

FREEDOM AND THE CLASS STRUGGLE

The question of political freedom is raised in an acute form at the present time, when Fascist bands attack working-class meetings and when the Federal Government attacks the working-class press and working-class organisations. It may be asked, then, whether representatives of the proletariat, in agitating for freedom of speech, of the press, and of organisation, are not taking a liberal line. The answer is that proletarian theory differs fundamentally from liberal theory in recognising the existence of a ruling class and an oppressed class, and in asserting that any movement for freedom can only be a movement of and on behalf of the oppressed. Hence any demand for freedom which does not take account of the class struggle is misleading, and the fight for freedom has to be conducted on class lines. Proletarian agitation, then, is for freedom of speech for the workers, free circulation of the workers' press, the right of workers to go voluntarily from one country to another, the independent organisation of workers for economic and political purposes, the formation of policies and organs of struggle.

Nevertheless, while these are the practical issues, proletarian theory regards existing society as characterised by oppression or by the exploitation of the governed class by the governing class, and it describes the struggle of the oppressed class as a struggle for emancipation. According to proletarian theory, moreover, the proletariat is the last class to be emancipated, and its emancipation involves the liberation of society from class struggles, the final disappearance of the exploitation of man by man. Thus the proletarian movement is definitely considered as working towards social freedom. Freedom is recognised, in opposition to exploitation and oppression, as a possible social condition. And, though a general consideration of the nature of freedom cannot provide a policy for fighting exploitation and oppression now, or a means of estimating existing forces of liberation (so that a merely liberal outlook is defeatist), such a consideration is obviously implied in the given description of the struggle. To make it more definite is, therefore, to advance the theory of the struggle, and may be of organisational value—in helping to rally all possible opposition to the Fascist activities of the ruling class.

The first step in the clarification of the term "freedom" is the recognition of the confusion involved in its use in political propaganda. It is one of the commonest of political catchwords, and is used to justify any policy whatever; thus "British freedom" and "freedom from Red dictation" are part of the regular demagoguery of capitalist electioneering. The confusion arises from the fact that freedom is thought of negatively as absence of restriction, and hence as the unimpeded exercise of some activity, whatever that activity may be. The position has then to be qualified by saying that there are limits to freedom, that freedom must not degenerate into "licence," that people cannot be left free to rob, murder, and so on. From

this point of view the demand for freedom is simply the demand to go on doing ("freely") what has been done before, or what one wants to do; and "licence" is simply that kind of activity that one wants to stop.

Thus freedom, as a capitalist catchword, means the *status quo*; "British freedom" means the maintenance of British Imperialism, and any anti-Imperialist or independent working-class activity is "licence." Bondholders want to be free to receive interest on their investments; employers want to be free to reduce wages, to pay what they determine for the work that they provide, to manage their own businesses in their own way. Working-class organisation and agitation interfere with this freedom; strikes interfere with the free working of capitalist industry. This equating of freedom with the protection of capitalist property is as old as the original "liberal" theory of society—the theory of "free contract" between man and man, of the right of the individual to determine with whom he will associate and on what terms; e.g., in the seeking or in the giving of employment. The function of the State, on this view, is merely to see that no individual infringes the rights of other individuals; apart from this, its policy is "laissez faire"; it stands aside and lets individuals make their own contracts.

It is, of course, a commonplace of Socialist theory that there is no free contract in the case; that there can be no freedom without equality; and that, while capitalist property remains, the option for the workers is a forced one. The worker's "freedom" to do without a master, if he cannot obtain satisfactory terms, is freedom to starve. It is only by organising that the workers can struggle against and reduce their economic disadvantage. In the same way, they have to struggle against political disfranchisement. The State, in recognising "the rights of the individual," in upholding freedom of contract between master and man, grants the worker only the right to be exploited and the right to "scab" on those who resist exploitation. It attempts to break up organisations by treating the workers as individual subjects, as in the calling up of French reservists on strike by the "Socialist" minister, Briand, or as in the present disfranchisement and deportation laws of the Commonwealth government. Such acts are an inevitable consequence of the recognition of capitalist property as a basis for "free contract."

The State, then, which, according to liberal theory, is opposed to class rights and to anything else of the nature of privilege or monopoly, is in constitutional practice opposed to working-class rights. Its function is to uphold capitalist property; and the function of liberalism is to deny the clash of interests which this involves, and to consider the State as upholding "natural rights," or rights independent of class. But the right to "life, liberty, and the pursuit of happiness" is as incompatible with the maintenance of capitalist property as is any general right to think, read, speak, organise, or agitate freely.

Nevertheless, it is incorrect to say that the workers have no rights under capitalism, for that would be to say that they have no power. Rights are simply claims backed by force—demands that can be made good. And the workers have made good their right to be politically active; they have carried on organisation and agitation; they have formed unions and parties; conducted industrial struggles and political campaigns. This is the measure of their enfranchisement; their economic and political achievements, and not the "right" to individual employment or to an individual vote, constitute the existing rights, the actual power, of the working class. It is this that both has to be fought for, and enables the workers to fight, against capitalist oppression; it is this that is now attacked by emergency legislation, by Fascist bodies and by Social Fascists, who attempt to use the workers' own organisations for the disorganisation of the movement, i.e., as emergency organs of capitalism, and, indeed, have anticipated and given a lead to the government in the disfranchisement of militants.

The attempt at violent disfranchisement is, however, only a new form of capitalist attack, consonant with capitalism's desperate position. Working-class rights have always been attacked, because they themselves are an attack on capitalism; and their legal recognition, as far as it has gone, has been partly achieved by force and partly conceded for the sake of deception. The organisation and political activity of the working class is, as has been said, a limitation on capitalist inequality and oppression; it is that amount of freedom that has been achieved. But it is still more—it is the beginning of a free society, the preparation of the future society within the present. Hence there is no question of "pure" capitalism, of complete oppression; but the working class possesses a fragment of political power, which is its weapon in the struggle, and the ruling class strives to wrest that weapon from the workers' grasp. This, then, according to proletarian theory, is the character of the actual fight for freedom; this, as against the liberal conception, is the reality behind capitalist "democracy."

The impossibility of effective agitation on liberal lines, the absurdity of demanding rights for individuals instead of organisations and movements, is shown by a very slight consideration of the mechanism of "democracy." Clearly, the individual elector cannot make his claims good within the limits of the parliamentary system. He is confronted with two or more general policies which he has had no hand in framing, and of which, unless he is otherwise active in political affairs, he can have only a vague understanding. Merely as an elector he has no political education; censorship and the press keep him, by general consent of the parties of capitalist government, ignorant of foreign affairs and confused about home affairs. Hence the successful party is supported by different individuals for entirely different reasons, and the contention that a popular mandate has been given for the carrying out of any definite policy is quite unfounded. Indeed, the hollowness of the theory of parliamentary representation of the wills of a majority of individuals gives colour to certain demagogic criticisms of the

party system; but, of course, non-party government, consistently with the preservation of capitalist property, can only mean the suppression of all parties which might oppose or embarrass the ruling class—in a word, Fascism.

It appears, then, that only the representative of an *interest*, of an active organisation, can have a determining influence on party policy. The moneyed interest clearly has such an influence, and it can, incidentally, greatly influence the conduct of elections through being able to meet the expenses of a campaign, and, above all, through the press and, in these days, the radio. The effect of the poverty of workers' organisations is that their case never reaches a large proportion of the electors. The "choice" of individuals, then, is thoroughly circumscribed; and the same applies in the case of a plebiscite or referendum. To call this procedure in itself "democratic" is to leave out of account the influences determining what question is put and how it is presented, what agitation, in particular, takes place around it—in which respect, as before, the capitalist press has enormous advantages. There is nothing in these devices to justify the application of the term "democratic" to the form of government. Democracy can only mean general participation in the framing and carrying out of policies, and this does not exist in capitalist communities.

The undemocratic character of the parliamentary system—the fact that it is a field not of individual choice, but of the clash of interests—does not, of course, imply that it is not a field for proletarian activity. The fact that, however they may be settled, important political issues are raised there, and the fact that it permits of an approach to the broad masses of the population, make it a field for agitation, and make the parliamentary franchise a right for the proletariat to fight for. But, even so, it is only one sphere of the political struggle—the struggle between organised interests. What makes possible real political activity in this sphere is participation in the struggle in other spheres. Only such extended activity can provide an understanding of the issues raised in electoral campaigns, and only alignment with an organised interest can give any force to that activity. Hence it is that the freedom of the working class is measured by its active and intelligent participation in the struggle, by the force it can exert, the pressure it can bring to bear on capitalist forces and the capitalist State—a pressure which is no more confined to elections than the pressure of moneyed interests on home and foreign policy is confined to elections. Hence, also, the theory of freedom through parliament and of the rights of the individual under "representative" government is a falsification of the facts, and one which, as directed against the direct pressure of the working class, is in the interests of the ruling class.

This raises the question: is it simply a matter of a clash of interests—of freedom for capitalists versus freedom for workers? If that were so, there would be no point in the description of the latter as the oppressed and exploited class, and there would be

point in the contention of capitalist apologists that the proletarian movement simply aims at counter-oppression. It is essential, then, to proletarian theory to reject the negative conception of freedom and to emphasise its positive character, in order to show how it is restricted by capitalism and extended by Socialism—and, in the meantime, upheld by the working-class movement *against* capitalism.

To put the matter briefly, freedom is not mere unhampered activity, but is a particular kind of activity—one which is marked by initiative and responsibility, and which is of a productive character. Now, under capitalism, freedom in this sense has been exercised to some extent by the capitalist class; they have, as Marxist theory allows, played a definite part in the development of industry. But their productiveness has been limited by individualistic consumption, and in consequence of this we have “the anarchy of capitalist production”—the absence of any general plan, the rejection by the capitalist class of social responsibility. With this is connected the oppression of the working class, the withholding from them of initiative and responsibility, their reduction to the level of machines. It follows also that capitalism can never be a thoroughly organised system, that its existence on a world scale results in a growing anarchy and disorganisation, and in increasingly severe oppression. The capitalist “solution” of the extending crisis is to attack the lower strata of society economically and politically, and thus further to increase inequality and disorganisation. The proletarian solution, on the other hand, is, through increased political and economic activity on the part of the oppressed class, to abolish capitalist property and put an end to social inequality and productive anarchy.

The struggle, then, is between revolutionary organisation, which strives to extend the political activity and intelligence of the masses, and capitalist organisation, which becomes increasingly irresponsible and unproductive. The consequent economic disfranchisement is expressed in the tremendous growth of unemployment; the corresponding political disfranchisement is seen in Fascist attacks, such as the Crimes Act, on working-class organisation, including, be it noted, organisation of the unemployed. But this situation, critical as it is, is only an extension of the normal procedure of capitalism, which denies to the workers any control, save such as they can achieve through organised struggle, over the conditions under which they work and live. Alienation from the means of production is itself a barrier not only to organised activity in defence of common interests, but to any pursuit of private interests—any “personal” freedom. The poverty of the masses is, in particular, a serious handicap to their obtaining and communicating either political or general information. And to this must be added the operation of the most varied forms of censorship.

Capitalist control of the press is one of the most important forms of censorship of information. Seizure of literature by the Customs (including information bulletins of the Russian Co-operatives and of the Society for Cultural Relations with Foreign Coun-

tries) and deregistration of newspapers are forms with which recent experience has made us familiar. Judicial decisions are guarded from critical comment by the threat of proceedings for contempt of court. The military forces are deprived of ordinary political rights, and members of the working class are debarred from political communication with them. But the most deadly form of the distortion of intelligence is that which is embodied in the educational system.

Liberal protests have time and again been made against the rigidity of the school curriculum, but such protests are pointless unless it is recognised that this rigidity is a form of capitalist censorship. It operates—with the assistance of official pressure on any deviation, of speeding up to meet examination requirements, of the inadequate training of the teachers themselves—to prevent the development of initiative on the part of teachers or taught. Teachers, who might be expected to know something of their subjects and of educational methods, have to keep within the lines laid down by departments. It is demanded, also, that they should not introduce political and other controversial matter into their teaching, and this means, since it is impossible to avoid introducing politics into the teaching of history especially, that political teaching is limited to instruction in accordance with the outlook of the ruling class. It means also for the pupils, since it is impossible to avoid introducing controversial matter into the teaching of any subject, since education is training in controversy, that their intellectual initiative, their interest in the subjects of study, is largely destroyed.

The upshot is that not merely are working-class children trained in a way that is inimical to their intellectual development and their participation in working-class politics, but the whole class of students who enjoy “higher education” are, to a large extent, unfitted for free inquiry and the prosecution of science. Science and general culture cannot develop in subordination to bourgeois requirements. What is said in Shaw’s “Heartbreak House,” in answer to the assertion that the financiers and bureaucrats are too stupid to use their power—“Do not deceive yourself; they do use it. We kill the better half of ourselves every day to propitiate them. The knowledge that these people are there to render all our aspirations barren prevents us from having the aspirations”—gives a substantially correct picture of the predicament of the “cultured” class. Where it is not simply subservient, it lacks any force to get its grievances redressed. But, in so far as it retains a certain initiative or has a certain productive character, it can acquire force by allying itself with the working-class movement, which has the task of achieving cultural by way of economic emancipation. Apart from this alliance, members of the professional classes who feel themselves exploited can only become cranks, airing their grievances in the pious hope that abstract justice will be done them, or become part of that careerist element which infests Labour parties—and this makes them, in either case, servants of capitalism and misleaders of labour.

But while working-class organisations are the main force in the movement towards a producers' society, it is the fact of productive activity in various spheres, the fact that the same oppressive forces operate against all groups struggling for freedom, that makes possible the alliance of other groups with the working class. Indeed, as Lenin has pointed out ("What is to be done?"), the Socialist movement already implies an alliance between a purely proletarian and a cultural element. Lenin quotes Kautsky as saying that "Socialism and the class struggle arise side by side and not one out of the other; they arise out of different premises. Modern Socialist consciousness can arise only on the basis of profound scientific knowledge. Indeed, modern economic science is as much a condition for Socialist production as, say, modern technology, and the proletariat can create neither the one nor the other, no matter how much it may desire to do so; both arise out of the modern social process. The vehicles of science are not the proletariat, but the *bourgeois intelligentsia*; it was out of the heads of members of this stratum that modern Socialism originated, and it was they who communicated it to the more intellectually developed proletarians, who, in their turn, introduce it into the proletarian class struggle where conditions allow that to be done."

"Since," Lenin adds, "there can be no talk of an independent ideology being developed by the masses of the workers in the process of their movement, then the only course is: Either bourgeois or Socialist ideology." This does not mean, of course, that the bourgeois intelligentsia are not vehicles of *bourgeois* ideology or, as Lenin points out, that members of the working class cannot become Socialist theoreticians. But it means that, as far as science does develop, it assists the struggle of the producers, and that the Socialist form of class struggle is a general producers' movement against oppression. According to this conception, also, the political backwardness of Labour parties is due to their lack of a scientific basis. "Sentimental Socialism" neglects the *technical* character of the development of society; it assumes that the functions of classes and the State can be altered at will, instead of being rooted in the conditions of production; in short, it is even more deeply imbued with capitalist individualism and disorganisation than is capitalism itself.

Now it is precisely "sentimental Socialism" that makes the readiest appeal to aggrieved members of the professional classes, as it does to the less instructed members of the working class, who have, however, the corrective of a keener struggle. It is here that the nation-wide "exposures," of which Lenin speaks, are important. Only proletarian theory can show how the political censorship exercised on teachers and public servants, for example, is connected with the economic miseries of the workers and the oppression of colonial peoples. This demonstration has an organising effect in showing that the working-class movement is the only effective liberating force; that the only political liberty now attainable by any exploited group lies in participation in organisations opposed to capitalism. And this conception of the

Socialist movement is connected with the conception of Socialism as extending political activity throughout all social fields, and thus as advancing "personal" freedom in the only way in which this can be done, viz., through planned social work.

The planned economy of the U.S.S.R., the participation of the general body of workers in the task of "building Socialism," is a matter not simply of industrial organisation, but of cultural, national, and social emancipation. The Soviet system is truly democratic in that policies determined by the higher elected organs are returned to the lower organs for carrying out, and not handed over to a class of bureaucratic officials. To say that this democratic theory is not applied in practice is to neglect the fact that the extraordinary industrial progress, now admitted even by bourgeois observers, could not have been made without the co-operation of the great mass of the population. Admittedly the government is a dictatorship of the proletariat; but this means that, while non-socialised forms of production and property persist, and while they retain their natural alliance with such forms in other countries, the holders of these economic privileges are excluded from the Soviet system. The liquidation of all classes and hence of dictatorship is promised as the culmination of the second Five-Year Plan—though this will not mean the liquidation of foreign hostility. In the meantime, the position is one of class struggle and of preparation to resist intervention.

It is noteworthy that workers' delegations have not found oppression in Russia; though they have found difficulties and struggles, they have been enthusiastic about the progress made, and have not observed the "stunting of personality" referred to by Professor Allan G. B. Fisher, of the University of Otago, ("Moscow Impressions"). "No one," says Professor Fisher, "who has thoroughly imbibed the liberal doctrine of freedom of thought and freedom of expression, which, though not very fashionable in some quarters to-day, is still at the root of much that we value most in our civilisation, cannot [sic] but believe that the Bolshevik policy of regarding any criticism of what for the time being is declared to be the official policy as being almost equivalent to treason, not only means a dangerous stunting of personality, but also involves grave waste of human ability in circumstances which make it urgent that every scrap of human capacity should be used to the utmost."

If the class struggle had ceased to exist, a general consideration of human capacity might be in order. Meanwhile, it is a question of capacity in the building of Socialism, and what Professor Fisher says of industry, education, and art in Soviet Russia testifies, in accordance with the contentions of working-class observers and of the Bolsheviks themselves, to the growth of human capacity under these conditions. It is clear that proletarians do not miss what Professor Fisher values in "our" civilisation. And they will have little doubt as to what doctrine is "fashionable" in New Zealand to-day when they consider (a) the proposal of the government instantly to dismiss public servants "who by public statements intended for

publication in New Zealand or elsewhere have sought to bring the Government into disrepute, or whose conduct in any other manner has been gravely inimical to peace, order, or good government"; (b) the statement made by the president of Auckland University College, and endorsed by the Professorial Board, that any public statement by a member of the college staff "should be made only after a full and thorough examination of all known information," that it "should be a reasoned statement giving both sides of the question," and that recognition by members of the staff of their responsibilities in this matter is "intimately related to the question of fitness for tenure of a university post"; (c) the banning of such publications as "What is the Pan-Pacific Trade Union Secretariat?" and the arrest of members of the Communist Party for selling their paper, "The Red Worker"*; (d) the riots in Auckland and Wellington, and street struggles in Christchurch and Dunedin.

These features of capitalist disorganisation and oppression hang together; censorship, unemployment, and wage-cutting exist in all capitalist countries; and the disfranchisement and imprisonment of politically active workers and the outlawing of workers' organisations are in force, are ready to be enforced (as in Australia), or are contemplated. Anti-Soviet propaganda is a feature of the same general scheme. The forces of capitalist disorder recognise Socialist order in the U.S.S.R. and militant workers' organisations throughout the world as their greatest enemies. The struggle for freedom consists in following the lead of these organisations, in opposing disfranchisement and intervention, and thus in advancing the cause of world Socialism.

—JOHN ANDERSON.

*Three of these workers have since been sentenced to three years' "reformatory detention."

JAPANESE IMPERIALISM IN CHINA

"In order to conquer the world, we must first conquer China. With all the resources of China at our disposal, we should press forward to the conquest of India, the Archipelago, Asia Minor, Central Asia, and even Europe."

This illuminating statement is an excerpt from the famous memorandum of July 25, 1927, that the then Japanese Premier, Tanaka, handed to his Emperor. This document, recently published in China and elsewhere, gives a very clear insight into subsequent Japanese action in China and Manchuria. It marks a transition stage in the rapid growth of Japanese imperialism, which had its beginning in 1867 with the revival of intense Mikado worship and the domination of all Japanese thought and action by the militaristic clans of Satsuma and Choshu.

This interesting document gives the key to an understanding of all that is at present happening in Manchuria, and gives authoritative confirmation of the imminence of intervention against the Soviet Union. Further, it discloses the unbounded militarist plans of a rapacious Japanese imperialism which is threatening the world with a new world-imperialist war; it gives a shamelessly barefaced description of all the methods of violence, oppression, deceit, and cunning used by imperialism to gain its ends; it exposes plans to make Koreans the catspaw of the Japanese offensive; and, finally, unctuously declares that this policy has as its aim "the consolidation of our national defence in the interests of peace and order in the Far East."

According to this memorandum, in what way does this imperialism intend to act "in the interests of peace and order in the Far East"?

In its relation to the U.S.S.R. it says:—

"If the Chinese Eastern Railway belonging to Soviet Russia develops in this district, then our new Continental policy will receive a blow which

will inevitably bring about conflict with Soviet Russia in the near future. In this case, we shall again be obliged to play the rôle we played in the Russo-Japanese War. The Chinese Eastern Railway will become ours just as the Southern Manchurian Railway became ours, and we shall seize Kerin as we seized Dalny (Dairen). If we look into the future we must admit the inevitability of war with Russia on the fields of North Manchuria."

In this statement it is noteworthy that Japan compares the "inevitable war" against the Soviet Republics with the previous war against the Tsarist monarchy, at that time rotten to the core. The fact that Japan fails to understand the fundamental difference between the Tsarist Army and the Red Army will, of course, only increase her determination to fight. Japan probably bases her optimism on the feverish war preparations of her counterpart in Europe—France and the Little Entente.

The memorandum also makes provision for dealing with the U.S.A. It continues:—

"In the interests of self-defence and the defence of others (!), Japan cannot remove the difficulties in Eastern Asia without pursuing a policy of 'blood and iron.' But, in pursuing this policy, we shall be brought face to face with the United States, who are directed towards us by the Chinese policy of fighting poison with the help of poison. If we wish in future to gain control over China, we must crush the United States, i.e., behave towards the States as we did towards the Russians during the Russo-Japanese War."

What an illusion! Hypnotised by victory over the Tsarist armies, Japan seeks a future war against U.S.A. As in the case of Soviet Russia, this illusion only increases the reality of the future war between Japan and U.S.A.

It is interesting to note that this memorandum was drawn up in 1927 when the war of revolution (Kuo-mintang) had already swept the South of China. Nevertheless, the awakening of China is referred to as a danger of the future:—

“A more dangerous factor is that the Chinese people may wake up one fine day.”

But let us leave the blind conceit of this imperialism and concern ourselves with the manner in which these “civilisers” intend to behave towards the awakening peoples.

“When we remember that the Chinese are our only purchasers, we must fear the day when China unites and her industry begins to flourish. We must from now onwards pursue our own military ends and seize the heart of Manchuria and Mongolia by divers ways, in order to be able on the one hand to destroy the military, political, and economic development of China, and on the other hand to prevent the permeation of Russian influence. This is the key to our Continental policy.”

How successfully to-day, as in Korea in 1894, is Japanese imperialism carrying out its policy of “defending the independence of Mongolia and Manchuria from China”! And note how this beneficent imperialist, in his intimate secret document, showed to his Emperor the true meaning of “defending the independence” of these two richly endowed States:—

“Manchuria and Mongolia are the Belgiums of the Far East. During the Great War, Belgium was made the battlefield. In our wars with Russia and the U.S.A. we must insist on Manchuria and Mongolia bearing all the horrors of war.”

Having shown the necessity for the invasion of the two provinces, the memorandum proceeds with shameless sincerity to show how Japan will then delude and rob the masses.

“We shall buy up the land, paying for it one-tenth part of its value. When we have a large section of the land in our hands, there will be no longer any question as to whether Mongolia belongs to Japan or the Mongolians. Backed up by our military forces, we can realise our positive(!) policy. Retired officers, dressed as Chinese citizens and acting as teachers, must live among the population and gain the confidence of the Mongolian princes, and so on.”

Japan intends to extend this policy of deceit towards the Koreans, whom it hopes to use as its cats-paw for military purposes in China.

“As a result of the freedom which they (the Koreans) enjoy in Manchuria, thanks to the imperfect police system (apparently freedom is not compatible with a perfect police system), and also owing to the wealth of the land, no fewer than one million Koreans are to be found in the three Eastern Provinces. When their number reaches 2½ millions and more, it will be possible to incite them (the Koreans), in case of necessity, to military action, and we shall support

them (Mongolians), assuring them that we are suppressing the Korean movement.”

Japanese imperialism does not hide its reasons for attacks on Manchuria and Mongolia. In their desire to acquire the raw materials for the future development and extension of Japanese imperialism to world control, the interests of the large monopolistic associations drive the military machine to further attacks. Besides enormous natural resources in iron, coal, etc., Mongolia produces high-quality wool, a potential source of wealth which the Japanese hope “to hide from the rest of the world, so that England and America may not begin to compete with us.” Against this, the document proposes that facilities be given to other powers to invest capital in these two provinces, and thus “allay international suspicions and cleanse the road to further plans.” In inviting the Powers to take part in the development of the South Manchurian Railway, “we can deceive the whole world.”

What naive! To-day this military clique has not withdrawn one step from its purpose of 1927. On August 3 of last year, General Honjo wrote to Minister of War Minami:—

“In order to strengthen the position of our country and its power, it is necessary immediately to take advantage of the difficult world economic position, as well as the circumstances that the Five Year Plan of the Soviet Union has not yet been completed, and that China is not a united country”—and so on.

How like an echo of 1927! Definitely Japan’s aims may be summarised thus: Seize Manchuria and Mongolia; intervene against the Soviet Union; wage war on U.S.A.; subjugate China; dominate the world.

Japan can hardly be said to have failed in its first aims. Korea and now Manchuria chafe under her “civilising” domination. She is consolidating in North Manchuria in preparation for a clash with Russia and early control of China. A close parallel can be drawn between her present methods and those of 1915. Then, while Europe was fully occupied with the Great War, she issued to China her famous 21 points and invaded Shantung. The Nine-Power Treaty and the Washington Conference of 1921 forced her to surrender her booty. She has not forgotten that humiliation. To-day she is again taking advantage of the world economic crisis—including her own—to move forward, dragging the whole world nearer to another welter of blood. Her ambition to expand means eventually a sure clash with other imperialist nations in China—though at present their aims largely coincide with hers—with the U.S.S.R. and with China itself. The fortunes of the U.S.S.R. and the imperialist groups can be left in their own hands. From the latter, Japan has learned all she knows of “scientific homicide.” The “failure” of the League of Nations to quell the Japanese aggression, and the support given to their buccaneering by prominent leaders in France, Britain, and Italy, show clearly where imperialist sympathies lie. America, however, is not entirely easy about Japan’s ambitions in China. The mutual antagonisms, clearly marked in the East Siberian Expedition of 1918-20, and the discussions of the Chinese Eastern Railway in 1929,

manifested themselves again in clashes in the International Settlement in Shanghai during the attack on that town by the Japanese. The American battlefleet is concentrated in the Pacific at Hawaii. This display is a warning to Japan that the proponents of the "Open Door" policy will brook no interference with their interests in China.

And what of China? Napoleon, greatest imperialist of modern times, said: "China—there sleeps a giant. Do not wake him." "Until 1925 she slept," said Bau, Chinese publicist. No statement of Japanese imperialism would be complete without reference to the Chinese awakening. With its huge land area, its wealth of natural resources, its 400,000,000 people, and its undeveloped economy, China irresistibly attracts the attention and cupidity of the advanced capitalistic governments. From 1901-1905, Chinese foreign trade averaged less than £800,000 annually; in 1929 it exceeded £300,000,000. A large amount of foreign capital has been invested in Chinese mines, railways, factories, and government securities. To secure these markets, the powers have not hesitated to bombard defenceless cities. They are still bombarding them. They have set up their own courts on territory they have seized; have controlled customs, finance, currency, railways, mines, and industries; they have kept China in political and economic slavery. Though the largest investors are British and Japanese, American interests, despite their late start, are rapidly prevailing, especially in the Yangtse Valley, while the French hold sway in the extreme southern provinces. This foreign penetration of China has resulted in revolutionary changes. Whereas 50 to 60 years ago China was a semi-feudal country entirely without industrialisation, she now has, especially in her seaboard towns, about 1500 modern plants, in addition to a large number of modernised factories. Though 70 per cent. of her population are peasantry, working small patches of land, living always near to starvation, and exploited by landlords, usurers, tax-collectors, and racketeering war-lords, there are already from three to four million workers in her factories. The past decade has witnessed mass revolts of workers and peasants against oppressors, both national and foreign. Trades unions have rapidly developed, and peasant organisations have sprung up in the country districts. When in conflict with foreign factory, mine, and railway owners, strikers have quickly learned that foreign warships were always ready to guard the interests of their nationals; while the peasants have found the same influences behind their conflicts with Chinese tax-collectors and war-lords.

At first, sections of the Chinese business class participated in the struggle against alien imperialisms. In 1926-27, the Chinese national armies drove northward from their base in the city of Canton, and gained control of the Yangtse Valley. During a tremendous wave of revolutionary enthusiasm, hundreds of thousands of workers struck for better living conditions, and shut down the mills of native and foreign owners alike. At this stage, the business elements of the so-called People's Party or Kuomintang, fearing

that their own interests were threatened, betrayed the revolution and allied themselves with the foreign interests against the Chinese workers and peasants. Headed by Chiang-Kai-Shek, these elements seized power in April, 1927, and set up a government in Nanking, on the Yangtse River. They immediately attempted to suppress all revolutionary elements and to conciliate the imperialist powers. Since 1927 the Nanking regime has slaughtered hundreds of thousands of Chinese workers and peasants, besides subjecting thousands to barbarous tortures before execution.

Despite these massacres, the Chinese revolutionary movement continues to grow. Soviets are functioning in large parts of the provinces of Kiangsi, Honan, Anwhei, Hupeh, Hunan, and Fukien, and there are Soviet districts in the provinces of Kwangsi, Shansi, Shensi, and Szechuan. The Chinese Soviets maintain a large and well-disciplined Red Army, which, with the enthusiastic support of the people, has won victory after victory.

"If the Chinese use the 'Reds' to influence the Koreans, then the outlook of our people will change, and a great danger will threaten us," said Tanaka.

Was it for the purpose of quelling the "Reds" that the Shanghai offensive was undertaken? The Nanking forces had signally failed to quell the revolutionary armies. Were the Japanese called in to do the job? Certainly the Japanese army commander averred—so our press inadvertently informed us—that they had been fighting the "Nineteenth Mobile Red Army" at Shanghai.

On September 18, 1931, Japanese troops seized Mukden. They conquered Manchuria and set up a puppet government. At the end of January they launched an offensive in the Yangtse Valley, ostensibly for the purpose of crushing the anti-Japanese boycott and agitation; but, from its strategic position, it would seem clear that the war on Shanghai was an attempt to establish a base for the destruction of Soviet China. The U.S.A., which at no time offered any genuine opposition to the Japanese occupation of Manchuria, participated in the attempt on Shanghai. According to press reports, the American admiral, head of the American Yangtse River Patrol, took a leading part in the discussion of representatives of the imperialist powers regarding methods of suppressing Chinese "banditry"—the capitalist word for the rising revolutionary movement in all countries.

Japan's course to "glory" does not seem so smooth as its imperialists foresee. The war in China may soon involve the world in a slaughter greater even than that of the last imperialist war. It will be a war against the Chinese people—a war against the workers and peasants of the Soviet Union—a war amongst the imperialist powers themselves in the struggle for loot.

—JOHN FERGUSON.

IMPERIALISM AND WAR

THE ECONOMIC BASIS OF IMPERIALISM.

The close of the 19th century marked a new phase in the development of capitalism. The period between the Industrial Revolution, which began in the latter part of the 18th century, and 1870 was one of capitalist competition inside individual countries, the amount of capital invested in foreign and colonial lands being small compared with the amount invested in home production. In other words, colonies merely served for the expansion of trade, production of raw materials, gold, etc. But the last 30 years of the century saw a rapid and profound development—the formation of trusts and cartels—which entirely altered the nature of world economic relations. "Free" capitalist competition inside individual countries was replaced by monopolies which more and more came under the control of banking groups and spread beyond national boundaries, so that by the end of the century the typical feature of capitalist economy was the export of capital, rather than the export of commodities. For the weapon of finance-capital proved to be the most effective in conquering new markets, establishing new industrial branches in other countries, and in this way fighting other capitalist groups.

On this economic groundwork imperialism is based. Finance-capital, which formerly acted as an industrial intermediary, rapidly gained control of all major industries, and, by its very magnitude, was able to crush out interests not under the control of banking groups. Imperialism, as we see it to-day, developed as a result of the export of capital, which was carried out chiefly by means of loans. The export of capital depended on two main factors:—

1. The rate of profit was higher in the colonies and less developed countries, because of the cheapness of labour and a relatively lower proportion of constant capital to variable capital. But this influence was for a time largely offset by—
2. The ease with which monopolies could be established at "home" once the banks had control of production and distribution.

However, the closing decades of the 19th century were those during which the concentration of capital in home countries reached such a pitch that the falling rate of profit compelled the export of capital in the form of finance-capital, which floated loans, established colonial branches of industrial organisations, etc. With the turn of the century, this process had become the most important in capitalist economy, and economic relations moved on an ever grander scale from the limits of national development to the stage of rapid imperialist expansion.

THE ECONOMIC CONTRADICTIONS IN IMPERIALISM.

Two fundamental contradictions exist in the very genesis of this modern imperialism:—

1. The international penetration of finance-capital started from several centres, which became the "Great Powers"—Great Britain, France, Germany, and America. Imperialist competition re-

placed on an enormously increased—on a world scale—the competition of "free" capitalism. And this international competition was necessarily more fierce and brutal because the forces brought into play were infinitely greater. The triumph of one group in any particular sphere affected all other groups—to such a stage had imperialism developed.

2. The second contradiction arises from a consideration of the first—production became more anarchic than ever. All groups competed for any markets obtainable, and hence general over-production was the result. When one triumphed the other groups had large masses of commodities on their hands; stagnation in their circulation resulted, and industrial crises recurred again and again. These crises affected the defeated countries first, but soon spread to the victors, because their markets existing in the defeated countries were curtailed owing to the great increase in unemployment there. That is, modern capitalism had reached the stage when any crisis, because of the very conditions of its origin, involved the whole world—as we see to-day.

FORMS OF THE IMPERIALIST STRUGGLE.

In discussing the methods adopted by imperialists in fighting for the economic control of the world, it must be realised that at any given period all the following methods are employed, but each period is characterised more particularly by the means best adapted to the existing conditions.

The struggle may be considered under three heads:

1. The period of territorial annexation and peaceful penetration of capital—lasting roughly about 20 years (1880-1900). This period of colonial development must be distinguished from that of England and France in the 17th and 18th centuries, during which expansion was due, not to the desire to invest surplus capital abroad, but to the necessity for the expansion of foreign trade, obtaining of cheap raw materials, and especially gold, which was necessary, particularly to England, for the provision of means of exchange. For, despite the rapid development of industrialism, banking and exchange were relatively inefficient, the rate of circulation of money low, and hence the mass of money circulating proportionately great. Because of this economic basis of the 18th century "imperialism,"* the American colonies were able to revolt successfully, as capitalism had not yet obtained a complete stranglehold on production in the young colonies. This last condition is characteristic of finance-capitalism.

The 1880 "grab" had a very different aim—partly, it is true, to obtain sources of raw material, but mainly for the investment of capital in countries

*The word "imperialism" is used here only because it is the usual practice for historians to apply the term to the expansive phase of 18th century capitalism. The previous analysis has shown, of course, that imperialism dates from the last few years of the 19th century, thus demonstrating the common misuse of this term. The 18th century was merely the period of the greatest expansion of Mercantilism.

where labour-power could be exploited at a greatly heightened rate. The contest occurred especially in Africa, where in ten years 5,000,000 square miles of territory, with a population of 90,000,000, were annexed; and in China, Burma, and Persia. All the great powers of Europe took part in this contest, while U.S.A. concerned herself especially with the exploitation of South America, Mexico, and the Philippines. In China, great rivalry over railway construction concessions between the powers took place, Britain being successful with 2800 miles. It is important to realise that this expansion of "spheres of influence" and the "peaceful penetration of capital" were in no sense peaceful, as all along the lines of contact constant bloodshed went on—e.g., the struggles of France and England in the Sudan in 1879, the opium trade forced upon China by Britain, etc. Also, the imperialists, in extending their territories, ruthlessly crushed any opposition of the inhabitants—e.g., the Zulu wars and the American "occupation" of the Philippines.

2. The second resource of the imperialist competitors is the tariff wall, their appearance coinciding with the advanced development of imperialism. There had, of course, been tariffs prior to the end of the 19th century, but they had not grown to any extent, except in America. But, from the turn of the century, tariff walls appeared as the second phase in the historical development of the imperial struggle. In apparent contradiction to this, Britain remained Free Trade. But it must be remembered that England was the chief capitalist country of the 19th century, and during the great part of that period was the monopolist of Europe, and did not need Protection. The rapid development of German imperialism under the protection of high tariff walls in the 20 years preceding 1914 was such that German manufacturers were able to seize many British markets. Britain was at the time unable to retaliate because of her dependence on overseas countries for her food supplies. [This seizure of British markets was one great cause of the 1914 imperialist war, which ended free trade in England.] Tariff wars then represented the chief weapon of imperialism during the period when colonial annexation came to an end and the struggle for the maintenance of markets became more acute. Under the protection of high tariffs, the concentration of capital in both the original homes of capital and their dominions and colonies rapidly increased, and just as rapidly added to the disruptive forces in the world economy.

Protection works in two main ways:—

- (a) By excluding foreign competitors from the home market. This strengthens the monopolists within the confines of the protectionist countries, and enables them to control production and distribution at will—i.e., to put their own prices on commodities. The profits made are so large that the monopolists can—
- (b) dump their surplus produce into the markets of their competitors and even undersell them on their own soil. In many cases they thus obtain a monopoly of those markets. This is the remarkable rôle of tariff wars—high prices at home conquer new markets abroad.

The arrangement of tariffs immediately preceding the war of 1914 was briefly as follows:—A great tariff alliance (the Central European Tariff Alliance) bound together Austria, Germany, and Hungary. The French Empire included possessions all over the world—in Africa, South America, and Indo-China. In addition, French bankers had large sums invested in Russia, which itself had imperialist aspirations. American imperialism was entrenched behind the strongest tariff walls of all, from under cover of which her great trusts and combines practically monopolised South American markets and production. In addition, she was able to become one of the chief competitors in the world markets for oil, electrical goods, and automobiles. Britain herself was still free trade, but the Dominions were largely protectionist.

Imperialism was ready for as soon as the "peaceful" methods above outlined should become inadequate.

3. We must now consider the most direct and violent form of imperialist struggle—WAR. We have seen above that violent contests, such as native wars, trade blockades, and tariff wars, are the rule even in peaceful times, and from this it follows that *war is not an abrupt cessation of international relations, but merely a continuance, on an exaggerated scale, of "normal" relations.* The great imperialist war of 1914 was the first of a series which will occur, on an increasingly large scale, as long as imperialism exists. **IMPERIALISM SINCE 1918.**

The Great War resulted in great changes in the relative strengths of the imperialist groups. These changes were marked by many minor struggles, such as that between France and Britain over the Iraq oil concessions, the war of intervention against Russia, numerous contests in China, etc.—i.e., between big wars, imperialism maintains constant military activities.

The Great Central European Tariff Alliance was broken up and replaced by a more extensive group, with France at the financial head, comprising Austria, Poland, the smaller Central European States, and most of the Balkan States. In this process British bankers are at present competing, as shown by the following newspaper comment:—"A struggle between Britain and France to determine whether Austria shall maintain the gold standard is going on in Austria, states the Vienna correspondent of the *Manchester Guardian*." (*Herald*, 12/5/32.) The French and British bankers, then, are competing to decide the financial policy of a third country, formerly a member of a great imperialist alliance.

The British Empire has assumed a more united form under the influence of general tariffs and inter-dominion preferences. This policy is to be extended at the Ottawa conference. In addition, great territorial increases resulted from the annexation of former German colonies, especially in Africa, Palestine, Nauru, and New Guinea.

American tariffs are higher than before, and she has usurped Britain's rôle of world creditor, and only recently has her post-war prosperity been shaken by

the world depression. France, whose gold stocks now equal those of America, has aided in the production of this state of affairs.

Japan has now become one of the great imperialist powers, and has found it necessary to extend her boundaries even further in Northern China. Her immediate aims extend to Mongolia and Manchuria—in the latter place she has established her rule under the nominal head of the former Manchurian Emperor. But, according to the memorandum presented by Baron Tanaka, former Premier of Japan, to his Emperor on July 5, 1927, greater plans have been designed: "With all the resources of China at our disposal we shall pass forward to the conquest of India, the Archipelago, Asia Minor, Central Asia, and even Europe" (p. 12).

A new force has appeared in the world economy as a result of the war—the U.S.S.R. (and now also the Soviet Republic of Central China). These republics cover more than 8,000,000 square miles of land rich in natural resources. Their population together amounts to more than 200,000,000. In addition, the Russian Soviets repudiated £900,000,000 of the debt owed by the Tsarist Government to Britain and France. Soviet Russia is the prize on which imperialist powers are converging to-day. They are attempting to form a united front against her, but great difficulties lie in the way of this.

1. The imperialists cannot agree among themselves. This is clearly shown by the recent events in Northern China. The operations of the

Japanese army were hindered at the outset by the unexpected resistance from the 19th Cantonese Red Army in the Shanghai area. In addition, they were hampered by the mistrust of the British and American imperialists, who feared the consequences of giving Japan a free hand. In fact, America made a display of naval force in the Pacific.

2. Of equal importance is the fear that the class struggle will break out with disruptive force. Indeed, in Germany a revolutionary situation exists, which the added distress of war will precipitate into actual revolution. Even the Reparations Moratorium did little to stave off this crisis.

But it must not be thought that an imperialist war will not be waged against Soviet Russia. The economic crisis throughout the world is so profound that imperialists are compelled to fight in order to create markets in the war itself. This, despite the fact that a great revolutionary wave must inevitably result. The world proletariat must realise this, and, instead of turning their weapons against fellow-workers, turn them against their oppressors. Imperialist war must be turned into a civil war for the defence of the Soviet Union, for the setting up of a world dictatorship of the Proletariat.

—I. McDONALD.

[*Chief References:* Lenin, "Imperialism—the Last Stage of Capitalism"; Bukharin, "Imperialism and the World Economy." See also "Foundations of Imperialist Policy," Pavlovitch.]

U.S.S.R. --- 1931

Manchouli—an outpost in the "steppes." To the south, the single track of the Chinese Eastern Railway leads to the horizon, to Harbin, and thence to Dairen, Tokyo, Peking, and Shanghai. To the north-west, the Trans-Siberian line—the path to U.S.S.R. and to Europe. Neatly dressed and well-spoken customs officials conduct a rather perfunctory baggage search—almost comically perfunctory indeed, after the imposing document one had filled in, naming every article one possessed, down to the last pair of underpants. Around the walls of the customs room are posters, frankly propagandist, but very good propaganda, with the single fault that they are in Russian only. However, the illustrations speak for themselves.

The train is moving. We have our last sight of the Manchurian Army presenting arms, our one comic relief since Changchun, where we left the South Manchurian Railway. After half an hour's journey the train slows down, and a series of new wooden houses comes into view. In the doorway of one sits a Soviet soldier with a concertina, around him a dozen others. They give us a cheer, and half a dozen others, plus rifles and equipment, emerge and join the train. We are moving again, and the concertina concert is in full swing. The sound of half a dozen lusty voices fades in the distance.

Villages and peasants.—The villages seem to be in the midst of a building drive, for new wooden houses are springing up everywhere. The peasants are quiet,

almost listless, and poorly dressed. The change in race is marked. We had been expecting a transitional type between the Chinese and the Siberian. The colour of the peasantry is entirely European, and the only Asiatic sign is an occasional high cheekbone. Between stations there is little sign of agriculture. All around us lie the steppes—long, rolling, green plains.

We are settling down to our quarters by now. The first and second class passengers luxuriate in padded seats, reading lamps, flowers, and an interpreter. We in the third class have a fairly wide sleeping place of hard boards—third class is officially styled "hard" class—and no interpreter. However, the guard hires out beds at a rouble a night, and quite good beds they prove. Herr Bauer, my companion, speaks enough English and Japanese to understand me. The three Poles next door speak enough German to understand him, and enough Russian to understand the waiter in the dining car, so we are all happy, and, with our combined vocabulary, order our first meal. By now we have bought enough roubles to last the journey. We must spend 7½ roubles per day while in U.S.S.R., so we begin by ordering dinner. We have paid 2/- for each rouble, and this being in the days when England was on the gold standard, have paid six pounds for sixty roubles. Our first meal begins with caviare, and keeps up that standard. Everything is well cooked, clean, and neat, and the meal costs us three roubles.

We have entered the wheat belt. Scattered, unkempt little farms are everywhere. Peasants ride by in their rough timber carts. The sickle is apparently the only agricultural implement. The people seem a little more friendly and interested. We pass Chita, quite a big town, and enter wooded country, and the ground rises. And then the moonlit splendour of Lake Baikal.

We are just thinking of turning in when a rather shy voice at the door requests a match in English. The voice is revealed as a pleasant-faced young Russian. He is poorly clad and rather diffident, and the others eye him suspiciously. I disarm him of his shyness, and he talks readily. He is going to a University at Irkutsk to do oil engineering. He has done well at his school, and gained a passable knowledge of English. Scouting sympathetic soil, he begins to talk Communism. I listen while he quotes Marx and Lenin, questions me about Australia and China, and praises my cigarettes. He is just twenty-one, is on trial as a member of the Communist Party, and is desperately anxious to prove worthy of membership.

We pull up with a jerk, and I am awakened by a voice at the door. It is midnight, we are at Irkutsk, and my protegee is saying farewell. We shake hands.

We awake, sit up, look out of the window, and gasp. Wheat; miles of wheat; nothing but wheat. Reaching to the horizon on every side, without fences, without roads, breaks or paths; one gigantic wheat field. We have reached the co-operatives. We wash, dine, and return, and sit watching. Herr Bauer calls my attention to a tractor in the fields. As the day goes on, we see more tractors, but still no fences; simply wheat.

Peasant women are appearing at the stations now, and one can buy a pint bottle of milk for thirty kopeks, a pound of butter for two roubles, and a small cooked chicken for four roubles.

We have been joined by a foreign technician who has been working in Siberia, and is going to Moscow to be transferred to a new quarter. He has no complaints. His salary is good, and his work interesting. The workers under him were keen and eager to learn, but slow to grasp fundamentals, and rather impetuous. If a tractor broke down, they would rather apply for a new tractor than mend the old one. The wastage of machinery due to lack of mechanical knowledge was appalling. However, the technicians and universities were sending out good men, and he thought that, in perhaps five or six years, U.S.S.R. would be able to do without foreign technicians. His wife was less satisfied. She had spoken to no one but her husband for two years, and her little girl was without schooling. Above all, she was tired of unwashed peasants.

We pull up and behold a scene of animation beside the line. A big American harvester is being unpacked. The whole village is there, and the whole village has each a small piece of harvester, and is cheerfully trying it here and there to see if it fits. Our engineer emerges almost weeping, and talks energetically for five minutes. The village regards him solemnly. We move on.

We pass through large towns. At Novosibirsk, the

aeroplane base, we are escorted in by six 'planes. The sky is thick with factory smoke.

At Omsk I enter the station dining room, and inspect a menu. A roughly cooked but eatable meal, with a meat course, is procurable for 70 kopeks. Clothing seems better, but is still very poor.

We are rising. The farms are behind us, and we are moving through forests. Everywhere timber cutters are at work. We rise higher still, and ranges of hills clad in splendid trees lie on every side. We are in the Urals. By now, moving rapidly from east to west, we have lost all count of time. Our watches show 11 o'clock at sunset, and we find ourselves at breakfast when we think it is lunch time. Occasionally we turn the hands of our watches round a few hours.

We are in Europe. It doesn't seem markedly different from Asia. The people are a little better clothed. The crops are more advanced, and tractors are everywhere.

Our slim, elegant German lady is in high dudgeon. She had emerged to take her usual stately walk along the station, looking fresh, immaculate, and well dressed, while the rest of us were frowsy and travel weary. With one accord the female population surrounded her, examined her dress, her hair, and her shoes, and in high good humour asked all sorts of questions. She fled, feeling, as she remarked, like Lucy Manette in the hands of a dozen Madame Defarges. As the villagers had been quite courteous, we grinned covertly, and sympathised.

We have been assailed, at different stages, by four young Communists, eager young people, quite impervious to the rebuffs they receive from most of the train. They seem to know Marx backwards, and are desperately eager to make one understand that Russia is wholeheartedly behind the Five-Year Plan.

A splendid suspension bridge lies ahead of us. We are on it, and a broad river lies below us. We realise we are crossing the Volga. To the right a large concrete building stands on the shore, and a number of young men and women are bathing, as everywhere in Russia, without costumes. We learn from a Russian in the next carriage that the building is a combined school and workmen's club.

The train draws up slowly into a hill station. We learn that Moscow is ten hours off.

We draw slowly into the Alexandrovsky station. On the platform is a confusion of Russians welcoming friends, and Intourist officials, but no porters. In the next platform an electric train loaded with suburbanites is going out. We look at its newness and neatness, and at the battered, antique old engine and painfully patched and repainted carriages which have carried us across Siberia, and strike the note of contrast which is to dominate everything else in Moscow. We are outside the station. In Central Square modern trams and buses are rushing busily about. Beside us ancient droshkies, the picturesque Russian equivalent of hansom cabs, hail us and demand extortionate fares. We take a neat modern taxi, and in two minutes are cursing the cobble stones of Moscow. Up and down we bump, and wonder if there

are any concrete or bitumen roads. There are actually two. We stop at the Hotel Metropole, where I leave my baggage, and turn our taxi towards the Kremlin. Everywhere the same contrast faces us. We pass the splendid new concrete building of the Exportlieb Company, the head branch of the State Bank, the Central Post Office, a splendid study in white marble. Dotted between them are the buildings of the old regime, unpainted, unrepaired, falling to pieces. Two towers, one on each side of a splendid arch, are before us. We pass under the arch and are in Red Square. At each corner rises one of the towers of the Kremlin, which forms a rectangle around the square, gleaming in front of us, paved in white marble. To the right lies the Lenin memorial, beautiful in red and black marble. Two soldiers pace slowly up and down before it. Around, in little plots, grow red and white roses. Everything is very peaceful. The rush and noise of the city is shut out. We look up, and above the cathedral towers of the Kremlin there still gleam the double eagles of Imperial Russia. Beneath them sleeps Lenin. An old button seller sells me a little Lenin medallion.

We walk through the streets towards the Smolensky station. Splendid statuary catches our eyes everywhere, and at almost every corner there is the inevitable figure of Lenin, always in the same attitude, with one hand raised, pointing to the sky. We finish the journey in a tram. The fare seems ridiculously cheap. Seven kopeks each for a journey of three miles. Everywhere one thing strikes us. The people of Moscow are clothed as well as the average middle class type of any other city—in marked contrast to Siberia.

We reach the station and locate a dining room, and inquire politely for food. To every question, the waiter answers "Fish." A Soviet soldier hears Herr Bauer's German, and joins us. Hearing our needs, he at once adopts us, and leads us to a 'bus which eventually lands us at the door of a cafe. We enter. An orchestra is playing, and we listen to it while drinking excellent beer and consuming a really good meal—three roubles. We return to the station and I feel rather lonely as the train departs, and my companions of two weeks with it.

Boris, our soldier, leads me back to the hotel.

I emerge in the morning to find Boris on the doorstep. Knowing neither Russian nor German, I grin. So does he. We set out in a tram for the suburbs. En route we pass the Lenin Institute, a strange study in concrete and glass, with angles jutting out everywhere like guns on a battleship.

Again contrasts. Slums, dirty, unpainted, huddled, and falling to pieces. New workers' settlements—splendid brick buildings with every modern convenience, down to central heating. Churches, faded, dilapidated, some with notices above the doors. I copy some of them and later find them to be anti-religious propaganda of a rather mild type. The familiar "Religion is the opium of the people" is the commonest. A few worshippers enter. I find an old orthodox priest who has a few words of English. He tells me he is not personally molested, but is not allowed to ask

for donations for himself and his church. A few parishioners keep him, but he pays heavy taxes as a non-producer. The worshippers are not hindered, and inside the church there are no signs, but he lives in dread of the confiscation of his church as Government property. His worshippers grow fewer month by month.

Schools are everywhere—bright, clean buildings. Most of the work seems to be done in the open air, for the children, looking happy, well fed and neatly clothed, are gathered in groups round their teachers.

I ask my hotel interpreter when I return why the old buildings are left unrepaired. He replies: "We patch nothing. When the old house falls down, we build a new one. We cannot afford to build all new ones, but we do not want to keep the old buildings alive."

The Park of Rest and Culture runs along the banks of the Moscow River, and in the evening thousands of people walk along the river promenade. Along the paths are little busts, the statues of the "udarniks" or heroes of toil who have led "shock-brigades," managed big enterprises, or invented new machinery.

A picture show. The first picture tells of the epic of the Turkestan-Siberian railway. It is silent, but its photography is splendid. The second, Harold Lloyd!!

We attend the old Imperial Opera House. Quietly clad citizens fill the whole house. Russian and Italian operas alternate. Scattered through the city are five other opera houses and two theatres given over to orchestral recitals.

A workers' club. The library is filled with readers. In the gymnasium, young men and women, again entirely nude, leap joyously about. In an upper room a small orchestra is practising. For my benefit, it produces some of Roger Quilter's Elizabethan songs, then switches over to Debussy, and ends with a Russian folk-song.

A room in a modern set of workers' flats. Boris's wife greets me. I have a set of questions prepared for me by the hotel interpreter. She produces the day's food. For two people, a two lb. loaf of black bread (forty kopeks), a quarter of a pound of butter (thirty kopeks), a rabbit (one rouble), a quarter of a pound of tea (seventy kopeks), some dried fish (about two pounds, fifty kopeks). All have been bought from the co-operative stores. Market prices are about three times as much.

The Kremlin again at dusk. The rays of the setting sun gleam on the eagles. The tomb is lit by powerful arc lamps. Everywhere else are the gathering shadows.

The customs again. The same posters and the same casual examination. Our cameras, which were sealed at Manchouli, are unsealed. We move off. Our Soviet soldiers in their plain brown uniforms, and the officer, distinguished only by his red shoulder straps, are packing up. I look out of the window and half doze. Suddenly a voice says "Passport." I wake up to see a soldier in a smart blue uniform. We

are over the frontier. I look back to see a dwindling something that looks like a barbed wire fence in the distance. We pull up and a brass band blares a welcome. Porters run up and down, and officers in Sam Browne belts strut about. I look at the old patched engine and the battered old pre-war carriage. In the

distance, one can just see that long dark line like a fence. I look again, then charter a porter and turn towards the Polish customs room. U.S.S.R. is behind me. In front lie Poland, Germany, England, and Capitalism.

—L. MORONEY.

SWAN SONG

Mr. H. Alwyn Lee ("Proletariat," April, 1932) attacks the Premier of New South Wales with a mendacity exceeding even that of his capitalist mentors. The wilful misrepresentations of Mr. J. T. Lang by the latter are more pardonable, in that Mr. Lang has assailed the citadels of international finance. But it is a strange thing to see a *soi-disant* champion of the working class join common cause with the capitalist press and politicians in the detraction of a Labor Premier who has done more for the working-class movement than any other statesman in the English-speaking countries. The Communists pursue Mr. Lang with the crass stupidity of a Peter the Hermit and the zeal of a Torquemada. For your Communist no longer moves in an atmosphere of intellectual freedom, but forges for himself shackles of a mediæval authoritarianism. And Mr. Lang has achieved much for the workers of New South Wales by methods which the new Inquisitors deem heterodox, and, forsooth, to the stake with him!

The diatribes of Mr. H. Alwyn Lee have this in common with those of the capitalist press—that they indict Mr. Lang on a number of perjured counts. They are too numerous to be traversed in detail, and most of them are too fantastic to merit serious contradiction. Mr. Lee administers his master-stroke in italics. "The Lang police," says Mr. Lee, "co-operated with the New Guard as strike-breakers against the seamen." Mr. Lee does not cite his authority for this astounding statement, for the very good reason that he has none. No such incident as this ever happened.

Mr. Lee charges Mr. Lang with the "reduction of unemployed benefits." Not merely is this utterly untrue, but, on the contrary, Mr. Lang has extended unemployment benefits, which are greater in New South Wales than in any other State. A stream of Victorian unemployed is flowing into Riverina. These men risk gaol in attempting to obtain New South Wales rations. The ration for a single man in Victoria is 5/-. In New South Wales it is 7/11. And for married men in New South Wales it ranges up to about 30/-. Moreover, this does not represent the best effort of Mr. Lang; his proposal to impose an Unemployment Relief Tax of 5/- in the £1 on all incomes over £500 per annum would have resulted in the employment of the unemployed at award rates of pay, had not a hostile Upper House rejected the Bill passed by the Assembly for this purpose.

Mr. Lee charges Mr. Lang with "the reduction in wages for railwaymen, etc., by 22½ per cent." Now the fact is that Mr. Lang has been forced to reduce Government expenditure; but his is the only Government in Australia which has not done this at the expense of the basic-wage earner. The basic wage of

£4/2/6 per week to "railwaymen, etc."—by the "etc." Mr. Lee evidently means to designate the civil service—has remained sacrosanct, and has not been reduced by 22½ per cent., as stated by Mr. Lee. On the contrary, a cut of 8½ per cent. made by the Bavin Government was promptly restored by Mr. Lang.

The basic wage of £4/2/6 is higher than in any other State, although it is only designed to provide for a man, wife, and one child, as against three children in the other States. For every child after the first, the basic-wage earner receives 5/- by way of family endowment, thanks to the beneficent legislation of the first Lang Government. Compare this with the position in Victoria. There a man with, say, six children, receives a basic wage of £3/3/5. Were he in New South Wales, he would receive a wage of £4/2/6 and family endowment amounting to £1/5/-, or a total of £5/7/6.

The tremendous enthusiasm of the New South Wales workers for Mr. Lang would be incomprehensible were Mr. Lee's picture true. Fortunately, it is not true. On the contrary, the benefits of Lang legislation are widely diffused throughout the community.

The struggling farmer, along with other debtors, has been given a moratorium, which, unlike the illusory moratorium of Victoria, affords him a very real and very large measure of protection from mortgagees and other creditors. Interest rates have been reduced by Mr. Lang, as have rents. Purchasers of Crown lands have had the capital value of their holdings reappraised at reduced values. No Crown lessee has been evicted. Private tenants have been given protection from eviction. Widows and orphans have been pensioned. And Mr. Lang has socialised transport in New South Wales—no mean feat for a man "in the service of the bourgeoisie," to quote erring Mr. Lee.

Faced with the depression, the Premiers proposed to place the burden on the shoulders of those least able to bear it—the wage-earner. Against this policy, Mr. Lang set his face. He did not advocate social revolution. Had he done so, there is no reason to believe that he would have been successful. He did, however, see that relief from the crushing interest burden, and the raising of deflation price levels, would assist in restoring prosperity. He found that Australia was paying far too much interest overseas, and that this was impoverishing the country. Australia is paying England 5 per cent., England pays America 3 per cent., Belgium pays America 1.7 per cent., France pays America 1.6 per cent., and Italy pays 405 per cent. Faced with post-war crisis, France wrote off five-sixths of her debt, and paid no interest for ten years, and Italy did the same thing. Britain

avoided payment of interest to America for six years. And the present Chancellor for the Exchequer (Mr. Neville Chamberlain) has just informed the House of Commons that he has made no budgetary provision for the payment of overseas interest. In order to permit Australia to regain prosperity, Mr. Lang proposed that she claim privileges similar to those enjoyed by these other countries, and so enunciated the first point in the Lang Plan: "1. That until Britain agrees to fund Australia's overseas indebtedness in the same manner as America dealt with Britain's debt to her, no further payment of interest on overseas debts be made by Australia."

It was also patent that the Australian bondholders were in a peculiarly privileged position, and that, with a fixed income from their bonds commanding commodities at depressed prices, they were actually profiting by a position that meant misery and distress to the workers, and in so profiting they were inflicting an unfair burden on the rest of the community. Accordingly, the second point in his plan was: "2. That the interest rate to Australian bondholders be reduced to 3 per cent., and that all interest rates in private finance be reduced by a relative amount."

The enunciation of this point first raised the cry of "repudiation," and then actually impelled action along these lines by the Federal Government.

Lastly, the immediate cause of the depression was the destruction of prices by the restoration of the gold standard in 1925. Sir Ernest Petter has said that it was one of the most signal disasters in the whole history of England. The same result had followed from the same cause in 1819. The policy of wages reduction and further deflation, to meet a crisis brought about by deflation, was not acceptable to Mr. Lang.

Prof. J. M. Keynes wrote: "If we carry 'Economy' of every kind to its logical conclusion, we shall find that we have balanced the budget at nought on both sides, with all of us flat on our backs, starving to death from a refusal, for reasons of economy, to buy one another's services." On the other hand, Adam Smith had written: "High prices and plenty are prosperity; low prices are misery and distress." Mr. Lang saw a superabundant production of commodities going hand in glove with beggary and starvation. He chose the way of giving the workers command over com-

modities. He chose the way of restored prices as against reduced costs (i.e., wages), and enunciated his third point: "3. That the existing system of currency be altered from that of a nominal gold standard to a system more suited to modern conditions—preferably a goods standard."

It is not claimed by its author that the Lang Plan is a panacea. It is, however, claimed by its adherents that it will go far to alleviate the misery and distress that have afflicted Australia since 1929. The fruition of the Lang Plan has been set back by the Federal Government and by the Upper House in New South Wales. Its earlier application would have afforded relief. Since its first enunciation the position of Australia has grown worse. And Mr. Lang has more recently purposed to make the authors of the policy of deflation pay for the rehabilitation of Australia by imposing a levy of 10 per cent. on mortgages held by the banks and financial institutions. The unprecedented and unconstitutional intervention of the Governor was invoked overtly for other reasons, but actually to prevent the imposition of this levy.

While Mr. Lang is helping the workers of his State, the Communists are sitting in their armchairs offering hecatombs of gushing theories. While Mr. Lang gives the workers bread, the Communists offer them the stones of doctrine and of malice.

The animosity of the Communists is excited towards Mr. Lang because he has successfully defended and vindicated the cause of the workers of New South Wales without the infallible sanction of the Communist Party, and by methods not specifically advocated by Marx and his apostle, Lenin. The Communist Party would lead the workers to the Promised Land through a forty-years sojourn in the wilderness of unfulfilled aspirations, of chaos, starvation, and degradation. This is certainly not the road chosen by the Australian Labour Party. There is the scientific way of trial and error. The pity of it is that the Communists' malice should find its expression in wilful misrepresentation.

The Labour movement in New South Wales is moving steadily and effectively towards its objective of socialisation; whereas advocacy of social revolution would spell certain defeat, and the realisation of Socialism would be put back indefinitely.

—E. E. JONES.

NOTES ON THE LANG PLAN

"The Lang Plan is useless except to prop up the existing system."—The Honourable Donald Grant, in the N.S.W. Legislative Council, May 12, 1932.

What is this Lang Plan, which, after being for 18 months the inspiration of the Government of N.S.W., is now being energetically peddled in the other States as an "up-to-date" variant of the traditional reformist policy of the Labour Party? It is a policy of easing the burdens of national capitalism and of leading the workers away from the path of struggle.

HOW IT HAPPENED.

At the beginning of 1931, when the "Plan" was elaborated,* grave difficulties faced every Australian Government.

The world capitalist crisis had reached even to France, which had long been hailed as the one country free from unemployment. Leading capitalist economists were frankly expressing their bewilderment and their dread of the complete collapse of

*By John Sleeman, who, after winning a gaol sentence for attempting to bribe Labour members to join the Nationalists in Queensland, has now become Mr. Lang's speech-manufacturer.

"civilisation." In helpless emulation of the Soviet Union, they were producing "Five-Year Plans" in every country. In Australia, where the number of unemployed had increased to over 300,000, Professor Giblin came out boldly:—

"The only way out of the impasse is by a planned world economy, by which production will be rationed for the world as a whole, distribution arranged for, and profits and losses largely pooled. Such a scheme seems perfectly fantastic" (under capitalist conditions—E.M.H.), "but it is the only alternative to a general degradation of life in all countries. It is that or savagery."

Further, Sir Otto Niemeyer had been lecturing Australian Governments on their serious financial problems. National income, he showed, had fallen from £650,000,000 in 1927-28 to £564,000,000 in 1929-30, and was still falling sharply. Government expenditure was increasing, due to increased calls for interest, sinking fund, exchange, and unemployment. Australia's trade balance had become more and more "unfavourable," as prices of primary products, which make up 95½ per cent. of exports, had fallen almost to pre-war figures. Drastic economies were necessary for capitalist government to carry on.

The press was blunt in its reminders that the day of palliatives was past. Thus the *Sydney Morning Herald* wrote editorially on August 21st, 1930: "The notion that Australia could keep herself, if she so desired, economically out of step with the rest of the world—that our standards of costly living and easy working (sic) could be preserved even if they isolated us from the world's trade and markets—should now be definitely exploded." And the next day: "No government will have any benefits to give away. There can be no renewed promises of pensions, child endowment, shorter hours or higher wages. No authority whatever will be able to raise loans overseas."

The Scullin Government, which had been elected because of popular hatred of the capitalist offensive as conducted by Bruce, had plainly adapted itself to these new conditions. The *Sydney Labour Daily* had hailed its entry with the cry "Australia is ours!" Speaking on April 8th, 1930, Mr. Lang had declared: "The only difficulties that existed—and they were real difficulties—were between Australia and the outside world, and, as we have seen, the Labour Prime Minister has overcome them." But the crisis developed, until Mr. Duggan (president, A.C.T.U.) declared to a meeting of unemployed in the Melbourne Trades Hall on August 11th, 1930: "It is impossible to point to anything which the Scullin Government has done to improve the lot of the workers of Australia." To avoid similar reproaches, the N.S.W. Government had to distinguish itself as sharply as possible from the Federal Government.

As his equipment, therefore, for the Premiers' Conference of February, 1931, Mr. Lang required a Plan—to qualify, according to current standards, as a "statesman," to be in a position to demand that urgent

economies should be effected at the expense of those who were opposed to Australian national capitalism, to suggest some way in which palliatives might still be offered, and to differentiate his party from the discredited Federal Labour Government.

THE THREE PLANKS OF THE PLAN.†

- (1) "That the Governments of Australia decide to pay no further interest to British bondholders until Britain has dealt with the Australian overseas debts in the same manner as she settled her own foreign debt with America."

Over £500,000,000 is owed by the Commonwealth and States overseas, almost wholly in London; at present exchange rates, this involves an annual overseas interest payment of £36,000,000. What is proposed is *not* repudiation—only a revolutionary party is for repudiation—but, as the *Labour Daily* declared editorially (May 14th, 1932): "All that has been suggested is a suspension of payment for a few years, such as was granted to Argentina by British bondholders in 1890." The British Government's offer to defer payment on sinking fund on war debts for two years was hailed as "first blood to the N.S.W. Premier." The numerous declarations of bankrupt governments (e.g., Greece, Bulgaria) that they cannot pay their overseas debts are claimed as "results of the Lang Plan," whereas, like the Lang Plan itself, they are inevitable outcomes of the world capitalist crisis.

- (2) "That in Australia interest on all Government borrowings be reduced to 3 per cent."

Like the first plank, this is dictated by the needs of the capitalist State, which finds the interest burden intolerable (£292,000,000 per annum on loans within Australia), especially as prices have fallen. It particularly suits the manufacturers, who, as the only section of the capitalist class securing high prices during the crisis, are expected to bear an increasing share of the expenses of the capitalist State. Partial effect has been given to this plank by the June, 1931, Premiers' Conference and the resulting Conversion Loan. As quoted in the *Labour Daily* of August 27th, 1931, Mr. Lang declared to bondholders:—

"Summed up, you are asked to convert a bond which at the moment is not worth its face value, that may be altered by any individual parliament and is subject to whatever taxation the Federal Government may care to impose, into one which in a very short time should be selling at a premium, which cannot be interfered with and cannot be taxed unless every parliament in Australia approves of it. In conclusion, let me say that to the patriotic bondholder there is no need to make an appeal, but to the man who views the conversion loan solely from the point of view of financial advantage, I would say, *Convert your bonds and make money!*"

†The only statement of the Plan approved by the N.S.W. Labour Party is a sixpenny pamphlet by A. C. Paddison, *The Lang Plan—the Case for Australia*. This consists almost entirely of rambling observations on methods of banking and public finance, based on Keynes, Cassell, and other "anti-deflation" bourgeois economists; the Lang Plan is *not* explained.

This does not prevent the *Labour Daily*, in a typically demagogic editorial headed "Mayfair versus Australia" (May 2nd, 1932), talking of "the Commonwealth's flagrant default to local bondholders, concerning, as it did, only Australians. . . . Nobody consulted Australian bondholders when their interest charges were, by Act of Parliament, compulsorily reduced from 6 to 4 per cent."

Speaking to three different audiences, Mr. Lang declared in turn that the money thus "saved" would be used, (a) "to furnish money to start production," (b) "to pay unemployed sustenance," (c) "to extend credits to the farmers." "The truth is," it has been remarked, "that it is not a question of saving money, but of gouging more profits out of the masses to be able to pay even the amount proposed in his 'plan.' . . . State income has fallen to such a degree that interest at even 3 per cent. cannot be paid without further attacks on the workers' standard of life and further reduction of old-age pensions, soldiers' pensions, and bonuses, widow and childhood endowment, sickness and accident benefits, and all social insurance."[†]

- (3) "That immediate steps be taken by the Commonwealth Government to abandon the gold standard of currency and set up in its place a currency based upon the wealth of Australia, to be termed the goods standard."

This third plank was devised not for the purpose of reducing Government expenditure, but to provide the Government with cash. While the *Labour Daily* admits that the first and second planks are "merely an accommodation to a situation," the third is "a revolution."

As Australia has for years been "off gold" in the sense that the currency note is not covered by gold, this demand must mean a departure from gold as the standard of price. Failing to understand that the function of money as a means of circulation is only an effect of its function as a measure of value, and that gold serves as a measure of value (the "universal equivalent") and standard of price only because it is a commodity, the Planners suggest that currency may be issued on "the profit of Australia's annual production"; they point to the fact that Australia produces enough wheat to feed 30 million people, and enough wool to clothe 100 million. This plank is nothing more or less than a cloak for unlimited inflation, under which, as numberless examples prove, the workers suffer most. No Government has yet had the hardihood to operate this plank.

The whole Plan is an attempt to conceal the fact that "capitalist crises are inseparable from the very existence of the system itself," and, by demagogic attacks on "overseas bankers," to lead the workers away from struggle against Australian national capitalism. It is essentially a policy in defence of that section of the capitalist class which is striving to build up an industrial machine of its own. Mr. Beasley declared at the opening of the 1930 election campaign in N.S.W.:

"Those in control of the financial interests in Britain do not regard this country in any other light than that it should be an ordinary Crown colony, and that we should produce primary produce only, and should send our raw materials abroad to their manufacturers. I firmly believe that they do not desire that this country should be developed. The financial interests abroad are determined that our secondary industries shall not be allowed to develop and that this country shall not become self-supporting. But if we are a nation in the real sense of the word, as we are supposed to be, we have the right to make our country self-contained as a nation."

This is not contradicted by the fact that in the recent N.S.W. elections the manufacturers' organs reviled Mr. Lang. It is to their interests at the moment to clear the way for a government which is free to operate an open wage-cutting policy, and, at the same time, to enable Mr. Lang to maintain his influence among the workers as one who is "hated" by the capitalists. Mr. Beasley (*Labour Daily*, June 15th, 1932) declares reproachfully that "the Labour Party has been the real friend of the Australian manufacturers," and the *Labour Daily* remarks that "severe repercussions are inevitable as the result of the mean and anti-Australian part played by the N.S.W. manufacturers in the defeat of Labour at the elections."

LANGISM IN ACTION.

To judge the Lang Plan, judge the Lang Government. Eighteen months of office have shown whether it is a Government for the workers or a Government for capitalism. Prominent in the 1930 electioneering promises were absorption of the unemployed, restoration of child endowment, and maintenance of wage standards. How have these fared?

Unemployment increased from 19 to 31 per cent. (not counting building and other casual workers). According to the Superintendent of Vocational Training, there were in January last 52,825 boys and girls for whom no work could be found.

Subtracting the value of a single person's dole ticket (Sydney standard) from the married couple's ration, all that is allowed the wife is $3/2$ a week. A worker forced to leave work through sickness is denied the dole and must produce a medical certificate proving he is incapable of working before he can receive a ration valued at $3/4$ a week. Workers on strike are refused the dole. Since June, 1931, the Permissible Income regulations have been ruthlessly enforced, driving off the dole all who could conceivably be getting support from any employed or pensioned relative; according to the Under-Secretary for Labour, nearly double the amount of money would be required to pay the dole if these regulations were not in force. The unemployed relief tax is producing £200,000 monthly more than is being spent in relief.

So flimsy is the "protection" imposed by the Ejectment Postponement Act (which was forced on the Government by mass pressure following the Newtown and Bankstown fights) that, when the Government went out of office, eviction warrants were hanging over the heads of 7000 unemployed workers in the Sydney

[†]"Australia and the World Crisis," by Herbert Moore, p. 26.

district. When introducing this Bill, the Attorney-General said: "The Government is not desirous of reducing the amount of money available to landlords today; the Bill will not have that effect."

When *Child Endowment* was instituted in 1927 by the previous Lang Government, as a substitution for part of the basic wage, the workers lost outright £6,000,000 in wages. During the two years from June, 1927, to June, 1929, £24,000,000 was lost in wages to offset only £2,634,664 paid out in endowment. § No step has been taken, as promised, to restore endowment for the first child. Educational authorities have reported on the alarming falling-off in health and intelligence of children whose parents are on the dole.

Wages.—When the Bavin Government introduced the wage tax of 3d. in the £1 for unemployed relief, Mr. Lang called it "an act of brutality," and the *Labour Daily* declared that the Government was "striking a blow at the wage-earning sections of the community, fleeing those sections in the pretended interests of the men out of employment" (May 23rd, 1930). Mr. Lang promised to "review" this tax; he did—by quadrupling it. It has been used not only to finance the dole, but also for loans to municipal councils and for keeping a horde of dole inspectors, conciliation commissioners, and heelers of the administration.

The Commonwealth Statistician shows that real wages in N.S.W. are 21 per cent. lower than in 1911, and 3 per cent. lower than the present average for Australia. The Workers' Compensation Commission reports that wages in N.S.W. in 1931 were less by £25,500,000 (23 per cent.) than in 1930.

In the Government service rationing varies from one in twelve to one in two. Since the June, 1931, Premiers' Conference, the wage cut for Government employees has been administered to the extent of 17.9 per cent. in N.S.W., compared with 18 per cent. in Victoria, and 19 per cent. in Queensland. (*Labour Daily*, April 22nd, 1932.)

Such facts as these give the lie to the claim that in N.S.W. the Premiers' Plan has not been put into operation. In some directions (e.g., Lithgow State Mine) it has not been applied, but that is due only to vigorous strike resistance. As *The Australian Manufacturer* remarked last September, "Mr. Lang has shown that he is a most tameable tiger. . . . He may be trusted to do the right thing every time, provided he is compelled to do it and provided he has someone to blame." Up to the end of 1931 his administration had borrowed £14,585,000 through the Loan Council, and had continually "blamed" it for actions taken in denial of election promises.

Space will not permit of consideration of the function of the Lang Government in weakening working-class organisation in face of the capitalist attacks—the concessions made to break agitation (e.g., the nominal

increase of 25 per cent. in the dole immediately before May Day), the ban imposed on militant working-class organisations such as the United Front Against Fascism and the Unemployed Workers' Movement, the encouragement given to the development of the New Guard, the neglect to repeal Bavin's Mass Picketing Act, the promotion of Rothbury police in spite of promises that they would be sent to the backblocks.

In this connection, the circumstances of the ending of the Lang administration are worthy of careful study. Mr. Lang, who had put into effect the Premiers' Plan of 1931, was unable to proceed with the Experts' Report of 1932 without forfeiting his influence over large sections of the workers; as he told the Premiers in April, "You are asking me to govern by the policeman's baton." The stage was set for allowing the Labour Government to retire into opposition. In its last days it was used to operate the Premiers' Plan by withholding Child Endowment, Chief Secretary's allowance, and Widows' Pensions, although there was £1,250,000 in the Treasury and politicians were paid their salaries in full. When the Governor told him to go, he accepted dismissal "with a smile" and retired to his farm. The thousands of militant workers who, under the slogan "Lang is Right," had been told by their leaders to prepare for "civil war in defence of New South Wales," and had been assured that Lang would be dismissed only "over the dead bodies" of their leaders, were now told to "keep calm." Emphasising that, under any capitalist Government, the rule of the capitalist class goes on unaltered, the Governor's dismissal of Lang was accomplished as easily as the hiring of a new servant.

The election campaign tells the same story. In face of a vigorous U.A.P. drive, Mr. Lang's policy speech had only one positive note—"to get back into employment the great bulk of our unemployed workers" by issuing £21,000,000 debentures on the security of 3 years' anticipated wage tax. How a "constitutional" party was to issue new currency in face of the Commonwealth's monopoly, and how "the investing public" was to be induced to take up such worthless paper, was left to the imagination; all that came from the proposal was a declaration that the wages tax was to continue increasingly to be the basic source of revenue for the general needs of the capitalist State, and that, in harmony with the policy of the U.A.P., work for sustenance was all that could be expected. During the campaign the main slogan of the Labour Party was that the U.A.P. was determined to reduce the basic wage to £2/11/6; so monotonously was this repeated that many workers have come to accept this as inevitable; thus the campaign was used to damp down the spirit of mass resistance to any wage-cut. Following the elections, Mr. Lang declared: "Your wages will go down—that's a certainty—and your hours of labour will be lengthened, and you will have no redress for three years." The *Labour Daily* (June 15th) remarks: "N.S.W. has voted itself into a period of penance, and with the same determination with which it has voted it *must bare itself for the whip.*" The election campaign is a fine example of calculated defeatism.

§ A new pamphlet, "Lang, Piddington, and the Fight for Child Endowment," issued by the United Front Committee of Unemployed, 19 Commonwealth St., Sydney, price 3d., gives for the first time a comprehensive history of Endowment in N.S.W.

Quotation of speeches (and absence by order) of Lang Planners in the Federal Parliament during discussions of the amending Crimes and Immigration Bills would further illustrate their function in aiding the open champions of capitalism to strengthen their hands against the workers. The advocacy of White Australia and the vilification of Workers' Russia, most marked in Mr. Lang's own speeches, are nothing less than direct aid to imperialist war plans, as are the reiterations of the *Labour Daily* that "developments in China are no concern of ours."

MOVING TOWARDS SOCIALISM?

Need there be further evidence of the anti-working-class rôle being played by the Lang Planners? Need we answer the contention that the Lang Plan is moving towards Socialism? The *Sydney Morning Herald* takes impish pleasure in pretending that the various boards established by the Transport, Egg, Milk, and (projected) Coal Bills are "Socialist." Actually they merely serve to safeguard the interests of bondholders and big capital by squeezing out small interests; they use State power to rationalise capitalism, to aid it to increase unemployment and to speed up the remaining workers. "When," wrote Lenin, "we say 'workers' control,' we place this slogan next that of the dictatorship of the proletariat, and always immediately AFTER it, and make it perfectly clear about which State we are speaking. The State is the ruling organ of a class. . . . When it signifies the rule of the workers, when the State in question is the proletarian State, the proletarian dictatorship, then workers' control CAN become a general, comprehensive, omnipresent, exact, and most conscientious control over production and the distribution of products. . . . The Soviets denote that organised instrument of the working class by which this task of world historical importance can be solved."[†]

The attack on overseas bondholders, far from being a move for repudiation of capitalism's debts—a move which genuine working-class organisations would support—is only an attempt to divert attention from the

class enemy here at hand and to blind Australian workers to the need of repudiating *all* debts of capitalism.

The Lang Planners' basic contention, that the crisis is the result of a deliberate "conspiracy of the bankers," was answered by Marx in Volume III. of "Capital" (page 568): "The last cause of all real crises always remains the poverty and restricted consumption of the masses, as compared with the tendency of capitalist production to develop the productive forces in such a way that only the absolute power of consumption of the entire society would be their limit."

* * * *

These notes do not attempt to give a full picture. It is not intended to single out the Lang Plan or the Lang Planners for blame for the misery of the masses in New South Wales. The capitalist system is to blame, but the Lang Planners are serving to maintain capitalist-class rule in this period of crisis while, on the time-worn plea of the "lesser evil," they hold the workers back from action in their own defence. Before Mr. Lang elevates himself to the Federal Parliamentary sphere, and before, aided by a shameless press, the Lang Plan is foisted on the workers' movement in Victoria and other States, there is no task more important than to expose the real meaning of Langism. Once more Lenin has given us a guide:—

"All oppressing classes of every description need two social functions to safeguard their domination: the function of a hangman and the function of a priest. The hangman is to quell the protest and the rebellion of the oppressed; the priest is to paint before them a perspective of mitigated sufferings and sacrifices under the same class rule (which is particularly easy to do without guaranteeing the possibility of their realisation). . . . *Thereby he reconciles them to class domination, weans them away from revolutionary actions, undermines their revolutionary spirit, destroys their revolutionary determination.*"**

—E. M. HIGGINS.

[†]From "Will the Bolsheviks Maintain Power?" written in Sept., 1917.

**From "The Collapse of the Second International" (1915).

HEALTH AND THE STATE

Our knowledge of the conditions of health and the treatment of disease has increased tremendously in the past 150 years. Magical, superstitious, and uninformed presumptions have been cleared away, and it is possible now to state the limitations of medical art and the social prerequisites of good health.

Good health requires a diet of fresh and varied food, pure water, clothing suited to the climate, well-ventilated and well-lighted dwellings, physical exercise, work in hygienic surroundings, recreation, occasional holidays, and an absence of continual anxiety. Recent research on vitamins—substances easily destroyed by time or cooking—has shown the necessity

for a fresh and varied diet. Absence of vitamins means frequently scurvy, rickets, pellagra, and beriberi; it also causes chemical disturbances such as the deposit of stones, and there is a great deal of evidence to show that the body's resistance to germs is weakened. The other requirements are clear, but a word may be said concerning continual worry. Continuous anxiety maintains continuous emotion, disturbing the respiratory, circulatory, digestive, and excretory functions. (The effects of joy or fear—for instance, pre-exam. funk—are well known.) Continuous emotion impairs the body, and is a predisposing cause of such diseases as tuberculosis, insanity, arterio-sclerosis, and many others.

Even if the conditions are favourable to health, disease may appear, although it will be much less frequent. Diagnosis and therapeutics will still be required to deal with maldevelopments, injuries, parasites, tumours, pregnancy, and childbirth. The medical man has to deal with an intricate and imperfectly understood organism, which has great powers of self-defence and self-repair, still only half-analysed. He should do nothing that is not fully proven. In the majority of cases his attitude should be that of a watchful observer, ensuring rest, nutriment, and cleanliness to the patient, and avoiding unnecessary drugs and operations. He can hinder the dissemination of contagious disease by isolation and other sanitary measures; such disease is also checked if the whole population is living in favourable conditions. Malnutrition, over-crowding, and dirt form the favourable conditions for the spread of disease.

Economics and the State are all-important in these matters. How far does our Victorian capitalist State system ensure to the people the conditions for health and scientific medical attention?

Seventy thousand are unemployed and on the dole—5/- per week for a single adult, 8/6 for a married couple, 1/6 for a baby. These 70,000 and their dependents are suffering from lack of a fresh, varied diet, from poor clothing, poor housing, insufficient recreation, and unremitting worry. Dr. Hilda Kineaid, city health officer for infants, said in May, 1932, that only 19 per cent. of Melbourne children between two and six years old are free from defects such as malnutrition, dental decay, nose and throat troubles, and rickets; the chief reason, she says, is lack of fresh food, milk, and air. This, in a country growing six times the wheat it can consume, exporting thousands of pounds of butter a year, and over-producing in milk.

The majority of the employed population receive sufficient to maintain a poor existence, and live in continual anxiety about their jobs or business. The resources are here, but are not used. The Electricity Commission, for instance, can supply plenty of electricity and refrigerators. Only the richer, and often babyless, homes get these things; while poor people wishing to give their babies fresh milk in the hot weather have to resort to kerosene-tin devices. Our death-rate is rising, and our birth-rate falling.

Medical attention is supplied in four ways—public hospitals, State clinics, lodges, and private practice. The hospital doctors are mostly unpaid; moreover, the quality of their service suffers from lack of criticism, these institutions being regarded as charitable; so with the State clinics. Moreover, these institutions cannot remove the anxieties and bad living conditions which hamper the healing art.

The lodge system does not supply bacteriological and radiological services and scientific medicine; its medical services are primitive, guesswork taking the place of science, and accurate diagnosis being delayed. In every suburb and country town the lodge system should have bacteriological, X-ray, and other laboratories. The capitalist system in its state of general crisis cannot afford such a change.



THE INSEPARABLES.

Private practice is distorted by the fact that medical man's salary depends on the amount of treatment he gives. Operations are especially remunerative. Whether consciously or unconsciously, this leads to unnecessary operations and other unscientific treatment; a glaring instance is the use of vaccines. It is now usual to split the fee between the surgeon and the physician who refers the patient to him; the custom was vigorously defended in the "Australian Medical Journal." This corruption is intensified by the fact that 60 per cent. of medical practice is done in public hospitals, so that the earning ground is limited.

In short, the present system denies to the people most of the advantages that medicine should assure them. Political economy is supreme in the matter of health as elsewhere, and the necessity for a new system is again demonstrated.

In Russia, with a nationalised economy, unemployment has disappeared, so removing a prime source of anxiety. The nationalised medical services have purged themselves of capitalist distortions. Adult and infant mortality have already been reduced by 50 per cent. The last Russian medical congress, held in the Donbas coal area, considered the prevention of disease and accident among mine workers and the installation of subterranean medical stations. The whole medical activity is devoted to the care of the workers—the only class in Russia. All this has been done in a land where the density of the population is ten times greater than in Australia; where climatic

conditions are very severe, and food production difficult. We, with our enormous natural resources, could, under a sane system, make ten times Russia's progress.

Of Australian animals, man alone decreases in number and has starving members during good seasons. Even the rabbits do better. To alter this, we must make an organised application of the knowledge gained last century. This requires production for use instead of profit, and the necessary alteration in our social system can only be secured by the revolutionary uprising of the oppressed masses and the establish-

ment of a dictatorship of the proletariat. And a general recognition of the necessity for change if we are to enjoy such an urgent necessity as good health will make revolution less bloody and counter-revolution less strong. The present economic system is taking relentless toll of the lives and health of our citizens; it is the duty of all to hasten its end and to replace it by a Socialist system, in which, freed as far as possible from care and drudgery, possessing all the essentials of health, the race will develop its mental gifts and physical graces in peace and freedom.

—G. P. O'DAY.

THE WORLD ECONOMIC CRISIS

Capitalism will soon enter into its fourth year of acute economic crisis. Beginning with the September, 1929, Stock Exchange crash in America, the economic collapse has spread from country to country until the entire world of capitalist production is engulfed. "America the Golden" is no more. Instead of the cry of the bourgeois press to "Produce More," now we are on all sides exhorted to "Produce Less." The reason for the new economic reality of reduced output can best be developed by considering first the general process of capitalist development and the part played therein by economic crisis; secondly, the relation of this general theory to the post-war situation; and, finally, the special features of the present crisis.

I.—Why is the Crisis an Inherent Disease in Capitalist Production?

Under capitalism productive forces tend to develop with unparalleled rapidity. Competition forces the individual employer, and even the huge trusts and cartels of the present era, constantly to revolutionize the processes of production. "Get bigger or bust," has always been the watchword of big business. In order to understand the reason for the rapidity in the growth of productive capacity, we must bear in mind Marx's division of the sum total of commodities into two classes:—Those which are intended for immediate consumption, and others (such as machinery, plant, railways, etc.) which will assist in future production, and are known as fixed capital, and form part of means of production. Further, Marx has pointed out that the worker retains as wages only a small proportion of the values he has created: the surplus remains with the capitalist class to be divided as rent, interest, and profit. Will the surplus be used to purchase consumption goods or means of production? Since the powers of consumption of the capitalist class are strictly limited, a variable, but increasing, proportion of the surplus must be spent in purchasing means of production. In a word, after the employer has met all the necessary expenses of production, and has satisfied his legitimate and illegitimate wants, a surplus income still remains which he cannot spend on consumption goods. Owing to the size of the surplus incomes; owing, that is to say, to the high rate of exploitation of the workers under capitalism, there

exists a tendency towards a boundless expansion of the means of production, of fixed capital. But is there an illimitable market for the goods which have been produced? Obviously, we must reply with an emphatic negative. The working classes buy the bulk of the consumption goods which appear on the market; but owing to their proletarian situation (marked by subsistence wages and unemployment), there is a clearly defined limit to working class purchases.

A "recovery" occurs in industry, leading to a "boom." Excess incomes flow into the pockets of the capitalist class. A large proportion of the surplus must be invested in means of production, such as shipbuilding, machinery, or railways. After a time it will become apparent that the market cannot absorb the flow of commodities now rendered possible by the growth of fixed capital. Stocks accumulate in the hands of dealers and warehouses. The crisis is a violent instrument for striking a new balance between supply and demand. Production will be rigorously restricted; physical destruction of commodities will proceed at a wholesale rate; and the remaining stocks will be sold at a lower price level. As the surplus stocks disappear and capital values are "adjusted" to a smaller turnover, surplus value will again accumulate in the form of loan capital available for investment, and thus the stage will be set for another industrial cycle of recovery, boom, crisis, depression. "Little by little the pace quickens. It becomes a trot. The industrial trot breaks into a canter, the canter in turn grows into the headlong gallop of a perfect steeplechase of industry, with commercial credit and speculation as the chief motive force: this gallop finally, after breakneck leaps, ends where it began—in the ditch of a crisis."

II.—The Theory of Crises applied to the Post-War Situation.

Both in severity and duration the present crisis is unique in the history of capitalism. In *International Press Correspondence*, Varga correctly attributes the new phenomena to the fact that the present crisis has developed from the general crisis of capitalism. In other words, we still have the trade cycle, but it is on a new basis. Whereas formerly unemployment would fluctuate between 2 and 10 per cent., in the post-war

period the fluctuations are between 10 and 30 per cent. In the whole of the period 1850-1914 unemployment in England only reached 10 per cent. on three occasions: since 1920 it has never fallen below that figure for more than a few months. During the post-war period America has passed through a "rationalisation boom." Yet, in 1927, 2.1 million workers were unemployed; while by the end of 1928 the number had risen to 3.4 millions. Similar statistics might be quoted for Australia.

The position must be faced that even in a boom period capitalism cannot provide full employment either for the workers or the available capital equipment.

"Unutilised apparatus of production and unemployed labour power: 'superfluous capital and superfluous population,' as Marx says—this is the most important characteristic of the general crisis of capitalism."

Undoubtedly, the severity of the general crisis of capitalism is intensified in the case of the Central European States by the devastation wrought by the war, coupled with reparation payments; but clearly we must look elsewhere for the causes of the increase in organic unemployment in America. Only the tempo of rationalisation during the past decade will explain the extent of the constant mass unemployment in the U.S.A.; and rationalisation in some degree is responsible for the increased unemployment in all capitalist countries. In "Rationalisation and Unemployment," J. A. Hobson has shown that, while employment in American factories decreased by 11 per cent. during the period 1919 to 1928, production increased by 32 per cent. In the post-war period the contest waged between men and machines for employment inevitably assumes new and more acute forms.

III.—The Present Crisis.

We are now in a position to relate the general theory of crises to the special features of the present crisis. Owing to the limited powers of consumption of the proletarian masses, the development of productive forces under capitalism has always led to over-production, which is finally liquidated by a long period of crisis and depression. But during the past decade (and particularly in the U.S.A. and Germany) the tempo of this development has been accelerated to an unprecedented degree. Accordingly, the inevitable crisis was bound to be peculiarly acute, both in severity and duration. We have postulated over-production as the effective cause of crises. Do the facts of the present crisis justify this conclusion? The growth of unsaleable stocks prior to and during the crisis is a subject of common knowledge. Despite the drastic restriction of output, stocks in the U.S.A. increased during the period, December, 1928, to December, 1930, from 142 to 164. Clearly, during the rationalisation boom, productive power far outran the capacity of the consumers to buy. Or, regarded from another standpoint, the catastrophic fall in share-values, reconstructions, etc., prove that in 1929 industry was over-capitalised. An undue proportion of current incomes had been devoted to saving, that is, to investment. Insufficient

income remained to purchase the product of industry. Because the worker only receives part of the values he has created, he can only buy part of the product of his labour.

The crisis has exploded the theory of the monetary reformers, who claim that the restriction of bank credit is the prime factor in calling a halt to the development of productive forces. The fact is that during the present crisis there was no shortage of loan capital until the crisis had lasted for nearly two years—if we except countries such as Australia and the Argentine, whose export trade consists mainly in staple products. On the contrary, the excess of loan capital up to the second quarter of 1931 forced the financial institutions of France and the U.S.A. to lower the bank rate to levels rarely approached during the present century.

How has capitalism endeavoured to meet the crisis? Apart from war, the capitalist class has been forced to realise that it can only escape from the crisis by rigorously fettering productive forces. Production between 1929 (maximum) and November, 1931, dropped 43 per cent. for U.S.A., 42 per cent. for Germany, 29 per cent. for Great Britain, and 20 per cent. for France. The physical destruction of commodities proceeds apace. So as to prevent the further fall of prices, the Brazilian government was obliged, when raising a loan, to undertake to destroy from time to time a certain quantity of coffee in keeping with the amount produced. At the same time price levels have literally collapsed. In order to secure, at least, the home market, each national state succeeds in having tariff walls raised higher and higher, thus intensifying the crisis by stifling foreign trade. Naturally, tariffs come to be regarded as a prime cause of the crisis. But they should rather be viewed as a consequence of the shrinking of markets, particularly during the post-war period. It is because the contradiction between capacity to produce and capacity to consume reaches its most acute form in the present crisis that tariff walls rise to unprecedented heights.

The effect on the working classes of this capitalist way out of the crisis must be catastrophic. Mass unemployment is clearly implied. In September, 1931, the U.S.A. had 8 to 10 millions unemployed; Germany 4.3 millions; and Great Britain, 2.8 millions. With their dependents, the wholly unemployed in these three countries number, at the present time, considerably more than 50 millions. And these figures do not include part-time workers. At the same time, the general tendency is for unemployment insurance to be ruthlessly reduced—see in this connection the "Economy Budget" of the National Ministry and the Means Test* of the Ramsay MacDonald Government; also successive Emergency Decrees of the Bruening Government. Mass unemployment means mass starvation. The unemployed are not the only sufferers from the crisis. Wages have been slashed until the concessions won in the relatively prosperous period of capitalism have been lost. Naturally, social services, such as education and health, are made to bear their part of the burden.

*Through the "Means Test" thousands of workers have been refused the right to sustenance.

4.—*The Outlook.*

For the future, the main significance of the crisis lies in the fact that it leads to the revolutionary upsurge of the Proletarian Movement. Unemployment deepens, and we are told on all hands that wages, unemployment insurance, and other social services must be still further reduced. The basis for reformism thus disappears. The professional classes are fast losing their privileged position. The degree of political development of the masses varies greatly in different countries (compare, for example, Australia and Germany), but in all the capitalist countries it is more and more clearly realised that the fight for an en-

urable standard of living is a fight against capitalism. Owing to the special agrarian crisis, the colonial and semi-colonial peoples—such as those in India and China—have been impoverished even more than the industrial proletariat by the crisis. Here only wars and massacres have enabled the imperialists to maintain their class dominion. Inexorably the economic crisis, marked by a fierce intensification of the struggle for markets, seems to be leading to an imperialist war, or intervention against the Soviet Union. Capitalism means an intolerable standard of living for the workers—and war. Hence the call to join the revolutionary movement and abolish capitalism.

—CHARLES SILVER.

RECONSTRUCTION AND INTERVENTION

Two great factors have dominated the growth of the Soviet Union in the last few years—the gigantic schemes of Socialist reconstruction and the equally gigantic schemes of capitalist interference. To a large degree each factor explains the other. The schemes of reconstruction have been accelerated to meet the danger of foreign attack. The schemes of intervention owe their present virulence to the fear inspired in capitalist circles by the successes of the Five-Year Plan. The two threads are so closely interwoven that it is impossible to say which is the more important in the final texture. Russian shock-brigade and foreign oil magnate, the Gosplan and the French General Staff, may claim an equal share in the moulding of Soviet policy.

The May Day procession in Moscow revealed the omnipresence of both factors. The emphasis on reconstruction was clearly marked, the workers marching in factory groups, and the factories with the finest records of progress having pride of place in the procession. "Hundreds of placards reported on the successes of the factories in the struggle for Socialism: how much the productivity of labor had been increased, how much the costs of production had been lowered, how much the plans had been exceeded." But side by side with the evidence of these triumphs was evidence of the determination to defend them. The parade of the Red Army, the flight of squadrons over the Square, showed that gains so hardly won would not be lightly sacrificed. "We are not to be drawn by any provocation," said Voroshilov in his address to the new Red Army recruits. "If, however, any imperialist State or any group of imperialist States attempts by direct attack to destroy the fortress of the Soviet Union, then it will encounter the due and powerful resistance of the armed forces of the workers and peasants." Words reminiscent of those of Stalin at the sixteenth congress of the Communist Party: "We don't want a single foot of foreign territory. But we shall not give up a single inch of our own."

But if these are the two main factors, what have been the latest developments in each?

First let us take the sphere of reconstruction. May Day itself was the occasion of a memorable advance in this sphere. For on that day the greatest electrical power-station in the world commenced operations on the bank of the Dnieper. Many years ago Mr. H. G. Wells pronounced that Lenin, in his forecast of this project, had "succumbed to a Utopia." But now the "Utopia" has become a fact. Tracing a new course, enclosed in channels of steel, crossed by the largest dam ever yet constructed, the waters of this river have been harnessed to the wheels of the new Socialist industries. The same day that found from five to ten thousand workers on Yarra Bank in a mass protest against capitalism and starvation saw the commencement of this mighty enterprise, which will help above all others to conquer starvation and make Socialism impregnable.

Meanwhile, the great iron and steel works at Magnitogorsk, in the Urals, and Kuznetsk, in Asia, are nearing completion. The construction of these desert giants should finally remove that shortage of iron and steel which has proved one of the main retarding factors in the operation of the Five-Year Plan. 1932 is the year of the special drive on the iron and steel sector of the economic front—a drive aimed at nearly doubling the total output within 12 months. Cheliabinsk tractor-works and certain other structures were held up during 1931 by the absence of necessary supplies of steel. Magnitogorsk and Kuznetsk will see to that.

The further reconstruction advances, the more glib become the prophecies of its failure. Thus the "Daily Express" on April 18th assures us: "The wheat gamble has failed. The oil gamble has failed. The gamble of the Five-Year Plan has failed." The answer is that, granted the expected increase of 36% in total production during this year, the Five-Year Plan will be completed in all its essentials within four years. The oil section of the Five-Year Plan, aimed at the achievement of an annual output of nearly a thousand million roubles, was completed in two years and a half. The only "oil gamble" was the "gamble" of the British interventionists who captured the Baku

wells in 1919 and failed to retain possession of them. Nor is there any uncertainty about the reclamation of vast areas of virgin land and the generally increased wheat yields of the collective farms. The talk of a "wheat gamble" has no sounder basis than the fact of a comparatively poor crop in Siberia due to bad climatic conditions. Is the Gosplan expected to regulate the climate?

Let us turn now to the question of "intervention." The hopes of the interventionists have been brightened by the establishment of the von Papen Government in Germany. Germany has long been one of the weakest links in the interventionist chain. It has been doubted whether its hostility to the Soviet Union would prove to be greater or less than its hostility to its capitalist neighbours and rivals and oppressors, France and Poland. The "Industrial Party" conspirators of 1930, in the course of their trial, mentioned this as one of the major reasons why plans of intervention had been delayed. (For a full account of this trial see Mr. G. T. Goode's excellent book, "Is Intervention in Russia a Myth?") The attempt by the White Guardists, Vassiliev and Stern, on March 5th last on the life of the counsellor to the German Embassy in Moscow was fully exposed as an attempt to stimulate German opinion in favour of intervention. But new developments within Germany itself have dispensed with the need for any further assaults on German ambassadors. The *Melbourne Herald* of June 7th quotes the Berlin correspondent of the *Manchester Guardian* as having said: "It is recalled that Captain von Papen last year visited Paris and discussed with French clericals an economic alliance against the Soviet's Five-Year Plan and the re-arming of Germany. It was agreed that the question of Germany's eastern frontier should remain in abeyance in order that nothing should interfere with the fight against Bolshevism, in which Poland was expected to join." Thus it appears that since the last issue of *Proletariat* one important obstacle in the path of intervention has been pushed aside.

Meanwhile, the possible function of Japan as the spearhead of an interventionist attack has not been forgotten. That splendid constellation of the bright stars of imperialism, the League of Nations "Commission of Inquiry," including Lord Lytton, General Claudel, etc., has come and gone. The delay in its appointment, the delay in its departure from Europe, the delay in the issue of its report, all serve to emphasise the pleasure of the western Powers at seeing Japanese imperialism safely installed in Manchuria. Hardly ever before has any imperialist power been allowed so much elbow-room by its rivals. When, in 1929, in answer to intolerable provocations, the Red Army entered one corner of Manchuria for a few days, the Kellogg Pact was invoked. Now, when the whole of Manchuria has been overrun by the Japanese military for the purpose of permanent occupation, the Kellogg Pact lies quietly in the archives. So far, owing to the patience of the Soviet Government (in spite of the Japanese seizure of important points on the Chinese Eastern Railway, of which it is part owner), no major clash has occurred between the Soviet and Japanese troops. But there are every day increased provocations from the Japanese side; and three leading British newspapers in one week lately prophesied that a clash was practically inevitable. Such a clash would be the direct prelude to a general capitalist attack. As pointed out by the *Manchester Guardian*, "If the Soviets can be goaded into any kind of active support of the Chinese armies, the French, British, and American Governments will immediately take the Japanese side."

So the race between reconstruction and intervention goes on, the history of our time largely depending on the result. If reconstruction outpaces intervention, the storm may be delayed. If intervention outpaces reconstruction, the stage will be set for the Armageddon of Imperialism and the outbreak of world revolution.

—RALPH GIBSON.

THE CLASS FRONTS IN GERMANY

Since my last article on Germany, the situation in that country has developed to a higher and more intense stage. If the German situation is evaluated in the light of these recent events, then the Communist analysis must be said to have been correct. The chief aspect of such an analysis is the insistence upon the nature and rôle of the Social Democratic Party as a Social Fascist Party and an enemy of the workers in the ranks of the working class itself.

To show that Social Democracy is Social Fascism, let us consider the activities of the party during recent months. Its support of the Bruening Government on the grounds that it was "the lesser evil" to the Fascists, and the results of that support, should be realised. It is not necessary to point out here that,

in the name of that "lesser evil," they have rallied to the support of the capitalist programme of wage cuts, etc., carried through by that same Government against the working class. What should be dealt with is the question as to whether Bruening is the "lesser evil" to Hitler. Let us first of all realise that the "Democracy" that the Social Democrats claim they are protecting has become little more than a name, and is meaningless in the face of actual facts. That this is so is due mainly to the Bruening Government itself, which, by its "emergency decrees" and condonement of the Fascists, is very little removed from Fascist rule. The fact that capitalism, in its decline, can only continue with the support of Social Democratic parties does not blind it to the fact that the cessation of the growth and influence of that party amongst the masses

results in the rise of a truly proletarian party. Consequently, the bourgeoisie are compelled, in order to save their rule, to set up a Fascist mass party to proceed to a forced development of their own fighting forces. It can be seen, therefore, that the Fascisation of Democracy must continue in a period of intense class struggle, to be finally overthrown and replaced by the naked dictatorship of the bourgeoisie. So the Communist theory is that intensification of the class struggle (reflected in the growing influence of the Communist Party) will demand the open Fascist dictatorship.

It may be well to point out at this stage that we do not for a moment consider that the Social Democrats, or even for that matter Bruening, are in complete agreement with the Nazis. As the Communist Party has put it in an official statement, the Communists do not believe that there is no difference between a government of the Social Democracy and a government of the National Socialists, between a government which, in addition to terror, functions *above all by deception*, and a government which, in addition to deception, functions *above all by terror*.

But the Communists declare to the masses that both the Social Democracy and the National Socialists fulfil and will fulfil only the will of Finance Capital. The bourgeoisie are divided amongst themselves as to which party to support, and their allegiance to a party is dictated by the immediate situation. But what is never lost sight of by them is the tremendous counter-revolutionary value of the Fascists. It is further pointed out by the Communists that the rise of the Fascists and their influence amongst backward workers is, to a large extent, due to the policy of the Social Democrats during and after the war, and especially their administrative activities. During the revolutionary period that followed the war, the Social Democrats held the workers back from the fight, and the revolutionary mass organisations of their party were subjugated to the needs of the opportunist tactics of their renegade leaders*; this has directly resulted in the Fascists harbouring the idea of shattering the Labour Movement in Germany, an idea which neither Bismarck nor Wilhelm the Second could ever have thought practicable.

Let us illustrate our case with concrete examples of Social Fascism. Under an emergency decree the Nazis were ordered to disband their storm troops. Previous to that decree Hitler had openly declared that he would carry out Germany's obligations under the Versailles Treaty, and expressed his desire to seek an understanding with France. France looked with suspicion on the military activities of the Nazis, and, quite correctly, appreciated the danger of these mass troops getting ahead of their leader; this gesture—*for, as we shall soon see, it was nothing more than a gesture—was necessary to placate France. As a mat-*

ter of fact, this suppression was welcomed by Hitler, and he was fully aware of it beforehand. The following statement by the Minister for Agriculture, Herr Treviranus, clearly reveals what the Nazis' leaders think of the decree:—"For the rest, I know for a fact that the Nationalist Socialist leaders are exceedingly grateful, as they, of course, must be, for the removal of this danger of disturbances in their own ranks. In addition, the prohibition means for them release from an extraordinary financial burden."

To retain the value of the storm troops for intimidating the revolutionary elements, they were disbanded in such a manner that they could be easily reunited; and furthermore, certain important sections were allowed to exist in a concealed form as sport organisations. The fact that the Nazis made no attempt to resist the decree is clear proof of the collusion that exists between the Fascists and the Bruening Government. But the Social Fascist portent lies in this typical epilogue. The Social Democratic army, the Reichsbanner, consisting of workers who realise the menace of Fascism, received an order to dissolve its Defence Corps. The Social Democratic leaders accepted this order, dissolved these troops, as "there no longer exists the necessity for the Reichsbanner to remain in a state of preparedness." So the Social Democratic leaders disarm their own workers and blind them to the Fascist danger. One could not wish for a better example of Social Fascist tactics, which assist and pave the way for the Fascist reaction. The full depth of this crime can only be gauged if we realise that recently Hindenburgh lifted the ban on the Nazi troops for the purpose, to quote the *Manchester Guardian*, "of terrorising their opponents during the forthcoming elections."

The final betrayal, and what may possibly mean the political eclipse of the Social Democratic Party, came with their support of Hindenburgh's candidature for the Presidency. During the elections they used the slogan: "Every vote which is given to Hindenburgh is a vote against Hitler." To-day we see the results of that policy. Hindenburgh suddenly decides that he will not sign any more emergency decrees, dismisses Bruening, and calls upon von Papen to form a Ministry. Von Papen is a noted Fascist and militarist who agrees with France that war against Russia is the primary problem.† It should be noted that Hitler took part in these conferences, and that he is constantly in touch with the French Government. This obvious manoeuvre on the part of the German bourgeoisie to replace Bruening so as to facilitate Hitler's conquest of power explodes finally the theory of "the lesser evil." Now all the talk of Hitler being "dangerous" is replaced by talk of "making him fit to govern." Thus the Social Democratic organ, the *Vorwaerts*, of the 30th April, writes as follows:—"Is it not understandable that there exists a lively desire to give the National Socialists an opportunity to bring their words into harmony with hard facts? Meanwhile the wish must remain coupled with a condition: the damage resulting from such an experiment must not be irre-

*"Of the non-bourgeois parties, the Social Democratic . . . is the one that cares least about remodelling the State in the socialistic sense. . . . It is proletarian in name, but actually the individuals who compose it have attained a greater degree of middle-class security than have many of the old bourgeoisie."—Roch-Weiser, *Foreign Affairs*, April, 1931.

†See article on "Reconstruction and Intervention" in this issue.

parable." They go on to say that the danger is "that Hitler will not respect the rules of the Democratic game" (!). This is flunkysm of the most shameless kind, and represents nothing more than the complete bankruptcy of the Socialist Democrats in the face of the rise of Fascism. An even more striking statement comes from the April number of *Current History*, in an article on the Presidential elections in Germany: "Hitler has long been shifting from his original extremist doctrines to a more moderate attitude, and it may well be that this oath of allegiance really marked the abandonment of his earlier anti-republican position. He has also emphatically declared that while he would put an end to the payment of the 'tribute' of reparations, he would scrupulously respect Germany's obligation to pay in full the interest and principal of all Germany's private debts." The conclusion is unescapable that the German bourgeoisie, by modifying Hitler's programme and by presenting him in a different light, are preparing his road to power by making him more presentable to international finance capital.

As for the future, the Communists will undoubtedly gain more followers from the disillusioned rank and file of both the Social Democrats and the Nazis. The Social Democrats have clearly disclosed themselves as Social Fascists, and the Nazis, by their statements declaring their willingness to meet the reparations payments and their compromises with France (the country which they have consistently told their followers is Germany's bitterest foe), have demonstrated

that Fascism is not a national movement at all, but is primarily an anti-working-class movement, wearing the patriotic cloak to hide its reality. This fact is clearly understood by Knickerbocker, who, in his book on Germany, points out that the greatest danger of Fascists attaining power is the fact that they will expose themselves in the eyes of their followers. In last *Proletariat* stress was laid on the fact that amongst the rank and file followers of Hitler there were many who were very close to the Communist Party, but were behind Hitler because they thought he was really fighting the hated France and the Versailles Treaty. If the Communist Party takes the opportunity to broaden its appeal so as to bring itself before the already partly disillusioned Nazis, whilst at the same time receiving the ever-increasing drift of Social Democratic workers, it should double in numbers. The possibility of a revolutionary situation arising during the elections should not be lost sight of. Hitler's storm troops will be used to terrorise the Communists on a larger scale than ever before. Since Social Democratic workers inevitably unite with the Communists in their street fights with the Fascists, the position may arise wherein the Communist Party can take the lead of the whole of the working class on a really united front and on a gigantic scale against the Fascist Government. Such a struggle will be linked up with the fight against imperialist war, against intervention on the Soviet Union, against the Versailles Treaty, and the capitalist way out of the crisis, and for a free Soviet republic in Germany.

—SAM WHITE.

FROM COMMERCE SCHOOL TO COMMUNISM

The orthodox economists, in their (aptly expressed) Marginal Futility theory, have made their last attempt to evade the Labour theory of Value by a complicated system of describing the use values of different quantities of the same commodity. Even they, however, are forced in the final analysis to admit that exchange value must tend to correspond to "cost of production," a term which, on examination, resolves itself into the amount of labour embodied in any commodity.

Exchange value is simply the expression of the relation between commodities; that is to say, the value of any commodity is the proportion in which it exchanges for others. In order to discover what this relationship will be, commodities must be reduced to some common basis. The one thing all have in common is that they are the products of labour, so that their value must be expressed in terms of the amount of labour embodied in them. This labour includes not

only the direct labour of the workman, but also a part of the labour already crystallised in the instruments of production, such as machines, tools, etc. From this, Marx states his law that "the values of commodities are directly as the times of labour employed in their production and are inversely as the productive powers of the labour employed."

Price is simply the expression of value in the terms of one special commodity, money. Market price is therefore an indication of the average amount of social labour which is necessary under prevailing conditions of production to supply the market with the required amount of any article. Monopolies, tariffs, and other causes of fluctuations in supply and demand may result in the deviation of price temporarily from value, but in the long period the two must correspond very closely. Capitalist profits cannot, therefore, be made by the sale of commodities above their value.

Labour power is a special instance of a capitalist commodity. At the close of the feudal system of land holding in England in the early 17th century, the feudal lords obtained full ownership of the land they held. Their property was again increased by the Enclosure Acts of the 18th century. This resulted on the one hand in the growth of a landless proletariat, who were no longer able to make a living by working on their own plots of land; and on the other hand by the growth of a capitalist class in which was concentrated the ownership of all land, machinery, and raw materials. Therefore, in order to have access to the means of production formerly owned by the individual labourers, the workman is forced to sell his labour power, as if it were a commodity, to the capitalist.

As with other commodities, the value of labour power is determined by the quantity of labour necessary to produce and also to reproduce it. In order to work, a man must have his material needs (e.g., for food, clothing, and shelter) satisfied; he must also receive enough value to produce offspring to replace him when he is no longer fit for work. An example of this subsistence theory of wages is in the difference between the wages paid to men and women. In all parts of the world, whether wage regulation or free bargaining is the rule, men and women are paid different rates of wages, not because of any differences in productive ability, for these are eliminated under highly specialised power machinery, but because as a rule a woman's wage is to maintain herself alone, and a man's to maintain a family. Again, if the workman is to acquire skill or technical equipment, value must be expended on his training, and since different quantities of labour are expended on the production of labourers with varying qualifications, some kinds of labour (e.g., highly skilled) will be better paid than others.

The labourer must sell his labour power to the capitalist, and in exchange he will receive the value of his commodity—that is, sufficient to maintain him and his family on the standard prevailing at the time in his district, plus an addition to cover the value of any labour expended on his training. Assuming that the daily needs of the worker take four hours to produce, and their price is 10/—, then 10/— will be the daily wage paid to the labourer when he sells his labour power to the capitalist. If, then, he worked for four hours daily, he would exactly replace the commodities used by him (including the instruments of production), but he would not create any profits for the capitalist.

The capitalist, however, has not only bought labour power at its value, but also he has bought it for the full legal working day. Marx says that "the *value* of labour power is determined by the quantity of labour necessary to maintain or reproduce it; but the *use* of labour power is only limited by the active energies and physical strength of the labourer. The quantity of

labour by which the value of it is limited is not a limit to the quantity of labour performed." The same idea is expressed by the orthodox economists from another point of view in the theory of Consumer's Surplus. They show that the use value of any commodity is almost invariably greater to the buyer than its exchange value. Although the worker can reproduce his value by four hours' work, this is no reason, as far as the capitalist is concerned, why he should not work for eight hours if that is the usual working day. The extra four hours are surplus labour in which the surplus value produced accrues to the capitalist, although he has not paid anything for it. Since he pays a daily or weekly wage, he appears to pay for all the labour power expended, but in reality he is only paying for a part of it.

The method by which surplus value is obtained distinguishes wage labour from other historical forms of labour. For example, when slavery was the prevailing form of labour, it appeared that all the labour of the slave was given gratis, although in reality he received a living sufficient to maintain and reproduce himself. Again, under the feudal system, the serf was allowed to make his living part of the week by working on a plot of land assigned to him, on condition that he spent certain periods working for nothing on the land of the feudal lord. Only in the case of the serf is the distinction between paid and unpaid labour and the amount of the surplus value easy to ascertain.

Suppose we take a concrete example of profits arising from surplus value. If we analyse the cost of production of any commodity, we find that it resolves itself into the cost of raw materials, the instruments of production (machinery, etc.), and of labour power. The raw materials are bought at their market value. New Values are created by the use of labour power and machinery on these raw materials. The machine alone is unable to *create* value, and it can therefore only add its own value to the commodities produced. Hence if, say, the working life of a machine is ten years, the capitalist owner will set aside as depreciation one-tenth of its value yearly as being the amount of value consumed in production, and thus the full value added by the machine has been compensated for. Hence the profits made after depreciation has been allowed for, and wages and raw materials paid their market price, are the surplus product of labour, which has not been paid for, and accrue to the capitalist as surplus value.

To sum up: under the capitalist system, labour power is paid for at its value; the commodity produced is sold at its value. Surplus value (or profits) arises from the difference between the exchange and use values of the labouring power expended.

TOWARDS FASCISM

AT THE UNIVERSITY:



THE DIALECTIC OF THE FASCIST.

IN SYDNEY:

Four New Guardsmen decoyed William Thompson, of Binnaway, from his home late at night, on the plea that their car had broken down. He was overpowered and driven away, and the letters "Red" were branded on his forehead.—See *Age*, May 16.

GERMANY:

The von Papen ministry is concentrating on an understanding with French and Polish militarism, in order that nothing should interfere with the fight against Communism. The Nazi storm troops will be used to terrorise the electors in the forthcoming elections.—See *Manchester Guardian*, June 6.

IN THE U.S.A.:

The following notice was posted by the Fascist organisation of the coal-owners during the recent coal strike:—

REWARD!

There will be paid to the person or persons delivering the body of
FRANK BORICH,
 secretary of the National Miners' Union, to our headquarters, the sum of 1000 dollars. No questions asked.

Harlan Home Guard.

—*Monde*, April.

FORD ILLUSTRATES HIS IDEAL OF SERVICE:

Five thousand unemployed Detroit workers marched in an orderly, peaceful fashion to petition Ford for work and food. Police and Ford's thugs broke up the march with tear-gas bombs; some of the agonised workers threw stones, so the police opened fire. "Can you imagine them—murderers—talking about self-defence? After York and a couple of others had got shot, Goetz told us to turn back. Bennet (a notorious gang boss) came driving out the factory gate, and drove past the edge of the crowd shooting tear-gas. I let him have half a brick. At Gate 3 he stumbled out of the car and emptied his gat; I think he plugged two or three. And in a minute later the whole lot of them let go from behind the fence. They started firing when the men had turned to go. You can tell that because most of us were shot in the back. I'd gotten two in the back and one in the leg, so I just lay there watching the boys run, with those 'brave' cops emptying their guns into our backs." Ugly stories were circulating even in respectable circles that Ford thugs had clubbed Bussel to death. A Ford engineer said two of the wounded were left unattended for more than half an hour. Four were killed and 30 wounded. Forty thousand workers marched at the funeral. Over the grave will be erected "the towering figure of a workman, arm raised, fist clenched, to remind them that here lie together four of their fellows, murdered by the thugs of Henry Ford, who still, for a time, holds the living in subjection."—*New Masses*, April, May; *Inprecor*, April.

Ignorance and acquiescence are essential to the growth of Fascism, hence the Government's threat to outlaw the F.O.S.U. and the L.A.I. The F.O.S.U. tells the truth about Russia, counteracting the lies of the press. The L.A.I. shows the only effective way to stop war—turn your weapons on the war-mongers. These bodies are presumed guilty—that is, peace and truth are declared worse than murder or rape, in which crimes innocence is presumed. Behold already the jurisprudence of open Fascism!