemployed proletarians. This gigantic number of workers excluded from the process of production is like a heavy weight dragging at the feet of capitalist society, and this weight continues to drag in spite of fluctuating economic conditions, even when the curve of production is rising: It is quite evident that this "symptom" indicates some very grave organic defect peculiar to present day capitalism and from which pre-war capitalism did not suffer.

All these "symptoms" taken together convincingly tell us of the peculiar character of the crisis which capitalism is now experiencing. On the other hand, they speak of the extreme instability of capitalist stabilisation. No matter what songs the bards of capitalist exploitation may sing, however much their Social Democratic seconds may vamp to their singing, there is not the slightest doubt that capitalist stabilisation bears a partial and unenduring character. The description of this stabilisation given in the resolutions of our International Congresses are once again confirmed by the analysis of the statistics of recent times. There is absolutely no reason why we should revise this description. On the contrary, we can even with greater conviction say that this description has stood the historical test of the past year and of recent months. The relative, partial and unenduring character of capitalist stabilisation will be still more strongly emphasised if we examine the extremely important facts, facts of truly world historical significance, which are directed against capitalist stabilisation. We speak of the growth of socialism in the U. S. S. R., of the great Chinese revolution and the great strike of the British miners.

## C. IMPORTANT FACTORS OF CAPITALIST DISINTEGRATION.

### I. The U. S. S. R.

An important factor directed against capitalist development is the development of socialistic productive relations in the U. S. S. R. From every point of view: from the purely economic point of view, from the point of view of politics and from the point of view of general culture, the U. S. S. R., in the final analysis, is an instrument for the disintegration of the capitalist regime in other countries. It would be absolutely incorrect, in analysing the **International Situation**, to regard the capitalist world and the U. S. S. R. as two entities absolutely independent of each other. The U. S. S. R. at the present time is a factor of absolutely exceptional importance and the so-called "Russian question", which in fact is the most important question of the international revolution, is the most troublesome question confronting the international bourgeoisie and its political leaders. In this connection, this problem must be examined from several points of view.

1. The exclusion of the Soviet territories from "normal" trade in itself has caused a very considerable breach in the "proper" development of world economy. Pre-war Russia represented a large market for foreign capital, not only for its goods, but also for its capital. The importation of foreign capital into Russia and its profitable investment here was of considerable importance for a number of bourgeois countries. This importance is indicated by the following figures:

The total world emission of bonds and securities during the three pre-war years (1910—1912) represented 66 billion francs, or 24, 8 billion roubles. During that same period, Russia issued bonds and securities to the amount of 3,471,500,000 roubles. Hence, the Russian share of the world emission of bonds and securities amounted to 14%. As is known, the issue of Russian bonds was closely connected with the importation of foreign capital into Russia. It is sufficient to say that nearly one-third of the total of Russian bonds issued, were issued on the foreign market\*). The importance of Russia as a market for the sale of manufactured goods and as a source of agricultural produce can be judged from the fact alone that during the five years 1909—1913, Russia placed on the world grain market 27,8% of the total quantity of the five most important grains exported. The total amount of lumber exported from Russia in 1913 re-

presented 23% of the world supply for that year. The export of flax amounted to 40%<sup>3)</sup> and the export of eggs<sup>4)</sup> 44,7%, etc. To this must be added that in regard to the colossal natural resources of industrial fuel, raw materials, etc., Russia holds one of the first positions on the globe. Russia possesses 85,1% of the world supply of oil (the U. S. A. has only 12%), 78% of the world supply of peat, 28% of the world supply of lumber (the U. S. A. only 8%), etc.

Imports to Russia in 1913 comprised 8,7% of the exports of Germany, 3,45% of the exports of England and 4% to 5% of the exports of all countries together. Moreover, the rapid growth of the Russian market gave it particular importance for the industries of Western European industrial countries.

2. From the point of view of the bourgeois world, however, the restoration of commercial intercourse between capitalist countries and Russia, now the U. S. S. R., — represents a constant menace to its (the bourgeois world) further development. This intercourse facilitates the acceleration of the rise of State industry and the national economy in the land of the proletarian dictatorship. It is true that this intercourse (along the lines of commerce, credits and possible concessions) represents a certain outlet for the capitalist world, which stands so much in need at the present time of markets for its goods and capital. From this point of view, the economic intercourse between the U. S. S. R. and its capitalist environment becomes, to a certain degree, converted into a factor for the stabilisation of capitalism. However, only the dullest minds of the type of ultra-left renegades and Social Democratic charlatans can present the question in such a manner as to make it appear that in establishing economic intercourse with the capitalist States, the land of the proletarian dictatorship abandons its revolutionary mission. It is not difficult to understand that the utilisation of this intercourse to a far larger degree facilitates the growth of the forces of revolution rather than the growth of the forces of the capitalist world. While economic intercourse with Soviet Russia gives a certain, extremely small, outlet to a number of countries in separate parts, all these economic ties, becoming concentrated on another zone in a single soviet country, facilitate to a far greater degree the economic rise, of precisely that soviet country. On the other hand, the sum of values employed in Russia according to a definite plan, can be applied much more expeditiously, thanks to their distribution according to plan, have far greater economic importance and have far greater productive effect than a similar sum of values employed in any other country. This is obtained as a result of the socialistic organisation of the "commanding heights" of our economy. Consequently, from the point of view of the relations between the capitalist world and the Soviet Union, the policy directed towards the economic utilisation of the capitalist countries surrounding the U. S. S. R. is the policy of strengthening and raising the fundamental basis of the international proletarian movement.

3. Of decisive importance, of course, is the direction the economic development of the U. S. S. R. is taking and also the rate of that development as compared with the rate of development of capitalist countries. As far back as 1919, Comrade Lenin wrote:

"However much the bourgeoisie of all countries as well as their tacit and avowed accomplices (the 'socialists' of the Second International) may lie and slander, it remains without a doubt that from the point of view of the fundamental economic problem of the dictatorship of the proletariat we are assured of victory, the victory of Communism over capitalism. The bourgeoisie of the whole world rages and storms against Bolshevism, organises military invasions, conspiracies, etc., against the Bolsheviks, precisely because they understand perfectly well the inevitability of our victory and our reconstruction of social economy, unless they can crush us by armed force. This, however, they will fail to do.")

<sup>3)</sup> More precisely to cover the need of Western Europe and America.

<sup>4)</sup> The figures regarding grain and lumber are taken from "Control Figures", pp. 156—157. Those regarding flax and eggs are taken from "Mirovoye Khozaystvo" 1923—25. n. 223.

<sup>5)</sup> Lenin, "Collected Works", Vol. XVI, p. 350.

\*) The figures are taken from "Russian Stock Exchange Securities", 1914—15. Edited by Bogolepov, pp. 173—176.

These words are confirmed literally by every year of our development. If we compare the rate of this development with the stabilisation of capitalism, it will be easily seen that the rate of development of the U. S. S. R. is much more rapid than that of the capitalist world. Indeed, not a single country in the world suffered so much destruction as a result of the imperialist war, civil wars and intervention, etc., as did the U. S. S. R. It is known that in a number of important branches of industry production fell to a fraction of 1% of pre-war level. And yet the U. S. S. R. has approached to the pre-war level approximately at the same time that the capitalist world as a whole has approached it. From this it will not be difficult to calculate the great rapidity of development in the U. S. S. R. This, however, can be proved by absolutely precise statistics.

Agriculture in the Soviet Union as a result of the war and revolution declined to almost half the pre-war level, whereas agriculture in the capitalist countries of Western Europe at no time during the period of 1914—1925 sank to such a low level. However, already in 1925 agriculture in the Soviet Union proved to be in advance of France and not very far behind England and Germany in the degree of restoration of agriculture. This will be seen from the following table:

	Cultivated area in % of 1909—1913.				
	1909—1913	1922	1923	1924	1925
U. S. S. R. . . . .	100	63,6	77,0	83,2	86,4
France . . . . .	100	80,0	81,8	81,2	81,7
Germany . . . . .	100	82,1	87,2	88,9	90,7
England . . . . .	100	105,3	97,6	82,8	89,4

(Figures taken from "Control Figures", p. 148.)

As will be seen, thanks to the steady and rapid increase of the cultivated area in the U. S. S. R. and the fluctuating and retarded increase of the cultivated area in capitalist countries, the U. S. S. R. as a whole has overtaken the others in the restoration of its agriculture.

Industry presents a more striking picture. Thus the present day output of coal compared with that of pre-war output is as follows:

	1913	1921	1925	1st half 1926
U. S. S. R. . . . .	100	29	61	85
Europe . . . . .	100	65	89	75 <sup>6)</sup>

The picture is a little less favourable in regard to the metal industry, in steel, for example. But even here the situation in the main is the same. In 1921, the output of steel in the U. S. S. R. dropped to the pitiful level of 1,3% of the pre-war output. In 1926 (1st half) the output reached 69,4% of pre-war output and in the course of five years was increased 50 fold. During the same period the output of steel in Europe, which fell to 48,7% of pre-war output in 1921, was increased to 90,8% in 1926 (1st half<sup>7)</sup>).

Thus, in spite of the serious disorganisation and ruin, the capitalist environment, etc., the U. S. S. R. has restored its metal industry so much more rapidly than Europe, that in 1926 the difference in the level reached proves to be comparatively insignificant. The same thing is proved by the statistics of the output of iron, cotton, etc.

Another important fact is that while in Europe, — and even in the U. S. A., — the dynamics of production, which in general show a tendency to rise, in certain years suffer interruption, retardation and decline, in the U. S. S. R. the line continues steadily upwards and since 1921 not a single drop or even a halt<sup>8)</sup> has been recorded. It is perfectly clear that this fact, as well as those previously quoted, strikingly reveals the advantages of our planned-socialistic methods of managing industry over bourgeois-capitalist methods.

<sup>6)</sup> The sharp decline is due to the coal strike in England. But even if we take the figure of 1925 for 1926, the situation is not changed in the least. Perhaps the U. S. S. R. would not have overtaken Europe in restoring the coal industry had the English strike not taken place, but it would have caught up with it in any case. Besides, the effect of the English strike upon the coal industry in Germany and Poland must be borne in mind, for there it caused increased output.

<sup>7)</sup> Figures taken from "Control Figures", p. 152.

With regard to the direction of the economic development of the U. S. S. R. there is no doubt of the existence of a more or less strong tendency towards both an absolute and relative increase of the socialist economic elements as well as of all the economic elements that are directly linked up with the principal citadel of rising socialism, i. e., the nationalised, socialised large-scale industry and the other nationalised commanding heights of national economy. Only those who deny beforehand the possibility of a socialist revolution in the U. S. S. R. will, as a result of their preconceived idea, be opposed to the recognition of the achievements of socialist construction in the U. S. S. R. If they cannot deny our economic achievements in general, they try to ascribe these economic achievements to the capitalist development in the U. S. S. R., and at all the cross-roads preach about the so-called "degeneration" of the economic fabric of the proletarian republic. As a matter of fact, the proletariat in the U. S. S. R. has achieved enormous success in the sphere of economic construction precisely on the basis of the advance towards socialism. The fact that these successes have been achieved may be confirmed by the following statistics. The total production of the national economy of the U. S. S. R. from 1923—24 to 1925—26 increased from 12,272 million pre-war roubles to 18,229 millions, i. e., an increase of 39%. In 1926—27 a further increase is expected of 8% over the previous year, bringing the total production to 19,757 million roubles. At the same time, industry is growing faster than agriculture and for that reason the specific gravity of industry in national economy as a whole, is increasing. The output of industry and agriculture in comparison with that of each preceding year is indicated in the following table. (%)

	Agriculture	Large-scale industry	Small and handicraft industry
1924—25 . . . . .	108	155	124
1925—26 . . . . .	119	143	115
1926—27 . . . . .	105	114	108

Owing to this relation of rates of growth of various branches of national economy, industrial production, which declined owing to the civil war and disorganisation and the severe depreciation of large-scale industry and which in 1923—24 represented only 27,4% of the total production of national economy, in 1925—26 reached the pre-war level, — approximately 38% of the total output of national economy. In 1926—27 the proportion of industrial production will exceed the pre-war level and will amount to approximately 40% of the total production of national economy. This fact shows that the U. S. S. R. has entered the path of industrialisation and that it will, without doubt, be able to continue along that path in the future.

At the same time our industrialisation is and will continue to be socialist industrialisation. Already in 1923—24, the State and the co-operative societies together held in their hands 94,8% of the whole of large-scale industry. In 1925—26 this truly lion's share has increased to 95,9%. Simultaneously, in trade, the State and co-operative societies have increased their share from 59,2% to 76%. Taking the production of national economy as a whole (including large-scale industry, agriculture and petty home industry and handicrafts), the share of the State and the co-operative societies increased from 37,1% in 1923—24 to 42,4% in 1926—27. The share of private enterprise during this period diminished

<sup>8)</sup> In confirmation of this, see the following table taken from "Mirovoye Khozaystvo" from 1919—1925:

Output of steel and coal %% of 1919.			
	1919	1920	1921
Steel . . . . .			
Europe (without U. S. S. R.) . . . . .	100	124,3	104,0
U. S. S. R. . . . .	100	81,8	92,0
Coal . . . . .			
Europe (without U. S. S. R.) . . . . .	100	107,7	93,8
U. S. S. R. . . . .	100	91,3	101,8

Output of steel and coal %% of 1919.				
	1922	1923	1924	1925
Steel . . . . .				
Europe (without U. S. S. R.) . . . . .	130,7	133,3	165,8	170,5
U. S. S. R. . . . .	181,7	364,8	571,4	1066,0
Coal . . . . .				
Europe (without U. S. S. R.) . . . . .	118,2	113,6	127,7	123,1
U. S. S. R. . . . .	108,3	159,2	192,1	210,8

from 62,9% to 57,6%<sup>9)</sup> Finally a very interesting and instructive fact is the growth of the share of the income of the proletariat out of the total national income of the U. S. S. R. In 1923—24 this share represented 23,2%, while in 1925—26, it represented 30%.

We could quote many more statistics to prove that the socialist tendencies of development in the U. S. S. R. are **overcoming** and **outweighing** the resistance put up by the capitalist elements in our national economy and are leading national economy along the path of socialism. We think, however, that the statistics already quoted are sufficient to prove that the proletariat of the Soviet Union is really progressing along the path of gradual but steady construction of complete socialist society. Not a single new social system sprung up **ready-made** so to speak, finished in all its details. The capitalist system of production, which was long carried in the womb of feudal society, developed only after the bourgeois revolution, in the course of many, many decades. It would be absurd to think that socialism, particularly in a backward country like Russia, could be born in a short space of time as a new system of relations of production complete in every detail. The system **grows** and is **being built** in the process of the struggle with other forms: squeezing out some, transforming others and gradually extending the network of new relations over the whole economic organism of the country. As in many other cases, the **dynamics** of development is the decisive factor, and the **dynamics** are the dynamics of development of **socialist relations** above everything else. Thus, not only stabilisation; the **rapid growth** of socialism in the U. S. S. R. is also an undoubted fact. This fact in itself is becoming the greatest, most important and fundamental factor, a mighty lever of the international proletarian revolution and consequently, a gigantic factor for the break up of the forces of international capital. The powerful influence of the U. S. S. R. and its importance as a rallying centre for all the forces directed against the capitalist regime must be taken into account as the most powerful countertendency directed against the strengthening of the world capitalist system.

## 2. Great Britain.

The most important factor in the disintegration of the capitalist order in Western Europe is the profound decline of the British Empire, at one time the almost undisputed ruler of the waves. The great British Empire — this former stronghold of world capitalism, "workshop of the world", etc., is seen to be steadily slipping from its former position and turning from a classic example of omnipotent capitalism into a classic example of its decline. A whole number of causes has determined this decline; firstly, the conservative and out-of-date nature of British technique of production; secondly, the replacement of coal, with which Great Britain maintained her world economic importance, by new forms of energy; thirdly, the industrialisation of the colonies and Dominions of Great Britain, which was given a strong impetus during the world war and which is continuing now with growing force; fourthly, colonial and semi-colonial risings and the national revolutionary struggle for liberation in a number of parts of the world which served as markets for the goods and capital of British industry, fifthly, the powerful competition of America and partly also of certain European countries and Japan. As a result of all these causes, Great Britain has lost her privileged position on the world market. To counterbalance the diminishing power of Great Britain on the world market, the role of other countries is increasing in importance, particularly that of the U. S. A. The very centre of world trade is shifting, before our eyes. The following, for instance, are the comments of the "Frankfurter Zeitung" on these changes in world trade:

"The feature of the development of world trade since 1913 is the fact that it has shifted from the Atlantic Ocean to the Pacific. On the other hand the United States are purchasing less and less in Europe and more and more in Asia, while China and Japan on their part, purchase more and more in America, and also less in Europe. Japan's exports to Europe have fallen from 23,3% of her total exports in

1913 to 6% in 1925. Her exports to America, however, have increased from 30% to 74,5%. In the same manner European imports from Australia have fallen from 71% to 54% and from Argentina from 80% to 64%.

("Frankfurter Zeitung", November 3, 1926, No. 821).

An extremely interesting feature in the ousting of Great Britain from its many important positions in world trade is the increasing commercial intercourse between the British Dominions and Colonies with the U. S. A. and other States at the expense of Great Britain. For instance the following interesting table characterises the increase of American commercial influence in British possessions.

Exports of United States (Commercial Year Book, 1925)  
(million dollars)

	1910—14	1923	1924	1925
Australia . . . . .	38,7	119,4	125,2	148,5
Egypt . . . . .	17,0	6,2	5,9	7,4
British East Indies . . . . .	14,2	39,5	44,3	52,1
British South Africa . . . . .	12,9	28,4	36,0	46,2
West Africa . . . . .	3,2	8,1	8,0	10,7
East Africa . . . . .	0,7	1,5	2,6	3,8

The tremendous sums of excess profits received by British capitalism which, on the one hand have been a basis for the magnificent economic prosperity of Great Britain, while on the other hand they had served to guarantee civil peace within the country and to tame the working class, became impossible once Great Britain lost her monopolistic position on the world market. At the present time world capitalist hegemony has been transferred to the United States of America. This may be confirmed by a number of data and above all, by the indices of the development of the main branches of industry in Great Britain and the U. S. A. If we take the respective shares of U. S. A. and Great Britain in the world production of cast iron, steel and coal and also the figures for the consumption of cotton, we get the following picture:

Share of Great Britain and U. S. A. in World  
Output (%%)

	1913	1925
Output of coal:		
Great Britain . . . . .	24,4	21,4
United States . . . . .	43,2	45,7
Output of Cast Iron:		
Great Britain . . . . .	13,3	8,3
United States . . . . .	39,8	48,1
Output of Steel:		
Great Britain . . . . .	10,3	8,5
United States . . . . .	41,7	51,1
Consumption of cotton:		
Great Britain . . . . .	21,0	14,8
United States . . . . .	25,3	27,3

(Figures taken from "World Almanac" 1926, "Commercial Year-Book" 1925, and articles from "Mirovoye Khozaistvo", 1913—15).

The economic factors disintegrating the British Empire find their political reflection in the centrifugal tendencies within the British Empire on the one hand and in the extreme accentuation of the class struggle on the other hand. At each so-called Imperial Conference the fact becomes clearer and clearer that the centre of gravity for a number of British Dominions, in the first place Canada, is not so much Britain but the U. S. A. "The far-flung British Empire", said Sir Auckland Geddes, former British Ambassador to Washington, "has conceded much of its leadership in the world to the compact Empire of the United States. The Dominions regard the Washington Government as the government of their generation. . . . The Dominions are inclined to look to Washington and Washington is promisingly looking to the Dominions". . . .

The political unity of the Great Empire is threatened by dangers not only from the restless colonies, but also from a number of Dominions which are becoming industrialised, which, with the world economic centre changing from Europe to non-European countries, display a desire to break away from the Mother country. It is true that by changing its economic policy and its policy towards the colonies, British capitalism has managed to a certain degree and for a certain time to strengthen

<sup>9)</sup> Up to 1925 the share of the state and the co-operative societies increased 40,8% and that of private enterprises declined by 59,2%. The figures for 1926—27 are taken from the "Control Figures".

its influence in such countries as India (industrialisation of India, introduction of protective tariffs, bloc with a considerable section of the Indian bourgeoisie, etc.), but none-the-less even this fact does not change the general picture of the ever increasing process of enfeeblement of the Empire. On the other hand, the disappearance of the former monopolistic position and economic basis of the exceptionally high standard of living of the British working class which, at one time in Engel's words, was a "bourgeois proletariat", has led and was bound to lead to the accentuation of the class struggle and revive the glorious traditions of the Chartist movement of the British proletariat. Mighty class conflicts must inevitably accompany and express the decline of British capitalism, which is not in a position to ensure to the working class its former standard of living. This standard of living, which in the hands of the bourgeoisie served in former days as a means of taming the working class, is transformed under present conditions into an instrument directed against the bourgeoisie in so far as the latter is conducting a direct and open attack upon it. It is by no means an accident that the coal industry, the industrial heart of Great Britain, became the centre of tremendous class conflicts such as Britain has not known for many decades. These class encounters, which have arisen as a result of the decline of the capitalist system in Great Britain, have in turn become a factor of its further disintegration. The interaction of economics and politics is shown here with most striking clarity. The economic significance of this conflict, not to mention its tremendous political significance is far greater than that of a conflict in a single branch of industry, even though it be a vital branch like the coal industry. As a matter of fact, the entire economic life of Great Britain has been paralysed to a considerable extent. As a result of the coal strike, there has been a reduction of the total volume of production during 1926 by 14.5%, the output of coal by 37.5%, cast iron by 41.5%, steel 32.8%, shipbuilding by 25.4%. Exports have declined by 11.8%<sup>10</sup>.

The total loss caused by the strike, according to the extremely optimistic calculations of the London and Westminster Bank amounts to 300,000,000 pounds sterling which is undoubtedly an underestimation. The British strike has important economic significance outside Great Britain. It is changing the economic correlation of forces, it is causing a change in the direction of the flow of commodities from country to country and thereby still further weakens the position of predatory British imperialism.

On the basis of the systematic decline of British capitalism, through the growing acuteness of the class struggle, the working class of Great Britain will infallibly be led by history to the problem of seizing power. In Great Britain more than in any other country in Europe is there a "direct revolutionary situation" developing, although this does not in the least imply that such a situation will arise as a result of the present strike. At the same time the decline of British capitalism and the consequences arising from this are causing a tremendous breach even in the relative stability of modern capitalism.

### 3. China.

The third important factor of the decline of capitalism is the great national anti-imperialist revolution in China<sup>11</sup>). In the present economic situation, when the world bourgeoisie and the big imperialist powers particularly, are once more sharply confronted with the question of foreign markets, the falling away of China from the influence of foreign capital is a serious blow at the capitalist regime. A very considerable part of large-scale industrial production in China, it will be remembered, is owned by foreign capital. The collection of customs duties, and the various monopolies (the salt monopoly for example) are entirely in the hands of foreigners; the tax system as a whole is also to a considerable extent under their control. British capital is largely interested in China, as is also Japanese, American, etc. From the standpoint of future development, China, with its extremely dense population of about 440,000,000 represents

a tremendous potential market both for the investment of capital and for the sale of manufactured goods. China can serve also as a tremendous source of raw materials. Hence, China is one of the most important points at which the forces of international capitalism may be applied. The direct political influence of the Chinese revolution on the other dependent semi-colonial and colonial countries must not be underestimated. The Chinese revolution is becoming more and more a great centre of attraction for the awakening masses of the Colonial East. Indonesia (Dutch Indies) is already in a state of revolutionary ferment which in some places has passed into an open civil war against foreign capital, above all Dutch. It is true that the British, as we have already pointed out above, have succeeded in attaining fairly important successes in the way of "pacifying" India. However, the victorious development of the national-revolutionary struggle in China is bound to have a revolutionising influence also on India, the industrialisation of which will inevitable bring the role of the Indian industrial proletariat more and more to the forefront. Under such conditions the capital of revolutionary China—Canton—becomes a sort of "Red Moscow" for the rising masses of the Asiatic colonies.

Of extreme importance, of course, is the entire complex of international relations as a whole. In his time, Lenin alluded to the awakening East as the greatest ally of the proletarian dictatorship in the country of Soviets in its struggle against imperialist robbery. One may say that to a certain extent the tremendous Chinese problem and the entire fate of the Chinese revolution will be determined by whether the Chinese revolution will proceed along its own particular path in alliance and friendship with the victorious working class of Russia, or whether foreign capitalism will succeed in seizing the hegemony of the economic and political development of China into its own hands. Foreign capital may attempt to do this either by directly supporting the counter-revolutionary militarists, i. e., in the form of the victory of the latter with the aid of the foreigners over the forces of the Chinese revolution, or by making a number of concessions to the Chinese national bourgeoisie and by directing the subsequent development of China along purely capitalist channels, under the benevolent guardianship of the foreign capitalist groups. It stands to reason that the international bourgeoisie most of all fears the first path of Chinese development; an alliance between the fighting, though not yet victorious Western European proletarian masses and with the proletarian State of the U. S. S. R. and the broad masses of workers, peasants and artisans of China would represent such a tremendous force that would to a considerable extent guarantee the victory of the international revolution. In estimating the international situation, the Chinese national revolutionary struggle for liberation should not be taken as an isolated entity. It is a component part of the great historical transformation process: from the international viewpoint it is one of the factors of the process of the world revolution, which has extended over a whole epoch. It is just for this reason that the Chinese revolution signifies a tremendous breach in the process of stabilisation of world capitalism.

### D. SUMMARY.

We see from the above that the former method of presenting the problem of capitalistic stabilisation as one "general" question is unsatisfactory, or, rather inadequate. Present-day world economy is a single entity in the conventional sense of the word. While, in the pre-war period the ties between the various sections of world economy were immeasurably weaker than the internal ties connecting the various parts of a given country, after the war and as a result of the war, these ties have become still weaker. That is why so-called "general conclusions" regarding world economy as a whole are also of a conventional nature, even more so than was the case before the war. A simple addition of the indices of the growth of capitalist relations, in Germany, let us say with the indices of decline of capitalist relations in China and the arithmetical average that results from that tells us very little, and on this basis we cannot construct any practical conclusions for the fighting workers' parties. This example may be generalised to a certain extent. Hence, it follows that, at the present time a differentiated and not a "general" presentation of the problem of capitalist stabilisation is necessary. Only such a presentation of the problem can help us to decide upon the practical political conclusions and the various

<sup>10</sup>) Statistics compiled by World Economy Section of the State Planning Committee.

<sup>11</sup>) We will refer to questions of the Chinese Revolution very briefly here as we will devote a special section to them later on.



directions for our practical struggle that are to be made. The countries embraced by world economy, should be divided approximately into six different groups: first, the U.S.A. which most sharply of all expresses the upward curve of capitalist economy; in this group to an extent may be included: Japan, the British Dominions, etc.; second, the Soviet Union — the country of developing socialism, a foreign body within capitalist world economy, a factor which most sharply, decisively and consistently expresses the anti-capitalist tendency of development; third, Great Britain, a country most clearly demonstrating the decline of the old capitalist world; fourth, Germany, France and Italy, countries expressing in a rather different way more successful attempts towards capitalistic stabilisation and an issue — though unstable — from the post-war crisis; fifth, Czecho-Slovakia, Austria, Poland and other countries which have become partially "stabilised" at a low level, half decaying and at times becoming agrarianised; sixth, China, Indonesia, etc., where a state of profound revolutionary ferment or open civil war prevails and where consequently, there can be no question of capitalistic stabilisation whatsoever.

It stands to reason that in each of these groups a similar lack of uniformity of development is observed and as in the case of every generalisation, this division into groups does not by a long way fully express the real trend of concrete development. Nevertheless, such a presentation of the question brings us much nearer to the real state of affairs and may be considered as a minimum to start from in estimating the problem of capitalist stabilisation.

## II. CHARACTERISTIC FEATURES OF MODERN CAPITALIST CRISES AND THE PROBLEM OF MARKETS.

An analysis of the problem of capitalist stabilisation brings us face to face with the question of the characteristics of the special and specific crisis which world capitalist economy as a single system is now experiencing. There is a very widespread opinion among bourgeois scholars and also among the ideologists of Social Democracy that capitalism at the present time is experiencing a "normal" crisis of capitalist over-production. This theory is based on the undoubted fact that over-production is indeed to be observed almost everywhere, that, as we have seen above, factories are not working at full capacity, that the productive capacity of the existing productive apparatus considerably exceeds the actual dimensions of production, that a tremendous quantity of labour power finds itself outside the productive process, etc., etc. For the theoreticians of the bourgeoisie and Social Democracy this is quite sufficient to cause them to consider the current crisis a "class model" of ordinary capitalist crisis. Of course such a view about the ordinary, normal and typical nature of the present-day capitalist crisis is based on quite a definite estimation of the present phases of capitalistic development. This premise may be approximately presented in the following manner: capitalism has healed its war-time wounds, capitalism has become stabilised, capitalism has come out on to the broad road of its normal development, capitalism is approaching a phase of great prosperity, or, as this was formulated by the well-known student of world economy, Professor Bernhatdt Harms of Kiel: "The principle of the capitalist system of world economy has not changed, we are only just approaching the real epoch of highly developed capitalism". (See "Frankfurter Zeitung" of October 1st, 1926. Report of the meeting of the "Social Policy Association in Vienna".)

The same viewpoint was defended at this meeting by Rudolf Hilferding who repeated the main thesis of an article he wrote previously "On the Problems of our Times" in "Gesellschaft". In the opinion of Hilferding the world is on the eve of a new epoch of the ascendancy of capitalism which will from now on evolve into organised capitalism, capitalism without wars, a capitalism which needs only be economically democratised to obtain the complete and unconditional sanction of Messrs. the Social Democrats. As we have already seen above, there are absolutely no grounds whatever for such an optimistic (from the capitalist viewpoint) estimation. This problem must now be examined from the viewpoint of the theory of crises.

First of all we must deal with a system of views which may serve as the basis of a conclusion in the spirit of bourgeois optimism. It is well-known that during the war the apologists of this school of thought, on the basis of the crudely

empiric fact of the so-called war boom of industry, constructed an entire theory which might be called the theory of the economic utility of war. Indeed, the heavy industry and especially the metal industry working on war munitions grew considerably and there was certainly a boom in these branches of production. As a result of this boom and the corresponding boom in the intermediary branches of production, there was a reduction of unemployment and even a rise in wages in definite periods of the war. Therefore they could not help drawing the conclusion as to the high economic utility of the most destructive occupation that the history of humanity has ever known!<sup>12)</sup> A kind of paradoxical conception resulted, the logical conclusion of which should be to proclaim war as the best means of securing economic prosperity. It is not difficult to see the social class roots of this absurd theory and its absolute bankruptcy in logic. The social-class basis of this theory is the viewpoint, it is true, of a very influential group of the bourgeoisie, namely, the group of industrial capitalists who are directly interested in the production of military supplies. From the point of view of this group, and from the point of view of a relatively short period of time, the war was certainly a most economically advantageous occupation: it raised the profits or dividends of the war industry and it greatly increased the income of the corresponding circles of the bourgeoisie. Nevertheless, this viewpoint is absolutely absurd. Firstly it confuses the interests of national economy as a whole with the interests of a definite section of the ruling bourgeoisie. Secondly, it applies only to an extremely limited period of time. This twofold short-sightedness, it one may so describe it, which is firmly entrenched in greed for profits, has been best of all exposed by the sad fate of Russian capitalism and its foreign creditors. For, in the last analysis, "the war boom" wiped off the face of the earth the stoutest songsters of this very war prosperity. It is not difficult to understand what the matter is here. From the viewpoint of the social whole, unproductive consumption, i.e., the kind of consumption which does not enter further as an element of the process of reproduction, acts as a brake on the development of productive forces. Unproductive consumption, if it grows considerably in quantity is nothing else but the reverse process to expanded reproduction: in this case we have the systematic destruction of productive forces and thereby the contraction of the entire productive basis as a whole. This is by no means contradicted by the fact that during a definite period of time this process may be accompanied, for a certain group of economic units (as opposed to the entire social entity), by a growth of their economic power: this is possible owing to the redistribution of national income and the redistribution of productive forces. With the general decline of productive forces and a decrease in the total national income, a definite sector of the economic front might grow and develop at the expense of other sectors, but even this (which should be particularly emphasised) applies only for a definite period of time.

Unfortunately, strange though this may seem, the above absurd theory might also be based on certain incorrect theoretical conceptions of Comrade Rosa Luxemburg, who, it will be remembered, regarded militarism as a form of capitalistic accumulation which maintained the capitalist system in a state of economic equilibrium. Everyone will remember the controversy we had to conduct some time ago against the article written by Comrade Boris, which created such a stir at the time. This Boris based himself on the theory of Comrade Rosa Luxemburg and asserted that the war period was a time of unusual growth of the productive forces of capitalist society and its productive apparatus. Indeed, during the war, in the countries directly involved in this war and subjected to its destructive action, in the countries where the trend of production was turned sharply round towards unproductive consumption, the following processes took place: firstly, general impoverishment and destruction of the productive forces of the country as a whole, secondly,

<sup>12)</sup> In connection with this a theory was also founded concerning the various aspects of economic life. For instance the well-known theoretician of the Russian bourgeoisie — Professor Tugan-Baranovsky founded a "new" theory of the circulation of money, according to which the separation of paper money (specific influence of the war) from its gold basis was declared to be a trilling matter from the viewpoint of "flourishing" war economy.

the growth of production in some of the commanding sectors. It was quite a different matter with such countries like the U.S.A. for instance, which were barely subjected to the destructive action of the war and which, in exchange for the instruments of destruction which they produced for the European countries received real values (gold or goods) which could to a large extent be utilised for productive purposes also. The inflated war industry of the United States, in exchange for its products, received a productive equivalent, whereas the belligerent countries fired the accumulated values into the air. Even if we take into consideration the fact that a certain part of the manufactured goods sold during the war by the U.S.A. to the belligerent countries of Europe was paid for, not directly in productive values, in the form of gold or securities, nevertheless there was a growth of economic power on the part of America, while on the European side, there was an unproductive dissipation of accumulated capital and a direct enfeeblement of their economic position. This, by the way, explains to a considerable extent the tremendous shifting in the relations between countries which took place as a result of the war. This, among other things, explains the forceful entry of America as the leading power on the world market.

For the belligerent countries the war not only meant decrease of productivity but also the catastrophic impoverishment of the broad masses of the people, the expropriation of the middle classes, etc. At the same time it should be observed that the demands of the war served by industry led to the productive apparatus of the war industry having to be maintained and at times even increased at the expense of failing to satisfy even the most elementary needs of the masses. Figuratively speaking boots and coats were turned into rathes for making shrapnel shells.

The above arguments provide a basis for correctly presenting the question of the present crisis. When Marx developed his theory of "normal" crises of capitalist over-production, one of the component and in fact, the most important part of this theory, was the conception of the periodical nature of these crises and the regular change of various phases of the industrial cycle. One of the chief "enigmas" that arose in the study of the nature of these crises was just this periodical occurrence, i.e., a certain regularity in the outbreaks of contradictions in the capitalist system, which receive the name of crises. The explanation of their periodical occurrence and even the explanation of approximately a ten years interval between each cycle which Marx, it will be remembered, connected with the investment of basic capital, was one of the characteristic features of the Marxist teachings on crises. If this periodical element did not exist, we would be faced with the crisis just the same, but a crisis of a special kind which, while having in one degree or another elements in common with the crises investigated by Marx, would nevertheless clearly differ from the latter.

The war itself, for instance, can be regarded as a special kind of crisis. Indeed, the war was a manifestation of the sharp contradiction existing between the growth of productive forces of capitalist states and the limited productive relations of capitalism reinforced by a system of State organisations. Capitalism endeavours to solve this contradiction by fire and sword, and as in all crises, it was accompanied by the destruction of productive forces. This consequently was also a "crisis", but it would be absolutely absurd to place the "normal" crisis of capitalist production on a par with war. For war is a "crisis" the qualitative features of which greatly distinguish it from normal crises.

We should distinguish (if we take other questions nearer to the subject we are engaged on) three series of phenomena: The "normal" crisis of capitalist over-production; shortage crises of under-production and under-consumption characteristic of the most acute periods of the war and finally, the present crisis of over-production in its quite specific form, which distinguishes it from the crisis of capitalist over-production of pre-war days. If we examine the present critical state of the capitalist system, then, as we have already said, the actual fact of this over-production will be distinctly observed. It should be mentioned that in the present case the term over-production does not signify an excess of goods produced in relation to the real requirements of the masses, but over-production in relation to the so-called effective demand, i. e., the demand based on the real purchasing power of the masses, i. e. corresponding to the market. Similarly

it should be observed that we are speaking of so-called general over-production, i. e., over-production which is observed on all or nearly all sectors of the economic front. This fact is eloquently illustrated by the fact that enterprises in the most varied branches of industry are working less than full capacity. Consequently, we are confronted with a tremendous disproportion between production and consumption, or in other words, we are faced with an unusually clear expression of most profound contradictions. Everyone knows that it is this contradiction, which lies at the basis of the ordinary capitalist crisis. The disproportion between production and consumption, however, may be revealed as a result of a different combination of the dynamics of production and consumption. Production may grow and consumption may grow, but if production increases more rapidly than consumption, we will get over-production; production may keep at one level while consumption falls. In such a case we would also get over-production. Production may fall but consumption may fall still more rapidly, in this case also, we would have over-production. What was the characteristic feature of the "normal" crises of capitalist over-production? It was that these crises were expressed by an outburst of capitalist contradictions on the basis of the upward curve of capitalist development. The crises solved this contradiction, only once more to commence the cycle of development, but at a new stage of the capitalist productive process, at a higher level than the former stage. There was at first a development of productive forces. The disproportion between production and consumption took place on such a basis that production ran ahead of increasing consumption. If we follow the entire history of capitalist relations, we see that from the viewpoint of the market, it has been expressed in steady growth. Consequently, both production and consumption grew simultaneously, but consumption periodically lagged behind production and as a result there were contradictions which found their expression in crises.

What is the position now? The state of affairs now is that disproportion between production and consumption has been brought about not so much because the productive apparatus has grown (there are grounds for concluding that the productive apparatus has really grown in a number of branches) but because the war has caused quite extraordinary impoverishment and has greatly restricted the internal market. It would be quite vain to make sophistic attempts here to devise a peculiar economic theory of relativity which would assert that we should only take the relation and not bring in the "meaningless" question as to from which side equilibrium is disturbed. From the viewpoint of a proper understanding of the main causes and nature of the present crisis, this question cannot be ignored. Our presentation of the problem is quite in keeping with actuality and links up the present crisis of over-production with the shortage crises of under-production and under-consumption of the war epoch. Indeed, the demobilised, inflated productive apparatus of industry in which various technical improvements had been introduced, encountered in its productive operations the extreme impoverishment of the masses which is the main "motive cause" of the present crisis. The latter therefore represents a modified form of the post-war crisis of capitalism in general, and not what the apologists for the capitalist system and the Social Democratic theoreticians picture it to be.

It stands to reason that all the concrete reasons of the present crisis are not to be found merely in this contradiction between production and consumption. The war upset the economic equilibrium of the nations, and the various branches of industry; it Balkanised Europe, set up an infinite number of new customs barriers, it greatly increased the military budget in a number of countries (like Poland), etc., etc. But all these factors which, by the way, are particularly emphasised by the prominent German Social Democratic Economist Fritz Naftal in his article "Problem der Krise" in No. 8 of the "Die Gesellschaft" are only a further proof of the "extraordinary character" of the present crisis. Nevertheless, this author, who has got nearer than anyone else to the problem of the nature of the present crisis, thinks he can wholly associate it with the Marx teaching on "normal" capitalist crises. By this he does — as Marx himself said on a rather different matter — "Both too much honour and too much dishonour simultaneously" to Marx. What is more, Naftal relegates consumption absolutely to the background, which is by no means in keeping with a correct understanding of Marxist teachings. As if unnoticed by himself, he seems to discard the factor we have already spoken of, the absence of a regular periodical nature in the trend of the present-day economic situation. From the viewpoint of Naftal, who in this respect, takes

a path common to all Social Democrats<sup>13)</sup> the feverish curve on the economic chart, which is characteristic of the present crisis, has no significance whatsoever, although at the beginning of his article he talks about this distinctive symptom of the present day. However, one must make one's choice: either this factor has significance; in that case the present crisis cannot be summed up under the heading of "normal" crisis of capitalist production; in that case it is necessary to consider the specific curve of present development as something quite secondary. Any theory that pretends to be correct, should, above all, be in accordance with reality and this reality convinces us in extremely imposing language that the present crisis of over-production is a continuation of the post-war crisis of capitalism in general that it has features sharply distinguishing it from the usual capitalist crises. This "abnormality" is nothing else but an expression of the entire conditional, temporary and unstable nature of so-called capitalist stabilisation.

Our analysis also makes quite clear the cardinal fact that at the present time, the bourgeoisie is sharply confronted with the problem of markets and especially the problem of foreign markets. Indeed, if the main basis of the present crisis of over-production is the impoverishment of the masses, i. e., the extreme contraction of the home markets, then the problem of the foreign markets should be brought up forcefully. The capitalist bourgeoisie which runs industry from the standpoint of profit and by no means from the aspect of satisfying the demands of the masses, by its very nature cannot transform a part of its profit into the wages of the working class in order to increase the internal markets. On the contrary, it seeks measures which are in quite the opposite direction: at the cost of decreasing wages of the proletarian masses, it endeavours to conduct a more energetic struggle to conquer foreign markets. Here, by the way, the profound difference of principle between development on capitalist lines and development on socialist lines is once more to be seen. In the U. S. S. R. a rapid growth of production and extension of the productive apparatus is taking place, but this development is impelled by quite a different stimulus, namely, the desire ultimately to raise the standard of living of the broad masses of toilers still higher. That is why in the U. S. S. R., efforts are concentrated on the home market, and not the foreign, which is the very opposite to what is done in capitalist countries. Again and again historic facts confirm the fundamental antagonism between capital and labour, between imperialism, which is trying to win back its stable pre-war positions and the new world of growing socialist relations.

### III. REGROUPING OF POWERS AND THE CHIEF LINES OF INTERNATIONAL POLITICS.

It is a well known fact that the centres of economic life have been transferred from old Europe to other continents, first and foremost to the United States of America. As far as trade and the export of capital are concerned, the world centre of gravity has been shifted to that enormous country of the extremely robust and powerful American capitalism. The tendency which was clearly visible already in the pre-war period was greatly accelerated by the trend of the war and continued throughout the post-war crisis. American economy undoubtedly has economic command over all the other countries. This process of the "economic domination" of the United States must not be over-estimated however. The main figures which might serve as an illustration of the above mentioned process are as follows:

In 1913, Europe's share in the world's foreign trade (to be precise, in the trade of 32 of the most important countries) represented 64.4%. By 1923—24 it decreased to 57.4%, while during the same period, America's share increased from 21.1% to 26.8%. Moreover the share of the United States increased from 11.9% in 1913, to 17.3% in 1924<sup>14)</sup>. Above we gave data concerning the growing share of the United States of America

<sup>13)</sup> It is sufficient to read, for example, the following passage from Leirnter's "Der Lebendige Marxismus": "However much the present crisis may seem to bear peculiar features, however much its causes may appear to lie not in the roots of the capitalist system, but appears to be a catastrophe caused by the economic and political terms of the Peace Treaty, the analysis of its causes proves it to be a class model of the Marxian theory of crises. All the causes enumerated in the Marxian theory of crises are repeated in the present crisis".

and the dwindling share of Great Britain in the world production of the most important industrial commodities. We want to add only a few figures regarding the share of Europe as a whole. Europe's share in the production of coal went down from 50.1% in 1913 to 45.4% in 1925, in the production of cast iron during the same period from 58.7% to 47.9% in 1925, in steel smelting from 56.6% to 45.8%<sup>15)</sup>, in the consumption of cotton from 53.6% in 1913 to 38.8% in 1924<sup>16)</sup>.

Europe's loss went almost entirely to increase the share of America.

At the same time the credit relations of the capitalist States were undergoing a radical change. The United States which had freed itself entirely from foreign debts became Europe's creditor. Suffice it to say that towards the end of 1925, European States (exclusive of the U. S. S. R.) owed to the United States 13,246 million dollars which constitutes 53% of the entire indebtedness of the European States<sup>17)</sup>. The transfer of gold from Europe to America resulted in that instead of the pre-war 58.8% of the world gold reserve (including the gold in circulation) there remained in Europe by 1924 only 31.4% of that reserve, whilst America's share increased during the same period from 25.7% to 55.2%<sup>18)</sup>.

Another important circumstance is the tendency of the hegemony in the export of capital shifting from Great Britain and other European countries to the United States. Whilst in 1913 British capital invested abroad amounted to 23,714,000,000 and U. S. A. capital to 2605 million dollars (i. e., one seventh of British capital), the proportions visibly changed in 1924. That year Great Britain invested abroad £ 3,400 millions, and the U. S. A. — 9,090 million dollars, i. e. only about one-third less than Great Britain<sup>19)</sup>. The same tendency is indicated by such an important register of the export capital as the foreign emission of securities. While in 1922<sup>20)</sup>, the foreign emission of the U. S. A. constituted on an average 52.6 million dollars a month and that of Great Britain 54.1 million dollars (against 80.1 million dollars in 1913), and whilst in 1923 the corresponding figure for the U. S. A. is 22.9 million dollars and for Great Britain 49.6 million dollars, in 1924 the U. S. A. foreign emission is already 83.8 million dollars a month and that of Great Britain is only 49.9 million dollars, the average monthly emission of the U. S. A. in 1925, being 91.0 million dollars and that of Great Britain 39.8 million dollars.

If we take the most recent period we can see that owing to the beginning of a rise in some European countries an upward tendency on the part of Europe is observed.

In a number of economic spheres Europe's share shows a slight increase. For instance Europe's share in the foreign trade of the world increased somewhat in 1924—25: while in 1923—24 this share amounted to 57.4%, in 1924—25 it constituted 58%, America's share falling correspondingly from 26.8 to 26.4%<sup>21)</sup>. It is true that in 1925—26 owing to the British strike Europe's share again decreased somewhat. Europe's share in the world consumption of cotton has been rising from 38.3% in 1924 to 41.3% in 1925<sup>22)</sup>. The percentage of Europe's gold reserve to the world's gold reserve amounted in 1925 to 32.2% as against 31.4% in 1924<sup>23)</sup>.

<sup>14)</sup> Data of the World Economy Section of the State Planning Committee.

<sup>15)</sup> "Control Figures" pp. 150—52.

<sup>16)</sup> See "Mirovoye Khozaistvo" (World Economy) for 1913—25, p. 76.

<sup>17)</sup> According to data of the World Economy section of the State Planning Committee of the U. S. S. R.

<sup>18)</sup> "Planovoye Khozaistvo" (Planned Economy), No. 8, p. 282.

<sup>19)</sup> Data of the World Economy Section of the State Planning Committee. We wish to point out that they are drawn from different sources for Great Britain 1913 — Paish, 1924 — H. Fick, for America 1913 — S. Chase, for 1924 — official estimate.

<sup>20)</sup> There are no pre-war data with respect to America.

<sup>21)</sup> Data of the World Economy Section of the State Planning Committee.

<sup>22)</sup> See "Mirovoye Khozaistvo" for 1913—25 p. 76.

<sup>23)</sup> "Planovoye Khozaistvo", No. 8, p. 282.

Another extremely important factor in international economic life, a factor which in itself determines also the fundamental tendencies in the sphere of international politics is, on the one hand the decline of Great Britain and on the other hand the new type of Industrial development of France, which is becoming converted from a State of rentiers, from the role of usurer, into an industrial country of first rank. Finally another factor is the rise of German capitalism, which is once more becoming the main economic centre of the European continent.

These fundamental economic factors serve as the principal basis for the regrouping which is taking place among the various powers. The main tendency of these regroupings, as far as it effects the relations between capitalist States, can be defined as the collapse of the famous Versailles Peace, the collapse of the Big Entente and the disintegration of the League of Nations, this fundamental international tool of the Allies which — the irony of it! — receives the greatest praise from its Social Democratic admirers.

Economic lines and the law of economic development ultimately cut a path for themselves through all obstacles and received some kind of outward political expression. It is not for nothing that politics are defined as concentrated economics. The Versailles Peace with all its political consequences could only be maintained on the basis of the extreme subjection of German national economy. In so far as decisive changes are taking place in this field, in so far as the main force of the allies — Great Britain despite her victory in the world war is economically sliding down an inclined plane, the very foundations of the Versailles Peace are inevitably bound to be undermined. We will endeavour to sketch here the main stages of those international political changes which have resulted from the changes in the economic sphere.

The triumph of the Versailles Peace reached its zenith with the occupation of the Ruhr by French troops. America, the most powerful capitalist State in the world, stood aside from European politics which were literally in a state of chaos. America hesitated to fertilise European economy with the golden rain of her credits, fearing to tie up her capital in countries whose very capitalist character was very much in question. In Europe political hegemony was in the hands of victorious French imperialism, drunk with success and armed to the teeth. Germany had been scuttled both economically and politically. Great Britain could not render sufficient resistance to French policy, although she by no means desired the complete destruction of Germany, which could constitute a certain counter-balance to her excessive growth of influence of French imperialism.

Now let us examine the next phase of development. France proved to be incapable of "digesting" her Ruhr successes and occupation exploits. Then American aid to a certain extent British capital began to intervene. The intervention of America undoubtedly played a big role in the entire subsequent movement. The so-called Dawes Plan was devised and applied, which on the one hand signified the economic and political intervention of America in the destinies of capitalist Europe and on the other hand, helps to start the ascendancy of German national economy, fertilised by American credits. France, as the most determined antagonist of Germany, inevitably is relegated to the background in such a state of affairs. Great Britain, "collaborating" with America, once more gets the upper hand in the concert of Europe. That is how the ground was prepared for a new stage of relations which found its international political expression in the Locarno deals.

Locarno put these plans into force. American capital carrying out the Dawes Plan, began energetically to operate in Europe with the support and "aid" of British capital. At the instigation of Great Britain, behind whose back stands America, the League of Nations commences to flirt with Germany, promising her that she will be taken into the League of Nations in exchange for an open renunciation of the so-called Eastern orientation, which was characteristic of German politics of the epoch of greatest economic and political subjection of Germany. "The spirit of Locarno" is thus a manifestation of the most powerful regrouping of forces on the basis of a changed political situation in the centre of western Europe.

The next stage is Geneva. American capital does not allow Great Britain to enjoy the fruits of her victory. Germany is unanimously accepted into the League of Nations, she is promised a seat on the League Council. France, which on the one hand is confronted with the fact of Germany's economic rise, and on the

other hand the growing antagonisms between herself and Great Britain, begins to swing round towards a "milder" policy towards Germany. The "spirit of Locarno" in so far as it means Germany's turn from an Eastern orientation to a Western, is thus still more clearly expressed.

The next stage is the conference of Thoiry. British capitalism, with unusual clearness reveals its weaker sides. The social conflict in Great Britain is economically undermining her, bringing about a still greater ascendancy of European coal producing States, is literally saving Poland from economic bankruptcy, rapidly pushing forward Germany, forcing the output of coal and ensuring the British market for this output. France makes a sharp turn towards rapprochement with Germany. At the Seventh Session of the League of Nations she utilises the enfeeblement of Great Britain to get a majority both at the meeting of the League and in the Council by bribing a number of small States with her "peaceful" policy towards Germany. Whereas Locarno signified a swing round towards bringing Germany into the League of Nations in general, which was done with the consent of all and on the initiative of Great Britain, now it is already a question of a real **approchement** between France and Germany. Economically this finds its expression in the formation of a **powerful continental steel trust**, where Germany plays first fiddle and the principal nucleus of which is represented by the Franco-German bloc. Objectively the Franco-German agreement as well as the steel trust cannot but signify attempts at liberation from the heavy hand of American capitalism, despite the fact that American capital itself is "participating" in this deal. The agreement at Thoiry from the viewpoint of all these machinations is of outstanding interest. Here all the most important problems concerning France and Germany were brought up for discussion. The substance of the deal amounts to the following. France undertakes gradually to reduce the occupation troops on the left bank of the Rhine and conceal the rest, thus giving the occupation an "invisible character". Secondly, France during 1927 evacuates the second and third Rhineland zones; thirdly, France at the commencement of 1927 returns the Saar Basin to Germany without the plebiscite, stipulated by the Versailles Treaty; fourthly, France modifies the method of military control over Germany, etc. Germany, on her part gives France 250 million gold marks in cash in redemption for the coal mines of the Saar-Basin and places at France's disposal Dawes German railway bonds to the amount of approximately one and a half billion gold marks. With the aid of these compensations, the French government thought it could adjust its currency and having definitely stabilised the currency, could at the same time stabilise the entire economy of the republic. This agreement however is evidently being undermined by the intervention of American capital. The American bankers and American government consider the preliminary regulation of the question of international debts to be necessary, knowing very well that the financial plan drawn up at Thoiry, particularly as far as the mobilisation of railway bonds is concerned, cannot be settled without "the aid" of American capital. This intervention of America makes the realisation of the plan outlined at Thoiry impossible. Nevertheless, the rapprochement between France and Germany (both economic and political) remains a most important factor of present day international relations. Partly as a counter-balance to the Franco-German rapprochement arose the rapprochement between **Great Britain and Italy** where capitalism on the whole (we say on the whole because Italy has evidently already entered a stage of very serious economic and internal-political crisis) has achieved a number of very important economic successes (electrification of the country, boom in a number of important branches of industry) and is coming out now as the most aggressive State on the continent of Europe. Antagonisms have become greatly accentuated between Italy and France in the Mediterranean and North Africa to such an extent that there has even been talk of a military conflict between the countries. However, at the present stage of development this is quite a pronounced exaggeration. Here it is necessary to mention another point of contact between Great Britain and Italy; namely, in connection with the probable attempts of the Italian government to **join the united front against the Soviet Union**. On the other hand, the changed orientation of Poland also stands in relation with the general regrouping among the most important imperialist powers. Poland, which at first was a vassal of French imperialism at the time when it was most aggressive has been drawn into the orbit of influence of Great Britain which actively aided the Pilsudski coup d'etat. At the present time it would appear that

Poland is again beginning to swing round towards France. Thus, at the Eastern end of Western Europe changes are also taking place, reflecting regroupings among the political commanding heights of European capitalism.

Despite all the regroupings of the various imperialist countries and the small states depending on them, the main tendency of development is the tendency directed against the U. S. S. R. Germany's new orientation on the West, which has become more and more marked since the Locarno agreement, fundamentally speaking is bound to signify, along with Germany's inclusion in the system of imperialist States, an orientation also directed against the Soviet Union. It stands to reason that Germany in search of foreign markets cannot renounce the market of the U. S. S. R. and consequently will have to strengthen her connections with this market and probably in increasing dimensions. But on the other hand there is absolutely no doubt that with the inclusion of Germany in the League of Nations, her bloc with France and the consolidation of the economic basis and cohesion of German monopolistic capitalism, the elements of hostility towards the Soviet Union will grow fairly rapidly in Germany. The latest attacks in the "Tägliche Rundschau" more or less reflect the governmental viewpoint, reflecting the increase of hostility towards the Soviet Union. Italy, which of late has been striving with all its might to conduct a big policy of an aggressive imperialist type, in exactly the same way is beginning to "come into line" with the anti-Soviet bloc. The increased activity of Italian policy in the East, its coming into contact with Turkish problems, the penetration of Italian influence as far as China, the claims of Italian imperialism even in that part of the globe, so distant from Italy — all these factors taken together with the Italo-British rapprochement give a fairly clear picture of the state of affairs. Poland, especially after the Pilsudski coup d'état, has almost openly brandished her weapons against the U. S. S. R., in places concentrating her military forces against Lithuania which is on friendly relations with the Soviet Union. A number of agreements and military conventions concluded by Poland (Polish-Roumanian treaty, Yugo-Slav-Polish, Czecho-Slovak-Polish, etc) as well as Poland's policy towards the Balkan States represent an attempt at the encirclement of the Soviet Union "from sea to sea". Together with this, note should also be made of the Franco-Roumanian and Italo-Roumanian agreements, which in exactly the same way are of an anti-Soviet nature. The principal instigators in this policy are the British imperialists, because enfeebled England is particularly menaced by the awakening of the colonial peoples, who see in the Soviet Union a moral support. British policy in the Baltic, in Poland, in Roumania, in Persia, in Afghanistan in China etc., is directed against the Soviet Union in the most direct manner. As result, despite the antagonisms among the imperialist States, despite the regroupings, despite agreements directed against one another, the anti-Soviet tendency is fairly clear. One may say approximately the same thing concerning the home of the great Eastern revolution, China. Here the British government has more than once endeavoured to substitute diplomatic talk by the talk of cannons. If this has not been fully realised, up till now, even in the customary form of intervention in China (and this could hardly be realised at the present stage of development) it is due to the relative weakness of the imperialist States themselves. The British miner's strike has played a considerable role here. On the other hand, the task is so technically difficult, and the antagonism of interests are so great (one need only take the American-Japanese antagonisms) that attempts at other means will be made, and symptoms of the same have already become apparent. These are the attempts to conquer China by means of bribing the Chinese bourgeoisie, splitting the united national-revolutionary front and "peacefully" subjecting China to foreign imperialism. Naturally, this by no means excludes further attempts to renew military intervention in Chinese affairs when appropriate conditions exist. Thus the problem of the encirclement of the Soviet Union and the encirclement of the Chinese revolution is the main problem confronting the imperialist powers.

Naturally, this general tendency as well as the conclusion of the agreements about which we have spoken above, does not in the least modify the antagonisms among the imperialist States. The antagonisms between the U. S. A. and Japan, between Great Britain and France, between France and Italy, even between France and Germany (despite the rapprochement) the antagonisms between Great Britain and the United States, between the whole of Europe and the United States, etc., etc., all these factors

remain. In places, these antagonisms become temporarily smoothed over while simultaneously they are accentuated at other points. An adequate illustration and expression of the extremely contradictory nature of the entire development is the fact that the League of Nations, upon which such great hopes have been placed, the League of Nations which to many represented a starting point for the strong unification of Europe and the transition of the entire economic-political order of things into a certain, different in principle — phase of development — this League of Nations is now in a state of disintegration. It is just this which explains the growth of militarism, the abnormal qualitative reequipment of all technique, the gigantic successes of military inventions — in other words everything that is a weapon for the preparation for wars. The development of this side of, activity of so-called "cultured humanity" the pseudonym under which reactionary cliques operate, is quite convincingly illustrated by the following facts and figures:

The military budgets continue to grow, exceeding by far pre-war dimensions. Whilst in 1913 the military budgets of France, Italy, Great Britain and the United States of America combined amounted to 993,000,000 dollars, in 1923 they had reached 1,743,000,000 dollars and by 1926 — 1,768,000,000. At present the numerical strength of the armies is considerably greater than before the war or in 1923. In 1913 the territorial forces of the above-mentioned four powers were 1,613,000 strong, in 1923 — 1,681,000 and in 1926 — 1,821,000. These powers also increased their military air fleets enormously: whilst in 1913 they consisted of 150 aeroplanes, the number went up to 2,400 in 1923 and 3,550 in 1925. It is very important to note that not only has the number of military aeroplanes increased, but their quality has also very much improved as a result of the development of technique. Between 1918 and 1926, the average carrying capacity of bomb-throwing aeroplanes in the airfleet increased from 160 kilo to 400 kilo. The maximum rapidity of aero-machine guns from 1000 shots a minute to 1600, the maximum weight of a fuse bomb from 1000 kilos to 2000 and the percentage of hits from 14%—15% to 50%—60%. To sum up, for instance, if in 1918 470 German aeroplanes were able to throw on Paris 22,000 kilograms of bombs, in 1926 the same number of aeroplanes could throw 144,000 kilograms of bombs, and further, owing to the increased percentage of hits the destructive force of the bombs would have on an average increased twenty-fold.

Owing to the development of military-naval technique, the fighting capacity of war ships of all types has also increased. The displacement of cruisers, between 1913 and 1926 has almost doubled — from 5,5 thousand tons to 10 thousand, that of torpedo boats — from 0,98 thousand tons to 2,4 thousand tons, that of submarines from 0,82 thousand tons to 2,52 thousand tons, etc.

Finally, it should be also pointed out that considerable success has been achieved with respect to preparations for chemical warfare.

All this shows that the coming war will cause a great deal more destruction and will disorganise the economic and social system much more than the war of 1914—1918. For it would seem that the peace years are not wasted by the imperialists. For the benefit of pacifist simpletons or hypocrites they hold conversations about disarmament in every shape and form, but at the same time they do their utmost to further their aspirations and their plans by corresponding "cannon arguments". The main deductions from our analysis are: the extreme instability of economic relations corresponds with the extreme instability of political groupings. While in the sphere of economic relations the regular economic curve of the pre-war period has given place to the capricious jerky economic curve of the present epoch, the relative durability of international agreements of the pre-war period has given place to rapid regroupings of forces, when allies become enemies and enemies allies, and this astounding leapfrog is performed with truly acrobatic rapidity. Economics breed corresponding politics. In their turn politics react in the same spirit on economics. Both express the total instability and relativity of capitalist stabilisation. Both express the general crisis of the world capitalist organism.

All this justifies us in saying that we are heading not for "ultra-Imperialism", but for Proletarian Revolution.

#### IV. REGROUPINGS OF CLASS FORCES AND FUNDAMENTAL LINES OF HOME POLITICS.

Whilst the attempts at stabilisation of the international bourgeoisie in the sphere of foreign politics rest on a search for markets, in their own countries the bourgeoisie is endeavouring to get out of their difficulties by reducing the share of the working class in the national revenue, and by appropriating part of the revenue of the toiling masses in general. The forms of this pressure are peculiar in the extreme. The political pressure on the working class with the help of the entire state apparatus, the struggle of the bourgeoisie on the economic front, the attack on wages, the consistent struggle for a longer working day, increasing the burden of taxation on the masses, the policy of prices which, so to speak, helps the bourgeoisie from the other end to increase the degree of exploitation and a whole series of other measures which have been given the general title of "scientific management", — all these peculiar forms of attack on the toiling masses serve one and the same fundamental aim. Here too, politics are combined with economics and the very problem of capitalist stabilisation (stabilisation of economy on the other hand) are becoming questions of the class struggle. This capitalist offensive against the working class on a wide front includes also the adoption by the bourgeoisie of definite strategical features which concern, if one may say so, internal working class policy. We mean by this the intention of the bourgeoisie to rely on a comparatively insignificant section of the workers, to single out this section and, guarantee it comparatively bearable conditions of life whilst at the same time to "squeeze" the mass of the working class and keep in subjection the enormous numbers of unemployed, who represent at present a serious menace to the entire process of capitalist stabilisation. From the view point of economics, the stabilisation efforts of the bourgeoisie, as we have already seen, meet with the greatest obstacles within the country in the shape of the extreme weakness of the home market, accompanied, by the difficulties encountered in the search for foreign markets. From the viewpoint of the class struggle, the stabilisation efforts of the bourgeoisie are limited by the degree of resistance offered to the capitalist offensive by the working class, and at times by sections of the lower middle class which follow the lead of the former.

In spite of the diverse forms which these stabilisation efforts take one can observe a certain regularity in the general trend of the struggle. The problem of markets is, as we have seen, a general problem resulting from the general critical condition of the world capitalist organism. The stabilisation birth pangs of the various "national" bourgeoisies are therefore also a general phenomenon applicable to a whole series of countries. The problem of markets is also a general problem. And for this reason the capitalist offensive against the working class is also developing along the whole front. Wherever the post-war crisis found the bourgeoisie in a position when its State apparatus was extremely unstable and the class correlations of forces was more or less a menace to it, the bourgeoisie made it its foremost task to smash the labour movement. A classical example of such a country is the country which has suffered most from the imperialist war — Germany. In Germany, the starting point of the stabilisation of capitalism, of the consolidation of its economy and its State apparatus was the defeat of the proletariat in the autumn of 1923. This defeat was preceded by other serious defeats of the German workers but the greatest blow was dealt to the working class of Germany in the autumn of 1923 when the then "directly revolutionary situation" was liquidated and the bourgeoisie succeeded for a comparatively long period to put the working class "in irons". The political consolidation of the German bourgeoisie and a certain stabilisation of the German State are therefore the initial forms of a new cycle of the development of Germany. On the other hand, as a result of defeat in the imperialist war, deprived of a number of its economic possibilities (annexation of her coal districts by France and Poland, loss of colonies, loss of the mercantile fleet, reparation payments, etc.) and with its home market shrunk to the utmost, — Germany, whose position on the international arena was precarious in the extreme, had to make maximum efforts to reconquer — to use the glorious old imperial adage — "its place in the sun". This explains why the German bourgeoisie was obliged energetically and consistently to introduce "scientific management" and exert pressure on the working class. The serious defeat of the working class impaired its power of resistance, and offered an opportunity for carrying out this policy. The main facts of the internal political life of the country can be summed up thus:

consolidation of the leading bourgeois groups on the basis of the bloc formed between the capitalist bourgeoisie and the extreme conservative groupings, who in view of the general change which has taken place in the position of Germany, swore allegiance to the republican regime (see Zilberberg's famous speech at the Nationalist Congress in Cologne). The economic basis of the consolidation of the bourgeois groups is the remarkable rapid growth of employers' organisations (trustification of industry). Thus the ruling classes have strengthened their positions economically and politically. On the other hand, the working class with its past heavy defeats and divided into employed and a three million strong army of unemployed (including the families, the unemployment figure reaches 10 million), are not able to resist by action. Up till now its reply consists in the so-called "swing to the Left" which can become the starting point for the real mobilisation of forces against the capitalist offensive. The Hamburg strike was merely the first skirmish of the battles which are yet in store for the working class in the future.

In Great Britain the attempt to attack wages and working hours met with powerful resistance on the part of the mass of the proletariat. The British bourgeoisie wants to compel its working class to go through, in a comparatively short period, the process which in Germany was spread over a number of years. The British proletariat, which has not experienced such an attack for decades and whose standard of living has been uninterruptedly rising replied to the capitalist attack by the general strike and the coal strike. From this viewpoint, the coal strike is of enormous importance in principle. Great Britain's position on the world market will in all probability become weaker and weaker. This further decline of the British national economy is inevitable regardless of any partial successes, no matter how great and will be the cause of a growing acuteness of the class struggle in this country. The danger which comes from the workers and from the unemployed, whose number is bound to increase, is so great that the British bourgeoisie is considering the possibility of a mass evacuation of workers to India and Australia. A polarisation of class forces is going on in connection with the great acuteness of the conflict. The Liberal Party is in a state of disintegration and large numbers of Liberals go over to the Conservatives in whose midst the so-called "diehards" predominate. At the other pole, the influence of the Minority Movement and of the Communist Party is growing. Thus Great Britain from being the most conservative country in the world and the bulwark of the capitalist regime in Europe, is developing into a country which, at least from the viewpoint of an estimate of the present state of affairs, is progressing more rapidly than any other country towards a "directly revolutionary situation". Here, the probability of any kind of stabilisation of capitalism becomes extremely questionable.

We see the same trend of stabilisation efforts in France, only in other forms. In France the class that suffered during the inflation period was the petty bourgeoisie, whilst among the working class there was no unemployment, i. e., that characteristic phenomenon which weighs down the economic organism of other countries. The vulnerable point of the French economy and consequently also of French politics was the fall of the franc, the disturbance of the money market in the country and the perilous position of the State finances. The stabilisation efforts of the bourgeoisie as a class had to follow the line of the stabilisation of the franc and the regulation of the circulation of money and of the finances of the State. This problem assumed a very acute form only recently. Various political Government combinations, which reflected the pressure of petty bourgeois circles were unable to solve the financial problem around which were formed a whole tangle of other contradictions. The political pre-requisite for a more or less energetic policy was the destruction of the "Left bloc" and Poincaré's advent to power. The outposts in this affair were the committee of financiers consisting of representatives of the Crédit Lyonnais, Société Générale du Comptoir d'Escompt, Comité des Forges and Union Parisienne under the chairmanship of the President of the latter bank.

The big bourgeoisie succeeded in compelling the "Left bloc" to capitulate and Poincaré became the master of the destiny of the republic. The working class failed to understand fully the importance of this change and was unable to mobilise its own forces or to take the lead of the petty bourgeoisie. The Poincaré Government, which rests on the big bourgeoisie, more energetically than its predecessors, conducted a "firm" policy of stabilisation. The employers on their part began to talk about the need

to make "sacrifices", about wages being too high and the working day too short. The year 1926 has been remarkable for the number of lockouts and strikes that have taken place. The organ of the "Comité des Forges" is already demanding reduction of "staffs". Unemployment is beginning to make its appearance. The deflation policy of the Government will be inevitably accompanied by efforts at scientific management as in other countries. Collisions between the working class and the bourgeoisie lie ahead.

Italy began its stabilisation career in the broadest sense of the word by Mussolini's Fascist coup d'état. The chaotic condition of Italian economy and the social chaos resulting from the fact that the working class, loyal to the Socialist Party, and not daring at the acutest moment of the crisis to carry its revolutionary action to a victorious conclusion, served as a basis to the peculiar form of the political consolidation of the bourgeoisie. Fascism utilised the dissatisfaction of a section of the peasantry, the petty bourgeoisie and some backward sections of workers to hitch them to the cart of bourgeois politics. Having consolidated State power in this peculiar form of Fascist dictatorship, Mussolini was all the time for rapprochement with the circles of the big bourgeoisie. As a result of this, a number of laws were repealed including that of the 8-hour day. This stabilisation policy which has become particularly acute of late, led to the crisis in the Fascist Party itself, to the growth of internal differences in the country, to the growth of dissatisfaction in the ranks of the working class and of the petty urban and rural bourgeoisie. All this the Mussolini Government is endeavouring to paralyse by the application of unheard of methods of terrorism.

The stabilisation policy of the bourgeoisie and some of the successes of this policy are reflected in the general fact that the bourgeoisie, which to save and consolidate its regime was obliged from time to time to place into power its loyal servant — Social Democracy, is now of the opinion that "the Moor has done his work, the Moor can go". With respect to this the following resume of fundamental facts is of considerable interest: October 1923 — exit of the Social Democrats from the German Reich Government; beginning of 1924 — exit of the Bulgarian Social Democrats from the Zankov Government; November 1924 — fall of the MacDonald Government; the Cabinets formed during 1923—24 with the participation of the Social Democrats have almost all disappeared; April 1926 — exit of the Polish Socialist Party from the Government of the National Polish Coalition; March 1926 — exit of the Social Democrats from the Czech Government; July 1926 — fall of the Social Democratic Swedish Government; in the same month, July 1926 — collapse of the "Left bloc" in France. Thus the expulsion of the Social Democrats from bourgeois governments is no doubt an important political fact. The reason for this is a certain consolidation of the big bourgeoisie, i. e., a certain stabilisation of its State apparatus.

Of course, the growing acuteness of the class struggle and the absolutely inevitable difficulties of the capitalist governments may again lead to coalition Cabinets with the participation of Social Democratic Parties, which far from carrying on a struggle against the pressure on the working class, are actually supporting the stabilisation of capitalism. The latter can be brought to a stop only if there is real resistance on the part of the working class under the leadership of the Parties of the Communist International.

## V. METHODS OF CAPITALIST SCIENTIFIC MANAGEMENT.

The capitalist policy of scientific management is at first expressed in direct pressure on the working class, increase of working hours, lowering of wages, raising taxes and a corresponding price policy.

There is already legislative increase of working hours in a number of countries. In Italy a 9-hour day has been introduced instead of the 8-hour day, and eight hours for miners instead of seven hours in England. There is also an attack, and quite successful at that, on the working day in Germany and in other countries. But even the existence of legislative restrictions of working hours to a great extent in no way hinders the lengthening of the actual working day. The following show the dimensions of the actual working day in a number of countries<sup>24)</sup>:

1. Spain . . . . .	8—10 hours
2. Italy . . . . .	9—12 "
3. Poland . . . . .	8—11 "
4. Hungary . . . . .	9—12 "
5. Finland . . . . .	9—10 "
6. Bulgaria . . . . .	9—15 "
7. Yugo-Slavia . . . . .	9—11 "
8. Roumania . . . . .	9—12 "
9. Latvia . . . . .	9—15 "
10. Esthonia . . . . .	9—12 "

An illustration of how the capitalists of one of the countries, "classically" expressing the stabilisation attempts of modern capitalism, regard working class intentions of obtaining State defence against the capitalist offensive may be found in the recent declaration of the German employers ("Frankfurter Zeitung", November 2, 1926) directed against the eight-hour day and the trade unions. "On this matter", states this declaration, "we declare that such interference in the productive basis of German national economy (allusion is made to the demands of the trade unions for guarantee above all of the 8-hour day) amount, in an economic respect, to a decrease of production, and thereby to an increase in prices with all the fatal consequences of this phenomenon both at home and abroad".

"The present situation is too serious", in the opinion of the German employer "to subject our production to such severe upheavals as those which in our firm opinion will result from the legislative measures that the trade unions insist on". Simultaneously with the attack on the 8-hour working day, the capitalists also lower wages.

The fall in wages during the past year 1925—26 is primarily to be observed in the countries with falling currency — France, Italy and Belgium. As has always been the case, this time also the revival of the industrial situation, which took place in these countries owing to the fall of currency, is mainly based on the fall of real wages. We have the same position in Poland. Here for example, are figures of the necessary monthly living minimum for a workers' family and real wages in Italy and Poland:

Living Minimum . . . . .	350—500 zloty	900—1000 lire
Wages . . . . .	200—300 zloty	200—700 lire

The same picture of sharp discrepancy between wages and the living minimum is to be observed also in Hungary and Yugoslavia, which, together with Italy and Poland, may be classed in the group of "Fascist countries".

If we take the data on wages in Germany, though we may find a certain increase in 1925, nevertheless, of late, primarily in connection with the system of scientific management, a distinct tendency towards lowering wages is noticeable. "Wirtschafts-Courier" No. 11, in reviewing wage movements for the second quarter of 1926, is compelled to admit that "the wage rates reveal a tendency to decrease". If account be taken of the tremendous unemployment which has become chronic in Germany, the real income of the German worker at the end of 1925—26 comprises only 79% of the pre-war<sup>25)</sup>.

The rise of prices on the most important commodities, due to the policy of trustification and the great increase in the intensification of labour of the German worker as part of the system of reorganising German economy, also have tremendous significance in the decrease of the real and relative dimension of the wage of the German worker. Whereas, for instance, the productivity of labour per worker in the German mining industry increased by 17% since 1913, real wages have fallen by not less than 10% during the same period.

The general tendency towards decrease in the share of the working class in the national income has not even missed that country of "flourishing" capitalism — the U. S. A. The proportional growth of wages does not correspond with the tremendous increase of labour productivity of the workers attained by American industry. We find a special discrepancy in the movement of wages and labour productivity in the most highly mechanised branches of industry, which have undergone fundamental changes of productive methods during the post-war period. (For example, chemical industry). According to the data of the American Department of Commerce and similar information of the Federal Reserve Board (see Federal Reserve Bulletin, February 1926), the average productivity per American worker

<sup>24)</sup> Figures compiled by Institut für Auslandsforschung.

<sup>25)</sup> Statistics of World Economics Department, Gosplan.

increased by 30% from 1919 to 1926, while wages (nominal) only increased by 11%.

Further steps towards capitalist scientific management are the reorganisation of labour and the so-called "Fordisation" of the productive process. A special enquiry conducted by the American journal "Industrial Management" concerning the reasons for the success of the American automobile industry, enumerates the following seven causes: 1. Standardisation and mass production, 2. automatization and mechanisation of internal factory transport (above all the conveyor system), 3. automatization of machinery, 4. organisation of supervision, 5. increased intensity of labour, 6. special sales methods and 7. the absence of industrial secrets. Certain specialists consider that of all these seven reasons, the front place is occupied by the conveyor system, which naturally leads to a growth of the intensity and productivity of labour. The standardisation and normalisation of production undoubtedly also play a most important role. In this field, quite exceptional successes have been obtained of late.

The above mentioned combined methods caused tremendous economy and raised the productivity of the enterprises to a high degree.

The next method of scientific management is the concentration of industrial enterprises which has assumed quite exceptional dimensions during the last few years. Combines and amalgamations of a purely commercial type, which arose during the time of the war and the most striking example of which is the famous Stinnes concern, have been destroyed to a considerable extent by subsequent evolution, but their place has been filled by tremendous combines of an industrial nature, mainly in the most "consistent" productive form, namely, in the form of Trusts; meanwhile the process of trustification proceeds along special lines: both by the formation of vertical and by the formation of horizontal organisations.

Finally, reference should be made to a number of important technical innovations, which, to a considerable extent, have qualitatively modified the technical basis of the process of production. The rapid increase of the application of electrical energy with a tendency towards construction of tremendous central stations, the transition from hydro-stations to thermic stations with the utilisation of coal waste products, the increased power of turbines and tension of current, methods to produce liquid fuel, new methods of treating metals, the preparation of artificial silk and various salts by chemical means, experiments in the production of artificial cotton, the extraction of benzene from coal, the wide application of Diesel-engines in water transport, the wide application of automobile transport, etc. etc. — all these factors qualitatively change the technical basis of the productive process.

The main centres of the process of reorganisation are America and Germany. In the United States, as we have already seen, the bourgeoisie has attained most important successes in the standardisation of the methods of production. In exactly the same way the conveyor system is triumphant there. In the metal industry, in the chemical, glass, sugar, provisions, tobacco and coal industries, in grain elevators in commerce, etc., everywhere the conveyor occupies the place of honour, producing fundamental reorganisation of the entire productive process and also to a large extent of the process of circulation (so-called "endless belts"). We also see a tremendous growth of Trusts in the U. S. A. during the last few years. Besides the continual inauguration of less powerful combines (these "less powerful" organisations have capital ranging from 50—100 million dollars) the giants of modern American industry and banks are also rapidly increasing their capital.

The imaginary struggle which the American Government wages against the monopolistic concerns, sometimes for electoral ends, in no way hinders the actual and uninterrupted growth of the process of trustification. For example, according to the "New York Times" and the "Christian Science Monitor", plans for the creation of a billion and a half Nickel Plate railway syndicate and also a plan for the fusion of 100 railway lines from 10 to 12 large enterprises with a capital of more than one billion dollars, are being prepared for realisation in the near future. Of the existing largest monopolistic concerns in the United States, mention may be made of the National City Bank with a capital of more than one billion dollars, Chase National Bank with the same capital, Standard Oil Company of New York, with a capital of 660 million dollars, the "Loree" railway trust with a capital of 600 million dollars, the Ward bread trust with a capital of 400 million dollars, etc. (Statistics from "N. Y. Times", "Daily Worker", "Locomotive Engineers Journal", etc.).

The latest trustification of industry in Germany is positively astonishing. As an example of German trustification let us take the United Steel Trust, about which the "Wirtschaftsdienst" writes that it is "a monumental structure which is a symbolic expression of German reorganisation". It has an initial capital of 800 million imperial marks. Consequently, here we have the largest trust in Europe which includes a number of mixed branches of industry. Coupled with this, there is the Dye Trust (J. G. Farbenindustrie) with a capital of 1,100 million marks.

In order to get an idea of the kind of horizontal-vertical trust represented by these two concerns, it is enough to read the simple enumeration of the forms of production in the Dye Trust. Here we find: production of dyes, pharmaceutical products, manufacture of films, production of artificial silk, of electrical material, gases, extraction of nitrates and production of manures, liquification of coal, etc. The Dye Trust also has its own quarries, coal enterprises, its own production of steel, etc.

The application of the conveyor system, this most important productive technical transformation as also of other measures of "an American model" in Germany also plays a most important role.

For an illustration of the economic significance of all the above-mentioned transformations in modern capitalism, we will cite the following statistics:

The productive indices in the American automobile industry are:

1914	100
1920	133
1921	214
1922	264
1923	295
1925	310

For the American iron and steel industry the corresponding index for 1925 was 150, footwear 117, paper 134, spinning 109.7, weaving 124 (see "Labour Monthly Review", July and September 1926).

In the German Potash industry from 1924—25 out of 224 mines, 118 were closed down with a reduction of workers, from 23,000 to 9.5 thousand and with a simultaneous growth of the productivity of the mines from 842,000 to 1,225,000 tons. In the Mining industry from 1913 to May 1926, the productivity of the worker increased by more than 17%, whilst about 200,000 workers had been squeezed out of the productive process during the last few years. In the production of iron there was a 48.3% increase in the daily output of the worker from August 1925 to August 1926.

Another fact that is characteristic of the present German economic rise is that German industrial organisation has been the initiator and chief guiding force in the organisation of international combines. German organisations are the chief forces for instance, in the recently concluded Steel cartel.

The tendency towards international trustification has become very strongly manifested, of late. After the conclusion of the war, after the long period of post-war chaos new economic groupings were created, forming new inter-State and economic connections. The formation of the Continental Steel Trust which caused such a stir is well-known. There is also a Franco-German Potash Syndicate while an international rail and wire cartel was recently formed. There is news of the formation of an International Copper Syndicate (Copper Exporters Incorporated) uniting 92% of the world copper production. Preparations are being made for the formation of a powerful Central European Electrical Trust, International Financial Trust, etc.

It is interesting to note that this wave of international trustification is also beginning to reach Great Britain, which is greatly behind Germany and other countries as regards the technical and organisational structure of industry. At the present time for example, preparations are being made in England for the formation of a big chemical trust on the lines of the chemical concerns in Germany and America. The proposed dimensions of the capital for this trust are said to be no less than the capital of the German chemical trust. Various amalgamations in coal production enterprises in Great Britain have also taken place. It is interesting to note that the representatives of one of these coal concerns, Major Leslie, openly said that "It is necessary to follow the German example".

<sup>26</sup> See "Frankfurter Zeitung" of October 30th and November 2, 1926.



All the facts cited above are an indisputable proof of the big successes already attained through capitalist scientific management. These successes must be recognised. It would be a great mistake not to do so. But we cannot in the slightest way modify the basic analysis of the present stage of capitalist stabilisation and the substance of the crisis undergone by capitalism which we have already set forth. Not a single one of the contradictions, difficulties, or disproportions of present-day capitalism has been removed by scientific management now taking place. And what is more, the central problem for post-war capitalism — the problem of markets — remains unsolved.

The main difficulty in carrying out capitalist scientific management for European countries is the contradiction between the necessity for mass production, which is connected with the technical process and Fordisation of this production, and the weakness of the internal markets which is increased still more by the pressure on the working class. Standardisation and normalisation of production directly presuppose its mass character. This mass character correspondingly pre-supposes the volume of the market. Meanwhile, as we have already seen, this is the problem most difficult to solve. Under such conditions scientific management itself acquires a profoundly contradictory nature. In order to become directly adapted to the given market, production has to be reduced; in order to reduce the share of the working class in the total national income, this domestic market has to be reduced still more, while on the other hand, a number of measures (standardisation, normalisation, introduction of new machinery, etc.) can only be made to pay and consequently be economically scientific, if mass production can be realised.

Even bourgeois economists feel that trustification and the reduction of output does not yet provide an issue for the crisis. "The restriction of production" writes one of them, Bonn, "undertaken by the trustified enterprises in accordance with the established percentage, amounts to rate-fixing, but not to the rationalisation of the crises". This leads to the utilisation of the productivity of enterprises only to half their capacity and to the increased cost of production even in well-organised factories. The crisis thereby acquires an absurd character... Thus the trusts capitalise the losses of the unprofitable enterprises, loading this burden on themselves and on national economy<sup>27)</sup>.

The great difficulty which capitalist scientific management is unable to overcome consists in the policy of high prices which the cartel concerns are obliged to conduct. But such a policy, narrows down the already restricted home market. Nor is that all. It shifts the weight of the crisis on the shoulders of other branches of industry, opposed to the Trust, as also on to the shoulders of the consumer. Herr Bonn whom we have already cited, ironically calls such scientific management "scientific management inside out". But the great pity of it is that in capitalist economy there cannot be any other scientific management. Particularly difficult is the position of Germany, where the impoverishment of the masses is especially great, where, consequently, the domestic market is particularly limited, where the solution of the problem of domestic markets is extremely complicated, and where in addition to everything else, it will be necessary in the near future to earmark increased sums for reparations payments. If in 1925—26 it was necessary to pay 1,220,000,000 marks in 1926—27 it will be necessary to pay 1.5 billion, in 1927—28 1.75 billion, in 1928—29 — 2.5 billion. Hitherto, the covering of reparations payments has been made exclusively by means of American credits, and not by any means at the expense of values produced in the country. The president of the Reichsbank, Schacht, in a speech against a further influx of foreign credits at a meeting of the Enquettenausschusses which produced a great sensation in the press, was compelled to admit with striking frankness: "Private foreign banks and bankers are heaping money on to us, but the foreign governments through M. Gilbert take it away from us. The care for the remainder — the receipt of the established interest by the private owners of the capital — we leave to providence." The payment of ever-increasing sums for reparations in conjunction with the extreme restriction of the home market and extremely difficult position of Germany on the world market might lead, and in all probability will lead to an extreme accentuation of the contradiction between the productive capacity of the German productive apparatus and the effective demands on the part of the home market, and consequently to a corresponding accentuation of the class struggle.

There cannot be any question of the removal or modification of the struggle between capitalist or State-capitalist organisations as a result of international trustification. The form of struggle might temporarily change, from an open to a covert form. But the struggle, the fierce struggle would be continued. This for example, is excellently understood by Buchman, the assistant manager of the union of German railway and steel industrialists, when he says that the struggle for factories in the European Steel Trust is inevitable. "In every productive and contingent cartel the fixing of output is the main point in the agreement as a result of a compromise proceeded by a struggle for the share in the total output" ("Wirtschaftsdiens", October 22, 1926). Germany for instance received a smaller quota than France and Belgium. Already in August German production outstripped the quota fixed for her and consequently, will have to pay a supplementary sum into the trust funds. With what unkindness, to put it mildly, did Great Britain, for example, encounter the formation of the steel cartel! All this goes to prove the complete shakiness of the illusions of a world combine of capitalists of all countries on the basis of trustification.

Finally, the tremendous difficulty which capitalist scientific management encounters (and this ought to be revealed in the near future) is the inevitable resistance of the working class. The organisational and technical scientific management of capitalism of our days differs from such processes in the past in that it is accompanied by a chronic increase in the permanent colossal army of unemployed, a tremendous attack on the fundamental material conquests of the working class which they obtained under the capitalist system already before the war. Simultaneously the process of trustification of production leads to an ever-greater consolidation of the class power of the bourgeoisie, and consequently, also to the growing resistance of the workers. Lansburgh, the well-known editor of the German journal "Die Bank", sees a growing menace in this direction when he says: "... We are now powerless, although we understand that the negative sides of scientific management lead to social cannibalism and beget the monstrous danger of the advent of the twilight of culture..." ("Die Bank", May-June 1926).

We should refer here to the differences which exist between scientific management in capitalist States and scientific management in the U. S. S. R. It should be clear to every Communist that in the U. S. S. R. scientific management is undertaken in the interests of the working class as a whole for the construction of Socialism as a whole and not for the strengthening of capitalism. In this lies the tremendous radical difference between the two forms of "scientific management". However, not only from the standpoint of the class entity, but also from other points of view, there is a profound difference between the scientific management of industry in capitalist countries and the scientific management of industry in the U. S. S. R. In the U. S. S. R., the main stimulus for scientific management is to meet the demands of the masses and eventually the market by greater productive capacity. In our country this dimension of the market exceeds the dimensions of production. In capitalist countries the market is small as compared with the dimensions of production. Therefore, in our country, adaption to the market takes place through the expansion of production, while in capitalist countries at the present stage of development, adaption to the market has to proceed through the partial reduction of production. Therefore, there is a different situation in respect to the working class and the number of workers employed. Despite the fact that in our country the process of scientific management is taking place, we will inevitably in the near future have to draw a great number of additional workers into production, whereas with the capitalists, systematic management inevitably is turned into the kind of reorganisation which results in an increase in unemployment in the most important European countries, the growth of chronic unemployment reaching unprecedented dimensions and representing a permanent phenomenon. One need only take such countries as Great Britain, and Germany. Further, in this connection, in our country, insofar as unemployment does exist, this is above all, the result of "agrarian overpopulation". The unemployed are mainly peasants coming from the villages. In capitalist countries, however, the unemployed are proletarians who are squeezed out of industry, and a section of these are transformed from working proletarians into paupers. In all these directions there is a tremendous difference which in the last instance, is determined by a different social class structure and a trend of development entirely different in principle.

<sup>27)</sup> M. J. Bonn: Rationalisierung als finanzielles Problem. Archiv für Sozialwissenschaft s. Sozialpolitik. 1916, Bd. 56, H. 2.

## VI. SOME CURRENT QUESTIONS OF PRINCIPLE.

### A. "NEW PHASE" OF CAPITALISM AND THE QUESTION OF ULTRA-IMPERIALISM.

One of the current questions of principle is the question: is capitalism going through a new transition period of its development which introduces a change in the manner of presenting this question that has prevailed hitherto? The organisation of international economic cartels and similar associations and the agreements concluded among a number of States may serve as grounds or rather as a pretext for a special theory called ultra-imperialism, which is crowned by the activities of the so-called League of Nations. This ideology is beginning to flourish again in Social Democratic, in petty bourgeois as well as in bourgeois pacifist circles. Already an attempt was made by Karl Kautsky at the beginning of the war in Social Democratic circles to give this ideology a "Marxist" foundation. Kautsky tried to "persuade" the capitalists that they could carry on their expansion policy much more successfully by peaceful means: by free trade rather than by an imperialist policy of violence. Kautsky advocated reconciliation of the capitalist powers, and the conclusion of universal agreements between the States which would abolish wars for ever and give an utterly different form to capitalist domination. At present Rudolph Hilferding is endeavouring in the same manner to give a "Marxist" foundation to this Kautsky theory (in complete contradiction to the deductions of his "Finance Capital"). This is what Hilferding has to say in the first number of his periodical "Gesellschaft":

"Does capitalism really mean war, cannot peace be brought about until it (capitalism) is overcome? Is it not possible to create by political means new political forms of a world organisation, forms which would limit the independence of individual States in the interests of the super-State organisation? Is there not more scope here for the evolutionary development than there has been hitherto? ... then the question of internationalism arises not simply as a conception and still less as a reaction against nationalism but as a practical political task".

This algebraic presentation of the question is being deciphered arithmetically by the entire Social Democratic press. Thus, the Social Democratic President of the Reichstag, Paul Loebe, writes in the "Volksstimme" (Chemnitz) about the "mobilisation" of all forces striving to abolish war. Such forces he considers the League of Nations, "the Pan-European movement", "The League for a European Entente", "the new religions and peace conferences". The most "Left" of the Austrian Social Democrats advocate the reorganisation of the League of Nations which, if you please, is merely a form which can be given another substance (see for instance "Wiener Arbeiterzeitung" of 9. XI).

We must first of all turn our attention to the theoretical analysis of the question of ultra-imperialism. Is general agreement between the capitalist States probable or improbable? If one takes into consideration the real correlation of forces and if we retain the old view that the capitalist world and separate capitalist organisations are not actuated by humanitarian motives but by considerations of profits and their investment, one comes inevitably to the conclusion that such a universal agreement is absolutely improbable. The development of the capitalist world does not proceed uniformly. No capitalist power or group of Powers is likely to arrive at any agreements, or is it likely to merge into a single organisation as long as it has any hope of obtaining a much larger share of the world surplus value or surplus labour by other methods. One has only to look at the economic and political map of the world to understand what discrepancy exists between facts and pacifist utopias. Why should America bind itself by agreements if it has a magnificent chance to beat all its rivals without being so bound? Why should Japan join a general cartel of States if it can rely on the strength of its own positions in the East? Why should Italy harness herself to the others if she expects, partly by acting independently, and partly by manoeuvring among the differences among the other powers to get more than she can by entering into definite agreements, etc., etc. On the whole it must be said (and the practice of forming cartels, syndicates, trusts, etc. has taught us this) that there are two sets of circumstances in which more or less durable agreements are made: either when the rivals are equally well matched or when victory of one over the other is out of the question. In the first case the cost of a struggle is enormous and the whole situation reminds one of the anecdotes of the rats which ate up one another and left only their tails behind. The

second case is — when a single unit comes forward so superior to all the others that for the latter (irrespective of whether they would fight singly or together) the struggle would appear hopeless and purposeless at the outset. In such cases lasting agreements and cessation of the struggle are probable. If we examine the present state of affairs throughout the world we will easily realise that it is not conducive to the cessation of the struggle. America at present has the hegemony in world economy. This is of course true. But it is not strong enough to subdue all the others taken together. The fight is not by any means hopeless for the latter. But if we take Europe alone, here too uneven development and important regroupings which have taken place lately certainly do not make the formation of a general European State cartel appear possible. It is characteristic that even the most enthusiastic advocates of the "Pan-European" movement exclude Great Britain from "Pan-Europe", on the one hand, and the Soviet Union on the other hand. The latter is excluded under the pretext that the centre of gravity of its interests lies outside Europe, — in Asia. In reality of course it is excluded because it represents an alien body within the framework of the capitalist world. Great Britain is excluded on the pretext that it rests on an enormous number of colonies, but in reality it is excluded because there are serious Anglo-French differences. The bourgeois economist Hobson sheds tears over this in the organ of the "Marxist" Hilferding. And this is what Mr. MacDonald has to say in the October number of the "Socialist Review", p. 7:

"The new co-operation between France and Germany is most welcome, and we welcome it without reserve. May it produce good fruits. But we must not lose our importance and we must not allow ourselves to be treated with contempt or at all events with neglect, behind our backs. Set-back after set-back in China<sup>28</sup>), soon we shall not count at all at Geneva; this will be our fate as long as the present Government remains in power, but it is humiliating and dangerous for ourselves and bad for the world".

"The constructive socialist" and Sunday preacher MacDonald blabs the real meaning of all the talk of European unification. He also reflects the real state of affairs. This real state of affairs is that the "peaceful" unification of Europe has a tendency to direct a rather pointed shaft against the Soviet Union (which is of course natural) and against Great Britain. But let us make the very improbable supposition that the unification of the whole of Western Europe including Great Britain has come about. Then the main rivals would be: America, Europe, Japan and the Socialist Soviet Union. It is not very difficult to realise that even such a state of affairs would not mean cessation of the struggle and disappearance of the menace of war, but something utterly different namely: the reproduction of the struggle at its highest stage, wars of a much more monstrous character and a colossal increase in their destructive powers. It is perfectly disgusting therefore to listen to this absurd talk concerning the "ultra-imperialist" stage of development, during which according to Hilferding, war perils are supposed to disappear and full scope is given, in spite of Marx, to so-called evolutionary development. One must be perfectly blind or a charlatan to attach a pacifist meaning (without inverted commas) to the sensational action of the 150 bankers and industrialists. The question here is the Anglo-American game. The question here is maximum profits which the strongest capitalist groups, which have surrounded themselves with high tariff walls, hope to obtain by removing the tariff walls from other countries. This is the meaning of their declaration. Particularly absurd is the whole ultra-imperialist talk just now when, as we have seen, the extreme instability and fluidity of the inter-State groupings is apparent and when the supreme expression of the "unifying" tendency, viz. the League of Nations, is in a stage of disintegration. Objectively, ultra-imperialist propaganda is nothing but propaganda against the U.S.S.R. which declines to enter the League of Nations, and propaganda against the Eastern colonial and semi-colonial peoples who prevent the exploiting groups from "peacefully" pumping them. Social Democracy even in the person of its most "Left" Austrian representatives is carrying on a campaign of incitement against the Soviet Union, China, etc., as the disturbers of the "general peace" which seems to be on the way. This precisely is the real meaning of the theory of ultra-imperialism at the present juncture. Being completely wrong in substance it is, from the viewpoint of the

<sup>28</sup>) (Mr. MacDonald is very much concerned about the success of the Chinese revolution against British imperialism. N. B.).

role it fulfils, nothing but a weapon in the hands of the counter-revolution against the revolution of the Proletariat and against the colonial countries.

## B. THE QUESTION OF GERMAN IMPERIALISM.

The economic growth in Germany and the regrouping of the European powers connected with it were bound to be reflected in a change in the estimation of the international role of Germany. As far back as 1915, Comrade Lenin, when analysing the possible consequences of the war wrote that, in the event of the war ending in smashing defeat for one of the European imperialist powers and in the event of peace being concluded on "Napoleonic" conditions, a situation will arise in Europe which will make a national defensive war possible, in other words if it will come to pass that one of the imperialist powers is completely beaten and, from being the subject of imperialist exploitation will become its object. War on the part of this degraded and enslaved Power will assume an utterly different character from the former war, which this Power carried on as one of the imperialist rivals. Such a state of affairs came really to pass and was expressed in the Versailles Peace. Therefore, when French troops occupied parts of Germany (the Ruhr occupation, etc.) the Communist Party of Germany under certain circumstances considered defence against French imperialism possible. If at that time Germany had carried on a war against France, the second war would not have borne its former imperialist character. The position has now undergone a change. In the course of the last few years German capitalism has become to a certain degree stabilised. It has organised itself and has reached the highest degree of permanent monopolist amalgamations. It plays a leading role in the organisation of international cartels. It has changed its Eastern orientation to a Western orientation. It has become part of the leading organ of the League of Nations. It is beginning to talk about the acquisition, on a new basis (on the basis of so-called mandates) of parts of its former colonial possessions. It is also beginning to talk of renewed possibilities to organise its armed forces. In other words, its internal imperialist consolidation is calling forth already the beginning of the growth of its external political attributes. This tendency finds an echo in Social Democratic circles. A number of articles have appeared in Hilferding's organ which raised the question of joint responsibilities (how lofty!) of Europeans for the colonial peoples which have to be educated by these Europeans. The system of colonial mandates is lauded to the skies. In the old revisionist periodical "Sozialistische Monats-Heft" (October 1926) Max Cohen in an article entitled "For Germany's Colonial Future" writes:

"For Germany particularly, which must import great quantities of important raw material, it is of the utmost importance to create for itself at least a small reserve of raw material" (Reserves of raw material of course mean colonial possessions which supply this raw material. N. B.).

This subject is discussed in all shapes and forms in industrial, financial and as we observe also in Social Democratic circles. All these facts taken together lead to the deduction that the development of Germany has radically changed her international position and that the elimination which was right at the time of the Ruhr occupation cannot in any way be applied to the present state of affairs. The chief practical-political conclusion to be drawn is that on the question of the defence of the "Fatherland" as far as the German empire is concerned, the conception that the defence of their "Fatherland" is not the business of the working class, again becomes correct.

## C. ROLE AND SIGNIFICANCE OF THE U. S. S. R.

The change of German policy and the regrouping of the powers connected with the change, the accentuation of anti-Socialist tendencies have also found their reflection in the petty bourgeois, wavering sections of the Communist movement, have caused the retreat of a whole number of petty bourgeois "leaders" from Communism and from the Soviet Union, that main organisational base of Communism. This retreat was shielded and supported by the opposition inside the C. P. S. U. which greatly helped the disorganisation of the ranks of the Communist Party of Germany. Ideologically this retreat was expressed by going over to the Social Democratic positions, to the Right Wing Social Democrat positions regarding the Soviet Union. The increase of "anti-Moscow" moods proceeded parallel with the increase of "anti-Moscow" tendencies in the leading

circles of the German bourgeoisie. We will cite here a bouquet of statements in the order of their increasing renegade nature.

The following for instance is how Urbahns, now expelled from the German Communist Party describes the policy of the C. P. S. U. and the Soviet Government:

"The majority of the C. P. S. U. takes the path of concessions to the rich peasantry, the path of extending political rights, alleviating the taxes of the rich peasantry, refusal to fight against peasant unions which represent the embryo of counterrevolutionary classes" ("Memorandum of the ultra-Lefts").

Herr Korsch, the "Left Wing" ally of the ultra-Lefts who in his principal estimation of the policy of the C. P. S. U. is hardly to be distinguished from the "ultra-Left" Urbahns, Ruth Fischer, etc. goes further. He says:

"While in 1917, despite the smallness of the number of the proletariat and the tremendous preponderance of the peasantry living in pre-capitalist and capitalist forms of economy, there was a possibility continuously proclaimed by all revolutionary leaders, of realising the proletarian revolution and starting to build up Socialism without previously passing through a long and painful period of development and widespread development of capitalism. Now, when the revolutionary movement of the international proletariat has been temporarily thrown back, the radical-bourgeois nature of the Russian revolution, which is left isolated in the encirclement of world capitalist economy is revealed more and more clearly.

The ruthless sweeping away of all landowning and feudal restrictions hindering capitalist development in the countryside, nationalisation of the land and heavy industry — in view of the impossibility of constructing socialism owing to the delay of the world revolution — and the restoration of the capitalist method of production and commodity exchange, opens up the widest possibilities, not for the construction of socialism, but for a rapid and steady development of capitalism in the U. S. S. R. This development is taking place at an accelerated rate." ("Communist Politics" Nos. 13—14. Declaration on the Russian Question.)

If the U. S. S. R. is proceeding on a capitalist path, then the perspective is clear — the necessity for preparing a "second revolution" (i. e., counter-revolution).

"The task of the Communist Party in the U. S. S. R. has never been and is not to renounce power voluntarily after having temporarily seized it, or to 'die gloriously' on the ground that the direct organisation and carrying out of the 'second' revolution in Russia is not yet on the order of the day. As a Party of the proletariat it is confronted during this period with a concrete revolutionary task. It should fix the consciousness of the working class on the solution of the historic task of the proletariat on the preparation and realisation of the 'second' revolution." (ibid.)

Schwartz, who has quarrelled with Korsch, but not because there has arisen any divergences of principle between them, directly puts forward the question of a struggle against the Soviet Government:

"The 'resolute Left', resolutely condemns... N. E. P. as an alliance of the Soviet bourgeoisie with the Soviet bureaucracy. It calls upon the Russian workers of town and village to unite with the international proletariat to conduct a fierce revolutionary struggle against the bourgeois dictatorship now forming in Russia."

And finally, Katz, who changed his membership of the Communist Party for a well-paid soft job as an official of the Hannover Magistrate given him by the Social Democrats, writes:

"Russia has become a capitalist country like all the rest. Stalin is as much the representative of capitalist bourgeois power as are Poincare, Hindenburg or Pilsudski. And just as the proletarian revolution is bound to break out in Europe against the German, French and Polish capitalist power, so in Russia the proletarian revolution will take place against the capitalist power, which, reflecting the peasant-bourgeois class power, has destroyed the gains of the heroic proletarian revolution of 1917." "The lightning flashes heralding the storm are already breaking over Russia." (Mitteilungsblatt No. 23.)

It is interesting to compare this with the following main conceptions of Kautsky.

This specialist in calumny against the Soviet Union in his brochure "Die International und Sowjet-Rußland" "proves" that Bolshevism "absolutism in no way differs from the absolutism of the Romanoffs or the Habsburg and Hohenzollern monarchies. The only difference between "ultra-Left" scribes like Katz and Kautsky is that whereas the former identifies the Soviet Government with that of Poincaré, Hindenburg and Pilsudski, the latter writes that the Soviet Government "is now the greatest obstacle to the rise of the proletariat throughout the whole world — worse than the vile regime of Horthy". In another place in the same pamphlet Kautsky has excelled the ultra-Left cries about degeneration". He writes that "Bolshevik despotism differs from other despotisms which have hitherto existed in that the new despots were at one time our comrades". And "in America also there are a great number of millionaires who in their youth were the poorest of proletarians. Their proletarian origin has in no way prevented them from becoming the most cynical and heartless exploiters of the proletariat. And we see the same thing with the Bolsheviks". Kautsky, like the ultra-Lefts, is convinced that socialism is not being constructed in our country but that capitalism is developing.

"Of course the whole truth, namely, that their regime is not leading to socialism but away from it, they (the Bolsheviks N. B.) do not recognise even now."

Actually "the Bolsheviks must strive to set industry and transport, which they paralysed, going once more. On the one hand they do this by the monopoly of the exploitation of the Russian people (which is what all their 'Communism' amounts to) and with the aid of private capitalists, as a matter of fact foreigners who are well paid for this, and who are able to conduct business more rationally than the Bolshevik businessmen".

Finally, the ultra-Lefts call for the "second revolution" and the rising against the Soviet Power, but even in this they prove to be simple imitators of Kautsky:

"What should the socialists of Russia do?" asks Kautsky, and he replies: "In Russia itself the danger of a socialist rising against Bolshevism (the "second revolution" of Korsch: N. B.) helping the reaction has now disappeared, for the simple reason that everything that reaction could bring is practiced by the Bolsheviks to such a degree that it is impossible to go any further..." "In Russian therefore there is no reason to fear that armed rising will render aid to the reaction. On the contrary there is an ever-increasing probability that such a rising, if successful, would increase liberty in Russia and would not affect a single one of the modest gains of the revolution that is still preserved; it would restore many of the gains that have been lost and would be enormously useful to the masses of people and the proletariat."

As will be seen, in their views on the Soviet Government, in the slanderous inventions about the capitalist tendency of development of our economy, in the accusation of degeneration and even on the slogan of the "second revolution" — all these essential points of their "ideology" the ultra-Lefts simply mimic Kautsky in their own words, sing the Menshevik's song to their own squeaky tune.

It is hardly worth while seriously to reply to all this counter-revolutionary piffle. We would like to deal however with the theory which lies beneath all these arguments, namely, the theory of a "Thermidor" degeneration of Soviet economics and consequently the degeneration of our Party and our State.

Everyone knows that historical analogies should be used with the utmost care, particularly when it is a question of making political deductions from such analogies. "The Thermidor" degeneration of Soviet Russia and our Party was referred to as far back as 1921 by the leader of Russian Menshevism, Martov, who turned to Lenin with the slogan: "From your economic Thermidor you are marching straight to a political 18th Brumaire", and yet nothing could be more illiterate and anti-Marxian than this notorious theory of "Thermidor" degeneration. Firstly the Thermidor coup in the French revolution was not at all peaceful as people who chatter so volubly about it imagine. The Thermidor coup was an open act of armed counter-revolution accompanied by mass executions and marked the open attack of the Girondist bourgeoisie, stupidly supported by left Jacobins against the dictatorship of Robespierre. The political dictatorship of the petty bourgeoisie exercised by Robespierre and his group was not an expression of

the extreme wing of the movement. Placed between the hammer of the big bourgeoisie and the anvil of the embryonic movement of the proletariat and urban poor, it was inevitably bound to be crushed. To picture this phase of the French revolution as a peaceful manoeuvre, means, to sink to the level of ordinary vulgar evolutionism in treating of the events of the French revolution. Secondly, still more absurd is the Thermidor analogy when we examine the profound socioeconomic foundations of the Thermidor coup. What does the dictatorship of the petty bourgeoisie represent from the economic point of view? In its most consistent expression it adopted the standpoint of the small property owner, the standpoint of the struggle against large-scale production. Consequently, from the economic point of view it did not introduce higher methods of production; on the contrary it defended the means of production which had already been relegated to the past by the triumph of the technically and economically more progressive big capitalistic enterprises. On the other hand the supporters of big production, i. e., supporters of a higher economic principle were the class of the Girondist bourgeoisie who politically had already become counter-revolutionary. The proletariat, which was still in an embryonic state and not yet conscious of its position as a special class, and not yet having any material basis for independent class action and for its own class victory could not, because of this, play a decisive, independent role. The objective contradiction between the great liberating political role of the petty bourgeoisie and the Jacobin dictatorship and its economically reactionary nature, led to the inevitable crash of the Robespierre dictatorship. For this reason the victory of Thermidor was absolutely inevitably embodied in the very process of the French revolution. We do not wish to assert that the Jacobin dictatorship was historically "superfluous", on the contrary, its objective task was to remove the shell of feudal relations from French society. The Girondist bourgeoisie was unable to execute this part of the work. This side of it was brilliantly fulfilled by the terrorist dictatorship of the petty bourgeoisie with, as Marx put it, "its plebeian methods" of dealing with the feudal regime. Therefore this dictatorship played a tremendous progressive role in the history of European society, but it could not fulfil other constructive tasks. This was the task of introducing large-scale capitalism which was a higher productive stage than feudal and small production methods, and could only be brought about by the big bourgeoisie.

If we examine conditions in the Soviet Union it will be readily seen that there is not and cannot be any similarity and consequently there can be no analogy whatsoever with the Thermidor coup d'état in France. Firstly the political seizure of power in our country was carried out under the direct leadership and hegemony of the most consistently revolutionary class — the proletariat, organised in its dictatorship and supported by the peasantry. There is no class more "Left" than the proletariat, and there cannot be. The proletariat does not occupy an intermediary position between classes, it stands on the extreme Left flank of the so-called whole. Secondly, there is no contradiction between the political role of the proletariat and its role as an economic organiser. Not a single class or a single group in modern society represents a higher economic principle than the economic principle of the proletariat. It is not the bearer merely of large-scale, production; it is the bearer of large scale production in its highest form, namely, in the form of organised and planned production. Besides this its economic activity is determined by the requirements of the masses and not by their systematic expropriation. Its interest in the countryside is not to ruin it but to encourage its growth, which ultimately will provide the basis for a much more determined, audacious and rapid economic rise of State industry. That is why the dictatorship of the working class has a firm economic basis. That is why it is and will continue to be a victorious dictatorship in an ever-increasing degree. All the misconceptions of the petty bourgeois critics of the Soviet Union and all the comical counter-revolutionary attacks against the C. P. S. U. look specially pitiful if one takes into consideration the following circumstances. They say that our dictatorship has been turned or is being turned into a "dictatorship of the kulak", into a "dictatorship of the small proprietor", i. e. into a dictatorship of petty capitalism. If this is true, why is it that we are more and more consistently carrying out the principle of the socialisation of planned State economy? If, as is supposed, we are being guided in our policy by the interests of small proprietors, how is it that our dic-

tatorship, with the greatest consistency is conducting a principle which hits the small proprietors? Are these small proprietors conducting a policy for their own gradual elimination? All these contradictions cannot be explained from the viewpoint of petty bourgeois criticism. If we examine the premises upon which this criticism is based, we will find that they are but assertions that private production and private capital are more profitable than the State economy of the proletariat. It is on these grounds that the Menshevik fraternity, in loving unison with the liberal emigres and the petty bourgeoisie, have long ago prophesied the inevitable victory of private capital in Soviet Russia, and prophesied the denationalisation of industry, the restoration of State enterprises to their private owners, and on this basis came to the conclusions about the degeneration of the political super-structure or its violent destruction. Nothing of the kind has happened. Under present conditions, when our State industry is achieving increasing successes, to prove that private-capitalist production must be victorious over the State economy of the proletariat, all Marxist conceptions must be turned upside down. It would have to be proved that petty production predominates over large-scale production, that petty and middle sized trading is more advantageous than large trade, that the accumulations of the small depositors in savings banks, etc., can vanquish centralised credit institution, etc., etc. In other words, in order to forecaste the victory of private proprietors over the centralised economy of the proletarian State, Marxism must be completely renounced, the absurd teachings of Bernstein and Co. must be resurrected on a different basis and all Marxist economic ideas must be rejected.

In the preceding chapters we explained the actual state of affairs of the Soviet Union in the field of economics and the struggle of the various forces within the confines of this economic system. We have seen that the growth of Socialist elements in our economy, which is at the same time a growth of the biggest, the most technically perfected and economically rational economic forms, cannot be submitted to the slightest doubt. As compared with this fact, all existing difficulties, the existence of which it would be absurd to deny, may be relegated to the background. The main difficulties for the U. S. S. R. lie in the field of foreign relations; a tremendous difficulty is represented by the pressure of world capitalist economy, and the constant dangers which have become particularly accentuated of late, of the possibility of an attack against the Soviet Union on the part of the capitalist State and their blocs. The revolutionary significance of the constructive work of the U. S. S. R. and its political influence is a most important factor in the process of the international revolution. The attack against the Soviet Union and the Korschist "criticism" (save the mark!) is one of the factors of the general counter-revolutionary tendency directed against the working class dictatorship. All such attempts should be resolutely brushed aside by all supporters of the Communist International.

#### D. THE MAIN PROSPECTS OF THE CHINESE REVOLUTION.

We have already pointed out the enormous historical importance of the revolutionary struggle of the Chinese people against foreign imperialism. Comrade Lenin drew the attention of the Comintern to the gigantic role which the Peoples of the East are destined to play in the liberation of the world from the imperialist yoke. His prognostications with respect to this have come true to the full. The Comintern give first place to the questions of the Chinese revolution, not only because the Chinese Communist Party, the Party of the Chinese proletariat is one of the sections of our International society. It is the duty of the Comintern to make the Chinese movement popular among the masses. It must familiarise the workers of Western Europe with it. It must also study the peculiar economic and political conditions prevailing in Eastern countries. Without such a study it is impossible to determine our policy in this very complicated situation in which peculiar internal economic and political relations combine with extremely varied, inter-crossing and partly contradictory influences of various imperialist groups with their military and diplomatic moves. First of all we must deal with a few important figures which will help us to get a clear picture of the economic structure of China.

The data at our disposal show a decided development of capitalist relations in this country. Let us begin with the coal industry; in the "China Year Book 1926" the following table is given.

#### Production of Coal in China.

Year	Tons	Year	Tons
1913 . . . .	14,000,000	1919 . . . .	19,387,000
1914 . . . .	15,000,000	1920 . . . .	20,381,000
1915 . . . .	15,440,000	1921 . . . .	19,872,000
1916 . . . .	15,584,000	1922 . . . .	19,954,000
1917 . . . .	17,205,000	1923 . . . .	22,681,000
1918 . . . .	18,033,000	1924 . . . .	23,711,000

These figures show on the whole a considerable growth of the coal industry. As a characteristic of this branch of industry, it is rather interesting that the Kailan mines alone which belong to an Anglo-Chinese Company which is really in the hands of British capital yield 22% of the total output. On the other hand the Fushan mines, which belong to a Japanese company yielded 15% of the general production, whilst from April 1924 up till March 1925 they yielded 5,538,600 tons, (i. e., 23.5% of the total output), exceeding the production of Kailan mines<sup>29</sup>).

The capital invested in this branch of industry according to nationalities is distributed as follows: Chinese = 50 million dollars, British = 22 million dollars, Japanese = 27½ million dollars and German = 250,000 dollars. Thus the amount of capital invested by the Chinese and the non-Chinese is almost equally divided. However, the best mines are in the hands of the imperialists.

The development of the production of iron ore is much slower although the export of iron ore from China is steadily increasing as shown by the following table:

#### Export of iron ore from China<sup>30</sup>).

Year	Ton	Year	Ton
1917 . . . .	309,107	1921 . . . .	514,888
1918 . . . .	378,500	1922 . . . .	671,220
1919 . . . .	640,159	1923 . . . .	727,603
1920 . . . .	682,660	1924 . . . .	846,833

It should be pointed out that iron mines in China are almost entirely in the hands of Japanese capitalists or are completely dependent on them financially. Japanese capital invested in this branch of industry amounts to 120 million yen.

The development of the textile industry is progressing more rapidly. Unfortunately the figures at our disposal are extremely contradictory and we cannot rely upon them absolutely. However they indicate an upward trend of development.

Year	No. of factories	No. of spindles	No. of looms
1891 . . . .	2	65,000	2,100
1902 . . . .	7	565,000	3,500
1916 . . . .	42	1,154,000	7,000
1920 . . . .	65	1,422,000	—
1923 . . . .	190	3,182,579	18,000

According to nationality, the owners of enterprises in this big industry are divided as follows: in 1924, there were 61% Chinese textile factories, Japanese 34%, British = 5%. It should also be stated here that as a result of the crisis in the Chinese textile industry in 1923—24, a considerable number of Chinese enterprises were taken over by Japanese capitalists, and in many cases the Chinese names of the firms were retained. This makes it impossible for us at the moment to make a correct estimate of the exact share of Chinese capital in this industry.

To wind up our cursory survey of the process of industrialisation in China, we will give some very significant figures concerning China's foreign trade<sup>31</sup>).

<sup>29</sup>) "China Year Book", p. 112.

<sup>30</sup>) "China Year Book", p. 116.

<sup>31</sup>) "The Chinese Year Book" for 1926—27, p. 879. The table is given in Heykwan Taels the average value of which is equal to Rbls. 1.50 (in 1913 equal to 73 American cents, in 1923 = 80 cents, in 1924 = 81 American cents). The "China Economic Monthly" No. 10, Oct. 1925 gives the figure for 1926 (incomplete) as follows Imports: 947, 864, 944. Exports: 776, 352, 937.

Year	Import	Export	Total Trade
1915	454,475,719	418,861,164	873,336,883
1916	516,406,995	481,797,366	988,204,361
1917	549,518,774	462,931,630	1,012,450,404
1918	554,893,082	485,883,031	1,040,776,113
1919	646,997,681	630,809,411	1,277,807,092
1920	762,250,230	541,631,300	1,303,881,530
1921	906,122,439	601,225,531	1,507,377,976
1922	945,049,650	654,891,932	1,699,941,583
1923	923,402,887	752,917,416	1,676,320,303
1924	1,018,210,766	771,784,468	1,789,995,145

To this must be added some very characteristic figures showing the change which has taken place in the role of the various countries in this growing foreign trade of China.

#### Participation of the various countries in the Imports of China.

Countries	1870	1880	1890	1900	1910	1913	1923
	%	%	%	%	%	%	%
1. Great Britain	37.0	26.9	19.0	20.5	14.8	16.5	13.0
2. United States of America	0.57	1.47	2.87	7.5	5.2	—	16.7
3. Japan	1.95	4.3	5.75	12.6	16.1	22.5	22.9

The figures concerning industry must be supplemented by figures concerning the distribution of landed property. One cannot imagine anything more entangled than the complicated agrarian relations in China, and yet they constitute the principal basis of the entire economic "constitution" of China. The peasantry constitutes the overwhelming majority of the population. Its weight in the development of the Chinese revolution is bound to increase from the day to day. The peasant problem is perhaps the central problem of the entire Chinese revolution. The main data with respect to this are somewhat as follows.

If we take the official figures of the Ministry of Agriculture and Trade and if we base ourselves on the material concerning the peasant budget and the average revenue from land, and divide this into four main grounds, we get the following picture of the distribution of land.

Group of farms	Size of farms	No. of families	%
1. Allotments	1—20 moo	24,429,362	49.5
2. Small	20—40 moo	11,685,344	27.7
3. Medium	40—75 moo	7,735,226	15.6
4. Large	74 and over	5,509,621	11.2

Total: — 49,359,591 100

Group of farms	Total	
	amount of land	%
1. Allotments	244,293,620	15.9
2. Small	350,560,320	22.8
3. Medium	386,763,200	25.4
4. Large	550,962,100	35.9

Total: . 532,579,240 100

Allotments of 1 to 20 moo (moo is about one-eighth of an acre) constitute 49.5% of the total number of farms and comprise only 15% of the total amount of land. This means that half of the farms are dwarf farms and that one-half of the peasant population owns only 15 to 16% of the total amount of arable land. What is considered as small farms from 20 to 40 moo constitutes 23% of the farms and 22% of the land on an average. 15% of the families possess from 40 to 75 moo. This group owns 25% of the land. With respect to the big farms 75 moo and more, they concern 11% of the families who own 36% of all the land. Such is the degree of differentiation among the peasantry.

To make the picture complete, it should be said that although on the whole China is a country of small agriculturists, a certain section of the land is in the hands of fairly large landowners. This section can be called landowners in the true sense of the word. There are big estates in the hands of the descendants of the former feudal-landowning bureaucracy, and of contemporary generals. It is estimated — there are about 200 estates of over 10,000 moo each, and about 30,000 landowners who own over 1,000 moo each. While we speak in terms of

such small units as a moo of land we must bear in mind that intensive cultivation is general in China with the result that a smaller quantity of land has a bigger economic weight than in Russia. Chinese agriculture was considered the most intensive even in the time of the economists of the Great French Revolution. In some provinces there are exceptionally big estates and with respect to these it should be pointed out that in Kwan-fung, big estates are more developed than in the other Chinese provinces. 85% of the whole land in the valleys of the North, West and East Rivers and in the Han Provinces is the property of big landowners. One-third of the land in the Changde county in Honan Province belongs to the family of the late Yuan-Shi-kai. There are categories of landowners in China who maintain staffs of servants sometimes exceeding 1,000.

Hence, it will be seen that the peasant question is bound up with the agrarian question, therefore, it would be begging the question if we were to say that the land question does not exist in China, that this question plays no role whatever in the Chinese revolution, that China is merely a country of small farmers.

This is borne out by the figures of the number of tenant and semi-tenant farmers in China. The official statistics of the Ministry of Agriculture and Trade give the following figures:

Groups.	1917		1918	
	No. of families	%	No. of families	%
1. Owners	24,587,585	50	23,381,200	53.2
2. Tenant Farmers	13,825,546	28	11,307,432	25.7
3. Semi-tenant farmers	10,494,722	22	9,246,843	21.1
Total:	48,907,853	100	45,935,475	100

The whole mass of tenant and semi-tenant farmers are groaning under servile tenancy conditions, and they have to pay on an average 50% of the harvest and frequently up to 80%.

The other question affecting very large sections of the Chinese population is the question of taxes which are first and foremost a burden on the shoulders of the toiling masses, i. e., on the shoulders of the peasantry and the artisans. China has beaten all records as far as taxation goes. In some Provinces there are no less than a dozen different kinds of taxes.

A characteristic feature of the situation of China is that some provinces are continually the theatre of war between various groups of militarists, the peasants being the chief sufferers in all this. In some provinces for instance taxes have been collected by the militarists for years ahead. Some American writers estimate that as a result of political, economic and other crises, about 40% of the agriculture of the country has been destroyed. It is quite impossible to verify this but one thing is clear: because of the insufficiency of land and of unheard of taxation plus the excessive oppression on the part of the foreigners who hold the ports and customs, and the revenues of the most important taxes, — because of all this the pauperisation of the peasantry is progressing rapidly. It is so terrible that there is a million army of declassed people who infest the country, organised as so-called bandits. In Peking alone there is an enormous number of such declassed elements who in spite of the low level of their needs and requirements are threatened with death by starvation. These declassed elements hire themselves out to any militarist, constitute his army, go over from one government or to another, without being conscious of any social or other ties. The process is a symptom of a certain disintegration of the entire economic system of the country and a reflection of the enormous pauperisation of the Chinese peasantry.

We must finally deal with the class distribution of the population of China. Comrade Popov-Tativa, using Japanese sources fixes the total number of industrial workers at 4,850,000<sup>32)</sup>. According to figures given in the "Chinese Worker"<sup>33)</sup> the total number of Chinese industrial workers is 1,909,000. There are in China over half a million textile workers and about as many (468,264) workers employed in the mining industry. Moreover, it should be borne in mind that there is in China a considerable number of workers employed in handicraft which is very much developed there. Over 8,000,000 workers are employed in the 1,800,000 (in round figures) enterprises of a handicraft type. It is needless to dwell upon the position of

<sup>32)</sup> N. M. Popov-Taiva "China", p. 356.

<sup>33)</sup> Periodical "Chinese Worker", No. 2, 1924.

this type of proletarians. It is difficult to imagine more hellish conditions of labour than those in which Chinese workers find themselves. This explains the very rapid revolutionisation of the Chinese proletariat. After this cursory analysis of the economic and social position of China let us proceed to deal with the fundamental prospects of the Chinese revolution.

The most important question that must be discussed is that of the possible paths of development of the revolution in China. At the Second Congress of the Comintern, Comrade Lenin made the following statement with respect to the prospects of development in colonial and semi-colonial countries:

"The question was presented as follows: can we recognise as correct the assertion that the capitalist stage in the development of national economy is inevitable for the backward peoples who are now being liberated and among whom a progressive movement is noticeable now, after the war. We reply to this question in the negative. If the victorious revolutionary proletariat will carry on among them systematic propaganda, and if the Soviet Governments will help them with all the means at their disposal, it would be wrong to suppose that the capitalist stage of development is inevitable for backward nationalities. We must not only form independent cadres of fighters and party organisations in all colonies and backward countries, we must not only carry on propaganda for the organisation of peasant soviets and endeavour to adapt them to pre-capitalist conditions, — the Communist International must also establish the fact and define it theoretically, that with the help of the proletariat of the most advanced countries, backward countries can go over to the soviet system and — through definite stages of development — to Communism, skipping the capitalist stage of development"<sup>34</sup>).

Social Democrats are sure to say that the manner of presenting the question is non-Marxian, but we assert that it is revolutionary-Marxian. Marx did not say anywhere that every "nation" must inevitably go through all the stages of development traversed by other countries, regardless of the concrete historical situation and regardless of the international context of which this development forms part. It is a well known fact that Marx considered that under definite conditions, non-capitalist development was possible in Russia. The reverse happened, but it happened because there was no victorious proletarian dictatorship in European countries at the time when Russia was going over from feudalism to capitalist conditions of production. The historical possibility of which Marx spoke did not come to pass, but this certainly does not mean that for a country which has just entered upon the stage of capitalist development some other type of development is not possible, a type of development in which capitalist tendencies are suppressed, provided the international situation does not develop in the usual manner, or rather if it develops in a quite unusual manner. At present this quite unusual situation exists: the weakening of capitalism undermined by the world war and by a series of revolutions, the existence of such an enormous organising revolutionary centre as the U. S. S. R., the direct geographical proximity of the latter to China accompanied by the remoteness of China from the main centres of the economic and military-political might of the imperialist powers. If Lenin's proposition with respect to the possibility for colonial and semicolonial and for most of the peasant countries to "avoid" the capitalist trend of development (what is meant is of course the main path and the main prospect of this development, and not of a single, whole, absolute tendency of development without contradictions), this proposition must of course apply first and foremost, to China. For if it does not apply to China, then what other country can it apply to? Nothing is more harmful than to raise this important problem at the turning points of history, and to approach it with a stereotyped solution. We know from our own experience what it would have cost the proletariat of former Russia if this question had been approached in the stereotyped manner (the Mensheviks), if this manner of approach had prevailed. What should warn us against this stereotyped manner are the two above mentioned circumstances — the capitalist crisis on the one hand and the existence of the proletarian dictatorship in the U. S. S. R. on the other. From the viewpoint of the correlation of class forces within China, the situation is as follows: a weak bourgeoisie; a colossal peasantry;

a large section of artisans and small traders, a working class not very numerous, but representing nevertheless a strongly welded force which is playing a very important role politically; antagonism towards foreign capital so strong as to make a section of the bourgeoisie march for the time being side by side with the masses, a fact which finds a rather peculiar political expression in the leading role played by the Kuomintang.

Taking into consideration the interweaving of internal and external relations, it could and should be possible to set the fundamental problem of the two possible ways for the Chinese revolution. At present no doubt whatever exists that in China the feudal régime is doomed. Its position has become so shattered, the external forces directed against it are so gigantically superior to it that its crash is inevitable. However, two prospects of development, utterly different from each other are possible: either China will follow the path of agreement and union with the foreign bourgeoisie, which in the event of the failure of intervention will endeavour to take the development of China under its tutelage by means of its economic influence and form a bloc with the industrial and commercial bourgeoisie of China, or China will unite with the proletarian dictatorship and the Western European proletariat which will hold back its bourgeoisie from any attempts to bring pressure to bear on the revolution. In the first case, after the downfall of feudal relations, after the liquidation of the chaos created by civil war and under the influence of foreign credits and loans, united China will be able to begin "to catch up" to Europe in the usual way of capitalist development. This process will naturally be accompanied by the further pauperisation of the mass of the Chinese population — the artisans and peasants, who will be gradually expropriated by the triumphant march of big capital. The enormous economic predominance which will be exercised in that case by foreign capitalism will guarantee to the latter a rich harvest if perhaps not in the same predatory and primitively barbarous form as at present. The other path of development is the path of the independent development of China with the support of the workers of the world. Politically this would be a prolonged dictatorship of the masses during which the proletariat will play an important role. There is also the possibility of another rather peculiar development when a petty-bourgeois State under the decisive influence of the working class and connected with a country of proletarian dictatorship and having at its disposal several important State factories and works, railways and banks, will relieve the peasantry from the terrible burden of taxation and gradually promote the well-being of the country until the industrialisation of the Soviet Union and the victorious Western European revolutions will have had their beneficial effect on the whole economy, and cause it to develop along the Socialist path. This process cannot of course be perfectly smooth and free from any contradictions. It goes without saying that capitalist tendencies will make their appearance all along. But given the influence of foreign capitalism reduced to a minimum and extreme weakness of home capitalism, (depriving it of its commanding positions) such a prospect is not at all out of the question. It goes without saying that the policy of the Communist Party must be the policy of struggle for this trend of development. But it is just here that colossal difficulties will be encountered. The first and foremost task is victory over foreign imperialism, a victory, the guarantee for which is a united national-revolutionary front. This united national-revolutionary front is not by any means a confirmation of the peculiar ideology of the Kuomintang centre, whose ideologist, Tai-Chi-tao has established a peculiar theory of non-class revolution and non-class "dictatorship" of the revolution, when various class forces are substituted by various shades of "consciousness". According to this doctrine there are "conscious" leaders, less "conscious" leaders, their assistants and the still less "conscious" masses, but no classes. What is correct within the limits of one class, Tai-Chi-tao extends to society as a whole, a society in which classes disappear. This peculiar theory which has its origin in the old Chinese philosophy and which is to a certain extent reminiscent of the doctrine of the European "organic school" (of the so-called positivists), has however in practice, the result that the most conscious leaders are certainly not the proletariat and its ideologists. We cannot enter here into a detailed analysis of these theories, but one thing is clear: the Communist Party cannot have any illusions with respect to the disappearance of the class struggle for a considerable period of time, for a whole historical epoch. The tactics of a united

<sup>34</sup>) Lenin, Vol. XIX p. 246.

national-revolutionary front, as far as the Communist Party is concerned rest on a proper appreciation of class forces. It is on the basis of this appreciation that the Communist Party must at present support this united national-revolutionary front. However, the actual victory over foreign imperialism can develop only to the extent to which the main section of Chinese society, mainly the peasantry will be drawn into the struggle. Therefore, agrarian reforms in the regions occupied by the revolutionary armies, and also the organisation of the peasantry in other territories, the advancement and support of peasant demands must constitute the principal part of a correct revolutionary policy in China. The greatest difficulty is the fact that small and middle landowners and kulaks are connected with commercial capital through the system of credits, so that any convulsions in the agrarian world are immediately reflected in the vacillations of that portion of the bourgeoisie which is included in the united national-revolutionary front. On the other hand, the peasants, who in some localities have paid taxes and tribute for many years ahead and whose farms have greatly suffered by the civil war between the various militarist cliques, the peasants, from whose ranks armies of paupers, beggars and vagrants are drawn, cannot be properly drawn into the orbit of the revolutionary struggle if they do not get some economic relief from the revolution.

Therefore, the task of the Communist Party at the present time, in the present stage of development and with an orientation towards the prospect which we mentioned above, is: support for the national-revolutionary front and at the same time to exert efforts to solve the agrarian-peasant problem and to draw the masses of the Chinese people into the decisive struggle against the imperialist oppressors.

#### E. CAPITALIST RATIONALISATION AND THE WORKING CLASS.

We have still to reply to the question regarding our attitude on principle towards capitalist scientific management. Social Democracy takes up the stand of participation of the working class in the work of construction under conditions of the capitalist regime. Since Social Democracy regards as possible, desirable and even necessary, its participation in the government of the imperialist States, if at the present time and under present conditions it is a warm adherent of so-called "constructive socialism" (which is in fact "constructive capitalism") if at the present stage of development it regards its historic mission to be to work for the construction of the bourgeois State, then simple logic would oblige it actively to assist capitalist economy to emerge from its present critical situation as rapidly as possible. Being at the present time an opposition party, and continuously striving to deceive the working class, Social Democracy, of course, cannot refrain from protesting (in words at least) against the more glaring of the harmful effects the process of scientific management has upon the working class. On the whole, however, it gives its vote wholeheartedly in favour of scientific management, it "accepts" it in toto. The general Social Democratic presentation of the question is as follows: the sick economic organism must be healed. This healing cannot be brought about without sacrifice, the working class in its own interests must temporarily reconcile itself with making these sacrifices. By the strict concentration of enterprises, by closing down unprofitable enterprises (so-called "combing out"), by introducing new technique, by the organisation of labour, the introduction of conveyors, by timing operations, industrial combinations, etc., it may be possible to emerge from the present unenviable position. This is the "crisis of recovery", the "crisis of combing out" which inevitably will be followed by a boom. This boom would generously compensate for the temporary sacrifices which the working class must make because this boom will mean the increase of the national income and consequently the increase of wages and a general improvement in the standard of living of the working class.

Such a presentation of the question would be quite correct under the following conditions, viz., if the dictatorship of the proletariat existed and if the principal means of production belonged to the working class. Only for the sake of constructing socialism would it be correct to call upon the working class to make sacrifices. To call upon the working class to make sacrifices for the sake of a boom in capitalist economy means to serve as the agent of the bourgeoisie in the working class.

The revolutionary-Marxian presentation of the question should be as follows: the working class cannot undertake to aid the capitalists in their strivings to repair and improve their economy, especially in the present period. Even in the pre-war period it was not the business of the working class to decide what machines should be introduced and how labour should be organised, etc. The working class even at that time was under no obligation to call "production conferences", to aid the capitalist exploiters.

The task of the more class conscious workers was to mobilise the masses, to take advantage of every symptom of weakness of the capitalist class to mobilise the discontent of the working class, to sharpen the class struggle, with the ultimate aim of overthrowing the capitalist regime. The more stupid therefore, the more counter-revolutionary is the point of view that the working class must aid capitalism in the present period when the capitalist regime is in the sunset of its days, when it is suffering attacks of illness, when it is attacking the working class along the whole front, introducing "scientific management" of industry with the aid of the growing impoverishment of the toiling masses, unemployment and the ruthless exploitation of the proletariat. Class conscious workers cannot be opposed to the introduction of machinery, technical improvements, etc., but it is not their business to concern themselves about these improvements within the framework of the capitalist system. The only possible presentation of the question from the point of view of the workers is: the mobilisation of the proletarian forces to combat all the consequences and aspects of scientific management which harmfully affect the working class. The revolutionary workers cannot present the question — for or against machinery, conveyors, etc. Such a presentation would be absolutely alien to them. They can raise the question only of ruthless struggle against all that which worsens the conditions of the working class, lowers its standard of living, splits up its forces and weakens its positions. The task of the working class under the conditions of the capitalist regime is not a "constructive" task. Its task is to sharpen the class struggle and to destroy capitalist society. This position determines the attitude of the revolutionary proletariat in regard to capitalist scientific management: to concentrate all the attention of the masses to the most burning questions of the class struggle: unemployment, reduction of wages, increasing exploitation, lengthening of the working day, etc.: the militant mobilisation of class forces for the purpose of resisting the capitalist offensive, which is taking the form of the scientific organisation of production, — is the class reply of the proletariat.

#### VII. THE CAPITALIST OFFENSIVE AND CHANGES IN THE POSITION OF THE WORKING CLASS.

In connection with the capitalist offensive against the working class and the bourgeois policy of stabilisation on the one hand, and in connection with the growth of socialist relations in the U.S.S.R. on the other, a regrouping of forces and a swinging to the left is observed among the broad masses of the Western European working class. Moreover, this swing is acquiring peculiar forms according to the circumstances prevailing in each given country.

In England it is directly connected with the progress of the struggle of the British proletariat and that great resistance which the working class there is putting up against the capitalist class. The very application (under the pressure of the masses) of such an exceptional instrument of the struggle like the general strike, and the unusually stubborn miners' strike, which has shaken the whole economy of England to its foundations, are evidence of the enormous change that has taken place inside the British working class, which only very recently was the most conservative force in the European labour movement. The "bourgeois proletariat" (Engels) the tame working class which worshipped the top hat, roast beef, the king, the Holy Church and believed in parliament and the British Constitution is now coming forward as the vanguard of the European working class. The growing acuteness of the class struggle is releasing the working class from the age-long Babylonian captivity of its bourgeois ideology. "Parliamentary" England is throwing off the non-class mask. The government is openly coming forward side by side with the mine-owners. The whole apparatus of State coercion and the military forces are being utilised against



the fighting proletariat. Faith in the "neutrality" and the benevolent protection of the State authorities is disappearing and with that is disappearing from the minds of the workers the ideology of civil peace and the identity of interests between labour and capital.

The progress of the class struggle is determining the differentiation within the working class and the working class organisations. The treacherous conduct of the leaders of the General Council, the miserable and shameful role played by the "Left Wing" members of the General Council, the wavering and going over to the side of the enemy of the working class, — all this is giving rise to a profound crisis within the working class itself, accelerating the process of differentiation, the principal tendency of which is that the leaders are going to the Right while the masses are going to the Left. It must not be expected that this process will be finished in a short period. The organisational shell of the labour movement, which has been formed in the course of many decades, and above all the powerful trade union machine possesses enormous power of historical inertia, and the pressure of this powerful official machine will be felt for a considerable time to come. The bourgeoisie and its government will make repeated efforts to split the labour movement and, with the aid of the reactionary trade union bureaucracy, the "labour lieutenants of the capitalist class", as Lenin called them, will try to bribe a thin upper stratum of the workers in order, with their aid, to hold in rein and subordination the masses of the proletariat. Nevertheless, the general process will inevitably proceed in the direction of the working class becoming more radical and more and more emancipating itself from the yoke of reformist illusions.

This process finds its expression organisationally in two principal facts: first in the increasing influence of the so-called "Minority Movement" in the trade unions; second, in the numerical growth and even greater increase of the influence of the Communist Party of Great Britain which formed a small group having no influence in the political life of the country and which became, within a comparatively short time, a first class political factor in British social life. The formation and growth of the Left Wing opposition within the trade unions, particularly the "Minority Movement", the appearance and increasing strength of all kinds of Left opposition moods among the rank and file of the Labour Party, the refusal of a number of local organisations of the Labour Party to expel the Communists, the extremely strong "swing to the Left" on the part of the masses of the miners, who are most under the fire of the bourgeoisie, and finally, the heroic struggle of the miners itself, — all this taken together presents a picture of the British labour movement becoming more and more radical.

The swing to the Left in other countries, particularly Germany is taking other forms. We have already analysed the cause of these peculiar forms in a previous section. It may be said that in the final analysis, the proletariat is marching towards communism, but by a round-about road. The masses are not yet able at the present moment to put up a determined and energetic resistance to the capitalist offensive along the whole front, but they are obviously wheeling to the Left and by a number of detours are approaching to the line of forthcoming heavy battles.

The growth of the trade union opposition, the growth of the Left Wing opposition among the Social Democratic workers (which must not be identified with the artful "Left" manoeuvring of the Social Democratic leaders), the split in the Social Democratic Party in Saxony and the expulsion of the Right Wing Social Democrats, the Left Wing Social Democratic opposition in Hamburg, Frankfurt, Breslau, Central Germany, etc., the increasing popularity of voluntary mass organisations like the Red Front Fighters' League (the latter organisation has become extremely popular among the toiling masses of Germany) of organisations like the Joint Committee of Action in Italy, the collapse of the Catholic National Parties (the disintegration of the German "Center" Party and the formation of separate Catholic workers' groups which in many places act jointly with Communists; the revolutionary action of the Italian Catholic workers who sent a delegation to Soviet Russia in spite of the direct prohibition of the "Holy Father" and "immaculate heir of Apostle Peter"), the mobilisation by the Communist Party of Germany of 15 million votes against financing the illustrious monarchical scamps by the Republican government, the general labour conferences in Italy, the delegates of which are often

elected from the factories, the organisation of the unemployed and General Labour Congress in Germany, various kinds of unity committees formed in connection with the international struggle against the capitalist offensive and for the united trade union front; the innumerable labour delegations to the U. S. S. R., elected by various enterprises, delegations of labour youth in which Social Democrats form a great part in spite of the direct prohibition of the Social Democratic leaders who show a touching solidarity on this question with the "Holy Father" of Rome, — all this serves to express that turn to the Left which is one of the most important facts in the life of the working class and of the latter's reply to the capitalist offensive.

In certain backward agrarian countries, (Bulgaria, Yugoslavia, Poland) the swing to the Left of the working class is hampered by the absolutely unparalleled terror and physical annihilation of the most intelligent elements of the Communist movement. A special form of the working class becoming revolutionary is observed in the revolt of colonial and semi-colonial countries. Here it is not a question of throwing off the influence of reformist and bourgeois ideology, but a question of bringing the broad masses of the workers for the first time to political conscious life on the basis of rapidly developing revolutionary events. The growth of the consciousness of the Chinese workers and the increased activity of the proletariat in Indonesia, serve as an example of this rapid development which is converting the most oppressed sections of the working class of the world into pioneers of great movements for emancipation which are playing a truly world historical role.

The counter-tendencies are: first, the so-called "Americanisation" of the labour movement; second, a certain tendency towards the strengthening of Social Democratic influence resulting from the Social Democratic Parties adopting the role of "opposition"; and third, fascism.

The so-called Americanisation of the labour movement expresses the attempt of the bourgeoisie to bribe the upper stratum of the working class. Such attempts are made even in England where, of course, the bases for such attempts are not particularly favourable at the present time. This "American" tendency reveals itself in: a) the establishment of company unions (examples of this are provided by the formation of labour unions by the firm of John Dickenson and Co, and by the "Manchester Guardian". The conditions of membership of these unions are strict abstention from strikes or from any conduct likely to disturb the labour process) and in the formation of leagues for class cooperation. A type of the latter organisation is the Institute of Industrial Harmony at the head of which are capitalists like Vyle, the chairman of the Associated British Chambers of Commerce on the one hand and "labour leaders", like Pugh, Cramp and Snowden on the other. Another organisation of this type is the League for Industrial Peace of the British Empire, formed by Havelock Wilson. The object of this society is to "secure permanent peace in industry on the basis of fairness and mutual sympathy and the preservation of the spirit of fairness and mutual sympathy and the preservation of the spirit of comradeship and cooperation between employers and employed". As an example of this "spirit" it would be interesting to quote the following passage from a speech delivered by Mr. J. H. Thomas at a social evening arranged for railway workers by the railway companies on October 25th. At this touching function, "labour leader", J. H. Thomas said: "I am one of those leaders who not only hates to hear all the humbug about the class struggle, but I am profoundly convinced that I shall not succeed in obtaining better conditions for railway workers unless I can knock it into their heads that if they demand better conditions from the other side, they must be prepared to give all that is in their power".

In Germany, the American methods are being extensively practiced in the new Ford works in Berlin and to a large extent they are being applied in the offensive of the heavy industries against the trade unions, although the latter, as is known, are perfectly tame and are helping the employers to introduce capitalist scientific management. A special number of the "Wirtschaft Nachrichten aus Rhein und Ruhr" was devoted to the discussion of the question of "Werksgemeinschaften oder Gewerkschaften". At the same time the idea of labour banks is being cultivated and is being gradually introduced in a country like Poland.

The second tendency which is retarding the general flow to the Left is the opposition attitude taken up at the present time by the Social Democratic Parties which are "manoeuvring"

and circulating "opposition" phrases calculated to preserve the illusions among the masses and to screen the actual role being played by the Social Democrats. The third counter-tendency is the fascist movement which in some places is supported by the Social Democracy (the "old" Saxon Social Democracy in Germany, the Polish Socialist Party, the Social Democracy Party in Bulgaria, etc.). Fascism hampers the labour movement from becoming radical in those places where it is the ruling party (Italy, Poland, Bulgaria) as well as in those places where it stands in opposition to the existing bourgeois government. In the first case it combines the methods of unparalleled terror against the most intelligent of the Communist vanguard with methods of socialist demagoguery. In the second case its weight is centered in social demagoguery combined with sharply expressed nationalism and anti-semitism. The declassed section of the workers and the disappointed elements who have left the general stream of the labour movement, the flotsam and jetsam of the labour movement as it were, are netted in and more or less consciously join the ranks of fascism.

These counter-tendencies however cannot stay the general trend of development, in spite of all the efforts of the bourgeoisie to utilise the privileged section of the working class, in spite of the complicated manoeuvres of the counter-revolutionary forces within the labour movement itself, for it is the inevitable consequences of the general capitalist crisis, the social aspect of which is rendered still more acute by the "stabilisation" offensive of the capitalist class.

## VIII. THE PRINCIPAL TASKS OF THE COMMUNIST INTERNATIONAL AT THE PRESENT TIME.

At the present time one of the principal tasks of the Comintern is to support the main centres of the international revolutionary movement,—the British workers, the Chinese revolution and the U. S. S. R. It must be placed on record that with few exceptions, the Communist Parties have not exerted sufficient energy in supporting the British miners and the Chinese revolution,—these two important fronts of the international revolutionary struggle. The British miners' strike, which is one of the most important events in the European labour movement in recent times and one of the greatest episodes in the struggle of the working class since the October Revolution, this heroic struggle stands in the centre of the European labour movement and exercises a powerful influence, extending far beyond the shores of Great Britain. The task of the Comintern and all its Sections is to show increased solidarity and render greater support to the British miners.

Serious attention must also be paid to the propaganda of aid to the fighting Chinese people. To combat the interventionist plans of the imperialists, to organise determined and bold action against the revolting acts of violence of the British, to organise campaigns of protest against the destruction by gunfire of whole Chinese towns, to combat the unequal treaties with China, to fight for the juridical recognition of the Canton Government, for the withdrawal of all foreign troops from Chinese territory, etc.,—all this must form part of the policy of the Communist Parties.

Equally necessary is it to put up resistance to every attempt at military or diplomatic encirclement of the U. S. S. R. Determined protests must be roused against secret and open treaties and conventions directed against the U. S. S. R. A fight must be put up for the juridical recognition of the U. S. S. R. A campaign must be organised to explain and expose the plans of attack against the country of the Soviet dictatorship. Support of the militant British proletariat must be placed to the forefront of this campaign. These campaigns of solidarity will serve as a test of the internationalism of the workers' parties, of their capacity for action and ability to mobilise the masses around their slogans. These campaigns will serve as a test of the abilities of the Parties in the event of a much more difficult task arising, namely, the task of combating war.

The fight against the menace of war must also be strongly emphasised. The pacifist "ultra-imperialist", "Pan-European" and other utopias which the bourgeoisie and the Social Democracy are scattering among the masses of the toilers with the definite object of weakening their vigilance and their pacifist chatter intended to conceal the actual and active preparations for war, must be ruthlessly exposed. Particularly necessary is it to explain the real role of the League of Nations as an

organ of the imperialist bourgeoisie, whose first object is to combat the proletarian revolution and the revolution of the colonial and semi-colonial peoples. It is necessary to explain the false and nonsensical idea of the Social Democrats of reforming and democratising the League of Nations. It is necessary to spread broadcast information concerning the growth of militarism, the technical preparations for war, the application of chemistry, bacteriology and aviation and the scientific investigation of annihilating methods of warfare. The exposure of war treaties and secret agreements, the explanation of the purpose of bourgeois policy directed against the principal centres of the international revolution, to explain the prospects of the working class in the event of war breaking out,—all this must serve as one of the most important obligations of the Communist Parties.

The fight against the capitalist offensive and the effects of capitalist scientific management is the principal and fundamental work of the Communist Parties in capitalist countries. The everyday questions affecting the direct interest of the working class are most directly connected with this offensive. The length of the working day, wages and unemployment are the three principal questions which stand in the centre of this struggle.

It is the duty of the Communists to stand in the front ranks of this struggle and to advance and formulate the demands of the workers in the struggle and to lead the struggle, which in the more or less near future is destined to assume a more acute character.

From the point of view of the direct interests of the broad masses of the working class it is precisely these questions that are the most pressing, and it is from these that the Communists should start out in their efforts to bring the masses of the workers to accept the principles and the general political demands which formulate the question of the character of political power. In view of the fact that capitalist scientific management leads to the extreme intensification of labour and extremely rapid increase of exploitation, the Communist Parties must defend the 8-hour day or in the event of its repeal, to demand its restoration.

The capitalist class are hurriedly uniting their ranks in the process of their offensive against the working class. Simultaneously with the growth of enormous combinations of capitalist enterprises, cartels and trusts, simultaneously with the monstrous concentration of production, the social power of the bourgeoisie is also increasing. The fight against trustified capital now comes up on the order of the day. For that reason, the united front of the working class is more necessary at the present time than ever it has been before. The working class must bear in mind that the bourgeoisie has a very definite strategical plan in trying to utilise the relative divergence of toilers-between the workers at work and the enormous army of unemployed. It is trying to convert the numerically small but extremely important section of the working class from the point of view of the industrial process, namely, the most highly skilled workers into its bulwark. It plans to utilise the army of unemployed as a constant menace to the workers at work in the factories by holding up the constant threat of dismissal. In this way, playing on the differences in the positions of the upper stratum of the working class, the masses of the working class and the huge reserve army of labour, the bourgeoisie hopes successfully to carry through its general plan of capitalist stabilisation and to keep the employed section of the proletariat in a state of bondage.

United labour front in the face of the combined trustified capital must therefore be a prerequisite for any anti-capitalist offensive that has any chance of success. The propaganda of this unity in the struggle and for the struggle, the carrying out of the tactics of unity in actual practice, is the principal duty of the Communists. This duty does not exclude, but on the contrary presupposes ruthless criticism and exposure of all reformist treachery, defeatism, wavering and going over to the enemy. Only by combining the method of linking up with the broadest masses of the proletariat, with the method of systematic and determined exposure of all half-heartedness and reformism can the basis be formed for the correct carrying out of the tactic of the united front and for the real winning over of the masses for the purpose of the revolutionary struggle.

The various forms in which the swing to the Left of the working class is taking and which, as a whole, represents a

fundamental process of regrouping of the broad masses of the workers, must serve as a basis for the energetic work of the Communist Parties. Not a single one of these forms should escape their attention. Intensified work in the trade unions, joint conferences with the Left Wing of the Social Democratic workers, — while simultaneously ruthlessly criticising their leaders, — joint Committees of Action, joint Strike Committees, etc., etc., — all these must be utilised for the purpose of carrying out the slogan which for many years has been the principal slogan of the Communist International, namely, — **“Win the masses!”**

Our previous analysis has shown that the most probable prospects in view in a number of countries, considering the obstacles that are in the way of the process of capitalist scientific management, are those of **acute class struggles**. In France, in Germany, England, Italy, Czecho-Slovakia, — every-where where the capitalist class is attacking and increasing its pressure upon the working class, the growth of social conflicts between labour and capital is inevitable. **Most energetic mobilisation of the masses, leadership of the mass struggle, to work during every, — even the smallest — strike, to increase the influence of the Communists in this struggle, to carry out a most active policy of contact with and leadership of the masses, — must be the immediate tasks of the Communist Parties.**

It is necessary to bear in mind that in certain countries, particularly in Germany, — where the political importance of the Communist Party has greatly increased, — the broad non-Party masses, as well as the masses of the Left Wing Social Democratic workers, **already place their confidence in the Communists as far as extensive political campaigns are concerned; but they have not yet placed their confidence in the Communists in so far as the leadership of the trade unions and the everyday economic struggle is concerned.** In their opinion the Communists are good leaders in direct political conflicts but incapable of conducting the petty, everyday work and lack knowledge of the strategy and tactics of economic struggles. This circumstance and also the fact that the starting point of increasingly acute class struggles will inevitably be economic conflicts, which in their turn will gradually assume the form of general class conflicts, i. e. assume the character of political conflicts, makes it particularly important, it may be said, exceptionally important, to work in the trade unions as the widest organisations of the proletariat. It may be placed on record here that the Communist Parties have not nearly done all that should have been done in the sphere of trade union work.

Equally urgent is now the question of the detailed, persistent and systematic work to combine the masses on the basis of their everyday demands and requirements. The problem of **partial demands, concrete slogans, concrete programmes of action acquires first class importance.** The Communist Parties very frequently prove to be weakest in this sphere. While the Social Democrats have completely mastered the art of “petty affairs”, engaging only in these very frequently, putting forward concrete slogans solely for the purpose of diverting the attention of the masses of the workers from greater and more radical questions and betraying the working class at the most critical moment of the struggle, the Communist Parties have not yet mastered to a sufficient degree the art of combining the everyday petty demands, which frequently at first, are of decisive importance for the masses, with the fundamental slogans of the proletarian struggle, — the slogan of proletarian dictatorship. In the present historical period of development when every worker is faced with the problem, — will he be at work tomorrow or thrown on the scrapheap, will his working day be lengthened or not, will he continue to receive the wages he has been getting or will his already miserable wages be still further reduced; when enormous masses of the unemployed have been dragging out a miserable existence of semi-starvation for many, many months — in such a time the workers’ daily bread in its turn may serve as the starting point for the unfolding of acute struggles.

To learn the art of connecting up “every-day” questions and partial demands with the final aim of the revolutionary proletarian movement — this means solving the fundamental factual task which is at present confronting us with particular acuteness at the present time.

It is also necessary to learn how **organisationally to rivet the successes already attained.** One of the most characteristic

features of the condition of the Communist Parties is that while sometimes their political influence rapidly grows the numerical strength of the Party remains stationary, sometimes even decreases or else grows by a comparatively inconsiderable percentage. After important and successfully conducted political campaigns the successes attained are not realised from the organisational standpoint. For instance in the French Communist Party, after its anti-military campaigns, which greatly increased the political influence of the Party among the working class and even among fairly wide strata of the peasantry, they did not succeed in riveting these successes with the corresponding organisational successes. Or take another example. The German Communist Party conducted an extremely successful anti-monarchist campaign in connection with the question of compensation to the ruling houses. The Party was the initiator of the referendum, it was the leading force of the entire campaign. It had the widest masses of toilers behind it, in this campaign it drew away a considerable number of workers from the Social Democrats and subjected them to its influence. It compelled the Social Democrats to trail behind it. But after the end of the campaign a kind of vacuum was formed almost immediately, and the excellent results of the political campaign, which had been well organised and well conducted were not made use of organisationally. This defect in the organisational work of the Parties which reflects the weakness in its organisational apparatus must be remedied at all costs. An increase of the recruiting capacity of the Parties and much more intensive efforts towards becoming mass parties must also be included in the main tasks of the Communist International at the present moment.

Another urgent question is that of **denouncing Social Democracy and fighting fascism and the white terror.** The Communist Parties should pay serious attention to the unemployed movement, they should endeavour to bring over to their side the ruined and exploited strata of the petty bourgeoisie and petty peasantry, and paralyse all attempts of the Fascists to get recruits from these sources. On the other hand the Communist Parties should repulse much more effectively all the terrorist attacks of the ruling Fascist cliques, mobilise the masses for resistance and conduct wide campaigns, including international campaigns of solidarity and support for that section of the Communist movement which is bearing the brunt of the Fascist reaction. **The denunciation of the Social Democrats and the struggle against them should also occupy a front place amongst the main tasks of the Comintern.** Despite the fact that the Social Democrats are being ousted from the governmental coalitions and in spite of the “Left” manoeuvres of the Social Democratic Parties, these parties have become a direct support of the bourgeois regime to a still greater extent than formerly. Their position on fundamental problems of the present day (the question of the League of Nations, of ultra-imperialism, the Colonies, the menace of war, attitude towards the U. S. S. R., coalitions with the bourgeoisie, capitalist scientific management, etc., etc.) are steeped in treachery to the working class. Both from the viewpoint of the everyday struggle of the proletariat (attitude of the Social Democrats to the question of scientific management, on the British miners’ strike, the attitude to the White Terror), and, still more, from the viewpoint of the perspectives of war, Social Democracy is a yellow organisation which must be smashed if the working class is to be in a position to conquer. **The denunciation of Social Democratic views and Social Democratic manoeuvres, the denunciation of the entire treacherous role of the Social Democratic leadership remains as before a most important task of the Communist Parties.** Simultaneously, the Communist Parties must pay full attention to the needs and demands of the Social Democratic rank and file members who are inevitably swinging to the Left under the pressure of the stabilisation efforts of the bourgeoisie.

Combatting the propaganda of the Social Democrats the Communist Parties should put forward as against the slogan of the League of Nations, the slogan of a federation of socialist republics, against the slogan of Pan Europe the slogan of the United States of Socialist Europe, against the chatter about a new phase of capitalism without wars, — the harsh truth about the monstrous wars which are being prepared by the bourgeoisie, and against the programme of coalition with the bourgeoisie, — a programme of proletarian revolution, of workers’ and peasants governments, of proletarian dictatorship.

## IX. THE COMMUNIST PARTIES AND WORK IN THE TRADE UNIONS.

Economic strikes and economic struggles, under present conditions — when powerful employers' combines exist marching in step with the bourgeois state, when every big strike has a tendency to extend to the whole sphere of industry affected — grow into political struggles, acquire a more or less clear political character. The rapid growth of trusts and other tremendous industrial, commercial and banking organisations dictates to the working class the necessity of a corresponding type of its own fighting organisations. Therefore the Communists should in the most determined manner put forward the slogan of reorganising the trade unions on an industrial basis, should combat the remnants of craft unionism and the organisation of the workers of one branch of industry into various small unions which under present conditions only disintegrate the forces of the proletariat. Similarly, the Communists must put forward the slogan of creating fighting alliances of trade unions and a centralised leadership and conduct energetic work for winning the trade unions in general. It is also necessary to pay attention to the organisation of factory committees, their consolidation according to branches of industry and the formation of an organisation of factory committees of a nature that will allow of fighting agreements between the big unions for the purpose of the most consolidated, firm and rallied struggle. The working masses brought face to face with the necessity of counter-acting the offensive of the highly organised capitalists will easily understand the necessity for an organisation of this kind. On these grounds also the reformist trade union officials who defend the out-of-date types of unions sometimes from the fear of losing their jobs must be given battle. The Communists must take advantage of every partial strike to propagate the idea of big industrial organisations and should prove by the example of the unfolding struggle, the necessity for proper political leadership of the trade union movement. This task stands out with particular acuteness in Great Britain, where besides the exploits of the conservative trade union officials there are also considerable remnants of the old craft outlook.

The Communists in trade unions should fight consistently, not only for the entry of all employed workers into the unions, but should also conduct an energetic campaign for the acceptance of the unemployed workers into the trade unions, for the full support of the movement and the demands of the unemployed by the organised proletariat as a whole. This is all the more necessary as the bourgeoisie, as we have frequently pointed out above, wants to gain by splitting off the working class. In helping to rally together the forces of the proletariat inside these broad class organisations, the Communist Parties should denounce the attempts of the reformist trade union bureaucrats and the Social Democratic leaders of the trade union movement to turn the trade unions into auxiliary organs of the employers' unions and the imperialist states. If the employers' organisations, supported by the so-called Socialist Parties on the basis of the ideology of "constructive" socialism (which, as we have seen above, on closer scrutiny proves to be constructive capitalism) endeavour in every way to Americanise the movement, to the extent of setting up joint organisations under the hegemony of the bourgeoisie in place of the class organisations of the proletariat, or else endeavour to subject the existing trade union organisations to their influence, and in this make use of the trade union leaders, the Communist Parties should denounce all such attempts at class treachery and mobilise the masses organised in the trade unions to defend the interests of the wage workers against all manifestations of the capitalist offensive. It stands to reason that the main content of Communist work in the trade unions at the present time is to rally the forces of the working class in the struggle against the consequences of the so-called capitalist scientific management which are harmful for the working class. In this struggle against the consequences of capitalist scientific management the Communists working in the trade unions should enter into every little detail; they must take notice of every harmful consequence of the various measures of the employers, put forward their demands; and in the event of an economic conflict, even though it be a small one, should be at the very front post defending the line of defence of proletarian interests in a most determined, consistent and courageous manner. The Communists, in denouncing the re-

formist leaders of the trade union movement should courageously utilise the leftward trend of the working masses organised in trade unions and aid in every way and in the appropriate form the formation of "Left wings" in the trade union movement. In this respect the experiences of the "Minority Movement" in Great Britain should also be studied. This movement has achieved considerable successes and, marching hand in hand with the Communist Party, has fully justified the energetic work of the Communists in the trade union movement.

In connection with the peculiarities of the present period of development and the tremendous significance of the trade union organisations throughout this period, the problem of a united international trade union front becomes a particularly urgent and particularly vital problem of the international labour movement. In this respect it is particularly important to study the experience of the so-called Anglo-Russian Committee. The utilisation of international contact between the working class of Great Britain and the Soviet Union through the Anglo-Russian Committee; the international demonstration of the united front tactics with a simultaneous sharp and ruthless criticism of the capitulation and treachery of the leadership of the British trade union movement; the policy of utilising all possibilities to link up with the masses even if through organs of leadership; the tactics of systematically winning over the masses, even if commencing with separate sections (the miners and the formation of the Anglo-Russian Miners Committee, etc.), the policy of proletarian solidarity and material and moral aid, of the mobilisation of all forces for the purpose of supporting the miners in their struggle — all these factors should serve as an example of the correct revolutionary operation of the united front tactics on an international scale. Thanks to these tactics the struggle for a united international front of the trade union movement at the present time has been raised a step higher.

The commencement of the international trade union movement and organisation of the R.I.L.U. took place at a time when the revolutionary situation in Europe had reached the highest point of its development. It is interesting to recall that one of the founders of the R.I.L.U. was the well-known Italian reformist, D'Aragona who was in Moscow at the time. These were days when the crash of European capitalism seemed imminent and when the reformist rats were already beginning to leave the sinking capitalist ship. These were days when Communism, during the short period of its existence, had achieved tremendous successes and when the gravitation towards it was so great that a whole number of pacifist, semi-pacifist, semi-reformist and even reformist elements tried to get into the Communist International. This was a time when the Comintern had to guard itself by the fence of 21 conditions from the excessive "sympathy" of elements of this kind. The Red International of Labour Unions organised at that time marched hand in hand with the Communist International. The fact should also be recalled that there was a special organ uniting the leading staffs of the Comintern and the R.I.L.U.

The ebb of the tide of the international revolution, the strengthening of the capitalist regime, the partial stabilisation of the latter, was accompanied by an ebb of the "sympathy" for the Comintern of all those elements who had been more or less accidentally brought into it by the revolutionary wave. The relative "tranquillisation" of the European Continent then commenced and the centre of gravity of the struggle gradually shifted from central Europe to Great Britain, where the working class were only just beginning to depart from their old conservative positions, habits and ideology. Side by side with the strengthening of the capitalist regime the Amsterdam International also partially stabilised itself. The R.I.L.U. was compelled to change its policy of attack to a policy of defence. The new wave of Left movements in the trade unions began to rise particularly noticeably after the time the tendency of rapprochement between the British and Soviet workers became apparent. For the British proletariat, which for the first time began to act as one of the advanced sections of the European labour movement, the R.I.L.U. was to a considerable extent an organisation standing too close to the Comintern and therefore at that stage of development not yet enjoying the necessary popularity amongst the masses. The Soviet trade unions, on the contrary, connected with the Soviet State whose popularity was already relatively wide, enjoyed the greatest popularity among the British revolutionary workers' organisations. As the struggle in connection

with the solidarity displayed by Soviet trade unions developed, the British workers rose to higher and higher degrees of class-consciousness; the rationalisation and revolutionisation of the British labour movement went steadily forward, although the entire process proceeded and is proceeding in contradictory and extremely painful forms. The Communists and workers of the international trade union movement are now confronted with the gradual internationalisation of the struggle for a united international front of the trade unions. The role of the R.I.L.U. should inevitably acquire greater and greater significance while the Communists of the Soviet trade unions should, by more energetic work within the limits of the R.I.L.U. help to liven up the work of the latter. This by no means signifies that we should for one moment change the tactics of work in the trade unions by adopting a position of splitting the reactionary trade unions or withdrawing from them. On the contrary, there would be nothing more harmful than the adoption of such tactics; they would condemn the support of the revolutionary trade union movement to isolation from the masses and the formation of sectarian trade union organisations with poor influence and weak activity (Schumacher). Work in the reactionary trade unions and the work for winning them over is one of the central points where the Communist organisations should exert their efforts. At the same time the authority of the Red International Labour Unions should be supported in every way as it is still destined to play a big role in the international struggle for unity of the trade union movement and in the struggle against the capitalist offensive. While increased work within the trade union organisations in the various countries is a necessary condition for the success of the revolutionary proletarian movement there are no grounds whatever for the entry of the revolutionary unions into the Amsterdam International. There can be no question of liquidating the R.I.L.U. On the contrary, the entire international situation in which the working class is becoming revolutionised, though slowly, along with the absolutely treacherous role of the Amsterdam International, which became particularly clearly manifest on questions connected with the General Strike and the British miners strike, brings to the forefront the necessity for strengthening the international centre of the revolutionary trade union movement.

## X. MAIN SUMMING UP OF ERRORS AND TASKS OF THE VARIOUS COMMUNIST PARTIES.

### The C. P. S. U. (b).

The chief Section of the Comintern — C. P. S. U. (b) — has achieved considerable successes during the period under review. These successes are in the field of economic construction, strengthening of the proletarian dictatorship and consolidation of the Party itself. In the economic field, despite all prophecies concerning the inevitable extensive growth of difficulties, the scotching of State plans by the developing kulak, etc., the Party has succeeded in achieving decisive economic successes in a number of the main sectors of the economic front: the industrialisation of the country is making further progress and during the present year already more than one billion roubles has been expended on capital construction and electrification, not including the funds allotted from the local budget; ousting of private capital (decline of its relative importance) is to be observed both in the field of industry and in both the wholesale and retail trade. The raising of the tax assessment on private capital, the adjustment in the assessment of the peasantry by way of increasing tax pressure on the upper strata, a number of other measures directed against private capital (for instance the policy of railway tariffs, and pressure in the field of transporting private commercial cargoes) give testimony of the offensive of Socialist elements, the offensive of the proletariat against private capital. The Party has succeeded in bringing the country out of a relatively difficult economic phase by means of a number of decisively conducted measures (curtailment of currency emission, reduction of credits to industry, economy in overhead charges, etc.). Since the beginning of the summer an improvement was noticeable which gradually developed and enabled the Party by autumn to raise the wages of the lower paid categories of workers, at the same time lowering the general index of commodity prices and strengthening the position of the currency. By a correct policy in regard to the peasantry, the Party succeeded in strengthening the alliance between the proletariat and the peasantry and thereby

strengthening the dictatorship of the proletariat. On the basis of a correct political policy which led to positive economic and general political results, the Party succeeded in securing a relatively easy and complete victory over the internal Party Opposition and of rallying the Party ranks closer than ever. The chief error made by the Party leadership prior to the VI Enlarged Plenum, largely due to the opposition, was the so-called economic miscalculation of the autumn of 1925 which resulted in serious economic consequences. In spite of the opinion of the Opposition, which tried to attribute this error to the offensive of the kulaks, who were supposed to have been capable of organising a grain strike, the Party correctly estimated the significance of this error. It drew from this error the appropriate lesson and overcame it by its policy. This may be quite clearly seen from the favourable conditions prevailing during the present grain purchasing period.

The most important event in the international labour movement has been and is the strike of the British miners. We have already mentioned that almost all Parties of the Comintern (with the exception of the C. P. S. U. (b), the Communist Party of Great Britain, the Italian C. P. and one or two others), proved incapable of repulsing in an adequate manner the treacherous tactics of the Social Democrats and reactionary trade union leaders, proved incapable of developing the necessary relief campaign on behalf of the British miners. Naturally this is to a considerable extent due to the tremendous objective difficulties, above all unemployment, short-time work, etc. However, a certain part of the responsibility should be placed on the weakness of the Party apparatus and the inadequate mobilising capacity of our Parties. Except for the British Party the greatest activity in direct participation in the movement was developed by the C. P. S. U. which holds the reins of State power, and by the illegal persecuted Italian Communist Party, subjected to the terrorist axe of Mussolini. The activity of the C. P. S. U. (b) which certain "critics" (to put it mildly) consider to be practically a kulak's party, in the way of mobilising the masses for the relief for the British miners is known to everyone. The Italian Communist Party, despite its illegal existence succeeded in running an extensive campaign, collecting considerable sums of money, and combining an energetic campaign of support to the British miners with the mobilisation of the masses against the bloody regime of Mussolini, penetrating thereby not only into the thick of the urban proletariat, but also into the remotest corners of the Italian countryside.

The experience of the far-from adequate aid to the British miners on the part of the majority of the Communist Parties should be studied at all costs.

In Great Britain the Communist Party excellently stood the test during the General Strike and the subsequent trend of events. To a considerable extent as a result of its work in the trade unions, it became transformed from a small political organisation, playing practically no important part in the social life of the country, into one of the most important factors therein. In the strike committees, on the Councils of Action, in the Left wing of the trade union movement and on the Left flank of its political movement, the Party achieved a number of significant successes, aided the formation of oppositions in the trade unions and the organisation of the "Minority Movement", and attained the leading role in this movement. On the whole pursuing a correct tactical line, the British Communist Party increased the number of its members, especially during the recent encounters in the districts where the miners comprise the preponderant mass of the industrial workers. The C. P. G. B. increased its political influence to a far greater extent. The decisive position of the Party during the great encounters made it in the eyes of the workers the leader of everything courageous and honest in the labour movement. The treachery of the trade union leaders and chief leaders of the Labour Party, the capitulatory policy of the so-called "Left wingers" (Purcell and Co), the pitiful vacillation of the Independent Labour Party only emphasised the courageous position of the numerically small, but comparatively extremely active Communist Party of Great Britain. However, during this period the British Communist Party committed a number of errors already partially rectified by the Party, errors which will have to be taken into account in that their effects may be all the more easily overcome. The underlying cause of these errors is the inadequately decisive position in regard to what are termed the "Left leaders" of the trade union movement and a certain under-estimation of the tremendous political process which is taking place, though

not so quickly as we should like — within the British working class, which has been brought face to face with the most fierce attack of the bosses and the government on the one hand and the pitiful bankruptcy of the reformist leaders on the other hand. The concrete errors of the C. P. G. B. consisted in inadequately decisive criticism of the "Left leaders", particularly after the General Strike, in the failure to understand the position of the Russian trade unions (the British comrades considered this position to be too radical), a wrong presentation of the question of a campaign of denunciation of the General Council leaders at the executive meeting of the Minority Movement and an insufficiently energetic position at the Trades Union Congress. These errors should be rectified as soon as possible and they will be rectified, because on the whole the Party is coming out onto the broad road of transformation into a mass revolutionary party of the British working class. The main task confronting the British Communist Party is to intensify the work in support of the miners' strike, to explain to the masses the role of the government, to get these masses to bring up the basic problems of political life and at the same time denouncing the reformist leaders. The organisational work of the Party primarily consists in further organisational strengthening of the Trade Union Minority Movement, reinforcement and extension of the successes attained by this movement and energetic recruiting work. The inadequate stage of formation of the Minority Movement became sufficiently apparent during the course of events. The influence of this movement would be much greater and the radicalisation of the British working class would take place much more rapidly, if the Minority Movement, marching hand in hand with the Communist Party, were organisationally equipped and had a firm organisational skeleton "apparatus", which would help to give this vanguard of the trade union movement a much greater fighting capacity.

The Chinese Communist Party has now come to the forefront in its importance in connection with the tremendous volume of the Chinese national-revolutionary movement. The young Chinese Communist Party has undoubtedly attained most important successes. Acting in full solidarity with the Left wing of the national revolutionary Kuomintang, the Chinese Communist Party has occupied a place as the recognised leader of the proletariat, peasant poor and artisans. The chief error committed by the Chinese Communist Party, despite its generally correct policy, was the insufficient attention of the Party towards the peasant question. Unnecessary fear as to the development of the peasant movement and insufficient insistence on the necessity of conducting agrarian reforms in the areas occupied by the Kuomintang constituted the main trend of the errors. The task of the Party should be to adopt a decisive course towards organising the widest strata of the toiling masses while preserving the united national revolutionary front, and simultaneously a course towards forming, supporting, extending and strengthening the organisation of the revolutionary peasantry<sup>35</sup>).

The French Communist Party has also achieved a number of successes. It conducted a brilliant campaign against the war in Morocco, mobilising wide strata of workers round this campaign. It took part in the leadership of quite a number of strikes during the recent strike wave. It also endeavoured to come to the aid of the British miners by conducting a demonstrative solidarity strike. However, it committed a big error just at the most critical moment of French political life; we allude here to the transfer of power into the hands of Poincaré. The Party chiefly did not clearly realise the actual character of the movements in class forces that were taking place. The transition from inflation policy to that of deflation, the transition from a government of the "Left Bloc", through a number of intermediary stages, to the open rule of the big bourgeoisie, i. e. a government of heavy industry and banks; further, the fact that this change of power was a political pre-requisite for the commencement of a "stabilisation" offensive of big capital against the working class — all these factors were not estimated in a sufficiently correct manner by the French Communist Party. Therefore, the Party in paying attention to various combinations in Parliament, did not pay sufficient attention to the mobilisation of the masses of the workers and petty bourgeoisie. Meanwhile, this critical period was accompanied by a great ferment among the workers and petty bourgeoisie, a ferment not utilised by the Communist Party which displayed considerable passivity. Mention should also be made

of the shortcomings of the Party's work in the trade unions and also the inadequate work amongst the unorganised working masses by the trade unions led by our Party. There has been a growth in the Party membership of late. The main task of the Party is to prepare for the inevitable pending fight. For the first time a mobilisation against the working class is taking place in dimensions such as are now proposed. The commencement of unemployment, the increase in the cost of living, the incensed tone of the bourgeois press towards the workers — all these factors represent the approaching intensification of the class struggle. The strengthening of the position of the Party and the revolutionary trade unions among the masses and the strengthening of their apparatus, their mobilisation capacity and their internal strength should occupy the particular attention of our French brother Party.

In Germany a number of achievements should be noted. The influence of the Communist Party in the trade unions has increased (for example amongst the Berlin metal workers), although by no means adequate. The Party influence has also increased amongst the more Left of the Social Democratic workers. The Hamburg strike, the delegation to Soviet Russia, the Left oppositions, the joint conferences and increased influence on the League of Red Front Fighters are expressions of this growing influence. The authority of the Party has also grown in the unemployed movement, since the Party has succeeded in rectifying certain errors in this respect and developing fairly energetic activity in the organisation of the unemployed working class masses. The campaign conducted by the Party against the restoration of the property of the ex-Ruling houses undoubtedly increased the popularity of the party amongst the widest circles of the working class and even among the urban petty bourgeoisie. The recent elections in Saxony and the municipal elections in many localities, which have resulted in an increase in the Communist vote, clearly indicate a growth in the general political influence of the Party whilst conducting a correct political policy. Mention should also be made of the consolidation of the Party ranks and the decisive struggle against petty bourgeois deviations. At the present time the Party is confronted with the most serious tasks both internally and externally. Its main task externally is to prepare for the leadership of the coming fights of the working class which will result in the most accentuated class struggle. A tremendous intensification of work in the trade unions is necessary and an energetic continuation of the united front tactics both in the trade union sphere and in regard to the most left masses of the Social Democratic and non-Party workers. It is necessary to strengthen the Party organisation apparatus, to strengthen contact with the provinces, to promote new cadres from among workers and to close the Party ranks. The forthcoming Party Congress will have tremendous importance in the history of the Party.

In Italy the Party has entirely stood the test in the most difficult conditions of struggle. It has preserved its organisation, what is more it has succeeded in linking up with the wide masses of workers and peasants, has greatly increased its authority, overcame anti-Leninist sectarian deviations in its midst, learnt to conduct successfully the united front tactics. With regard to work in the trade unions, it has proved its worth under conditions of the destruction of the trade union movement, independent of the Fascists and the existence of Fascist trade union organisations. The Comintern should summon all its Sections to lend their support to the Italian Communist Party, whose leading workers are actually placed outside the law by the terrorist regime of the Fascist dictatorship.

In Poland the errors committed by the Communist Party have already been quite sufficiently criticised and condemned by the Party itself. These errors consisted in the radically incorrect united front tactics during the Pilsudski coup d'état when our Party swept by the petty bourgeois wave lost its own identity, and found itself at the tail of the masses. At the most critical moments it failed to start in time to turn the weapons against the tendencies of the Pilsudski-ites which ultimately, with the aid of Great Britain, succeeded in establishing a Fascist dictatorship in the country. It is the task of the Party to mobilise the masses for a struggle against Pilsudski's fascist regime, to work energetically in the trade unions, to take advantage of the swing to the Left of the working masses in connection with the capitalist offensive, and to defend bodily and with determination the interests of the broad masses of the peasantry and the oppressed nationalities.

<sup>35</sup>) We will not dwell further on this question here as it will be discussed in detail as a separate point on the agenda.

The Czecho-Slovakian Party, which in general has conducted united front tactics quite successfully and has become a big mass revolutionary party is rather lacking in the activity, especially necessary at the present time, when the economic crisis in the country is becoming more and more accentuated.

With regard to the remaining Communist Parties we wish to record that the experience of their work has shown the following: firstly, they have in general succeeded in becoming adapted to the conditions of the present period, although not in the necessary degree, secondly, experience has shown that the actual growth of influence of the Communist Party at times proceeds more rapidly than is generally supposed; thirdly, that the Parties are approaching the coming struggles under conditions, which while creating great difficulties, are nevertheless in general favourable for the success of the Communist movement.

#### XI. STRUGGLE FOR A LENINIST POLICY AND PROBLEMS OF LEADERSHIP.

In summing up some of the criticism of the Comintern over a comparatively long period, one may arrive at the following conclusions. This criticism in as far as it was criticism of principle was above all criticism of the peasant policy of the C. P. S. U. At times this criticism donned the toga of "real", "orthodox", "West European" (in contradistinction to Asiatic-Bolshevik) "Marxism". The Comintern was thus criticised by Paul Levy and his group which soon went over, together with its chief, into the Social-Democratic camp. The criticism took the form of accusations of expressive centralism, i. e. regime and "Left" criticism of the united front. The Communist Parties were subjected to similar criticism by the former secretary of the French Communist Party, Frossard. But it is characteristic that all the "leaders" who indulged in such criticism very soon went over into the Social Democratic camp or something very much like it. Levy became a Social-Democrat, Frossard became a Social-Democrat and a collaborator of Caillaux's organ, Hoglund became a Social-Democrat who publishes the works of his former opponent Branting. Tranmael and his party are on the eve of amalgamating with the Social-Democratic Party, etc. Thus, all these "critics" who frequently directed their critical shafts "from the Left" completed the circle of their development and returned to the place they started from.

At present, the Comintern has to carry on a struggle with a comparatively small Right group within the Comintern and with the so-called "ultra-Left" fraction which has sharply revealed itself in Germany. There is no doubt whatever that the activity of the fractional groupings within the Comintern was given a great impetus by the cavarly raid made on the leaders of the C. P. S. U. by the leaders of the Russian Opposition. Various forces began to group themselves around the actions of the latter, forces which were more or less inclined to be hostile to the Comintern and even to Soviet Russia.

We have already mentioned that the so-called "ultra-Left" opposition revealed itself most sharply in Germany where its desertion of Communism was the reflection of the change of orientation of the German bourgeoisie from the East to the West. The substance of the "ideological views" of these people has already been explained. Here we have only to point out the objective connection between various tendencies, groups, big and small, within the general opposition bloc. The Weber group supports Urbahns, Urbahns makes common cause with Ruth Fischer and Maslov, Ruth Fischer and Maslov enter into an organisational bloc with Korsch and Schwarz although at times they are not adverse to dissociating themselves from any ideological or organisational connection with the latter. The so-called Russian question is, as we can see, the bone of contention. The "ultra-Left" opposition has already returned entirely to the Social-Democratic fold, having passed through a number of intermediate stages and "ideological shades of opinion" and in the person of its more consistent "leaders" (Korsch and Schwarz) it has made all the practical-political deductions which were made long ago by Kautsky in his famous pamphlet: "The International and Soviet Russia." Thus the ultra-Left, the "decidedly-Left", etc., oppositions have begun to play the role of ultra-Right Social Democratic counter-revolution, concealing the real paucity of its ideological baggage under the pitiful rage of Left phraseology.

Whilst at one pole of the Comintern "ultra-Left" groups have made their appearance, Right tendencies are noticeable at the other pole. It is sufficient to draw attention to some small groups in the French Communist Party, to the Sheflo group in Norway, to the article in the central organ of the Communist

Party of Czecho-Slovakia "Rude Pravo" which defended the position of Otto Bauer on the question of proletarian dictatorship (the article was immediately disavowed by the C. C. of the Party) and to recall the Right errors in the Polish Communist Party, etc.

In connection with the actions of the Russian Opposition an attempt was no doubt made to organise an international fraction directed against the policy of the Comintern and of its principal section, i. e. the C. P. S. U. However, this fraction did not materialise, first of all because the rank and file of the C. P. S. U. dealt the Opposition a heavy blow and forced it to capitulate. This event could not but disorganise the opposition ranks within other Parties, first and foremost within the German Communist Party where the opposition was certainly a factor to be reckoned with.

Factional methods of struggle which part company entirely with Bolshevik organisational principles were fully and quite openly explained and justified in the declaration which Urbahns made in reply to the ultimatum of the Central Committee of the German Communist Party. In this reply it is said among other things that Party discipline cannot be applied to a Party like the Communist Party of Germany, because after all, it is not a Bolshevik Party. This shows quite clearly that these people were preparing a Party split just at the time when the Party was entering upon the path of mass work on a large scale.

Together with the defeat of the Russian Opposition and the expulsion of the more harmful leaders of the Opposition from the German Communist Party, the struggle for Leninist organisational policy and the struggle against fractionalism entered upon a new stage of its development. The chief aim of the opposition leaders already expelled from the Party consisted and consists in disrupting the Party, in practically annulling Party decisions and in making impossible the leadership of the Party by the C. C. by repeated breaches of discipline. The slogan of the Bolshevisation of the Party proposed at the time by Comrade Zinoviev must be carried out within our Communist Parties with the utmost rigour. In its well-known declaration signed by the most prominent leaders of the opposition in the C. P. S. U., the latter, whilst retaining its principles with respect to other questions, acknowledges that the theory of the freedom of fractions and grouping is contrary to Leninism and consequently to Bolshevism. Thus the slogan of the further Bolshevisation of these Parties must be — liquidation of the anti-Leninist freedom of fractions within the Comintern. Whilst guaranteeing to every member of the Party not tied by the special discipline of its leading organs the right to express and defend his own opinions, the Comintern and its various Sections cannot allow themselves at present the luxury of fractions, and particularly of a fraction connected with those who have been expelled from the Party which is practically the embryo of another Party. This is particularly applicable to groups which share the counter-revolutionary views of Korsch, Schwarz, and Co., views utterly incompatible with adherence to the Comintern. There is no room for Social-Democrats and counter-revolutionaries in the revolutionary association of workers.

To overcome every kind of deviation from the correct Leninist lines is the constant task of the Comintern. This is as true now as it was before. The Comintern has conducted and will continue to conduct a struggle against "Right" as well as against so-called "ultra-Left" elements whose ideological-political theories are frequently identical. "Ultra-Left" deviations in the West-European Parties are the product of the failure to understand the objective situation which is arising and which demands from the Communist Parties a much greater adaptation to the everyday needs of the working class on the basis of which the masses must be led into the revolutionary struggle for revolutionary aims. In the same manner the so-called Left opposition circles in the C. P. S. U. express and reflect the failure to understand the specific requirements of the constructive period of proletarian dictatorship and trip over slogans repeated and borrowed from a stage in the development of the revolution which has already receded into the past. This failure to understand the requirements of the new situation, however, is in keeping with the fact that these deviations themselves are the product of this situation. While the Opposition in the C. P. S. U. by its pressure on the Party reflected the pressure exercised on the Party by those sections dissatisfied with the regime of proletarian dictatorship in general, the German Opposition generally reflects the vacillations of the petty-bourgeois sections among the working class, and its most "determined" representatives who

have come to the pass of preaching a revolt of capitalism in the country of proletarian dictatorship, and who are certainly playing the role of direct vehicles of the most virulent, "anti-Moscow" bourgeois tendencies. There is of course an enormous gulf between Herr Korsch and the Opposition in the C. P. S. U., and to class them together would be incorrect as well as unjust. But the mechanism of struggle is such that the raid of the Russian opposition immediately rallied around it a whole chorus of decidedly anti-Communist elements.

One can say already that the fit of opposition fever is already on the wane. The main forces of the opposition are beaten, its auxiliary forces are disorganised. The ideological struggle and the ideological explanation of the errors of the opposition comrades and of all the expelled renegades will have their effect and will rally around the Comintern the ranks of the Communist Parties.

The struggle for the masses as well as the struggle for a correct Leninist policy contribute to the selection of well trained and well-seasoned guides and real Bolshevik leaders of the Communist Parties. The application of inner Party democracy without tolerating factional groupings, indefatigable work for raising the political level of the rank and file members and the theoretical level of its cadres of workers will guarantee the growth of new and fully qualified Party cadres. As the Comintern is growing there is more need for proper leadership and the selection of leaders must be such as to ensure collective international leadership. One of the most important tasks of this international leadership is systematic control of the execution of decisions which in many respects give full instructions to the individual Communist Parties, but are frequently unfulfilled. Continuous contact between the leaders of the Comintern and its individual sections, absolute firmness and uniformity in the leadership of the Comintern, but without any petty attempts at guardianship, accompanied by maximum initiative on the part of the individual Sections of the Comintern, such is the path which the Communist Parties and the Communist International must pursue in the course of their development.

To sum up we can say that the Comintern has made progress. The chief enemy, the bourgeoisie, is continuing its offensive against the working class. This enemy all along the line has the support of Amsterdam and the Second International. These organisations are blackleg organisations with respect to the

British coal strike, but they enthusiastically serve and laud to the skies the League of Nations and the "new era" of capitalist relations. They support bourgeois governments and capitalist scientific management, they support attacks and insinuations against the Soviet Union as well as against the national revolutions in the East; they agitate in favour of Colonial mandates. At the same time the forces of the Comintern are fighting against imperialist intervention in China, fall victims to the murderous attacks of the Fascists, carry on a heroic struggle in the Balkans, fight against Mussolini's sanguinary regime, fill the prisons and dungeons of Marshal Pilsudski, build Socialism in Russia, encourage, support and lead into the fight the British miners, give the last penny to the miners' wives and children, are always in the fore on all the fronts where fighting is going on against capitalism, they are ever ready to expose themselves to the bullets of the enemy. It is probable that a number of our Communist Parties will be in the midst of big battles in the very near future. It is therefore essential to make strenuous preparations, to mobilise the masses, to penetrate still more deeply into working class districts and to rally the army of labour.

The British miners, betrayed and abandoned by the trade union leaders, continue their heroic struggle which is shaking the entire economic organism of the great British Empire to its foundations. In the Far East the masses, millions strong, for the first time enter the historical arena, constituting a mighty and active rear for the proletarian revolution. The main stronghold and the organising force of international Communism — the Soviet Union — is growing from year to year and is consolidating the victorious dictatorship of the workers. Even if capitalism succeeds in strengthening its position on a number of sectors of the class struggle front, even if it partly succeeds in emerging from the chaos and ruin produced by the world war, even if it is able to reorganise its ranks and to rally its forces, a solid wall of enormous difficulties will rise up against it in the very near future. This creates a basis for the successful activity of the Communist Parties. The capture of the masses of the West European proletariat and the establishment of a great world union between the workers of Europe, the victorious dictatorship of the proletariat in the Soviet Union and the victorious Chinese Revolution, will become the bulwark and the guarantee of the ultimate victory of Communism.