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The May Day Front

THE following is a brief summary of the position at the front of militant activity:

BERLIN.—Nineteen killed, 35 seriously wounded, 200 with minor injuries. Two hundred thousand demonstrators. Barricades. Armoured cars. Machine guns.

WARSAW.—Nine seriously wounded, 100 with minor injuries. The number beaten up and maimed is beyond all computation. In Vilna there were 24 seriously wounded.

PARIS.—A strike unprecedented since 1920. A concentric advance of the proletarian demonstrations from the suburbs to the boulevards, repulsed by the joint efforts of the police and the national guards.

That is the first, the material balance-sheet, so to speak, of the May Day review, the militant review of the proletarian forces at the height of the "third period." The re-elections to the German factory committees, which

so far have yielded brilliant results to the Communist Party and to the revolutionary trade union opposition, have still to be completed; the impression of the mighty strike wave which has been going on unbrokenly since the end of 1928 has not yet faded; and the tempo of growth of class antagonisms on May 1st provides a new lesson, justifying the boldest expectations of the Comintern Sixth Congress. And what is the political balance-sheet of the May Day demonstrations with reference to our further struggle?

FIRST and foremost, this is a question of the degree to which the working class is moving leftward and of the real inter-relationship of forces within the working-class movement. Everyone will remember the interventions of the conciliators at the Sixth Congress and the period which followed, when they "warned" us against under-estimating

the influence of the social-democrats, who at the May, 1928, parliamentary elections received 14,000,000 votes. "What do the 9,000,000 votes obtained by German social-democracy signify?" asked Ewert at the Congress. Is this only a transient election success, or are these 9,000,000 votes the result of organisations which are still strongly rooted in the working class of Germany? Ewert answers with conviction, "The latter is the truth."

And on the eve of the 1st of May, in the special May Day leader of their central organ, "Against the Current," the right-wing renegades who have been excluded from the Party, unmasked the "ultra-left" policy of the German C.P., which is "not in a condition to attract the masses towards itself."

Life itself has given the right-wing deserters and the "sceptic" conciliators their answer. The dispute as to the estimate of the inter-relationship of forces in the working masses has been settled by the masses themselves at the barricades in Neukölln and Wedding. After the Ruhr lock-out and the Lodz strike, after the re-elections of the German factory committees, this year's mighty May Day demonstration revealed unequivocally the direction in which the workers' movement is now developing. The May Day review is a death sentence to social-democracy. The election "victories" achieved by social-democracy were simply the effect of the partial stabilisation of capitalism. Even so, the antagonisms within that stabilisation were growing with extraordinary swiftness, being expressed in the enormous increase in the Communist vote. Since then we have seen how the elements of crisis within capitalist stabilisation are growing, how the class antagonisms are increasing, how the working class has passed to a counter-attack in the economic battles of the past year, battles which culminated in the political counter-attack on May 1st. For this reason we devoted our leading article on the eve of May Day to the special importance of the May Day demonstration this year. Just as every large modern strike acquires a profound political significance, so the importance of the 1929 May Day consists, not in the demonstrations around the slogan of protection of labour or even the eight-hour day, but in the profound political and revo-

lutionary character of the workers' demonstrations.

That is the second lesson of the May Day demonstration. We must have a clear perception of this process of continuous growth of revolutionary factors—a fact which is incontestable, and which has enormous importance for the future tactics of the Communist Party.

THE May Day demonstration is a mass proletarian activity. This constitutes the chief value of May Day. On that day the workers, organised and unorganised, irrespective of party or trade union membership, are on the streets. In their hypocritical manifestoes the Second and Amsterdam Internationals called upon the workers to make a "mighty demonstration" on May Day. But there was not a single large country in which the call of the "international" found any response. The masses demonstrated only under the banners of the Communist Party. Social-democracy cleared the field of battle for settling accounts with the revolutionary proletarian advance-guard, and itself participated in that settlement. That is the third lesson of the May Day demonstration. Social-democracy can no longer serve as a defensive barrier against Communism. It is this fact which explains the increasing use of open repression and bloody execution in regard to the working class, now being effected by the bourgeois State machinery. The social-democratic and reformist trade union leadership which is closely bound up with the bourgeois State, is taking active part in these measures. Moreover, feeling that the ground is slipping from beneath their feet, the present-day successors to Noske—Zörgiebel's "bloodhounds"—are playing the part of scouts and organisers in this bloody execution. "Behind the prohibition of the May Day demonstration by the social-democratic chief of police," writes the bourgeois *Weltbühne*, "stand the socialist unions as faithful dragons . . . fearing the competition of the C.P. of Germany. . . . Here is the thread which runs from the factory committee elections to the prohibition of May Day." The bourgeois nature of present-day social-democracy is revealed in the monstrous fact that the director of the Berlin Transport Company (the largest transport

firm in the world, where at the recent elections to the factory committees the opposition were victorious) Brolata, a member of the social-Democratic Party, "prohibited" the May Day strike and demanded that each worker should hand him a declaration of support.

THE May Day demonstration is the symbol of the revolutionary unity of the working class. The recent problems which have arisen concerning the unorganised workers, large militant strike committees, and the new factory committees, have given the May Day demonstrations of this year a special significance, and expresses the character of the "third period" which is now developing. It is a weapon for the militant mobilisation of the masses. In Berlin the May Day committee was elected by representatives of 200,000 workers. In Paris the decision to strike on May Day was passed by the initial conferences of factory delegates summoned by the Unitary Confederation of Labour for the formation of factory committees. A striking feature was the strike in Paris of almost 200,000 metal workers, of whom scarcely 2 per cent. are organised in trade unions. On April 28th a conference of metal workers was called, at which a resolution to strike was carried; and, for the information of all conciliators, the admirers of capitalist reconstruction, be it noted that the position of the workers in the French metal industry is worsening from day to day.

These are the reasons why this year's May Day demonstration has proved more important than any other since the period of direct revo-

lutionary struggle in 1918-20. It was the demonstration of an intensified revolutionary class struggle. It was a demonstration of the extraordinary growth in the offensive activity of the workers, not only in the capitalist countries, but in the U.S.S.R. also. Here, in capitalist countries, this activity is manifesting itself in the struggle between labour and capital, and in the wholesale unmasking of the social-democratic constabulary. There, in the U.S.S.R., it is expressed in the greater participation of the masses in the construction of socialism and in the offensive against the kulak. Here the struggle is for the development of revolutionary pre-requisites; there, for the development of the pre-requisites to the final victory of socialism. Here it is a struggle for the proletarian dictatorship; there it is for the maximum five-year plan. In this gigantic conflict of classes there is no room for the "middleman." The Brandlerites' references to the "adventurist" policy of the Comintern and to the transformation of the C.P. of Germany into a Party of "the declassed lumpen-proletariat" naturally led their adherents to form a united front against Communism, with all the social-democratic band, and in certain cases (as happened with the Leipzig tramway workers) even together with the yellow trade unions and employers. The cowardly opportunists who are hiding behind the mask of conciliation cannot be surprised if in response to their timorous reconnoitings they hear the menacing reply of the proletarian advance-guard, whose slogans were carried on the innumerable banners of the Moscow proletariat to the Lenin mausoleum: "No slowing down!" "No turning aside!"

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At a New Stage

Results of the C.P.S.U. Sixteenth Party Conference

THE Sixteenth Party Conference of the C.P.S.U. was held at a critical moment both in the international revolutionary workers' movement and in the work of socialist reconstruction in the U.S.S.R. In the capitalist countries the class struggle of the proletariat against the bourgeois social-democracy is increasing in severity. In the U.S.S.R., in connection with the development of the socialist offensive, there is an intensification of the class struggle against the capitalist elements in the towns and especially in the villages; against elements which are putting up a despairing opposition to that socialist reconstruction. A characteristic feature of this period of intensification of class antagonisms is the growth of the right-wing danger in all sections of the Comintern. The district and regional party conferences and the April joint plenum of the C.C. and C.C.C. preceding the sixteenth party conference, were held under the sign of a stern and decisive struggle of the entire party against the right-wing conciliators.

"A PLAN OF GREAT WORKS"

On the agenda of the party conference were four subjects:

1. The five-year plan of development of Soviet economy.
2. The ways of developing agriculture and taxation relief to the middle peasant.
3. The results and the immediate tasks in the struggle against bureaucracy.
4. The party purge and testing of members and candidates.

The conference unanimously decided to approve of the five-year plan of the State Planning Commission in the form confirmed by the Council of People's Commissars of the U.S.S.R., as being in complete accordance with the instructions given by the fifteenth party congress. At the conference this plan was justly called "The Plan of Great Works."

In order to show to what an enormous extent

socialist construction is provided for in the five-year plan, we give a few figures.

Whilst during the past five years capital investments in industry have amounted to 4,400 million roubles, in the projected plan they are fixed at 16,400 million roubles; the corresponding figures for agriculture are 15,000 million roubles and 23,200 million roubles; for transport, 2,700 million and 10,000 million roubles; and for electrification 900 million and 3,100 million roubles.

This enormous increase in capital investments is accompanied by a corresponding increase in production throughout industry from 18,300 million roubles in 1927-28 to 43,200 million roubles in 1923-33; this means that the pre-war dimensions of industrial production are to be trebled. The figures for agriculture are from 16,600 million to 25,800 million roubles, which involves an increase of $1\frac{1}{2}$ times the pre-war production.

The capital investments in industry are directed mainly to the leading industries producing means of production (78 per cent. of all the capital investments in industry). With a growth in the total gross production by 2.8 times, the gross production in those spheres producing means of production is increased 3.3 times. The constructional activity in the electrical field will increase the quantity of electrical energy, from 5,000 million kilowatt hours to 22,000 million kilowatt hours. The construction of new metal works and the reconstruction of those already in operation should increase the production of cast-iron from 3.5 million to 10 million tons by 1932-33. The output of coal is to be raised from 35 million to 75 million tons by 1932-33. The gross production of machinery building work is to be increased by $3\frac{1}{2}$ times, whilst the output of agricultural machinery is to be increased four times. The production of chemical fertilisers is to be increased from 175 thousand to over eight million tons. At the present moment there are 36,000 tractors in the U.S.S.R., by the end of the five years,

sixty thousand tractors are to be turned out per annum.

OWING to the enormous extent to which the proposed tempo of development of economy in the Soviet Union will surpass that of all capitalist countries, the specific importance of the U.S.S.R. in world production will be fundamentally changed. In regard to cast iron, for instance, the U.S.S.R. will move from the sixth place to the third place, being surpassed only by Germany and the United States.

The five-year plan provides for a decisive increase in the socialist elements in towns and villages at the expense of the capitalist elements in national economy. The structure of the basic funds will change as follows: (in percentages of the total at the end of the year)

Sector	1927-28	1932-33
State	51.0	63.6
Co-operative } Socialist	1.7	5.3
Private	47.3	31.1

The five-year plan provides for a very strong movement in favour of the social sector in agriculture (Soviet and collective farms). Whilst at the present time 10 per cent. of the peasant husbandries (kulak and affluent middle peasants) provide 40 per cent. of all the commodity production of grain, by the end of the five years the dominating role will pass to the collective and Soviet farms, which will supply 43 per cent. of the commodity production of grain. This figure will represent over eight million tons of grain. At the same time the individualistic sector of agriculture will cease its numerical growth owing to the fact that upwards of twenty million persons will be drawn into the social sector. Owing to this, and also owing to the development of a network of machinery and tractor stations and the extensive practice of contracting in advance for the harvest, which at the end of the five years will cover 85 per cent. of the grain produced, the leading role of the working class in the countryside will be consolidated and a new form of the alliance between town and country will be created which will lead to the general reorganisation of agriculture on the basis of superior technique and of collectivisation.

THE social structure of the national income will have as its chief characteristic a rise in the real wages of the industrial workers by 71 per cent. at the end of the five years, and an increase in the income of the agricultural population by 67 per cent. In order to realise the plan of socialist reconstruction in backward Soviet Russia a complete cultural revolution is indispensable. In accordance with this the five-year plan sets apart 21,000 million roubles for social-cultural work out of the total mobilised sum of 86,000 million roubles. Of this 21,000 million, 11,000 million is assigned to education. Despite this, the problem of specialists (engineers, technicians, agricultural experts etc.) and of raising the skill of the workers remains the greatest problem of the five-year plan. But it is proposed to cover the deficit which has been suffered in this sphere by increasing the output of the higher educational institutions, the creation of a new type of master-workmen, by evening workers' technical schools, the extension of the network of workers' universities, factory schools, etc.

The realisation of the five-year plan will lead to a considerable change in the relationship of class forces. The number of persons living by wage labour will increase by four millions, and the transport staff in particular will increase by 5 per cent., and the number of building workers by 126 to 200 per cent. Despite an expected increase of 18 million persons in the population during the five years, the number of unemployed will drop to 500,000, owing to a shortening of the labour day, an increase in the number of workers, and especially the intensification of agriculture and an increase in its capacity for absorbing labour. In the countryside also there will be a considerable movement in class forces, owing to the development of the collective forms of agriculture. At the present time the poor peasants' husbandries constitute 21 per cent. of all husbandries. According to the preliminary estimates made by the State Planning Commission, within five years the percentage of poor peasants' husbandries will be approximately 1 to 2 per cent., the percentage of middle peasants' husbandries will be 68 per cent., and that of the kulak husbandries will fall to 2.9 per cent., or half the present figure.

The application of the five-year plan, which was unanimously accepted by the conference, involves an extremely intense tempo. Why did the party agree to such an intense tempo of socialist construction? Because the aggregation of internal and external conditions confronts the U.S.S.R. with the task of overtaking and surpassing the leading capitalist countries within the immediate future. That task is dictated by a number of conditions. Technique is developing very swiftly in the capitalist countries, and so in the interests of the maintenance of the U.S.S.R.'s economic independence and defensive power it is necessary to take a high tempo of industrialisation. Secondly, in the U.S.S.R. at the present time are 25 million petty commodity producing economies which elementally engender capitalism. In order to overcome this elemental growth of capitalism, in order to re-organise agriculture on new bases and to direct it into the stream of collectivism and large-scale production, a high tempo of industrialisation of the country is indispensable. Finally, the development of socialistic construction in the U.S.S.R. will be a model for the proletariat of the whole world. In order finally to convince the world proletariat of the advantages of Soviet economy it is necessary to show them in practice that it is capable of developing at a swifter tempo than are the leading capitalist countries, despite the backwardness of the country and the hostile capitalist environment.

IS such an intense tempo within the powers of the Soviet Republic? Facts have proved that it is. When the preliminary drafts of the five-year plan were made during the restoration period, very low tempos were projected, for it was expected that in the transition from restoration to reconstruction the tempo of development of economy would inevitably tend continually to fall, that we should have a descending curve in the tempo of development of industry. And even so, the bourgeois economists at that time declared that this projected low tempo could not be realised. What was actually the case? In the preliminary drafts the proposed increase in production was 17 per cent. in 1926-27, 12 per cent. in 1927-28, 9 per cent. in 1928-29, and finally, 8 per cent. in 1930-31. But in reality in 1926-27 instead of 17 per cent. there was a

19 per cent. increase; in 1927-28 instead of 12 per cent. there was a 23 per cent. increase; and in the present year 1928-29 instead of 9 per cent. we are expecting an increase of more than 20 per cent.

Owing to the advantages of planned socialist economy we now, during the reconstruction period, have tempos of increase in production which considerably exceed the swiftest tempos of capitalist countries. For example, during the decade 1850-51 the tempo of increase in production in the United States constituted an average of 8.7 per cent., during the succeeding decade it constituted 8 per cent., in the next it was 5.8 per cent., in the next, 4.9 per cent., and in the decade 1890-91 it was 4 per cent. The same phenomenon is to be observed in pre-revolutionary Russia. In the years of vigorous development the increase in Tsarist Russia constituted 8 per cent. In the average years it fell to 5 per cent. and even to 3 per cent. and lower. And in the U.S.S.R. during the first years of reconstruction there is an increase of 23 per cent.

Of course, in order to maintain such a high tempo of development throughout the five years an enormous exertion of strength is necessary. In accordance with this necessity the five-year plan pays special attention to what we may call the qualitative factors. The resolution adopted by the conference says on this point: "The task of overcoming these difficulties is only possible in the case of a pronounced improvement of the quality of work and of working discipline in all branches of economy. Reduction of the prime costs of industrial output by 35 per cent. in five years, reduction of the costs of building by 50 per cent., increasing the productivity of work in industry by 110 per cent., increasing the productivity of the soil by 35 per cent., enlargement of the areas under cultivation by 22 per cent., unconditional execution of the programme of developing the Soviet estates and collective farms, decided opposition to all sloth and negligence in production, consolidation of working discipline, Socialist rationalisation of output, provision of industry and agriculture with the necessary cadres of leaders and education of new cadres of Red specialists from among the working class... such are the elemental conditions of a general economic

nature for the mastery of all difficulties in the realisation of the five-year plan."

THE most difficult point of the U.S.S.R. national economy is the backward agriculture, and especially grain production. In accordance with this the resolution on the five-year plan and the resolution on the "Ways of improving agriculture" outline a complete offensive of the cities on the countryside, with a view to the gradual collectivisation of agriculture and its provision with a new technical basis.

The resolution on the "Ways of improving agriculture" resolutely rejects the right-wingers' assertions that a "degradation" of agriculture is proceeding in the U.S.S.R. at the present time. In this resolution we read: "As a result of the restoration period the poor and middle peasantry have acquired not only their own share of the land but also a basic part of the land of the former landowners, as well as of the State lands transferred to the peasantry and those lands which were taken from the kulaks. Despite the developing disintegration of the villages, the middle peasant has strengthened his position as the central figure in agriculture." Further, the resolution notes that the safety margin in draught animals is increasing with every year, that one-third of the inter-village lands and one-fifth of the village lands have been brought into cultivation, that the area under a long-period rotation of crops has grown to ten million hectares, that the sowing of technical plants exceeds that of pre-war by more than 60 per cent., that the supply of agricultural machinery in 1928-29 exceeds that of pre-war days by 225 per cent., that agricultural co-operation has now embraced more than one-third of the total of peasant farms, that tractors, which before the revolution were completely unknown in peasant husbandry, are in the current year in the hands of the peasants and their unions to the number of 36,000, that the number of collective husbandries has doubled during the year, that the area of Soviet farm sowings will reach 1.5 million hectares in the present year.

Whilst thus clearly indicating that there is no "degradation" taking place in agriculture, the resolution none the less recognises that agriculture is lagging excessively behind in-

dustry and that the tempo of its development is considerably retarded. "None the less, with all this general growth of agriculture a considerable retardation of the tempo of growth of separate spheres of agriculture is occurring, and especially in the grain sphere. At the bottom of this retarded tempo of development of agriculture and the extremely low commodity production, is the disintegrated and small-scale nature of peasant economy (during the revolution the number of peasant husbandries rose from 16 to 25 millions), its semi-natural character (the aggregate commodity production of agriculture has dropped to approximately one-third of pre-war), the low level of agricultural technique and culture. . . . In association with this we have excessive lagging of agriculture behind the tempo of industrial development, which cannot but serve as a source of difficulties in the foodstuff and raw material spheres, especially when the swift increase in consumption of bread and raw materials is borne in mind."

The resolution draws this conclusion: "Hence the imperative necessity of persistent and systematic work to reconstruct agriculture and to create a large-scale social system of land-working, on a level with modern technique, whilst simultaneously supporting the development and improvement of the individual poor and middle peasant husbandries."

THE creation of a large-scale agricultural production is now the most imperative task in the U.S.S.R. The problem is: by what method will it be created? By a capitalist method, by the method of the ruin and the ruthless exploitation of the millions of peasantry, or by the socialist method, by drawing these millions of peasants into socialist construction; in other words: "Who will direct the development of economy, the kulak or the socialist State?"

Of course the resolution answers this question along the lines of the second alternative, in the sense of the "co-ordination of labour for linking up the radical and most important task of organising large-scale socialist agriculture, with that of everyday, broad organisational, technical and economic assistance to the rank and file individual poor and middle peasant, and the growing restriction in the increase of the kulak." The resolution

emphasises that along this road "large-scale socialised husbandry is not in opposition to the individual poor and middle peasant husbandries, as a force hostile to them, but is in alliance with them."

"In accordance with all this, together with the old forms of the alliance with the main mass of the peasantry, by developing and intensifying the commodity turnover of industry with village husbandry, and developing the trading co-operative forms of links between the town and the countryside, new forms of alliance are thrown up which develop on the basis of the production link between the working class and the peasantry."

In order to tackle these tasks the resolution outlines a programme of organisation of new, and the improvement of the work of the old soviet farms, the creation of new and the development of old collective farms, the development of an extensive network of State and co-operative machinery and tractor stations, the general development of producer's co-operation with a growing development of the elements of social labour in them, the further development of mass contracting for grain etc., a series of measures directed to raising the harvest yield of the small and medium-sized husbandries, whilst emphasising the view that in order to realise all this programme "the further development of industry is of decisive importance." At the same time the resolution expresses approval of those improvements which the government has introduced into the agricultural taxation law with a view to lightening the taxation burden of the middle-peasant and stimulating him to develop his husbandry.

THE CLASS STRUGGLE AND THE LINE OF THE RIGHT WING

THE realisation of the five-year plan, and especially that for developing agriculture by socialist methods, meets great difficulties, as we have already remarked. These difficulties, says the resolution on the five-year plan, "are augmented by the accentuation of the class struggle and by the resistance of the capitalist elements, which are being inevitably ousted by the growing offensive of the Socialist proletariat." Emerging at the sound of the socialist blow at his foundations, the kulak particularly has lifted his

head in connection with the difficulties of grain collection, and is seeking deliberately to cause a breakdown in that collection. The kulak, who has frown and strengthened his position of recent years, exploits his grain reserves in order to manoeuvre and struggle against the Soviet regime, putting up a desperate resistance to the penetration of collectivist elements into the countryside, since they undermine the very basis of kulak exploitation. To this end he refuses to sell grain to the State, to this end he endeavours to disintegrate the Soviet apparatus in the villages and through the demand for "equality," to transfer the burden of taxation to the poor and middle peasants and to attract the State credits from the poor and middle peasants into his own pocket. This he has partially succeeded and is still succeeding in doing. The figures for specialised investigation relating to times as recent as 1927 indicate that the group of peasants with means of production to a value of over 1,600 roubles, the highest group, constituting 3 per cent. of the peasantry, receives 8.2 per cent. of the total credits, *i.e.*, approximately three times as much as its proportion would warrant. In the case of the poor groups, possessing means of production to a value of 200 roubles, and constituting 26 per cent. of all husbandries, their proportion of credits is 13 per cent., or just half of their proportion of husbandries. Then in regard to co-operation, of the same upper group of 3 per cent., 55 per cent. are co-operated, whilst of the lower group (up to 200 roubles) only 15-20 per cent. are co-operated.

The kulak not only refuses to sell his grain to the State, but he further seeks by direct bribery to induce even the poor peasantry to join in this grain "strike." The kulak at present holds back his grain not only in expectation of a rise in prices, not only for the sake of speculation, but in his class interests in the struggle against the penetration of socialism into the countryside. A considerable part of the kulaks now put the issue in a political form: they demand machinery, they demand political rights, they demand the abolition of the system in which the kulak finds himself isolated in the villages. In certain, very rare cases he has endeavoured to organise mass resistance to grain collections; in certain cases he acts in conspiratorial

fashion, committing terroristic acts against the managers of Soviet farms and Soviet workers.

In answer to the kulaks' boycott of grain collections the Soviet Government last year resorted to extraordinary measures, successfully applying Clause 107 of the criminal code. A second application of extraordinary measures last year failed of success, owing to the failure of the harvest over a considerable area of the Ukraine and the Northern Caucasus. In consequence the extraordinary measures were revoked. This year the Soviet Government were again forced to resort to extraordinary measures in Siberia and other districts where there was a grain surplus, but this time the measures were not on the lines of administrative pressure from above, but of the mobilisation of the poor and middle masses of the peasantry in order to exert pressure on the kulaks from below, by repeated self-taxation and other ways; and these measures of extended class force proved effective. At the same time "credit books" were introduced for the purpose of State supply of grain on a class principle, which in Moscow alone has resulted in an economy of a million poods monthly.

But the kulak not only struggles against the Soviet regime in the villages, but even seeks to extend his influence to the towns. Industry is attracting more and more labour power from the villages in the form of workers of low qualification, and not adapted to city conditions as a result of a long factory experience. This stratum of the working class is closely connected with the village, and is temporarily subject to kulak influence; until recently this manifested itself in a decline in labour discipline in the factories, an increase in time off, an increase in spoilt goods, drunkenness, and occasionally, even in direct damage.

THE intensification of the class struggle had its reaction on certain unstable elements of the party, engendering feelings of panic and capitulation amongst them. Thus a right deviation developed in the party, and during the year this has grown and taken forms which show the open signs of fractionalism. Before the C.C. Plenum of July, 1928, the right deviation, or conciliation with that deviation, took expression in talk of severance

between the party and the peasantry, in the demand for complete freedom of trade unrestricted by State regulation, and in under-estimation of the collective farm movement. Before the C.C. November Plenum the right deviation or conciliation with it took expression in talk of the degradation of agriculture, and in proposals to repeal the individual taxation of the richest section of the peasantry.

At the present time the right-wing has an almost completely formulated programme, which is at variance with the party line. In words they are in favour of the five-year plan, but in deed, in practice, they reject it, seeking to reduce the tempo of industrial development. They insist on the tactic of "permanent concessions" to the petty bourgeois sections of the countryside, through the call for the "normalisation of prices," and the differentiation of prices according to areas and districts, they are in fact fighting for a rise in grain prices; they are seeking a way out of the grain difficulties in grain purchases abroad, which are possible only at the cost of a corresponding diminution of the capital investments in industry; they are in favour of the abolition of the individual taxation of the kulak; they are in favour of renouncing the policy of intensified pressure on the kulak, and of applying in certain conditions temporary extraordinary measures against the kulak and his attempts to break down the soviet prices policy, despite the fact that these measures are applied with a guarantee of support by the poor and middle masses of peasantry. They declared that these measures have proved to be ineffective and that they lead to a general reduction in cultivation, to a degradation of agriculture. They declare that the party's present rural policy sets up a "vicious circle."

In words they are in favour of the five-year plan, but in deed they propose to set about its realisation by a preliminary introduction of a "two-year plan," which one of the delegates at the conference neatly characterised as the "replacement of the five-year plan of great works by a plan of reconciliation with the kulak elements in the countryside."

This capitulation proposal, which is in absolute divergence from the party line, the right-wingers and conciliators seek to justify "scientifically" and by references to Lenin, in the course of which process they effect a num-

ber of complete distortions of Leninism. They give a "liberal interpretation" to N.E.P. in the sense of the renunciation of market regulation in the proletarian State. They drag the party back, seeking to perpetuate exclusively those forms of N.E.P. which were expedient during its first stage. They strive to depreciate the role of the collective and Soviet farms as ways to socialism. They distort the sense of Lenin's advice to show the "greatest caution" in the work of directly implanting collective forms of agriculture in the countryside, in doing so, passing in silence over the fact that this advice referred to the first stage of N.E.P., when the inter-relationship of classes was not what is to-day, when the Soviet regime was still unable to throw considerable resources into the countryside, when on the other hand the peasantry had not yet manifested any considerable trend towards collective forms of agriculture and towards its industrialisation. They try to distort "Lenin's testament," interpreting it to mean that N.E.P. is a gradual weakening of the class struggle, and that the present accentuation of that struggle arises not out of social and economic conditions but out of errors in the plan calculations and the involutions of the Soviet apparatus in the countryside.

THE deviation to the right began to develop and take form in practice owing to the panic of unstable elements in the party in face of the economic difficulties which were revealed at the beginning of last year; but the ideological roots of that deviation were revealed as early as 1925, after the fourteenth party congress. Even then they said we should come to socialism through the circulation process, and not directly through the process of production. They said that the collective farms would undoubtedly play a considerable role, and we ought to support them, but that it was impossible to maintain that this is a highroad, along which the masses of the peasantry will come to socialism. What, according to them, would be the elements in the villages? "Poor peasants' co-operation—collective farms. Middle-peasants' co-operation in the realm of distribution, purchases, credit. There will even be kulak co-operation in places. This entire ladder will grow into the system of our banks." Thus the right-

wingers thought of co-operation as merely consumers' co-operation. And in accordance with this view they said that the collective farm was a mighty achievement but it was not the high road to socialism. At the same time the present rightwingers were asking whether we could maintain a dam against this growth of peasant husbandry, this development of the middle peasant husbandry into a large-scale peasant husbandry, into an affluent husbandry? "At the present period we must not interfere with this development of the middle-peasant husbandry into a strong and affluent husbandry, for that development ensures us an extension of the basis for development of socialist industry. . . ." Among the rightwingers all this developed into a complete theory of the "peaceful growth of the kulak into socialism." They said that the main network of our co-operative peasant organisations would consist of co-operative nuclei not of a kulak but of a toiler type, of nuclei growing into the system of our general State organs and thus becoming links in a single chain of socialistic economy. On the other hand the kulak co-operative groups would also through the banks etc. grow into this system.

The same comrades said that we should aid the kulaks, and that they would also aid us. And possibly at the end the kulak's grandson would thank us for our treatment of them in this way.

This was all said in 1925, ostensibly in explanation of the decision of the party fourteenth congress to make certain concessions to the middle peasant for the very purpose of severing him from the kulak. This interpretation of the fourteenth congress decision was a complete distortion of its sense, for in that resolution we read that: "The congress resolutely condemns the deviation which consists in an under-estimation of the differentiation in the villages, and in not seeing the dangers associated with the increase in the kulaks and the various forms of capitalist exploitation, not wishing to realise all the necessity of resisting the kulaks and restricting their exploiting tendencies, not seeing the obligation of the party of the proletariat to organise and concentrate the poor peasantry and the agricultural labourers, in the struggle against the kulaks."

As we see, the ideological roots of the right

deviation take us back a long way, to as early a date as 1925.

At that time, however, we had only isolated, inaccurate formulations, and their authors did not then insist upon them, the chief danger which arose and matured in 1925 was the "leftward" danger.

The situation changed after the fifteenth party congress, at which the problem of socialistic reconstruction of agriculture, the development of collective farms and soviet farms and an intensified attack on the kulaks was raised in its full dimensions. In connection with the difficulties in grain collection this course evoked a considerable accentuation of the class struggle in the towns and more so in the villages. From that moment the right vacillations of panic-stricken comrades began to increase swiftly, the right wing danger and conciliation with that danger began to assume serious forms. Simultaneously we began to have the formation of an ideological alliance between the conciliators of the C.P.S.U. and the conciliators in other sections of the Comintern. By the November Plenum of the C.C. of the C.P.S.U. the right-wingers in the C.P.'s of capitalist countries, especially those in the C.P. of Germany, had taken on organisational form. In the C.P.S.U. they were then beginning to take on ideological formulation. Since that time they have travelled much farther.

During the last year the right-wingers and conciliators have not only deviated from the general party line, putting forward their own opportunistic line in opposition to it, their conduct has revealed a growth of rudiments of factional struggle against the party leadership; they have violated party discipline, they have attempted to force the party to accept their own line by resignations; they have made attempts at an unprincipled bloc against party leadership; they have slanderously accused the party leadership of "crawling behind the Trotskyist positions," "implanting bureaucracy," of a "militaristically feudal exploitation of the peasantry," of "disintegrating the Comintern."

The party began the struggle against the right-wingers and conciliators in its ranks last October, on the eve of the C.C. November Plenum. That struggle has gradually developed. And the results of that struggle were summarised at the April Plenum of the C.C.

and C.C.C. and at the sixteenth party conference.

THE PARTY LINE

AT the district and regional conferences, then at the April joint Plenum of the C.C. and C.C.C., and finally at the C.P.S.U. sixteenth party conference, the party has by an overwhelming majority given a decisive rebuke to the right-wingers and has subjected their theory and practice to a devastating criticism.

We have already cited a passage from the resolution on the "ways of improving agriculture" which demonstrates on the basis of facts that the theory of "degradation" of agriculture is founded on a distortion of the reality. And equally out of touch with the reality is the declaration of the right-wing that the extraordinary measures against the kulaks applied during the present grain-collection campaign, with the ensurance of support for those measures from the poor and middle peasant masses, have had no success and are leading only to a general reduction of cultivation. At the sixteenth party conference this declaration met with a categorical denunciation by the representatives of Siberia, the representatives of the Ukraine and the representatives of the Lower-Volga area. One representative from Siberia said: "In the third five-day period of March we collected only 600,000 poods, and at that time the roads were still open to sledges. In other words, our grain collections fell heavily. But the second five-day period of April gave us 1,600,000 poods despite extremely bad roads. From April 1st to 20th we collected 4½ million poods. We have never before collected so much grain, and this year we have collected 4½ million poods in twenty days. And it must be borne in mind that this year we have had extraordinarily unfavourable weather conditions; the closing of the roads through thaw occurred unusually early." Another representative of Siberia said: "The economic repressions which have been introduced on the decision of peasants' meetings and on the basis of the self-taxation law, have given us very considerable positive results." A delegate from the Ukraine said: "the right-wing deviators are particularly fond of referring to the indicators of the condition of land cultivation, but they use those

indicators quite unfairly. . . .” “Taking the Ukraine itself area by area, then, taking the part on the right bank of the Dnieper, which constitutes half of the Ukraine, we see that in that area there is a systematic increase of area under cultivation year after year. But at the same time in the steppe area, where there has been a crop failure for two successive seasons, there has been a sharp decrease in cultivation area, which has its reflection on the total area under cultivation in the Ukraine. But is it possible to exploit crop failure, an elemental disaster which has afflicted the most unstable steppe region of the Ukraine, as a proof of the peasants having no stimulation to develop their husbandries?”

A member of the Lower-Volga regional Committee said: “We have resorted from month to month to extraordinary measures. As the result of these measures alone since January we have collected approximately 8 to 10 million poods, and shall collect another four or five millions. There is the result of the so-called ‘extraordinary measures.’”

The theory of the right-wing that the alliance with the peasantry under N.E.P. is possible only on the basis of market relationships was also subjected to devastating criticism at the conference. It was demonstrated that those forms of alliance which existed at the beginning of N.E.P. (alliance through the market) were adequate when the socialist industry was still in a state of ruin and when that industry was still not in a condition to influence agriculture directly, but that those forms of alliance are now obviously inadequate. It was said at the conference: “At the present moment we have an enormous movement in the direction of developing socialistic, social forms of agriculture, collective and Soviet farms, co-operation, contracting and tractor columns, which, according to our plan will develop into mighty tractor stations. All this is creating new production relationships and introducing a planned element into the simple commodity relationship. This is the new factor which inevitably in the process of development will change and is already changing the market relationships, which will now take formation on the basis of new production relationships.” One fact communicated by a delegate from the Northern Caucasus was highly symptomatic:

“What are the demands which have been made of us by the poor and middle sections of the peasantry at a number of meetings which we have held in Northern Caucasus, at many meetings for planning sowing which have been held in our region? We have met with demands that the State should completely abolish free trade. Of course at the present stage this demand is unsound. But it witnesses to the processes, to the movements, at work in the villages.” It was pointed out at the conference that the right-wingers take into account only the interests of the peasant as a seller of grain, and not his interests as a producer of grain, thus sinning against the very fundamentals of Leninism.

The conference unmasked the right-wingers’ opportunistic methods of recognising the five-year plan in word, whilst in deed introducing such “corrections” into it as in fact destroy it. Of this kind of method comrade Lenin wrote: “Opportunism by its very nature always avoids a definite and irreversable statement of the issue; it seeks a resultant, sways like an adder between two mutually exclusive points of view, striving to be in agreement with both, reducing their disagreements to corrections, to doubts, to benevolent and innocent desires and so on.”

The conference also unmasked the anti-Leninist character of the theory of the right-wing that in the conditions of N.E.P. the class struggle is gradually relaxed during the very first stages of development of socialism. In contradistinction from the right-wingers Lenin wrote: “The abolition of class is a matter of a long, difficult and stubborn class struggle, which after the overthrow of the power of capital, after the destruction of the bourgeois State, after the establishment of the dictatorship of the proletariat will not disappear (as the vulgarisers of old socialism and old social-democracy imagine), but will only change its forms, becoming still more cruel in many regards.”

Both the April C.C. Plenum and the conference unmasked the slanderous nature of the right-wingers’ assertions that the Party leadership is taking to the Trotskyist road, and it was pointed out that it was the right-wingers themselves who had many of the elements inherent in Trotskyism.

IT is worth while stopping to consider this question in more detail. The view that Trotskyism is a characteristic "leftward" deviation is unsound. Its characteristic is rather distrust in the possibility of constructing socialism in the backward Soviet Republic, a distrust of the possibility of drawing the masses of the middle peasantry into socialist construction. Trotsky did not always demonstrate under a "left-wing" banner, but he was always faithful to himself in his distrust. After the fourteenth Party conference of September 1st, 1925, Trotsky, at that time temporarily at a truce with the Party, gave a lecture in Zaporozhi, in which he took upon himself the defence of the decisions come to at the fourteenth conference, interpreting them in an openly opportunistic spirit, exactly as the right-wingers interpreted them in the pronouncements we have cited. Trotsky said: "The Party's latest measures in the realm of peasant policy involve an extension of the framework for commodity capitalistic relationships in the countryside. This is an undoubted fact. From 'dekulaking' the kulak during the period of war Communism our Party has been forced to allow an accumulation of capital in the countryside, and such an accumulation as we formerly called 'kulak,' but now it would be more accurate to call it farmer capital. [To cross a chicken with a fish so as to be able to eat it on fast days and feast days.—Ed.] For us the development of productive forces is the highest criterion, the highest law. [Which is exactly like the right-wingers' observations concerning "the development of the productivity of general national labour."—Ed.] We must allow the development of productive forces in the villages, even though it be with the aid of capitalistic methods. [Word for word, a Frumkin remark.—Ed.] That is the essence of the present period of our policy. . . . Is there any danger here? Unquestionably there is. The capitalist farmer is a capitalist farmer; as he develops he is transformed into a strong figure, into our possible and probable enemy at a certain stage." (In other words, at the present stage the kulak is not our enemy!—Ed.)

This is as like what the right-wingers were saying in 1925, and what they are saying now as one drop of water is to another. After his alliance with Kameniev and Zinoviev, Trotsky

changed his position, and hauled up a "left-wing" flag, with the slogan: "Down with the kulak and nepman!" Did this bring him any nearer the Party? Was this new Trotsky position a foretaste of the slogan: "A stronger offensive against the kulak," of the Fifteenth Party Congress? Not in the least. In contradiction to the Party, Trotsky, as before, continued to disbelieve in the possibility of constructing socialism in the U.S.S.R., as before, he continued to disbelieve in the possibility of drawing the middle peasant masses into socialist construction. But the Party regards this very possibility as the high road to socialism. The Party correspondingly considered, and still considers, that "socialist accumulation" will be effected by the development of the productive labour of the working class and the main masses of the peasantry. In accordance with this view the Party permitted and permits extraordinary measures to be applied only as "extraordinary," temporary measures against the kulaks' speculation, in order to obtain grain from them, and in exchange for a monetary equivalent. But Trotsky and the Trotskyists during their "left-wing" period considered that "socialist accumulation" will be effected by the transformation of the countryside into a colony, and regarded the measures they proposed for taxing the kulaks and part of the middle peasantry as a considerable financial source of socialistic accumulation.

THE accusations which the right-wingers make against the Party leadership of "implanting bureaucracy," of "pressure" and so on have a great similarity with Trotskyism. To those accusations can be applied what Lenin wrote concerning complaints against the harshness of Party discipline. "In close psychological connection with hatred for discipline is the incessant, endless note of injury, which sounds in all the writings of the present-day opportunists generally and of our minority in particular. They are persecuted, they are knocked out, they are besieged, they are over-ridden." These words are all the more applicable to the right-wingers since it is they who have sabotaged the Party leadership's struggle against bureaucracy, and have made all sorts of "reservations" to the slogan of "self-criticism," put forward by the Party

leadership to further the struggle against bureaucracy.

In exactly the same way their reproaches that the Party leadership is conducting to the "disintegration of the Comintern" are closely related to Trotskyism. This accusation involves not only lack of comprehension of the necessity for cleansing the C.P.'s from social-democratic traditions, not only failure to understand that this purging will strengthen and not disintegrate the Comintern, but it also indicates an utter blindness in regard to the swift leftward trend of the proletariat in the capitalist countries, and of the tasks arising from that trend. It indicates in practice the support of the right-wing in the Comintern.

The Sixteenth Party Conference administered a resolute blow to these right-wing deviations. In the resolution on the "ways of improving agriculture," we read: "The right-wingers' line leads to the perpetuation of the kulak cabal and of the exploitation of the poor and middle peasant masses by the kulaks. . . . The Party definitely rejects the anti-Leninist theory of the growing of the kulaks into socialism, as a theory leading to the disarming of the working class in face of their class enemies. . . . The Party definitely repels these attempts to draw it into the opportunistic slough, into the policy of refusing to strengthen the Party's bases in the countryside, the policy of untying the kulaks' hands in their struggle against the poor peasantry. . . . The right-wing deviators are striving to restrain the tempo of development of industry. The Party resolutely denounces that position. . . . These main errors of the right-wing elements in the Party, and also the conciliatory attitude towards these errors, are at the present moment the chief danger, and the efforts of the Party must be directed into the struggle against them."

THE Party sees the difficulties lying along its road no less than the right-wingers, but in order to overcome those difficulties it has chosen another road than that of retreats and flanking movements, a road which it has long since tried out: the road of appeal to the activity of the masses, to their revolutionary creative power. The Party adopted the slogan of "self-criticism," which had as its object to intensify the diligence of the

masses, to evoke a struggle of the working masses against prejudicial activities in the factories, against procrastination and bureaucracy. This self-criticism has led to the discovery of all kinds of defects in production and in economy, which would have been much more difficult to discover without the active participation of the masses. This self-criticism on the part of the masses has given enormous positive results. The aroused activity of the proletarian masses has now evoked a socialistic rivalry between works and factories in the struggle against the violation of discipline, against time off, against drunkenness and so on. As the result of this rivalry, in which not only the workers but also the technical personnel are participating, we already have a strengthening of labour discipline, an increase of the productivity of labour, and a fall in the cost price of products, and a big increase in production itself in a number of large enterprises.

The Party resorted to this same method of mobilisation in order to realise its plan of improving agriculture and gradually transforming it to a collectivist system. The propaganda for technical reforms and for embracing the poor and middle peasant masses in the collective farm construction, and the struggle against the kulaks' opposition to the Soviet Government's agrarian policy, has been remarkably widespread. And on this village sector the Party has already had a vigorous response from the vast masses.

At the conference one comrade declared: "In the countryside there is an extraordinary activity among the main mass of the peasantry, and this activity is directed towards improving their husbandries, their reorganisation and inclusion in productive co-operation. This is evident even from the work, still imperfect, of the conferences on production, held by the agricultural inspector plenipotentiaries, from the introduction of contracting on a large scale and in the mass organisation of sowing societies, etc." Another comrade said: "Under our Party's leadership revolutionary processes and movements of tremendous importance are now taking place in the villages. The greatest crime of the representatives of the right-wing deviation in our Party consists in the fact that they remain absolutely blind and deaf to this great striving of the poor and

middle peasant masses of the villages to pass to collective forms of agriculture; they are blind and deaf to these great revolutionary processes of which we are the witnesses and organisers." Yet another comrade pointed to the noteworthy fact that in Smolensk district whole villages are now entering one after another into rivalry, thus following the example of the factories and workshops. A comrade from the Kuban pointed out that in that area already 25 per cent. of the middle peasant husbandries are in collective farms, and that their further attraction into collective farms depends on the latter being supplied with tractors. The comrade at the head of the collective farm construction noted that a "vigorous growth of collective farms is continuing in the Middle Volga area, in Siberia, in the Ukraine and in other areas," and at the same time indicated the arrival of a new stage in collective farm construction: "We have a decisive task in the work of consolidating the collective farm movement. Whilst in 1927 9,000 collective farms covered a total sown area of 664,000 hectares, the 100 newly formed large-scale collective farms in 1928, of an average area of 1,500 to 10,000 and more hectares, cover a total area of 500,000 hectares, and adding the area served by tractor columns, 700,000 hectares. Of these 100 large collective farms 36 each have land covering over 5,000 hectares, whilst 18 have more than 10,000 hectares."

Thus, mobilising the proletarian and the poor and middle peasant masses into the work

of socialist reconstruction of economy; and the struggle against the capitalist elements standing in the way of that work, the Party at the same time decided, in accordance with these tasks of the reconstruction period and the period of intensifying class struggle, to reorganise and purge the Soviet machinery from bureaucracy, and to make it more adapted to carry through the Party's class policy. The Party also decided to carry out a testing and purging of its own membership from elements which are hostile and have degenerated into bourgeois tendencies, of which there are many, especially in the village, not quite so many in the Soviet, and fewest of all in the production workers' nuclei. These two tasks were also considered at the conference, and important decisions were taken on them, although owing to lack of space we cannot treat of them here.

THROUGH difficult class battles the Party is moving towards the realisation of the task of socialistic reconstruction of economy in the Soviet Republic. This struggle waged for socialism by the C.P.S.U. is in close connection with the struggle for power which the brother Parties are waging abroad in capitalist countries. In close union with them, the Party will carry on the struggle not only against the open enemies of the working class, but against the vacillations and waverings within its own ranks. That struggle on both sides of the Soviet frontier will bring steadily nearer the day when the two streams of the workers' movement will flow together into a single, mighty, irresistible flood.

For the Forthcoming Plenum of the E. C. C. I.

(Discussion in the Political Commission of the E.C.C.I.)

Concluding Speech of E. Varga

THE work of the Commission is to marshal those new factors in world economic policy which have become apparent since the Sixth World Congress. My report is therefore adapted to that practical purpose.

As comrades remember, the new facts in capitalist world economy discernible since the world congress which I mentioned were :

1. The extreme tension in the international money market, the raising of the bank rate in practically every country (France and Switzerland being exceptions). The origin of this tension lies in the speculation at present taking place in the Stock Exchanges of almost all countries; most strongly in the United States, where the prices of shares have risen by about two milliard dollars within two years. All free capital is flowing towards the Stock Exchanges, and industrial undertakings, ignoring the banks, invest superfluous money in the exchanges. The Federal Reserve Bank system has lost its rule of the American money market. A great Stock Exchange crash is threatening, which will give rise to an international credit crisis and may lead to a general economic crisis. In addition to this speculation in the exchange there is a great deal of speculation and great insecurity in the commodity markets: over-production and falling prices in sugar, petroleum, artificial silk etc., and greatly rising prices in copper, lead etc.

2. The general economic position of Germany, which has gone steadily from bad to worse since the Congress.

3. The reparations negotiations, with which I shall deal in a separate speech.

4. The movement towards rationalisation in England, which is proceeding more and more powerfully: great re-organisations, the formation of cartels, fusions etc. The way

to technical rationalisation is being cleared. The economic essence of what is happening is, that what proceeded anarchically in the inflationist countries—namely, the liberation of industrial capital from the overwhelming burden of loan capital—is being carried through in England in an organised and deliberate manner. The profit making capacity of industrial capital is being restored, not by the anarchic method of inflation, but by loan capital being forced to surrender part of its share in profits. The question so hotly discussed at the ninth Plenum—whether vested interests in England are strong enough to prevent the carrying out of rationalisation—has now been answered by the facts in the negative.

5. The now practically complete stabilisation of all European currencies, and, in connection therewith (*e.g.*, the Roumanian stabilisation loan), the open re-appearance of France and even Germany as capital-exporting countries, Germany re-exporting borrowed capital. The re-entry of France and Germany as capital exporting countries is very important in the sphere of foreign politics.

6. As far as economic policy is concerned, the tendency towards increasing protective tariffs is of great importance (increased tariffs in the U.S.A., the protectionist movement in England, higher agricultural tariffs in Italy and France, new customs duties in China etc.). Development is absolutely contradicting the solemn decisions of the World Economic Conference. In their furious struggle for markets, the capitalists of every country are trying to monopolise the home market for themselves.

Finally I referred to the incompleteness of the analysis of the world situation at the Sixth World Congress, which did not deal sufficiently thoroughly with the effects of technical

inventions—which, according to the thesis, are “bringing about a technical revolution” in a few countries—upon economy and the working class. In particular, the fact of the development of organic unemployment received inadequate attention.

The chief facts are the following :

a. Chronic mass unemployment in the principal capitalist countries—Germany, England, U.S.A.—accompanied by an increasing volume of production. Mass unemployment—the unemployed not being absorbed even in times of prosperity.¹ Capital is no longer able to give the working class work.

b. A process of transference of workers from the sphere of production to that of circulation and distribution is taking place: the number of productive (value-creating) workers is decreasing relatively, the number of unproductive increasing.

c. In the United States, between 1919 and 1925, there has been an absolute decrease in the number of workers employed by industrial capital (agriculture, industry, mining, transport, building), a process which has continued since then. This means that technical progress in American industry, the increase in the productivity of labour is greater than the possibility of extending the capitalist market. The absolute volume of production is increasing, but not to the extent required to re-absorb workers continually reduced to unemployment by the increased productivity of labour, into the process of production. I gave my opinion that this tendency is not confined to the U.S.A. alone, but will become apparent in the future in all great capitalist States. The Plenum must deal with the causes of this chronic mass unemployment, and particularly with its effects on the working class and their fighting capacity.

The debate which took place here was extremely broad in character, and wandered far from the practical goal which I suggested. It follows also from the practical purpose of my proposal that I do not agree with the generalisation of the new phenomena sug-

gested by comrade Lapinski during the debate. I thought it superfluous, because the struggle for markets—the central point of comrade Lapinski's remarks—was adequately analysed in the theses of the Sixth World Congress, and since then no few factors have appeared, although the struggle has become sharper. Judging the debate from the concrete, practical standpoint of what new factors have arisen in world economy and economic policy since the World Congress, it has given us relatively little new information. Two new ideas came from comrade Magyar. The first was the partial crisis in individual branches of production. I don't think that's a new fact. It was there before the Sixth World Congress. It is always there as one of the forms in which the general crisis of capitalism manifests itself. The general crisis of capitalism is evident (among other ways) now in a mining crisis, now in the over-production of automobiles, now in a crisis in the textile industries etc. I don't think these partial crises are a special new factor in the general capitalist crisis, but are one of the forms in which that crisis is exemplified.

The second, more important factor mentioned by comrade Magyar during the debate, was his contention that a new agricultural crisis is beginning. The way he put it was not very clear. Three different processes are proceeding side by side; first, that of the ruin of sections of the peasantry. This is always happening under capitalism, sometimes it is accelerated by an agricultural crisis, sometimes slowed down. The second factor is agricultural over-production in the colonial countries, no longer merely of wheat, but of other agricultural products, and meat. This is not obvious at present, with the exception perhaps of a crisis in cattle breeding in a few European countries. The critical factor in this case would be the effect of the intensified colonial competition on European agriculture, *i.e.*, a European agricultural crisis, like that of the seventies and eighties. That is possible. But it will not be so acute as it was then, for France, Italy and Germany have already raised their agricultural tariffs, and have thus protected home agriculture from the price-lowering competition of colonial goods; there has been a very large increase in Italian grain tariffs, a rise

¹In the six years preceding the war, unemployment amounted to (trade union figures): England 4.5 per cent., Germany 2.4 per cent. In the last six years: England 11.0 per cent., Germany 11.2 per cent.

in German sugar tariffs and a general rise in all French agricultural tariffs.

According to Magyar, the third factor in the agricultural crisis is the famine in China, and perhaps too in India. I do not think, however, that these famines in the over-populated and poor Asiatic countries are connected with the over-production crisis in the British colonies and in South America; on the contrary, this is a tendency which will mitigate the crisis. I think that the only fact we can maintain is the tendency towards increasing agricultural protection in European countries against the flood of cheap foods—threatened by expanding colonial production.

Another factor adduced by comrade Bukharzev was the China problem. I think he was right in saying that, although it may not be an urgent task for this Plenum to deal with the possible role of China, developing along capitalist lines, as an expanding market for capitalism, this is a problem which must be carefully studied. The question is not urgent as far as the present Plenum is concerned, for it is by no means certain at present whether China will develop into a bourgeois State. I myself greatly doubt it, for I see no possibility of solving the agrarian problem in China within the framework of a bourgeois order of society.

These, in my opinion, are the new problems mentioned. Comrade Lapinski mentioned a number of new political factors, but I think that most of them were either dealt with at the Congress or are only important partial manifestations of the general capitalist crisis. I shall refer to two of them.

Firstly, America as an exporter of capital, and its relation to Europe.

Comrades know that Trotsky's theory, according to which the U.S.A. "will put Europe on war rations," aroused a good deal of discussion in the Comintern. It was rejected by the Comintern. In my last world economic review (first quarter 1929) I examined the question of changes in the relative economic strength of Europe and the U.S.A. in 1928. I came to the conclusion that, as regards both increase of production, and foreign trade and capital export, as expressed in the balance of trade figures, the relative strength of Europe and the U.S.A. has changed rather in favour of Europe than of America. That does not

mean that the process described by Lapinski, of America importing short-term loan capital and investing it as capital directly producing a profit in South America and partly in Europe, is not correct. But America's real capital export should not be over-estimated. It is largely at the cost of that short term capital invested in America by Europe. The United States are becoming the world's banker, besides England. A banker can only be a banker if he receives money from his clients which he can dispose of in the most varied ways. The process which Hilferding in his *Finance Capital* described as connecting bank with industrial capital is, in a certain sense, happening on an international scale between the U.S.A. and the rest of the world. The U.S.A. receives loan capital, and invests it as finance capital, as industrial capital, in different parts of the world, in South America, Canada, etc. From France, England, and other States, the U.S.A. receives short-term capital, which changes into its constituent parts, but as a whole remains there for good or for a lengthy period of time, enabling the U.S.A. to export it in the form of industrial capital. America's net capital export, as shown by the balance of trade, amounted in 1927 to no more than 700 million dollars. (This is not so much as England exports.) But the economic importance of America's capital export is much greater because, apart from these 700 millions derived from its own production of values, it also exports further hundreds of million dollars from the short-term foreign capital invested in America.

The second question is that of prices. This is a difficult and purely theoretical problem of Marxism. Actually it has no place here, nor will it be considered at the Plenum.

As compared with the pre-war period, the productivity of labour has greatly increased while prices have risen by about 50 per cent. We must have a theoretical explanation of the fact that, in spite of increased labour productivity, in spite, that is, of a great decrease in the social labour time embodied in the commodity unit, prices, as expressed in gold, are 30 to 50 per cent. higher than pre-war. Comrade Lapinski was right in stating that the price level is not at present moving. But that was the case before the war too. That, however, only refers to prices as a whole, to the

price index; whereas the prices of individual commodities fluctuate much more than before the war. There is therefore a possibility of greater speculative profits and losses, in spite of the stagnation in the general price level.

I shall now turn to the criticisms levelled at my report.

Firstly as to the question of rationalisation in England. Let me remind you that at the 1928 Plenum, when I suggested that a rationalisation movement was beginning in England, all the British comrades were opposed to that statement. Now, under the pressure of events, there is a retreat from that standpoint. The latest evidence on that is comrade Page Arnot's article in the German International. The facts can no longer be denied. Let me deal with what Fineberg said.

I maintained that English industry is greatly handicapped in its competitive capacity on the world market because, as a consequence of the restoration of the gold standard, rentier capital is being paid its full share of profits. I said that what is now happening is an organised diminution of loan capital's share in profits, to make industrial capital again profitable. What happened in Germany, and on the European continent generally, through inflation—the liberation of industrial undertakings from their old debts—is now proceeding in an organised fashion in England. Comrade Fineberg has raised the objection that industrial capitalists are losing capital, for there has been a great deal of writing down of industrial capital. That is a misunderstanding of the different parts played by industrial and loan capital.

Let us imagine that we possess an industrial concern which doesn't pay us. We receive no dividends on our stock, because we must give up all our profits to the preference shareholders, that is, to loan capital. We have made a million, but we must give it all away. Then two sorts of re-organisation take place. Loan capital's share is reduced by half, and our nominal share capital is also written down by half. But we still have the factory, that still belongs to us who own the stocks. These common stocks, formerly valued at £2,000,000, are now worth no more than £1,000,000. But the profits of the undertaking—whose buildings and machinery etc. are there and continue

to function in spite of the writing down—are divided between loan capital and ourselves, each getting half a million. However low nominal capital may be valued, the profits remain ours so long as we are the proprietors of the concern, its shareholders.

Expressed theoretically: the writing down of the nominal value of industrial capital is not the same as a reduction in the share of loan capital. The latter is a complete loss for the preference shareholders. But it is only a book-keeping transaction as far as industrial capital is concerned, leaving the sum of profits untouched. When business goes well, nominal share capital can again be raised to correspond with profits. That is a great difference.

The chief debate concerned the new form of unemployment. Let me again define exactly what we are discussing. Since 1921 in England and Germany, and recently in the U.S.A. there has existed a huge army of chronically unemployed workers which, although it may fluctuate slightly in numbers, remains even during prosperous periods. This is a fact of tremendous importance to the C.I. and to each militant Marxist, a fact whose causes must be considered. In England relief funds are being collected to help those unemployed who no longer receive unemployment benefit, or who are in extreme poverty even with benefit. In England there are about six million persons, including dependants and paupers, who live by unemployment benefits or poor law relief. That is about one-seventh of the English population. This is a historical fact of great importance. Or take the case of Germany. At this moment there are two and a half million wholly unemployed in receipt of relief; including dependants, the number is about five millions.² The *Konjunktur Institut* calculates that for many years, on the average 10 per cent. of the wholly unemployed receive no relief. That would make another 250,000 wholly unemployed. About 200,000 are at present in receipt of emergency relief. In addition there are about one million working short time and some hundred thousand paupers.³

²See Wissel: "Social Politics since the War," p. 24.

³"Statistical Year Book of the German Reich 1928, p. 499.

Altogether, therefore, there are about four million, and with their dependants at least eight million persons at present living on unemployment benefit, emergency relief, or welfare support. Again about one-seventh of the population. That is no small thing. And if one is not a professor, but a militant Communist, one must try to find the cause of this tremendous new social phenomenon. That is what I have done.

To do this the most important facts must be abstracted from the whole involved complex of economic and social facts, and these show that chronic mass unemployment is not the result of bad business—as might have been thought of the great crisis of 1920—but exists together with a tremendous increase in the volume of production in America, Germany, and to a smaller extent in England; since 1924 the volume of production in England has risen by from 5 to 6 per cent. This is the first important fact.

The second is that unemployment is greatest in those countries where rationalisation has progressed farthest.

The third important fact is a tendency in the most highly developed capitalist countries towards the transference of workers from production, from the service of industrial capital, into the sphere of distribution and consumption. In illustration of this process I shall give you the figures relating to England since 1923.

Since that year, the Ministry of Labour issues each July, the number of insured employed and unemployed workers according to industry. If we exclude those branches of employment which obviously do not belong to industrial capital (commerce, banking and finance, central and local administration, amusements, etc.) and add these into one group as opposed to all other branches of employment, we get the following figures for those actually employed (unemployed excluded):

Numbers Employed in England⁴
in thousands

	by industrial capital	apart from industrial capital ⁵	Total
July, 1923	... 7,897	... 2,281	... 10,178
„ 1924	... 8,206	... 2,167	... 10,373
„ 1925	... 7,952	... 2,613	... 10,565

⁴Ministry of Labour Gazette.

	by industrial capital	apart from industrial capital ⁵	Total
„ 1926	... 7,645	... 2,658	... 10,304
„ 1927	... 8,214	... 2,803	... 11,017
„ 1928	... 7,705	... 2,799	... 10,504

⁵This includes distributive trades, banking and finance, national and local government, entertainment and sport, hotels, boarding houses and clubs, professional services.

These figures show, although not very clearly, a tendency towards a diminution in the absolute number of workers employed by industrial capital, with a marked increase in the number of non-value creating workers engaged in distribution and consumption—more than half a million in six years.

When expressed in percentages, the tendency is more clearly apparent:

July 1923	July 1924	July 1925	July 1926	July 1927	July 1928
<i>Total number employed:</i>					
100	100	100	100	100	100
<i>By industrial capital:</i>					
77.6	79.1	75.3	74.2	74.6	73.4
<i>Apart from industrial capital:</i>					
22.4	20.9 ⁶	24.7	25.8	25.4	26.4

⁶This decrease is probably due to the application of the “economy axe” to the State services.

Within these six years 4 per cent. of the workers have gone from the sphere of production into that of distribution, administration and consumption. 4 per cent. less productive, value creating workers, 4 per cent. more unproductive workers. This fact has great economic significance.

A similar process, as we shall show, is happening in the U.S.A. The figures available for other countries are not good enough to make a reliable statistical statement.

The most strongly attacked statement was, that there is in the U.S.A. a tendency towards an absolute decrease in the number of workers employed by industrial capital. It is a well known fact that in America, between 1919 and 1925, according to the fairly reliable census of production figures, the number of workers directly engaged by productive, by industrial capital (*i.e.*, in agriculture, industry, mining, railways) decreased by two million. Two sorts of objections have been raised:

a. It has been maintained—particularly by comrade Wurm—that 1919 was an unusual year, and cannot serve as a basis for comparison, because it was a time of great prosperity when the munition factories were still working.

As against that, it is true that 1919 was a good year, but so was 1925. Changes in the industrial situation affect first of all the number of workers employed in industry. The following figures (calculated from data given in the *Statistical Abstract of the U.S.A.* 1928, p. 749) show that the year 1919 was by no means exceptional.

The yearly increase in the number of workers (excluding office employees) employed in industry in the U.S.A. was as follows :

1879-1889	...	...	152,000
1889-1899	...	...	105,000
1899-1909	...	...	190,000
1909-1919	...	...	237,000

Developments since 1919, as shown by the bi-annual census of production, is in great contrast to the above figures.

Number of workers in industry in the U.S.A. in thousands

1919	...	...	...	8,990
1921	...	...	...	6,938
1923	...	...	...	8,768
1925	...	...	...	8,384
1927	...	...	...	8,351
Total decrease in 8 years	...	...	...	649,000
Yearly decrease	...	...	...	81,000

While, therefore, in the forty years from 1879 to 1919, American industry on the average took on yearly 170,000 new workers, in the last eight years it has lost 81,000 workers each year. This fact is also of the greatest importance.

We must bear in mind that, of all the different sorts of industrial capital, it is urban industry which, under capitalism, takes on workers, while agriculture employs less and less. If, therefore, in these last years industry has discarded workers (and we know that the same thing has occurred in mining) the real number of workers employed by industrial capital must have decreased still more, and the number of unemployed risen. In the figures below we shall try to find the

number of new workers coming on to the labour market in 1926 and 1927 in the U.S.A.

Let us begin with agriculture. The official figures of the Department of Agriculture give some indication of the changes in the volume of employment for 1926 and 1927.⁷

	No. leaving farms and going to towns	No. leaving towns and going to farms	Net decrease
1926	... 2,155,000	1,135,000	1,020,000
1927	... 1,978,000	1,374,000	604,000
	<hr/> 4,133,000	<hr/> 2,509,000	<hr/> 1,624,000

If we remember that it is, in general, the older and less active people who return to the land, and the younger and more active who leave agriculture to seek work in industry, then we may safely assume that at least one half of the 1,624,000 persons less in agriculture were of working age, that is, were seeking employment. The development of organic unemployment is therefore much greater than is shown by the figure of 30,000 less in industry.

To calculate the total number of unemployed in America, the following facts must be taken into consideration.⁸

About 1.8 million persons reach working age every year in the U.S.A. since the proportion of workers in the whole population is about 22 per cent., this means 400,000 new workers every year, and 800,000 in two years.

The increase in population, from legal immigration, and after reducing emigrants, was :

1926	...	...	...	303,940
1927	...	...	...	252,023
				<hr/> 555,963

In addition there is the illegal immigration from the frontiers of Canada and Mexico. The great majority of immigrants are workers, and the net increase from this quarter of those seeking work may be taken as at least 450,000.

As opposed to this, about one million persons above five years of age die each year.

⁷"Annalist" 13, III., p. 509.

⁸All the following data taken from "Statistical Abstract," 1928.

Of these about 200,000, on a rough calculation, may be taken as workers. Taken altogether, the figures for the years 1926-1927 can be estimated as follows :

Natural increase in No. of workers ...	800,000
Less deaths	400,000
Net increase	400,000
Immigrants	450,000
No. of workers less in industry ...	30,000
No. of workers leaving agriculture ...	800,000
Total increase in No. seeking employment	1,680,000

All our calculations have deliberately been on the low side; in reality the increase in the number of those seeking work who cannot get a living in the two main branches of industrial capital, industry and agriculture, exceeds two million. This is very great organic unemployment.

Comrade Magyar raised a number of small statistical objections, that these statistics exclude concerns with less than 5,000 dollars annual turnover; that as a consequence of the fall in prices this limit is really higher in 1927 than in 1919 etc. That is only retail shop-keeping. "Industrial concerns" with an annual turnover of less than 5,000 dollars—less, that is, than sixteen dollars per working day—are insignificant shops, in which only 139,000 workers are employed in all America. These small businesses do not enter into the great problem of organic unemployment.

The second line of criticism was to call a purely theoretical statement of a decrease in the number of workers employed by industrial capital, anti-Marxist or impossible. This, most unfortunately, betrays a grave misunderstanding of Marxist methods.

The Marxist method is a dialectical amalgamation of a purely theoretical with an historical analysis. Marx propounded laws applicable to pure capitalism, with the premise that there are only capitalists and workers, no independent producers, no sections of capitalist industry marked off by the State, no foreign trade, no capital export, but only a unified capitalist world economy. Marx examined capitalism purely theoretically, on these conditions. Then, in his concrete

analysis, he took into consideration these factors which he had abstracted in the theoretical analysis. For "pure" capitalism, Marx propounded the question: On what does the number of employed workers depend? To which he answered: There are two contradictory tendencies. One, the exclusion of workers by increasing technical progress, by raising the organic composition of capital. Two, increasing the number of workers by increasing total capital, by extending the capitalist system of production. In a historically concrete fashion he declares, in many instances—all of which comrade Furm has quoted in his article—that the number of workers increases; becomes absolutely greater. (*Interjection*: He states that from the law of accumulation.) He says: Although the organic composition of capital may be higher, although the number of workers may decrease relatively, the absolute number increases, because total capital has grown so much that its variable part, in spite of a relative decrease, is absolutely greater than before. But Marx never said that a purely theoretical statement holds good for ever and aye. Marx emphasised the connection between an absolute increase in variable capital, although it may decrease in relation to constant capital, in order to underline the tendency of the rate of profit to diminish even if the mass of surplus value, *i.e.*, the total profit, should increase absolutely. But it by no means follows from that, that the setting free of workers due to technical progress cannot be so great as not to be compensated by the increase in total capital. Marx himself did not deny this possibility. I shall not fight with quotations, I prefer fighting with arguments; but since you insist, I shall give you one quotation from Marx. "A development in productive forces, which decreases the absolute number of workers, *i.e.*, which in fact enables the whole nation to carry out the total production in less time, would bring about the revolution, because the majority of the population would find themselves out of work." (*Wurm*: Read a bit further!). There are 300 pages more! (*Wurm*: In the same section.)

I say that what is taking place now, this chronic, growing, organically developing mass unemployment is one element in the crisis of capitalism, and an element of revolution, as

Marx says. That is indisputable, and nobody should try to hide it.

Comrade Zhablonsky suggested that we should reject the possibility of a tendency towards a decrease in the number of workers creating value and surplus value employed by industrial capital, because neither Marx or Lenin foresaw such a development. Such an argument must be decisively turned down. Were Lenin alive, he would have indignantly opposed such empty and fruitless dogmatism.

Let us ask ourselves why historical fact, stated by Marx, of a growth in the number of workers despite a higher organic composition of capital, was true at that time, and not true of a few countries to-day. I have already answered this point in an article. I say that the possibility existing before the war, for capitalism to extend its markets by changing peasants into farmers, *i.e.*, by changing small producers, those who, as in the Soviet Union to-day, consume 80 per cent. of their own production, into capitalist small producers, those who, as in America, sell 85-90 per cent. of their produce on the market and in return buy and consume capitalist produced commodities, that possibility no longer exists, can no longer exist. This possibility of extending the market existed once for capitalism in America, England, Germany and France. In America the process is finished, the peasant is already a farmer. In England it was finished long ago, in Germany it is well on its way, in France not yet finished. (*Magyar*: The world still consists mostly of peasants.) In the most highly developed capitalist countries the change has been accomplished, and it is in these countries—America and England—that we can observe organic unemployment and the flow of workers from the sphere of production into that of distribution and consumption.

There was also another possibility of extending capitalist markets, at the cost of backward countries, *i.e.*, by changing non-capitalist into capitalist countries. This change has not of course been accomplished, but expansion in this sphere encounters great obstacles, the industrialisation of those countries from within, the introduction of industrial tariffs which make it difficult to export goods there. The results which ensue are: 1, a bitter struggle for markets; 2, the closing down of large sec-

tions of the productive apparatus; 3, organic, structural unemployment in the most advanced countries and the transference of workers from productive into non-productive employment. It is, of course, stupid to put the question, as comrade Zhablonsky, and partly, too, comrade Magyar, suggest: if the opportunity to work diminishes, the working class will disappear. These workers, thrown on to the streets, do not die; they are there, they want to live, they demonstrate, and every year receive about a million from the capitalist States of England and Germany, to prevent hunger riots. Try to imagine England or Germany without any unemployment benefits. What a social upheaval would follow!

Well, comrades, where are the superfluous workers in America? Some millions are always unemployed, some hundred thousands are engaged in the automobile trade (not on production, but as chauffeurs etc.) Two million people in America to-day are engaged in smuggling in alcohol, in disposing of it, and in preventing smuggling. They hang about in the "services," in the innumerable places of entertainment, hotels, bars, clubs etc. In addition a large number of American workers are employed only two or three days a week. This is generally recognised as true of coal mining. The case is similar for foundries.⁹ Ford runs a seven day week in his concern, but the workers only work five days a week etc.

This explains the contradiction between the decrease in the average number of workers actually working, and the increase in the number of town workers: they only work a few days a week.¹⁰

Summing up, comrades, I maintain that a new, important and clear tendency is apparent. I don't want it to become known as Varga's Law.¹¹ I have expressed myself very care-

⁹A reliable German comrade recently returned from America gave me figures showing that, while the foundries were open seven days a week, night and day, the demand for workers had been so greatly decreased by rationalisation that they only worked two or three days a week.

¹⁰I am not aware of any statistics on short-time work.

¹¹The fact of a decrease in the number of workers employed in American agriculture, mining and industry has been dealt with in hundreds of American writings: it is not my discovery.

fully. (*Interjection*: You were more careful still a few years ago.) Because I see more now, of course. Three years ago I was more careful because less facts were available. (*Interjection*: And if the next figures show that the number of workers has increased, you are compromised.)

Comrades, we are dealing with the mighty fact of chronic unemployment. We must find out whether this is a temporary or a constant phenomenon; what are its causes, how did it arise. Have we always to count upon such unemployment? That one-seventh of the workers in England and Germany are unemployed or paupers is not in itself enough to go upon. But it should not be overlooked, as it was by comrades Magyar and Wurm. Doubting these facts, harping on the questions as to whether chauffeurs are productive workers, whether 130,000 workers are employed in little businesses with a daily turnover of twelve dollars, or whether the number has gone up to 160,000—that is not the way to attack such a great problem of the working class. I agree that the statistics must be very carefully examined. Of course we must be very careful. I don't want the Comintern to base itself on "Varga's Law." But the problem itself must be very thoroughly studied, because it is of great importance to the policy and tactics of the Comintern. (Wurm: In Germany we have a standing industrial army of unemployed with an increase in the numbers unemployed in industry.)

Comrade Wurm, I am glad that you too are forced to fight a retreating battle. But I was not speaking of Germany, since there is no material available for Germany because of inflation, and then because of stabilisation and the other great changes.

I want to make a few more remarks. Many comrades say, as Wurm said in his article, that unemployment arose as a temporary phenomenon as a result of rationalisation. In my opinion that is incorrect. (*Interjection*: Where is that said?) I am quoting from comrade Wurm's article (*C.I.*, May, 1929, p. 460). He says:

"... such conclusions as Varga's were

drawn from a study of these two years, when it was in precisely these two years than an all-round process of rationalisation was being carried out in the United States."

This indicates a direct connection, particularly between rationalisation and this fact of unemployment.

If we stick to our basic idea that the present period (and the next few years) is characterised by an extremely sharp struggle for the world markets, then we must assume that rationalisation will be continued, not, perhaps, at such a stormy speed as it was in Germany in the last few years, but at any rate it will continue throughout the capitalist world. And consequently rationalisation will continue to be effective as a factor creating superfluous workers.

In conclusion, I want to make one further concession to the comrades. In the near future unemployment will be slightly lower because we are now reaching the years when the great decline in the birth rate during the war will make itself felt, for four years the number of workers entering upon the working age will be much less. That, of course, is important, but it does not alter the main fact. I repeat; I don't want anybody to speak of "Varga's Law," but I do say that the problem of chronic organic mass unemployment must be treated with the gravity it deserves, and not overshadowed by petty statistical details. The problem must be seriously examined, and in such a way as to disclose the main lines of development. We should not employ the method of examining the details of each country separately, each industry separately etc. because the causes of structural unemployment may be different in each country. If we attack the question in that way, we shall get a mountain of disconnected, detailed facts, all vague and irrelevant. Together with observation of the separate concrete facts, we must try to find out the main lines of development. In the C.I. we cannot work out a different strategy for every country and every industry—we must at least have our general strategical line for all the highly developed capitalist countries.

The Ideology of American Reformism at the Turning Point

By N. Nasonov

OF all the bourgeois sciences, there is none more loathsome than the bourgeois political economy which is the "Labour theory" of present-day reformism. And the most impudent of all the schools of bourgeois political economy, the one with the least pretensions to being scientific is the American school, the school of the dollar. There would be no need to rummage among the police and publicity theories of the bourgeoisie, but for one circumstance, but for the fact that present-day bourgeois political economy is destined for proletarian consumption. "Men who still claimed some scientific standing and aspired to be something more than mere sophists and sycophants of the ruling classes, tried to harmonise the political economy of capital with the claims, no longer to be ignored, of the proletariat." (Marx: *Capital*, first vol., preface to second edition.) At the present time the whole of bourgeois economy is serving the ends of "harmonising the interests of the capitalists with the claims of the proletariat."

Bourgeois political economy is a kind of magic mirror which transforms the most hideous object into beauty, with the only difference that this magic mirror transforms, not people, but social relationships from ugly ones into model ones. With the aid of certain methods one can, none the less, use this magic mirror in order to compose a complete picture of whither and how capitalism is developing, to ascertain on what side capital most needs to ennoble and to adorn, paint and powder itself.

The ideology of modern reformism thus, in a distorted form, reflects the social processes. This is particularly clearly to be observed in the case of America, where a complete change has taken place, and whose bourgeois political economy has completely re-equipped itself during the last two or three years.

Since 1921 the United States has lived

through a period of prosperity, which constituted America's fruits of victory from the world war. The mighty machinery which was set up during the war period was, during the post-war crisis, adapted to the service of the world market. The enormous accumulation of capital, even among the farmers and the upper ranks of the working class, created a market. Until 1927 America was living through a period of prosperity, which had war accumulation as its foundation and rationalisation as its super-structure. Ideology was called upon to assist in carrying through rationalisation. In view of the fact that at that time rationalisation was a purely American phenomenon, just as was prosperity itself, the whole ideology of rationalisation was built up on the theory of exceptional laws applying to American imperialism.

"We have discarded the economic ideas of the old world, such as those of Adam Smith and Karl Marx, which operated on the idea of natural wages and which regarded labour as a commodity. Such ideas have their roots in feudalism and the craft attitude." So John Carter, an economist of the *New York Times* proudly announced.

The year 1927, which brought with it a considerable depression in American capitalism, forced a breach in the theory that America is an exceptional country, and heralded the development of a new school in American reformism.

One has to divide the "labour theory" of American reformism into two periods—before and after 1927. It is impossible to call the school of the first period anything but a school for publicity for American imperialism. Although it does not have any organisational unity, that school pursues the end of demonstrating the non-existence in America of surplus value, or else of demonstrating the gradual disappearance of surplus value, and

consequently of demonstrating the non-existence of the class struggle. Industrial peace is the Alpha and Omega of the creative thought of these amateur scientists and economists.

We begin with Gillette. This is the same King Gillette whose portrait adorns the safety razors of his firm, with the inscription above it: "Known all over the world." However, all the world does not know that this business man, who has enriched the world with safety razors, has also brought a new gift to humanity: *A Business-like Plan for the Re-organisation of Society* (such is the title of Mr. Gillette's book). Mr. Gillette begins his work with the very promising words: "No healthy man can live on this planet for 20 years without recognising that there is something fundamentally wrong with our world. Moreover, one has to come to the conclusion that this wrong is connected with the abyss between the possessing and the non-possessing classes." The author has diligently studied this abyss and the causes leading to its formation. After renewed acquaintance, the author always inevitably comes to the one conclusion: that the evil of the present social and industrial system is not inherited from our predecessors or from nature, but is the result of man's attitude to property, which hinders man's harmonious adaptation to nature and also to his fellow man. On the basis of figures, which are further supported by diagrams, Gillette demonstrates how wasteful these antagonisms are for humanity, and at once writes out a prescription for curing them. Gillette proposes to set up an organisation which will be called a "national corporation." The "national corporation" has to introduce new credit currencies and to carry on extensive construction works. The worker will take commodities on credit and afterwards cover his indebtedness with his earnings. The "national corporation" can be established by setting up a shareholding company. This shareholding company will little by little develop its operations on new principles, will prosper, and so demonstrate to the incredulous capitalists the practicability—and the profitability—of investing their money in that society. In an appendix to the book is given a constitution for the corporation and even a specimen questionnaire for those desirous of joining. Gillette's

wisdom is on the following lines: "Accumulate money, and, as the shareholding companies are not yet in existence, temporarily deposit your savings in the existing banks." Gillette does not know that he is merely repeating in caricature the proposal put forward by the British industrialist Robert Owen: "Owen's communism was based upon this purely business foundation, the outcome, so to speak, of commercial calculation." (Engels, *Socialism, Utopian and Scientific*.) A commercial calculation led Owen to Utopian socialism, and a hundred years later, in the period of capitalism's decline, led Gillette to his charlatan Utopia. Gillette speaks as the agent of the banks. His book appeared in 1924, when the export of capital had developed to extremely large dimensions. Gillette was simply assisting in the mobilisation of accumulations for the export of capital.

After Gillette comes Thomas Carver, a professor of economics. In his book, *The Present Economic Revolution in the United States*, Professor Carver argues that the economic revolution which is taking place in the U.S.A. "is to wipe out the distinction between labourers and capitalists by making labourers their own capitalists and by compelling most capitalists to become labourers of one kind or another, because not many of them will be able to live on the returns from capital alone. This is something new in the history of the world." Professor Carver sees an economic revolution in such facts as the following: The swift increase of savings deposits, the workers' investment of their money in industrial shares, and the increase of workers' banks. It goes without saying that Carver praises the official American Labour movement, which "is passing into a stage where it is concerning itself with the higher strategy of labour." In the words of Green, the president of the American Federation of Labour, the workers' higher strategy is the tactics in which the "trade union is the business agency of the workers for the raising of the productivity of labour." Carver imprecates the primitive tactics of the class war. Needless to say, in Carver's view political revolutions give the workers nothing except a squandering of resources and a lowered productivity of labour. Concerning the Communists, Professor Carver says: "When Marx's materialist conception of his-

tory is combined with the doctrine of evolution through class struggle, it becomes even more strange to Christian ears."

Mr. Lauck is a very well-known person in America, having been one of the theoreticians of the American Federation of Labour and secretary of the National Labour War Bureau, organised by President Wilson for the purpose of drawing the workers into the war. And Mr. Lauck has worked out a theory for all the forms of industrial peace in America. He has written a classic work entitled *Political and Industrial Democracy: 1776 to 1926*. He does not conceal the motives which have impelled him to write this book. "If the middle class, which is predominant to-day, does not share in a democratic and reasonable way with the working class in industry, the working class will break through and dominate, as in Russia to-day, with Communism and a dictatorship of the proletariat. Mr. Lauck heartens the capitalists: "It should also be borne in mind . . . that industrial democracy does not oppose capitalism as a system. Capitalism is to remain, but its autocratic features are to be removed."

The clearest representative of bourgeois political economy is Professor Tugwell, who expresses the attitude of a certain part of the technical and administrative intelligentsia—the mind of industrial America. Together with many engineers and administrators, Tugwell sees the contradiction between extreme rationalisation in a single factory or trust, and anarchy in society as a whole. Tugwell "almost" accepts the Marxist formula that the "antagonism between social production and capitalist appropriation is revealed as a contradiction between the organisation of the labour of production in a separate factory and an anarchy of production in society as a whole." Tugwell merely does not see the capitalist appropriation, since he considers that as plan develops, *i.e.*, as his theories are demonstrated, the capitalist owners will die out. Tugwell's prescription for the annihilation of the antagonisms is an intensification of rationalisation in each separate factory and the beginning of rationalisation on a social scale through the creation of a State Planning Commission. Tugwell is for planning on the Soviet lines, only without the October revolution. Tugwell reflects the attitude of part of

the administrative and technical personnel, who would not be averse to ridding themselves of their masters so that they might themselves become collective owners. There is a certain basis for such an attitude: the American capitalist is "freed from the instruments of his labour"; engineers work for him, and they may not see the master for years on end, but they know the extent of his profits. Tugwell stands for the rationalisation of industry, and on this demand joins forces with the American Socialist Party. Tugwell even criticises modern capitalism: in his words, "about 86 per cent. of Americans are living in conditions below a decent level of comfort." Tugwell's conclusion is: "Hurrah for industrial peace! Hurrah for the intensification of labour! Hurrah for rationalisation!" The American Federation of Labour, the socialists of America and a number of reformists propagated what was essentially the political economy of Carver, Tugwell, Gillette and so on. All this was done in order to safeguard the introduction and carrying through of rationalisation, to safeguard industrial peace, the corner-stone of rationalisation. Rationalisation pre-supposes a constant stream or a conveyer. The strength and tension of the industrial chain is measured by its weakest link. Agitation among the workers at one end of the conveyer or a decline in the tension of labour in part of the constant stream is whifly reflected in the production of the whole of the conveyer or the whole stream. The conveyer, the constant stream, demands what the American engineers call "a satisfied worker." The task of reformism consisted in justifying and proving the advantage of industrial peace to the workers themselves; thus safeguarding rationalisation.

The depression which came at the end of 1927 and the intensification of antagonisms were the first frosts which dispelled the publicity glorifications and the publicity theories. Carver will no longer convince anyone that the unemployed workers are being transformed into capitalists, and that the capitalists themselves are losing their incomes. Statistics show an increase in the incomes of 5,000, *i.e.*, of the handful who govern the country. The publicists are supplemented by new Pleiades, which do not glorify prosperity and do not generalise as to its everlastingness, but offer a

prescription for saving the prosperity which is approaching its end. The social basis of these Pleiades is the old one, but the personages expressing the present-day attitude are new. In this galaxy we have Foster, Cutchings, Garrett, Taylor, Carter, Clynes, Colburne, Dickenson and innumerable others. In the works offered by this constellation, boasting diminishes in direct proportion to the increase of alarm.

For them the chief issues are unemployment, credit inflation and the intensification of the antagonisms. On these issues the trade union leaders of the American Federation of Labour go no farther than the bourgeois professors, who are interesting themselves in unemployment and inflation only to the extent that they diminish the number of consumers of the increasing industrial production, and so set up a threat to capitalism. For all of them, the bourgeois professors and the leaders of the American Federation of Labour, together with the chief of the United States Labour Statistics Bureau, know that "only human beings can buy; energy, even though it be measured in horse-power hours, has no purchasing power, and the electric lorry has no need of an existence minimum, and at any rate has no family which it must support."

American industry is confronted with the problem of markets in its most severe form. The foreign markets are not developing so quickly as to afford an area for the disposal of American production, and the home market is contracting. So far the reformists have not openly spoken of imperialism's radical method of extracting the country from this situation, namely, the winning of colonies and the destruction of the apparatus of production of its rival. At present the reformists are merely proposing a number of measures which would smooth over these contradictions inside the country. For example, Foster and Cutchings, in the book recently published, *The Road to Plenty*, express themselves on the following lines: Individual savings decrease the purchasing power of the masses, there is a surplus of money in the country, consequently it is necessary to wage a struggle against individual savings and to encourage the expenditure of that money. It is necessary to begin social works under the direction of a special bureau, and the federal government must withdraw

from circulation a certain quantity of money, by means of loans, and hold back these resources until the business index shows the necessity of their being returned to circulation.

The *Annalist*, one of the most serious of the American weeklies, brings Hoover's three milliard plan of social works into connection with the theories of Foster and Cutchings. It is worth while our considering this plan at this stage. At the conference of American governors held at the end of 1928, Mr. Brewster, who spoke at Hoover's instruction, said: "At any moment we are threatened with the picture of an approaching unemployment crisis. The assignation of three milliard dollars for construction works of a social nature would cure the situation in the twinkling of an eye." Brewster announced Hoover's intention to recommend the creation of a three milliard reserve fund for this purpose. The plan is not a new one. As early as 1922 such a plan was proposed by a number of bourgeois economists, and was supported by the American Federation of Labour, the American Association for Labour Legislation, and also by special conferences on unemployment working under Hoover's guidance. The old plan of American reformism receives Hoover's support anew now that he is President. We are interested in the reasons which have impelled the President to speak of a crisis, and again to support the American Federation of Labour's reformist plan. At the basis of Hoover's plan lie the theories propounded by Foster and Cutchings.

In a special monograph, *Social Works and Cyclical Unemployment*, Professor Dickenson justifies Hoover's three milliard plan "with figures in hand," in doing so considering the developing crisis of American capitalism as a cyclical crisis. For America's bourgeois economists the developing crisis is a crisis of ascending capitalism generally, and not a crisis of ascending capitalism in the conditions of an imperialist period. At any rate, in putting forward their plan of social works, the bourgeois professors and reformists endeavour to relate the difficulties of American capitalism to cyclic fluctuations and endeavour to conceal the fact of the fatal contradictions which are being given rein in the conditions of the coming crisis. The outbreak of internal antagon-

isms in America at the present time would involve the undermining of her international position, which in turn would intensify the internal antagonisms by creating a revolutionary situation. And for this reason American capitalism and American reformism are thinking out various schemes for postponing the cyclical crisis. Any postponement of the intensification of internal antagonisms is a gain to American imperialist expansion. Maurice Colborne, the author of the book, *Unemployment or War* (1928, New York) is quite right in suggesting the way out of the situation: "Thus we come to two conclusions: first, to the very curious one that every new invention demands an extension of foreign trade, and then to the extremely fatal one that the right to dispose of commodities on the foreign market must ultimately be decided by force or by its equivalent." At present the leaders of American reformism cannot put the question so openly as does Colborne. The chief object of American reformism is to avoid a crisis, to adopt all measures in the struggle with increasing unemployment, to raise the purchasing power of the masses and so on. A characteristic feature of these attitudes is their all-embracing platform, on which one finds the labour aristocracy, the technical intelligentsia, and even the imperialist bourgeoisie—a bloc from Hoover through the American Federation of Labour, and ending with the socialists.

In addition to the social works there are other prescriptions for saving prosperity. Professor Taylor's prescription is: "The chief difficulty is that we do not succeed in consuming the commodities we have produced. For the rich cannot personally consume all the commodities which their dollars could purchase. In order to establish a just distribution it is necessary to increase the purchasing power of the masses, and in this way much will be accomplished." Professor Taylor advises the capitalists to renounce some of their dollars!

In the book only just published, *The American Portent*, Mr. Garrett gives utterance to the following truths: "High prices restrict both receipts and wages." Consequently the capitalists must realise that "when you are dealing with workers as producers you are also dealing with them as consumers." But here Garrett gets into a vicious circle, and he can-

not propose anything better than part of the ideas of Sismondi after Americanising them. "Why such endeavours to raise the productivity of already occupied labour? In sparing this labour by increasing its productivity, you spare it in order to squander that saving wholesale during unemployment. The people cannot consume if they have not produced. The inactivity of millions of unemployed is a burden on the community, the responsibility for which falls upon business." Garrett cannot demand the abolition of the machines as did Sismondi, but he now demands the destruction of their enormous activity. For Garrett and Taylor the contradictions consist in the technique of production, trade and finance.

There is a still more definite proposal to resolve the problem of unemployment, which so far, for the reformists, is equivalent to resolving almost all the problems arising out of the contradictions of capitalism. This proposal amounts to the propaganda of new industries. Among the propagandists of new industries, Clynes, the director of the U.S. Bureau for Home and Foreign Trade, and Davis, the Minister for Labour, particularly stand out. Davis says: "I am afraid that to-day the danger is so close that the prescription written a year ago may become imperative to-day. Our medicine is, of course, the development of new popular demands and the creation of new industries in order to meet those demands. . . . But if the present unemployment, evoked by economic forces which are beyond our control, is to be intensified by the American employers through an excessive discharge of workers, we may quickly get such a highly dangerous state of affairs that it will cost us a great deal." In other words: Clynes and Davis are in favour of a new expansion of production in the United States by the creation of new industries, but they are somewhat backward in their foresight. The new industries have already played their role in the present stage of American capitalism. The motor, building, chemical and other industries were the channels into which were drawn the free capital and the free labour power; but now the circle of capitalist production has reached its bounds. In order to develop still further, a crisis in the U.S.A. and a new partitioning of the world is indispensable. But

they know very well what may happen as the result of such a crisis. And for the present their "new industry" is the execution of a programme of naval construction. Not for nothing did the programme of naval armaments meet with the approval of the American Federation of Labour, even if only because the construction of new cruisers will be carried out to 50 per cent. by trade unionists. There is already an agreement on this matter between the American Federation of Labour and the Government.

In the present period of injury to American prosperity "the impossibility of reconciling opportunism with the radical interests of the worker masses" is becoming so obvious that a "left" opposition wing has made its appearance among the leaders of American reformism. We refer to the so-called group of "Progressists," which emerged at the end of 1928. This group is united around the journal *Labor Age*, supported by the *New Leader*, the organ of the Socialist Party, and by the *Liberal Nation*.

It is characteristic that the slogan of this "left-wing" group is essentially "back to Gompers." During Gompers' time the American Federation of Labour defended, albeit in a reformist manner, certain of the workers' craft interests; but now the virtual head of the American Federation of Labour, Matthew Bull, is at the head of a committee which is seeking to unite the present trade unions with the company unions. Only a few years ago the bureaucracy of the American Federation of Labour were fighting the company unions, the development of which was menacing the basis for the accumulation and enrichment of the trade union bureaucrats. But now the process of the fusion of the bureaucracy with the capitalist apparatus has gone so far, the bureaucracy is so completely guaranteed work by the capitalists that the trade union bureaucracy has ceased to see rivals in the company unions. At any rate, the American Federation of Labour was formerly distinguished from the company unions by its formal independence of the capitalists. But now the American trade union leaders will unite with the company unions, openly subordinating themselves to the capitalists. The American Federation of Labour is eliminating from its programme even such innocent reformist demands as legislation

establishing pensions for old workers. Matthew Bull is also the chairman of the Labour Savings Bank, the capital of which largely belongs to the great American banks. The Labour Savings Bank is mobilising the monetary resources of the labour aristocracy. The pensions law would inevitably diminish the deposits in the bank, consequently Matthew Bull fights against the Bill for pensions to old workers. The "left-wing" opposition is against fusion with company unions, against the American Federation of Labour's present policy, but first and foremost the "left-wing" reformists want to fight against Communism. A number of the leaders of this left-wing group have again and again declared that the American Federation of Labour ought to reform itself in order to prevent the extension of Communism. In their view, the best way of reforming the A.F. of L. is to return to Gompers' days. Gompers' reformism corresponded to the degree of development of American imperialism. To return to Gompers' days is as utopian as to carry out Garrett's proposals to diminish the activity of the machines, or Taylor's proposal to reduce the capitalists' profits, and so on. The only more or less definite programme that American reformism can adopt is the creation of a fund for construction works of social importance. But that fund, by its very idea, presupposes aid not to those workers who are already unemployed but only to those whose number may increase unemployment. The five million unemployed which exist in the United States to-day receive no support whatever from the bourgeois State. Experience has shown that America can have such a number of unemployed without being subject to the danger of civil war, but a further increase of unemployment and exploitation may disturb the established equilibrium. All the plans of reformism at the present time are directed towards preserving the present equilibrium. The whole task of reformism amounts to postponing the civil war until the outbreak of the imperialist war by maintaining the present equilibrium. Hoover's plan is complementary to the Kellogg Pact and Coolidge's armaments plan.

The present ideology of American reformism has already exploded the theory that America being the exception, by admitting the

"unharmoniousness" of America's development. Whilst the reformist school started from the theory that there is no antagonism in America, or that it is diminishing, the new Pleiades of theoreticians of reformism recognise the intensification of antagonisms. They are deliberately distracting attention from the chief antagonism, the one which is fatal to capitalist society, namely capitalist appropriation in the conditions of social production. But if the entire bourgeois political economy of America could have changed so completely within two or three years, and can now admit a number of defects, blemishes, and faults in

capitalism, indirectly confirming that American imperialism is subject to the same laws under which capitalism has developed in other countries, then in the economy of American capitalism must be maturing such enormous antagonisms that their explosion may change the political geography of the entire globe.

And this explains why alarm is growing among the bourgeoisie, why bourgeois political economy is striving anew "to reconcile the interests of the capitalists with the demands of the proletariat" and in various ways to restrict the tempo of development of American capitalism.

TEN DAYS THAT SHOOK THE WORLD

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E.C.C.I. Statement on the Murder of an E.C.C.I. Member, Comrade Diakovitch

To all sections of the Comintern.

Comrades! The executioners of the Zhivkovitch government have committed a fresh bloody crime against the workers and all the toilers of Yugo-Slavia. We have learnt by telegraph of the murder by gendarmes of comrades D. Diakovitch and Hechimovitch, which occurred ostensibly "on their attempt to escape" across the Austrian frontier.

The bestial treatment applied to the political prisoners behind the prison walls of Yugo-Slavia have long since become part of the administrative system of the clique of criminal militarists who are dealing with the toilers of Yugo-Slavia on behalf of the Serbian financial bourgeoisie and the foreign imperialists.

After their *coup d'état* one of the first steps of the military-Fascist dictatorship was to declare in practice an open war on the workers, peasants and oppressed nationalities of Yugo-Slavia.

Under the cloak of the dictatorship of the king-autocrat of Yugo-Slavia and the Fascist military clique, the new government is carrying into operation a policy agreeable to the Anglo-French capitalists. Trampling on the workers' rights won by years of stubborn class struggle, throwing all the burden of the economic and political oppression on to the toilers of all the nationalities in Yugo-Slavia, the blood-thirsty exploiters are making intensified preparations for a war against the U.S.S.R.

A regime of harsh persecution, of murders without trial, of bestial excesses and tortures behind the prison walls is decreed in Yugo-Slavia. That regime is condemning millions of toilers and their families to starvation and torment; it is preparing still worse experiences for them against the hour when the bloody conspiracy of the imperialists against the land of proletarian dictatorship is realised, when the governing Serbian bourgeoisie will

dare to throw all its criminal army against the proletariat and peasants of the Soviet Union, engaged in the peaceful reconstruction of the economy of their country on a socialist basis.

D. Diakovitch (Friedma), a metal worker, a fine son of the Yugo-Slavian proletariat, was a steadfast fighter for the cause of the proletarian revolution. Sentenced to be hanged during the imperialist war, since 1919 he had again and again been arrested and flung into prison, serving an aggregate of four years. By his devotion to the idea of the proletarian revolution he had won great popularity and the affection of the workers of Yugo-Slavia. A most active and self-sacrificing worker in the C.P. of Yugo-Slavia, a member of its Political Bureau, and a member of the E.C.C.I., comrade Diakovitch, who of recent years had worked underground, could not but call down on his head the frantic hatred of the bourgeoisie and the Fascist military clique of Yugo-Slavia, and suffer a ruthless persecution from them. Comrade Hedemovitch, who was killed together with him, was an old worker in the Party and in underground activities.

The toiling masses of Yugo-Slavia and the other Balkan countries will see in the heroically dying proletarian fighter, comrade Diakovitch, an example of unmitigated firmness and devotion to the workers' cause. Following the example of their fallen comrade, they will fearlessly and unswervingly march on to the storming of capitalism.

The answer of the toiling masses of Yugo-Slavia to the shameful murder of comrade Diakovitch will be their consolidation around the C.P. of Yugo-Slavia, a broad, energetic organisation of mass resistance to bestial Fascism, and the preparation of the armed overthrow of the Fascist dictatorship.

THE E.C.C.I. PRESIDIUUM.

Moscow, May 3rd, 1929.