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## The 15th Party Conference of the C. P. of the U. S. S. R.

### First Day.

Moscow, Oct. 26th, 1926.

The 15th Party Conference of the C. P. of the U. S. S. R. was opened today in the overcrowded Andreyev Hall of the Great Palace in the Kremlin. There are 817 delegates present of whom 194 have decisive votes and 623 consultative votes. Amongst the latter there are 36 representatives of the Comintern Sections.

After the delegates had honoured the memory of Djerjinsky by rising from their seats, the presidium was unanimously elected. A presidium of 37 persons including Comrades Stalin, Rykov, Bucharin, Molotov, Tomsky, Kalinin, Voroshilov and Kubishev was elected.

Comrade Bucharin who was greeted with a storm of applause then made his speech upon the

## Questions of International Politics.

COMRADE BUCHARIN:

### The Question of Capitalist Stabilisation.

I begin with the question of stabilisation. It is true that we are all somewhat sick and tired of this question, but I believe that for some considerable time to come it will continue to be one of those questions which we shall have to place on the agenda when discussing the current problems of international politics. At this Conference it must be dealt with for the reason that up to the present there has been a certain divergence of views in our Party with regard to it, even though this divergence has been such that there has been an overwhelming majority on the one side and an inconsiderable minority on the other. Still, there are undoubted differences of opinion on this matter in our Party. You will remember that at the session of the Plenum of the C. C. in July of this year, there was a sharp debate on this question between the representatives of the majority of the C. C. and the comrades of the opposition, in the course of which we were obliged to point out that the speeches of the opposition gave no clear and definite line on the subject. For one thing the opposition maintained that the stabilisation

had been actually unstable, and had finally disappeared altogether. The course of historical development has swallowed up and distorted the stabilisation. Since our comrades of the opposition declare openly and decidedly that they do not intend to abandon their views, it will be seen that differences of opinion actually do exist, and for this reason I again raise this question here.

### The General International Signs of Stabilisation.

I shall first put the question in a general form: Are there any indications whatever observable of an improvement in the position of international capitalism? I lay special emphasis on the fact that I first put the question in the most general form possible.

I shall first of all refer to the figures relating to the world's total output, beginning with about the year 1922. If we take the branches of production most important and most characteristic for capitalism, we find the world's production, expressed in percentages of the production of 1913, to have been as follows:

Cast iron: 1922 = 73.6%, 1923 = 89.8%, 1924 = 87.2%, 1925 = 95.7%; for the first half of 1926 the corresponding figure will be approximately 98%. This last figure is based on the

figures available up to the present date, and cannot take into account changes likely to be caused by the English strike.

Steel: this has been as follows during the same period: 1922 = 90,5%, 1923 = 105,5%, 1924 = 105,0%, 1925 = 115,4%, 1926 = 118%. We thus observe an almost regular increase of output from year to year, both in cast iron and in steel.

Coal: the output of coal has been as follows: 1922 = 86,8%, 1923 = 98%, and in 1924 a certain falling off: 96,9%, followed by a renewed increase to 97,6%, the development thus being almost the same as that of cast iron and steel.

The area of land under cultivation taken on the whole has increased. I shall however not make any special reference to the area under cultivation, as the subject is sufficiently known. If we take the figures of production (and production is acknowledged to be the basis upon which everything else rests) as our point of departure, we find that the level of the world's production, after sinking during the war, has since the beginning of 1926, once more approached its pre-war standard. Developments have varied in the individual branches of production, but in general we may make the qualified statement that capitalism is approaching the conclusion of its period of reconstruction. At the same time the dynamics of the conditions of production show an increased output, during the last few years, in the products characteristically fundamental for capitalism.

I turn to another indication of developments: the progress being made in the restoration of international intercourse, in the restoration of the connections formerly existing between the various parts of world economics. The decline of world economics was one of the most essential and striking phenomena attending the crisis of capitalism, and the retrogression of capitalism caused by the war. But now we may observe that in some way or another the figures relating to international traffic are increasing again. This cannot be denied. I give the figures for the last few years, for 32 countries.

In 1923/24 (in round figures) the foreign trade returns of these countries amounted to 29 milliard dollars; 1924/25 to 32,5 milliard dollars. In 1925/26 the rate of this increase slowed down, but the increase itself continues. In 1913 the corresponding figure was 35,4 milliard dollars. The total foreign trade turnover has thus not yet regained its pre-war level, but the trend of its dynamics is such (and this is decisive for the reply to the question as to whether there is a stabilisation or not) that the turnover figures of the last three years show an approach to the pre-war standard.

I now come to the third indication, the currency conditions. If we observe the various currencies, which were so thoroughly disorganised by the war, we again find signs indicating a certain stabilisation of capitalism. During the last few years the common rate of exchange of 40 has risen considerably for the countries coming in question. We see a rise of both the European and the international curve. These two curves are rising approximately parallel with one another. For Europe the decisive factors have here been the stabilisation of the German Reichsmark and the higher rate of exchange of the English currency.

If we compare with par, in percentages, we see that for the pound sterling the figures for 1923/24 were 89,9%, for 1925/26 99,8%. The two leading countries whose currencies have been stabilised — Germany and England — have effectuated a rise in the curve for the whole of Europe. Counteractive tendencies are shown for the most part in the Latin countries, whose curve either falls or fluctuates violently, varies abruptly, and tends to draw the general curve downwards. The English and German rates of exchange are, however, of predominating influence, and the curve thus shows a rising tendency on the whole.

We thus observe in the first place an increase in international production, secondly an increase in foreign trade, and thirdly improved rates of exchange. All this shows, on the average, a rising curve.

The question, as I have presented it so far, has however been dealt with in an entirely general manner. But, as you will have the opportunity of observing later on, we cannot content ourselves with this general aspect of the question, for the conditions obtaining in the various countries vary so greatly, the lines of development are so multifarious, the difference in the curves, and of index figures is so great in different parts of the world, that it would by no means suffice to go no further than a calculation of the statistical average. This calculation can

only give a preliminary and approximate idea of the situation, and is insufficient for an analysis of the entire process.

### The Insecurity and Inequality of the Stabilisation.

These facts, positive from the capitalist standpoint, are opposed by a number of negative facts, accentuating the other aspect of the case. Whilst the first series of facts here adduced goes to show the actual existence of a stabilisation, the second series of facts which I am about to bring forward demonstrate the entire relativity of the stabilisation. This will be seen before all in the peculiar character of the fluctuations of economic prosperity, the successive crises and periods of depression on the one hand, and the periods of industrial recovery on the other. The pre-war rate of development, and the pre-war economic cycles, characteristic of the so-called normal capitalist development, and involving a certain degree of regular periodicity in industrial crises, have now been replaced by very different phenomena. It need not be said that even here certain laws are followed. These laws are, however, a thousand times more complicated, and show the abnormality of capitalist development during the present epoch. The process of capitalist reconstruction proceeds in unequal jumps and spurts, and is utterly unsound. One period is followed by another in an entirely different speed than was the case before the war.

When we regard the world's production from this viewpoint, we observe a retrogression in 1919, a recovery in 1920, an acute crisis in 1921 and in 1922/23 again a certain revival, but accompanied by an extremely severe crisis in Germany, consequent on the Ruhr conflict.

In 1924 we again see a certain falling off in production; in 1925 a certain increase, ending however with a crisis in Germany and a depression in England. The first half of 1926 has been greatly influenced by the crisis in Germany and the English coal conflict. The first counter-indication and the first sign of the entire relativity, a sign of the abnormal and apologetic condition of capitalist economics, is the feverish oscillation of this curve, bearing no similarity whatever to the curve of capitalist development before the war.

The second fact to which I wish to draw your attention is the wide degree of difference in development in the separate countries.

It is true that this inequality already existed during the normal period of capitalist development, but it has now assumed acute forms, and has increased to an extent entirely unknown before the war.

The figures I have given for coal, iron, and steel production refer to the world's production. But if we turn aside from this general survey, and consider the corresponding figures with reference to the separate countries or separate groups of countries, the results are extremely interesting. Thus the world's coal output had almost reached the pre-war level by the beginning of 1926, and amounted to 96,7 per cent of the production of 1913. But if we take Europe by itself, we find the output to be almost ten per cent less than before the war, whilst the production of the U. S. A. has exceeded the pre-war standard (102,5 per cent). The falling off has been greater in England than in any other country in Europe, the corresponding comparative figures being 84,2 per cent. Similar conditions are to be seen with reference to iron and steel production.

What does this mean? It means that whilst the average world production is regaining the pre-war standard, there is a great discrepancy between European and American economics. If we take Europe alone, then we again see, within Europe itself, a similar discrepancy between the development of England and the development of central Europe.

This inequality of development is again an extremely characteristic sign of the present situation. We must accord this careful observation, we must feel our way towards a certain objective basis, a certain definite line solving our tactical problems and determining our policy. Our analysis must not by any means be confined to a general conclusion regarding capitalist stabilisation. The day is past when we could restrict ourselves to the formula that a stabilisation exists, but that it is merely a partial or a relative stabilisation, and so forth. Today we can no longer employ this formula in determining our tac-

tics, for it is merely the first step to a differentiated definition of the question, to the analysis of the situation in the separate countries.

It is only when we differentiate the various branches of the question, and approach it from its concrete aspect, that we gain an idea of the actual economic conditions prevailing in the different countries.

The "Types of Stabilisation" in the different Countries. If we regard the United States of America, that is, the country in which the curve of capitalist development is, in general, rising more rapidly than anywhere else, and where, for instance, the consumption of electric energy rose from 3,3 milliard horse power in 1914 to 13,3 milliard in 1920, we find a type of development to which there is no analogy in any part of Europe.

England belongs to another category of countries, to those countries in which capitalism is decaying most rapidly, and at a fairly steady rate. This decay finds its expression in extremely acute class antagonisms, in vast regroupings and changes among social forces, and in tremendous social class conflicts and social class battles, unparalleled in the history of this country.

If we now regard the map of the world from this point of view, and examine into the conditions obtaining, for instance, in some of the vast colonial and semi-colonial countries, such as China or Indonesia, then we find not merely an absence of all stabilisation, but actual civil war. We see here a revolutionary process of internationally historical importance, one which we must be careful not to underestimate.

And then let us turn to our Soviet Union, which has not ceased to exist, either physically, economically, or politically, since it has become a country of the proletarian dictatorship. Here we see the steady progress and stabilisation of constructive socialism. It is true that the stabilisation of socialism does not apply to every branch of economics, but the preponderance of the socialist elements in the collective economics of the country is increasing steadily, and the leading role played by these socialist elements is being more and more firmly established, despite all pessimist prophecies and sceptical assertions.

The continent of Europe offers many further examples of varying conditions and varying stages of "capitalist health". There is no doubt that in Germany and France the curve of capitalist stabilisation continues to rise. In France this upward movement began some time ago, in Germany it is, only now making its way through acute crises and other difficulties. In my opinion there is no doubt of this fact. I shall return to this point later, for this problem of France and Germany represents that main problem in which other problems of international politics are merged, and bears directly upon the problem of the enormous difficulties lying in the path of capitalist stabilisation.

So far we have mentioned five groups of countries.

The sixth group of countries combines various shades of conditions. In this group we may count such countries as Czechoslovakia, Yugoslavia, and Poland, which are on pretty much the same level, though some of them show a distinct tendency to a retrogressive "development". They show a tendency to revert back to agrarianism, that is, to lessening the proportionate importance of their industry as compared with their agriculture. Retrogression into agrarian economics, attrition, unsoundness — these are the general characteristics of this group of countries, varied in the different countries by various kinds of fluctuations in economic prosperity. Thus the English coal strike has, for instance, led to a temporary increase in the coal output of Poland, whilst the revival in German exports has been attended by an increased depression in Czechoslovakia. A careful examination reveals greatly varying types of stabilisation in the different countries; and these must not all be lumped together, for such countries as England, Germany, or France, show peculiarities of development inevitably influencing the sum of social forces. It is plain that in determining our tactics we must take into account these specific peculiarities of the various countries.

I once more emphasise the fact that to-day we must no longer permit ourselves to be content with a general characterisation of the position of international capitalism, but must put the question in a differentiated form, differentiating at least the separate groups of countries. If we fail to do this, the conclusions drawn from a general characterisation will not be based on a solid theoretical foundation.

### The Characteristic Features of the Present Capitalist Crisis.

With your permission, comrades, I shall turn to some of the questions which spontaneously arise in an analysis of the present situation of capitalism. It is obvious that this situation is one involving a unique crisis, and I believe that here we are very liable to fall into an error committed by many comrades today. This error consists of the belief that in some countries, a decisive number of countries, there is at the present time an ordinary crisis of overproduction, that is, a situation in which the apparatus of production is too large for the consumption, and the supply of goods is greater than the effective purchasing power. This easily leads to the conclusion that capitalism has reached a stage in its development somewhat similar to a normal capitalist crisis of overproduction, so that capitalism, having so far regained its general standard, is developing according to its usual laws.

I for my part am not in agreement with this view of the situation, and believe that a few words on the subject will be in place here.

I am of the opinion that we must distinguish between at least three different types of crisis in capitalist production:

a) normal capitalist crises, characteristic of pre-war capitalism;

b) crises of under production, famine crises, occurring in a large number of countries, especially in European countries, during and in part after the war;

c) the present crises of over production, which are, in my opinion, special and unique crises, not to be classed with former crises.

During and after the war a remarkable theory was propagated, assuming an apologetic form among bourgeois savants, and based among the German communists on the erroneous theories of Rosa Luxemburg. This theory maintained that there was an enormous accumulation of capital during the war, an enormous growth of the apparatus of production. On this theory it is very easy to explain the present crisis of capitalist production. During the war the capital and the productive apparatus of the belligerent countries increased enormously. The war came to an end. The apparatus of production remained, but it had nothing to do, and the result has been over production. Hence the crisis. This crisis is thus the consequence, so to speak, of war prosperity.

I am not in agreement with such a theory. I believe it to be wrong, and not in any way in accordance with the actual facts. I believe it to be entirely wrong, and even absurd, to imagine that there was any great accumulation of capital whatever during the war. It is absurd because it leads to the conclusion that the accumulation of capital would increase more and more in proportion to the length of time a country was at war. This not only ignores the destructive effect of war, but even supplies a "proof" of the economic utility of war.

Where does the mistake arise? It arises from the fact that the growth of the total capital of a country is confused with the growth of capital in individual branches of economics. If a war can and does cause a diminution in the total capital owned by a country, a result bound to follow the enormous increase in unproductive consumption, consumption for the work of destruction, etc., this process is accompanied by an extensive redistribution of capital, the small and medium capitalist strata being expropriated. There may, of course, be an increase of the apparatus of production, and even of capital accumulation, in some sections of the economic front, especially in heavy industry.

If this last aspect is the only one taken into consideration, and the apparatus of production of this section of the economic front is the only one examined, whilst the totality of the apparatus of production of a country, including the apparatus of the smaller and middle branches of production, are confused with the apparatus of one single branch — heavy industry for instance — then, and then only, is it possible to arrive at the remarkable theory above described.

In my opinion the actual state of the case is that original capital has, on the whole been reduced, by the war, especially in those countries which suffered most from the negative effects of war, even when in these same countries some special lines of production were able to increase somewhat. The home consumption of these countries decreased to a frightful extent during the war, the poverty of the masses reducing their buying powers. It is therefore not to be wondered at that even when the total

apparatus of production of a country has been reduced, the even greater reduction of the purchasing power of the masses still gives rise to a disparity between production and consumption. In my opinion a great number of countries were reduced by the war to such an unhappy condition that, despite the reduced apparatus of production the even more rapidly advancing impoverishment of the masses has led to an over production.

I shall formulate this more exactly, for no matter how paradoxical this proposition may appear, it is of serious importance for the most burning questions of the moment.

A difference, a discrepancy, between production and consumption, between the apparatus of production and the effective purchasing powers of the masses, may arise under the most various conditions. The apparatus of production may grow like a mushroom, whilst the buying powers of the masses do not keep pace; the result is over production. The apparatus of production may grow at a time when the buying powers of the masses remain at the same level; the result is again over production. And it is again possible for both the apparatus of production and the buying powers of the masses to diminish, and yet there may be over-production, if the purchasing powers sink more rapidly than the production.

It is plain that these various processes will be of varying economic significance. In my opinion the real situation in Europe consists of the fact that the apparatus of production has by no means increased so tremendously as is assumed, but that the purchasing powers of the masses have sunk alarmingly. This is the cause of the discrepancy between production and consumption, and the divergence between the apparatus of production and effective demand, that is, the purchasing powers of the masses. Here lies the specific peculiarity of the present crises of production, which differ from the pre-war crises in which production increased rapidly, whilst consumption increased at the same time, but not rapidly enough to keep pace with production.

The over-production of the present apparatus of production arises from the other side, and is caused in the main by the impoverishment of the masses.

The actual fact of over-production, and of a fairly considerable over-production, to use a mild term, is demonstrated by a great number of facts.

Thus, for instance, the well known American periodical, the "Iron Age", is of the opinion that in 1925 the cast iron producing plant of the world was working to the extent of 59.8%, steel to the extent of 65.4%. According to the statements published by the German Labour Statistics (Reichsarbeitsblatt) 62% of the works in Germany had but little to do in the middle of 1926, 26% had a fairly satisfactory amount of work, and only 12% of the undertaking were really busy. The statements published by the German Labour Statistics (Reichsarbeitsblatt) working at only 78% of their capacity. All this proves that the productive capacity of the present apparatus of capitalist production is considerably greater than the effective demand, that is, there is an actual over-production.

This is the reason for the fact that the problem of finding markets has become the main question for the capitalist world of today. Whilst here in the Soviet Union the demands of the market exceed the supply and the producing capacity of the given period, it is characteristic of the capitalist world, especially in Europe, that its markets have shrunk more and more in consequence of the impoverishment of the masses; even in America we observe the like effect as the result of the impoverishment of Europe. When such a situation arises that the problem of finding markets has become one of the central problems of all bourgeois economic policy, it is a natural consequence that this policy shows a strong inclination to reduce the costs of production, to rationalise working methods, to gain markets by means of reducing the cost of production and by the restriction of production in various branches of production.

#### The Process of Capitalist Rationalisation.

This process assumes various forms and various extremely interesting features, all of which must be clearly distinguished from one another if our workers' parties are to be kept properly informed and instructed. The main forms taken by this process are the following: firstly, immediate pressure on the working

class; secondly, a method of organising labour ensuring at the same time both great productivity and greater intensity of work; and finally, various technical improvements. One part of this organisation is the present tendency to trustification on the intensest possible scale, to the closing down of unprofitable undertakings, and to the merging of different undertakings, not only in a commercial form, that is, a form ensuring the division of the market among the combined undertakings, by means of participation in cartels and syndicates, but at the same time in a form involving the immediate vertical and horizontal amalgamation of various branches of industry.

I must admit, comrades, that it is extremely difficult for me to give you a complete idea of this process here, since a thorough analysis would compel me to burden my hearers with a great number of different statements. You will permit me however to give a few examples. I shall take these mainly from the sphere of German industry and German economic life, for it is in Germany that this process of rationalisation, combined with the impoverishment of the masses, shows its characteristic features with unexampled clearness.

In the literature of the Soviet Union — even in the communist — it is frequently assumed that this rationalisation is restricted exclusively to the organisation of work, and that technical changes play no part whatever. I believe this view to be wrong, however excellent the intentions of those who hold it. Were it to be really the case, the position of the capitalist world with regard to us would be much worse than it is. But unfortunately it is not actually the case. The separate stages of this process of rationalisation follow one another in natural sequence. What is the first step to be taken by the bourgeoisie? The first necessity is to suppress the working class. This suppression of the working class, especially of the German working class, has been the point of departure for the rationalisation process. The process, as is frequently the case, next followed the line of least resistance. What was the next step to be taken, from the bourgeois standpoint, from the bourgeois idea of the correct policy? An economic pressure had to be brought to bear upon the working class, and in an immediate and severe form. This, too, the bourgeoisie has done. It has worked out new methods for the organisation of labour, and has received in return increased surplus value. The phase of technical re-equipment frequently follows last of all, for this represents the most complicated form of rationalisation, demanding a large number of prerequisites. This order of succession for the stages of rationalisation must, of course, not be taken as absolute. It must not be supposed that one phase is divided from another by a Chinese wall. I have no intention of making any such assertion. Each phase is closely interwoven with the others, but the preponderance is now with one, now with another. If we examine the conditions in Germany, and especially in some of the leading branches of industry, we see that developments are taking place in various directions at the same time, and that the German bourgeoisie — to our regret — has some success to record.

In my opinion it would be very foolish of us to deny this success, and to maintain that the bourgeoisie can accomplish nothing. It has unfortunately succeeded in accomplishing something.

If we take the coal industry as an example, we observe a great advance towards concentration. In the whole of Germany only 2 to 3 per cent of the total coal output falls to the individual pits. If we examine the figures referring to the combines in various branches of production, we find that two thirds of the total black coal output falls to the iron concern, and two thirds of the total lignite output to the amalgamated undertakings of the electric and chemical industries.

Regarded from the standpoint of technical reorganisation, coal production has a number of successes to record; the rationalisation of steam power, the utilisation of by-products for the generation of electrical energy and for other purposes, the increased use of machinery in auxiliary undertakings, the increased use of machinery for transport purposes, the substitution of machinery for manual labour in obtaining coal, etc. Almost one half of the coal produced in the Ruhr valley of late years is obtained by the use of machinery. The labour productivity of the individual worker in the Ruhr district has at the same time considerably increased. This may be seen from the following figures: If we designate the labour productivity of a worker at 100 for 1913 we find a sharp drop to 63 in 1922, but a rise

to 116 by June 1926, the pre-war standard thus being exceeded by 16%.

I will also read you the figures referring to German steel production, showing the comparative daily outputs of a worker. If we assume the daily output of a worker at 100 for August 1925, we find an increase to 119.5 in November 1925, to 119.9 in February 1926, to 134.6 in May 1926, and to 143.8 in August 1926. This corresponds to a rise of 43.8% as compared with August 1925.

Another of Germany's branches of industry, with regard to which characteristic data are available, is the potash industry. Here we find an extreme degree of rationalisation, a large number of organisational and technical measures having been taken, and improvements introduced.

In conclusion I may refer to the data relating to the chemical industry. You must know that the chemical industry plays a very important part in German economics. In the first place Germany has lost certain territory where heavy industry was situated, and this circumstance, combined with a number of discoveries in the sphere of chemistry, have greatly turned the scale in favour of the chemical industry. I cannot agree with the opinion expressed by Hilferding in one of his latest articles in "Gesellschaft", that heavy industry has played its last part, and that we are on the eve of an epoch in which the chemical industry will supplant heavy industry in its commanding position. There is no reason for such an assumption, or for so categorical an estimation of the situation. But it is none the less certain that during the present stage of development the chemical industry plays a very important rôle in Germany, and many important achievements are being made in this sphere.

Thus, for instance, the output of one chemical undertaking has increased by 200%, the number of workers employed being reduced at the same time by two thirds, and the working week shortened from 50 to 42 hours. This success has been attained by the introduction of the moving platform, by the organisation of transport, by the shortening of the time during which partly manufactured goods are laid aside between various stages of their manufacture, by various descriptions of standardisation, by the introduction of piecework and premium systems, etc. The chemical industry is indeed able to place on record a number of technical discoveries involving an essential reorganisation of the process of production. Thus, for instance, the conversion of coal into a liquid state, the production of benzene by means of hydration, the manufacture of artificial silk by new methods, etc.

#### The Formation of Trusts and Cartels.

I now pass to the other side of the question, to the question of the various capitalist combines, to the question of the growth of the trusts, syndicates, cartels, etc. Here we must record an incontestably huge progress in capitalist forms of organisation. Even the powerful combines of the immediate postbellum period (Stinnes etc.) are now being thrown into the shade. In the first place the combines of the Stinnes description represented a somewhat low type of amalgamation; they were for the most part mere commercial associations, and in the second place they could not compare, as regards extent or influence in collective economics, with the combines of to-day, the "Vereinigte Stahlwerken" (United Steel Works) for instance of which the periodical "Wirtschaftsdienst" observed that it represents a monumental construction, a symbolical incorporation of German rationalisation.

We may form a judgment as to the extent of the capital possessed by this symbolical incorporation of German rationalisation if we remember that the original shares of this steel trust represent a value of 800 million Reichsmarks. This steel trust is one of the greatest combines in Europe, combining a number of branches of production. A no less interesting example of the present capitalist combines is afforded by the chemical concern which goes under the name of the J. G. Farbenindustrie (dye manufacturers), one of the largest concerns in the world. Its share capital is 1,000,000,000 marks (900 million marks in original shares and 200 million marks in preference shares).

I need not go into further detail with respect to the process of trustification above described. I only need emphasise the evident conclusion that a large number of productive units are showing a decided tendency to close combination and co-

operation. This, I need scarcely point out, is only one constituent of the general process of rationalisation.

A number of causes, among which we may mention the fact that the countries of Europe are suffering acutely from the reduced absorbing powers of the markets, from American competition, etc., and from their own dismemberment, are leading to an ever growing tendency towards the formation of various international combines. In this connection we may mention the formation of the so-called European steel cartel, recently founded, and embracing Germany, France, Belgium, Luxemburg, and the Saar district. This is one of the largest combines on international lines, and will probably play an important part in the immediate future. A number of other international cartels have also been formed of late (rail cartel, copper syndicate, etc.) I may further mention that the founding of a Central European electric trust is contemplated.

All these developments — the increased trustification of undertakings in the separate countries, especially in Germany, and on the other hand the formation of international cartels and international industrial agreements — must be estimated at their true value. We cannot ignore them. A special reason for devoting careful attention to this development lies in the fact that in connection therewith there is a special orientation of our chief enemy within the working — the Social Democratic Party. It need not be said that here the Social Democratic Party once more merely mirrors the thoughts of various bourgeois ideologists. Thus, for instance, a bourgeois economist, a certain K. Singer, writes in "Wirtschaftsdienst", that we are now entering unexplored territory in capitalist relations. Referring to the formation of the European steel cartel, Singer categorically declares that with this there commences a new epoch in politics and economics.

#### The "Pan European" Movement and the Bankers' Manifesto.

Whilst the bourgeois business circles of various branches of industry are showing a strong tendency towards rationalisation, especially in the form of the formation of international cartels, this tendency has been taken up by various circles of the intellegenzia, and expanded into a complete ideology for which there is as yet no adequate economic basis. I refer to the so-called pan-European movement which possesses a special ideology of its own, and takes as a starting point the assumption that every effort must be made for the organisation of Europe, otherwise it will be submerged by the American wave. Besides this, it is necessary to organise Europe in order that it may be prepared to defend itself against Bolshevik Russia.

I shall not deal with this movement in detail, for the outcry which it raises is out of all proportion to its actual political import.

The movement has, however, been taken up by the social democrats, and serves them as an instrument for deceiving the working class, and therefore I must point out some of the characteristic features of this movement, as expressed in various economic discussions at the present time. I may name, for instance, the great English economist, Hobson, who deals precisely with this problem of the pan-European movement in an article in Hilferding's "Gesellschaft". His attitude towards the question is as follows: All this is very true, but if the movement is to exclude England, then England will be forced into an alliance with America, with disastrous consequences for the whole world. If England is included, on the other hand, then how are such countries as Canada, Australia, and the other British Dominions, to fit into the European federation? And Hobson puts a note of interrogation after every proposition, thus practically unmasking the whole business, and showing it to be incapable of being carried out in the bourgeois form proposed, since an alliance with England is impossible under the given circumstances. Even such a man as Hobson realises this. On the other hand, the "pan Europeans" gaze with marked disfavour at Soviet Russia, and have no wish to unite with it. It is characteristic that the economist F. Naphthali writes, in this same social democratic periodical, against the Russian Menshevist Voitinsky, and declares openly that an alliance with Bolshevik Russia is impossible, and that another policy must be pursued.

The conclusion to be drawn is obvious: It is possible to unite some branches of production. The alliance cannot be permanent (with this I shall deal later), since a severe struggle is

impending for a share in the above-mentioned State syndicate, but at least it has practical foundation. The pan-European movement, on the other hand, has no such practical foundation. A "pan-Europe" on a bourgeois basis is an impossible Utopia. This is realised even by adherents of the movement, Hobson for instance.

In my opinion we must distinguish between the pan-European movement and other attempts, such as, for instance, the "bankers manifesto" even when these strive outwardly towards an alliance. Such attempts must, in my opinion, not be confused with the pan-European Utopia. This is something different. I do not believe that this is a relapse into economic "Wilsonism". Whilst during and immediately after the war Wilsonism defended the principle of the "right of self-determination of the peoples", since this slogan opened the door of European political life to the influence of the United States, now the slogan of expanding America is bound to be that of the open door everywhere and in every direction. Only the United States will be the gainer if the tariff barriers are removed, for then the United States can "beat" every other country. The "banker's manifesto" is a counter-measure against the attempts at forming alliances among various branches of production — attempts observable among the most multifarious national groups of the bourgeoisie of Europe. It is a counter-measure camouflaged by universalist ideas, an endeavour to create an instrument for the conquest of the European markets, and to open every door to the penetration of American capital. This is the meaning of the so-called "bankers' manifesto".

It is, perhaps, necessary to make mention of another movement aimed at encircling the Soviet Union. This movement is again an integral part of the bourgeois rationalisation policy. The endless and multitudinous agreements, the "spirit of Locarno", Germany's orientation to the West, the agreement between Poland and Roumania, that between Poland, Yugoslavia, and Czecho-Slovakia, and all other similar diplomatic manoeuvres, the increased anti-Soviet activity in England, Chang So Lins sallies, backed up as ever by Japan — all these are part and parcel of the system of stabilisation tendencies of the capitalist world.

#### Rationalisation in the Soviet Union and in the Capitalist Countries. The Difficulties of Capitalist Rationalisation.

In connection with this subject we must raise yet two further questions, the question of rationalisation in the Soviet Union and in the capitalist countries, and the question of the difficulties of rationalisation in the capitalist countries. It goes without saying, and is perfectly clear to every communist, that in the Soviet Union work towards rationalisation is being carried on in the interest of the working class, in the interest of progress towards a socialist state of society, and not in the interest of a strengthened capitalism. This would be an axiomatic truth, beyond all doubt, were there not comrades among us who go even further than their estimation of our State as a state "far from being proletarian". But for the overwhelming majority, for those who regard our State as a proletarian State, and our undertakings as undertakings of a consistently socialist character, there can be no two opinions on the subject.

I should like to throw a little light on another aspect of the question, on the vast difference existing between the whole mechanism and development of rationalisation in the Soviet Union and of that in the capitalist states, not only from the point of view of social class purport, but from the point of view of the growth of productive forces. In the Soviet Union the fundamental motive underlying rationalisation is the endeavour to meet the needs of the masses; at the same time the absorbing capacity of our markets is greater than our productive capacity. With the capitalists the motive for rationalisation is the desire to gain greater profits, and the necessity of adaption to narrowed markets. In the Soviet Union the demand is greater than the supply, among the capitalists production comparatively exceeds consumption. Thus in our case adaption to the market means extended production, whilst in capitalist countries adaption to the market, in the present stage of development, inevitably means restriction of production.

The result is an entirely different situation with relation to the working class and the number of workers employed. Despite the process of rationalisation, we shall presently be obliged to

engage a large number of fresh workers, whilst in the capitalist States rationalisation brings with it increased unemployment in the most important countries of Europe, chronic unemployment to an unheard of extent, unemployment as a permanent factor. We only need to cast a glance at such countries as England and Germany. Such unemployment as we have in the Soviet Union is mostly agricultural unemployment; our unemployed are for the most part peasants who have migrated to the cities. In the capitalist states the army of unemployed is composed of factory workers who have lost their jobs.

The process of rationalisation thus differs in all these points; and the difference is caused essentially by the different social and class structures of the two states of society. But even from the point of view of the development of productive forces, there is still a huge difference, inevitably expressed in the different rates of development here and in Western Europe. (This subject does not belong to this report, and I therefore merely touch upon it.) Our speed of development must be much more rapid, despite all the various inconsistencies.

The next question is that of the enormous difficulties inevitably bound up with capitalist rationalisation. I do not in the least deny the fact of rationalisation itself, nor the success of this rationalisation in the leading countries of Europe; that is, in Germany and France, and I regard conditions in Germany as a classic example.

I must, however, observe that the ideologists and adherents of the German bourgeoisie, above all the social democrats, are inclined to regard the situation in a much too rosy light as regards the German reparation payments and the American loans. Up to the present Germany has been living to a great extent on American loans. If we compare the reparation payments being made, and to be made, by Germany with those loans which Germany has received from its American creditors, we see that the American loans exceed the reparation payments. As the amount to be paid in reparations will increase in the immediate future (the calculations made show the scale of payments to be so regulated that in the economic year 1924/25 one milliard was payable, in 1925/26 1,220,000, in 1926/27 1½ milliards, in 1927/27 1,750,000,000, in 1928/29 2½ milliards), America is scarcely likely to increase its loans at the same rate, and thus the discrepancy between the American loans and the reparation payments will become greater and greater. The Dawes plan will enter on another stage of its development, one exceedingly painful for German economics. It is characteristic that even so prominent an economist as Keynes declares that up to the present the sum total of reparation payments made has been covered by foreign creditors, mainly by American loans, but that since these American loans are to a certain extent endangered, Germany having no markets and being liable for the reparations, the American creditors are feeling some anxiety as to the fate of their capital investments, and as to the prospects of further credits granted to German industry. The "New York Journal of Commerce", 24/25 May 1926, writes, for instance that it is high time to put an end to this farce, for what is really going on is nothing else than a farce; and though the general opinion of the American creditors may not be thus expressed, still it is a certain symptom, a presentiment of those difficulties into which German economics are inevitably bound to fall, despite all recent successes.

#### THE MAIN QUESTIONS OF THE PRESENT INTERNATIONAL SITUATION.

Comrades, I must now pass on to the next part of my report. The above analysis shows us five main problems, five main tasks awaiting solution.

The first question is the Chinese revolution and what turn it will take. This question plays a leading rôle in connection with capitalist stabilisation. When mentioning the various types of development in the different countries, I spoke of China as one of these types. The importance of events in China is tremendous. The direction taken by the Chinese revolution is of paramount importance for international developments.

The second question upon which we must form a careful judgment is the question of whether we are really entering on a new phase of capitalist development. We know that this is being maintained by the social democrats, who point to the acknowledged stabilisation, the increase of international cartels, the League of Nations, and so forth. To this question we must

find the correct answer. Are we actually entering upon a certain phase in the development of capitalist relations, a phase long prophesied by Kautsky, and designated by him as super-imperialism? This is the second fundamental question, and it is a profound problem, for a number of urgent questions of political tactics depend on its correct solution.

The third fundamental question confronting us is the question of the estimate to be formed of German imperialism. At the present time our German brother Party is discussing whether there is a German imperialism or not.

This question is of enormous importance, for the attitude to be taken by the German C. P. depends upon it. Is the Party to regard Germany as a nationally oppressed country, which the Communist Party may defend, or does the present German state represent an imperialism, and if so, to what extent?

The fourth question, of equal fundamental importance, is the question of what attitude we communists should adopt with reference to the process of economic rationalisation. This question is not so simple as it might appear at the first glance, for the conception of rationalisation contains such constituents as technical improvements, the introduction of new machinery, and a number of other steps towards technical and economic progress.

The fifth question, finally, is the question of the relations of the communists to the Soviet power, to the Soviet Union.

I deem it necessary to raise this question, for certain attacks made by the groups of the opposition have given rise to a different estimation of the position, importance, and class character of the Soviet Union, and have led to the advocacy of a changed attitude towards the Soviet Union, differing from the attitude hitherto adopted towards the Soviet Union by all communists, without exception, during the past period of development.

#### The Prerequisites and Tasks of the Chinese Revolution.

I should now like to say a few words on China and the Chinese revolution, and must once more apologise for being compelled to quote a few figures, though for the last time in this report. This small crime can, however, scarcely be avoided in this case; it is objectively necessary. In the first place I must say that the fact of the Chinese revolution, and the present victorious advance of the united revolutionary troops, are in themselves factors of international importance. We all recollect very well how Comrade Lenin, in his last articles, prophesied that the broad masses of the Eastern peoples, and especially of China, would be drawn into the revolutionary stream. Our Party, and the Communist International, have long since discussed the principles upon which we are to meet such an eventuality. Taking the question in its most general form, I may recall to your memories Comrade Lenin's speech at the Second Congress of the Communist International, in which he pointed out the possibility that these countries, in the course of their general development, might strike out a unique path for themselves. I need only remind you that Comrade Lenin, when discussing the whole question of colonial revolutions and of the revolutions in semi-colonial countries, laid down a thesis of extreme importance, one which we shall one day have to consider from the standpoint of practical politics. He laid down the thesis that, under certain historical conditions, a number of countries might pass through various stages of development at an accelerated speed. It need not be said that this is an entirely general and far distant prospect. But none the less we must hold it in view. I put the question in a general form, as a distant possibility.

We must admit that we possess comparatively little information about the whole of the East, about the colonial movement, and even about such a mighty movement as the present national revolution in China. This revolution deals a heavy blow at the whole fabric of international capitalist stabilisation. It is of historical importance for the whole world, the more that it is taking place in a country which is the immediate geographical neighbour of a country in which there exists the proletarian dictatorship.

Whilst we are so familiar with the principles of both the economics and politics of the countries of Western Europe that we even know the leading personalities of the bourgeoisie, of the social democrats, and of the Communist Parties, we are, on the other hand so little informed on the Eastern countries that

we are not even fully acquainted with the fundamental outlines of their economic and political structure. And without this knowledge it is extremely difficult to find a line of policy in any way likely to be correct. I should first like to say a few words on the economic structure of China. Concrete data are difficult to obtain, but such as are available clearly show the recent development and growth of capitalist conditions in this country, although this capitalist development has not yet advanced so far as to be of paramount importance for the estimation of the general situation in China. I have but very scanty data on hand, supplied me by Comrades who have devoted much attention to the Chinese question.

If we take the big industries for example, we find that these increased gradually between 1918/23. Thus, for instance, the number of spindles in work in the textile industry amounted to 478,000 in 1918, 1,749,000 in 1921, and 1,802,000 in 1923. It must further be observed that the big industrialist owners are of the following nationalities:

In 1924 the Chinese textile factories formed 61 per cent of the total number, Japanese 34 per cent, and British 5 per cent.

The output of coal also shows an increase, though not a very rapid one. The output was 18 million tons in 1918 22.6 million tons in 1923.

The nationalities of the mineowners are as follows (the number of mines is not given here, the amount of capital invested is taken as a standard): Fifty million dollars are in the hands of Chinese coal owners, 22 million dollars belong to the English, 27 million dollars to the Japanese, and 250,000 dollars to the German. The capital is thus in the hands of Chinese owners to about the amount of one half, the other half being in the possession of non-Chinese.

An inquiry into the social power represented by the working class is extremely difficult, the data referring to the number of the industrial proletariat are exceedingly contradictory, and reliable figures are not obtainable. It may however be assumed that there are about 5 million industrial proletarians in China (agricultural labour thus not being included).

The question of the structure of the agrarian conditions in China is of much greater interest. You are aware that in a country like China, and in such a revolution as the present one, the peasantry is bound by the logic of events to play a leading part, and the peasant question is bound to be closely bound up with the agrarian question, that is, the land question. The extent to which these questions are interwoven with one another, and their relations to one another, are extremely difficult to ascertain. I shall therefore draw your attention, comrades, to only one comprehensive table, thus avoiding the necessity of quoting to you the whole of the figures for the separate provinces, which I am afraid would cause you to send me to China to gather more exact statistical information (Laughter).

49.5 per cent of all farming undertakings consists of plots varying from 1 to 20 Mu in area. (If I am not mistaken, 1 Mu corresponds to a sixteenth of our desjatine. The desjatine is 2.5 acres.) These diminutive farms represent 15 to 16% of the total arable land. One half of the peasant population thus cultivates only about 16% of the total land. The Chinese regard pieces of land of 20 to forty Mu as small farms; and such farms are owned by 23% of the peasant families, their land amounting to about 22% of the total area of the country. 15% of the families possess land to the extent of 40 to 75 Mu and 25% of the total land. 11% of the families own large farms of over 75 Mu, and thus possess 35.9%, in round figures 36%, of the total area. This characterises the differentiation in the position of the peasants. In order to complete this survey, I must state that although China, taken on the whole, is a country of small farms, still there is a considerable quantity of land in the hands of large owners; and the conditions here obtaining are characteristically those of large land ownership. Large tracts of country are in the hands of the remnants of the one-time feudal landowning official bureaucrats, or in the hands of the present Generals. There are about 200 landowners each owning an area of more than ten thousand Mu. It may be assumed that there are about 30,000 landowners each owning more than one thousand Mu. You must understand, comrades, that when we speak of such a small dimensional unit as a Mu, we must not compare the economic value of this unit with our desjatine, since the Chinese cultivate their land by the most intensive methods, and a smaller area thus possesses a correspondingly greater economic value.

As early as the time of the French revolution the Chinese methods of agriculture were recognised by economists as being the most intensive form of land cultivation.

Some of the Chinese provinces are to a great extent in the hands of large landowners. It must be emphasised that precisely the province in which Canton and Kwantung are situated is more divided up into large estates than the other provinces of China. 85 per cent of the total land in the northern, western, and eastern Yangtze valley belongs to large landowners. In the province of Hunan, in the Tschiantse district, one third of the whole district belongs to the family of Yuang Schi Kai. I need not enumerate all these great landowning families, but I may tell you that there are categories of landowners whose domestic servants alone, in the private service of the family, number more than a thousand persons. There are other tracts of land in the possession of the church, and the extent of this territory frequently exceeds that of the largest farming estates.

You will thus see that the peasant question is inevitably bound up with the agrarian. Thus we cannot say that in China there is no land question at present, and that this question may be struck out of the agenda of the Chinese revolution, since China is a land of small holders. This attitude would be entirely wrong.

The second question, closely affecting broad strata of the Chinese population, is the taxation question. At the present time the chief burden of taxation is borne by the broad masses of the workers, that is, by the peasantry and artisans. I may here mention the fact that with respect to taxation China beats the record over any other country. The taxation differs in the various provinces, but nevertheless there are 18 different categories of taxes to be paid by the peasants.

Another characteristic fact is that different provinces, and various categories of peasantry, have to bear the burdens of the wars waged by the militarists. In some cases taxation has reached such a point that in several provinces the generals have had the taxes collected for 86 years in advance. (Voices: Oh and laughter.) Even the revolutionary governments have collected the taxes for some years in advance, though to a much less extent than the militarists.

There are some American writers who are of the opinion that the recent economic, political, and other crises in China have devastated agriculture to the extent about of 40%. It is entirely impossible to test the accuracy of this assertion, but one thing is certain and incontestable: the result of the land poverty of the peasantry, of the enormous burden of taxation, and of the unexampled oppression of the population at the hands of foreigners, who have seized the ports, the duties, and the most important taxes, is that the peasantry is being impoverished at a rapid rate. This impoverishment is so appalling that the country is overrun with millions of declassed unfortunates, who form into bands, or wander about the country. In Peking itself the number of these declassed elements is exceedingly great, and though they demand nothing of life but its barest necessities, they are literally condemned to death by starvation. Thus they are readily enlisted by any militarist, and go over from one government to another, without feeling themselves socially bound in any way. This process is a symptom of a certain disintegration of the whole economy of the country, and is the expression of the frightful impoverishment of the Chinese peasantry.

And now, comrades, in view of this situation, what are the chief difficulties and main problems presented by the Chinese revolution in its present stage of development. The difficulties are the following: on the one hand it is perfectly clear that the striking force of the Chinese people, the Kuomintang and the Communist Party, must direct its main blows against the foreign imperialists.

This is the main task: the struggle for the independent existence of China, the struggle for the national emancipation of the country. For the accomplishment of this task it is necessary to maintain the national revolutionary united front, which now consists not only of peasants, of workers, of artisans, nor only of the democratic and radical intelligentsia, but at the same time of the commercial and industrial bourgeoisie, of merchants and industrialists. It need not be said that not every merchant and every industrialist is joining in the struggle, but solely those who are not connected directly with foreign capital, those who are not to be counted among the compradors, or intermediaries between foreign capital and China. That section of

the commercial and industrial bourgeoisie which is now playing an objectively revolutionary part, and with whom it is necessary to form a bloc at the present stage of development if the greatest possible combined force is to be directed against the foreign imperialists — this section of the bourgeoisie is connected, through the government, with the semi-nobility and the big peasant elements in the villages.

It must be observed that in China the system of underleasing is still greatly in vogue. Large joint stock companies take a lease of land and then sub-lease it. The new tenant sub-leases it again, and so the process goes on. If this land ownership is disturbed the wave thus set vibrating runs at once up to the commercial and industrial circles. It is characteristic that in the province of Kwantung, this main stronghold of the Canton government, a large section of the land is owned by large landowners, these being connected with the commercial and industrial bourgeoisie supporting the Canton government. One touch suffices to set the whole in motion.

This is one of the greatest difficulties in the way of the Chinese revolution. The relation of forces within the Kuomintang are such that there are three wings: a right wing, a centre wing, and a left wing. The right wing of the Kuomintang relies upon this bourgeoisie, even upon its most Right inclined elements, and represents its class interests. On the other hand, the development of the revolution unavoidably demands the inclusion of the peasantry. It is not possible to govern against the peasantry and to win them at the same time, and the forces of the revolution cannot be organised without creating a peasant basis for this revolution.

These are the main difficulties of the present situation in China, and herein lies the greatest problem facing the Chinese revolution at the present juncture. Under the given circumstances it is imperatively necessary for the Communist Party of China to take up the struggle for agrarian reform with increased energy. Although the chief task continues to be the elimination of the foreign imperialists, and although it is of the utmost importance to maintain the national revolutionary united front, still the agrarian reform must be carried out, and the organisation of the peasantry taken in hand. The interests of the Chinese revolution most urgently demand that these enormous reserves of the peasantry should be organised on its side, and these reserves are just beginning to realise the class struggle. And this of course, will bring with it unpleasant things in the shape of further vacillation on the part of the right wing of the Kuomintang. The danger is also incurred of certain Left infantile diseases, tendencies towards a premature upheaval, towards a premature split in the whole national bloc. This danger must be faced and fought.

The situation is extremely complicated, and may be formulated as follows: Although we are fighting against foreign imperialists with the aid of a national revolutionary united front, an immediate agrarian reform must be carried out and the Chinese revolution placed on a broad peasant basis. It is not difficult to forecast the results of such a combination of forces. I shall not deal with this here. I need only observe that, should the Canton troops continue their victorious advance, and should further progress be made in the alliance of the national revolutionary forces in China, then it is not Utopian to assert that the victorious Chinese revolution will awaken a mighty echo in a great number of the neighbouring colonial countries — India, Indonesia, the Dutch Indies, where even now actual civil war is going on under exceedingly complicated conditions. All this makes China a magnetic centre of attraction to its colonial environment, and we must by no means fall into the error of under-estimating the immense importance of the movement in China, for it is one of the most important movements in the history of the world, and will strike a mighty blow at all capitalist stabilisation.

This, comrades, is practically all I wished to say about the Chinese revolution, I had the intention of discussing a number of other problems, but it is impossible to do so in the time at my disposal.

#### The Revival of German Imperialism.

I now pass on to the second of the great fundamental questions which I have mentioned. This question refers to an entirely different part of the globe. It is the question of German imperialism.

The Communist Party of Germany, as I already mentioned above, has debated, and continues to debate on this question. We must first clearly grasp the background of this discussion. What has caused the question to be raised, and what is its practical significance and meaning? To explain this I must refer to the period immediately prior to the occupation of the Ruhr valley, and to the events immediately following. How was the question put at that time in the Communist Party and in the Communist International?

At the very beginning of the imperialist war, Lenin realised the possibility that in the case of a victory for any of the state coalitions in Europe, a national war might arise against the victorious imperialist coalition. This was likely to arise when some one of the great and formerly influential imperialist states, defeated in the war, began to play a substantially different rôle to its former one in the system of the Powers. When Germany was defeated and oppressed, when it was forced into the position of a semi-colony, and when it began to offer a certain resistance to the victorious imperialist powers of the Entente, even the supreme organs of the Soviet power openly expressed their sympathy in their manifestoes, declarations, etc. At that time the attitude taken by the German C. P. was such that the possibility of defending the German Fatherland against the victorious imperialists of the Entente was not entirely excluded, since Germany was actually in the position of a semi-colony subject to Entente capital. Germany's social rôle had changed from an imperialist one into a certain force objectively representing an obstacle in the path of capitalism, and to a certain degree immediately directed against the rôle of Entente imperialism.

This was the same period during which the German bourgeoisie was most inclined to look across to the Soviet Union, and to consider the social structure of a state which had succeeded in establishing and organising a Soviet Republic comprising one sixth of the globe.

Much time has passed since then. German capitalism has since accomplished a mighty work of economic consolidation. German capitalism has already begun to raise the question of the return of its former colonies, though it cannot yet make much progress in this question, nor will be able to do so for some time. It is beginning to feel its way towards the export of capital. And it feels strong enough to speak in old tones again, and to hint at the use of force. This tone arises inevitably from the imperialist structure of German capitalism, and is immediately connected with its reviving economic power and its economic consolidation. This is the ground upon which the question of the revival of German imperialism is to be met. The practical import of the question is, whether the Communist Party of Germany is to accept as correct for the present situation the standpoint represented by the German communists towards the German Fatherland in 1923. The majority denies this. The situation is entirely different today. Today the international social rôle played by Germany has completely changed in comparison to that of a few years ago. The course of history has rendered the attitude suitable in 1923 entirely unsuited to the present situation. This is the practical import and at the same time the practical reply to the question of German imperialism.

The next question relates to super-imperialism. I shall only refer to this in a few words. In view of the development of the national cartels, in view of the formation of international syndicates, and in view of the fact that such a movement as the pan-European movement, exists, the troubadours of the Social Democratic Party fondly imagine that all their cherished theories are being realised, that capitalism is entering on a fundamentally new phase, in which there will be no more wars, everything will be decided by the League of Nations, and peace will reign all over Europe.

The economic basis of this phase is taken to be the growth of the international cartels, or, as a bourgeois economist expresses it, the growth of planned economics in a capitalist form.

Comrades, this theory has always been wrong, and is still wrong today. Even the steel syndicate of which I have spoken is no permanent organisation. Before the great world massacre there were international cartels, which afterwards fell to pieces. Now this steel trust is being organised, but conflicts are inevitably bound to rise within it, among the countries participating, for the largest share of the total production of the trust. Every change in the proportions of comparative forces can bring about

the dissolution of the trust. Of all the antagonisms and contradictions in European and international political life, not one has really been cleared away. The pan-European movement, even were its aims possible of execution, would become a bloc against America, against the American bankers. At the same time the various bones of contention between England and France continue to exist, and everything which we have said on this subject, and which need not be repeated here, still continues to apply. It is only those whose object it is to deceive deliberately the German and French proletariats, the proletariat of Europe, and the proletariat of the world (and among these the social democrats are now to be reckoned) who can maintain that we are really entering on a new phase, a phase of a super-imperialist structure in world economics.

I shall now touch briefly upon our relations to rationalisation. At the present time the social democrats are lending every possible support to capitalist rationalisation. They are employing approximately the same arguments as those applied by us in favour of rationalisation. If it can be made ultimately possible to regulate production, then it will also be possible for the workers to obtain a greater share of the greater output; therefore the workers must have patience, their conditions of living will improve; technical improvements have to be introduced, for this is a necessary step on the road to progress; the productive forces of the country must be increased, or no advance whatever can be made.

Those social democrats who are particularly enthusiastic for rationalisation propose the strictest concentration, just as at one time Comrade Trotsky proposed the strictest concentration of our industry, a concentration to be accomplished in part by the closing down of the Putilov works. (At the time of the discussion we were magnanimous enough not to even mention this. We might have reminded him of it, since he is now promising all kinds of advantages for the working class.) The social democrats, without exception, are supporting, with all their power the process of capitalist rationalisation. Shall we lend our support as well? There is no doubt as to our answer. We are no accomplices of capitalist stabilisation, we are not tools for aiding capitalism out of its present difficulties. We are not instruments for developing the productive forces of a capitalist state of society. Thus our standpoint with regard to capitalist rationalisation is diametrically opposed to that of social democracy.

In my opinion we must formulate our slogan on this subject as follows: **The whole of the costs of the stabilisation process to be borne by the ruling classes, and every result of rationalisation which burdens the working class is to be energetically combated.** We do not maintain that we are opposed to the introduction of new machinery. This is not the correct definition of our standpoint. Neither can we maintain that we are opposed to the introduction of an improved system in the organisation of working methods, etc. But so long as these improvements are introduced in a capitalist form, we are opposed to the disadvantages incurred for the working class by every one of these measures, and we must mobilise the whole of the working masses against the total sum of injury dealt them by rationalisation from the capitalist standpoint. Against this rationalisation we must concentrate our forces.

This is the correct definition of our relations towards capitalist rationalisation.

It is scarcely necessary to touch upon the question of the relations between communists and rationalisation in the Soviet Union, for we naturally maintain our original standpoint, and we cannot allow the various critics of the opposition the pleasure of joining in the social democratic chorus.

I must now pass on to another aspect of the question, involving various political tasks.

The present crisis is a crisis of over-production, caused by the exhaustion of purchasing power. Hence the desperate hunt for markets, involving the tendency to reduce the costs of production, the tendency to rationalisation. And hence again the attack on the working class. One is bound up with the other. Here economics determine economic policy and then all politics.

When we consider the working class, and ask ourselves: in what manner does this process of rationalisation affect the working class, we find that in the working class it is chiefly expressed in extensive regroupings. The capitalist crisis, which

has now assumed a peculiarly lingering form, is calling forth mighty regroupings within the world's proletariat. Thus whilst at one time the English working class could be reckoned among the labour aristocracy, this must now be considered as a thing of the past. This is one symptom of the internal changes in the composition of the working class. These internal changes are levers determining the development of the international revolutionary movement. The process of rationalisation has the effect of changing the labour groupings within each country itself. The simplification of production ensuing from rationalisation abolishes to a great extent the division into labour aristocracy and unskilled labour; the working class is levelled up and thus induced to join forces.

I do not go so far as those comrades who are of the opinion that the problem of the labour aristocracy is thus entirely abolished, for as a matter of fact the process of rationalisation itself forms certain groupings of a new labour aristocracy. Thus the introduction of the Ford system is accompanied by the appearance of a certain type of superintendent or foreman, and of various types of workmen with technical qualifications, raising them practically to the rank of engineers. However, in actual numbers these types are considerably fewer than the old aristocracy of skilled workers, so that in general the present process of rationalisation tends to a levelling up of the working class, and thus to its unity.

If we inquire further into the effects of rationalisation upon the position of the working class, we must accord some attention to an extremely important point; the question of capitalist price policy. I may state as a curious fact that a perusal of foreign economic literature led me to the discovery that certain of the discussions carried on in the Communist Party have their replica in the discussions of the bourgeoisie. The bourgeoisie is carrying on very similar debates (though of course in a bourgeois form) to those brought up by our opposition, for the bourgeoisie, too, is confronted by the problem of how it can best rationalise its undertakings and increase the productivity of labour. And here again two currents are apparent, bringing forward pretty much the same arguments as we hear here in the country of proletarian dictatorship. One argument is: a policy of higher prices is necessary, made possible by the exploitation of the capitalist monopoly. That is, they preach in favour of increased factory prices. (Comrade Kossior: they are followers of Pyatakov. Laughter.) Another line of argument, brought forward by such men as Hoover, is practically that of our C. C. (Laughter.) This maintains that our present task is to calculate a smaller profit on the unit of production, but to earn more on the larger quantity of cheaper products sold, and to compensate all round by an accelerated circulation of capital. It protests against monopolist stagnation in the same manner as I have, for instance, protested against Comrade Preobraschensky, and is prepared to gain its profits by means of quick returns.

But here I must observe that our comrades of the opposition are, in some respects, much behind many of the liberal bourgeoisie. However, I note with satisfaction that whilst among us the policy of lower prices and progressive development has won the day, among the bourgeoisie it is the "followers of Comrade Pyatakov" who are gaining the upper hand, and the bourgeoisie is actually pursuing the policy of high monopolist prices and slow returns. All the fine phrases which we hear from the bourgeoisie on quicker returns, reduction of prices, etc., are not being put into practice anywhere, not even in America; although the American economists are trying to veil this fact by assertions that in America wages are rising steadily, prices falling with equal regularity, and everything is proceeding beautifully. Thus a well known economist, Carver, states that capitalism is about to disappear in America, since every worker is becoming a capitalist. But all this is merely talk on the part of the American "adherents of the C. C." policy, and in reality they are ensuring the carrying out of the "policy of the opposition". The changes which they preach do not take place, but precisely the contrary.

#### The Leftward trend of the Working Class and its Forms.

Comrades, the above will have sufficed to show you that the process of rationalisation conditioned by the entire situation of capitalism at the present time is inevitably bound to be accompanied by some form of pressure on the working class: either in the form of increased intensity of work and lower

wages, or in the form of lengthened working hours, or in the form of exploitation of the working class consumers by means of high monopolist prices. Thus rationalisation itself forms the point of departure for a fresh impetus towards the revolutionising of the working class, and for the intensification of the class struggle. It is for this reason that we observe, in those countries in which capitalist stabilisation is celebrating its greatest triumphs (among these countries I include Germany in the first place, for here the difficulties are especially great, and may end in disaster), that precisely the process of stabilisation is forming the basis of acuter class antagonisms, of the revolutionising of the working class. The specific form being taken by this revolutionising process is explicable when its basis is thus understood.

It is characteristic that in most countries the working class does not turn immediately to the Communist Party, nor does it, in the majority of cases, attempt any energetic active mass struggle. The present stage of development leads to peculiar forms of the trend to the Left, forms hitherto unknown to us.

On the one hand we observe a very considerable growth of trade union opposition. Within the Trade Unions the left Opposition — the Minority Movement, is growing. We further observe that in the social democratic parties a Left wing is growing, opposed to the leaders, even the "Left" leaders. The Left social democratic leaders, manoeuvring under the pressure of the masses, are at times obliged to take such steps as splitting the party (thus, for instance, in Saxony, where the Left social democrats gained the majority, and expelled from the party the Right social democrats, though these were in agreement with the Central Committee). These "Left" leaders are incredible political charlatans, but the masses exercising pressure upon them incorporate the general process of the trend to the Left. This is the second form. The third form is the growth of every description of workers' revolutionary organisations, some of these bearing an entirely specific character. One example of such an association is the Red Front Fighters' League in Germany, which enjoys widespread popularity, and whose members are drawn to a large extent from non-Party circles, as also, though not to such an extent, from among the social democratic workers. A similar form of the trend to the Left may also be observed in Italy, where workers' meetings are being held in various places, different questions raised, etc. This movement is even spreading to the Roman catholic workers. Thus, for instance, it was decided to send a delegation of Roman Catholic workers to the Soviet Union, despite direct commands to the contrary from the Vatican. This form of the Leftward trend is again observable in the various Left movements within such parties as the Catholic Centre Party in Germany, the Catholic organisation in Italy, etc. Wherever these organisations include workers, the fermentation has set in, and the change is beginning to be felt.

With regard to the workers' delegations which visit the Soviet Union, I believe we have almost forgotten how important these visits from numerous delegations are to us. We have become accustomed to these delegations. The first which visited us were received with jubilous celebrations. The extent of these celebrations has decreased more and more, for we are exceedingly busy, and cannot arrange magnificent receptions for fresh delegations every day. That is the position from our point of view. But what if we regard the position from the point of view of the West European workers? These delegations do not consist merely of a few tourists, who can take a look round and go back home again. In the majority of cases they have been elected by a large workers' meeting, and have received special instructions from the workers delegating them. The reports brought back by these delegates are of enormous importance. And the number of these delegations runs into dozens.

These facts, expressing the process of the general trend to the Left in the working class, are the answer to capitalist stabilisation. This answer is given in different ways in different countries.

Here it is important to note that in the different countries we find different forms of the class struggle, corresponding to the different conditions, although the struggle itself will, of course, bear its characteristic features. The miners' struggle in England, which is playing a mighty role in the struggle and dealing a terrific blow at capitalist stabilisation, which is bleeding the economic life of England white; and which wrought fundamental changes in many of the economic relations of Europe — this

struggle is one of those defensive struggles which tend to merge into offensive struggles.

Another form of such a more or less mass movement was again exemplified in the plebiscite for the expropriation of the princes in Germany, initiated by the Communist Party of Germany and carried out with considerable success, and with the most brilliant political results.

Another symptom of transition to new forms is the recent strike of the dockers in Hamburg, for though this ended with a general defeat, it has none the less been a notable event. It was a spontaneous strike, entered on in opposition to the trade unions, and combining in its ranks both communist and social democratic workers in a common struggle against the trade union leaders.

This is how the regroupings are taking place within the working class. The part played by the labour aristocracy dwindles, the class struggle shows itself more clearly, the trend to the Left on the part of the proletariat assumes new and special forms. All this creates enormous proletarian reserves for the Communist Party.

The German "ultra-Left" have circulated the incredibly silly idea that the leading circles of our Party were aiming at liquidating the Comintern and the Communist Parties of which the Comintern is composed, and of substituting these by formless organisations. It need not be said that such an idea could only enter the heads of persons, whose natural common sense has been supplanted by a sort of ultra-Left sense, and who are thus incapable of grasping that the mobilisation of the masses is the means which we must employ for converting the Communist Parties into mass parties of the working class. The whole situation shows this to be the case.

#### The Struggle for the Masses and the Tasks of the Comintern.

I must now inquire into the factors essentially determining the present international situation and the main tasks which the Communist International and all communist functionaries have to solve.

It is perfectly clear that if the class struggle is being rendered more and more acute by the present efforts of capitalism at rationalisation, then all questions of an economic character, merging directly into political questions, are of the utmost importance.

It is thus comprehensible that such organisations as the trade unions play, and are bound to play, a most important part in these struggles, and we can also see what tasks fall here to the communists. It is perfectly obvious that the problem of combining the partial demands with our general demands, and with the steering of a course towards the dictatorship of the proletariat, has now become most acute and decisive. Our international policy, in view of the specific international situation, which has enriched us with the experiences of the English strike and of the great transformations in the English proletariat, must now pass forward to its next stage of progress.

Not long ago the formation of the Anglo-Russian-Committee was one of the greatest international events; here our most important action in the struggle for trade union unity was to press into the foreground the Russian trade unions, which co-operate with representatives of the English labour movement. We now go a step further. Whilst at one time the Profintern was restricted in its activities, and the Russian Trade Unions did not possess any great authority in the eyes of the still immature strata of the English proletariat, this state of affairs has since undergone a great change. At the last Trades Union congress, when it came to voting, there was revealed a considerable minority which was even more Left than Cook.

The change taking place in the English working class is enormous, and thus the communists must take another step forward to a higher stage in the trade union front, as a constituent part of the further development of our revolutionary struggle.

What does this mean, concretely stated? In my opinion the following are the concrete slogans naturally following: Above all there must be a closer connection between the A. U. C. T. U. and the R. I. L. U., the A. U. C. T. U. must take a more active part within the R. I. L. U. The R. I. L. U. is an autonomous international organisation of trade unions. Its activities must be

increased as far as it is possible for the communists to do this. Our trade unions must knit themselves more closely to the R. I. L. U., and make it their endeavour to play in it a parallel rôle to that played by the C. P. of the Soviet Union in the Communist International.

Comrades, I must curtail my report and hasten on to the next question. Before all I wished to say that one result of the altered situation as described above, of the capitalist attempts at stabilisation and some of their successes in various countries, has been that a whole series of phenomena found expression within the Communist Parties themselves. We see this, for instance, in the definite formulation of the ideology of the extreme Right and ultra-Left elements, in which the extreme Right sings pretty much the same tune as the ultra-Left. In our own Party we have witnessed the same thing only that here the turning point calling forth similar vacillations in the C. P. of the Soviet Union has not been so much the stabilisation of international capitalism as the stabilisation of Socialism in our country. In the Soviet Union these vacillations have found expression in the oppositional bloc, in which the "Right" and the "Left" have joined forces.

The incapacity of adaptation to fresh conditions has caused a certain collapse of a part of the Party leaderships. This must undoubtedly be admitted for a number of our Parties, including that of the Soviet Union (though here it has taken a form corresponding to the class foundation of the development of our country). It has led to certain critical phenomena, but these are neither so extensive nor frightful as those instigating them would have us suppose.

In some countries both the ultra-Left and ultra-Right groups have derived a special character owing to the fact that the bourgeoisie of the country in question has adopted the policy of ignoring Soviet Russia and seeking connections in the West; and this anti-Soviet, anti-Moscow, anti-Russian tendency, though in reality essentially bourgeois, has been mirrored in the ranks of some irresolute and bourgeois-minded strata of the Communist Party.

I cannot dwell longer on this question, but I should like to quote a few extremely piquant examples from the writings of the ultra-Left and ultra-Right. The ultra-Right is composed of elements expelled from the French Party, the ultra-Left partially of those expelled from and partially of those who are still members of the German party. What does the ultra-Left Korsch, who has been expelled from the German Party, write? To him, as also to Katz, Stalin is a "peasant king" (laughter); to him the Russian revolution is a bourgeois revolution; indeed, according to Korsch, the Russian revolution is passing through a transition stage from a radical bourgeois to a simply bourgeois revolution. The ultra-Left does not regard our undertakings as being of a socialist type, or ultimately socialist in type, but simply as purely capitalist undertakings. Our country is not a country of the proletarian dictatorship, but simply a country in which capitalism is striding forward on new lines, as in America. The Soviet Union must not be defended, even if war should be made upon it. According to Korsch, to do this would be a treachery equivalent to that committed by the German social democrats in 1914.

Schwarz, akin to Korsch, writes in the same spirit. These two have, however, quarrelled about a typewriter lately (laughter), and recently accused one another in a circular of having stolen a duplicating machine. The difference between them is that while Korsch is a professor at a university, Schwarz is a professor at a grammar school. Thus the competition between them naturally runs high. Schwarz declares that the question of an armed insurrection against the Soviet power must be raised. Here we see the extreme expression of this ultra-Left current. They accuse us of having betrayed Leninism, Marxism. They issue the slogan of: "Back to Zimmerwald, to the Zimmerwald Left." This slogan is now the ideological main spring of the whole German opposition bloc.

Now we come to the ultra-Right Souvarine, a close friend of some of the leaders of the opposition, and who has likewise been expelled from the French Party.

Comrades, I received today what I believe is the last number of his periodical: "La Révolution Proletarienne". Here I read:

"The oppositional bloc defends the material and moral interests of the proletariat, which are indivisibly bound up

with the workers' democracy, that is, with the future of the revolution. The ruling fraction represents more or less consciously the interests which have developed during the course of the social upheaval, that is, the interests of the peasantry who are becoming rich or are on the way to becoming rich, and the interests of the new bourgeoisie."

After having described us in this manner, he passes on to the question of what we are likely to do in the future, and what estimate is to be formed of our endeavours:

"The almighty fraction is apparently anxious" — and what do you suppose we are anxious to do? — "to provoke civil war."

It is actually stated in black and white that we are trying to provoke civil war. What kind of a civil war is this to be, and who is going to lead it?

"By its ruthless suppression of every revolutionary utterance, by its threats of extreme measures against the defenders of the interests of the proletariat, it forces the opposition to take steps which go beyond the normal, and these again give rise to reprisals. The refusal to grant legal possibilities of utterance to the accumulated discontent is likely to give a dangerous turn to events."

I need not quote further. The import of the whole speech is as follows: We (that is, the Central Committee) are kulaks, belligerent-kulaks provoking civil war, a sort of Russian Cavaignacs, heading straight for civil war and for the violent destruction of the defenders of the interests of the proletariat. These are the same fairy tales which we are accustomed to from Korsch.

And who helps to keep this kind of thing going? It must be remembered, comrades, that this super-sagacious standpoint is simply an intensification of the stuff being dished up by various "defenders of proletarian interests" in our own country, though happily with but little success of late.

If we take another question, that of the estimate to be formed of international economic conditions at the present time, we find much the same. Comrade Zinoviev expressed the opinion on some occasion that there was no such thing as capitalist stabilisation, that it had disappeared. Everyone will recollect that this was spoken of at one of the last conferences of the C. C. Korsch has seized upon this formula and proceeds to state that there is no stabilisation whatever, never has been, and that the stabilisation idea has been invented by the liquidators of the Comintern.

We are frequently subjected to criticism for an alleged wrong and opportunist foreign policy. The ultra-Left are now seizing eagerly upon this "spiritual food", and declare openly, even if through the medium of Korsch: You are nothing more nor less than followers of Hindenburg. Thus Korsch states that the agreement recently concluded between Germany and the Soviet Union represents an alliance between the German imperialism of Marx and Hindenburg on the one hand, and the Soviet Union on the other. These people are completely possessed by the idea in foreign politics we have formed a bloc, an alliance, with the imperialist bandits, and that in our home politics we possess nothing better than a kulak government, allying itself with the NEP-men. It appears that in respect to State power we have already fallen into a state of complete degeneration, that our Party is a kulak party, and the process of liquidating the Comintern is proceeding in the form of a substitution of amorphous workers' organisations for the Communist Parties; these organisations being essentially bourgeois in character. This is the complete picture as painted by the ultra "Left".

I must mention that these oppositional views exist in various shades of intensity. I have taken the most extreme.

The Ruth Fischer, Urbahns, Maslow group which follows closely in the footsteps of these extremists does not put these questions so sharply, but adopts the same line. The Weber group is not far behind. All these groups — of this there can be no doubt — are living solely on the stock of ideas provided by our opposition, and very frequently they pursue these ideas to their logical consequence, or as often ad absurdum.

They have also made extensive use of some of the organisational and tactical methods, and of the experience of our opposition, and have received instructions, material, information, etc. It is only natural, comrades, that since our Party has been

able on the whole to settle accounts with the opposition — and in my opinion for a considerable time —, and the opposition has been compelled to return within the legal confines of the Party constitution, it is incumbent upon the Comintern and its separate sections, especially the German section, to put an end to that unBolshevist state of affairs in which there can be legalised fractions in a Party, doing whatever they like, or in which persons expelled from the Party openly stand at the head of fractions still within the Party, etc. The Bolshevisation of the Parties involves the theoretical and practical destruction of the theory and practice of the liberty to form fractions. Thus the C. C. of the German C. P. has, in my opinion, acted perfectly correctly in laying down certain conditions to be observed by the members of their opposition, and in threatening certain reprisals against the leaders of those oppositional groups which refuse to submit to the decisions of the whole Party. There has been a far reaching discussion in the German C. P. of late. The questions have been discussed from every point of view. For every Party, and especially for the German Party, the Russian question has formed the central theme. The opposition has printed some publications, and published various documents which were distributed illegally in the Soviet Union. These documents have been circulated in the German Party, and were issued legally by the leaders of the opposition in question. In this respect the Party has accomplished an enormous piece of work, though not perhaps qualitatively of a high standard.

A further step towards Bolshevisation must now be made. Dispute as much as you like, but do not venture to form fractions. Dispute, but once decisions have been adopted, submit. I believe that now matters with us have been placed in order somewhat, it will be comparatively easy for the German Party to solve the question, and the final result will be a consolidation of the Communist Parties on a higher stage.

It need not be said that internal Party affairs by no means exhaust the specific tasks confronting the various Communist Parties in different countries. These tasks differ in every country. In Germany, for instance, enormous success has been gained as regards the influence of the Communist Party on political life. But — and all our comrades are unanimously agreed upon this — although broad masses of even social democratic workers have the greatest faith in the Communist Party as far as politics are concerned, they have no faith in its ability to conduct economic struggles; they do not believe that the Communist Party can lead an economic conflict efficiently. They believe that the social democratic opportunists are more capable of calculating, of manoeuvring etc. And these views are held even today. This brings into the foreground the problem of putting forward partial demands, the problem of trade union work, the problem of dispelling such views regarding us among the broad masses, the problem of the exploitation of the growing political influence of our Party.

In England our chief task is the correction of a whole number of Right errors committed by the Party of late. In other countries we are faced by other problems, but I cannot devote further time to these now. I must, however, touch upon one central problem, a problem concerning the whole Comintern. Our last Party Conference gave directions to our Comintern delegation to promote in every possible way the activities of the E. C. C. I., to induce non-Russian comrades to take part in the leadership of the Comintern, to strive for the organisation of a collective leadership, etc. These projects of our Party Conference met with general and great approval among all the sections of the Comintern, without exception, and these are working for the realisation of the plan from its various aspects. The non-Russian comrades are now participating much more directly than before in the leadership of the Comintern and its Executive Committee. The whole of this work of constructive organisation has, however, not yet been accomplished.

We have still no really firmly established leadership. It is true that certain achievements may be recorded with regard to the raising of our theoretical level — one important advance being the publication of our periodical, the central organ of the Comintern, in the form of a weekly review. But though we may boast of some progress in this direction, and even advance with comparative ease, still we have accomplished but little towards the development of a firmly established leading organisation on the new foundation. This is one of the main tasks which the next Enlarged Executive has to solve, and will solve.

### The World Revolution advancing in three Columns.

Comrades, I have reached the end of my report. The boasted stabilisation of capitalism already shows two enormous breaches. One of these breaches is England, the second breach is China. England represents the falling curve of the old and really classic capitalist world; China incorporates the rising curve of the powerful advance of the colonial peoples. These are the two centres around which events of international importance are taking place. The fight of the English miners and the national revolution in China, these are the two main points to which we must direct our forces; these, and of course the Soviet Union. The revolution is marching forward in these three directions. The building up of Socialism in the Soviet Union, the English Labour Movement and the Chinese revolution. And I believe that we have no reason to be pessimistic with regard to any one of these three points.

Our Soviet Union is advancing, despite all false prophecies to the contrary. Our downfall may be prophesied twenty times, a hundred times, a thousand times, but we shall continue our steady advance all the same.

There is no need to be discouraged by the occasional failures and temporary defeats of the Chinese revolution. In China the machine at work is so gigantic, a machine composed of 400 millions of human beings, that even though this or that screw may break, or even a wheel break down, still the great machine will continue to work, despite all temporary mishaps.

The English working class, too, can no longer be retarded in its revolutionary development, now that the chief basis of collaboration between the English bourgeoisie and the working class has disappeared. English capitalism, more than any other capitalism, is confronted with the immediate danger of its collapse. And therefore there exists no doubt as to which direction of development will be taken by the working class as a whole. They will advance further and further towards revolution, to the idea of the proletarian dictatorship. Vain are the efforts now being made in England to form various joint organisations of workers and employers, vain are the hopes that the American methods of corrupting the workers can be transferred to England. Even in America these methods can only record a half success, although in America a fairly firm economic basis exists. But in England there is no such basis, and thus all these patchwork attempts are doomed to inevitable failure.

The international revolution is advancing in three columns. In the East it is advancing in the march of the hundreds of millions of the Chinese people. In the West it is advancing in the measured tread of the British miners, and it is advancing in the Soviet Union through our increasing attack upon the capitalist elements of our economics. These three forces are becoming daily more decisive in character. And to these three forces the final victory is assured. (Prolonged and enthusiastic applause.)

After the speech of Bucharin, Comrade Raskolnikov read the greetings of the Central Committee of the German C. P. to the Conference. The reading was continually interrupted by indignant remarks of the delegates against the Russian opposition. The conclusion of the letter was met with enthusiastic applause.

### Letter from the C. C. of the C. P. of Germany.

The close unity of the struggle which our organisations have been compelled to engage in during the last few months against the disruptive fractional work of the ultra-left opposition both in the C. P. of the Soviet Union and the C. P. of Germany, induces us to draw your attention to the effect of the policy of the oppositional block of Comrades Zinoviev and Trotzky upon both the internal life and the revolutionary work of our Party, and to request you to consider our communication in taking your decisions.

After the Open Letter of the Executive of the Comintern to our Party which displaced the ultra-left leadership, a process of internal consolidation commenced in our Party, together with an increased activity amongst the proletarian masses. The sixth Enlarged Executive of the Comintern unanimously approved of the policy of our Party and sharply condemned the opposition.

The ultra-left opposition was not able to place anything against our tactics which would have won it recognition from the Party. The slow upward process in the German movement and the ever closer connection with the broad masses which had been almost completely lost under the leadership of the Party by Ruth-Fischer-Maslow-Scholem, gave us the possibility of re-establishing the revolutionary reputation of the Communist Party amongst the German proletariat.

The action of the Russian opposition at the 14th Party Conference of the C. P. of the U. S. S. R. and the fractional connection of the Zinoviev-Trotzky-block with the opposition in the German C. P. very much increased the difficulty of the revolutionary work carried out by our Party. These comrades permitted the German ultra-left to utilise the authority of their names and the authority of the functions with which the C. P. of the Soviet Union and the Communist International had entrusted them, for their destructive fractional work inside the Party. Comrade Zinoviev silently permitted the whole German opposition, including the renegades Korsch and Schwarz, Ruth Fischer and Maslow, who were expelled from the ranks of the Party for their treachery, and also their agents Urbahns and Scholem who are still in the Party, to appeal to his name. For months Comrade Zinoviev permitted the renegade Korsch, who had made the basis of his struggle against the Soviet Union the thesis, that the Russian revolution was not a proletarian revolution, and who appealed for a second revolution in Russia, for an armed insurrection against the proletarian dictatorship, to support himself upon the arguments of the Russian opposition. The leaders of the Russian opposition did not say a word when Ruth Fischer and Maslow, who are carrying on a shameful anti-Bolshevist campaign against the Soviet Union, appealed to the authority of the chairman of the Communist International. The reckoning of the leaders of the Russian opposition was out. After several months of a thorough discussion, embracing all Party nuclei, upon the economic and political problems of the proletarian dictatorship in the Soviet Union, we are able to record the fact that the opposition of Comrade Zinoviev and Trotzky has produced in the German C. P. the contrary of that which was intended: the overwhelming majority of the C. P. has declared itself strongly for the Leninist policy, which is concretely expressed for the present stage of the proletarian revolution in the decisions of the 14th Party Congress and the Plenum of the C. C. and the C. C. of the C. P. of the U. S. S. R. The German allies of the oppositional Zinoviev-Trotzky-block used the discussion upon the Russian question as exploiters of the difficulties of the socialist work of reconstruction in the Soviet Union. Simultaneously with the arrival of the second workers delegation from the Soviet Union which spoke in favour of an alliance of the German and the Russian working classes and for the socialist work of reconstruction in the Soviet Union before large mass meetings, the German allies of the Trotzkyist block commenced their shameful campaign against the Soviet Union both inside and outside the Party. In public mass meetings where social democratic delegates who had returned from Russia reported enthusiastically of the proletarian dictatorship, the German ultra-lefts allied themselves with the K. A. P. D. (Communist Workers Party of Germany, an anarchist, openly anti-Bolshevist group) in order to refute the reports of the social democratic delegates as lies and deceit. The ultra-left opposition deliberately and systematically worked to break up the great process of the development of revolutionary sympathy on the part of the broad masses of the working class for the Soviet Union. That was one effect of the Trotzkyist block in the German working class movement.

But not only that. The ultra-left opposition did not merely act as the destroyer of the unity of the Communist World Parties, it betrayed also the class interests of the proletariat. It is a fact known to all workers that after its entry into the League of Nations the German bourgeoisie also entered the front of imperialist intervention against the Soviet Union. Not only Geneva, but also the latest negotiations of the leaders of the German chemical industry (the future German war industry) in London proved this. Our Party appealed to the German proletariat to counter the plans of the British and German imperialists. It approached the leaders of the opposition appealing to them to consider the newly created situation. What was the answer of the friends of the Russian opposition in Germany? They strengthened their anti-Bolshevist campaign against the leadership of the C. P. of the U. S. S. R. They declared in all Party meetings that the removal of Comrade Zinoviev from

the Polit-Bureau of the C. P. of the U. S. S. R. was a present to Chamberlain with a view to establishing better connections. The splendid assistance which the Russian working class gave and is giving to the British miners was belittled by hateful criticism. The fairy story of the "national limitation" of the leadership of the C. P. of the U. S. S. R. was spread in all Party meetings. The German working class feels itself inseparably bound up with the Russian proletariat. The ultra-left opposition which could point to its leadership by Comrades Zinoviev and Trotzky, did its utmost to break and prevent this process. That is equal to treachery against the class interests both of the Russian and the German proletariat.

We cannot but direct the attention of the 15th Party Conference of the C. P. of the Soviet Union to the fact that the leader of the German ultra-lefts, Urbahns, was in a position on 21st of October 1926 to make a declaration in the meeting of the responsible Party workers in Berlin containing a detailed account of the standpoint of the Russian opposition which, according to Urbahns came from the Russian opposition and which termed the leadership of the C. P. of the U. S. S. R. as "representatives of an unprincipled petty bourgeois deviation of the proletarian class policy". Urbahns was also able to quote from the letter of Comrades Zinoviev, Kamenev, Piatakov, Trotzky and Sokolnikoy of Oct. 5th to the Polit Bureau of the C. P. of the U. S. S. R. We are not aware of the exact date at which the German opposition received this document. We never-

theless consider that such fractional work is irreconcilable with the basic principles of the Communist World Party. For years Trotzkyism was declared in the whole propaganda work of the German Party to be a form of Menshevism as opposed to Leninism. We have gained part of this recognition from the works of Comrade Zinoviev, as only a modest number of Lenin's works are at our disposal. We must place the great fact on record that nothing has discredited the Russian opposition so much in the eyes of the German communists as its alliance with Trotzkyism.

We welcome with pleasure and satisfaction the victory of Leninism in the C. P. of the U. S. S. R. over the unprincipled Trotzkyist block. We request the 15th Party Conference of the C. P. of the U. S. S. R. to take such decisions in order to create a firm guarantee for the unity of the C. P. of the U. S. S. R. and the Comintern and for the authority of the E. C. of the Comintern threatened by the action of Comrade Zinoviev, and thus permit all sections of the Comintern to turn their attention in complete unity to the great tasks of the struggle for the overthrow of the bourgeoisie and for the establishment of the proletarian dictatorship.

Long live the Leninist unity of the Comintern and its leader, the C. P. of the U. S. S. R.!

Long live the victory of Leninism!

## Second Day of Proceedings.

Moscow, 27th October 1926.

Comrade MANUILSKY

was the first speaker in the discussion following the report of Comrade Bucharin:

The fundamental principles laid down by Comrade Bucharin in his speech give no cause for objection. Reorganisation is taking place as a result of the partial stabilisation of capitalism, not only inside the working class, but also amongst the world powers. Germany which at the time of the organisation of the League of Nations was an object of colonial exploitation, is now pursuing an aggressive imperialist policy in consequence of its economic stabilisation. This is shown by the creation of a new grouping, the block between Germany and France. Having regard to the deep contradictions between France and Great Britain, the Franco-German rapprochement may lead to the formation of a Continental block against Great Britain. The existence of these tendencies means the danger of a new imperialist war. The relations between the peoples show two factors which make for future wars: the Pacific Ocean and the Mediterranean. A new war will possibly first of all break out in these places. One must, however, be clear about the fact that future collisions will in the main take place between two coalitions, one of which will be led by America which is still growing in power and the other by Great Britain, the country of decaying imperialism. The possible new British ally, Italy, will once again become a factor in imperialist policy. This is proved by the Livorno meeting between Chamberlain and Mussolini which was followed by an increased campaign of Italy against France and Germany.

The chief task of the Comintern is the energetic struggle in order to dispel the pacifist illusions. We must be perfectly clear about the danger of a future war and prepare the mind of the European proletariat against this war.

The next speaker in the discussion was

Comrade JOHN PEPPER

who analysed the ultra-left tendencies which have appeared in the working class movement since the existence of the Comintern. Whilst in 1921 the leftward tendencies were a result of the immediate revolutionary situation which existed at that time and characterised themselves by what Lenin excellently termed "revolutionary impatience", the present ultra-left tendencies are a result of the unequal stabilisation of capitalism.

They are not characterised by "revolutionary impatience", but by defeatism, by a disbelief in the power of the proletarian revolution and its future development. Whilst the Lefts in 1921, pursued a tactic caused by the wish to assist the Soviet Union which they regarded as the central point of the world revolution, the latest ultra-Lefts who term the C. P. of the U. S. S. R. an "unproletarian party" and speak of the "bourgeois degeneration of the Soviet Union" are objectively counter-revolutionary. Instead of the European revolution they demand the so-called second revolution in the Soviet Union.

The ultra-left tendencies support themselves upon various declassed social strata. They are encouraged by 1. the partial stabilisation of capitalism and by the delay of the world revolution; 2. the difficulties of the work of socialist reconstruction in the Soviet Union; 3. the strengthening of the imperialist front against the Soviet Union (the Western orientation of the German bourgeoisie approved of by the social democrats); 4. the new dangers and errors which have appeared in our Party, and finally; 5. the opposition in the C. P. of the U. S. S. R. which has caused destructive effects upon various sections in the Communist Parties.

The ultra-left tendencies must be defeated not merely because they threaten the unity of the Communist Parties by their actions, but also because they hinder the Communist Parties in their efforts to keep touch with the working masses who are marching to the left. The present ultra-left tendencies are rolling downwards into the counter-revolutionary camp. They must not merely be fought by ideological, but also by organisational measures. The Comintern can only advance over the political corpses of the ultra-lefts.

Comrade STEN

declared that the task of the Comintern is to collect its forces and to conquer the broad masses of the working class through the Communist Parties. The ultra-left tendencies which do not take this task into consideration and in practice do nothing but disorganise the freedom of movement of the proletarian revolution, must be fought.

Comrade LOZOVSKY

pointed out in his speech that the stabilisation had produced new contradictions in the capitalist world. America plays a tremendous role in the process of decay through which European capitalism is passing and is using some European countries

as its agents. Germany which is using American credit is one of these agents. Upon the basis of the reduced specific gravity of European capitalism essential changes are taking place in Europe in the structure of the working class and in its ideology. In Great Britain, Germany and France a considerable swing of the working masses to the Left and at the same time of their leaders to the Right is taking place.

When we turn our attention to the working class movement outside of Europe we can observe the following peculiarities in the movement: Whilst in America the official organisations of the working class are pursuing a conservative policy, the working class movements in the countries of developing capitalism, Indonesia, Australia, etc. represent powerful revolutionary factors. It is no accident that the question of calling a Pacific Ocean trade union congress has been mooted by the Trade Unions of Australia. The growing new working class movement in the semi-colonial countries intensifies the question of the unity of the working class movement and the creation of a new Trade Union International. This state of affairs is an extremely important step in the revolutionisation of the working masses.

No matter what attitude one may take to the question of the stabilisation of capitalism, the fact cannot be overlooked that the stabilisation of socialism in the Soviet Union is a powerful factor which hinders the stabilisation of capitalism. In order to guarantee the stabilisation of socialism in our country, the stabilisation above all of the Communist Party of the Soviet Union must be guaranteed. Our party masses have understood this completely which is proved by the decisive resistance to the attempts of the opposition to shake the stability of the Communist Party.

#### Comrade SKRYPNIK

analysed in his speech the standpoint of the various leaders of the opposition and showed that in the question of the stabilisation of capitalism the opposition has no definite and firm opinion. For example, at one time Comrade Zinoviev declared that we are faced with a relative stabilisation of capitalism and at another time he denied this. Comrade Trotzky also vacillated in this question. This insufficient clarity concerning the question of the stabilisation of capitalism is not accidental, it is rooted in the fact that the opposition does not believe in the victory of the world revolution and in the possibility of socialist reconstruction in the Soviet Union. The action of the opposition may be compared with the attitude of Comrade Kamenev before the October revolution when he tried to prove to Comrade Lenin the impossibility of the socialist revolution, the dictatorship of the proletariat, in one country alone. The difference between the attitude of the opposition in the Soviet Union and in Western Europe is simply that our opposition is more clever and does not express its thoughts completely whilst Korsch and his friends carry the basic principles of our opposition to their logical conclusion.

Comrade Skrypnik drew the attention of the Congress to a number of facts proving that several bourgeois states are preparing extremely active measures against the Soviet Union. In this situation our task is to get into the closest possible touch with the Western European working masses and to win their complete sympathy, for they can assist us very greatly in our struggle against interventionist intentions of the bourgeois state. Apart from this task, there is also the task in the immediate future of consolidating our attitude as far as possible to the national question. For this purpose the conference must request the Central Committee to call a third conference to deal with the national question. And finally, the question of the strengthening of the activity of the Peasant International must be raised as the fate of the world revolution also depends upon the degree to which the principles of Leninism are realised in connection with the alliance between the working class and the peasantry.

#### Comrade RASKOLNIKOV

treated in his speech the situation in the Oriental countries, which, as he pointed out, stand at various stages of economic development. The task of the Comintern in China is above all to consolidate the united front of the national revolutionary struggle for emancipation. The civil war in China proves clearly

that the idea of the national emancipation of China from foreign imperialism has penetrated deeply into the Chinese people, into the Chinese working class and peasantry. At the present time China is divided into two camps: North China where the reactionary forces who have come to an agreement with the foreign imperialists are dominant, and South China where the Kuomintang has won the power. There can be no doubt that the struggle between these two camps must lead to the victory of revolutionary China and thus unite China and deal imperialism a powerful blow.

#### Comrade BUCHARIN

then delivered his closing speech:

One of the most important questions at the present time is the struggle against pacifism which the social democracy above all has inscribed upon its shield, the struggle against the cloaking of the military antagonisms existing in the capitalist world, against the cloaking of the preparations for war. In particular we must fight against the military preparations of several capitalist States against the Soviet Union.

The next important task is the work in the trade union organisations. This activity must stand in the centre point of the revolutionisation of the working masses. Our Communist Parties in a number of capitalist countries have as yet not managed to adapt themselves completely to this work. Sometimes the work of the communists in the trade unions distinguishes itself in no way from the activity of the social democrats. It is, however, clear that when we turn our attention to this work, we must show our specifically communist features. In what direction must our work in the trade unions proceed?

First of all we must concentrate our forces upon fighting trust capitalism. When we consider that the rationalisation of capitalist industries, their trustification, etc. exert the strongest pressure upon the working class in general and upon various sections in particular, then we must recognise that we have very favourable ground for our work in the trade unions. We are faced with the practical task of organising the Unions upon the basis of production, of creating powerful labour unions and shop councils.

The second chief line is that which is in connection with the capitalist stabilisation. For instance, in Germany where the capitalist rationalisation is proceeding most intensely, and where the social democrats support this process with all the means in their power and preach patience and subordination to the workers, the working class is divided into the still employed and the unemployed. This circumstance also creates a favourable basis for our work in the unions. We have therefore, as we see, a very great basis for our work because the process of rationalisation lays great burdens upon the working class.

The practical tasks in this direction are: To bring the unorganised into the labour unions and to mobilise the working masses for this purpose, the amalgamation of the various sections of the working class, the mobilisation of forces against the social democratic support of capitalism.

Comrade Bucharin then pointed out that the Communist Party of Great Britain which has pursued a correct policy in this connection by connecting general slogans with the concrete daily demands of the working class, has grown very considerably recently. When one remembers that communism in Great Britain was spoken of only ironically and the C. P. of the U. S. S. R. was termed an Asiatic creation, then the successes of the C. P. G. B. seem all the greater. All the more as these successes are so great that they seriously threaten British imperialism.

Recently also the line of the Communist Party of Germany in this connection has been fairly well improved. Its campaign in connection with the people's referendum has increased its influence among the working masses, increased its authority and increased its membership.

Finally Comrade Bucharin dealt with the questions which are connected with the struggle of the British miners. The struggle in Great Britain has shown a tremendous steadfastness and heroism on the part of the British miners and has opened a colossal revolutionary perspective. Even in the face of a partial or complete defeat this struggle will have an immense effect upon the revolutionisation of the whole working class.

At the present time negotiations are taking place between the General Council and the British government. These negotiations will settle the question whether the struggle of the miners will be betrayed by the General Council or not. We must be prepared for everything and continue our energetic support of the British miners. For this reason our 15th Party Conference must proclaim: "Long live the British workers!"

The concluding words of Bucharin were followed by a storm of applause in the whole hall.

After the closing speech of Bucharin the Conference unanimously adopted without any votes being withheld the following resolution upon the speech of Comrade Bucharin and the following message of greetings to the Communist Party of Germany:

## Resolution on the Speech of Comrade Bucharin.

After the closing speech of Bucharin the Conference unanimously, the 15th Party Conference of the C.P. of the U.S.S.R. completely approves in principle the policy of the delegation of the C.P. of the U.S.S.R. and its work in the Comintern.

The conference instructs its delegates to continue the decisive ideological struggle against the Anti-Leninist deviations inside the Comintern whose protagonists are more or less in agreement with the opposition inside the C.P. of the U.S.S.R. and who through their most logical groups have already openly gone over to the anti-revolutionary camp (Korsch, Souvarine, Maslow and Ruth Fischer, who have been expelled from the Comintern but who nevertheless have their supporters in the Communist Parties in the persons of Urbahns, Weber, etc.).

The Conference instructs the delegation of the C.P. of the

U.S.S.R. in the Comintern to continue the policy of Bolshevism the Communist Parties and thus destroying the theory and practice of the so-called freedom of fractions and groupings as the latter is hostile to the organisational principles of Leninism.

The conference emphatically condemns the fractional anti-Leninist activity of the opposition in the C. P. of the U. S. S. R. and in the Comintern.

The conference declares itself in complete agreement with the decisions of a number of brother parties and of the Plenum of the C.C. and the C.C.C. of the C. P. of the U. S. S. R. concerning the recall of Comrade Zinoviev from his work in the Comintern.

## Message of Greetings to the C. C. of the Communist Party of Germany.

The 15th Party Conference of the C.P. of the U.S.S.R. sends its fraternal greetings to the advance guard of the German working class, the German Communist Party. The latter is more closely bound than ever with our party through our common struggle for Leninism and through the struggle against those who are in words "left" and in deeds social democratic and opportunist, in the struggle against the deviations of the oppositional block in the C.P. of the U.S.S.R. and its allies, the German so-called "ultra-Left" fraction which in its essence propagates social democratic renegade ideas.

The united opposition in our party has suffered a decisive defeat. The disruptive fractional work of the oppositional block has met with a crushing resistance from the masses of the party membership. The opposition has not been able in one single party organisation, in one single workers nucleus, to win a more or less considerable minority. The communist workers in Moscow and Leningrad to whom the leaders of the opposition attempted to appeal, rose in a Bolshevik phalanx to protect the Leninist line of the party and its unity. Defeated in all party meetings by the workers, definitely defeated by the masses of the membership, the oppositional leaders saw themselves compelled under the attacks of the party membership to condemn their own fractional activity and to abandon their fractional method of struggle. The party has rejected the insolent leaders of the oppositional block who sought to win influence amongst the Bolsheviks by their former authority and through demagogic phrases. The party will carry the ideological and political liquidation of the petty bourgeois deviations, represented by the oppositional block and still represented by it, to a successful conclusion.

The Communist Party of Germany must carry on the same struggle against the groupings which represent the continuation of the oppositional block in the C. P. of the U. S. S. R. The ideas of the oppositional block have fallen upon the ground of the German "ultra-lefts" and are developing into a complete social

democratic political line which is not only propagated by the expelled elements like Korsch, Maslow and Ruth Fischer, but also by the leaders of the "ultra-left" groups inside the party (Weber, Urbahns, Scholem). The campaign against the Soviet Workers State, against the C.P. of the U.S.S.R. and the C.P. of Germany and the Comintern which is openly being led by Scholem, Weber, and Urbahns, places them at the side of the renegades, the deadliest enemies of communism.

The C. P. of the U. S. S. R. welcomes the policy of the German brother party to liquidate the defeatist agitation of Urbahns and his friends and to make an end of their disruptive fractional work inside the party. We do not doubt that in the immediate future the German C. P. will be able to liquidate the remains of ultra-left opportunism in its ranks.

The defeat of the Opposition in the C.P. of the U.S.S.R. and the liquidation of the "ultra-left" groupings in the German party will guarantee an absolutely firm Leninist unity of the Comintern and will counter all attempts to create an international anti-Bolshevist fraction.

In the last few months very much energy had to be devoted to the struggle against the defeatist petty bourgeois tendencies in the C.P. of the U.S.S.R., in the German C.P. and in the whole Comintern. These tendencies showed themselves in the opinions of the oppositional block in the C.P. of the U.S.S.R. and in the international "ultra-left" and "Right" groupings. This struggle is not yet ended, but nevertheless the complete victory of the Leninist policy over all forms of opportunism along the whole front of the international communist movement is already certain. The attempts of individual communist groups to develop a defeatist ideology is a temporary episode in the victorious development of the Comintern.

Long live Leninism!

Long live the Bolshevik unity of the German Communist Party!