

# A COMMUNIST HAS THE FLOOR<sup>1</sup>

BY R. P. DUTT

[As a matter of public information, we print this specimen of Communist criticism of those economic world adjustments that most of us greet with optimistic approval. The line of reasoning it presents is not confined to Communists, but is often found in emotional-Conservative organs abroad; for Radical extremists and Conservative extremists — Communists and Fascisti — agree in a measure regarding economic opinions as well as political tactics. The author is editor of the *Labour Monthly*, son of a Bengali scholar long resident in England and of an English mother, a first-honors man from Balliol College, Oxford, and, though not a profound economist, a brilliant expositor of the current theories of his Party. Such Jeremiahs have nothing constructive to offer in an age that needs above all constructive ideals, but they sometimes point out pitfalls in the path of progress.]

ALL the bankers are pleased because Britain is likely to return to the gold standard. In this they see the stabilization and restoration of capitalism for which they have worked for six years. The employers' offensive against hours and wages, the Dawes Report, the settlement of Reparations on a business basis, the establishment of stable governments, the loans to Europe, the ending of insecure currencies and exchanges and the return to gold, with the path open to the recovery of trade and production — this is their answer,

slowly and painfully pieced together, to the threat of revolution overhanging capitalism from its own internal violence and disorder. This answer, they see, is fraught with the oppression of the workers, the policing of Europe, intensification of labor and worsening of labor conditions, energetic action against revolutionary propaganda, preparation of counter-revolution, Fascism, strike-breaking, and so on; but all this they believe they can pull through successfully, provided the situation holds together; and once production begins to increase they can ease the pressure. This is the basis of their 'hopes of revival.'

Many socialists also believe this. They believe that 'international capitalism' has straightened out its immediate difficulties and differences and, under the leadership of America, established itself as a single force against the European workers. 'From competition to combination' is their cry; and they believe in consequence that, save for the 'risk' of war, which, if the capitalists are 'wise,' they will avoid by disarmament conferences and security pacts, a period of more or less harmonious development is ahead. They therefore feel talk of revolution to be idle dreaming or 'romanticism,' and the only path before the workers to be gradual organization within the framework set by international finance and steady advance of 'education and propaganda.' They therefore preach peace with the powers that be, acceptance of the obvious fraud of bourgeois democracy, disclaiming of the class

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war, and unity behind leaders in open alliance with the bourgeoisie. They work for the restoration of capitalism and call it peace, take part in anti-revolutionary propaganda and persecution, and help to hold down the colonies by force and violence. While not forgetting socialism as the 'ultimate aim,' they become in practice ordinary bourgeois politicians; and the softer and more gullible of them fall by the wayside into corruption even by bourgeois standards, as Ramsay MacDonald's biscuit-bakery automobile and the Barmat scandal in Germany testify.

It is therefore necessary to scan closely and exactly the present situation, in order to determine what process of events is represented, in fact summarized and symbolized with mathematical clearness, by the proposed return to the gold standard. Does it represent a return, or even the possibility of a return, to what are called 'normal' conditions? Or does it represent an intensification of forces leading in the opposite direction? To answer this question it is not sufficient to point to the obvious external symptoms of disorder in the existing world-situation — increasing armaments, inter-imperialist rivalries and crises, Fascism, colonial wars, the collapse of the League of Nations. Similar symptoms, although never on such a large scale, existed in the pre-war situation which led up to the World War; but their plain meaning was not understood, because the basic process behind them, which is the final stage of capitalism and its approach to collapse, was not understood. They were regarded as excesses, accidents, abnormalities on the smooth face of stable capitalism; they were parceled off into separate compartments as the Armaments Trust, Secret Diplomacy, Economic Imperialism; and statesmen endeavor-

ed to meet them by arbitration and The Hague, parliamentarism, progressive blocs, and pacifism. In consequence, the war of 1914 and the revolution of 1917 found the labor movements of the West completely unprepared. To-day the same external signs of disorder and struggle are visible — as who can fail to see? But the process behind them, and therefore their inevitable revolutionary conclusion, are not understood.

Reformism, or bourgeois thought in the Labor movement, before the war challenged Marxism on the following points: first, that capitalism tended, not to increasing concentration of wealth, as Marx had declared, but to its increasingly wide dispersion through the spread of limited-liability companies and the growth of the middle class; second, that the division of classes was growing less, not greater, through the improved condition of the workers, labor legislation, and similar reforms, and that in consequence the class struggle was diminishing in intensity and becoming a legislative parliamentary struggle for socialism; third, that the Marxian theory of inevitable crises of capitalism on an increasing scale, leading to its breakdown and to the revolutionary struggle of the working class for power, was incorrect, and that capitalism was on the way to overcoming its crises through its increasing international development. All these points, which were demonstrably false before 1914, were finally smashed beyond resurrection by the war — a 'crisis' of capitalism which it was impossible for the most rosy-spectacled professor of capitalism and reformism to ignore. The war produced a terrific concentration of capitalist power and wealth beyond the wildest imaginings of 1914. It intensified the division of classes until to-day that division into two camps

dominates the domestic politics of every country in Europe. Keynes has pointed out in his Tract on Monetary Reform how the old middle class in Europe has been in practice wiped out. The increasing misery of the working class has been felt in person by every European worker. The class struggle has increased in intensity to the point of revolution and counter-revolution. Thus in every respect the relentless force of facts has proved Marxism right and bourgeois thought wrong, and consequently Marxism is a hundred times stronger to-day than in 1914.

To meet the new situation a new theory has to be found to resist the revolutionary tendency of the present epoch. At first a trial was made with Wilsonism and the League of Nations; but these proved weak and ineffective in the face of the avowed power-policy of modern capitalism. So now on the basis of the Dawes Restoration, on the broad back of American capital, a new attempt is made. The concentration of capital is no longer denied; it is embraced as the last salvation against revolution. The secret of modern capitalism, we are told, is combination, not competition; capitalism is overcoming its own inner conflicts and, under the leadership of America, is developing into a single world-trust; the dream of world revolution is a cinema dream in the face of modern capitalist organization and chemical weapons; the old State boundaries bear no relation to the international character of modern capitalism; to attempt revolution in any country is to invite starvation from international capitalism; and consequently the only path forward is the gradual socialization of modern concentrated industry through the spread of democracy and trade-unionism.

Here in fact we have precisely the old exploded error in a new form — that is

to say, belief in capitalism as a stable system, belief in organized capitalism as a possibility and not a contradiction in terms. Marx declared that the essence of capitalist apologetics consisted in seeing only the unity of capitalist relations and not being able to see their internal contradictions. This is precisely the character of the modern reformist idea of 'international capitalism.' The fundamental conceptions of Leninism — on the one hand, of finance capital as the culminating form of capitalism, of its supreme expression in imperialist state capitalist trusts like 'Britain,' 'France,' 'America,' and their conflicts, of the unequal development of capitalism, of the consequent intensification of these conflicts, of the inevitable development of world war leading to revolution or renewed world war, and finally to the ultimate world-revolution: and on the other hand, of the increasing massing and concentration of the oppressed and exploited peoples under imperialism, of the necessary alliance of industrial workers with the peasants, the colonial workers, the revolutionary subject-nations, and of their combined assault upon imperialism under the leadership of an international Workers' Party — all these fundamental conceptions of modern Marxism in relation to the present epoch are still unfamiliar in Western Europe. And until their practical significance is somehow learned, the workers' movements are unable to advance.

What is the process of capitalist development? It is a development to ever-increasing concentration. Certainly. But does this mean the elimination of competition? Not at all; *it means only the intensification of competition.* Competition develops from the relatively peaceful undercutting rivalry of individual merchants and manufacturers to the terrific conflict of

modern highly organized concentrated capitalist states, using every weapon of armed force and unscrupulous diplomacy, and culminating in world war. The greater the scale of capitalism, the greater its concentration, the more intense grows the conflict, the more violent and desperate the means employed; as the power of production grows greater, the available markets outside the home markets grow less, the number of rival capitalist producers for export increases, and the spheres of the earth's surface for the supply of raw materials and new exploitation are all marked out. The age of Cobden and peaceful politics gives way to the age of Chamberlain and aggressive imperialism; the age of Chamberlain gives way to the age of Lloyd George and the World War; the World War gives way to the nightmare politics of the post-war period of Versailles, Reparations, inflation, counter-revolution, and Fascism. Capitalism reveals itself in fact, with the increase of concentration and the power of production, not as a growingly harmonious and organized system of world production, but as a growingly violent system of antagonisms. The inequality of capitalism becomes continuously greater: the rich grow richer and the poor poorer; and nations and states themselves develop into 'capitalist' and 'proletarian' nations, with a widening gulf between them, and a continual diminution in the ranks of independent exploiter-states as nation after nation becomes openly or hiddenly subject to the stronger.

By 1914 a stage was reached where six world Powers of the old capitalist world dominated almost the whole of Asia, Africa, and Australia; while two new Powers outside, Japan and the United States, were rising rapidly, but had not yet entered fully into the arena of world competition. The war of 1914

was the war of the six Powers — a war to extinction. The new Powers entered into it only to extract the maximum advantage from it, to win a commanding position for themselves. The war of 1914 was inevitable in the sense that capitalism could provide no other solution for the conflicts of imperialism. The inevitable fact of growing capitalist accumulation, and the consequent driving force of the continual hunt for new profits on the part of each section of capitalism, compelled war. There could be no peaceful solution, — that is to say, no equal division of the spoils, — because of the inequality of capitalism and the unequal rate of capitalist development. German iron and steel were advancing, British declining. Britain held the majority of colonial possessions; Germany, with a much more rapidly developing capitalism, was too late in the field. Under these conditions, a hundredfold multiplied by the complexities of different fields of capitalism and different Powers, there could be no permanent ratio allotted to each. Each section had to fight for itself. Each statesman and diplomatist had to fight for his own group or lose his position; each captain of an industrial combine had to fight for the profits of his own shareholders or lose his; each editor of a newspaper had to fight for the interests of his own power-group or lose his. No statesman or capitalist can think for capitalism as a whole, save for the immediate fight against the revolution. If he could, he would cease to be a capitalist. Not the particular ambition or intrigue of this or that individual or group, a majority of whom probably did not directly will the war but only willed the particular advantages to their side that made war inevitable, but the automatic collective product of their individual wills, which in the aggregate only reflected the existing social forces of

capitalism that they did not themselves understand — this was the real 'origin of the war.'

What is the position after the war? The former six Powers have been cut down by the destruction of three. We now find a new division of victor states and defeated states. The victor Powers tried to destroy the basis of the defeated German capitalist state-trust by robbing it of its colonies, shipping, and the main part of its iron and coal, and by shackling its future development by saddling it with a heavy debt to pay. In doing this they raised a hundred new problems of which they were not themselves aware at the outset. On the other hand a new world Power appeared, stronger than any other — the United States of America, grown to full stature on the profits of the war, and overshadowing the rest in wealth, resources, and power of production. In addition other Powers had grown up outside Europe — Japan, and, in an early stage, the Dominions, that already threaten the former commercial supremacy of the old world and begin to win its markets. On the other hand the class struggle has reached a point where it is no longer simply a social phenomenon within each country, but has taken on a universal character. The revolution extends over one sixth of the earth; and the capitalist powers, after vain efforts to destroy it, have had to reconcile themselves to the presence of the unwelcome stranger. Communism has become a world power. At the same time the colonial nations are rising to consciousness and are in revolt. Thus we get an extremely diversified picture in the post-war world of a whole series of different levels: (a) the superstate, America; (b) the victor powers; (c) the defeated states; (d) the colonial nations; (e) the revolution. And this leaves out a whole series of intermediate stages,

such as backward countries and semi-independent states.

At the head of the capitalist nations stands the United States. The colonial peoples are tributary to the capitalist nations; the defeated states are tributary to the victor states; but all alike, victor states, defeated states, and colonial peoples, are tributary to America. The supreme contradiction of capitalism to-day is expressed in the relation of America to the rest of the capitalist world. Here is realized in its intensest form the concentration of capitalism and the inequality of capitalist development. The figures of American wealth and production stagger comprehension. The official estimate of national income is sixty thousand million dollars. The official estimate of national wealth shows a multiplication tenfold since 1870, or a total more than twice the estimated total of Britain and France together. America's new-capital investment is six thousand million dollars, or six times the British. The excess of exports on last year's trade-balance was one thousand million dollars. Her net gold import was two hundred and eighty million dollars. Thus the capitalist intensification of social divisions has been realized on a world scale. The impoverishment of Europe has been accompanied by the enrichment of America.

'For he that hath, to him shall be given.' In accordance with this fundamental principle of capitalism, all the world, which is impoverished, must pay tribute to America, which has more wealth than it knows what to do with. The rest of the world is indebted to America; and the more America pours forth goods, the more the rest of the world becomes indebted. Europe, which has an adverse trade-balance of four hundred million pounds, must pay tribute to America, which has a favor-

able trade-balance of two hundred million pounds. It cannot be done. The old familiar process of capitalism, by which the rich grow richer and the poor poorer, is taking place on an international scale. There has been a great deal of indignation, both expressed and suppressed, at the relentless insistence with which America has maintained its right to the war debts incurred 'in the common cause.' But these eloquent complainants fail to see that the whole principle of capitalism is a principle of Debt, incurred in the common cause of human social labor of production and mercilessly exacted from the poor by the rich, and that ninety-nine per cent of the human race in the capitalist world are born under the yoke of this Debt, which they themselves and their ancestors originally created by their labor and have repaid by their labor over and over again in every generation, and at the end are always more indebted than before. The original historical basis of such debt-holding is commonly found in some unsavory episode of violence, such as the slave trade and the plunder of India were to the growth of British capitalism in the past, and as war-profiteering has been to American capitalism to-day. But unsavory origins do not affect capitalist sanctity, once the title-deeds are secure. America has got the real capitalist's grip on Europe, and will not let go.

So far Europe has met the situation by three methods: (a) increasing the debt and letting interest mount up; (b) selling the estate — that is, disposing of business concerns and properties to American interests, to an extent that can only be judged by the instances continually occurring, and cannot be statistically stated; and (c) the shipment of gold. Like a silent stream of actual tribute, the gold of the world has flowed into America. The Euro-

pean countries at the outset of the war stopped gold currency and issued an irredeemable paper currency: which means in plain fact that the war governments raised money for their extraordinary expenditure by the simple process of forging money — issuing worthless paper; a deception which was paid for and continues to be paid for by the people in higher prices, the depreciation of savings, and a tremendously inflated war-debt. All the gold has been sent to America. The net gold imports into America for recent years are: 1921, 650 million dollars; 1922, 240 million dollars; 1923, 300 million dollars; 1924, 280 million dollars. By 1924 over half the gold in the world, the token of capitalist wealth, was in America; and a new problem, hitherto unguessed at in capitalist economy, had been created.

The apoplexy of capitalist development was now reaching a stage visible to every capitalist. Gold is still the life-blood of capitalism, and it was gathering in one part to the choking of that part and to the starvation and mortification of the rest. European production was stagnating from dear money and lack of purchasing power. Credit in Germany for normal industrial enterprise was costing one hundred per cent. On the other hand America was faced with the problem of 'gold inflation.' America literally did not know what to do with the gold. Gold normally provides the means of raising credit to about ten times its face value. But such a tremendous increase of credit, without a corresponding increase of production, would have meant a disastrous inflation. This would have been precisely the 'automatic' process of classical economy, which would have brought down the value of gold with a rush by vastly raising prices and so enabling the rest of the world to export goods into

America, while stopping American exports. But naturally such a solution was the last thing the American bourgeoisie would allow. They made the most frantic efforts to prevent the gold from ruining them by keeping it shut up in their vaults. They sought to 'immobilize' the gold, to 'sterilize' it, as the expression ran. Instead of using it to raise credit, they used it to replace ordinary interest-bearing securities in their bank reserves. The percentage of gold in those reserves increased until it reached two thirds of those reserves. But there is a limit to this process, which becomes visible long before the point of a one-hundred-percent gold reserve is reached. For gold in this way brings no interest, and even banks have to earn interest. The gold had to be employed. But it could not be employed in America. Therefore it had to be employed abroad.

So in 1924 came the change. Very cautious initial steps were taken. The Dawes Committee was set up to inquire into conditions and prepare the ground. It was made sure that favorable governmental receptions could be counted on in England, France, and Germany. And then the process began. During the second half of 1924 loans and credits, governmental and industrial, of which the Dawes German Loan was simply the leading example and signpost, poured into Europe from America. The restoration of Europe was in full swing. The Democratic Left had their brief heyday while the golden chains were being imposed — to be speedily replaced by sterner forces as soon as the exaction of tribute became the task. The flow of gold was turned. Gold began to pass out again from America to Europe and the rest of the world. In the first half of 1924 the net gold import into America was 450 million dollars; in the second half there was a net gold export of 170 millions.

And recent bullion reports show in a single week last February a shipment of 50 million dollars in gold to all the world.

'Splendid,' said all the economists and bankers; 'the gold is coming back. Now we can recover.' The pound rose, in common with the other European currencies. Between July and December 1924 the pound rose from \$4.40 to \$4.73. By the beginning of the new year the pound was within a fraction of gold parity; the Governor of the Bank of England was on his visit to New York, and everybody was talking of a prospective return to the gold standard. America was naturally desirous that Britain and other countries should return to the gold standard. At one point there had been a very real danger that Europe might abandon gold in favor of a 'managed' currency. Had that been successfully achieved, all the advantage of America's gold hoard in relation to Europe would have vanished. The restoration of the gold standard in Europe meant the recognition that America held in its control the majority of the world's accepted basis of wealth — and not simply so much precious metal. But Britain was equally desirous to return to the gold standard. For the British bourgeoisie it meant that the pound could face the dollar as an equal throughout the world. The complaints and opposition of a few home industrial interests, that wanted easier credit, counted for little; the discontent of the workers, who saw the sudden multiplication by a stroke of the pen of the burden of war debt and of every other kind of capital holding upon their backs, counted for nothing. The gold standard is a conservative interest. It is the interest of those who hold against those who speculate or wish to change; it is the interest of the investor, of the holder of capital, of those who own possessions

and investments all over the world, and wish to see the highest value and the highest return: and these interests are stronger in Britain to-day than home industry. Amid a chorus of capitalist approval, and the silencing of controversy, the prospective return to the gold standard was received.

But on what was this return based? This is the question that brings us to the centre of the position. Was it based on any increase in British economic strength? Was it based on any expansion of trade and production? Was it based on an improvement of the relation of exports to imports? On the contrary, the visible adverse balance of trade was higher than ever, and touched a record figure of 341 million pounds, as against 203 million pounds in 1923 and 171 million pounds in 1922 — an increase of 100 per cent in two years, and 116 per cent above the pre-war figure. Not only that, but the steepest advance was just in the latter part of the year, precisely when the pound was apparently climbing most, the December adverse balance reaching the extraordinary figure of 50 million pounds, at the moment when the pound was approaching gold parity. The Board of Trade endeavored to estimate that the apparent adverse balance was still covered, as in previous years, by heavily enhanced invisible exports, mainly through a large increase in the return on foreign investments; but even this estimate showed the net balance available for new investment abroad to be heavily reduced to 29 million pounds, against 102 million pounds the previous year and 154 million pounds the year before. Thus the advance in the pound was completely artificial. It was simply the reflection of the American flow of capital abroad.

This point is so important that it is worth while quoting one or two

authoritative statements from leading British capitalist sources to show that there is no dispute upon it. The two principal bank chairmen's speeches both deal with the point. Mr. McKenna stated: —

The pound sterling is now finding its way back to parity, not because it will have climbed uphill to meet the dollar, but because the dollar under the pressure of the surplus supply of gold will have come down to the level of the pound.

Mr. Walter Leaf, after showing that American investments abroad in 1924 were twice the value of the British, goes on to say: —

This large excess seems to be sufficient explanation of the change in the relative value of the dollar and the pound.

The *Manchester Guardian Commercial* shows in much greater detail how the 'flow of American money for temporary investment in London,' combined with the 'much larger flow of money destined for more permanent investment in Europe,' led to the rise in the pound exchange. Thus it is agreed on all sides that the return to the gold standard, if it takes place, will in fact be based, not on any recovery in the British economic position, but simply on the temporary feature of the excess of American capital investment over the returns and payments into America.

But what does this mean? It means that in fact no solution has been reached. For what is the automatic result of the flow of American capital for investment abroad? The automatic result is that there must immediately begin a heavy return flow of interest to America. Only so long as the new American capital put out for investment exceeds the ever-increasing volume of interest on capital invested does the situation continue on which is based the return to the gold standard.

As soon as the point is reached at which the interest and payments exceed the new investment, then, unless the whole trade and production relations of Europe and America have been reversed in the interval, so that Europe exports to America more goods than America exports to Europe — a reversal of trade amounting to many hundred millions — the gold standard must crash and with it the whole restoration. This is a simple mathematical necessity. The immediate bearing of this situation on the question of the return to the gold standard in Britain is dimly envisaged by the anxieties of the chairman of Lloyds, who raises the question, first: —

In view of our large adverse visible trade-balance, is the present gold value of sterling due to exceptional and passing causes, and, if we go back to a free gold market, can we maintain our holding of gold without harming our trade by an increase of money rates?

and second: —

Is the tendency in America to invest abroad likely to continue?

In answer to this last question he can only say that it is 'a question of prophecy which is very difficult to answer.' But the bearing of this goes very much further than the issue of the British gold standard.

For what is the whole restoration of Europe? The restoration of Europe is admittedly based on the flow of American gold and credits to Europe. By this means capitalism seeks to overcome the consequences of its own concentration, which was leading to the logical capitalist conclusion of suffocation in one part and starvation in the rest. But does it overcome it? Not at all. For, by the very nature of capitalism, America can send the gold only as loans to be repaid with interest. The only salvation for capitalism would

be an actual redistribution of gold and holdings of wealth — which would at any rate enable the game of beggary-neighbor to begin afresh. The more progressive bourgeois economists, such as Keynes, advocate a complete cancellation of debts and reparations; but this is only a part of the tie-up. Moreover, such a redistribution is impossible without destroying the whole property basis of capitalism. The juridical forms are at war with the existing development of production. Only a revolution can cut the knot. The restoration is an illusory restoration, because it is based on the increased indebtedness of Europe, which is precisely the problem that gave rise to its need. There can be no escape by capitalism from its own law of concentration, of increasing division and intensified antagonism.

The gold has come back to Europe — yes; but it has come back in reality as an added burden, and only apparently as a new life to capitalism; that is, it has increased and not diminished the gulf between America and Europe and the inequality of capitalism. Only the moment of the flow of the gold for investment gives a temporary and illusory restoration. But thereafter the indebtedness of Europe is increased, and the balance weighs down on the side of America more heavily than ever. Europe, with its enfeebled production, heavily loaded by every form of tax and debt and special imposition, reparations, armies of occupation, tariffs, militarism, and balkanization, has to compete successfully with the relatively free, vigorous, and vastly wealthier production of America and the new world; has actually to have a vast surplus to pay America; or else every year the balance will go more heavily against Europe, the chains will draw a little tighter, the moment of final conflagration, of desperate revolt

and war, international and social, against impossible conditions, will draw closer.

It cannot be done. Europe will make the most desperate efforts. The drive to production on the basis of the American gold will be terrific. An adverse balance of four hundred million pounds value must be converted into a surplus of hundreds of millions. To save itself, Europe will have to flood the markets of the world with cheaper and yet cheaper goods. On every side, in every country in Europe, the call is sounded to increased output, to cheaper output, to greater intensity of labor, to longer hours, to more economy of 'social' services, to lower wages, to more and more competitive effort. In England and Germany alike, the challenge to the working class is proclaimed. Renewed and again renewed capitalist offensives are not simply the reckless expression of individual greed and stronger capitalist combination; they are the inevitable expression of the economic situation. The sooner the workers of Western Europe realize that their lowered conditions and the repeated capitalist offensives are not accidents of the 'ups and downs' of trade or machiavellian conspiracies of a few credit lords, but the inevitable expression of the bankruptcy of capitalism in Europe under an accumulated load of shackles that only the sword of the revolution can destroy, the sooner will they realize that their future unity with the workers of Eastern Europe and colonial workers is the only way to win their freedom and the freedom of Europe. Not easier conditions, but renewed attacks and greater intensification of labor, harder pressure toward the coolie standard, lie ahead. The power-and-production schemes which Lloyd George is incubating in the name of Liberalism, the vast projects

of State capitalism to which Baldwin is moving in the name of Conservatism, will play a tremendous rôle in the future.

But the drive to more production as the only way out in every country itself raises a new problem—the problem of markets. If every capitalist country is to achieve a surplus of exports or favorable balance of trade, then it is obvious that it cannot be at the expense of the other capitalist countries. This is a simple question of arithmetic, although never indulged in by capitalist economists, who look only to the salvation of their own country. The ultimate market for the surplus must lie outside the ring of capitalist exporting countries, among the non-capitalist producers of the backward countries not yet drawn into capitalist production. Hence the supreme importance of China from the capitalist point of view; and the reason why the future war of Europe and America is universally expected to centre on China and the Pacific. But the whole character of the present stage of capitalist development is the rapid shrinkage of markets, and expansion of new capitalist producing and exporting countries. India, Japan, and the Dominions are all developing machine-production with extreme rapidity to the detriment of British industry. The childish conventional liberal economists' plea that the economic gain of one country cannot under any conditions mean loss for another is simply to avoid serious detailed analysis of how the factors really work *under capitalist production*. And the Chinese millions are already awakening to the unity of their interests with the world revolution, and may even defeat the plans of the imperialists. Thus the very moment when Europe to save itself must make a tremendous expansion of exports is the very moment when there is already

such a shrinkage of the world market as to be unable to absorb the existing diminished production.

Let a concrete example be taken — Germany. Germany has to pay out, once the full reparations period begins, 125 million pounds, plus all the additional interest on private and industrial foreign investments in Germany. This payment, it is now universally agreed, can only be made in goods, since Germany has neither colonies, gold available, nor foreign securities. But Germany has at present an adverse trade-balance, which on the figures of recent months was reaching the equivalent of 240 million pounds a year. This means that a rise in exports equivalent to 360 million pounds a year is necessary. But this leaves out of account the additional imports of raw materials necessary to produce this tremendous addition to exports. If this is estimated at well below half the value of the additional exports, 140 million pounds, we get a total necessary rise in exports of 500 million pounds. Even if this fantastic surplus could be produced by the most merciless slave-driving of the German workers, what prospect is there that it could be absorbed by the world market? The total exports of the whole of Europe before the war amounted to 1750 million pounds. To come nearer to current values, the total exports of the whole of Europe in 1922 amounted to 1637 million pounds. And already, even at the current production, the lack of markets is causing stagnation. What prospect is there of unloading this additional 500 millions? And this is to take only one country.

Thus we get to the final contradiction. It was expressed with unconscious irony in the statements of two bank chairmen made on the selfsame day. Mr. Walter Leaf, chairman of the

Westminster Bank, stated that 'how the enormous excess of exports which they were forcing upon Germany was to be absorbed by the world at large without ruinous competition was a problem which was now exercising the best brains of Europe and America.' Sir Harry Goschen, chairman of the National Provincial Bank, declared that 'in his opinion the solution of the problem of foreign competition lay in an effort toward greater production and the lowering of production costs . . . operative labor must increase the output per man hour.' That is to say: The amount of production already raises problems of 'ruinous competition.' What is the solution? To produce more and beat 'foreign competition'! So long as *we* produce more, so long as *we* produce cheaper, so long as *we* cut out the rest and get *our* necessary increase of exports as against imports — never mind the rest. But the statesmen, bankers, and economists of Germany, France, and the other countries are saying precisely the same. What is the net result? The net result is: first, to drive the working class down in every country to greater slavery and heavier production of surplus values, and second, to hasten the inevitable ultimate explosion which will leave 1914 a pinprick in comparison.

For before the final outcome, before the final completion of the enslavement of Europe by America, we should get the last arbitrament of capitalism in its dilemmas — war, the preparations for which move feverishly ahead on every side. Hoover's statement of 1919, on the question of granting credits to Europe, still remains the most fundamental capitalist statement of the situation. 'If such credits be obtained for more than temporary purposes, it would result in the economic slavery of Europe to the Western Hemisphere, and the ultimate end would be war

again.' The chains with which America is seeking to bind the world are chains of gold and paper. There are no arms and garrisons behind them extended over the world to guard the exaction of the tribute, save so far as they can constrain and bribe the governments of every country to their service to act as their jailers and bailiffs. The British Empire is an empire of the sword. British arms and diplomacy are extended over the whole world, where America is still unsurely feeling its way. America is desperately driving forward to militarization in preparation for the future; to one-hundred-per-cent Americanism, to 'national test mobilizations,' but with the disadvantage of having to work against the grain of an in the main naturally pacific population, unconscious of 'world problems' and mainly concerned with the issue

of the domestic 'dinner pail,' which does not appear visibly in danger. Thus the immediate contest is not so unequal, although the ultimate resources lie with America. Before the final collapse the British Empire will try conclusions with America. But the path of the World War becomes inevitably the path of the European revolution, and this time the international organization of the revolution is not absent. This is the final outcome of the capitalist restoration, if we accept the reformist policy of accepting the ultimate conditions of capitalism and only endeavoring to achieve a gradual evolution 'within' the system. Not restoration or revolution, but either revolution before world war, or world war leading to revolution — these are the actual alternatives before European workers to-day.

## LOST OLYMPUS

BY HUMBERT WOLFE

[*Saturday Review*]

If love were only to see, and to desire  
 The things of earth that were desirable,  
 Till the last ash of the heart had spent its fire,  
 There were no tale of the spent heart to tell.  
 But love is not content with that. Love seeks  
 To make a man and woman in his own image,  
 Forgetting the ache of wings, and how man speaks  
 In mortal accent love's immortal damage.  
 Yes, love would have us gods, and he would stamp us  
 With the high shapes of Heaven, and for a sign  
 We carry in our hearts some lost Olympus,  
 Cold as the stone beyond the furthest pine.  
 The things we see had hurt our hearts enough,  
 Why break them with your invisible mountain, love?