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## CONTENTS

- L. F. Vinov: The Third Congress of the Union of Socialist Soviet Republics.
- The Balkans**  
Against the Bulgarian White Terror.
- Our Martyrs**  
Marko Friedmann.
- Politics**  
Tang Shin She: The Peking Reorganisation Conference.
- Economics**  
Eugen Varga: Economics and Economic Policy in the First Quarter of 1925. III.
- Fascism**  
D. Peter: Fascist Reaction in Austria.
- In the Camp of Our Enemies**  
Paul Fröhlich: Kautsky Incites to War.
- The Peasants' Movement.**  
Edwin Hörnle: The Peasant Movement in Germany.
- Workers International Relief**  
The Significance of the Participation of the English Trade Unions in the English W. I. R. Conference.
- International Red Aid**  
The White Terror and the Tasks of the I. R. A.

## The Third Congress of the Union of Socialist Soviet Republics.

By L. F. Vinov (Moscow).

The Third Soviet Congress of the Soviet Union took place at a time which is characterised by the economic and political strengthening of the Soviet power, of the unceasing advance of the economic reconstruction of the country, but on the other hand by the advance of reaction in almost all capitalist countries, of increasing diplomatic and military preparations on the part of world imperialism in order "to settle accounts" with the only workers' state existing today.

The Soviet Congress was preceded by a furious campaign against the Soviet Union, not only in the capitalist and social democratic press, but also in capitalist diplomacy. The recent period of campaign of calumny began with the English "Zinoviev letter", by which MacDonald prepared his own defeat, and reached its highest point, after a real flood of forged "Comintern letters", in the campaign which was conducted against Moscow on the occasion of the Sofia explosion. The recent diplomatic products of this campaign are represented by the assertions of the English Home Secretary, Sir William Joynson Hicks, and of the faithful Sancho Pansa of the Entente imperialists, the Austrian foreign Minister Mataja.

This diplomatic and press campaign was accompanied by the building of armament factories along the Soviet frontiers,

for the greater part with the participation and under the influence of the English capitalism, by the General Staffs' Conference in Riga, by the plan for the sale of the Esthonian islands of Oesel and Dagoe, situated in the neighbourhood of the Soviet frontier, to England and similar obviously aggressive plans and measures on the part of international capital against the country of the workers and peasants.

These are undoubtedly preparations for a general military attack upon the Soviet Union, and at the head of these preparations stands English imperialism. One would, however, overestimate these dangers, if one were to regard these symptoms as indications of an immediate preparation for intervention. For this there is lacking both the political and ideological prerequisites. As Comrade Chicherin declared, English imperialism today cannot want war nor any intervention. In view of the advancing approachement between the working class of England and of the Soviet Union, to mention only one of the factors which must have a cooling and warning effect upon the indisputable desire of world capital to annihilate the Soviet power, English imperialism cannot wish any war or armed intervention. The immediate purpose of all these manoeuvres is either to provoke the Soviet government to an ill-considered act, and

thereby to place arguments in the mouth of the II. International by means of which it could once again support a "righteous" war, or to intimidate the Soviet government and wring economic concessions from it.

The government and the Congress, however, gave an answer which the enemies of the Soviet Union did not expect and in any event did not desire.

The Congress did not respond to the provocations. It was before all a demonstration **against imperialist war**. Comrades Rykov, Chicherin and Frunse proclaimed in enthusiastic words the desire for peace on the part of the population of the Soviet Union. The Soviet Union desires to secure under all circumstances the peaceable continuation of economic reconstruction and the work of socialist upbuilding, and is therefore prepared for every compromise with all countries and for every sacrifice which lies in the interest of the work of reconstruction and which will yield advantage to the working population of the Soviet Union. This however represents the limits of compromise. The Soviet power does not and never will agree to any compromise which would hinder the work of reconstruction.

It was plainly emphasised at the Congress that in its international relations the Soviet government will fulfil all obligations and that the governing apparatus, as has always been the case in the past, will not interfere in the inner affairs of other States. **The Congress however rejected with indignation any suggestion that the least hindrance should be placed in the way of the revolutionary movement of the international proletariat.**

The Congress however was not only a demonstration of the will to peace, but also of the power, of the **fighting capacity of the Soviet Union**, its will and its power to defend with all means against every attack the work of reconstruction and the hard won way to socialism.

In the present international situation, with the increased feverish arming of the capitalist world, the Red Army is and remains an indispensable means of defence. After the end of the civil war it was reduced from 5½ million to half a million, so that every objective observer must admit that the government of the workers and peasants cannot be pursuing any aggressive aims. From the report of Comrade Frunse it was seen that the Soviet government was doing everything to keep this army in such a condition as would render it capable of repelling every attack. The morale of the Red Army is unattainable by the armies of the capitalist countries.

The Soviet Union however cannot confine itself to this final means of defence. The most important means for the defence of the achievements of the revolution and of the revolutionary development, one could say, the most important foreign political weapon of the Soviet Union is — its **home policy**.

Since the last Congress the economic reconstruction of the Soviet Union has made the greatest progress. At the last Soviet Congress the central point of economic interest was the financial policy and the creation of a possible basis for the development of production and the exchange of goods in general. It was stated at the time that the next step in the work of reconstruction, after the financial stabilisation, must be the **improvement of the metal industry**. At the present Congress Comrade Dzerschinsky was able to report an amazing increase in the output of the metal industry, which had suffered most from the devastation caused by the war. The metal production of the present economic year amounts to almost double that of the previous year (180%). At the Conference of the Russian Communist Party Comrade Stalin rightly compared the present rate of development of Russian industry with that of American industry after the American civil war.

The financial report of comrade Sokolnikov, which called attention to the yearly increasing amount of the budget and the complete cessation of the issue of notes, shows the increasing prosperity of the population.

Comrade Kamenev reported on the measures which the Soviet Government had adopted in order to promote agriculture, and thereby strengthen the alliance between the workers and the peasantry. The furthering of the alliance between the workers and the peasantry is likewise served by the measures of the Soviet government regarding the building up of the Soviet apparatus, revolutionary legislation, the attraction of ever greater masses of the peasantry into the work of the Soviets, regarding which comrade Kalinin reported to the Congress.

The uninterrupted economic growth of the Soviet Union shows to the workers, that the proletariat, under the leadership of the Bolsheviks, is really capable of creating a flourishing economic life out of a completely shattered economic system

which it took over from the old regime — **and all this alone, without a Dawes Plan**, without foreign help, to the contrary, in spite of all the obstacles which the capitalist world has placed in its path.

And the foreign proletarians who witness this development, who see how each economic achievement results in raising the standard of life of the working population, will not be ready to support a war against the Soviet Union. Thus the domestic and foreign policy of the Soviet Union are closely connected.

The speakers in the discussion on the report of comrade Rykov demanded the most energetic defensive measures against every attack and an active policy in the interest of securing the **right of self-determination of the suppressed nationalities in the Western States bordering on Russia**. They pointed out that the policy of Poland towards its subject nationalities constitutes a breach of the Treaty of Riga.

The Congress used very sharp language regarding the reactionary campaign against the Soviet Union. This sharp language will be appreciated by the international proletariat which is proud of the results achieved by the first socialist State.

## THE BALKANS

### Against the Bulgarian White Terror.

To the Trade Union Organisations of all Countries!

(From the Memorandum of the Central Council of the Trade Unions of Bulgaria.)

In the course of twenty months the Zankov Government has carried out a regime of unheard of terror in which it has resorted to a system of political murders and provocations. All the more bold and active representatives of the workers and peasants, members of the municipal and district councils, journalists, Trade Union leaders etc. have been murdered openly in the streets or in the prisons by the terrorist organisation of the government. Thousands of workers and peasants and representatives of the intellectuals, men, women and youths, have been thrown into prison on the charge of membership of "illegal" organisations, where they have been subjected to indescribable inquisitorial tortures. Many of them, in order to escape these tortures, have had recourse to suicide.

Every form of activity on the part of Trade Union organisations is completely prohibited. The eight hour day has for long been entirely abolished. In fact there no longer exists any labour legislation. Labour power, especially that of women and children, is subjected to unlimited exploitation.

All this has led to the indignation of the masses against the government of bankers, generals and professors and to an increase of the anarchy in the country. Partisans groups are being formed from the ranks of the frightfully persecuted illegal elements and as an answer to the savage terror of the bourgeoisie the masses are resorting to terrorist acts, as a desperate means of self defence, and which was inevitable under the conditions of the Zankov government.

It was in this terrible political atmosphere that there took place the explosion in the Cathedral of Sofia. Instead however of drawing the appropriate conclusions from the terrible results of its own terrorist policy and of giving place to another government which would have undertaken the heavy task of leading the country out of the bloody anarchy and creating the possibility of legal political and economical struggle, the Zankov government took advantage of the explosion in order to carry out further acts of bloody terror. The government bands in accordance with lists previously prepared by the police murdered in Sofia and in the provinces in the most bestial manner some hundreds of organised workers and peasants and representatives of the intellectuals, among whom there were not a few oppositionally minded officers and a great number of women, who were falsely accused or suspected of assisting or sympathising with "illegal" elements.

About 10,000 people have been thrown into prisons where they are subjected to inhuman torture. The cruel and bloody suppression of the working masses, of which Wedgewood, MacKinder and Malone were chance witnesses, is still continuing. Only military courts are functioning, a ruthless censorship of the press and of private correspondence exists. The police, the military and the fascist bands have continually attacked the

Tso Lin especially revered, because Tchao Or Sun had accepted him, the ex-robber chief as a non-commissioned officer in his army.

Thus the Reorganisation Conference began on Feb. 13th and sat uninterruptedly for a month, was then prolonged by 20 days and in the meantime adjourned once for a fortnight. Up to April 16th, i. e. 4 days before the end of the Conference, not a single resolution had been passed. All the business was done during the last four days, April 16th—20th. Among other things the plans were accepted for the formation of a **military commission** and a **finance commission** and for a **bill for the calling of a people's assembly**. Tuan She Sui was mainly interested in the last point being settled. He would have nothing to do with the finance question and that of military affairs. Even the two great military chiefs, **Tchang Tso Lin** and **Fen Yu Hsiang** were opposed to it. When the **regulation of military affairs** was to be discussed, Tuan She Sui presented an army list of 1919! A Commission of Enquiry was then formed which demanded that every general present should himself state the number of his troops. Tuan She Sui however openly protested against this proposal. Thus a regulation or reorganisation was out of the question and the matter was handed over to a commission which again consisted only of governors and generals who were given no time limit within which their business must be completed.

The adherents of the Federative Republic proposed two resolutions. The first was to depose the present and appoint a new provisional government. The second was that the Conference should agree to the form of the Federative Republic. This caused Tuan She Sui to get cold feet. Fearing that the Conference would take a course unfavourable to him, he immediately issued a decree that a senate should be formed, again consisting of military chiefs and governors. Two special tasks of the senate were to be that of raising internal and external loans and increasing the taxes. Tchang Tso Lin also violently opposed the second motion of the Federalists, for he wants to unite China under his dictatorship and completely to exclude all other military chiefs. On account of this proposal, his delegates withdrew for a short time from the Conference. The adherents of the Federative Republic were not only insignificant in number, their leaders are far away from Peking (largely in the South West), for which reason both propositions had to be dropped.

The law for the formation of the people's assembly had been worked out by Tuan She Sui himself; the Conference only agreed to it. The whole law consists of 30 paragraphs, the most important of which are summed up as follows:

The people's assembly must consent to the **Constitution** and to the law for the carrying out of the constitution. The drafts for the constitution and for the law are worked out by a special commission which will be composed as follows: each civil and military governor of a province and each governor of a separate district can nominate a representative. Tuan She Sui can nominate 20 persons. Four representatives of **Mongolia** and three of **Tibet** will be admitted. The commission must complete its work in, at the outside, **3 months**. The following are entitled to send delegates to the people's assembly: 9 provinces 16 delegates each, 4 provinces 18 each, one 19, one 20, two 22 each, two 24 each, one 26, two 27 each. Five districts send 8 delegates each, **Mongolia 30, Tibet 16, Tsinhai 5** and the Chinese living abroad 16. All men of at least **25 years of age** can have a vote and can be elected. The following are excluded: 1. those who have lost civil rights; 2. the mentally diseased, 3. illiterate persons.

The composition of the **commission** shows that the draft constitution was drawn up by **militarists**. Since women are not enfranchised, 200 million of the 400 million Chinese are excluded right away; but even of the **adult men only 10% have the vote**, for 90% of the workers and peasants cannot read or write.

Thus this people's assembly will also consist exclusively of military chiefs and their lackeys; it will be exactly the contrary to what Sun Yat Sen had planned. At the beginning of the Conference, the people protested very violently against it and formed associations for resisting Tuan She Sui's proposals and for carrying out those of Sun Yat Sen. The Chinese people however has learned a good lesson from this Conference: it is impossible to negotiate with military chiefs; only a great revolution can sufficiently emphasise the demands of the people. This is why no great importance is attached to the resolutions passed at the Reorganisation Conference, but on the other hand

nobody is urging the calling of the people's assembly proposed by Sun Yat Sen, but the people, in the first place the **Kuo Min Tang** and the Communists, are feverishly preparing for a national revolution against imperialism and against militarism.

Tuan She Sui is not only trying to win popularity with the military chiefs, he is also trying to satisfy the lackeys who are out of a job and the camp-followers, by forming the **senate**, the **people's assembly**, **commissions** and again **commissions** and giving them positions in them. He thinks that if these people are satisfied with him, and if he keeps on a good footing with the generals, he may remain at the helm for a long time and possibly become President. But his "policy" proves to be a mistaken one. Not only **Tchang Tso Lin**, but also **Feng Yu Hsiang** declare that they are no longer his partisans. China is to-day in the same era as it was last Spring when **Tsao Kun** was President. It is generally said that Tuan She Sui will soon be overthrown, and that the next tool in Peking will be **Li Yüan Hang**, who has already been repeatedly turned out of the Presidential chair.

## ECONOMICS

### Economics and Economic Policy in the First Quarter of 1925.

By Eugen Varga.

III.

#### The Tendency towards International Cartels.

The disparity between productive capacity, actual production, and sales, has been greatly aggravated of late, especially since the increase of productive capacity and of production in Germany. This has led to a sharpness of competition in the world's markets such as we have not experienced since before the war.

The bourgeoisie is attempting to master the difficulties in two ways:

1. **By the monopolisation of the home market for home production.** To this end the customs tariffs everywhere are being raised: **France** has raised its tariffs recently by 50 to 200%. The **German** tariff has not yet been published, but will contain increased duties on the same scale. In **England** the new Industries Protection Act enables duties to be introduced upon such vital branches of industry as are seriously threatened by foreign competition, owing to lower wages abroad, dumping, government subsidies, depreciated currency, etc. In the **United States** the President has several times made use of his right to raise the tariffs (the potato duties were recently raised). Obstacles are also thrown in the way of import by the strict administration of the valuation enactment. Even little Switzerland has raised its tariff considerably during the last few weeks, "for the purpose of trade agreements."

This mutual increase of tariffs makes the arrangement of trade agreements extremely difficult — with the exception of the empty most favoured, nations agreements.

2. The monopolisation of the home market for home industry does not however solve the problem, unless the home market is capable of absorbing the home production. In the great West European industrial countries this of course is not the case for the majority of goods. In order to do away with the mutual competition in the foreign markets, there is at present a strong tendency towards the formation of international cartels. We shall deal briefly with the most important.

#### a) Negotiations towards the Formation of an International Iron and Steel Cartel.

In our last report we gave detailed data on the situation in the iron and steel industry<sup>1)</sup>. We stated that in the autumn of

<sup>1)</sup> Economics and Economic Policy in the IV. Quarter of 1924. *Inprecorr.* 5th March 1925.

workers' quarters and whole villages with machine guns and often with cannon in order to seize workers and peasants. The latter in order to escape persecution, concealed themselves in houses which then have been fired upon and many times set on fire in order to destroy the "illegals". Every day innocent persons are falling victims to these terrorist bands.

The Zankov government has introduced in parliament extensions of "the defence of the realm act", a law which without this is unexampled. According to these extensions all those who have concealed or supported illegal persons are liable to capital punishment.

At the same time on the order of the government all workers and employees of district and municipal administrations and state undertakings who are members of the red trade unions or are even only suspected of sympathising with the people's movement, are dismissed.

The number of workers and employees who have been discharged on these grounds amounts to over 10,000. All members of the trade unions of the elementary school teachers, transport workers and miners have already been thrown on the street, and along with their families are condemned to death from starvation.

The military authorities on their part have warned the proprietors of private undertakings that they will be held responsible if they retain "illegal" workers, members and supporters of the red trade unions in their undertakings.

The Zankov government is now carrying on a revolting legal farce in arranging the trial of the "organisers" of the explosion in the Sofia Cathedral which is being conducted by an extraordinary military court behind closed doors, in which the court was instructed beforehand "to produce proofs" that the explosion was to be the signal for armed revolt "on the command of Moscow".

In this critical moment for the whole working population of Bulgaria we appeal to you comrades, in the name of the Bulgarian proletariat and in the name of the trade unions especially, to acquaint the proletariat and the trade unions in your country with the situation in Bulgaria and with the horrors to which the Bulgarian Labour movement is subjected by the military dictatorial clique which enjoys the active support of the governments of England, France and Italy. We beg you to do everything possible in order that the organised proletariat render speedy aid to the cruelly persecuted Bulgarian working men and women and exercise pressure upon its own governments in order thereby to put an end to the terrible regime in Bulgaria. Upon this depends to a considerable extent the lives and the fate of thousands of working men and women!

Moscow, May 1925.

## OUR MARTYRS

### Marko Friedmann.

Sofia, May 27th. (Bulgarian Telegraph Agency.)

The Public execution of the alleged perpetrators of the Sofia Cathedral outrage Friedmann, Koev and Zadgorski took place today.

One of the best of the Communist Party of Bulgaria, comrade **Marko Friedmann**, who was charged with having participated in the preparation of the outrage in the Sofia Cathedral, has been executed. He was hung in the Cathedral square, and even his last request, that his death sentence be carried out by his being shot, was refused by the bestial hangmen.

In his final speech at the mock trial he proclaimed in proud, noble and burning words his political belief:

"What I have done I have done out of love for the people, as a true fighter of the Communist International. I also love my country, but in a different way from you. In this solemn moment I swear once again that I had nothing to do with the outrage in the Cathedral and that I condemn this act. I have no fear. In the war I often stood face to face with death. Should you however condemn me to death, then I request that you do not hang but shoot me. I wish to fall by the bullets in the face of your soldiers with open, not bandaged eyes, as an honest soldier, for I stood in the war for my country as a soldier of the Communist International."

Our brave comrade Marko Friedmann, and the innumerable known and unknown heroes of the proletarian fight for emancipation in Bulgaria and in the Balkans, will find revengers who will carry out their will, which was expressed by comrade Marko Friedmann in his last speech with the words:

"Only Communism, which has given to the Russian people a new life aim, life force and power, can and will also save Bulgaria and the whole Balkans by the creation of a free Federation of all the Balkan peoples; that is the aim for which I and my comrades are fighting."

## POLITICS

### The Peking Reorganisation Conference.

By Tang Shin She.

When last year Tuan She Sui was still in Tientsin, he promised to fulfil the people's demand and call a **People's Assembly**. At the same time he invited Sun Yat Sen to Peking to discuss with him the formation of this assembly. Sun Yat Sen issued a public proclamation, claiming that the people's assembly should be composed of all strata of the population, chiefly of course of peasants and workers, as they form the majority. The chief duties of this assembly were to be: the **repeal of unequal and partial treaties, the demand for the return of leased territory to China, the abolition of military governors, disarmament on a large scale and the setting up of a Constitution**. Previous to the people's assembly a preparatory conference was to take place which in the same way was to be composed of all strata of the population and was immediately to take over the government.

When however Tuan She Sui came to Peking in November, he immediately declared that he recognised the treaties, that is to say that he immediately disregarded Sun Yat Sen's most important proposition. At the end of December, Tuan She Sui announced that he would not call a **preparatory conference but a reorganisation conference**, in which the following persons might take part: 1. persons who had rendered the Republic great service; 2. military chiefs of the Anti-Shili parties; 3. military and civil governors of the individual provinces and districts; 4. politicians and scholars invited by Tuan She Sui himself, their number not to exceed 30. The most important tasks of the Conference were to be: 1. **the passing of resolutions with regard to the promised people's assembly**; 2. **passing of resolutions regarding the reorganisation of the army**; 3. **regulation of financial questions**; 4. **discussion on question which were still to be put by the Government**.

When this decree became known, the people vehemently opposed it, raising the objection that this would only be a military conference. Sun Yat Sen sent a letter to Tuan She Sui in which he said that the name of the assembly was irrelevant, it could equally well be called reorganisation conference, but representatives of all strata of the population must take part in it. Tuan She Sui being a clever man, neither accepted nor rejected this proposal. In his character as representative of the people, he invited to the Conference economic and social organisations from all the provinces as experts. Thereupon Sun Yat Sen at the end of January, issued a decree that no one from his party was to attend the Conference. Consequently the conference which had been fixed for Feb. 4th, could indeed be opened, but could not sit, as none of the delegates who were Sun Yat Sen's adherents appeared. Tuan She Sui, in all haste, nominated other delegates and on Feb. 13th the Conference began.

Various parties were formed among the members of the Reorganisation Conference: 1. **Tschang Tso Lin's party**, about 36 persons; 2. **Feng Yu Hsiang's party**, 25 persons; 3. **the Anfuists (Tuan She Sui's party)**, 24 persons; 4. **partisans of the Federative Republic**, 20 persons. All the delegates, with the exception of the Anfuists, regarded this Conference as merely a farce of Tuan She Sui. Feng Yu Hsiang and Tchang Tso Lin therefore were only passive participants; the adherents of the Federative Republic however directly attacked Tuan She Sui in order to gain advantages for themselves. Tuan She Sui handled Tchang Tso Lin especially with great care; as president of the Reorganisation Conference he had nominated Tchau Orl Sun — former imperial governor of Manchuria — whom Tchang

1924 only 620, or less than one half, of the 1356 blast furnaces existing in the most important countries, were working. The situation has not by any means changed for the better since then for the European iron industry.

The London "Economist" of 11. April 1925 contains a very interesting compilation of data on the export and import of iron and steel; we append this in a modified form:

In thousand tons.

	Imports				Exports			
	1913	1922	1923	1924	1913	1922	1923	1924
England . . . .	2231	822	1323	2430	4969	3397	4320	3853
France . . . .	170	760	702	695	620	1937	2183	2658
Belgium . . . .	874	504	525	591	1551	1716	2500	3248
Germany . . . .	300	1827	1731	1240	6202	2516	1307	1510
Western Europe	3575	3913	4281	5156	13.342	9566	10.310	11.269

Net exports of the West European bloc in thousand tons.

1913 . . . . .	9767
1922 . . . . .	5653
1923 . . . . .	6029
1924 . . . . .	6113

In spite of the tremendously increased producing capacity of these countries: (England by 50%, Germany's producing capacity is the same as it was before the war including Lorraine, Saar, and Luxemburg, France's producing capacity increased by the addition of the whole of the Lorraine industry) the clear export (mutual imports being deducted) is still 3,654,000 tons, or 37%, less than before the war.

Further: Belgium's export figures show a rapid increase owing to the inclusion of the Luxemburg exports, which were counted to Germany in 1913. The falling off of export is not due to American competition. The clear export of the United States has also greatly decreased, as follows:

In thousand tons	
1913 . . . . .	2655
1924 . . . . .	1310

A. decrease by one half!

\* The paper expresses the opinion that the decrease of export is not due to increased production in India, Canada, Australia, and other colonial countries, as their production is very small. The real reason is to be found in the general worsening of the world's economic conditions.

Under such circumstances the price developments are very unfavourable, as the appended table will show<sup>1)</sup>.

Price of pig iron No. III in gold marks per ton.

	Germany	England	France	Belgium	United States
July 1914 . . . . .	69.50	51.44	66.42	53.06	60.94
Beginning of March 1924	91.—	76.99	72.91	74.17	100.25
Increase . . . . .	21.50	25.55	6.49	21.11	39.31
Increase per cent . . . .	40	47	10	40	65

The rise in prices remains far behind the general increase of prices — with the exception of the United States. The German inland prices here given correspond with the general rise in prices, but they are the inland prices dictated by the cartel. The foreign cartel prices are considerably lower, and are alleged to be below cost prices. In any event the competition in the foreign markets is extraordinarily acute. The "Bergwerkszeitung" writes on 23. January:

<sup>1)</sup> Data from "Wirtschaft und Statistik" No. 6. 1925.

"German, Belgian, Indian, and Dutch raw iron find a good and constant market on the coast of New England. And in the foreign markets the American iron industry has some difficulty in holding its own against European competition."

The English press is continually filled with complaints regarding foreign competition. The iron industry is preparing to apply to the Board of Trade for a protective tariff against "unfair foreign competition" <sup>2)</sup>.

The low prices offered by the continental iron industry are attributed to <sup>3)</sup>: depreciation of currency, lower transport costs, lower taxation, and "lower capital charges".

The French industry came into possession of the excellently equipped works in Lorraine at an extraordinarily low price, the Belgian works have been rebuilt to a great extent with government money. The Germans have extended and improved their works in the Ruhr area with the money which they received as compensation for the lost Lorraine plant, and their liabilities have been greatly reduced as result of the inflation . . . On the continent the workers work longer hours for lower wages. The latest data show the following to be the wages received <sup>4)</sup>:

Belgian skilled worker . . . . .	38 shillings per week
French skilled worker . . . . .	38.5 shillings per week
German skilled worker . . . . .	42.5 shillings per week
English skilled and unskilled worker, average . . . . .	63 shillings per week

Besides this, working hours may be increased by 200 hours yearly over and above the eight hour day. In Germany 56 hours per week are worked in the iron works.

The most burning question is that of an agreement between the French and the German iron industries. We stated the bases of this in our last report, as well as the projected outlines of the agreement worked out in the course of the Franco-German trade agreement negotiations. These are as follows: the German iron cartel undertakes to buy from the French a fixed quantity of iron yearly (1 to 1.5 million tons); France imposes a minimum duty on German finished iron manufactures; the German iron industry retains the monopoly of the home market with the exception of the amount of iron mentioned above, which the cartel undertakes to buy from the French, and the French iron cartel retains the monopoly of the French home market. An agreement is to be made with respect to export to other countries, and the other European iron export countries will be asked to participate.

But the first prerequisite for the creation of an international, or rather of an "all-European" iron cartel is the formation of inland cartels in the individual export countries. Until this is done there is a lack of parties to the agreement. The period covered by this report has thus witnessed a general effort towards the formation of inland cartels in the countries concerned. This movement has even extended to India and South Africa. We may note the leading factors:

**Germany.** The Crude Steel Association (as the German iron cartel calls itself) has been prolonged until the end of 1926. Negotiations are being held for a prolongation of five years. Another association, the semi-manufactures union, has existed since 1. January 1925. Since April 1., a close combine has existed in the metal tubing industry which acts as a selling organisation. Negotiations are in prospect for the formation of a rolled wire union, and further for the revival of the old and extensive steel works union, which would then include all the so-called — A products — railway material, girders, semi-manufactures, etc.

**France.** The French iron cartel went to pieces during the crisis of 1920/21. Negotiations have been proceeding on for months towards the formation of a new cartel, and to all appearances these negotiations have led to a definite result. A cartel including

<sup>2)</sup> "The Times" 24. March 1925.

<sup>3)</sup> "Economist" 21. April 1925.

<sup>4)</sup> I have reduced the data, originally given in pounds, shillings, and pence, to shillings, in order to make the comparison clearer.

the whole of the iron and steel industrialists has been founded for the purpose of controlling inland prices. This cartel bears the modest name of "Statistics Office for Metallurgic Products" ("Office de Statistique des Produits métallurgiques"). The prices for crude iron, semi-manufactures, and rolled products have already been fixed: from 1. April 1925 onwards, the raw iron prices are increased by 10 frcs. per ton. ("Bergwerkszeitung" 28. March 1925).

The formation of these cartels in France furnishes the organisatory pre-requisite for the Franco-German agreement, the centre of the All-European iron cartel which is to be created. Private consultations are already being held among the German, French, and Belgian industrialists, etc. concerned.

**Poland.** Negotiations are going on between the Polish Upper Silesian and the old Polish iron industries, for the purpose of forming a cartel. As the old Polish undertakings produce for the home market, but the Polish Upper Silesian chiefly for export (to a great extent to Germany), two different systems of distribution are contemplated.

**Czechoslovakia, Austria, Roumania.** Agreements exist between the Czechoslovakian iron cartel, the Alpine Mining Co. in Austria, the great (at present Roumanian) iron works "Reschitza" of the Austrian State Railway Co. ("Steg") and the Rima Works in Hungary. This agreement has been facilitated by the interwoven interests involved, and it is now intended to extend it over the whole of Eastern Europe.

We thus see that with the exception of England (where a strong tendency towards the formation of cartels and the participation in an All-European cartel is however already observable) the inland organisatory pre-requisites towards the formation of an international cartel exist in almost all European iron export countries. We may thus calculate with certainty upon the formation of at least a cartel comprising the continent of Europe during the course of the present year. The trustification movement may also be observed in the countries outside of Europe.

**South Africa.** At the present time negotiations are being conducted between the "South African Steel and Iron Corporation" and German and Belgian firms, with the object of founding together a large company for building up an extensive iron industry in South Africa with the aid of the government.

**India.** Negotiations are proceeding for the amalgamation of the two great iron works; here again the iron industry receives much aid in the form of government premiums.

**Japan.** The Minister for Commerce proposes a scheme for the amalgamation of the government works with the existing five private iron works, the object being the formation of a combined enterprise. In this case this obviously means the surrender of the government works to private capital, since the government will only participate in the new company to the extent of 45%.

As the American iron industry is already trustified to a very great extent, there is no country today, except England, in which the iron interests are not gathered together in monopolist unions. This will lead alternately to attempts at international agreements, and to struggles of unexampled extent and intensity for the insufficient markets.

#### b) International Potash Agreement.

The German potash syndicate and the French Alsatian potash syndicate, undertakings possessing between them the world's monopoly of potash, have long had an agreement on the business done with America: One third is supplied by the French, two thirds by the Germans. At the present time negotiations are taking place for extending this agreement still further. The basis of this extended agreement is as follows: German home market — German monopoly, French home market (with colonies) — monopoly of the French. A contingent agreement is to be arranged for the remainder of the international market, but the Germans are not inclined to grant the French a third of this market, as in the case of the agreement already made for the American market.

#### c) The International Incandescent Lamp Cartel.

The co-operation already existing for a long time between the three great incandescent lamp concerns: Osram Germany, Philips Holland, and the General Electric Co. United States, deve-

loped into an unbroken All-European trust during the period of this report. The details of how this trust has come about do not come before the public. Various methods were already being employed at the beginning of 1924. Osram and Phillips appear to have simply bought up the whole of the Swiss incandescent lamp industry, in which they were already participants. This cartel was soon joined by the Austrian and Czechoslovakian works. Considerable progress seems to have been made in the development of the cartel during the past year.

It need not be said that this world trust, which is especially interesting as not being based upon a monopoly of sources of raw materials, but of technical inventions, regulates the prices and terms of sale, and exploits its world monopoly for increasing its profits. It is built up on the same principle as almost all international cartels. The home markets are allotted as a monopoly to the existing works, in so far as these have hitherto supplied these markets. The export is divided among the great works according to countries and quantities. The production up to date forms the basis of the division.

#### d) The International Regulation of the Production of Caoutchouc.

For three years an agreement has existed limiting the production of india-rubber, the so-called "Stevenson restriction scheme". This refers to the production in the plantations of Dutch India, Malay, Peninsula and Ceylon. The output has been greatly reduced, and may only increase by 10% quarterly. The resultant state of affairs is remarkable, and in 1924 the production of caoutchouc in Dutch East India was as follows per acre<sup>5)</sup>:

In the "restricted" plantations . . . . .	194 lbs.
In the plantations not subject to restriction . . . . .	420 lbs.

The effect of the restriction has been extremely favourable for the capitalists, although the cartel only included a part of the producers, chiefly the English. The stocks which accumulated during the crisis of 1920/21 are being used up, the prices are rising.

The capital invested in the production of caoutchouc amounts to 175 million pounds sterling. The capitalists concerned are almost exclusively English and Dutch, and these are well satisfied with the result of the restriction. But American motor car capital, the chief purchaser of india-rubber, is by no means so satisfied. The Americans cannot help themselves however, for caoutchouc does not thrive on the other plantations anything like so well as on the Dutch East Indian and Malayan. Besides this, the export of seed from these districts is strictly prohibited.

#### e) International Agreements between the Petroleum Trusts.

The great struggle between the American and French petroleum capitalists on the one hand, and England on the other, with respect to England's claim to the monopoly of the right of exploitation of the Mesopotamian petroleum wells, has ended in England's giving way. England's claim to the monopoly was based on an agreement made by the Anglo-Dutch-German "Turkish Petroleum Comp." — 50% Anglo-Persian, 25% Royal Dutch, 25% Deutsche Bank — in the year 1914. This agreement failed to come into force owing to the war. The German share was ceded to French capitalists by the San Remo agreement made in 1920. The new concession received by the Turkish Petroleum Comp. from the Irak government, that is, from England, since the Irak government are merely marionettes manipulated by England, provides for the following division of capitalist interests (the concession dating from the year 1914 being recognised as invalid on the demand of the government of the United States, or rather of the Standard Oil Company):

England 50%, America 25%, France 25%. This naturally means that these three imperialist powers are welded together in one united front against any possible pig-headedness on the part of Turkey in the Mosul question.

A second highly interesting event is an amalgamation between the English and American petroleum capitalists in Mexico and the United States. The interests of the various parties represent such wheels within wheels that it is not easy to gain a definite idea of what is really going on. The most important appears to be as follows:

<sup>5)</sup> "The Times", 14. April 1925.

Blaire & Comp., the Chase National Bank, the Standard Oil of Indiana, and various English undertakings, before all the British Mexican Petroleum Comp., have combined to found a new company, the Pan American Eastern Petroleum Corporation, with a share capital of 250 million dollars.

This Anglo-American company bought up 51% of the shares of the Dohenny group (Pan-American Petroleum and Transport Company) at the beginning of April; on the other hand the Dohenny group takes over shares of the British Mexican Petroleum Company.

The new Eastern Corporation and the Standard Oil of Indiana will be practically amalgamated. As this latter company is closely connected with H. F. Sinclair, he too will participate in the Eastern.

According to the "New York Times" the combination here involved is the greatest in the history of petroleum, the interests combined representing a total of 584 million dollars, and the exchange price of the shares and debentures amounting to 787 million dollars.

The co-operation of American and English petroleum capitalists in Mesopotamia and Mexico does not however signify the end of the rivalry between Standard Oil and Royal Dutch. But it at least signifies that the English government, that is, the English bourgeoisie, feels itself too weak to take up the struggle against the powerful American petroleum capitalists, that is, the American government<sup>6</sup>).

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There is no doubt whatever that besides the efforts here adduced for the formation of international agreements, many other similar ones are being made, which have either not been made public or have escaped our attention. But these instances suffice to show how the tendency towards acuter competition at the same time aggravates the counter-tendency towards the organisation of international agreements.

### Europe's Currency Troubles.

At the end of 1924 it was universally assumed that during the first months of 1925 the English pound sterling would attain dollar parity. This would have given England the possibility of returning to the gold currency without difficulty by the end of 1925. At the present time, and until the end of 1925, there is still an "embargo" on gold, that is, it is not permitted to export gold freely from England, but only when an export licence is granted. This greatly restricts the rôle played by gold as world money for England.

Without the free import and export of gold, a real gold currency cannot exist, especially in a country like England, whose economics are so closely interconnected with those of the whole world. It would not even be the case if the Bank of England were to redeem its notes at home in gold on demand, and gold and paper money were to circulate at equal values at home. For the prohibition of the export of gold prevents the automatic stabilisation of the currency in relation to countries with a real gold standard, and thereby prevents the development of an internationally equalised price level. The pound sterling has however made no further progress towards gold parity during this period; the slight loss in the rate of exchange, 1½%, continues as before.

In England there is at present a whole literature on this subject. All the chairmen of the great banks have dealt with the matter at their general meetings. The leading factor, running like a scarlet thread through the whole discussion, appears to be the relation to the United States! Every partial question is debated in this sense. The economic ascendancy of the United States becomes clearly apparent in the whole discussion.

The point chiefly discussed is, of course, the question of why the pound sterling has ceased to rise. It may be assumed that the rise during the second half of 1924 was caused by the invest-

<sup>6</sup>) The search for new petroleum fields, and the struggle for their possession, is being continued all over the world. It is not long since the Anglo-Persian obtained a concession for the whole of Albania from the Albanian government, "which here exercised the undoubted right of Albania as a free and independent State". (Chamberlain's reply in the House of Commons. 24. February 1925.) In Northern Persia a group of French capitalists is striving to obtain a petroleum concession in combination with railway-building. The whole globe is being searched for petroleum.

ment of American capital in England in pounds sterling, the inducement to this investment being more the positively expected rise in the rate of exchange rather than the high rate of interest. After the rate of exchange had risen to \$ 4,78, and thus could not rise more than 8 cents more, a great deal of American capital was withdrawn, so that the amount gained by the rate of exchange could be realised<sup>7</sup>). This circumstance, combined with the extensive grain purchases made by England in the United States, sufficed to bring about the cessation in the rise of the pound in relation to the dollar.

Great attention has also been devoted to the question of the manner in which parity with the dollar is to be attained. The general opinion is that parity cannot be maintained without an extensive drainage of gold, unless the English level of prices is not higher than that of the United States. The exponents of a rapid method demand a "deflation" in England, that is, a high bank rate and strict regulation of the credit grants; it is thought that in this manner the English price level can be brought down to the American, so that when the free export of gold is again permitted, the outflow of gold to the United States can be prevented, this being a consequence of the adverse trade balance caused by the English prices being too high. The holders of the contrary opinion maintain on the other hand that no "deflation" should be carried out, that prices in England should not be artificially reduced, but that it would be better to wait for the equalisation of the price level through the rise in prices in America: a state of affairs which, according to this opinion, is bound to come about before long in consequence of the excessive accumulation of gold in the United States.

This is by no means a mere theoretical question, but a burning economic problem. It is shown for instance, as such in the memorandum sent by the Federation of British Industrialists to the English government<sup>8</sup>). This memorandum calls upon the government to declare at once:

a) Whether it is prepared to remove the gold export prohibition at the end of the year;

b) Which of the above described methods it intends to apply.

The Federation recognises that the restoration of the gold standard would be of great advantage to English industry in international intercourse, but is of the opinion that if this country takes this step alone, the stability of the newly gained gold standard would be in constant danger, unless a previous agreement is made with the heads of the central banks in the United States, for the purpose of regulating the value of gold until such time as gold has again attained a general international valuation. It seems to the Federation that some such agreement is an absolutely necessary premise for the return of England to the gold standard, unless England is willing to run a great risk.

The Federation further wishes that the countries whose currencies have already reached gold parity should return to the gold currency at the same time as England.

The information furnished by the press does not show whether an agreement has already been made between England and the Federal Reserve Bank system in America, with the object of attaining and maintaining the dollar parity of the pound sterling. The "Journal of Commerce" of 27. February reports from Washington that the financial State Secretary and the leader of the Federal Reserve Banks are expecting to negotiate with England, in the immediate future, on the granting of a loan to the amount of over 100 million dollars, with the object of supporting the pound sterling before the restoration of free gold traffic follows the attainment of parity with the dollar, in order thereby to demonstrate the possibility of the return to the gold standard. The loan is to be arranged by means of the rediscounting of English treasury bills, discounted by the Bank of England. This report has not met with any definite English denial.

The point most in evidence in all this is the great uncertainty in which English economic policy is groping in the currency question. Without the help of America the venture of a return to the gold currency cannot be made. A number of European states, which have either a newly stabilised "gold standard", as Germany, Poland, and Austria, or whose currency has regained pre-war parity, as Sweden, Switzerland, and Holland, are also unable to decide on the reintroduction of free

<sup>7</sup>) "Times", 25. February 1925.

<sup>8</sup>) "British Industries", Official weekly issued by the F. B. I. No. 12, 1924; March 1925.

gold traffic, that is, of a real gold currency, until England leads the way. These states are all afraid of losing the gold reserves which they have scraped together at the cost of such pains, if they re-introduce free traffic. It is interesting to note in this connection that the central note banks of the European countries possess much larger gold reserves at the present time than before the war. This will be seen from the following table:

Gold reserve of the European note banks<sup>9)</sup>

	1913	1924	(Mill. \$)
Great Britain . . . . .	172	632	
France . . . . .	684	1070	(5545 frcs.)
Belgium . . . . .	48	52	
Germany . . . . .	278	181	
Italy . . . . .	278	253	
Holland . . . . .	61	202	
Switzerland . . . . .	33	96	
Spain . . . . .	91	488	
Sweden . . . . .	28	64	
Norway . . . . .	12	40	
Denmark . . . . .	20	56	
Roumania . . . . .	29	107	
Bulgaria . . . . .	11	8	
Greece . . . . .	5	8	
Total . . . . .	1750	3251	

This increase in the gold reserve of the central note banks has not been brought about by fresh supplies from the gold producing countries. All freshly produced gold has for years gone to America, a fraction to India. The reserves have been increased by the depletion of gold from inland traffic. Whilst large quantities of gold coins were in circulation in Western Europe before the war, in Germany, France, and England, these were withdrawn from circulation during and after the war, or lack of other gold caused this gold to be used for industrial purposes. But despite this absolute increase in the gold reserves, their covering powers in relation to the notes in circulation is less than before the war, that is, the ratio of the value of the amount of gold in the possession of the central note banks to the nominal value of the notes issued by these banks, has sunk, this nominal value being much greater in all countries than it was before the war. In almost all European states the percentage of gold cover has decreased.

This does not however interfere with the stabilisation of the currency. The existence of extensive gold reserves in the central note bank is substantially nothing more than a means for reassuring the population. The consciousness that the notes can be exchanged for gold by the central note bank tranquillises the possessor of bank notes at home. But in relations with abroad, and for the maintenance of parity with foreign gold currencies, the redeemability in gold does not play any part; here the decisive factor is the free export of gold. In old Austro-Hungary the notes issued by the Austro-Hungarian Bank were not redeemed in gold, and yet they were at gold par, for the bank constantly purchased foreign bills, even by means of gold export when necessary, and then throw these on the market at the right moment for preventing a rate of exchange loss on their notes.

The success of such a policy does not by any means depend on the extent of the gold reserves of the central note bank, but on the favourable or adverse nature of the trade or payment balance. The central note bank cannot maintain the stability of the currency unless the payment balance of the country is not continuously adverse! In the case of a continuously adverse balance, resort to the gold reserve can only postpone the depreciation of the currency for so long as it suffices to cover the deficit! It is thus easily understood that countries with newly stabilised currencies fear the re-introduction of free gold traffic.

Let us take Germany as an example. The German currency is stable, in spite of the extremely adverse trade balance, for the reason that in this year Germany has had a "borrowed

favourable payment balance", and the enormous deficit in the trade balance has been covered by foreign loans. But if the influx of foreign capital ceases, if the loans are withdrawn, and if the trade balance continues at the same time to be adverse, then the free export of gold would have the effect of sending the freshly accumulated gold reserves of the Reichsbank abroad again within a few months.

The currency policy of the capitalist countries thus suffers from a constant contradiction. Gold is collected in order to stabilise the currency. But the moment that the stability is threatened by a continuously adverse payment balance, this auxiliary proves inadequate, and is not even employed.

We are therefore witnessing a hesitancy and uncertainty of the European countries with reference to the restoration of free traffic in gold. England is trying to come to an understanding with America; the European states want England to take the initiative. It is only the English settlement colonies: Australia, New Zealand, the Union of South Africa, and Canada, which either produce gold themselves or have a favourable trade balance, which are urging England on, and which are prepared if necessary to take the first steps themselves in the currency question<sup>10)</sup>.

## FASCISM

### Fascist Reaction in Austria.

By D. Peter (Vienna).

On the 21st of May last there took place in Moedling, a small town in the neighbourhood of Vienna, a Hindenburg demonstration on the part of various fascist bands. After the conclusion of the demonstration one of the participating organisations "Rheinland" arranged an attack upon the workers of Moedling, as a result of which Leopold Müller, a social democrat, suffered such fearful mishandling that he died a few days later. This foul murder is typical of the methods of fighting of the fascist petty bourgeoisie of Austria. Moedling is the link in the chain which commenced with the killing of Birnecker, a worker, and leads from the further victims, Still and Kovarik to the worker, Müller. The advance of the fascists takes place precisely at a time of a rising wave of international reaction.

Capitalist "restoration", represented by the Geneva Agreement, has suffered complete bankruptcy in Austria. Hence we see the abolition of the eight hour day, reduction of wages etc. and the appearance of big bourgeois fascism, which is attempting to carry out the intensified process of "restoration" by means of violent crushing of all resistance on the part of the proletariat.

Whilst the big bourgeoisie, in dealing with the proletariat, relies on the one hand upon social democracy, which is capable of preventing the proletarian revolution, it is endeavouring at the same time to overcome the discontent of the middle classes, to win them as allies and to divert their opposition from the "restoration" to the working class. For this purpose the bourgeoisie makes use of petty bourgeois and peasant fascism.

The oldest fascist organisations are the Home Defence Leagues (Heimwehrverbände) which arose immediately after the collapse of the Habsbourg monarchy, with the toleration and support of social democracy. Their field of activity is mainly Styria, Tyrol, Salzburg, and Carinthia; their composition is a peasant one. They receive financial support from the agricultural organisations of the big peasants, but are also the defence guards of Styrian heavy industry (Alpine Mine works etc.), and are therefore maintained by the latter. Since 1919 they have been in undisturbed possession of weapons. The governor of Styria, Rintelen, of Tyrol, Steidle and also the Minister of Finance Ahrer and the Chancellor Ramek are among the most important organisers and fathers of the Home Defence movement. The members of the Home Defence Leagues receive military training from retired and active officers.

<sup>9)</sup> Excluding Portugal, Jugoslavia, Russia, and the Russian and Austro-Hungarian successor states. In the case of the Banks of England and France about 380 million dollars, deposited by France in England during the war, are counted twice

<sup>10)</sup> This report was already written when the telegraphic report was published of Churchill's budget speech of 28. April, in which he announced the abolition of the gold export prohibition, and the establishment of a maintenance fund to the amount of 300 million dollars in America.



Another fascist organisation, the **Front Fighters**, chiefly consists of declassed elements of the bourgeoisie and of the nobility, retired and active officers and students. They are closely allied with the **Vienna wing of the Christian Socialist Party (Seipel group)** and are financed by the latter. They are outspoken supporters of the Habsbourg monarchy.

The **Fatherland Defence Union**, the organisation of the **Hakenkreuzler** (swastica) and national socialists comprise petty bourgeois elements, clerks, minor officials, students etc., but also working class elements.

Further, there are **secret monarchist organisations**. All the fascist organisations are connected with each other and with similar organisations abroad (Hungary, Germany) and receive subventions from the latter.

It need hardly be said that the State apparatus of the bourgeoisie is of course fully and entirely at the disposal of the fascist organisations. As the Austrian social democracy, after the collapse of the Habsbourg monarchy, allowed this State apparatus to get more and more into the hands of the bourgeoisie and did nothing in order to clear out the bureaucracy, it is equally guilty for the growth of reaction. Moreover, whenever it was necessary to take up the fight against reaction, the social democracy, with all the methods of Austro-Marxism, held the working class back from the fight.

Already at the time of the workers' Councils the social democrats ignored the warning of the communists and their demand to take up the fight against reaction and declared that the communists were frightened at "bogays". When the worker **Birnecker** was murdered by the monarchists, the social democrats "warned" the monarchists. When the worker, **Still**, fell as a victim to a fascist attack, the "**Arbeiter-Zeitung**" considered it necessary to declare that there is only one political slogan: not to allow ourselves to be provoked... **Herr Seitz**, the social democratic Lord Mayor of Vienna, said at the grave of **Still**: "We hope that this is the last victim" and further: "German-Austria is not a land of fascism".

When later the bourgeoisie, by **handing over the government to Ramek and Ahrer** proclaimed its fascist policy, the social democrats assisted by their policy of deceiving and lulling the working class. Whilst their policy towards the **Seipel** government was one of **sham radical opposition**, as soon as **Ramek** came into power, they went over to a policy of **loyal opposition** and declared this government, which was committed to a fascist policy, to be a "cabinet of social tendencies" and thus did everything to render easier the transition to fascism.

And even now, in view of the bloody deed of **Moedling**, social democracy is sabotaging the fight against reaction. Instead of mobilising the masses, they "pacify" them and appeal to the authorities, who have always encouraged and promoted the organisations of these murderers.

The **Communist Party of Austria** is calling upon the workers to set up a red class front and is at the same time propagating five demands against reaction, which constitute a programme of action for the whole of the working class. These demands tell the workers quite plainly that it is **only they who can disarm the fascists** and for this they require weapons; that an investigation against these murderers by class justice is a mere farce and that they must have control through their own representatives over a real investigation; that they must drive the abettors of these murderers out of the government offices and that they must therefore **overthrow the government and fight for a workers' and peasants' government**.

## IN THE CAMP OF OUR ENEMIES

### Kautsky Incites to War.

By Paul Fröhlich.

Six years ago, Kautsky saw a picture of Bolshevism: a gorilla with a knife between its bared teeth. At that time it was posted up by hundreds of thousands at all street corners in Germany, in order to inspire the German man in the street with fear of Spartacus, and to prepare him for the blessings of the Noske regime. It was published by the **Anti-Bolshevist League** which was a direct descendant of the **National League against social democracy**, but was then used by **Ebert and Scheidemann** as a weapon against the German working class and kept going with Government money (**home service!**).

Since Kautsky became childish, this bogey has pursued him in his dreams. Thousands and thousands of German proletarians may be slaughtered — even amid the thunder of the guns, Kautsky will preach alliance with the Noske party. In Hungary and in Italy, the bloodiest terror may reign, the Esthonian and Bulgarian peoples may be driven to despair — Kautsky will have no word, no thought left against blood and terror. Though Germany be turned into a national penitentiary in which only the national bands of murderers enjoy the protection of the Republic, though **Hindenburg** mount **Ebert's** throne — Kautsky will crow: it is a joy to live! Though the whole German people be enslaved, though the whole world be threatened by American Trust capital with plunder, war and subjugation — Kautsky will have **but one aim: Death to the Bolsheviki!**

He has now again raised this cry in a pamphlet: "**The International and Soviet Russia**" (published by **I. H. W. Dietz' Successors**, Berlin). It ought to be possible to publish the whole pamphlet so as to expose its author to the derision and contempt of the whole world. For it is one huge tissue of lies, so shameless, that they need only be pronounced to be exposed as such. **There is no recent inflammatory article against Soviet Russia which is so impudently and stupidly mendacious.**

If we are to believe Kautsky, the Russian proletariat is sighing under the heavy yoke of its own party, it dreams of nothing but liberation from this yoke, being prepared to sell its soul to the devil; but again and again it is routed by machine guns. Further, even now that the civil war is ended and the **Koltshaks, Kaledins, Wrangels** and the **boon companions of the Mensheviks** are defeated, Russia is tearing at full speed towards disaster, and everyone who has witnessed the contrary with his own eyes is either a deceiver or deceived. Further, Russia is ruled by "a small clique", "strong enough to serve the interests of no single class (a splendid Marxist, this Kautsky!), to treat every class as its docile tool", "a conspiracy against the Russian people, against workers and peasants as well as against the intellectuals and the remains and beginnings of a capitalist class". A clique "which has now got so far that it lives by ruling and exploiting the proletariat", "has for years chiefly been engaged in subjugating, corrupting, enervating and blunting the intellect of the proletariat within and without Russia", which "has become the most dangerous enemy of the proletariat itself" so that "the proletariat of the world is hopelessly prevented from developing its full force as long as Russia is governed by the modern methods of Bolshevism". Briefly: **in Kautsky's eyes, Bolshevism continues to exist as an anti-Bolshevist poster.**

Having painted **Bolshevism, Soviet Russia** and in the same way the **Communist International** in such colours, Kautsky easily arrives at a conclusion. He who, since 1908 (since the publication of the "**Way to Power**") has carefully avoided being consistent, who adopted no other attitude towards imperialism, the war, the counter-revolution than one of disgusting quietism, is for once consistent: **Soviet Russia must be annihilated!** Of course **Karl Marx** must be called a switwitness, he who in the "**Inaugural Address**" preached war against "the encroachment of the barbaric power which has its seat in St. Petersburg" — the Soviet Government of course is a still worse "barbaric power" which indeed "no longer has its seat in Petrograd but in Moscow, further from Europe, nearer to Tartary". Since the **Bolsheviks** consummated the will of **Karl Marx** as regards Czarism, the will of **Karl Kautsky** as regards the **Bolsheviks** must be consummated.

But in what way? Kautsky examines in detail how it could be done. The result of this enquiry is recklessly contradictory, but just for that reason it leaves no doubt as to what he means, as we shall see. At first he enquires into "peaceful means". His answer is "it is simply hopeless to try to exercise a moral influence on them (the Communists!)" "Like every other military despotism, like the military monarchies of the Romanoffs, the Habsburgs and the Hohenzollerns, it (Bolshevism) will probably only be overcome by force."

**Prepare then for armed insurrection!** But that is a delicate matter. First of all there is no prospect of success against a good army. Secondly, the **Bolsheviks** understand the matter too well and their police are too good. It is therefore better for **MacDonald, Vandervelde, Adler, Scheidemann** and **Abramowitsch** to keep their fingers out of the pie.

"Peaceful means" again then. Yes indeed! And now Kautsky is theorising at random. What wrecked Czarism? The fact that it had to increase traffic, to promote business for the benefit of its military system. Thus it prepared the ground for its fall.

Now indeed, according to Kautsky, the Soviet State is doomed to steady decline, which destroys all prospects for democracy. But perhaps the Bolsheviki want nevertheless to improve the economic position of Russia. They give concessions, they try to obtain loans, they develop the system of traffic. According to Kautsky, the Soviet regime is still in power because the proletariat is weak. If the economic situation improves, the proletariat will become strong and can then cast off the Soviet system, that bloodthirsty rule of the "clique". In Kautsky's opinion therefore, the anti-bolshevist International should by no means oppose international loans to Russia, but should on the contrary encourage them. But it should demand as a condition for these loans the promise of "reforms", which is also good because these "reforms" are demanded by the international stockjobbers.

Kautsky himself apparently only believed implicitly in his bogey of Bolshevism and in the despotism of the "clique" over the Russian proletariat when he was in a condition of complete mental derangement. For that reason he is now secretly doubting whether it is reasonable to build his hopes on the Russian proletariat becoming stronger. And it is thus that he arrives at the idea which is most elaborately developed in his article, which forms its core.

Not preparations for armed insurrection but — speculation upon a general, spontaneous revolt. Kautsky suddenly discovers that he had counted on revolts of this kind "which would put an end to the three military monarchies of East Europe". More than that! He knows that the majority of social democrats have refused to hope that "we should by gradually increasing in strength, imperceptibly grow over the head of military monarchy and into a Republic". In Germany, Austria and Russia this has happened (as is well known against the majority of those social democrats). Why should it then not happen again — in Russia?

But how is a spontaneous revolt of this kind possible in Soviet Russia? By a severe shock to the State, by its being defeated in war. Kautsky is building on this foundation, and he discusses whether the Menshevik International should take part in such a revolt. And he answers this question very decidedly in the affirmative. "It might be disastrous", he says, "were our International to condemn from the beginning any organised armed putch against Bolshevism as counter-revolutionary action and forbid its members in Russia to take part in such an insurrection, on the ground that it, the International, had refused to have anything to do with the armed putch against Bolshevism".

The fact that reactionary elements would make use of such a revolt to serve their own purposes should not deter, but rather stimulate "the social democrats to strive with all their power to gain a decisive influence in the revolt — certainly not to frustrate it". Even Kautsky must have learnt enough from the history of the last eight years to know that when it comes to deeds, the Mensheviks could only gain such an influence in the revolt against the Bolsheviki by allying themselves with reaction or rather by unreservedly submitting themselves to the counter-revolutionary generals. But even this makes no difference to him, for he considers that "everything that is possible in the way of reaction in Russia, is already practiced by the Bolsheviki in such a measure that it cannot be surpassed". He accepts the worst white-guardist reaction, he is prepared to promote it and, with this end in view, he speaks of revolt almost like a Bolsheviki.

All this, Kautsky asseverates, it is true — whether it be hypocrisy or relapse into old Kautskism — that he preaches neither intervention against Russia, nor revolt, but peaceful means only. But his pals, the leaders of the II. International, will quite well understand. As is his intention, they will speak in favour of credits to Russia if their capitalists expect that it would be to their advantage. They will not however, for one moment, delude themselves into believing, that they can overthrow the Soviet power by furthering the general economic development of Russia. They know that better than Kautsky with his idee fixe. But they will be thankful to learn from Kautsky's article that a weapon against the abhorred Soviet Russia and the Communist International has been found in the world war against Soviet Russia, and in the subsequent rising of the whole counter-revolution from the pretender Romanov to Tchernov and Abramovitch.

Karl Kautsky's sermon came just at the right moment. Kautsky's article was published immediately after the English Conservative government had compelled the capitalist powers to form a holy alliance against Soviet Russia, at the moment when the crusade against the land of revolution is again to the fore.

In these circumstances this pamphlet has a definite political significance. Briefly expressed, it is: Gentlemen of the II. International, be on the watch! Your corn is beginning to ripen. You have once more the opportunity to win laurels in helping the cause of the capitalists in all countries. The coterie of international exploiters is anxious for war against Soviet Russia. Make yourselves useful to them, for that is your business!

Kautsky will not have to tell them twice. It will not be long before they will resolve to carry out what Kautsky demands of them today: resolutely and with all the means in their power to work for the defeat of Russia in a war, resolutely and with all determination to take part in a general rising against the Soviet State in alliance with the reactionary powers and, in order to hasten this ardently longed-for opportunity, to facilitate the attack of the capitalist powers, to inaugurate a systematic campaign against Soviet Russia in the social democratic press of the whole world.

If this demand of Kautsky's is fulfilled, if social democracy now enters on a campaign of agitation against Russia, let us see that the workers of the whole world understand its true significance: a war of the whole counter-revolutionary world against Russia the workers' and peasants' State! It is a good thing that Kautsky has already let the cat out of the bag as to where the II. International would be if the capitalist campaign against Russia would materialise. The workers of the whole world should learn their lesson from this, they must be on their guard against any surprise and should, without a moment's delay, start a campaign against not only the danger of war but also against the social democratic war mongers and for the Workers' and Peasants' Soviet Republic!

## THE PEASANTS' MOVEMENT

### The Peasant Movement in Germany.

By Edwin Hörnle.

A strong differentiation is perceptible between the movements of the small and the middle peasantry. The so-called "German Peasant Associations" (clerical) as well as the "Bavarian Peasants' Union", the free peasantry (especially in Rhenish Hesse) and the "German Peasants' Union" have made a visible move towards the Right. At the same time the whole of the small peasantry, under the pressure of economic conditions, is moving obviously, though with vacillations, towards the Left.

The clerical peasant associations have never distinguished themselves essentially either in their programme or in their tactics from the "Landbund". As early as in the Autumn and before the "Reichstag" election in December, leaders of the clerical peasant movement, above all of the "Rhenish Peasant Association" pronounced themselves politically in favour of an outspoken government of the Right, of a bourgeois Block and a break with the S. P. of Germany. Their spokesman is Freiherr v. Loe. The crisis in the Prussian Parliament led to an intensification of this tendency towards the Right. The Rhenish and Westphalian Peasant Associations have taken up an oppositional attitude to Marx and in favour of the obstructing deputies of the Centre, Lönnart, v. Papen and Roedingh. The Crefeld "Nieder-rheinische Bauernzeitung" wrote on Feb. 22nd:

"Agriculture welcomes the defeat of the Prussian Weimar Coalition. It is extremely grateful to the four deputies of the Centre who contributed to this defeat by their absence. It will defend these deputies against any arbitrary action of their party."

The clerical peasant associations in Southern Germany still pretend to a certain amount of democracy out of consideration for their masses of small peasantry.

As early as in October, the "German Peasant Union" swung over from the democratic camp to the camp of the German People's Party, of heavy industry, alleging as their reason that the democrats had no firm policy in the tariff question and further that they had lost their significance as a party. To-day the leader Westermann sits in the same fraction as Hepp, the President of the "Landbund".

The "Bavarian Peasant Union" published at the time of the May elections 1924 a programme which contains a pronounced reactionary middle-class policy and which, in the question of protective tariffs conforms with the "Landbund". At the Bavarian municipal elections, negotiations as to common action were entered into between the "Bavarian Peasant Union", the "Clerical Peasant Association" and the "Bavarian National Union". At the time of the Bavarian election of the Chamber of Agriculture this alliance was completed.

The "United Free Peasantry of Rhenish Hesse" has also entirely swung over into the camp of those in favour of high protective tariffs. Here the pressure of the vine-growers has been particularly noticeable.

In organisations which were originally pronouncedly those of the small peasantry, a certain leaning towards the Right on the part of the leaders can be observed. The cause of this is to be sought in the financial distress under which the associations of small peasants suffer chronically. They therefore make advances to circles which are in a better financial position. It is no coincidence that the National Association of Agricultural Smallholders of Germany which up to the present was almost entirely under social democratic influence, has at the moment only one representative of the S. P. of Germany and two democrats left in the Reichstag. The National Union for Settlements and Tenancy also, which used to be affiliated to the Cooperative Union of Working Landowners, Settlers and Tenants is now desirous of getting in touch not only with the S. P. of Germany, but also with the democrats. The Silesian Peasants' Union and the East Prussian Peasants' Union are already practically completely reactionary.

The Cooperative Union of Working Landowners, Settlers and Tenants, which is associated with the International Peasant Council in Moscow, comprises the most advanced elements of the small peasants' movement. Their actual recruiting ground is among the masses of those small peasants, tenants or settlers who either at one time worked in industry or who are permanently dependent on industry as an additional means for earning money. The individual associations which are affiliated vary greatly as regards the degree to which they are converted to radicalism. The organisation most to the Left which is also developing the best powers of agitation and organisation, is the "Union of Working Landowners" with its strictly centralized organisation. The President of the union was elected to the "Reichstag" on December 7th on the communist ticket. This union was really responsible for the great campaign on the occasion of the failure of crops in the Autumn of 1924. It already has a number of Parliamentary representatives in the various provincial Parliaments and has taken root especially in Thuringia, Saxony, East Prussia, Schleswig-Holstein, Hesse. The Prussian Coalition Government of the social democrats Braun and Severing and the Bavarian Government are trying with all means of force and petty chicanery to combat both the Cooperative Union and the Union of Working Landowners. Not even have they shrunk from means of illegal interference and terrorist intimidation. In Bavaria the organisation was forbidden during the state of siege. Demonstrations were dispersed. In East Prussia the Government refused for months to negotiate with the Union regarding the position of the State tenants on lease in the settlements of the so-called Gross-Moosbruch, and tried to intimidate the colonists by rigorous attachments. Nevertheless it is just here that the Union can boast of considerable success. Quite recently a brochure published by the publishers "Neues Dorf" in celebration of the 400th anniversary of the great German peasant war, was confiscated by the public prosecutor.

Through the whole country attempts are made to make the small peasants afraid of the Cooperative Union of Working Landowners and the associations affiliated to it, by using the word "communist". In this connection the S. P. of Germany proves again to be the faithful servant of extreme counter-revolution. The "Landbund" has repeatedly called up its Fascist organisations to disperse meetings of small peasants, but has in many cases got the worst of it. The fact that the "Landbund" newspapers inveigh with acrimony against the Union of Working Landowners, proves that they are afraid of its work. Unfortunately the Union still sadly lacks practised organisers and agitators. The Cooperative Union is steadily gaining the confidence of the small tenants and peasants, by affiliating to itself the associations of small peasants, by arranging consultation hours, by representing its members before the authorities and in Court.

It is one of the important tasks of the C. P. of Germany to win the support and interest of the industrial proletariat and the organisations of the working class for the radical small peasants' movement. Without the help of the industrial proletariat, the radical small peasants' associations will never be able to hold their own against the economic and political terror of the large landowners and capitalists. The economic development in Germany, accelerated by the Dawes plan, is leading to the inevitable ruin of the small-holders and to intensified class differentiation in rural districts. The ruling classes cannot arrest this process either by fair means or foul. They may curb the revolutionising of the mass of small peasants, but they cannot repress it altogether. The Communist Party on the other hand, as leader of the revolutionary proletariat, can, by tenacious work and clever bolshevist tactics, considerably accelerate the detachment of the small peasants from their counter-revolutionary leadership, and the creation of an alliance between workers and peasants, which will moreover be organised.

The awakening of the small peasants and their alliance with the revolutionary proletariat implies a serious threat to the bourgeoisie just in those spheres of power which have up to now been undisputedly theirs. The agricultural districts have up to the present been the preserves of counter-revolution. The radicalisation of the small peasants and tenant farmers will facilitate the revolutionary struggle of the proletariat to a considerable degree.

## WORKERS INTERNATIONAL RELIEF

### The Significance of the Participation of the English Trade Unions in the English W. I. R. Conference.

The British "Workers International Relief" Conference which was held in London in the middle of April had a significance reaching beyond its nationally limited character because of the numerous and lively participation of the representatives of trade union organisations.

The endeavours and interests of the trade unions meet those of the Workers' International Relief on the basis of the slogan of international unity.

What the English trade unions are for the Labour movement in England, a uniform organisation, embracing various parties, a, so to speak, neutral territory on which general proletarian class interests are represented and corresponding demands made, that is the W. I. R. as a proletarian relief organisation on a world-wide scale.

For this reason the W. I. R. may, in carrying out its duties as a preparatory, neutral, super-party ground on which workers of all shades of opinion and from all countries can meet in joint activity, become the base for the preparation of a united front of trade unionism on an international scale.

Thus it is no coincidence that just the English trade unions, both their individual associations and their leaders show a growing sympathy with the W. I. R. and are becoming members of it.

How strong this growing interest is, has been shown by the English W. I. R. Conference, and may be proved by the following facts:

Trade union, co-operative and party organisations to the number of 165, representing the most important trade unions of England, took part in the Conference. Among them were the unions of engine-drivers and stokers, of the united electricity workers, of the united workers in the building trade, the transport workers, the railwaymen, town and municipal employees, clerks; further representatives of the workers' defence council and the tenants' defence league; finally representatives of the Labour Party and the Independent Labour Party and of the Communist Party of England, of the General Trade Union Council (also of the London Trade Union Council) as well as of the Minority Movement, numerous women's organisations etc.

In the executive of the W. I. R. the following trade union and co-operative associations are represented: The Miners' Union of Great Britain by its general secretary A. J. Cook, the National United Woodworkers' Association by its general secretary

Alexander Gossip, the National Amalgamated Unions of Building Trade Workers A. U. B. T. W. by its general secretary George Hicks, the Amalgamated Engineers Union by Frank Smith, the National Union of Women's Co-operative Guilds by Miss Honora Enfield and A. A. Purcell, at present President of the Amsterdam Trade Union International.

The mixed commission of the Labour Party and of the Trade Union Congress will at its next meeting discuss the conditions under which every leading political and industrial organisation of the English working class will send a representative to the Executive of the W. I. R.

The Conference passed resolutions in which was demanded the co-operation of the trade unions with the co-operative societies as a preliminary to a comprehensive assistance on the part of the W. I. R..

The Prime Minister of the Labour Government in West Australia promised that all the Labour organisations and the Government of the country would give their fullest support to the W. I. R. At the same time he condemned all reactionary attacks on the W. I. R.

The trade union movement for unity was described and demanded as a fact of the greatest significance for the well-being of the proletariat of the whole world. The English trade union report on Russia is published for Germany by the "Neuer Deutscher Verlag" which is in close touch with the W. I. R., on the basis of the agreement between the Russian and English trade unions.

Owing to the recognition of the necessity of creating an international united front for the trade unions, it is possible in England that leading members of the social democratic party support the W. I. R., that for instance, Lansbury was at the Conference, elected chairman of the Central Committee of the W. I. R., and that Purcell, the English President of the Amsterdam trade unions, took part in the Congress. Although there was no such intention, the Conference of the British W. I. R., which met to solve questions of organisation and to prepare the ground for a campaign of relief for the starving people of Ireland, turned into a demonstration in favour of international alliance of the working masses, not only in the organisation of the proletarian self-help but also in the trade union movement.

In Japan also the W. I. R. and the trade unions joined in their efforts for the solidarity and a homogeneous alliance of all working and exploited people under the slogan Amsterdam and Moscow. In Germany, France and, in the last weeks, in Czechoslovakia, the affiliation of trade union organisations to the W. I. R. is steadily making great progress. In Germany almost all the organisations of the excluded trade unions have joined the W. I. R., but only a few of those of the German General Federation of Labour.

In its capacity as an international, super-party organisation, the W. I. R. can work in the spirit of the proletarian united front. It can help to unmask the treachery of the reactionary trade union leaders who no longer represent the interests of their members but, in every economic struggle are found wanting and take sides with the employers.

Just from this point of view it is necessary to work more than ever in all countries for the affiliation of all trade unions to the W. I. R.

Should it be impossible for that which is already taking place in England to become a reality in the Labour movement throughout the world?

To work, Comrades!

## INTERNATIONAL RED AID

### The White Terror and the Tasks of the I. R. A.

Speech of Comrade Zinoviev at the first Congress of the I. R. A. of the Soviet Union.

Moscow, May 19th, 1925.

At the first Congress of the International Red Aid of the Union of Soviet Republics, Comrade Zinoviev delivered a speech on the White Terror and the tasks of the I. R. A., and welcomed the Congress in the name of the Executive of the Communist International and of the C. C. of the C. P. of Russia.

Among other things he said:

The rapid growth of the organisation of the I. R. A., which comprises some millions of members and represents a part of practical internationalism and Leninism, is a matter for much congratulation. The I. R. A. is one of the organisations in the Soviet Union which makes it its task to do everything to facilitate the victory of the working class in other countries. Just because of the partial stabilisation of capital, persecution of the communists is raging more and more furiously. The stabilisation of capital means the stabilisation of the White Terror. For this reason the work of the I. R. A. is more necessary than ever.

The communists of Europe and of the whole world live under more difficult conditions than the Russian Party in the darkest days of Czarism. The planned public executions in Sofia are evidence of the utter depravity of the bourgeois order and of the collapse of capitalist civilisation and culture, but at the same time of the weakness of the bourgeoisie.

The self-sacrificing work of the I. R. A. in the Soviet Union is wholly praiseworthy. The Russian revolution is an integral part of the international revolutionary movement. Bolshevism arose not merely from the Russian, but from the international movement. The somewhat retarded development of the revolution only adds to the seriousness of our duties as international revolutionaries. In the name of the Communist International we send greetings to the prisoners in the capitalist prisons.

The I. R. A. is no charitable organisation but a link in the international proletarian movement. The German social democrats tried, by means of the "Tcheka" case, to torment the communists, to rob them of their faith in revolution. For this reason our work has increased in significance, for this reason you must know that your activities are a part of the great cause of the Comintern.

The prison libraries are of great importance. The prisons must be turned into educational institutions, so that the advance guard of the international proletariat and the determination of the broad masses and of the workers may grow the more. The more proletarian revolutionaries are imprisoned in the casemates of the bourgeoisie, the faster will the prison walls fall down and the more communists will come forth from these walls.

When socialism holds universal sway, the I. R. A. will be superfluous. As long however as capitalist prisons exist, it is the duty of all to create a still more powerful organisation for the help of the revolutionaries of all countries and to continue the communist work begun by Lenin.