
By V. Molotov.

Text of Speech delivered at the XVI. Party Congress of the C.P.S.U.

Comrades, The stage of the development of the communist world movement which has been passed through since the XVI. Party Congress is of extreme importance. The reason for this is the profound changes which have taken place in the political and economic development of the capitalist States on the one hand and of the Soviet Union on the other.

The economic crisis developing in the capitalist countries is leading to the collapse of the capitalist stabilisation. This crisis has now become international in character. It is growing on the basis of the general crisis of capitalism, and is intensifying this with a powerful impetus. The development of the economic crisis is leading in some countries to the transformation of this crisis into a political crisis.

The growing crisis in world capitalism is bringing with it the aggravation of all the antagonisms in the capitalist system.

In the sphere of international relations, the antagonisms between the capitalist countries are becoming increasingly acute. The struggle for the world hegemony has reached a hitherto unheard of point of tension. Besides these antagonisms between the imperialist countries on the one hand, on the other we see the relations more and more strained between these imperialist countries and the colonies and dependent countries. This applies especially to India and China.

At the same time the antagonisms are becoming acuter within the capitalist countries themselves. One expression of this is the growing Fascisation of the bourgeois states. Social democracy simultaneously proceeds rapidly on its way to Social Fascism.

At the same time the antagonisms are becoming acuter changing in the capitalist countries. The struggle of the proletariat against the bourgeoisie is assuming more and more the form of a counter-offensive. The growth of the elements of the fresh revolutionary upsurge is an irrefutable fact. All this involves changes in the tactics of the Communist Parties.
All this transfers the work of the Communist Parties and the Comintern to quite new conditions. All this requires the adaptation of the work of the Communist Parties to the new tasks of the revolutionary struggle.

The world economic crisis in the bourgeois countries on the one hand, and the victorious construction of socialism in the Soviet Union on the other, increases as never before the significance of the role of the Soviet Union in international revolutionary factor. The growing decay of capitalist stabilisation, and the growing advance of the socialist economy of the Soviet Union, show the broad masses of the working class of all countries, in the opponent peoples of the colonies, the inevitability of the collapse of capitalism. The successes gained in the building up of socialism in the Soviet Union are a call to battle for the victory of socialism.

The Comintern has long since formed its estimate of these fundamental facts of international economic and political development. The decisions of the VI. World Congress are of special importance in this regard. These give an analysis of international development and its perspectives which has subsequently been justified by events. These decisions have been applied by the Communist International in its struggle against all manner of opportunist tendencies, especially in the struggle against the Right deviation in the Communist Parties. The importance of this struggle is now clear to the broad masses of the proletariat, and events prove definitely that nothing but the consistent struggle for and the policy of the Comintern can enable the communist movement to mobilise the working masses, to an ever increasing extent, under the banner of the revolutionary struggle for the overthrowing of the capitalist yoke.

I proceed to the fundamental questions confronting the Comintern International.

I. The Growth of the Crisis of World Capitalism and the Line of the Comintern.

1. The World Economic Crisis.

I shall begin with the question of the world economic crisis.

Comrade Stalin, in the political report of the C.C., has already given an adequate analysis of this crisis. I must only add a few remarks.

In America, on the eve of the crisis so to speak, the well-known book of the Hoover Commission was published: "The latest changes in the economy of an 'Unified Field' of this kind every aspect of the economic development of the United States is dealt with, and a general estimate made of the perspectives of economic development in America. In this book, issued by the president of the United States, Hoover, the idea is never brought to awareness that this was the essence of the situation in the United States. Instead of this we read: "We have an unlimited field before us... We have new needs which, in proportion as they are satisfied, will again open unending paths for new ones." More than this, this book even denies the possibility of a crisis. We read:

"At one time the stagnation of the course of development of production and demand was one of the characteristic features of the economic process. This process was irregular and incalculable beforehand. Over-production alternated with a stagnation of production, enabling demand to peak. During the seven years of our examination (the period between 1922 and 1929, V. M.) the balance between supply and demand was apparent." ("The latest changes in the economy of the United States", Vol. 1, p. 15. The quotations are re-translated.)

We see that Mr. Hoover and his economic committee looked confidently into the future, hoping definitely that North America capitalism has been endowed with an unlimited field of development, that the leaders of the politics of the United States have ensured the "balance of production and consumption" and overcome the "stagnation of the course of development of supply and demand", that is, that they are safe from fresh crises. And almost the next day after the publication of this book the first symptoms of the approaching crisis showed themselves in America. The beginning of the crisis in the United States is calculated from the Exchange crash in New York in October, but signs of declining economic prosperity were observable earlier. As early as July the decline commenced in the United States; and at the same time in Germany. Since this time the crisis has spread, and has become universal.

One of the clearest signs of this process is the decline in foreign trade. The foreign trade of 48 countries, taken together, has declined by 9.6 per cent in the first quarter of 1930 as compared with the corresponding period last year. The great capitalist countries have been hardest hit by this decline. Here the decline of foreign trade (April 1930 compared with April 1929) has been as follows (in percentages): Imports Exports

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The present crisis is one of over-production. This means that the production of capitalist industry cannot find adequate markets. Therefore the growth of production has ceased, or production has even diminished, in a number of countries. Thus for instance the index figures of industry have fallen off as follows (first quarter of 1930 compared with the corresponding period last year): in Germany by 7.8 per cent, in the United States by 11 per cent, in Poland by 16.7 per cent. For Great Britain the figures have remained almost unaltered, growing by only 0.5 per cent; only in France the advance has been 4.8 per cent.

Can it be asserted that capitalism has rapidly developed in the post-war period? No, this cannot be maintained. With the exception of the United States and France, the production figures have scarcely risen above the pre-war level. If we consider Europe apart from the Soviet Union, we find that in the most important branches of industry (raw materials, coal, oil, metals, chemicals, foods), the pre-war level was only exceeded by 9 per cent by 1927. That is to say, the growth of industry has been entirely insignificant of late years in Europe, especially when we take into account the increase of population.

It is of further importance to ascertain whether capitalism fully utilises the production apparatus at its disposal. According to the calculations of our economists of the State Planning Commission of the Soviet Union, the existing international apparatus of production could perform at least double the work if properly used. Even more, if the production apparatus is not used by capitalism, and cannot be used by it. In spite of this, we have a serious world economic crisis.

The industrial crisis in the capitalist countries coincides with the crises in the agrarian countries. The crisis in agriculture is due to the great drop in the prices of agricultural products. Even before the present economic crisis a considerable decline in the prices of the most important agricultural products was observable: cotton, jute, wool, silk, rubber, vegetable fats, as also wheat, rice, potatoes, sugar, coffee, tea, and cocoa. This decline has been rendered more acute by the falling off of the industrial demand for raw materials, and by the worsening of the situation of the working class.

Stupendous obstacles have stood in the way of the development of agriculture in the capitalist countries. How can the cultivation of food plants develop when the demand per head of the population for wheat and rice is declining? In 1928 the demand for wheat and rice per head of the population declined, in comparison with before the war, in Great Britain by 10 per cent, in the United States by 13 per cent, in Germany by 18 per cent, etc. On the other hand, the production of other agricultural products is hampered more and more by the sinking demand brought about by the conditions obtaining in the capitalist countries. The world's sugar production exceeded the world's consumption by an average of 1.8 million tons in the period 1923/24 till 1927/28. The world's output of tea has risen by 20 per cent in comparison with before the war, while consumption has only increased by 6 per cent. In the last two years the world's coffee production has exceeded consumption on an average by one and a half times yearly, etc. This has
led to wheat and maize being used as fuel in various parts of the United States, in order to increase prices. In Brazil, the situation is even more acute, and attempts are being made to arrive at agreements restricting the production of various products. Even before the world economic crisis, the agricultural crisis in the capitalist countries caused agriculture to limit the use of fertilisers. The bourgeois economists declared that "the whole question brings about negative results for agriculture" (small peasant farming in Germany is referred to).

The long-drawn agrarian crisis, and the resultant impoverishment of the peasant masses, have greatly contributed to the causes of the world economic crisis. This again reduces the demand for agricultural raw materials in consequence of the declining production, and thus aggravates the agricultural crisis in its turn. In this way the industrial crisis is linked up with the agricultural crisis, and enormous obstacles arise in the way of development of the productive forces of the capitalist countries.

Is characteristic that the present economic crisis was not preceded by a general boom of industry (as in the period before the war). During the period 1928/29 increased economic prosperity was only observable in the United States, France, Sweden, Belgium, and Holland. A brief revival was experienced by industry in Great Britain, Germany, Japan, and Italy. In the agrarian countries there have been depressions and crises. The present crisis has seized upon most of the capitalist countries and is now universal.

At the same time we see every sign that the crisis will be a prolonged one. The optimistic forecasts of the rapid close of the crisis have ceased to appear. The enormous growth of capitalist monopolies during the last five years has not by any means served to organise capitalist economy as a whole. On the contrary, the circumstance that the crisis is developing under the conditions of monopolist capitalism is prolonging and deepening it.

As a matter of fact, of late years the concentration of capital has proceeded rapidly. I shall confine myself here to a few facts only. The largest monopolies have amalgamated of late years. Some of these hold key positions in the world's markets. One example of this is the international motor-car industry, whose enormous output originates to the extent of two thirds from only two capitalist monopolies, Ford and General Motors. The formation of great capitalist monopolies is growing with equal rapidity in Germany. According to recently published statistics, the greatest undertakings with a capital of five million marks and more form 0.5 per cent of the total number of undertakings, and 41 per cent of the total capital amounts to 19,800 million marks. During the last 3 years the capital owned by these giant enterprises has grown by 4,600 million marks, or 50 per cent of the total growth of capital in Germany. Another example. The leader of the French railway, Dailard-Paribas, had in 1927 to address his petty bourgeois constituents, that two to three hundred families in France have the greatest branches of industry — metallurgy, naphtha, etc., in their hands.

The power of the capitalist monopolies in the present stage of the development of the crisis is evidenced in the maintenance of high monopolist prices for their products.

In Germany, for instance, we observe during the crisis a considerable lessening of the so-called free prices, whilst the high prices for the products of the trusts are maintained. On the other hand the reduction of the subsistence index prices does not reach the consumer, and it is only in very rare cases that a reduction of the subsistence index figures can be recorded. Monopolist capital wages an obstinate struggle for the maintenance of prices, and under present circumstances this contributes to the prolongation of the crisis. Monopolist capital is striving to thrust the burden of the crisis into the smaller branches of industry, upon the small farmers, upon the workers, etc., and the consequence is that ever greater obstacles arise in the way of escape from the crisis.

The fact that in times of crisis the antagonisms between the social classes of the雇佣 and capitalist appropriation of it lead to the sharpest of conflicts between the two antagonistic forces (Engels). The greed of profit drives the capitalists to increase production, but the low standard of living of the overwhelming majority of the masses of the population in the capitalist countries is an insurmountable hindrance to the rapid development of the productive forces of capitalist economy. The material conditions of the level of the working class and the masses of the population are kept down at a very low level by capitalism, thereby limiting the possibilities of the development of industry under the rule of capitalism. This poverty, this limited consumption of the masses, becomes especially conspicuous in periods in which the growth of production has out-distanced to a greater extent than usual the low level of the consumption of the masses. Capitalism gives no solution of this contradiction between the possibilities of the growth of capitalist production with its advanced techniques, and the low level of living forced upon the broad masses of the people, nor can it give this solution.

I must deal somewhat more in detail with the question of the standard of living of the masses of the workers in the capitalist countries. I quote a few figures. In the most powerful capitalist country, England, the real wages of the workers, under the conditions of increased exploitation, amounted at the end of last year to 95.2 per cent1) of the level of 1914. In Germany, according to the statements of bourgeois economists (for instance Sternberg) the wage level is lower than before the war. According to the calculations of the well known statistician Kuczynsky, the wages of the German workers decreased during the first half of 1929 alone by 15 per cent.

The employment figures tell an especially eloquent tale of the position of the working masses in the capitalist countries. The considerable decrease of unemployment during the last few months is a characteristic phenomenon in most capitalist countries. The cubic columns of the figures are very high. In the United States there are already 6 to 7 million unemployed, in Germany 5 million, in Great Britain more than 2 million. In the capitalist countries there are even more workers on short time. In Poland every second worker is either engaged on work of short duration, or unemployed. Of all is the fact that prospects do not point to a reduction of the unemployed army, but to its increase. Only recently the social democrats still sang hymns in praise of capitalist rationalisation. Only recently the leader of the German trade union Mr. Leipart said:

"We have always, especially in our struggle for shorter working hours, demanded that the employers should make use of technical progress, that they should improve and modernise the organisation of the undertakings. Therefore we have approved of it, and have agreed to the sacrifices which the working class must bear as result of temporary unemployment." (From Leipart's speech at the Hamburg Congress of the General German Trade Union Federation, Ed.)

Now the German social democrats are sounding the retreat. Even the "Vorbärts" (28th May 1930) declares that one of the leading causes of growing unemployment is the excessive rate of rationalisation. In this manner, this same rationalisation, which should serve to develop industry in Germany, becomes one of the main causes of the intensification of the crisis and of the increase of unemployment.

But capitalism has already entered the phase of general crisis, upon whose basis the present crisis too is developing. Since the imperialist war, and especially since the victory of the proletarian revolution in the Soviet Union, a new stage in the development of capitalism has set in, the stage of the general crisis. The capitalist world exists no longer as homogeneous whole. The existence and consolidation of the economic base of the imperialism, the roots of world capitalism. On the other hand the anti-imperialist movement in the colonies and dependent countries is undermining at the same time the capitalist system. Meanwhile the imperialists are taking increased interest in the colonial markets. Great Britain, for instance, received from its investments abroad, in 1928, an income of about - in round figures - 5600 million roubles. This sum includes 2850 million roubles interest, 1400 million dividends, and 1350 million sea freight.**

The shrinkage of the markets, and the lack of prospect that these will widen, plunge capitalism into increasing difficulties. The frightful and ever growing unemployment is one of the clearest signs of the developing general crisis of capitalism. It has become chronic, and evinces only one tendency, the tendency to grow further.

Unemployed.

** "Daily Telegraph", 9th May 1930, according to the statements of the League of Nations.
All this leads to the growth of the elements of decay and parasitism in capitalism. In order to show the strengthening of these elements, I may give one example. I refer to the structure of the labor大军 with reference to the Great Britain show that in the last five years (1924 till 1929) the number of workers employed in the productive branches of British economy is not only not increasing, but is actually declining. In five years this category of workers has dwindled from 9,159,000 to 9,094,000, that is, by 155,000. On the other hand, the number employed in the non-productive branches of British economy has increased from 2,351,000 to 3,090,000, or by 739,000. The same process is going on in the United States. In the book above mentioned: "The latest changes in the economy of the United States", it is stated that in the post-war period in America the number of people employed in non-productive professions has increased whilst the number employed in productive work has decreased. In the mining industry, for instance, and the industry working up its products, the number of workers employed dropped from 12,400,000 to 11,883,000, that is, by 517,000, in the period from 1920 to 1927. At the same time the number of commercial employees increased by 1,408,000, that of the employees in hotels, restaurants, and places of amusement by 575,000, that of the cinema workers, artists, musicians, etc., by 190,000, etc. The fact of the decline of the figures regarding the productive workers proves that the productivity of non-productive professions has increased whilst the number employed in productive work has decreased. In the mining industry, for instance, and the industry working up its products, the number of workers employed dropped from 12,400,000 to 11,883,000, that is, by 517,000, in the period from 1920 to 1927. At the same time the number of commercial employees increased by 1,408,000, that of the employees in hotels, restaurants, and places of amusement by 575,000, that of the cinema workers, artists, musicians, etc., by 190,000, etc. The fact of the decline of the figures regarding the productive workers proves that the productivity of non-productive professions has increased whilst the number employed in productive work has decreased. In the mining industry, for instance, and the industry working up its products, the number of workers employed dropped from 12,400,000 to 11,883,000, that is, by 517,000, in the period from 1920 to 1927. At the same time the number of commercial employees increased by 1,408,000, that of the employees in hotels, restaurants, and places of amusement by 575,000, that of the cinema workers, artists, musicians, etc., by 190,000, etc. The fact of the decline of the figures regarding the productive workers proves that the productivity of non-productive professions has increased whilst the number employed in productive work has decreased. In the mining industry, for instance, and the industry working up its products, the number of workers employed dropped from 12,400,000 to 11,883,000, that is, by 517,000, in the period from 1920 to 1927. At the same time the number of commercial employees increased by 1,408,000, that of the employees in hotels, restaurants, and places of amusement by 575,000, that of the cinema workers, artists, musicians, etc., by 190,000, etc. The fact of the decline of the figures regarding the productive workers proves that the productivity of non-productive professions has increased whilst the number employed in productive work has decreased.

2. The Line of the Communist International and the Struggle against the Right.

What was the estimate formed by the Communist International of the development of capitalism in the period preceding the world economic crisis, and in how far has this estimate corresponded to the subsequent facts? It is easily proved that the Communist International made at the time an analysis of the development of capitalism which has been fully confirmed by the facts of the economic crisis.

As early as the 15th Party Congress Comrade Stalin, in the political report of the Central Committee, gave the following estimate of the perspectives of the development of capitalism:

"Out of the stabilisation itself, out of the fact that production is increasing, that trade is increasing, that technical progress and the possibilities of production are growing, whilst the world’s markets, the limits of these markets and of the spheres of influence of the individual imperialist groups are growing, as the same is precisely out of all this that the profoundest and acutest crisis of world capitalism is arising, pregnant with fresh wars, and threatening the existence of every stabilisation.

Out of the partial stabilisation arises the intensification of the contradictions between the different branches of industry and these contradictions shake the stabilisation; these are the dialectics of the development of capitalism at the present historical moment."

These points of Comrade Stalin’s report were made the basis of both the decisions of the Party and of the Communist International. They were further developed in the decisions of the VI Congress of the Comintern. The VI Congress made an analysis of what is known as the "third period" of the post-war development of capitalism, and stressed the inevitability of the further shattering of capitalist economy and an even greater intensification of the general crisis of capitalism.

This characterisation of the third period was as follows:

"The third period, in which the economy of capitalism and almost simultaneously the economy of the Soviet Union exceed the pre-war level (beginning of what is known as the reconstruction period), the further growth of the productive forces (the basis of technical). For the capitalist world this is a period of the rapid development of technical, of the increased development of the cartels, trusts, and the tendencies towards state capitalism. At the same time it is a period of the highest development of capitalist economy contained in the world’s economics, a development advancing in forms determined beforehand by the whole course hitherto taken by the general crisis of capitalism (dwindling markets, Soviet Union, colonial movement, growth, of the inner antagonisms of imperialism). This third period, in which the contradiction between the growth of the forces of production and the narrowing down of markets has become apparent, whereby the first fresh phase of wars against the Soviet Union, national liberation wars against imperialism, interventions on the part of imperialism, gigantic class struggles. This period, in which all international antagonisms (the antagonisms between the capitalist countries and the Soviet Union, the military occupation of Northern China as the commencement of the dividing up of China, and the struggles of the capitalists among themselves, etc.) become acuter, in which the inner antagonisms of the capitalist countries are加剧, and their continued influence of the deviations towards the Left of the working masses, the acuter class struggles, the movements in the colonies—China, India, Egypt, and Syria) inevitably leads through a further development of the contradictions of the capitalist stabilisation to a further shattering of capitalist stabilisation and to an acuter aggravation of the general crisis of capitalism."

This estimate of the perspectives of the development of capitalism has been fully and completely confirmed by the subsequent facts of the advancing world economic crisis. It is necessary to emphasise that Lenin’s estimate was not opposed to this estimate own line. The Right endeavoured to patch together the growing contradictions; that is to say, their attitude implied at bottom the denial of the inevitability of the decline of capitalist stabilisation under present conditions, most of all the decline of capitalism. The standpoint was Comrade Bukharin. A comparison of the first draft of the theses drawn up by Comrade Bukharin for the VI. World Congress with the resolution as finally carried affords immediate proof that Comrade Bukharin’s views were precisely these. At that time Comrade Bukharin was the ideologist of the Right elements in the Comintern, those who approached ever more closely to social-democratic conceptions regarding the consolidation of capitalist stabilisation, that is, who in actual fact came very near to the Hilferding’s theory of the "recovery" of capitalism after the crisis.

The struggle in the ranks of the Comintern against the views of the Right deviators in this basic question was of great fundamental and practical importance. This struggle was the more necessary as in a number of Communist Parties the Right elements—as events soon showed—played a great role and their deviations in the Comintern would have been bound to lead to the disruption of the Communist Parties.

I give a few examples characterising the standpoint of the Right elements in the Comintern.

The then leaders of the American Communist Party, Lovestone and Pepper, who later filtered in the CI, propagated the theory of the "exceptional position" of American imperialism, which they alleged to stand outside of the developing general crisis of capitalism. They proceeded from the standpoint that American capitalism was in the epoch of a hitherto unheard growth of its economic power (Pepper), that in the United States a "second industrial revolution" was proceeding (Lovestone). Lovestone wrote (retranslated):

"The crisis in the coal, oil, and textile districts of the United States is not a sign of the beginning decay of American imperialism. On the contrary, this crisis, which can be overcome by the process of the further development of rationalisation, and consequently bear witness only to the great strength and growth of American capitalism. Here lies the fundamental difference between the different branches of industry in the United States and the crisis in most of the branches of production in Great Britain and Italy."

Lovestone and Pepper failed to see the growing inner antagonisms of capitalist development in the United States. They perceived only the growth of external antagonisms. This is, however, a characteristic feature of the Right deviations in the United States this same Lovestone wrote in his recalle organ (retranslated):

"The Wall Street panic is not the result of the weakening of American economics, but an expression of
the actual power of American capitalist economics" etc., ("Revolutionary Age". 15th November 1929.)

Thus Lovestone bowed down to American capitalism. It is such unnecessary to say that the Comintern had to purge itself of such elements, which are alien to the proletariat.

Another example of this kowtowing to the forces of capitalism is the attitude of the Right renegades in Sweden, under their leader, Kibom, wrote in September of last year: "For Swedish capitalism golden days have come again ... and it would be an act of aggravation and the decepton of the workers to tell them that in Sweden the capitalist system is shaken, that an economic crisis is impending ..." (The emphasis is mine. W. M.)

Finally, there was one man who expressed the opinion, at the Unitary Trade Union Conference in France last autumn, that capitalism may look forward to an undisturbed development which may last without struggles or crises for 30 to 40 years. Were we not to purge the ranks of the Comintern from such rotten, opportunist elements, we should fail to combat the elements of disintegration in the Communist Parties. Hence the struggle against the Right elements has been, and is, the most important prerequisite to the Comintern for the correct estimate of the perspectives of the struggle, and therewith facilitating the mobilization of the working masses around the banner of the Comintern.

Comrade Bukharin contributed in particular to spreading this ideology in the ranks of the Comintern. After the 6th Congress he published an article in which we read: "The problems of the markets, of the prices, of the economic crisis and the last long years of depression, problems of world economics, are replaced within the country itself by the problem of organisation." ("Prawda", 26th May 1929.) This declaration on Bukharin's part caused even the social democratic press to make the following remark:

"Bukharin, in his estimate of the organisational and economic consequences of monopolist capitalism, goes considerably further than the social democratic and bourgeois theoreticians. For instance neither Hilferding in his book known as "The Organisation of Economic Life" nor Sombart, have maintained that under highly developed capitalism the decisive categories of the capitalist system of economy (prices, markets, competition) will be supplanted by organisation." ("Kampf", December 1929.)

This did not, however, prevent Trotsky from becoming the bard of American "prosperity" later on. As a matter of fact, his assertion that America would "put Europe on rations" was merely a peculiar variation on the theory of "exception", which then became the principle in the Comintern, the new Communist Party. Here again Trotsky smuggled in an essentially opportunist line, hostile to the Comintern, beneath the cloak of "Left" phrases.

For the rest, Bukharin has understood very well, on more than one occasion, to bring "Left" and Right views into harmony, with one main difference: in his "Economics of the transformation period" he wrote of capitalism that from now onwards no regeneration of industry is possible, and yet at the same time he left a back door open, in this work and other writings, for "organised capitalism". The example clearly evidences Bukharin's eclecticism.

The course of development of the world economic crisis is sweeping away the illusions of the Right on "organised capitalism". The economic crisis enormously intensifies all the antagonisms of capitalism. In some countries the preconditions are arising for the conversion of the economic crisis into a political one. Among the masses of the workers the consciousness is maturing of the necessity of the revolutionary overthrow of capitalism, of the struggle for socialism. The achievements of the socialist revolution in the Soviet Union arouse the enthusiasm of the whole world and the elements of the international cartels are beginning. The imperialist war was a war for the re-division of the world. After the war the struggle of the international monopolies for the markets, real and nominal, for raw materials and the markets for capital investments, set in again with real vigour.

During the war the tendency towards the organisation of international capitalist monopolies became much stronger. American imperialism showed special energy in this direction. This development has been reflected in the economic policies of the great imperialistic Powers, not only in the colonies and dependent countries, but in the countries of Europe (Germany for instance). In spite of the antagonisms between Germany and France the number of Franco-German monopolist combines is increasing. By the end of last year over 40 such Franco-German associations had come into existence (in the smelting industry, chemical industry, etc.).

At the same time the struggle for the markets leads to protectionism, that is, to the protection of the home market from foreign capital, finished goods, or raw materials, and the struggle for the foreign markets (selling, raw materials, capital investments).

The present crisis drives the capitalist countries with special violence to protectionism. The growth of protectionist tendencies is evident wherever a market situation not only to by not only the capitalist countries of secondary rank, but by the great Powers. It is noteworthy that America has been the first country to raise the protective tariffs. Recently it took over the duties in the products of agriculture, non-ferrous metals, and the products of the chemical industry. The rise in the duties is 30 to 35%. Although this measure on the part of the United States evoked the protest of 34 Powers interested in the American markets, and although the other Powers were not as yet willing to consider that the measure to be inadvisable, the raised tariff was passed. The answer given by the other countries has been counter-measures of the same kind. Canada, France, and other Powers have already introduced higher customs duties.

For the rest, the English protectionism is not especially widespread. In the Conservative Party, a considerable group has been formed under the leadership of the "Press kings" Lords Beaverbrook and Rothermere. These agitate for the creation of a customs union barracading the British Empire, with its dominions and colonies, from the capitalist world outside by means of a barbed wire fence of tariffs. The protectionist movement among the Conservatives is winning more and more adherents, even in the ranks of the other parties.

The most powerful capitalist country of the continent, France, is too developing along the lines of super-protectionism. The idea that France has, as an alliance of the capitalist Powers of Europe with France as central point politically against the Soviet Union, is beginning to make practical progress in the form of preparations for the formation of a "European France". The "European France" is anxious to make Europe its market and its outlet for capital investment. With this object it is making increasingly obstinate propaganda for the idea of the European tariff union.

Meanwhile the capitalist great Powers—America, England, France—are developing along the line of super-protectionism. The decisive antagonism in the camp of imperialism is the struggle for the world hegemony fought between
the United States and England. In this struggle the United States are increasingly successful in conquering economic positions in the world's markets of her own colonies and dominions. In this direction the United States have been eminently successful of late years. In view of the world economic crisis, the extension of American exports is more threatening than ever, whilst England's exports have not yet reached the world's markets (80%). The significance of this threat to England is realised when we remember that an increase of American industrial export by one percent would be equal to the total exports made by England to all the countries of South America.

America does not confine itself to strengthening its economic positions in the world's markets. It is pressing along the whole front against England. In the Kellogg Pact we see its endeavour to make the question of the coming imperialist war dependent on its will. At the recent London Naval Conference America emphasised the principle of the equality of its and the English navy, taking therewith a resolute step towards the further undermining of England's world hegemony. Today England can no longer build on the preponderance of her fleet. And this is of special importance for England in view of the tremendous extent and the scathing demolition of her dominions and colonies. How acute the struggle between England and the United States has become may be seen from the fact that the American imperialists, in the interests of the struggle against England, are continually flouting with the national movement in the English colonies and, in view of the growing programme of the press have staged an agitation against English imperialism in India! All this leads to such an intense aggravation of the antagonisms in the struggle for the world hegemony, that the danger of a new imperialist war is becoming increasingly acute. The imperialist press refers quite openly to this. Such a candid publicist of American imperialism as L. Denny declares straightforwardly (retranslated):

"Nobody with knowledge of the facts can maintain that the talk of shake hands across the seas, or of the truce in the sphere of naval armaments, can push into the background the danger of an open war, which history shows to be invariably involved in such economic wars. In the world of to-day, which is becoming ever narrower, there is no room for two such great hostile empires, filled with the last of conquest, as Great Britain and America. Either Great Britain voluntarily recognises the hegemony of America, or this hegemony will be established in bloody battles." (L. Denny: "America conquers Britain").

The knotty points of the international antagonisms in Europe are increased by the "Young Plan". The victorious countries, Germany, France and England, are seeking to build up their prosperity on this plan. According to this plan, Germany has to pay 2000 million marks yearly for the next few years in reparations, and besides this 1,600 million marks interest on the foreign capital invested in Germany in accordance with the Young Plan. The author of the plan, Young, expresses himself on the plan as follows (retranslated):

"Well, time will show, if the burden imposed is too heavy for Germany. It is true that when fixing the sum to be paid by Germany, the countries participating in the drawing up of the Paris plan, added the amounts which they owe to the United States with the addition of about 50% on this sum." (From Young's speech at the University of California, 24th May 1930.)

The attempt of the victorious countries to thrust the burden of such enormous payments onto the shoulders of the toilers of Germany cannot come to a good end. The execution of the Young Plan means not only more strained relations between the United States and England's exports have but greatly aggravates the antagonism between the proletariat and the bourgeoisie. Those who build the prosperity of capitalist Europe on the foundation of this plan are slipping into the abyss.

Finally, mention must be made of the increasingly strained relations in the camp of the victors. I refer especially to the relations between France and England. Both countries are feverishly armimg, and have shown particular anxiety of late with regard to the safeguarding of their frontiers.

After the exhaustive report given by Comrade Stalin, I need not deal in detail with the question of the relations between the capitalist countries and the Soviet Union. The economic crisis inevitably entails an enhanced tendency to attack the Soviet Union. Besides the factors strengthening the international position of the Soviet Union (support given by the international proletariat, economic rise of the Soviet Union), we must take into account the reactions of the Fascists of the governments in the countries adjacent to the Soviet Union, Finland and Rumania, and such facts as the declaration of the French general Gouraud in Rumania, that the Rumanian army must be prepared for aggressive action.

The growing intensification of international antagonisms involves the increased danger of a fresh imperialist war and of a new imperialist war is bound to assume an even more menacing character. The question of that of late the League of Nations has secretly been taking practical measures towards bringing the coming war under its guidance. The English economist Keynes recently stressed in the press the importance of those measures being worked out at the present time by the League of Nations for the financing of the coming war. From Keynes' articles it may be gathered that at the present time the League of Nations is working on a motion for the granting of loans by the League to countries which the League of Nations recognises as aggressor states, or the making of a special organisation of the financing of the coming war on the part of the imperialist great Powers, the League of Nations is striving to get into its own hands that is, into the hands of Anglo-French imperialism, the decision as to which is the aggressive party. It is evident that this new imperialist war will be carried out largely by the aggressors that country against which the imperialist Powers playing the chief role in the League of Nations are anxious to begin war.

Inasmuch as the focus of the international antagonisms in the camp of imperialism is the war between Great Britain and the United States for the world hegemony, the new imperialist war is bound to assume an even more menacing world character. The war of 1914/18 was chiefly a European war. The new imperialist war now in course of preparation will be a world war to a much greater extent, for England's influence, and that of the United States, extend to every continent.

The Communist International is devoting the utmost attention to the question of a fresh imperialist war. The Comintern has been mobilising, and continues to mobilise, the broad proletarian masses for the war against war.

2. The Antagonisms between the Imperialist Countries and the Colonies.

The world economic crisis leads to an extreme aggravation of the antagonisms between the Imperialist countries on the one side and the colonies and dependent countries on the other. In view of the vast dimensions which the revolutionary movement has already assumed in the colonies, this involves a threat against the rule of imperialism. The revolutionary movement in the colonies reaches to Indo-China and Africa, to Haiti and the Philippines, to Nicaragua and Palestine. The suppression of the colonies by imperialism not only fails to diminish, but becomes increasingly intolerable. In many colonies variations of actual slavery still exist. The "civilising" role of imperialism does not prevent the maintenance of this infamy of past times even in an age in which the Soviet Union is shown in the colonies an example of a real liberation of the nationalities, and of the fraternal cooperation of the workers of all nations in the work of building up socialism. Meanwhile socialists of the Albert Thomas type submit to the League of Nations suggestions for the abolition of "compulsory labour", declaring at the same time, however, that these cannot be realised at once, being a "matter of generations". Up to the present, there has been a lack of organisation and leadership of the workers and peasants fighting in the colonies against imperialism: this is already changing in the revolutionary movement there. Considerable success may be recorded in this direction during the last few years.

In this connection we may deal with the situation in India and China.

In India the revolutionary movement has assumed enormous dimensions of late. The profound economic crisis,
tionary flame in the country. The world economic crisis deepens the agrarian crisis in India. This again throws great obstacles in the way of the development of Indian industry. The rule of English imperialism is based on the maintenance of the reactionary remnants of feudalism in the Indian village, and signifies the double exploitation of the working masses: by British imperialism and by the Indian bourgeoisie and feudal lords themselves. This rule has already left irreducible bloody traces behind it. Official data show that in the first 25 years of the twentieth century alone 80 million human beings died of starvation in India. It is easily comprehensible that in India the anti-imperialist movement is fed by the extreme discontent of the masses of the people. This discontent finds expression in the growing revolutionary movement. During the last few years the strike movement has swelled enormously in India, and has assumed a definitely revolutionary character. In 1924 the number of strikes was 3,171, in 1925 it was 4,261, in 1926 it was 5,625, in 1927 it was 11,697, in 1928 it was 41,670, in 1929 it was 186,302. Mass organisations of the workers have sprung up, as many as one hundred thousand workers are already members of the Red trade unions. In the proletarian centres the strikes are accompanied by mighty revolutionising organisations. The communist organisation of India will become the police. But the revolutionary movement has reached not only the proletarian centres. The recent insurrection in the North West, in Peschawar, joined by a part of the native troops, shows that fresh strata of the population are constantly being drawn into the revolutionary movement. That the feeling of the masses is not only political may be seen from the following declaration by a member of the Indian Congress: "It is worthy of special attention that of the 66 killed at Peschawar, not one was wounded in the back."

The growth of the revolutionary movement has forced the Indian bourgeois nationalists to make fresh manoeuvres for misleading the masses. The Indian liberals of the Gandhi and Nehru type (senior and junior) are endeavouring to stifle the rise of the revolutionary movement by introducing moderate bourgeois reforms, without touching the foundations of feudalism. The oppositional manoeuvres against British imperialism, forced on these leaders by the pressure of the masses, as for instance the "campaign" against the salt, have assumed a character by no means liberal where the masses have taken part in them. The revolutionary upsurge in India has already found expression, on many occasions, in powerful revolutionary actions of many thousand fighters. Peaceful demonstration is becoming more and more a thing of the past. But the organisational status of the working class, and still more of the peasants, is however still too weak. Up to the present no Communist Party has been formed in India, but the elements for its formation are growing. From day to day. It is clear that such like Rowl, who defend the policy of a bloc with the national bourgeoisie, and who have already deserted into the camp of the Right renegades, have not been capable of organising a Communist Party in India. The leaders of the Indian proletariat are coming forward in the course of the revolutionary events, in the struggle for the hegemony of the working class in the revolutionary movement. Thousands of steadfast revolutionary fighters are emerging from the revolutionary mass organisations and from the growing Youth associations. The communist organisation of India will come into being amidst the growing struggle, and its heroic representatives will be mercilessly delivered over into the hands of class justice by English imperialism and by the Indian national bourgeoisie. Only the Communist Party can be the leader of the most advanced movement of the proletariat in India against British imperialism and against the bourgeois feudal classes within the country.

In China a fresh revolutionary upsurge has developed of late. The pessimists, and those of little faith among the opportunists of every description, who prophesied the end of the Chinese revolution, are defeated by facts. Bourgeois-feudal reaction has not solved one problem of the Chinese revolution, nor could it do so. The securing of China's national independence has not made the slightest advance. On the contrary, the generals' war tearing China to pieces, the war of the bourgeois-feudal cliques, backed up by the imperialist powers struggling for the Chinese markets, is speeding even further. The decisive question continues to be the solution of the agrarian problem, the expropriation of the large estates and of all landlords, the abolition of the relics of feudalism, of the enormous taxation, and of the usurious rents, in the village. The industrial crisis in China, too, has become much more acute. For years China has not been able to emerge from the severe general economic crisis.

The revolutionary movement in China is growing both in the industrial centres and in the village. The number of strikers reached 400,000 in 1928, 750,000 in 1929. In spite of the cruel repression of the Kuomintang government, the Communist Party has consolidated its influence among the working masses. It possesses approximately 60,000 members, organised in the trade unions, it increases the publication of revolutionary literature, and issues various illegal communist papers. In the village the situation of the peasants is increasingly serious. For three years famine has ruled over the vast territories of China. This year we count 57 million, and form a Soviet government of the workers and peasants under the leadership of the Communist Party. Such a government is the sole one capable of leading China onto a fresh path, the path of liberation from the impoverishment and the death by starvation of millions, from economic decay, from oppression at the hands of the bourgeois feudal cliques and the imperialists. Our young Communist Party is gaining strength in the course of the revolutionary upsurge in China, and is becoming the actual leader of the revolutionary freedom movement among the masses of the workers and peasants. China can and will attain its freedom only under the banner of the Soviets, and under the leadership of the Communist Party.

I now pass on to the question of the aggravation of the antagonisms within the capitalist countries.

(To be concluded.)

POLITICS

Replies to Briand's Memorandum.

By G. Perl (Paris).

The Chancellories of Europe are not displaying any undue haste in replying to Briand's Memorandum on a United States of Europe.

It will be remembered that it was Fascist Spain that was the first to reply.

Holland wished to be second on the list of correspondents of the French Foreign Minister. At the same time it should not be forgotten that only a few days before announcing their approval of Briand's proposal, the Hague Government submitted a Naval Programme, which provides for the construction within a period of ten years of 3 cruisers, 12 torpedo-boots, 20 submarines, and 2 submarines with equipment for mine-laying etc. According to the calculations of the Dutch minister, Decker, the Dutch naval budget will thereby amount to 120 million guilders, apart from the costs of its upkeep.

According to the statements of the Dutch Government, these ships will have the task of protecting the petroleum ports in Indonesia and in the West Indies.

Other replies have also arrived at the Quai d'Orsay, namely from Poland, Rumania, Austria and Italy. The con-