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TEN CENTS

## THE EUROPEAN GENDARME AND IMPERIALISM'S FIGHTING BRIGADE

(THE ATTEMPTED AUSTRO-GERMAN CUSTOMS AGREEMENT)

ON March 22nd the German and Austrian Press published simultaneously the main clauses of the Austro-German Customs Agreement, intended to come into force in 1932. "While completely maintaining the independence of both States," runs the introduction to the agreement, "and while completely observing the obligations taken by each State in relation to a third State, the agreement should serve to equalise custom and trading and political relationships" (between Austria and Germany).

On May 18th, at the Geneva Conference, the Austro-German draft was solemnly buried in the best style. The Austrian delegate, Schober, was compelled openly to confess Austria's bankruptcy and to give a solemn oath to the effect that Austria would take no steps in the direction of realising the Austro-German Draft Customs Agreement, before the decision of the Hague Tribunal had been published on the "legitimacy" of such an act from the viewpoint of international agreements (Versailles Peace Treaty).

On March 23rd, the German and Austrian Social Democratic Press, together with the entire national-bourgeois Press, hailed the Austro-German Draft Customs Agreement as the greatest event in the history of both countries. "There is not a single person in Germany who would be against this draft" declared the Social Democrat Breitscheid.

On May 5th, the eve of the Geneva Conference, under pressure from the "Enlarged Bureau" of the Second International, then sitting in Zurich, the Social Democratic Press of Germany and Austria sharply changed its tone, and though not openly attacking the Customs Agreement, nevertheless, quite clearly advocated "moderate reserve," which actually amounted to a refusal to defend it.

A comparison of these two facts reveals most clearly the extremely tense contradictions in capitalist Europe in conditions of the continually growing economic crisis. The bourgeoisie is feverishly seeking a capitalist way out of the crisis. The entire international policy of imperialism is being worked out in circumstances of a world economic crisis.

Inside the separate capitalist countries, the ferocious attack of capital upon the standard of living of the toiling masses, in order to find a capitalist way out of the crisis by throwing the burden on the shoulders of the workers, results in a severe sharpening of class contradictions and an increased revolutionary upsurge. In the colonies the same efforts of the capitalists to strengthen their oppression en-

counter in reply the upsurge of the national-revolutionary, anti-imperialist movement. The plans for a united anti-Soviet front and military intervention come up against the unprecedented response of the broad toiling masses by the capitalist countries to the victory of Socialism in the U.S.S.R. Equally clearly the political events of the last few months indicate that all efforts to find a capitalist way out of the crisis on the international, imperialist arena, through various inter-imperialist combinations, *will lead to an ever greater sharpening of the chief international contradictions of imperialism.*

All that has taken place in the past on this area, the "pacifist" plan for Pan-Europe of French imperialism; projects for separate "regional" (partial) economic agreements, etc., all these have led on the whole to a greater sharpening both of internal imperialist contradictions, and of those between the imperialist world and the land of proletarian dictatorship. All the events of the last few months—from the failure of the Briand Pan-Europe plan to the Geneva Conference and the failure of the Brüning Austro-German Draft Customs Union—clearly prove the correctness of the estimate given by the Eleventh Plenum of the E.C.C.I. concerning the influence of the crisis upon the growth of imperialist contradictions.

"The crisis brings out more and more acutely all the contradictions inherent in the Versailles system: the antagonism between the victorious and the conquered countries, primarily between the imperialist clique of France, which is striving to maintain and strengthen its military and political hegemony on the continent of Europe, and the bourgeoisie of vanquished Germany, who, in trying to carry out the Young Plan, encounter the ever-increasing resistance of the masses of the toilers; imperialist rivalry in the camp of the victorious countries is increasing—the struggle between France and Italy for the Mediterranean and for the North African colonies and the antagonisms between the vassals of the principal imperialist pirates (the Balkans, Czecho-Slovakia, Hungary, etc.) are increasing. Hence the questions of revising the Young Plan, of the inter-allied debts, frontiers (Polish Corridor), and Germany's fight for union with Austria (the Customs Union), and for colonial possessions and for the revival of the restriction on armaments, are becoming more and more acute. Hence the new system of military and political alliances, the furious increase of new armaments cloaked by the "disarmament" conferences of the League of Nations . . . Hence the growth of imperialist oppression in the colonies and the oppression of a number of nations in Europe by the bourgeoisie of the dominant nations." (Political Theses of the XI. Plenum E.C.C.I., Modern Books, 1931, p. 6.)

The fight of "all against all" around the search for a capitalist way out of the crisis, is inevitably bound to develop with special force the basic contradictions within the capitalist world:—the struggle between British and American imperialism for world hege-

mony, as well as all the forces, *undermining* the Versailles system of post-war Europe. Tariffs policy and protectionism are playing an enormous part in this struggle. High tariffs and protectionism mean the simultaneous "defence" of the internal market for the unhindered exploitation of the latter by the national bourgeoisie, and support of national imperialist expansion by means of dumping and unlimited competition on the world market.

The partitioning of Central Europe, as a result of the Versailles Peace Treaty has raised this problem most sharply not only for French imperialism and the vassal countries created by the latter on the Continent of Europe, but also for German imperialism, which in its turn, is trying to fight for the vassal countries in order to make the weaker capitalist States free of France. And it is characteristic of the whole situation that the very first attempt to create a regional tariffs agreement—the proposed Austro-German Customs Union—immediately raised in all its magnitude the question of the Versailles system as a whole—immediately came up against the most violent resistance of France and its vassals, who stubbornly defend the inviolability of the Versailles system.

The question of the Austro-German Customs Union, therefore, is not so much an economic, as a political one. For German imperialism, the question is not only one of the direct economic advantages to be gained by Germany as a result of breaking down the tariff walls between Germany and Austria. Neither is it merely a question of the advantages which the German bourgeoisie might obtain as a result of exploiting considerably cheaper labour power; although both these factors are far from playing an insignificant part, if we take into consideration Austria's loss after the war of her chief industrial centres and her base for raw materials, and Germany's possibility of considerably increasing her export to Austria of goods from her heavy industries and agricultural produce.

Still it should be remembered that Germany's export to Austria amounts to only 3 per cent. of her total export. It is far more important for Germany, by creating a Customs Union with Austria, to gain an outlet to the Balkans—to Yugoslavia, Roumania, which though dependent upon France, nevertheless are economically more closely connected with German than with French imperialism. The German bourgeoisie with its Customs Union with Austria was seeking *a way out of its isolation, and the beginning of independent imperialist expansion*. The German bourgeoisie was trying for this purpose to use the contradictions inside the camp of the victorious imperialist countries. In Germany, the 4½ million unemployed, the absence of any signs of mitigation of the crisis in the chief branches of German industry, the still more unfavourable situation on the market,

despite the summer which was forecast by the bourgeois economists as the "revival season"; finally the growing revolutionary unrest of the toiling masses in town and village, and the prospects of a still more difficult autumn than that of last year, compel the German bourgeoisie to *act*. The German bourgeoisie sees the only source of its colossal difficulties in the Versailles system. It is for this very reason that the German bourgeoisie has set forth its conditions in reply to the Briand Pan-Europe Plan to convert Germany into a complete vassal of French imperialism, and directly include German imperialism in the united anti-Soviet front organised by France (of course guaranteeing certain concessions to German imperialism): the German bourgeoisie demands the revision of the Young Plan and the Versailles system.

The Austro-German Draft Customs Union—and this is its *specific political significance*—is an attempt to break through the Versailles system, the first open attempt of the German bourgeoisie since the war.

This anti-Versailles character of the Austro-German Customs Union, as well as its openly imperialist character on the part of German imperialism, has been laid bare by German imperialism itself.

"The attitude towards the Customs Union between Vienna and Berlin depends to a considerable extent on how clearly its aim is visualised in Vienna, or to what extent this aim will do away with the obstacles of the creation of a great economic highway through Central Europe *from Germany to the mouth of the Danube*—obstacles which at present bar the way to our political and economic development." ("Deutsche Tageszeitung," March 23rd, 1931.)

"One thing has already been achieved to-day: *The hateful agreements of Versailles and St. Germain have been broken through*, with all "respect," of course, to existing documents. If the Germans so desire, they will get both freedom and unification." ("Berliner Börsenzeitung," March 22nd, 1931.)

"The Customs Union is rightly looked upon as the most active piece of work in European trade policy since the war. It not only strongly affects relations between Germany and Austria, but moves forces *beyond the frontiers of these States*." (Article of Dr. Winschew, "Tariffs Alliance Prospects" in the "Weldwirtschaft.")

The efforts of German imperialism to depict the Austro-German Customs Union as a "regional agreement," not forming a dam against Pan-Europe and French imperialism, but a "preliminary step" towards a "general European agreement" is a far too transparent camouflage of the imperialist tendencies of the German bourgeoisie. To depict the Alliance as a purely economic agreement, not ultimately aiming at uniting Austria and Germany, is equally bad camouflage. German imperialism has already begun to feel strong enough to endeavour to make use of the contradictions between the victorious imperialist countries for the purpose of breaking down the "forced independence" of Austria, which the latter has to suffer as a result of the Versailles and St.

German Treaties and which were consolidated in 1922 by the special Geneva Protocol.

But the German bourgeoisie does not yet feel strong enough to make such a break beyond the framework of the Versailles Treaty. Incidentally, the Brüning Government, carrying through a policy of Fascist dictatorship, is trying to utilise its "anti-Versailles Act" as an "instrument for winning over" the moderate wing of National Socialism headed by Hitler. For this reason the Customs Union is at the same time a weapon with which to manoeuvre in regard to French imperialism. In attempting to destroy the Versailles Treaty the German bourgeoisie seeks for concessions for its own imperialist expansion "within the framework of the Versailles system," promising in exchange far-reaching concessions with regard to the united anti-Soviet front. Looked at from this angle the Austro-German Customs Union represents a direct blow at the Versailles system, and promises to push forward the work of consolidating the anti-Soviet front. Only in this sense can we speak of the Austro-German Customs Union as a "preliminary step" towards general European unification. Very characteristic in this respect, is the declaration of the President of the Aniline Concern (I.G. Farbenindustrie), Dansberg, who literally declared :-

"Only a united economic bloc from Bordeaux to Odessa (i.e., with the Ukraine, separated from the U.S.S.R.!) will give Europe the economic backbone she needs for her preservation."

But the manoeuvres of German and French imperialism are not mere manoeuvres. The Austro-German Customs Union is not a simple game, with cards already dealt between German and French imperialism. The Austro-German Tariffs Agreement is primarily a *direct menace* to the hegemony of French imperialism on the continent and this is the *decisive factor* in the attitude towards the agreement of French imperialism and its vassals.

French imperialism, thanks to the Versailles system, is practically the most sated imperialism of the capitalist world; it has huge colonies, numerous vassals on the continent, the largest accumulation of capital after the imperialism of the United States. For this reason French imperialism feverishly clings to all reactionary forces which are able to guarantee to it its existing privileges and the inviolability of the Versailles system, the source of her well-being. For this reason French imperialism

"is squeezing the last ounce out of the nations enslaved by the Versailles system, is supporting and organising the Fascist regime in Europe, and is playing the role of the gendarme of Europe formerly played by Tsarist Russia." (Theses, XI. Plenum, E.C.C.I., Modern Books, 1931, p. 7.)

That this is the case even the French imperialists, themselves openly admit. Hervet, late syndicalist, now Fascist, in his book "Franco-German Recon-

ciliation or War," with his usual vulgar cynicism, declares :

"We were four mighty nations, when in Versailles we passed sentence upon Germany. Now we alone are left, to play the part of *watchman and gendarme*."

Gustave Hervet concludes from this, that the German bourgeoisie must be *bought over* in order to create a united anti-Soviet front. But the more flexible leaders of French imperialism gave a blank refusal to the solicitations of the German bourgeoisie; for they understood that powerful German monopolist capital, could not be satisfied with the crumbs which France is in a position to throw to it in return for becoming a rank and file vassal of the French bourgeoisie.

The Eastern vassals of French imperialism are moved by the same considerations with regard to the Austro-German Customs Union. The Versailles system has created several small imperialist States in Central and South-East Europe, by putting at their mercy millions of oppressed nations to be used for imperialist plunder according to the usual principle: divide and rule. These small imperialist plunderers at the same time serve French imperialism as a dam against the Russian revolution and a break upon the upward drive of German imperialism. These small imperialist States are an organic part of the Versailles system, linked up with it for better or for worse. A crisis in the Versailles system means crisis for these new imperialist countries. For this reason the "unexpected" act of German imperialism is a thunderbolt, not only for French imperialism, but for its Eastern vassals, and primarily for Czecho-Slovakia. For of all the vassals of French imperialism, Czecho-Slovakia is the most deeply involved in the Austro-German Customs Union—not only politically, but economically.

Czecho-Slovakian bourgeois economists have already estimated that exports from Czecho-Slovakia will inevitably fall by more than a milliard kronas. Benesch drew an elaborate picture in Parliament of the destruction of capitalist Czecho-Slovakia, 31 per cent. of the exports of which at present go to Germany and Austria. Czech imperialism, following in the footsteps of its elder French colleague, brought its fist down on the table, and Benesch remembered his old formula: "*Unification* (Austria and Germany) *menas war*." Here, in a young State, where the broad masses have not yet had their fill of national independence, it is the simplest thing to sow petty bourgeois illusions of a capitalist Pan-Europe under the protection of the League of Nations, and to use the spectre of the reinstalment of the pre-war aggressiveness of German imperialism as a menace to the very existence of the Czecho-Slovakian Republic, and even of millions of toiling masses.

The behaviour of the Czech and German bourgeoisie is characteristic. The German provinces of

Czecho-Slovakia are the chief industrial districts of the country and the Austro-German Customs Union hits their interests most of all. Here we find the most open national treason of the German-Czech bourgeoisie!

The manoeuvring of the German bourgeoisie and the fight of German imperialism for vassals is here clearly reflected in the slogan of the German bourgeoisie: "Anyone may join the Austro-German Customs Union!" "Czecho-Slovakia may join it!" But French imperialism has made a counter-manoeuve, with its slogan for the creation of a tariffs agreement between the Little Entente plus Poland and Hungary (Benesch's proposal at the last conference of the Little Entente).

The manoeuvring of Czech imperialism is reflected in the endeavours to mitigate the tariffs war between Czecho-Slovakia and Hungary. Czecho-Slovakia quickly reacted by lowering the duty upon Hungarian rye from 38 krone to 13. This is especially important because Hungarian landed proprietors, who export six million double centners of grain products per year, are undoubtedly interested in the Austro-German Customs Union, inasmuch as Austria alone can import no less than two million double centners. But, on the other hand, Hungarian industry will be displaced on the Balkan markets as a result of the Austro-German Customs Union.

Hence the way is made easier for the *third* influence: Italian imperialism, which is seeking a leading rôle in the Danube Basin and the Balkans, and in the fight for vassals "within the framework of the Versailles system," puts forward a third combination: an Italian-Austro-Hungarian Customs Union. Italian imperialism is manoeuvring on the one hand, fighting to maintain the Versailles system of an enslaved Germany, and on the other against French imperialist hegemony on the continent of Europe. Hence the more moderate tone of Italian imperialism on the question of the "ban" against the Austro-German Customs Union.

"The tariffs agreement which is being prepared between Germany and Austria" (declared Mussolini at the conference of Italian limited companies) "can be looked upon favourably from the viewpoint of how it will develop in the future."

The results of the Geneva Conference show that the new sharpening (under the weight of the economic crisis) of the contradictions between the victorious and conquered countries, has temporarily overshadowed the contradictions between the victorious imperialist countries themselves. This does not mean that these contradictions are eliminated: on the contrary, they have reached a higher stage. But German imperialism has not yet been able to attain any serious achievements by means of these contradictions. British imperialism, represented by its "Labour" Government, in whose train Austria (and its Social Democracy) has been following since the

advent to power of the Schober Government, though not openly opposing the Austro-German Customs Union, has at the same time brought considerable pressure to bear upon Austria, demanding that she be "loyal" to the Versailles Treaty until the "legal" side of the question has been settled at the Hague.

Even before the Geneva Conference, the *Daily Herald*, the organ of the British Labour Government, declared:—

"Great Britain's policy on the question of the Austro-German Customs Union, is entirely dependent upon the 'legality' of the agreement, which must be inquired into with the best possible means. If the agreement cannot be legally disputed, then the question is closed as far as Great Britain is concerned."

Thus the first attempt of German imperialism to utilise the contradictions inside the camp of the victors and to begin an independent political move forward in the Near East, has failed. German imperialism is rapidly retreating. There is not a shadow of doubt that the meeting at Chequers will give no positive results in this respect for German imperialism. It would be an extremely superficial method of examining the question, to imagine the independent line of Italian imperialism and the conversations between Henderson and Curtius at Chequers to be tantamount to the complete "isolation" of French imperialism, on the question of the Austro-German Customs Union. To say that France is now "helpless" before the contradictions inside the victors' camp would be equal to weakening the blow against the Versailles system. This would be essentially just the same *opportunist method of counting upon the spontaneous, mechanical decay of the Versailles system*, as of reckoning on the *mechanical decay of capitalism*.

The role of international Social Democracy, as the *representative of all the bourgeois States as a whole*, was manifested with great force on the question of the Austro-German Customs Union. The position of the Second International on this question can be divided into *two* stages. In the first stage the Social-Democratic parties of the countries involved acted in complete union with the general tone of all the national bourgeois parties and press. In Germany and in Austria they emphasised the significance of the Austro-German Tariffs Agreement as a step towards political unification. In France and Czecho-Slovakia they took up the cudgels on behalf of the Versailles system, concealing it behind the fig-leaf of a "struggle" against the "ban." "First of all nothing final has been undertaken, nothing yet signed," objected Leon Blum of the French bourgeois Press. "The principle has been proposed and nothing more. . . . It has not been proved that such an agreement contradicts the 1922 Geneva Protocol. The tariffs agreement does not yet mean unification, etc." The position of the Polish Socialist Party was particularly interesting at that time; for it suddenly

supported the Austro-German Customs Union on the basis that such an agreement would swallow up the attention of German imperialism in the West and thus . . . *leave Poland with a free hand on her Eastern frontier !*

In Zürich in the beginning of May, the "Enlarged Bureau" of the Second International took place, at which, after a serious fight between the Social imperialists, a touching unanimity was arrived at on the basis of *a common war on the Soviet Union and for a capitalist way out of the crisis*. Here Social Democracy acted as the representative of the bourgeois class as a whole, under the flag, of course, of "democracy" against "dictatorship"; of course, under the flag of "pacifism" against "militarism." And as "French democracy" is well known to be the incarnation of democracy and pacifism in post-war Europe, this actually means that the position of French imperialism was accepted, and the Second International converted into the shock brigade of *French imperialism in the struggle against "Soviet dictatorship" and "Red imperialism."*

Already on the day following the Zürich Conference Breitscheid in "Vorwärts" and Otto Bauer in the "Arbeiter Zeitung" were actually writing *against* the Customs Union :—

"Nobody is against the Customs Union and no one fought so hard against the ban against 'unification.' But there is sense in being active in foreign policy, only if *the aim is achievable without the harm being greater than the good it brings*, and if, moreover, *the hunt after one object does not make impossible, or overburden the winning of other, more important successes.*" ("Vorwärts," May 22, 1931.)

"If Germany and Austria, while lowering the duty on goods passing between their own countries, at the same time increase them against other countries, this will not be a step forward, not a step towards free trade in Europe, but a sharpening of the tariffs system. . . . The International would consider it more than merely dangerous for Germany and Austria to try to bring Europe up against the accomplished fact . . . and for France and the Little Entente to reply with counter-measures." ("Arbeiter Zeitung," May 9th, 1931.)

The "internationalism" of Social Democracy here most clearly represents the interests of the *international bourgeoisie* and its searches for a capitalist

*way out of the crisis, which is considerably menaced by the breakdown of the Versailles system.* In fighting for the interests of French imperialism and the Versailles system, Social Democracy is fighting to stabilise capitalism, is fighting against the growing revolutionary upsurge in Europe. Here lies the source of the apparent unanimity of the social-imperialists.

The task of the Communist Parties consists in *directing their chief blow against the Versailles system, at the same time exposing before the widest masses of toilers in capitalist Europe* the counter-revolutionary part played by Social Fascism, and the imperialist nature of the slogans calling for pan-European and "regional" agreements within the framework of the Versailles system. The programme of imperialist blocs and a united front against the U.S.S.R., must be opposed by our clear, concrete programme of social and national liberation, and the united front of the proletariat. On the question of the Austro-German Customs Union the slogan is quite clear : unmask the "ban" and at the same time expose all petty-bourgeois illusions ; unity is realisable only on the basis of a Soviet Austria and a Soviet Germany.

It should be mentioned that the Communist Parties have not been active on the question of the Customs Union ; although it is a question of fighting against the capitalist way out of the crisis, against wars and intervention against the U.S.S.R., against petty-bourgeois illusions of the masses exploited by Social Fascism.

In putting forward these general slogans for all Communist Parties, each Party should make quite concrete slogans like that of *national self-determination in each separate country*, even differentiating it for separate *national territories* and *linking* it up in each case with the struggle *against the Versailles system as a whole*. There is still a certain amount of lagging behind by the Parties which must be overcome ; they are still linked up with the petty-bourgeois illusions of the masses. This must be overcome. Backwardness in this section of our work would mean a set-back along the whole front of struggle against imperialist wars and military intervention in the U.S.S.R

## THE EVENTS IN SWEDEN

By P. MEHRING.

THE events of the last few weeks in Sweden are extremely symptomatic and of considerable significance not only for the Communist Party of Sweden, but also for those of other countries; for the opportunists cunningly depict Sweden as a country exemplary in its pacifism, class peace and other petty bourgeois virtues.

Events in Sweden show how much inflammable material has piled up everywhere as a result of the deepening of the economic crisis. A tiny spark is enough, even in a country like Sweden, for the revolutionary struggle to break out into bright flames. The analysis made by the Eleventh Plenum of the E.C.C.I. of the international situation and the prospects of development of the working-class struggle is entirely confirmed by the example of the struggle of the Swedish workers.

Even in a "democratic" country like Sweden, the land of the match king Kreuger—the development of the economic crisis and the onslaught of capital upon the standard of living of the working-class, which is being resisted by the working masses, is compelling the bourgeoisie to turn to methods of armed suppression of the workers' struggle as a capitalist way out of the crisis. The growth of revolutionary activity among the masses in Sweden is gradually breaking through the wired entanglements of Social Democracy and the reformist trade union bureaucracy, and taking the form of defensive struggles against attempts to lay the burden of the economic crisis upon the shoulders of the proletariat. In the course of the development of events this struggle frequently gets converted into a counter-attack of the workers, as was the case with the recent fights of the Swedish workers in Halmstad and Odalen. The development of the economic struggle brings the working-class right up against the task of developing a mass political struggle.

The mass movement against strikebreaking, the firing on workers' demonstrations, the mobilisation of the whole State apparatus of violence in defence of "free labour" of blacklegs, and the outburst of revolutionary struggle on the part of the masses which followed, all testify to the *considerable sharpening of class contradictions in Sweden*. On the background of the sharpening economic crisis, a considerable revolutionising of the working masses is taking place. Events in Odalen most clearly refute the assertions of the Right opportunist renegades, Chilbum and Co., concerning the impossibility of adopting the Communist International "ultra-left" methods of struggle, and concerning the renegade theory of Swedish "exceptionalism."

The crisis in Sweden is not taking place as the renegade Communists assert, in some sort of "mitigated form." During the course of one year, from

March, 1930, to March, 1931, the general industrial index fell from 149 to 122. In the chief branches of the export industry the industrial index has fallen still more. The index for output of iron ore has fallen from 185 to 135, that of timber from 139 to 99. The index for industries producing goods of mass consumption, which showed a marked increase during the first half of 1930, fell from 120 to 110 during the period from October, 1930 to April, 1931. The Stock Exchange index fell in April this year to 120, *i.e.*, to the lowest figure for the last five years.

The industrial crisis is deepened by the extreme agrarian crisis. The number of unemployed grows; according to official statistics the number embraces over 20 per cent. of the workers organised in trade unions. Bourgeois economists themselves declare that an improvement in the position or a mitigation of the crisis cannot be expected this year. The only way out of the difficulty suggested by the bourgeois newspapers and owners is increased pressure upon the working-class.

The strike in the paper factory in Marm, which brought about the recent bloody events, was the reply of the workers to an attempt on the part of the owners to lower wages by a öre an hour, and to raise the rent for workers living in houses belonging to the factory by 50 per cent., and the price of firewood by 42 per cent. The strike called by the local section of the trade union embraced about 1,000 workers, who, for several months and to this day, are fighting under the leadership of the Communists. The measures taken by the employers to transfer orders placed at the Marm factory to other factories of the same trust, brought about an extension of the strike and a declaration of solidarity from the workers in the cellulose factories in the Odalen district. The dockers of Lund also joined the struggle, and refused to load bales of paper from the trust's factories on to the ships in the docks.

In answer to this the employers in the Odalen region despatched a detachment of professional strikebreakers, who had only recently been cleared out of the town of Halmstad by the workers. The working masses in Odalen district set upon the strikebreakers. Being unable to cope with the thousands of workers, the local police were reinforced by detachments of troops who fired into the demonstration of striking workers.

The firing on the demonstration brought about a stormy outburst of revolutionary struggle on the part of the masses. Over 100,000 workers went on strike. In several districts (Odalen, Sundeville, Norland, etc.) a general strike was declared on the call of the Swedish Communist Party. In Stockholm alone, over 30,000 workers struck work. The demand of

Social Democracy, that the workers maintain "peace and order" passed by unheeded; the workers, by mass action, succeeded in getting the troops recalled from Odalen and the strikebreakers removed, not only from Odalen, but throughout the whole country. Thanks to the decisive, truly revolutionary action of the Communist Party, it was able, in the Odalen district, to lead the whole movement of the masses, and in spite of its numerical weakness, to lead considerable activities of the workers in all the remaining industrial centres. The authority of the Communist Party has grown so much among the striking workers, that at a meeting called by the Social Democratic organisation in the strike area in Kramfors where over 10,000 workers were present, the masses refused to allow the "left" Social Democrats to speak, demanding to hear the representative of the Communist Party, Comrade Sillen. By an overwhelming majority a resolution was passed, condemning the behaviour of the Social Democrats. The renegades looked upon the decisive development of the struggle by the Communist Party and the consequent isolation of the Social Democratic leadership from the mass movement, as a breach of the working-class front!

The ensuing trend of events showed that the bourgeoisie were quite sure of their chief enemy, and understood the danger of any growth in the influence of the Communist Party as a result of its revolutionary mobilisation of the masses. The whole weight of suppression fell upon the Communist Party. Several meetings and demonstrations organised by the Communist Party were broken up with a cruelty previously unheard of in the history of the labour movement in Sweden. Over 100 workers were killed or injured. On the day of the funeral of the victims, the Communist Party in Stockholm was prevented from holding demonstrations, and several members of the Stockholm Party Committee were arrested; Comrades Linderut and Engkranz, leading Party workers, were arrested, and a warrant issued for the arrest of Comrade Sillen, who had led the struggle in the strike area during the whole period.\*

The Social Democrats hastened to the assistance of the police, calling for the punishment of the "initiators" and issuing a new slogan: "against the foolishness of the military and Communist provocation." On the day of the funeral of the victims of the shooting, the Social Democratic Party and reformist trade unions called for a "five-minute strike with the agreement of the corresponding administrations of the factories." The bourgeois Press declared Moscow and its "agent in Sweden," the Communist Party, to be the culprit in the whole

affair. Further, the whole affair, of course, would have been incomplete without a Swedish edition of the "Zinoviev letter," which was sufficiently illiterate in itself. On the basis of a "genuine excerpt" from the "true decisions" of the Plenum of the E.C.C.I., and simultaneous shouts about Soviet "dumping," a furious campaign of slander is being conducted against the Communist Party and the Soviet Union.

The Swedish Communist Party has now to consider the lessons of the mass struggle, to use them for the further development of the fight of the working-class of Sweden, and to consolidate the successes achieved both on the organisational and political fields. Certain conclusions, however, must be made at once concerning the recent events.

The outbreak of revolutionary struggle of the workers in Sweden proves that in all countries, even those like Sweden which were drawn comparatively late in the day into the whirlpool of economic crisis, a marked revolutionary upsurge is taking place. It is taking place unevenly, in fits and starts. It is bringing about a further sharpening of the class struggle, a widening of the mass movement, counter-attacks on the part of the workers against capitalism. But it would be a mistake at present to take the assertion of the Eleventh Plenum concerning the ripening of the prerequisites for a revolutionary crisis in Germany, Poland, and so on, and to apply it in the broad sense to Sweden. The economic crisis in Sweden is not yet so deep, the re-grouping of class forces in the country are not yet so decisive, the crisis has not yet reached the point from which it develops into a revolutionary crisis. The slogan of the Paris Commune: "To arms, they are killing our brothers!" has not become an actual one for Sweden.

Such conclusions would be too hasty. They could only harm the Communist Party of Sweden. The forces of the Communist Party are still too small, the influence upon the working-class which the bourgeoisie exercises through the Social Democrats and their scions—the Right renegades of Communism—is still great, the revolutionary organisation and experience of the masses of workers is still too insufficient while the organisation of the bourgeois forces is still too great for it to be possible to speak of the economic crisis developing into a revolutionary crisis. Several facts can be brought forward to prove this, for instance, the demand put forward by several protest meetings to the reformist trade unions for the calling of a general strike, and the fact that the innumerable assaults of mounted and ordinary police on demonstrating workers, did not lead to any organised resistance or the throwing up of barricades.

On the other hand, it would be hopeless opportunism, downright treachery to the cause of the working-class, if the Communist Party, out of consideration of its weakness and insufficient connection with the masses, were to refuse to lead the

\* According to the latest information, Comrade Linderut has been sentenced to eight months hard labour and eight workers to hard labour for terms of from two to seven months.

struggle of the masses and to isolate the reformist leadership of the trade unions in Odalen, or if it were to take the line of renunciation of struggle as was done by Chilbum and Co.

The trend of events has shown that the Party *acted* correctly in putting itself decisively at the head of the movement of protest of the masses and pushing the struggle ahead. Despite the small numerical strength of the Swedish Communist Party, it was just because of its correct slogans, which reflected the mood of the working masses, that a militant united front of all workers was created. By the organisation of united militant action on the part of the masses it was possible to secure the removal of troops and strikebreakers from the strike area. The Party was able to prove *in actual practice* to considerable numbers of workers, the *strength* of a united militant front; the Party was able in actual practice to reveal the true face of Social Democracy, as a barrier on the road of the mass struggle of the workers, as the chief social bulwark of the bourgeoisie. The significance of these points cannot be over-estimated.

We can rest assured that the political and economic advance of capital upon the working-class of Sweden will sharpen considerably. The present stage of struggle has already shown the transition from economic strikes, struggles for partial demands, to political struggles. This will take place to an ever-increasing degree in circumstances of the further deepening crisis. The whole work of the Party must centre around: using the experience of present struggles, liquidating its backwardness, more determinedly mobilising the masses around their partial demands; developing strikes of solidarity instead of capitulation before the mobilisation of the bourgeois apparatus of violence against strikers; courageously leading the masses into battle, and by counter-attack striking at the places of capitalism. Only in this way can the Party win the leadership of the mass movement of the working-class, destroy the mass basis of Social Democracy and, by launching a revolutionary mass struggle in circumstances of further deepening of the economic crisis, promote the development of the prerequisites for a revolutionary crisis.

The outburst of struggle brought masses of workers to the Communist Party, and broke through the wall of isolation which the bourgeoisie, Social Democracy and the renegades, by their joint efforts, had placed between the Communist Party and the working-class. The activities of the Party during the struggle, its slogans and the forces mobilised for leading the struggle, showed that the Party was on the right road, that it is correcting its mistakes, its abstract attitude to the masses and its separation from their struggle. During the whole of the struggle there has been a steady flow of workers into the Party. In the course of one week eight new organisations were created.

But the Party must not forget that all the forces of the joint camp of the enemies will be brought into play to destroy the successes achieved by the Communists and to keep the masses under their influence. It would be extremely dangerous at present to imagine that now that the struggle of the workers has ended, the masses themselves will come to the Communist Party, which led their movement. We must not delay for a moment. We must immediately begin to consolidate the successes achieved, both organisationally and politically. We must immediately begin to prepare for the great economic struggles which will take place in the autumn, by working out our demands, forming preparatory committees, calling meetings and conferences in the separate branches of industry, and so on. In all shops and factories, in all trade union organisations, the question of the treachery of Social Democracy and the reformists during the recent struggles must be put before the workers, and agitation must be developed for new elections of the trade union leadership of the subordinate organisations for the removal of the reformist leaders and the election of class-conscious workers in their place. On these lines, preparations should be made to guarantee that the working-class led by the Communist Party will resist the assault of capital and pass over to counter-attack. In this way it will be possible to overcome the trade unionist legalist attitude widespread among considerable sections of the Swedish proletariat; it will be possible to begin the destruction of the mass basis of the Social Democrats in Sweden.

Further, the Swedish Communist Party is faced squarely with the question of more intensified recruiting of the workers into the Party and its auxiliary organisations. The growing feeling of sympathy towards the Party must be consolidated organisationally by the entry of new workers into the factory and workshop nuclei, and into the trade union opposition; the same refers to the question of consolidating the Party Press. During the period of the struggle the Party more than doubled the circulation of its central organ. It is vital that the Party maintains this level and raises the circulation still higher in future. If the Party is unable at present to increase to any considerable extent the number of its membership or broaden the circle of readers for the Party Press—and objectively speaking this is quite possible now—then it will have to fight for some time to come against the danger of isolation, of which the resolutions of the Presidium of the E.C.C.I. warned the Swedish Party in January of this year.

The recent struggle raises most sharply before the Communist Party and the entire working-class of Sweden the task of creating a truly mass organisation of workers' defence. In the hand-to-hand fighting with the police and strikebreakers, the Union of Red

Front Fighters distinguished itself as a fighting organisation. But it was not yet in a position to *organise the masses* for struggle. It was still merely the "defender" of the workers. One of the most urgent questions of the day is to convert the Union of Red Front Fighters into a close unit of mass defence during strikes, demonstrations, etc. And the task which inevitably results from the present situation in Sweden is that of uniting round this organisation groups of workers' bodyguards in the factories, and of drawing ever-increasing masses of proletarians into the organisation.

In conclusion, it must be emphasised that both the experience of recent Swedish struggles and also of other strike movements, present the Swedish Communist Party and other sections of the Communist International with the task of linking up

economic and political strikes, demonstrations, protest meetings, etc., under the slogan of "*Defence of the U.S.S.R.*" The bourgeoisie seeks the "hand of Moscow" in every economic or political demonstration of the proletariat; they open up a campaign of violent calumny against the U.S.S.R. as a form of preparation for intervention. Insufficient use is made among the striking workers of the need for defending Socialist construction in the U.S.S.R. (where there is no unemployment); insufficient propaganda is made concerning the systematic improvement of the standard of living of the working-class in the U.S.S.R. at a time when unprecedented crisis reigns in the capitalist countries. In the face of direct preparation for intervention on the part of the capitalists, we must immediately fill in this gap in our work.

## THE FINANCES OF SOCIALIST CONSTRUCTION

By DR. H. NAGLER.

### THE FINANCIAL POLICY OF BOURGEOIS STATES AND OF THE SOVIET UNION.

**T**HE financial policy of the Soviet State forms an integral part of its economic policy, which in its turn is determined by the economic relations and the class nature of the State power within the country. In capitalist countries practically all the means of production are owned by private persons and the State power merely represents the instruments for strengthening the rule exercised by the bourgeoisie over the workers. The capitalist State does its utmost to reinforce the principle of private property. It visualises as its chief task the creation of conditions that guarantee the further exploitation of the workers and that, in particular, enable every protest of the exploited against the exploiters to be stifled at birth. It also tries to improve the competitive capacity of its own bourgeoisie on the world market, to extend its markets and its sources of raw materials. Since the modern system of production requires skilled workers, and since the State machinery demands the services of educated and obedient officials, the capitalist State is compelled to maintain a widespread system of schools and high schools.

These tasks of the bourgeois State also determine the character of its budget. If we take the expenditure of any bourgeois country, we see that the lion's share is swallowed up by the demands of war, i.e., the preparations for future war and the consequences of former imperialist wars (such as the maintenance of the army, the payment of war debts, war pensions, etc.). The struggle between the capitalists of different countries for markets or for sources of raw materials, never ceases. At times, however, this struggle assumes such an acute form, that the only resource left is armed conflict which then, with the

help of the State power, becomes a fact—and imperialist war has broken out. The bourgeois State, as the obedient agent of its masters, the capitalists, therefore makes its preparations for war.

After military expenditure, a considerable portion of the budget is taken up by expenditure on maintaining the police, the militia, the courts and the other branches of the bourgeois State machine, whose sole purpose is to strengthen the rule of capital. In bourgeois budgets we next find items of a cultural and social nature—education, public health and social insurance. The expenditure on education is designed, firstly, to ensure skilled workers for the capitalists, and officials for the bourgeois State machine; secondly, it is applied in such a way as to instil into the oppressed, the ideology of the bourgeoisie (e.g., expenditure on the church, the arts, the press, etc.), by which their will to fight against their exploiters is weakened. Generally speaking, expenditure on public health occupies but a modest place in bourgeois budgets. The bourgeois State must, of course, devote some money to this purpose, for the spread of disease weakens the physical capacity of the hired slaves of capital and also threatens the health of capitalists themselves. Expenditure for social purposes—especially for social insurance—has been won as the result of severe and long-drawn-out struggles on the part of the proletariat; it is the result of the pressure exerted by their organisations on the bourgeois State. It scarcely needs to be said that the sums spent on social insurance are very modest and their burden is actually transferred on to the shoulders of the workers.

Bourgeois State expenditure on the national economy is very insignificant. Usually such expenses are incurred for building railways, generally

of a strategic character (to serve the purposes of war), and on the post, telegraph and telephone system.

Occasionally subsidies are also granted and paid to various capitalist undertakings. Expenditure on the national economy cannot play a large part in the budget of a bourgeois country whose State power regards private property in the means of production, as the inviolable principle of every economic activity. The bourgeois State will not take on any job in the sphere of production and exchange, for this would narrow down capital's field of activity, and it is the interests of capital that the State is called upon to preserve and protect. It is true that, in a number of countries, the State controls the transport system (wholly or to a considerable extent), the machinery of communication (post, telegraph, telephone, radio) and some other undertakings. But this by no means contradicts our assertion that bourgeois State finances are apart from the national economy. The management of railways and posts, etc., by the State is explained primarily by military considerations; this also explains State enterprise (for example, in munition factories). We think it important to remark that in two of the most important capitalist countries—England and America—the railways are entirely in the hands of private persons.

To meet its expenditure, the State has a number of sources of income at its disposal. The income side of the budget of bourgeois countries is managed in such a way that by far the greater part of the dues imposed by the State is drawn from the workers. The importance of income not derived from taxation is correspondingly small. This is easily understood. for any extensive income not derived from taxation can only be obtained from State economic activities. The taxes raised by the bourgeois State, just because they weigh so heavily on the workers, represent a sort of supplementary exploitation. Apart from the fact that the worker pays his employer in the form of surplus value, he has also to pay taxes to the bourgeois State. The bourgeois State even imposes taxes on the capitalists themselves. This happens partly because the workers, of course, resist any attempt to thrust a still larger share of the fiscal burden on to their shoulders, and partly because taxes on the small earnings of the workers alone, would not yield an income sufficient to meet the requirements of the State.

The result of the October revolution was the establishment of the proletarian dictatorship in the U.S.S.R., which meant the socialisation of the essential means of production (the land, its natural wealth, large-scale industry, the transport system), and which set up as its goal the building of a Socialist society. To attain this goal it was essential to suppress all attempts made by the former owners to regain their economic and political power; it was essential to defend the land of the Soviets against the

capitalist countries surrounding it, and to develop as far as possible the Socialist sector of the national economy at the expense of the private sector, until the latter is completely eliminated. From this it follows that the tasks of the Soviet Union are in principle different from, and diametrically opposed to, those of a bourgeois State. In the one the entire State machine serves to suppress the exploited and to consolidate private property in the means of production; in the U.S.S.R. on the other hand, the State apparatus serves to suppress the exploiters and to raise the productive forces of the country to a Socialist level, and this gives to the budgets of the Soviet Union and of capitalist countries their fundamentally different and mutually hostile character. In fact, Soviet military expenditure is incurred solely because of the necessity to defend the Soviet Union from any possible attack by the imperialists, and, consequently, it has nothing in common with the expenditure incurred by bourgeois countries in preparing for imperialist war. Soviet expenditure on the State apparatus is designed to strengthen the position of the proletarian dictatorship and to suppress the exploiters. Expenditure on social and cultural purposes is designed to create a suitable personnel for the Socialist sectors of the national economy, to spread culture among the masses, to ensure their health and, to provide for them should they be rendered temporarily or permanently incapable of work. Finally, Soviet expenditure on the national economy, which increases from year to year and already occupies the biggest place in the budget, helps to accelerate the growth of the Socialist sector in town and village.

As far as the income side of the Soviet budget is concerned, we have to note the important place occupied by income not derived from taxation, that is, income from the economic activity of the Soviet State itself. The Soviet fiscal system (apart from the turnover tax) is constructed in such a way that the burden of any tax falls most heavily upon the non-working sections of the population. Moreover, the extensive and regular expenditure on financing the national economy of the U.S.S.R. offers the possibility of employing State loans to increase the State income.

Thus, the budget of a bourgeois country turns out to be a means of further exploiting the workers and of strengthening the class rule of the bourgeoisie, while the budget of the Soviet State helps to accelerate the growth of the Socialist sector of the national economy at the expense of private economy and to strengthen the class rule of the proletariat.

#### THE UNIFIED FINANCIAL PLAN.

The tremendous progress achieved in Socialist construction has created the basis for planned construction in every sphere of life in the U.S.S.R., a

circumstance which in its turn meant important reconstructive progress in the Soviet financial system. The progress is visible in three directions : (1) In the change over to a unified financial plan ; (2) in credit reform ; and (3) in fiscal reform. We shall deal with the last two factors later on when we consider the income side of the financial plan ; for the present we shall deal with the nature of the financial plan itself.

In capitalist countries practically all the income and expenditure of the State is revealed by the budget ; budget economy and State economy coincide.

The situation in the Soviet Union is quite different. There budget income and expenditure do not even approximately coincide with the total income and expenditure of the Soviet State, which has at its disposal a number of sources of income and incurs a number of expenses that do not appear in its budget. This is explained by the introduction of commercial accounting in almost all State undertakings. It scarcely need be said that in bourgeois countries, too, commercial accounting is employed in concerns such as the post and railways. The income and expenditure of these undertakings either do not appear in the budget at all, or only in so far as their net profit, or part thereof, accrues to the State. When losses are incurred the budget assigns certain revenues to cover the deficit ; the analogy between such undertakings in the U.S.S.R. which employ commercial accounting, and those in bourgeois countries is, of course, purely formal, for the establishment of a State undertaking in bourgeois countries on a commercial basis follows from considerations of a fiscal-technical character, while in the U.S.S.R. this system is applied to the entire national economy, and is a method of running socialised concerns in the period of the New Economic Policy which, at the same time, helps to supersede that policy.

As a result of placing socialised concerns on a commercial basis the budget contains items of their surpluses and also items indicating the sums allocated by the State to undertakings in order to promote their growth as rapidly as possible. Consequently, the State economy of the Soviet Union falls into two parts, the budgetary and the non-budgetary. The non-budgetary part of the State economy possesses its own financial plan, e.g., the industrial finance plan, the credit plan, the plan for social insurance, the plan for State insurance. Thus both the budgetary part of the State economy and the non-budgetary accumulate resources by various methods, but there was no document to give a full account of all the sums collected by the Soviet State as a whole. This had to be changed ; the facts of development themselves urgently demanded a document in which would be clearly reflected the extent of the resources at the disposal of the State ; their source, the manner in which they were collected, and their distribution. This document became the so-called "unified finance plan," provided for in the decree of 23-5-1930.

The need for a unified financial plan became particularly acute during the last year, firstly, because of the rapid growth in the resources of the Soviet State, accumulating from its non-budgetary undertakings, and distributed for various purposes, and secondly, because of the necessity to mobilise all possible resources for the most expedient distribution according to requirements, and for their application to the industrialisation and collectivisation of the country. It is clear that such a mobilisation of resources will be successful to the extent that the work of collection and distribution is co-ordinated ; the work conducted by means of the budget and the independent Soviet commercial institutions.

The example given below indicates the urgency of the need for a unified financial plan. Expenditure on education is met not only by allocations in the State and local budgets, but also by industry, the co-operatives, the trade unions, the credit systems, etc. It is clear that if this expenditure on education is to be correctly determined and regulated by a financial plan, the sum to be expended by the Soviet State for education in any particular year must be known. The whole importance of the unified financial plan lies in the fact that it enables the measures provided for in the budgets of the different plans (e.g., in the budget itself, the credit plan, the social insurance plan) to be determined and co-ordinated in all their aspects, in reference to the possibilities and the tasks of the Soviet financial system as a whole. The unified financial plan is not a statistical index, but an operative document. In the special quarter and in 1931 the unified financial plan was drawn up before the separate financial plans. The limits of the latter were set by the unified plan. We would also point out that public opinion in the Soviet Union is also concentrated upon the unified financial plan. Interest in the State budget is decreasing ; the question which occupies first place is : How much shall be collected by one special method—e.g., by means of accumulation on the part of socialised undertakings ; the further question ; what part of this accumulation shall be controlled by the budget system—takes second rank. Consequently, in the rest of this article we shall devote considerably more attention to the material content of the unified financial plan, than to the Soviet budget as such.

#### THE MATERIAL CONTENT OF THE UNIFIED FINANCE PLAN.

The relations between the national income on the one hand, and the unified financial plan and State budget on the other, is given (in millions of roubles) in the following table :—

	1930	1931
1. National income ....	35,885	49,849
2. Unified finance plan and State budget ....	23,427	31,755
3. State budget ....	14,855	21,664

The table shows that the part of the national income allocated to the finance plan and the State budget is increasing; for 1931, the amounts covered by the financial plan equals roughly two-thirds of the national income. Is there no danger in the finance plan absorbing resources to such an extent? In the conditions of capitalist economy such an arrangement would be impossible, for it would have the most harmful effects on the development of the national economy. But since the Soviet State uses by far the greater part of the resources it collects to finance the national economy, it can take a larger share of the national income than would be possible for a bourgeois State. Production does not suffer thereby, for it is precisely because of these allocations that the national economy is able to take such great leaps forward. The interests of production are furthered by the Soviet State receiving sums for the financing of industry which, in the hands of those who contribute the sums, would be expended for their own consumption.

With the progress made by the national economy of the Soviet Union and the successes achieved in socialisation, the financial plan and the State budget of the U.S.S.R. are growing steadily. In 1925-26, the U.S.S.R. budgeted for 4,272 million roubles; by 1931 the figure had risen to 21,664 million. The pre-war budget of Tsarist Russia (1913) amounted to 3,500 million roubles. If we consider the development of budgets in recent years in bourgeois countries, we see that in general they have remained unchanged, with a slight increase in some countries and a decline in others, one of the results of the profound economic crisis which has the entire capitalist world in its grip. The British budget in 1925-26 amounted to £812 million sterling, in 1930-31 to £873 million. The French budget rose from 41 milliard francs in 1926 to 50 milliard in 1930-31. In 1926-27 the Federal budget of the U.S.A. was 4,128 million dollars; in 1930-31 it had fallen to 3,834 million. Germany's national budget in 1926-27 ran into 9,183 million Reichsmark, in 1930-31 it was 10,473 million. For Italy the figures are: 26,243 million lira in 1926-27 and 22,238 million for 1930-31, for Japan, 1,510 million yen in 1926-27 and 1,627 million yen in 1929-30.

Another result of the world economic crisis is budget deficits in the bourgeois countries. In Germany, the budget deficit for 1930-31 amounts to roughly 2 milliard Reichsmark; in the U.S.A., the corresponding figure is approximately 180 million dollars; in Britain, £40 million sterling for 1930-31. Against this background the budget figures of the U.S.S.R. stand out clearly. For 1929-30 the Soviet Government fixed its budget at 11.6 milliard roubles; actually 12.6 milliard roubles were received in income, and 12.3 expended. The budget for 1929-30 therefore gave an active balance of 300 million roubles.

The income calculated in the unified finance plan for the year 1931 is made up of the following items, given in millions of roubles:—

Source of Income.	Amount Budgeted.	Percentage of Total.
<b>I.—ACCUMULATION OF SOCIALISED UNDERTAKINGS :</b>		
Industry .....	4,076.3	12.8
Transport .....	3,380.7	10.7
Trade .....	1,655.2	5.2
Agriculture .....	1,073.4	3.4
Credit Institutions .....	920.6	2.9
Electric power stations .....	140.0	0.4
Miscellaneous .....	2,097.1	6.6
Total of Section I. ....	13,343.3	42.0
<b>II.—TAXATION:</b>		
Turnover tax .....	9,280.0	29.2
Other taxes .....	1,935.0	6.1
Total of Section II. ....	11,215.0	35.3
<b>III.—INSURANCE ORGANISATIONS :</b>		
Social insurance system .....	2,173.6	6.9
State insurance system .....	490.6	1.5
Total of Section III. ....	2,664.3	8.4
<b>IV.—RESOURCES OF THE POPULATION :</b>		
Loans .....	1,300.0	4.1
Voluntary taxation .....	400.0	1.2
Payments into co-operatives .....	920.7	2.9
Savings banks .....	400.0	1.2
Contributions to tractors .....	16p.0	0.6
Repayment of loans to agricultural credit system .....	700.0	2.2
Total of Section IV. ....	3,880.7	12.2
V.—TRADE UNIONS .....	350.0	1.1
VI.—MISCELLANEOUS INCOME .....	302.1	1.0
<b>TOTAL INCOME</b> .....	<b>31,755.3</b>	<b>100.0</b>

It can be seen from this table that 42 per cent. of the total income budgeted for in the Soviet finance system arises from the accumulation (surpluses and amortisation) of socialised undertakings; 35.3 per cent. is raised by taxation, mainly by the turnover tax; 8.4 per cent. by the insurance system and 12.2 per cent. is drawn from the resources of the population. The table also shows that industry and transport contribute the greater part of the sums gathered in from socialised undertakings.

One of the arguments used by the bourgeoisie against Socialism is, that undertakings not based upon the principle of private property cannot be profitable. The bourgeois press has maintained for many years past that the socialised undertakings of the U.S.S.R. have been working at a loss. The financial plan for the current year refutes this contention. Their accumulation is increasing from year to year, and has now become the most important source of income in the Soviet financial system. This

growth is made possible by the development of Soviet national economy and the heroic struggle of the Soviet proletariat to reduce costs and increase the productivity of labour.

The bourgeoisie is aware of the great scope of our unified financial plan, and its press endeavours to minimise its importance by pointing out that it includes the working income of the socialised undertakings—that is, that part of their income which serves to meet expenditure. This argument is wholly incorrect; the financial plan contains only the accumulation of these concerns, and not the sums required to meet current expenses.

The fact that the sums raised by taxation are accounted for chiefly by the turnover tax, deserves particular attention. The predominant part played by this tax is the result of the unification of the payments to be made to the budget by socialised undertakings that were accomplished in December, 1930, and that represents an illuminating example of the advantages offered by a planned Socialist economy over anarchical capitalist economy.

The facts are that, shortly after the proclamation of the New Economic Policy, Socialist undertakings run on commercial lines were subjected to the same fiscal methods as were applied to private undertakings. Socialised undertakings paid into the national exchequer a number of the taxes passed on to the consumer (tax on earnings, excises and import dues, stamp tax, etc.) in addition to the income tax on net profits that was also passed on to the consumer. They also paid into the budget a legally fixed proportion of their net profits and had certain obligations to fulfil in respect to State loans. In this way, the socialised undertakings entered into the entire system of payments made to the budget; this practice was justified in the first period of N.E.P., when private capital in trade and industry still possessed considerable importance; it was accompanied by strict supervision on the part of the exchequer over their earning capacity and their consequent ability to meet their obligations to the State exchequer. This system strengthened the competitive capacity of our undertakings by supplying the impulse to a rational management of business and by impressing upon responsible workers the consciousness of their duties towards the State, thus ensuring that budgetary interests would be secured.

But the unceasing growth of socialisation and the successes achieved in that sphere changed the situation entirely. At about the middle of the year 1929-30 the part occupied by the private sector in the turnover of goods had fallen very low. Private capital had by then been entirely thrust out of large-scale industry. Socialist Soviet concerns had reached a much higher level of organisation by means of district production associations. Their activities had become, in every detail, the subject of planning

and regulation. The scope of production, overhead costs, prices, marketing, etc., began to be fixed by the State power. In such circumstances the system of varied and numerous payments into the exchequer became unnecessary, in fact, it was even harmful, for it prevented planned activities and imposed extra costs upon the financial and administrative apparatus of the Socialist concerns. Consequently, in September, 1930, the greater part of these payments were amalgamated into one tax—the turnover tax, which includes all former excise duties, the tax on earnings, payments to State insurance funds, a number of less important dues and seven kinds of payment formerly paid out of surplus.

This unification of payments was of great economic importance. Apart from everything else, it greatly reduces the cost of running the financial and administrative side of concerns. It need scarcely be mentioned that a reform of this character is possible only in the U.S.S.R., only under the conditions provided by a planned Socialist economy.

The social insurance system contributes 2.2 milliard roubles to the budget. In the U.S.S.R. the funds allocated to social insurance are drawn exclusively from contributions by the employer, that is, principally by the Soviet State itself. The insured persons themselves do not need to pay to be protected against poverty in old age, sickness, etc. The Soviet system of social insurance contributes greatly towards raising the material and cultural level of the working people. In bourgeois countries, practically the entire burden of social insurance is borne by the workers themselves; the contributions made by the State and the employer is actually very small.

The resources available for State insurance are derived almost entirely from agricultural sources for, as we have already mentioned, the insurance contributions of industry are included in the turnover tax.

With regard to that part of the budget income derived directly from the population, we shall deal only with loans and savings. In bourgeois countries the State has resort to loans principally in time of war. In peace times, loans play a small part in the budgets of bourgeois countries. State credit serves as a means of preparing for war and of meeting the consequences of former wars. The position in the U.S.S.R. is wholly different; there State credit is an instrument for accelerating the pace of Socialist construction. The workers, by taking part in State loans, increase the pace of industrialisation and collectivisation. Soviet loans are based on the fact that the working masses are ready to help Socialist construction forward with their savings.

The State savings banks in the U.S.S.R. mobilise workers' savings for the purposes of Socialist construction. At the present time, the savings banks are trying to run the cash affairs of the workers in town

and village by having wages paid through them and by developing book-keeping instead of cash transfers, etc. By becoming an investor in a savings bank, the Soviet worker can fulfil his financial obligations in a convenient fashion and at the same time facilitates the financing of Socialist construction.

The unified finance plan for 1931 contains no item of income from note issue; the financial plan of the special quarter also omitted this item. The presence of such an item in the financial plan for 1929-30, somewhat larger than that originally provided for, and a certain rise in prices on the free market, gave the bourgeois press an opportunity of talking about inflation in the U.S.S.R. and the collapse of the financial plan. It is true that during the year 1929-30 prices rose on the free market, but in not one instance did prices rise in the Socialist sector, which has the dominating position in the goods-turnover of the country and which supplies practically all the food and articles of mass consumption necessary for the workers. Moreover, the private trader, seeing the successful advance of the Socialist offensive and feeling his own end near, tries his utmost to raise the prices of the few goods still at his disposal. At the present time even these prices are not rising. The "small-change" difficulties experienced in the latter half of last year have now been entirely eliminated. The absence of a note-issue item in the financial plan for the current year and in the special quarter, which will be strictly adhered to, will further strengthen the position of the Soviet rouble.

Soviet credit institutions are budgeted to contribute 920.6 million roubles. It is clear that in bourgeois countries, banks, an instrument of finance capital whose primary aim is to make the greatest possible profits, are more profitable. In the U.S.S.R. the banks represent the monetary aspect of the financial system, and their activities are regulated to serve the interests of the national economy and the cultural revolution.

In dealing with banks in the U.S.S.R., we have to touch upon the credit reform carried out in 1930, which also exhibits the advantages of a planned economy. Bourgeois countries cannot even dream of the former and methods of work applied practically in the banking system of the U.S.S.R.

In capitalist countries the banks arrange credits between those with monetary resources to spare, and those who need them. But besides these banks which, so to speak, act openly as credit intermediaries, there exist in capitalist countries credit intermediaries that it is difficult to recognise as such, at a first glance. Innumerable capitalist undertakings grant credit mutually among themselves by the method of commercial (commodity) crediting, for example, industrialists sell their goods to merchants on credit; other merchants supply industrialists with raw materials on credit, etc. In addition, these industrialists and merchants usually obtain credit from the

bank, that is, they receive from the bank the supplementary monetary capital which they require for their production or their trade. On the one side, getting credit from the bank or from those who supply him with goods, the industrialist usually grants credit to those to whom he sells or supplies his commodities; this gives rise to a vast network of visible and invisible mutual credit relations and, following upon this, the credits granted by banks, nominally assigned to one particular branch of the national economy, find their way into other branches. Moreover, the banks themselves are, as a rule, willing to grant credit to a certain concern to the extent that the latter deposits with it bills drawn on another concern; that is to say, in this case, the banks will grant credit if proof is forthcoming that the concern in question has itself granted credit to another undertaking. Consequently, the banks to a certain extent lose the possibility of keeping their money within a particular concern or branch of industry; while they themselves act as credit mediators, they are to a large extent dependent, in their distribution of credits, upon a number of other credit mediators. The real facts of credit distribution become veiled and obscure; order is maintained by "credit discipline," that is, by forcibly collecting the debts of those who do not pay up (in cases of bankruptcy).

The system on which, up to the middle of 1930, credit was granted and distributed in the U.S.S.R. was similar to that described above as obtaining in capitalist countries. One peculiarity of the Soviet conditions consisted in the fact that the undertakings themselves had at their disposal an amount of working capital that is very small when compared with the sums assigned to them, both then and now, by the banks. In granting commercial credits to each other, Soviet undertakings were thus only giving to each other what they themselves had obtained from the banks. In this way the banks actually lost the possibility of administering their resources—this was done by the industrial trusts, the syndicates, co-operatives, etc. The plans of distributing resources among the different branches of the national economy encountered difficulties, precisely because these branches determined, on their own account, the subsequent fate of the credits granted by the bank. Gradually this credit system became completely out of harmony with the planning and centralisation of Soviet economy as a whole.

The credit reform put an end to all this; instead of concerns, really requiring monetary resources, receiving commercial credit from other firms, which in their turn operate for the most part with credit granted by the bank, the principle has now been established of direct connection between the bank and the client which needs its money. Formerly, when an industry sold goods to a co-operative, the bank gave credit to the industry (the sellers) against a bill drawn on the co-operative (the buyer); actually,

however, the bank was helping, not the industry, but the co-operative, although the money was given to the former. When such transactions are made now, the bank grants credit to the co-operative, i.e., it gives the money directly and without any intermediary to that partner in the transaction who is at the moment in need of the money to pay for the goods; i.e., it is the buyer and not the seller who receives credit. Whenever goods change hands the seller must receive from the purchaser the full price of the goods in money. If the purchaser's bank account can meet this, he pays the seller by a cheque drawn on the bank. If the buyer has no such resources, the bank places the sum required at his disposal. In no case, however, does the seller himself grant credit, i.e., transfer the goods on commercial credit; this method has been completely abolished and credits are now granted only by the banks.

The results of such a fundamental change in the principles upon which credits are granted and received, are considerable. All short-term credits granted by the banks to their clients and all the transactions made by these clients, are entered into a general account which gives a picture of their entire activity. Thus the entire financial situation of its clients is immediately clear to the bank. The slightest deviation from the plan, the least slackness in mobilising resources can no longer remain hidden from the bank, which becomes the financial and accounting centre for all transactions undertaken within the whole complex of Soviet economy. This transforms the banks into a powerful and adaptable instrument of the Government and the bodies regulating the national economy. The possibilities of planning become immeasurably greater because there is no longer any doubt as to the real financial situation, within that economy. The granting of credit, as we can observe it within the capitalist world, has ceased to be, and instead, Soviet concerns are provided by the banks with monetary resources whenever they are necessary.

The expenditure side of the unified financial plan for the year 1931 is made up as follows (in millions of roubles):—

Object of Expenditure.	Amount.	As percentage of total.
<b>I.—FINANCING OF NATIONAL ECONOMY:</b>		
Industry (of which industry controlled by Supreme Council of National Economy takes 7,098.2) ....	7,991.0	26.4
Agriculture ....	4,794.7	15.8
Transport ....	3,310.2	11.0
Trade ....	2,707.8	8.9
Miscellaneous ....	2,256.6	7.5
<b>Total of Section I.</b> ....	<b>21,060.3</b>	<b>69.6</b>

Object of Expenditure.	Amount.	As percentage of total.
<b>II.—SOCIAL AND CULTURAL PURPOSES:</b>		
Education ....	3,394.6	11.2
Public Health ....	1,189.3	3.9
Labour protection and social insurance ....	1,011.4	3.4
<b>Total of Section II.</b> ....	<b>5,663.7</b>	<b>18.7</b>
<b>III.—OTHER SERVICES (Defence, Administration, etc.)</b> ....	<b>3,531.3</b>	<b>11.7</b>
<b>Total expenditure</b> ....	<b>30,255.3</b>	<b>100.0</b>
<b>IV.—RESERVE</b> ....	<b>1,500.0</b>	—
<b>BALANCE</b> ....	<b>31,755.3</b>	—

Thus 69.6 per cent. of all the amounts provided for in the financial plan go to finance the national economy; 18.7 per cent. is expended on social and cultural purposes. Expenditure on defence amounts to only 4.3 per cent. of the total. These figures clearly illustrate the great efforts now being made in the Soviet Union and offer proof of the essential soundness and strength of the Soviet financial system.

Of the 21 milliard roubles to be expended on financing the national economy, 17 milliard represent capital investment, that is, these sums will increase the basic wealth of the country. They represent almost a third of the national income that will be attained in the Soviet Union in 1931. Such a rapid increase in accumulation is known in no other country.

The State budget of the Soviet Union for 1931 balances at 21.7 milliard roubles. About a half of this sum represents the yield of taxation .43 per cent. being raised by the turnover tax alone; 22.2 per cent. is raised by the income of the transport system, 7.8 per cent. by loans and 7.2 per cent. in receipts from the industry controlled by the Supreme Economic Council. It should be noted that the gross income and expenditure of the transport and communication system is entered in the State budget, while in the financial plan only, the balances are shown. If the balance only of the transport and communication systems were entered in the budget, the percentage of the budget receipts yielded by taxation would be greater; even so, however, it would still be less than the percentage occupied by taxation in the budgets of bourgeois States.

The expenditure side of the U.S.S.R. State budget for the year 1931 is composed of the following items, in millions of roubles:—

	Amount.	As percent- age of total.
<i>National Economy</i> ....	15,304.9	75.9
Made up as follows :		
<i>Supreme Economic</i>		
Council ....	4,850.8	24.0
Electrification ....	768.4	3.8
Agriculture ....	2,346.1	11.6
Trade ....	1,411.5	7.0
Transport ....	4,807.9	23.8
Communications	549.4	2.7
<i>Social and Cultural Purposes</i> ....	1,195.0	5.9
<i>Defence</i> ....	1,290.0	5.1
<i>Allocations to local budgets</i> ....	1,288.5	6.4
<i>State loan service</i> ....	394.5	1.9
<i>Miscellaneous</i> ....	691.7	4.8
<b>Total Expenditure....</b>	<b>20,164.6</b>	<b>100.0</b>
Reserve ....	1,500.0	—
Balance ....	21,664.6	—

This table naturally reveals the same features as that of the expenditure side of the unified financial plan. In fact, we have given these figures only in order to compare them with corresponding figures in the budgets of bourgeois countries.

The Soviet State expends on the national economy about three quarters of all its budgeted expenditure. Bourgeois countries devote only a small and diminishing part of their expenditure to the requirements of the national economy, averaging 3.5 per cent. and at the highest 10 per cent. The lion's share of bourgeois budgets goes to meet the national debt service and to pay for armaments—that is, to wipe out the results of past wars and to prepare for new ones.

Let us take the British budget as an example. For 1930-31 it amounted to £871 million sterling, of which £360 millions went to the national debt and £164 million for military purposes. Together, they account for more than a half of the total budget expenditure. That this debt is mainly the result of the last war is shown by the fact that the national debt amounted in 1914 to £649.8 million sterling, and in 1919 to £7,434.9 million.

Let us take another great imperialist power—the United States of America. The U.S.A. budget for 1929-30 amounted to 4,023.7 million dollars, of which 18 per cent. went on military purposes and 33 per cent. on the national debt. If we add to these amounts the sums distributed in war pensions, the total expenditure on items connected with warfare accounts for 67 per cent. of the federal budget. The U.S.A. national debt in 1914 amounted to 1,188 million dollars, in 1919 to 25,482 million dollars.

The national budget of Germany, conquered and forcibly disarmed, devotes a much smaller proportion of its expenditure to the national debt and the military services than other great countries. For 1931-32, 7.3 per cent. of total budget expenditure goes on military purposes and 8.7 per cent. on the national debt. On the other hand, reparations account for 17 per cent. of all budget expenditures and pensions for ex-soldiers and their families 15 per cent. Together, expenditures on the national debt, reparations, war pensions and the army accounts, even in Germany, for about half of the total budget expenditure.

Finally, let us take France, whose State budget for the year 1929-30 balanced at 50 milliard francs, of which 13 milliard francs went to the national debt service—not including the sums paid by Germany in reparations—and about 10 milliard francs on military purposes. Before the war the French national debt ran into 34 million francs; to-day it is some hundred milliards.

A similar picture is given by the budgets of other bourgeois countries. In bourgeois States the entire business of the accumulation of capital is left to private initiative, for the State itself—up to its ears in the job of preparing for war—cannot undertake this. Every budget merely reflects the daily practice of the State power. The budget of the Soviet Union is related wholly to the economic, social and cultural construction proceeding in the country. It is one of the most powerful means for building Socialism in the Soviet Union.

# THE AGRARIAN CRISIS IN BRITISH WEST AFRICA

By G. PADMORE

## I.

**D**ESPITE the intensive post-war penetration of finance capital in the exploitation of the mineral resources of British West Africa, which comprises the colonies of Gambia, Sierra Leone, Gold Coast and Nigeria, with a total area of 500,000 square miles, or five times the size of the United Kingdom, agriculture is still the basic industry of the 25,000,000 natives who inhabit these countries.

In order fully to understand the changes which have taken place in relation to the agrarian policy of British imperialism in this part of the continent, it is necessary to refer to three factors which, to a very considerable degree, prevented the establishment of plantations and otherwise influenced the early methods of exploitation.

Firstly, the earliest contact which the imperialists had with West Africa, was as slave dealers. After the decline of the slave trade during the sixties of the 19th Century, the merchant-capitalists, thanks to the Industrial Revolution, turned their attention to palm oil, for which there was a tremendous demand in England. Furthermore, as the palm tree regions are located along the coastal belt of West Africa, there was no necessity for the imperialists to open up the hinterland with its dense forest and unnavigable rivers. The merchants, therefore, established trading posts at various ports (Bathurst, Free Town, Gold Coast, Lagos, etc.), where their ships called from time to time and were supplied with kernels and oil by the natives, who collected these products from the palm groves.

Secondly, because of the general topographical features of West Africa, with its marshy lowlands and lagoons, which contributed very much to the prevalence of malaria and other tropical diseases in the nineties, the British Government did not encourage white colonisation, as has been its policy in East Africa, where the highlands of Kenya and Tanganyika enable Europeans to make permanent settlements.

The third factor was the lack of an adequate supply of labour for the plantation system due to the depletion of the native population caused by the slave trade. Therefore, in order to foster the development of the palm oil industry, the imperialists permitted the Negroes who occupied the coastal regions to remain on their lands. Later on, the system was extended in relation to the cultivation of other crops, and in this way the system of peasant proprietorship became the recognised economic form of agricultural production in West Africa. As a result, practically all

of the cocoa has been produced by natives in the Gold Coast colony. The export trade, however, is largely in the hands of European firms. These companies maintain large shipping depôts in the various coastal towns together with a system of small traders in the hinterland, where the crops cultivated by the natives are bought up at the end of every harvest season. The country or "bush" stores are generally in charge of native middlemen who receive a commission on their purchases from the European companies.

This system of indirect business relationship between the imperialists and the peasants of the interior has contributed to the creation of a class of West African petty-bourgeois traders, who have recently begun to organise co-operative market agencies, as well as a bank (the Industrial and Commercial Bank of West Africa) in order to compete with the foreign wholesale merchants who, they realise, are ruthlessly exploiting the peasantry through monopoly and pool purchasing. This represents the first open economic struggle on an organised scale, between the Native trading capitalists and the foreign imperialists.

Generally speaking, the policy of native peasant production has been pursued by the West African Governments up to the time of the last imperialist war. However, during post-war years the colonies have undergone tremendous sanitary changes, as a result of the scientific discoveries for the control and treatment of tropical diseases, as well as the opening up of the forest regions by means of railroad and motor transportation.

Thanks to these improvements, British capitalists are now attempting to develop large-scale plantations in various parts of West Africa. This is beginning to influence the former land policy pursued by the Governments, which are now actively co-operating with foreign companies in providing a broader base for the investment of finance capital. All this is being done by means of expropriating the lands from the Natives, and turning them into a landless class of wage earners, entirely dependent upon their white over-lords, as has already been successfully done in the British East African colonies of Kenya, Uganda and Tanganyika, as well as in South Africa, the Belgian Congo and French Equatorial Africa.

In order to secure labour for these plantations, the governments impose various forms of taxation, such as Poll, Head and Hut taxes upon the natives, and thereby force them to go and work for the Europeans in order to secure the money to pay the Government. In some territories even more direct methods of forced labour are applied.

For instance, the principal functions of the Chiefs in Nigeria, Sierra Leone and Protectorate and the Gold Coast, are those of labour recruiting agents and tax-gatherers. Whenever there is a shortage of labour, the foreign plantation owners, acting through the State officials, order the Chiefs to provide the required quota of labourers.

Thanks to the tribal institutions of the West African peoples, which generally confer all sovereign power of the tribe on the person of the Chiefs and, as such, make them the trustees of all tribal lands, these lackeys are still in a position to wield a great amount of influence over the broad masses. These renegades, therefore, exploit their prestige to the fullest extent, notably by issuing orders calling upon all able-bodied men to leave the villages and go to work for foreign companies during certain periods of the year.

There are more than 20,000 agricultural labourers on the pre-war German plantations in the Cameroons, part of which is now under the administration of Great Britain, as a Mandated territory. The average wage is 5 cents per day for unskilled labour and 20 cents for native overseers and foremen. The working conditions of the agricultural labourers are far worse than those of workers engaged in other industries. The working hours depend entirely upon the overseers, who are permitted to ill-treat the workers in the most shameful manner. These capitalist tools are generally members of a different tribe from the great mass of field-hands. This is done in order to promote prejudices and ill-feelings among the tribes. The social and housing conditions of the agricultural workers are also worse than of any other section of the population. Most of them live in mud huts covered with straw or the skins of animals, while their sanitary arrangements are of the most primitive character.

Thousands of natives are also employed by European timber concessionaires in the Benin River territory. These workers are most mercilessly exploited by the contractors, who force them to work for six months at a time before they are entitled to receive pay. During this period the workers are advanced food, which consists of rice and salted fish from the company stores, and at the end of six months the total of the advance made is deducted from their pay. As a result of this system the workers invariably find themselves indebted to the companies, which compel them to continue work another term under similar conditions. This system of peonage is most widespread throughout the timber regions of Southern Nigeria and the Cameroons.

In Nigeria, the Government of the Southern Province is openly working hand-in-hand with British agricultural companies towards this end.

The chiefs and the big native landlords are also giving active support to this scheme, because such a policy coincides with their own economic interests. In order to crush all opposition that might be raised against land expropriation, the Nigerian Government recently enacted a Bill known as the *Appointment and Deposition of Chiefs' Ordinance*, which empowers the Governor to depose any chief who shows "disloyalty" to the Government, and appoint another in his place.

The policy of agricultural monopoly is nothing new, for it was officially endorsed and supported as early as 1917 by *His Majesty's Controller of Oil, Oil Seeds and Fats*, who was also a member of the *British Empire Resources Development Committee*, which was created shortly after the war for the purpose of finding out ways and means to intensify the exploitation of the vegetable resources of the Empire. Speaking in the House of Commons, this imperialist Minister, parroting the words of Chamberlain, said:—

*"The West African Colony should be regarded from the point of view of estates of the Crown which should be developed for the benefit of the Empire. Furthermore, it should be remembered that the lands belong to the Crown and that the natives were an undeveloped national asset, who should be trained and developed to the fullest extent."*  
(*Emphasis mine.—G.P.*)

Another ardent advocate of the plantation system was the late Lord Leverhulme, the Governor of Lever Bros., Ltd., who, addressing a meeting of the British African Merchant Association in London some years ago, said that

*"the African natives will be happier, produce the best and live under the largest condition of prosperity, when his labour is directed and organised by his white brother (the capitalist.—G.P.) who has had all these million years' start of him."*

Since this time steps have been taken to prepare the way for a huge monopoly of agricultural products by the formation of a huge trust in 1929, known as Lever-Margerine, which is a combination of *Maypole, Lever, United Africa Co., and Margerine Union, Ltd.*, with a capital of about 40 million pound sterling. Under this scheme the United African Co., which comprises the *Eastern and African Trade Corporation*, the Niger Company, as well as a number of smaller firms, with an issued capital of 13 million pounds, has already taken over the West African businesses of *Margerine Union and N.V. Margerine Union*, for the consideration of 1,534,000 pounds sterling. The chairman of this powerful combine is no less a person than Sir R. Waley Cohen, who is also a director of *Royal Dutch Shell Oil Company*.

This agricultural and trading monopoly, which in turn is dominated by the great banks of England, has already had a tremendous effect in worsening the conditions of the peasant masses; added to which, the world economic crisis of capi-

talism has intensified the general agrarian situation. By controlling the bulk of the import trade which is chiefly made up of such commodities as canned foodstuffs, cotton cloth, earthenware, boots and other leather goods, etc., etc., the new combine is in the position to compel the toiling masses of negroes to pay whatever prices it feels inclined to quote, and at the same time regulate the current market rates for raw products. The result is, wholesale pauperisation is sweeping over the entire West African colonies, for the purchasing power of the natives has been considerably reduced. According to the *Board of Trade Journal*, 13/11/30, the purchasing power per head of the West African natives in 1929 was ten shillings and ninepence as compared with that of New Zealand, which was £14 11s. 1d.

If we take the condition of the Gambian farmer to illustrate the point, we at once see the desperate economic position of these Africans. The average peasant cultivates  $1\frac{1}{2}$  tons of ground nuts per year, which fetches about £5 per ton on the local market, thus making a total income of £7 10s.; while his living expenses amount to the following: Rice during planting season, £1 16s.; ground nut seeds for planting, £1 4s.; hut tax, four shillings; poll tax, six shillings; cost of living for 365 days at one shilling per day, £18 5s., making a total of £21 5s. for living expenses as compared to an income of £7 10s. Thus the West African peasant's expenses exceed his income by £14 5s. annually. So, in order to augment the family budget and help make ends meet, the entire household—mother, children, and in many cases aged folks—are all forced into the labour market, which is unable to absorb them at the present time of crisis and of great unemployment in the colony.

The present conditions of West African export trade in relation to the European market can be summarised as follows:—

- (a) *Cocoa*: The Gold Coast Colony produced about 232,000 tons or 43 per cent. of the world's cocoa output in 1929, as compared with 219,000 tons in 1928. Similarly, the Nigerian cocoa output has increased. It was 55,246 tons in 1929, 49,209 tons in 1928 and 38,210 tons in 1927. The highest price fetched for this commodity in 1928 was £67 sterling per ton for the best grade, and £50 sterling per ton for ordinary quality, while the price in 1929 ranged from £46 to £52 per ton. The current price is £35 per ton.
- (b) *Palm Oil*: Nigeria made a record shipment of 132,000 tons of palm oil in 1929, as compared with 127,000 in 1928 and 130,250 tons in 1927. The price, however, has shown a decisive decline, from £38 in 1928 to £32 in 1929. To-day, the sum of £20 is being quoted per ton for palm oil on the Liverpool Exchange.
- (c) *Palm kernels*: Nigeria and Sierra Leone continue to increase their exports of palm kernels. For example, over 250,000 tons were shipped from

Nigeria, and 60,200 tons from Sierra Leone in 1929. But here again a drop in price can be observed from £22 in 1928 to £15 in 1929. To-day, kernels can hardly fetch more than £12 per ton in the European and American markets.

- (d) *Ground nuts* continue to be the staple crop of Gambia. Large quantities are also being exported from Nigeria. Last year's shipments from the latter place amounted to over 145,576 tons as compared with 103,162 tons in 1928 and 70,773 tons the year before. The 1929 export from Gambia amounted to 58,000 tons. In 1928, ground nuts fetched about £21 per ton; in 1929, £18, and to-day £14.

The current local market rates which directly affect the native farmer are as follow: ten pounds sterling per ton for palm oil, four pounds sterling per ton for kernels, four pounds sterling per ton for ground nuts, and eight pounds sterling for cocoa. When we compare the prices which these African peasants get locally with what the European merchants sell for in Liverpool and elsewhere, we see the tremendous rate of profits derived by the foreign capitalists.

The same situation applies to other products, such as rubber, cotton, Kola nuts, ginger, etc., etc.

An analysis of the foregoing export trade figures reveals two striking features: (1) a tremendous increase of production is to be noticed on the one hand, and (2) a constant decline in mass values on the other.

The agrarian problem has become so acute during the past six months that even the *African World*, one of the most reactionary journals of the South African bourgeoisie, commenting on the situation, has been forced to recognise the unenviable position in which British imperialism finds itself.

"Probably nothing causes West African farmers to think more furiously than fluctuation in the prices of their products. They have seen the returns for their labour steadily diminishing for several years till they have come near to the level of the cost of production, and the growers are beginning to ask themselves whether it is worth while to grow crops for sale to the white traders, who appear to fix prices at their own pleasure, but always to the disadvantage of the native. They are shrewd enough to know that the traders do not buy the products out of a philanthropic desire to serve Africans, but for profit, and if they get the impression that the game is too one-sided, that they are being exploited, they will cease to play. When they come to the conclusion that the game is not worth the candle, they will refuse to market their produce. The same is true only to slightly smaller degree in the other colonies." (Emphasis mine.—G.P.)

Already, in the Gold Coast, the cocoa farmers have taken up the counter-offensive. Over 30,000 small growers have organised themselves into an association to control the production and marketing of their crops. In some districts of the Gold Coast and Ashanti the farmers are cutting down their trees and destroying their

crops rather than sell to the European merchants at the terribly low prices quoted.

The agrarian crisis does not only reflect itself on the general trade depression, but of necessity has its repercussion on the finances of the colonies, which, to a considerable extent, are derived from customs duties on imports and exports.

For example, let us take the case of Nigeria. There we see a sharp drop in the revenue from £8,728,451 sterling in 1927-28 to £8,429,308 sterling in 1928-29, while the general expenditure of the colony rose from £9,147,530 sterling to £9,395,749 sterling during the same period. On the other hand the public debt of the colony has increased from £19,309,210 sterling to £23,559,209 sterling within a period of two years. Furthermore, if we were to examine the situation in the Gold Coast we will find a similar state of financial depression. The revenue of this colony in 1927-28 amounted to £5,217,638 sterling, while in 1928-29 it dropped to £4,703,967 sterling; the expenditure during a corresponding period was £4,714,947 and £5,419,732 respectively. The customs revenue also showed a considerable decline. For instance, it amounted to £3,000,799 in 1928 as against £2,301,739 in 1929. The value of imports for that year amounted to £10,082,381 sterling, which was £2,117,664 less than the year before. The exports for 1929 were valued at £12,677,716 sterling, being £1,147,159 less than in 1928.

Although complete statistics for 1930-31 are not yet available, there are indications that the situation is becoming worse and worse. Mr. Picton H. Jones, Chairman of the West African Trade Section of the Liverpool Chamber of Commerce, speaking at the annual meeting on April 9th, 1931, reviewing the economic situation in West Africa for 1930, said:

"I regret that I have nothing very cheerful to say. The year has been a most depressing one with scarcely a redeeming feature. The causes to which the experts attribute this state of affairs are many, and it is difficult to pick out any one. In any case I think those in the trade will agree that West Africa has experienced its full share of the effect of the slump in the prices, and of the difficulties in finding satisfactory markets."

Continuing, Mr. Jones said:

"Trading operations have been carried on under the most trying conditions, and everyone is looking for a silver lining."

This decline in the value of exports from the Gold Coast can be traced directly to the present state of the world cocoa market. The dependence of this colony on this predominant staple crop makes the Gold Coast peculiarly sensitive to the present world crisis. This is strikingly illustrated by the fact that the export of raw cocoa amounted to 238,068 tons, valued at £9,704,493 sterling, but when compared with the export of the com-

modity in 1928 we discover an increase of 12,991 tons of cocoa but a decrease in the value to the amount of £1,525,019. Another factor which has contributed to the decline in revenue of the Gold Coast is the drop that has taken place in the importation of gin. This commodity represents one of the biggest items of import into the colony. The Government, by means of a special tax imposed upon the importation of gin, has always been able to derive a large percentage of revenue from this source. In 1927, 1,118,913 gallons of gin were imported into the Gold Coast, while in 1929 the amount dropped to 569,746 gallons. This caused the revenue derived on this commodity to fall nearly £670,000 sterling. This decline in the importation of gin can be attributed to the curtailment in consumption among the peasants, whose present purchasing power caused by the fall in value of produce, prevents them from indulging in as much of this liquor as in previous years, and not to any Temperance movement as has been claimed by the missionaries.

The same general state of financial stagnation prevails in Sierra Leone and Gambia. In the latter colony, the revenue dropped from £289,419 sterling in 1927 to £225,385 in 1929, and still continues to decline. In Sierra Leone, the finances of the colony are in such a threatening condition that the Government has instituted a wholesale programme of retrenchment in order to stave off an impending bankruptcy. The revenue was, during the first quarter of 1930, short by about £21,500.

Faced with this state of affairs, the West African Governments have embarked on a dual policy of: (a) increasing taxation on the already overtaxed and pauperised peasants and workers, and (b) reducing the salaries of the Africans employed in the Civil Service. This is being done in order to provide funds to maintain the functioning of the State apparatus which becomes more and more indispensable to imperialism at this time when the revolutionary forces are shaping themselves and the masses are beginning to take up the counter-offensive.

As a result of increased taxation, the toiling masses are more and more driven into the hands of the native kulaks (chiefs and big landlords in the villages), and other usurious elements in the cities, in order to provide the money to pay the tax-gatherers.

Unemployment in West Africa is increasing in astonishing proportions. The rising tide of unemployment is getting so acute that the *Sierra Leone Guardian*, the organ of the native petty-bourgeois nationalists of Free Town, has been forced to comment on the situation as follows:—

"In this little world of Sierra Leone, the tide of unemployment has been very rapid. Many of the young men have been thrown out of work by the mercantile

world, owing to bad trade. The total crash of kernel and palm oil trade has caused the Railway Department to cancel the run of several trains weekly. Rumour is in the air of retrenchment to take place in this Railway Department, as well as in the Public Works Department. Since the beginning of the year, it has been declared that the Government was not going to undertake any new building work. Our mechanics who have been carrying on with such ordinary work in the Public Works Department have had to be put aside, and there is an army of carpenters and masons that have nothing to do to keep life a-going. Initial salaries have been reduced in the Gold Coast and we have no doubt that Sierra Leone will soon follow. The constant fall of revenue cannot but result in further unemployment. Already all future appointments have been suspended and a deadlock created."

In order to place themselves at the head of the unemployed movement, the petty-bourgeois, especially the "Left" leaders of the West African National Congress, have established committees of the unemployed in the most important West African towns, such as Lagos, Free Town and Accra. In this way the thousands of unemployed workers and agricultural labourers are being brought under the influence of petty-bourgeois nationalism. Every move on the part of the petty-bourgeois to-day is made in order to subordinate the growing proletarian mass movement to their own class interests. The only way in which the unemployed will be able to get any assistance from the Government and the European capitalists is by organising their forces under the leadership of the trade unions and independent Committees of Action. The employed must unite with the unemployed, especially in view of the tremendous retrenchment and cutting of wages now taking place, and put forward demands in their own class interests and not permit themselves to become the pawns of the native petty-bourgeois nationalists.

## II.

British Imperialism, faced with an ever-deepening crisis in the metropolis on the one hand, and with revolutionary uprisings in the East (China, India), displacement and loss of world markets on the other, is turning its attention more and more to Africa, the last stronghold of world imperialism. In this way the British bourgeoisie hope to find a way out of their dilemma by unloading the full burden of the crisis on the backs of the black toiling masses of the continent, who are still largely unorganised.

However, the very conditions under which the negroes live, subjected as they are to the most intensive and ruthless forms of exploitation, make for their rapid revolutionary development.

Since the beginning of 1930, new events of tremendous significance for the revolutionary movement have taken place throughout West Africa. With the rapid proletarianisation of large sections

of the negro population, thanks to the exploitation of the mining resources of the colonies, class differences are beginning to manifest themselves more sharply. The proletariat is becoming more and more class-conscious, and as such, is starting to organise trade unions and at the same time rousing the semi-proletariat and agricultural toilers to action. Battles have already broken out between the toiling population and the imperialists in Nigeria. In the South-Eastern Province of Nigeria, the semi-proletariat and poor peasants are forced to leave their villages and work in industry and on the plantations in order to get money to pay their taxes. As a revolt against this imperialist policy they took up the offensive against the Nigerian Government last December. It has been estimated that over 30,000 women staged monster protest demonstrations against British imperialism in Apobo and Calabar districts. They carried on guerilla attacks on the British settlements for several days. It was only after the Social-imperialist Government of MacDonald had ordered troops to the scene, where 83 women were murdered by machine-gun fire of the soldiers, and 54 others wounded, that the rising was crushed.

The chief causes for the revolt were, first of all, the attempts of the Government to levy a special head tax on the women in order to force them into the labour market; and secondly, the tremendous fall in the prices for peasant produce, caused by the world crisis and aggravated by the monopoly policy of the British trading companies and the banks.

However, as was to be expected, the blame for the uprising was immediately attributed to the agents of Moscow. The Colonial Secretary of Nigeria, Sir Frank Baddeley, speaking at a dinner in connection with the Colonial Conference in London in June, 1930, said

"that the Government of Nigeria had discovered the circulation of the *Negro Worker*, a trade union bulletin published by the Profintern in Moscow, among the workers of Lagos, and that the Government was adopting precautionary measures to combat the spread of Bolshevism among the peasant masses and workers of Nigeria."

This was not the first time that the peasants of Southern Nigeria had revolted against the attempts of the British Government to impose taxation upon them.

"Eleven years ago, Lugard made his first attempt to introduce this system of *Capitation or Poll Tax* into the Southern Province and the net result was to convulse the Southern Provinces, inasmuch as such a system was opposed to their traditional customs and usages; and more particularly because the Southern Provinces have been accustomed to the payments of tolls and excise duty upon trade rather than upon head or person.

"So violent was the opposition by the Southern Provinces to this nefarious capitation tax that it led to a

number of native risings with a corresponding number of so-called "expeditions," and their attendant destruction of African lives and property, to put down those risings. Indeed, within a very short time following the introduction of this system of capitation tax in the Southern Provinces, the number of native risings—protests against the imposition of the tax—and the corresponding "expeditions" to quell them was by far greater than those throughout the whole period comprised within the date of the Colony and Southern Provinces that first came under the British flag and the time of the introduction of these nefarious taxes. *And to-day, though everything seems outwardly calm, yet the bitter truth of the whole situation has yet to be told; for the widespread misery which the imposition and collection of these taxes appear to have entailed is such that many persons in the provinces have practically abandoned their homes and sought evasion by migration.*" (Memorandum, National Democratic Party of Nigeria.)

The "Times" Correspondent of Nigeria, commenting on the findings of the Commission which investigated the December revolt, writes:—

"The trouble was of a nature and extent unprecedented in Nigeria. In a country where the women throughout the centuries have remained in subjection to the men, *this was essentially a women's movement, organised, developed, and carried out by the women of the country*, without either the help or permission of their menfolk, though probably with their tacit sympathy." (Emphasis mine.—G.P.)

Another peasant revolt broke out in the Protectorate of Sierra Leone in February, 1931. Hundreds of poor peasants, some of them armed with rifles, and others with agricultural implements, refused to pay the Government tax collectors and drove them away from their villages. The Government sent several battalions of soldiers of the West African Frontier Force into Gambia district where the peasants had seized control and were confiscating the Government's lands. After several days' fighting the uprising was suppressed and the leaders, as well as a number of peasants and soldiers, were shot.

A number of strikes of a political character have also taken place in Gambia and Gold Coast. In the former colony, the Bathurst workers have been able to withstand the attacks of the foreign bourgeoisie and their imperialist Government, which attempted to destroy the trade union movement.

The struggle began when the transport workers refused to accept a wage cut and called a strike. The Government ordered out the troops, declared martial law, and raided the workers' quarters. The natives, however, strengthened their ranks by extending the strike, which lasted for several days. The fighting spirit of the workers was marvellous. They forced the Government to withdraw the soldiers from the streets; and the British trading companies, United Africa Co., Ltd., Bathurst Trading Co., Ltd., Gambia Trading Co. and Palmine Ltd., represented by the Chamber of Commerce, were compelled to agree to the demands of the workers. This was

one of the most brilliant victories for the young trade unions of West Africa. Throughout this section of the continent, the workers are beginning to organise and to fight against the ever-increasing measures of imperialist exploitation carried out by the British trusts and banks with the aid of the State apparatus.

The basic force in the revolutionary liberation movement in West Africa lies in the agrarian masses, who form the overwhelming majority of the toiling population under the leadership of the proletariat; and because of this, the question of the organisation of the agricultural workers as well as the peasantry must be made one of the central tasks of the trade unions. Up till now we have not paid sufficient attention to the labour movement in West Africa. Therefore, it is absolutely necessary for us to begin to give more attention to this rising movement in the African colonies, especially in connection with those parts where there is a well-crystallised proletariat. Immediate steps should be taken to establish contacts with existing trade unions, peasants' movements and national revolutionary organisations, in order to raise their ideological level and give them more conscious leadership. Facilities must also be created to train cadres directly from these colonies for leadership in the anti-imperialist movement.

In all of these respects a great responsibility is thrown upon the British and French Communist Parties as well as the Minority Movement and the C.G.T.U. The isolation which at present exists between the advanced proletariat of these imperialist countries and the African colonies must be immediately overcome. The revolutionary press of Europe and America must also give more publicity to the conditions under which the Negroes in Africa live, such as forced labour, Poll Tax, Pass Laws, as well as exposing the brutal policy of flogging women and children, all of which are resorted to in order to crush the militancy of the black workers and thereby keep them in a condition of virtual slavery.

Furthermore, with respect to our trade union work in West Africa, it is necessary for us always to keep clearly in mind the oppressive economic, political and social character of the situation in these colonies. Because of the special forms of exploitation of the toiling masses which British imperialism has adopted, every attempt on the part of the natives to organise, becomes a political issue; every economic strike immediately develops into a political struggle.

Why is this so? Let us take the case of Nigeria for example. The coalfields and railroads are owned and operated directly by the Government. In the event of the workers in these in-

dustries organising and putting forward even the most elementary economic demands, the Government will at once interpret this, not as an ordinary dispute between the workers and capitalists, but as an attempt to revolt against the State. And under the statutes of an anti-labour character embodied in the Criminal Code of Nigeria, pressure will be brought to bear on the unions and the workers through the intervention of armed police and the *Royal West African Frontier Force* which are specially stationed throughout the most important industrial centres of the country, to facilitate their quick mobilisation on occasions of emergency. The same applies to the tin industry. For although the tin mines are being exploited by private companies, the Nigerian Government is closely linked up with these capitalist concerns from whom it derives royalty on production. The finances obtained from this source form a large percentage of the revenue of the country, in consequence of which, the Government will always be ready to defend the interests of the tin producers against the miners.

We had a glaring illustration of the strike-breaking role of the colonial Governments during the last railroad strike in Sierra Leone.

In January, 1926, a general strike broke out among the railroad workers under the leadership of the S.L. Railway Workers' Union.

"At the end of six weeks, the Government had succeeded in breaking the strike. It declined to take back into the service thirty-seven pensionable employees, some of whom had worked for twenty years. Others they took back only after a temporary reduction in pay, ranging from 30s. to £6. These measures led the Africans to declare that the Government was attempting to destroy the Railway Union and to deny the right of Africans to strike.

"The Government denied that it had any intention of breaking the union; *its responsibility was to maintain the country's system of communication; if the men chose to strike, the Government was entitled to employ men to take their places.*" (This was not an ordinary industrial dispute in which the Government was a neutral party). 'This was a revolt,' according to the Governor, 'against the Government by its own servants.'

"The Secretary of State for the Colonies telegraphed:

*"The strikers must realise that as Government servants who had left their work without leave, they are liable to the penalty of instant dismissal."* In the debate on the strike the Governor went so far as to imply that even if the employees were not Government servants, they would be liable to a fine under the *Manual Labour Ordinance of the Colony* which makes any labourer who refuses to perform his work without 'just cause' liable to a fine not exceeding £2 and, in default of payment, to imprisonment not exceeding one month. In other words, the Master and Servants' Ordinance of Sierra Leone, mild as it is, compared with ordinances found in East and South Africa, operates to make strikes of any kind illegal."

(Emphasis mine—G.P.) ("Legislative Council Debates," April 9, 1926, Bull. Vol. 1. p. 859 "Native Problem in Africa.")

The recent Gambia strike also exposed the repressive role of the Government in industrial disputes.

It is therefore necessary to point these facts out to our African comrades in order that they might be better prepared to organise their forces and to lead the masses in the coming class battles.

Only through active participation of the workers of the mother countries in the struggles of the African toilers against their imperialist oppressors, will we be able to establish a true spirit of internationalism, and at the same time help to develop and strengthen the fighting forces of the international working class against world imperialism.