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The Fight Is HERE

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THE FIGHT is here—the fight of which revolutionary Marxism has given consistent warning as inevitably developing from the present stage of crisis of British capitalism. Every other issue is torn aside by the ever deepening reality of the crisis of capitalism, and the consequent sharpening class struggle. The great ‘Either—Or,’ the fight for existence of the bourgeoisie and working class in the death agonies of British capitalism, advances to a new and grimmer stage. The fall of the Labor Government, the formation of the National Government, the new emergency régime, the battle of the cuts, the tariff issue, the cracking of the gold standard—these are all only the signs and expressions of the whole deeper process. The Labor Government has gone smash upon the rocks of the antagonisms it could not bridge; and with its fall has fallen, not only a ministry, but a whole system, a whole theory, a whole stage of the working-class movement. The National Gov-

ernment takes the reins—typically, symbolically, under the same leader as the Labor Government; baring the teeth of capitalism in desperation, throwing aside the pretenses of democracy, of reforms, of progress, declaring war on the working class, on the whole working population, in the supreme stand to save the holy cause of rent, interest, and profits.

The crisis marches on relentlessly, caring neither for Labor Government nor for National Government, working out the laws of capitalism in all their anarchy and barbarism. Unrest rises throughout the working class, through the armed forces of the state, through the professional workers and lower middle class, through all strata of the population other than the big bourgeoisie and their hangers-on. What a demonstration of the truth of the revolutionary line of the growing instability of capitalism and the revolutionization of the working class, which but two years ago was still doubted

and denied and scoffed at even by many would-be Marxists, who saw only stabilization and depression. Great issues, great struggles, are before us. The battle of the cuts contains already in its significance, more openly, more profoundly, more universally than ever before, the whole issue of capitalism and the workers' revolution. 'The majority of the proletariat must become forever superfluous, and has no other choice than to starve or to rebel.' With every swing of the crisis, Engels's prophetic words of Britain's future ring deeper and truer, calling to the fight.

A new wave of struggle is rising—responding to the hammer blows of the crisis, smashing through the pretenses and class collaboration of a Labor Government or of Mondism, opening out new paths, awakening previously dormant strata of the working class. Where will this new wave lead? What will be its outcome? This is the great question, dominating all others, decisive for the whole future course of the crisis. The Labor Party and its theories have gone smash. Its corpse goes marching on. But its principal leaders, who but two short years ago were winning eight millions to their standards with their facile promises to the workers, and especially to the unemployed, are to-day leading the most vicious anti-socialist government bloc yet formed to save capitalism and to make war on the workers, and especially on the unemployed. What a merciless working out of their whole programme and principles to their final inevitable conclusions! What a confirmation of every revolutionary warning and prediction! What a lesson to the eight million workers who placed their hopes in Labor promises!

To all now the question places itself: what shall now be the path forward? Does the future lie with the attempted new galvanizing of the corpse

of the Labor Party, with its cynical denials of its own past, and hypocritical repetition of the same old lying promises for the future? Would a Henderson Labor Government be one inch different from a MacDonald Labor Government, in either its character or its outcome? But it is not a question of persons; a whole system has proved its failure, its inevitable outcome—the system of administering capitalism. Not this way lies the path of the workers. The only path of the workers is the path of united class struggle against capitalism, against cuts, against the capitalist attack, for the overthrow of capitalism and the establishment of the workers' power and socialism. The new wave of struggle is rising. The workers are forced up against elementary issues, are forced to see afresh the whole line in front, to face urgent battles. To help forward this awakening understanding and fight, to make the issues understood in all their revolutionary significance, to organize the fighting front against the capitalist attack, to stimulate the offensive spirit, pressing forward to the fight against the whole capitalist order—this is now the task confronting the revolutionary workers, the task ever more urgent as the crisis deepens and smashes successively with accelerating speed every alternative to the path of class struggle, to the socialist revolution.

WHAT is the essence of the crisis? Strip it of the intricacies of financial forms, which are not the cause of the crisis, but only its working out. The National Government is at pains to declare that there is nothing in question but a temporary financial crisis, a question of confidence, and that the economic position is fundamentally sound. The Labor opposition goes further, and endeavors to argue that there

is no real crisis at all, that there is only a financiers' plot or a foreigners' conspiracy, and the General Council issues a document with such headings as 'Strength of British Position.'

Against both the National Government and the Labor opposition we give them the lie; the facts, within the experience of every worker, prove the opposite. The crisis is fundamental, is rooted in the whole present stage and structure of British capitalism, and is not to be solved by tricks, by cuts, by tariffs, by playing with monetary policy, or by any of the other capitalist remedies proposed. Last month, writing before the change of government, when the crisis was still being treated as simply a financial crisis in isolation, a question of the short credits and of the budget, we gave the arguments at length to show that the financial crisis was in reality only the reflection—the explosion point—of the basic industrial crisis, raising the whole question of the balance of trade and payments, of the disappearing credit balance, and therefore of the whole position of British imperialism. The course of subsequent discussion has shown that it is necessary now to carry this treatment further, to go a little closer into a basic understanding of the position.

For the question of the trade balance has now become the commonplace of current discussion; the Cabinet has set up its Committee on the Trade Balance; the restoration of the trade balance is now described as the second stage, following on the budget, of the task of the National Government. The actual position, however, is not so simple as a question of some temporary adverse balance of trade to be righted by tariffs; exclusion of imports, forcing up of exports, and so forth. The actual position goes to the root of British imperialism. It is the whole basis of British imperialism that is now beginning to crack; and this cracking, which is

still only in its beginning stages, is already shaking the whole social and political system, and is pointing with inescapable clearness to its inevitable future downfall. The understanding of this is at the heart of the correct understanding of the present crisis, and of what makes the difference between the revolutionary line in relation to it and the reformist line (whether of the Labor Party or of the Independent Labor Party).

The present basis of the economic structure in Britain is the imperialist monopoly and the superprofits derived therefrom. The high passive balance of trade, the high excess of imports over exports, is only the reverse expression of this imperialist position. Superprofits are not peculiar to the imperialist stage of capitalism. They were described by Marx, in relation to industrial capitalism, to express the additional value that a society with a higher technique of production is able to extract in the process of exchange, even under conditions of fully free exchange, from a society of lower technique. In this way British capitalism from the outset, owing to its world monopoly, was able originally to extract superprofits from every other country, in addition to the direct tribute of colonial robbery, exploitation, or forced unequal exchange.

But in the period of imperialism superprofits—taken in the broad sense of value extracted from other countries without giving equivalent value in exchange—take on an enormous variety and complexity of forms, and play an increasingly decisive rôle in the life and structure of the imperialist country. Tribute increasingly replaces production and trade. The so-called 'invisible exports,' the name humorously applied to the net income from foreign investments, international financial commissions, and so on, represent only a portion of the whole, since all

that is concealed in the higher price level of British exports and the lower price level of imports receives no expression in the balance; but even so these alone come near to representing half of the imports.

As capitalism declines, superprofits become increasingly the basis that holds off bankruptcy; they become also the basis for concessions to the working class in the imperialist country to hold off revolution, and in this way the material basis of Social Democracy. So long as superprofits can be maintained, the decline can be continued without collapse. But, so soon as superprofits begin to dwindle, the whole social system is faced with collapse; the hour of desperate crisis begins; the ground slips from under the feet of Social Democracy; the fight between the bourgeoisie and the proletariat grows intense; the issue of social revolution becomes inescapable. And this is what is now in process of development in Britain.

Over sixty years ago Marx wrote in *Das Kapital*:—

India alone has to pay five millions in tribute for 'good government,' interest and dividends on British capital, and so forth, not counting the sums sent home annually by officials as savings of their salaries, or by English merchants as a part of their profit in order to be invested in England. Every British colony has to make large remittances continually for the same reason. Most of the banks in Australia, West India, Canada have been founded with English capital, and the dividends are payable in England. In the same way, England owns many foreign securities, European, North and South American, on which it draws interest. In addition to this, it is interested in foreign railroads, canals, mines, and so forth, with the corresponding dividends. Remittance on all these items is made almost exclusively in products, in excess of the amount of the English exports.

Here the 'tribute' conception and its relation to the British balance is already developed, with the consequent reflection in the excess of imports. But at this time the total amount was still

relatively small. In 1855-9 the average passive balance or excess of net imports stood at 30 million pounds annually, or about one-fifth of the net imports. By 1860-4 it had risen to 55 million pounds; during 1865-9 it stood at 56 million pounds; during 1870-4 it stood at 54 million pounds. But with the 'eighties began a rapid increase. By 1880-4 it rose to 89 million pounds. By 1913 it had risen to 134 million pounds. With the period since the War its advance has been enormous and increasing; by 1930 it had reached 392 million pounds.

WHAT do these figures show? They show that in the period of imperialism superprofits, the tributary income of imports received without giving goods in exchange, have made an enormous increase and played an increasing rôle in the whole economic balance. The decline of British capitalist production and trade relative to world capitalism is an old story, and had already set in by the 'eighties; the only new feature of the post-war decline in this respect is that it has become, no longer merely relative, but also absolute. That is to say, by the 'eighties, British capitalism was already no longer progressive; the capitalist structure had become a fetter on productive development; it was ripe for overthrow and revolution to a new system. By the 'eighties the continuous spells of large-scale unemployment began to make their appearance; by the 'eighties the modern socialist movement had arisen. British capitalism was ripe for revolution; but it was able to draw on its enormous reserves built up on the basis of its world monopoly, and, by the continued expansion of these and by the increase of its world holdings, to keep off collapse and even to appear to reach a new parasitic equilibrium. The period of imperialism was the period of 'social reform'; the

superprofits, the tributary income, provided the means to make concessions to the workers, to build up gradually the system of 'social services' in order to buy off the revolt of the proletariat, in face of actually increasing degradation, unemployment, and—since the twentieth century—direct falling of real wages.

This basis became the basis of the reformist Labor Movement that grew up in its modern form from the late 'eighties and the 'nineties—of Fabianism, the Independent Labor Party, and the Labor Party. Right through the whole Fabian and Labor policy from the earliest beginnings to the present day this will be found the continuous key and basis: the conception of 'socialism by taxation,' of taxing the 'enormous wealth' of 'the rich,' the 'enormous national income' (that is, imperialist spoils) in order to provide ever expanding reforms and social services for 'the poor.' From the earliest Fabian schemes of taxation and municipal policy to the present-day Independent Labor Party propaganda of 'redistribution of the national income' and 'progressive raising of the workers' standards' the same guiding line runs through. The imperialist basis remains the hidden basis, the great unspoken assumption. And in the hour of crisis this whole basis comes suddenly into view; and with complete fitness and inevitability the entire Labor propaganda turns to the imperialist reserves, to the oversea capital, as the means of meeting the crisis—the 'mobilization of foreign securities'; 'Great Britain is still one of the greatest creditor countries' (Joint Labour Manifesto); 'We [sic] have nearly 4,000 million pounds invested abroad' (General Council memorandum to the Bristol Trade-Union Congress).

But this whole house of cards is now beginning to collapse, and bringing Laborism down with it, leaving the

field free for the real fight against capitalism. The basis of superprofits, the tributary income, is dwindling. This is at the heart of the present crisis. In 1929 the so-called 'invisible exports' stood at 504 million pounds, against a passive balance of imports of 366 million pounds, leaving a net credit balance of 138 million pounds for export of capital and maintaining the international financial position. By 1930 they had fallen to 431 million pounds, against a higher passive balance of 392 million pounds, leaving only 39 million pounds for the credit balance. This year it is estimated that they will be likely to have fallen by more than 100 million pounds, that is, to 300-330 million pounds, against a probably unchanged passive balance of imports, thus leaving a net real deficit of something like 60 million pounds or possibly more—to be met only by drawing on the already depreciated oversea capital and thus bringing down still further the tributary income and consequently intensifying the problem; unless a complete change can be effected.

This situation lies behind the attempt to maintain the international financial position on the shaky basis of foreign short-term balances, in the absence of real new capital for export, and the consequent crash on the withdrawal of these and consequent tumbling of the pound, only temporarily held off by foreign credits on extremely onerous terms. The moment of London's fall from its world position draws into view; and New York and Paris, even while they are compelled in their own interest to break the fall by assistance and prevent a crash that would involve the whole of world capitalism, at the same time inexorably maintain the pressure that leads in that direction.

WHAT is the consequence for the whole social and political position?

At once the whole forces of the British bourgeoisie are turned to the most desperate fight to stem the crisis and find the means of recovery. The social services can no longer be maintained at the old level, but must be brought down. Imports must be checked by tariffs, even possibly by actual prohibitions and exclusions. The costs of production must be forced down, and exports forced up. The alternative is the collapse of the imperialist position. The social services, the key issue of unemployment pay, become the centre of the struggle. But what does this mean? The bourgeoisie has to cut into, to attack, its own insurance against revolution. It has to raise up the anger and militant opposition of the whole working class. In the endeavor to reach stability, it has to create and intensify instability. The strike of the Atlantic Fleet, of enormous revolutionary significance for the whole future, is the powerful revelation of this process. The fight to save capitalism, to defeat the revolution, hastens the process of revolutionization.

At the same time Social Democracy, the main prop of the bourgeoisie in the working class, finds the ground cut under its feet. Social Democracy is reaching the end of its tether. This is the process that found its expression in the collapse of the Labor Government. The bourgeoisie would have preferred to carry through their offensive through the form of the Labor Government. Baldwin has said, 'I had no desire to see the Government broken up—no one of us had—on this point. We would vastly have preferred the Government to have carried on, and we would have assisted them.' But events were too strong for them. The temper of the workers made this impossible, if the whole influence of Social Democracy was not to be destroyed. Already the two years of intense economic crisis and limited capitalist offensive under

the veil of a Labor Government had seriously sapped the position of Social Democracy and raised the growing opposition of the working class, shown in the headlong fall of the Labor vote, the political discontent with the Labor Government, and the rising strike wave.

But, with the new desperate offensive necessary, the gulf between the bourgeoisie and the working class became too great to be bridged any longer by the old means. The bourgeoisie could no longer suffer the vacillations of a government whose rôle was to veil the offensive under the appearance of class collaboration when the need was for open and ruthless warfare. The Labor Party, on the other hand, as the General Council experts with their fingers on the pulse of the masses duly advised them, had reached the limit of danger; they could not afford to add fresh fuel to the flames of the workers' opposition; their only course was to take up their post for capitalism within the working-class ranks, and lead the rising leftward movement in order to confine and diminish the struggle and so save the bourgeois state.

But this very process, the transition from the Labor Government to the National Government, and the passage of the Labor Party to nominal opposition, although designed to check and hold in and paralyze the workers' opposition, inevitably had for its first effect the opposite—it gave an enormous impetus to the rising wave, which had already compelled this transformation, it released pent-up energies of struggle, it aroused intense political excitement throughout the working class, hatred and anger against the National Government, joy at the ending of the Labor Government and compromise, and hope of advance to battle. All the Labor forces are set to damp down this rising movement; but the moment of change, of big issues, of rising struggle is the

moment of opportunity of great advance, beyond the control of the Labor Party. Once again, the measures of capitalism to check the revolutionary wave in their first effect have hastened the process of revolutionization.

THE peculiar character in this passage of Social Democracy to opposition was the split in the leadership on top. With the subjective reasons behind this split we are not for the moment concerned; they reflect the dilemmas of the Social Democratic leadership in the face of the increasing sharpness of the issues, the urgent requirements of capitalist administration on the one hand, and the no less imperative necessity of maintaining contact with the masses on the other. To this extent, the split is superficial and secondary, involving no issue of principle, but only one of tactics; events, that is, the force and direction of the mass movement, will determine whether it will prove, in Henderson's words, 'temporary or permanent.'

But the objective significance of this split is very great. The split of MacDonald and Henderson was the only means to save the Labor Party, to revive it in opposition, to throw the odium of the Labor Government's record on to the shoulders of MacDonald and Snowden as 'individuals,' to give the appearance of 'turning a new leaf' without any change in reality. Only by the false differentiation of MacDonald and Henderson could it be attempted to defeat the real differentiation developing between the working class and the reformist leadership as a whole. But even this manœuvre has no easy passage. The eagerness with which the workers in the local Labor parties have leaped forward to the fight against the MacDonalds, Snowdens, and Thomases to the logical point of exclusion goes beyond the intentions of the

Labor leadership, which is concerned to the last to maintain the possibility of reunion, and affords a warning omen of the temper of the workers, and the gulf of working-class hatred and contempt that waits to swallow also Henderson and the rest.

The Labor machine will have no difficulty in maintaining control; the decisive fight against it cannot be conducted from within. But the fact that it has had even in appearance to throw overboard MacDonald and Snowden, as a concession to the workers, even though the payment is in fact made in false money, is nevertheless an index of the radicalization of the workers, of the growing difficulties and embarrassment of Social Democracy, and means in fact, even though the manœuvre may secure a temporary revival and fresh lease of life for the Labor Party, in the final effect a deep and permanent discrediting of the Labor Party and its whole leadership.

The Second Labor Government broke on the rock of the class struggle, as the first had already done in 1924. But the issues this time go to the heart of the whole social situation in Britain, of the whole social system of the Labor Party. The breakdown of the Labor Government laid bare the breakdown of the whole social theory of the Labor Party before the realities of capitalism, of the whole theory of social reform before the inescapable necessities of the capitalist crisis. As the basis of superprofits narrows, the basis of the Labor Party narrows. It is revealed that there is a limit to social reform, that there is a limit to taxation, that the engines have to be reversed, that the existence of capitalism in break-up can be maintained only at the cost of ever renewed and heavier attacks upon the workers. 'For the first time, I think, in my life,' declares an ex-Labor minister, 'I have doubts in my mind as to our national ability to evolve gradually and with

progressively less suffering into a social order wherein the appalling tragedies and miseries of our time can be no more.'

Where now are the pæans of 'peaceful progress' and 'sane advance' against the 'suffering and disorder' of revolutionary 'impatience'? The harsh realities of capitalism, of the class struggle, have broken through these card castles. But this is the issue that the Labor Party cannot face. It cannot face the collapse of its whole system. Social Democracy, driven into a corner, can only resort to lies—to frantic denials that there is any crisis, to mythical tales of 'financiers' conspiracies' (as if 'finance' were some mysterious entity separate from capitalism), to jingo attacks on 'American bankers,' to anything save a plain facing of the plain facts.

By every means in its power the Labor Party now seeks to divert the struggle from the class front against capitalism. This is the meaning of its attempts to describe the crisis as a crisis due to 'the shortsighted gambles of financiers in the City,' that is, not as a crisis of British capitalism as a whole; to describe the enemy as 'finance,' 'the bankers,' and even to create a new class, 'the financial class,' and make the issue 'finance' versus 'democracy,' the 'world's financiers' versus 'international massed democracy.'

What is the significance of this? The issue is turned from a class struggle against capitalism to a supposed issue of one section of capitalism against another, in which the workers in alliance with the 'industrial capitalists' (Mondism was maintained at the Trade-Union Congress by 2,818,000 votes to 160,000) fight 'the bankers,' and the temporary disasters of ill-regulated capitalism are replaced by well-regulated capitalism. The policy of alliance with the bourgeoisie (who in fact are conducting the attack on the

working class as a single bloc) is openly proclaimed. The Independent Labor Party performs the same task with its propaganda of monetary policy as the central issue of the crisis. Even more obvious is the objective in the case of the war-preparation propaganda against the 'American bankers,' that is, turning the anger from the British bourgeoisie to the foreign enemy.

WHAT is the prospect of the new Labor opposition's being able to control and paralyze the rising workers' fight and turn it back to the old path of reformist-democratic illusion? Certainly they have strong advantages and equipment for their task. The first forward impetus of the workers does not yet differentiate; it streams both to the trade unions and to the Labor Party, as the traditional organs of the workers' struggle. An upward movement, renewed interest, is reported both in the trade unions and the Labor Party.

Nevertheless, the Labor leadership is to-day in a far weaker position to respond to the workers' awakening consciousness and to hold it. Contrast the Scarborough Trade-Union Congress of 1925 and the Bristol Trade-Union Congress to-day. In 1925, after the fall of the Labor Government, the labor bureaucracy was able to throw forward its 'left' leadership, to play with militant phrases, right up to the general strike. To-day the Trade-Union Congress has to hold by Mondism, and to preach, not war on British capitalism, but the 'strength' of British capitalism. The Labor Party leaders are weighed down by their own programmes, their records, their commitments, which they try vainly now to cover. The question of the necessity of new differentiation, of new forms, arises from the outset as an issue in the working class.

The Labor Party requires, for its reestablishment, to appear to voice the workers' opposition. But its lips are heavily tied. How can it call to the fight against the National Government? It was itself preparing to form a National Government. Henderson said in the House of Commons:—

I am not taking exception to the fact that we have to-day what is called a National Government. What I do take exception to is the manner of its formation.

Again, at the Bristol Trade-Union Congress, he said:—

While I was in Paris in July the question of a National Government had been the subject of conversations. ['Shame!'] I am not so sure that there was so much shame in it, because if this situation in its magnitude and its urgency was such as has been described, I would have preferred that the idea of a National Government had been seriously considered and approached in a proper way, and that the Labor Government had been consulted.

Did not the *Daily Herald* of August 17 come out with its cartoon of the nation's 'football team,' stepping forward as a single team, consisting of MacDonald, Snowden, Baldwin, Neville Chamberlain, and Lloyd George? Did not the *Daily Herald* of August 14 proclaim:—

With Mr. MacDonald and Mr. Snowden at the helm the nation can be assured that it will get a fair deal, and that whatever sacrifices are called for shall be fairly related to the capacity to bear them.

To eat these words, and a thousand similar expressions, within a fortnight requires a gastronomic agility that does more credit to their manœuvring eagerness to keep a hold on the masses than to their sincerity.

How can they proclaim the fight against economy and cuts? Had not the entire Labor Cabinet prepared their programme of cuts amounting to 56 million pounds? Had not a Cabinet committee, including Henderson and Graham, prepared a still sharper cuts

programme amounting to 78 million pounds, or actually 8 million pounds more than that of the National Government? But the cut in unemployed pay—here was the issue of principle, they declare, on which these faithful defenders of the working class made their stand and broke. Is that so? Is, then, a cut of 12–13 million pounds in unemployed pay, included in the 56 million pounds programme accepted by the entire Cabinet, not a cut in unemployed pay? Is the cutting down of transitional benefit to twenty-six weeks, the driving of half a million unemployed off any benefit at all, not a cut in unemployed pay? Is there, then, such a profound difference in principle between cutting an unemployed worker from 17s. to 15s. 3d., and cutting him off unemployed pay altogether? Yet on this subtle distinction the entire Labor case of having gone into opposition 'for the sake of the unemployed' rests. And indeed there is evidence that there was also readiness to make the 10-per-cent cut. Note what Henderson said at the Trade-Union Congress:—

It got narrowed down to this: shall we, instead of complying with the request for the 25 million or 30 million pounds, try them [the other interests called in] with a cut of 10 per cent instead? The trial was made.

The trial was made—that is, the 10-per-cent cut was actually proposed by the Labor Government representatives to the other parties. Thus the last shred of basis disappears. It is abundantly clear that no issue in principle, no real division, but only the news of the temper and reaction of the working-class movement, caused the sudden hasty change and break. Complete ammunition was left in the hands of the National Government to justify their programme as identical with the Labor programme. Desperate efforts were made after the event to discover and piece together a new 'alternative' programme—with no success yet, for

within the premises of capitalism there can be none.

What, then, remains of the loudly proclaimed 'opposition'? Nothing but —'opposition.' 'Opposition' of the most empty, hypocritical, meaningless type that even parliamentary history has ever revealed. The aged theoretician of the Labor Party, the father of Fabianism and Laborism, Sidney Webb (Lord Passfield) declared with naïve openness in the House of Lords debate, to explain the Labor 'opposition' to the policy of the bourgeoisie, with which in fact, as their policy as a Labor Government up to the eve of their fall had shown, they were in essential agreement; that 'on a large number of points he was very much in agreement with Lord Reading's speech. He must, however, explain the position of the opposition. He believed that His Majesty's opposition was a necessary part of our parliamentary government.' Thus the thinking aloud of the English Kautsky. The purpose of the opposition, the programme of the opposition is—to fulfill its duty to 'His Majesty' of providing an 'opposition'! This deserves to be added to the cynical catalogue of gems of Social Fascist self-exposure.

WHAT, then, is the outlook? The National Government cannot solve the crisis. The causes of the crisis lie rooted in the conditions of British capitalism. They can be overcome only by a basic economic reconstruction, such as is impossible within the conditions of capitalism, such as can be accomplished only when the workers' dictatorship breaks the fetters of private ownership on production and removes the burdens of accumulated debt and parasitism. Then at once a gigantic productive advance, new social organization, the ending of unemployment, and rising standards for the

whole working population can be rapidly achieved, as the example of the Soviet Union's advance in the midst of the world crisis of capitalism has demonstrated. The problem of the trade balance disappears; for, even assuming the continuance of capitalist economy in the other countries, the removal of the wasteful capitalist burdens, which are the real weight making British costs of production too heavy for world trade, will at once diminish those costs below the level of any capitalist country and make easily possible all necessary exchange of commodities with other countries; and these gains will more than outweigh the disappearance of the foreign investment income. With every turn of the crisis, the necessity of this sole possible solution, which can be achieved only by the workers' dictatorship, becomes clearer and closer.

But the programme of the National Government is a completely negative programme, blindly obeying the compulsion of the crisis, without direction or the possibility of direction, save to carry on by ever more violent means the desperate fight for a doomed system. It cannot touch the real problems. Its cuts can only intensify the crisis. If it maintains the gold standard, it necessarily maintains at their highest all the burdens that help to choke production. If it abandons the gold standard, it loses the international financial position that has been the indispensable basis of British imperialism. In either case, British capitalism goes downward. The Labor opposition has no alternative policy. It can have no alternative policy. It gropes about desperately for fragments and makeshifts of a policy, for mobilization of foreign securities, suspension of the sinking fund, taxation of fixed-interest securities, a conversion loan, and the like. In the hour of capitalist breakdown, the one thing the Labor Party, this

'socialist' party, cannot propose is the fight for socialism. For the fight for socialism can be conducted only along the lines of revolutionary class struggle.

The ferment grows in the working class. Powerful evidence of this is to be seen in the process that is taking place within the 'left wing' of the Labor Party—the Independent Labor Party. The workers within the Independent Labor Party are raising questions, are calling for a policy of militant class struggle, are raising issues of revolution, are even asking if the Communist path and predictions are not after all proved correct in the light of recent events. Reports from local meetings of the Independent Labor Party and correspondence in the party organ abundantly illustrate this process at work. In response to this, the Independent Labor Party leadership has begun to change its tone, to speak 'revolutionary' language, to speak of the 'crisis of capitalism,' to call for 'revolutionary,' 'extra-parliamentary' organization and the 'struggle for power.' But its policy alongside this language remains the same. In the next breath, after speaking of the crisis as a basic 'crisis of capitalism,' it declares that the crisis is due to a mistaken 'monetary policy'—that is, that it is only a disorder due to a mistaken policy of capitalism, and not one inherent in capitalism, that it is curable in a well-regulated capitalism. In the next breath, after declaring the collapse of all 'gradualism' and 'evolutionary policies,' it declares that the solution lies in the gradual 'raising of the purchasing power of the workers.'

What is this but 'gradualism' in the last extreme of meaningless impossibility? The old 'redistribution of the national income,' the old theory of running capitalism for the benefit of the workers, the old Fabian-Labor policy without an atom of difference, without any attempt to face the reali-

ties of capitalism, the issues of class ownership, are once again trotted out in the face of this gigantic crisis. So long as 'revolutionary' language is used to cover this capitalist policy, it is a direct enemy of the workers' advance. Its only significance is as an index of the growing revolutionization of the workers, to whom the Independent Labor Party leadership endeavors to adapt itself without changing its policy. The revolutionary differentiation of the militant workers will have to take place against the leadership of both the Labor Party and the Independent Labor Party.

The workers have to find their path in the new conditions of struggle. It is customary to speak of turning points at every stage of the long road of working-class emancipation. But there is no doubt that the significance of the present events means a real turning point, a great turning point, in the situation in Britain and the development of the working class. The breakdown of British capitalism is drawing closely visible to every worker, is forcing fundamental questions to the front. The Labor Party has failed; it has reached the end of its possibilities and the complete collapse and exposure of its programme. The lesson of these events must be learned. The general strike of 1926 and its betrayal and the collapse of the Labor Government in 1931 are two milestones in the road, marking out the inevitable future path. The new conditions of struggle must be faced. There can be no drawing back. We must organize a united fighting front against the capitalist attack, against the National Government. We must advance to the developing revolutionary issues. We must expose and defeat the attempts of the Labor leadership to hold the workers back. The present moment is a moment of greatest opportunity and greatest responsibility for the revolutionary workers.