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THE TURNING POINT APPROACHES

As the fighting in Finland approaches the critical stage when the ultimate outcome trembles in the balance, the entire situation in Europe correspondingly approaches the cross-roads, for it is in Finland that the future course of European politics is being determined, and with it the fate of modern civilisation.

The first six months of the war in the West have seen an intensification of the pre-war trade conflict; the mines, the submarines, the contraband control have been added to the arsenal of embargoes, credits and trade agreements already in use before September 1939. The aim of the Allies has hitherto been to make the continuation of war a more costly affair to the German bourgeoisie than even capitulation, the relinquishment of Eastern conquests and the abandonment of expansionism ("Hitlerism") might be.

But the "localisation" of the conflict, the refusal of the terrified

neutrals surrounding Germany to implement the blockade and the potential Russian aid once Stalin's hands are free in Finland, all tend to strengthen the dogged refusal of the German capitalists to see "reason." The Allies are forced to consider more positive means for the subjugation of German imperialism. The Altmärk incident served to indicate British intentions of passing from the stonewall tactics of the first six months to the offensive.

The steadily mounting internal strain in France is the main factor which calls imperatively for an ending to the deadlock. The lesser partner in the alliance of bandits who shared the loot of Versailles is now leaning heavily on her more fortunately placed ally. While the solicitous British bourgeoisie sets up its solidarity committees and effects its financial agreements, a simultaneous solidarity is set up in the servants' hall between their respective flunkers, the

"Socialist" and Trade Union leaders. On February 22nd the British Labour Party and the French Socialist Party terminated their conference in Paris with a joint statement proclaiming the noble principles that actuated them in supporting the war and maintaining collaboration. This paralleled in the political field the conclusions reached in the industrial in the meeting of the Anglo-French Trade Union Council consisting of the British TUC and the French CGT. Agreement was reached by these bodies on the necessity for combatting Communist propaganda, among other things.

It is in France that the drive against the Communist Party has gone furthest, precisely because of French economic weakness. The expulsion and hounding of Stalinist deputies and the rank and file militants, police raids on the offices of the Soviet Trade Delegation and Intourist and trials to be held on high treason charges of leading Stalinists have been accompanied by a crescendo of press belligerency demanding war on the Soviet Union. But it was disclosed that the campaign was not so much anti-Soviet as anti-working class when the arrests were extended to include other working class tendencies, P.S.O.P. and Trotskyist militants.

For similar reasons a campaign is now being initiated in Britain, in the trade unions and the Labour Party, aimed not only against the Stalinists but against all left wingers. The campaign coincides with the development of a wave of working class militancy directed towards the recovery of the real wages filched from the workers by the rise in the cost of living. In vain the boss class preaches the necessity of sacrifices, in vain the ingenious Keynes plan is held out,

promising to make up the difference after the war. And so the boss class turns to its unofficial police, the Labour leaders, to restore order. These labour leaders, in close collaboration with their counterparts across the Channel, are adopting similar measures to deal with a situation developing on similar lines. Jouhaux and Citrine, Blum and Attlee are linked in the Anglo-French Strikebreaking Council.

In Britain as in France, the very fact that the labour leaders have commenced the heresy hunt signifies that all is not going well on the home front, while from the "colonial front" ominous items of news continue to pour in. Clearly the deadlock in Europe must be resolved.

The fact that the British press is now filled with discussion on the allied chances in a war on the Soviet Union, just as the French press has been for months past, must be taken as a solemn warning to Stalin now that the Russo-Finnish conflict seems to be nearing its climax. Foreign intervention in Finland has had so far the limited aim of prolonging the war so as to keep the Red Army engaged. If however a compromise is reached - and this seems the most likely outcome, for Stalin's aims are limited to securing the strategic safety of the Leningrad region - the Stalinist ruling clique will be left free to plan the next step. The press campaign serves to warn Stalin that if the next move tips the balance in Hitler's favour, it will amount to forcing war on the Allies against the Soviet Union. A still more ominous warning comes from the troop concentrations in Rumania, Turkey and the Eastern Mediterranean.

Neutrality in the war of the Great Powers still remains the main object of Stalin's strategy, for a major war would spell the end of the Stalin regime. It was in the hope of preserving that neutrality by closing the chinks in the Soviet armour that the invasion of Finland was undertaken in spite of the adverse effect that invasion inevitably would have on world proletarian opinion.

But the increasing tension of the deadlock on the Western front operates to confound the Stalinist hopes. Both sides in the conflict have marked off the Soviet Union not only as their ultimate prey but as their battlefield

in the near future.

The Stalinist bureaucracy which recklessly flung away its genuine assets of world working class sympathy for the Soviet Union, cannot, for that reason, fulfil the task of organising the defence of the Soviet Union and of the collectivised property that remains the last surviving gain from the October Revolution. For defenders they looked not so long ago to the Western bourgeoisie. Today they look to Hitler. And for that reason their cause is lost. The only real defence of the Soviet Union lies in the world revolutionary proletarian international.

The Enemy at Home

It is an irrefutable fact that during a war or a depression, the rich add to their wealth whilst the poor add to their poverty.

The Board of Trade figures for wholesale food prices for October last year showed an increase of 20%. Cotton prices increased by 26% and wool 12 $\frac{1}{2}$ %. The Ministry of Labour estimate of the increased cost of living, including rent, clothes, etc., on February 1st was over 13 $\frac{1}{4}$ % above that of September 1st 1939.

The spokesmen of the bourgeoisie demand sacrifices from the masses, and blame increased wages for the soaring prices. An examination of the meagre increases gained by the workers will prove that this is a lie.

The shipyard workers who claimed 10/- a week increase received 5/-. The same applies to the engineers (including railway shopmen) and grade one haulage workers. With the exception of the London butchers who were granted 10/- a week war bonus, this miserable 5/- a week represents the highest recorded gain, if we ignore the insignificant number of cinema workers whose increases since the war vary from 3/6 to 15/- a week and the railwaymen with whom we deal later.

The increases granted to the Transport workers tell the same story; 140,000 adult employees of municipally and company owned passenger undertakings received 4/- a week increase, 50,000 operatives of Herbert Morrison's much lauded "socialist" enterprise, the L.P.T.B. enjoy the benefits of social-

ism to the extent of an additional 1d. an hour for males and $\frac{3}{4}$ d. for females.

The miners have had 1/1 a shift added to their miserable pittances, in the case of youths 4d. a shift. Blast-furnacemen and coke workers have fared even worse, 8d. a shift being their additional reward.

Grades 2 and 3 haulage workers gained 4/- and 3/- a week respectively, the railworkers got 50/- a week minimum in London and 48/- and 47/- in the provinces and rural areas with an additional 1/- a day for engine drivers, the first instalment of their share of the "square deal." The second instalment stripped of all its trappings, boils down to 4/- a week increase for the higher paid grades and 1/- to 2/- for the others.

In the textile trades increases vary only in their niggardliness; 19,000 to meet a 13% increase in the cost of living, received a five percent war bonus. The miserably paid cotton operatives, who demanded 20% increase, received 12%. In the cotton waste trade, male workers were given an extra 1/4 per hour and females $\frac{3}{4}$ d. whilst hosiery operatives got 1d. in the shilling (8 $\frac{1}{3}$ %). 200,000 garment workers got 1 $\frac{1}{2}$ d. an hour instead of the 15% for which they asked.

In the pottery industry 700,000 male, female and youth workers got an additional 8d, 6d, and 4d a day respectively and day workers weekly bonuses of 3/- (males) and 2/- (females) except where a smaller bonus will bring the wage up to 56/- a week.

The furniture and building trades operatives have had two increases of $\frac{1}{2}$ d. an hour, but this is small consolation for the 20% of the latter who are un-

employed. Boot and shoe operatives and repairers have received increases ranging from 1/6 to 3/- a week.

Imperial Chemical Industries Ltd, foremost among the war beneficiaries, have magnanimously increased the wages of their employees by 1/- to 2/- a week, electricians have got an extra 3/6 a week and municipal employees of the London County and Metropolitan Borough Councils have received 10% increase.

These miserable additions to the inadequate wages of the workers listed above are the sum total of those sufficiently important to be published in the press which is so anxious to show how much better off we are than our German counterparts.

Millions of workers whose poverty has been intolerably increased by the rising prices, have received no increase at all. Engineering clerks, civil servants and dyers have had their demands met with a blank refusal, agricultural workers have not been given an extra penny. Seamen too have been refused an increase and it is interesting in view of this to note a remark in the "Sunday Express" on October 1st 1939. "In the last war it was well known that one of the quickest ways to become a mushroom millionaire was to go into shipping. The same thing is true today." And not only because of the added profits from increased freight charges. The sale of second-hand ships is also a lucrative sideline. A ship sold in December 1938 for £15,250 brought £33,000 in September 1939, two tank ships which realised only £13,000 in 1932 were sold, after war broke out, for £58,000, whilst the price of a tanker offered for sale before the war for £90,000 was increased after war began to £144,000. Limitat-

ions of space prevent amplification of these few examples. It should also be noted that these transactions do not come within the scope of the Excess Profits Tax.

Amongst the greatest sufferers under war conditions are the 3,000,000 old age pensioners. Apart from the few wives who will benefit from the lowered age limit, the new legislation leaves the aged in the same sorry plight. Ten shillings a week remains their reward for 50 years service to the capitalist state. It is revealing to note in passing that this only applies to the toilers. High Court Judges receive £67 a week old age pension, County Court Judges and Vice-Admirals £20, Field Marshals £32, Admirals and Generals £21 and Chief Constables £18.

Let us now see how the bankers and capitalists are faring under war conditions. By December 19th 1939 orders for over £234,000,000 had been placed by the Minister of Supply. Of this at least £100,000,000 will be taken by these parasites in the form of rent, interest, dividends and individual profits. It has been estimated that £350 to £400 million of every £850 million spent by the Ministry will be taken in these forms by the vociferous advocates of "equality of sacrifice." £3,000 millions is the estimated annual cost of the war to Britain. When we consider the percentage of this will go in rent, interest and profit, we have no reason to believe that the owners of the "big five" banks who raked in £8,253,000 net profit in 1939 will fare any worse in 1940. This also goes for the machine tool makers. In the three years prior to the war (1935-1938) seven firms made a total profit of over 400%.

The Government of the bankers and capitalists are, of course, taking steps to prevent profiteering. Their efforts to date have resulted in a fine of £25 being imposed on a Birmingham firm of iron and steel stockholders and an Aldgate greengrocer who charged 20% too much for potatoes was penalised to the tune of 20/-.

The price control and excess profits taxation are a hollow mockery, a facade set up to deceive the workers. The Treasury has now decided to conceal its expenditure on the armed forces from Parliament. And for good reasons, for money is being squandered just as in the last war. The cost of erecting militia camps in one area was over £300 per head of militiamen and the war office paid £15,000 for a sewage contract which the local authorities were going to carry out before the war for £9,075. These are just two examples.

For the oppressed masses who are called upon to spill their blood and pay the £6½ million a day, war is a terrible thing. For the exploiters, whose scramble for markets and profits has caused the conflict, war is a terribly profitable thing.

The burden of increasing misery which the war has placed on the overloaded shoulders of the oppressed will be aggravated as the war proceeds, until it extends beyond the limits of endurance. When this stage is reached, the burden will be flung off by those who bear it and the system responsible for its imposition will give place to a new social order in which these contradictions can find no place. The length of the intervening period cannot be determined now. It will be decided by the masses themselves.

The Ballot Box Test

The successful attack by the British capitalist class on workers' standards has been achieved not as in France and Germany by frontal assault and a brutal smashing through, but by taking the working class in the rear. It has been accomplished by relying heavily on the apparatus of the Labour and Trade Union movement. That is the meaning of the political truce. With the masses immobilised and held tight by the sabotage and obstruction of Labour officialdom, it has been possible for the capitalists to proceed on their murderous course.

This is strikingly revealed by the results of by-elections held since the war began. And these by-elections have been useful barometers to the capitalists to test the reaction of the masses. The fact that elections can be held at all and the E.P.A. and other emergency regulations held in abeyance is an indication of the firm hold which the National Government still has on the internal situation for the present.

The truce has meant that in a large number of cases the National Government has been returned unopposed. In Southampton, Wells, Streatham, Macclesfield and other constituencies, the labour leaders have allowed the National government to retain seats without a struggle. Murmurs from the rank and file at a policy which commits them to support Chamberlain and Churchill have had a certain effect on the labour leaders compelling them to deny any collaboration with the Government whatsoever, and to affirm sup-

port "for the struggle against Nazism only."

Meanwhile the fact that the "struggle against Nazism" has meant an enormous increase in the fabulous profits made by the trusts and combines has not escaped the notice of the working class. The gift to the food combines of £1,000,000 a week "to keep down prices," the coal owners, Railway shareholders, banks, armaments manufacturers, big cotton employers, the large trusts and combines none of whom have been left without a share, have enormously benefited already though the war has scarcely begun. And yet the paradox remains, there is no mass movement against the war and the masses remain resentful but passive.

A study of some of the contested by-election results gives us the key to this problem. On October 14th the first contested election was held at Clackmannan. The opponent of the Labour Party which held the seat was a pacifist. The Labour candidate was returned with 15,645 votes. The pacifist received only 1,060 and forfeited his deposit. At the previous election the I.L.P. had received 1,513. So that the anti-war vote had failed even to reach the modest figure attained by the "Socialist" candidate previously. It is true that the war had just begun but an analysis of the figures of the total poll suggests that numbers of Labour voters did not poll and that it was not the fact that the election came soon after the outbreak of war which had meant such a low poll.

The masses have been completely unenthusiastic about the war, accepting it

because they do not see any alternative. The programme on which the pacifist stood was "peace now", with Hitler to remain in possession of Poland and Czechoslovakia and to be given colonies if necessary to achieve a cessation of hostilities. Bad as the continuance of war seemed to the workers, the surrender to Hitler which this policy implied seemed infinitely worse. A solution which meant victory for German imperialism was obviously no solution. The negative and utopian character of pacifism was alien to the mass of the people.

The stupidity of the I.L.P. in standing down and supporting the pacifist candidate at Clackmannan was revealed by the Stretford result of December 8th. In a Conservative seat the Tory vote dropped from 34,874 to 23,408. In the absence of a Labour candidate the I.L.P. received 4,426 and the Communist candidate only 1,519. Nevertheless the continued "Stop the War by Negotiation" platform of the semi-pacifist I.L.P. receiving many votes less than they would have done on a clear, unambiguous revolutionary socialist platform. The Communist Party was discredited by the Hitler-Stalin Pact and the invasion of Finland. The obvious fact that their policy was directly inspired by the interests of the Kremlin proved that they too stood for a policy which could only mean victory for the Germans instead of victory for British imperialism. The fact that in the fourth month of the war almost a third of the labour vote in this election was anti-war and that a large section had not voted at all indicates the strength of the still inarticulate and unformulated opposition of the workers.

In Central Southwark we once again have a candidate standing on almost the same platform and with the full

support of the Communist Party but nominally disguised as a "Stop the War" labour candidate standing against an official candidate of the Labour Party. Less than a quarter of the electorate voted at all. The Labour Party vote declined by more than half, the candidate only receiving 5,285 votes. Apart from evacuation and the call-up a very large percentage must have obtained. The Stop-the-War advocate received only 1,550 votes, slightly more than the freak National Independent candidate who also stood.

In Silvertown, the most recent of the elections, once again the conclusion emerging from the previous elections is confirmed. The Labour candidate received 14,343 a drop of a little less than 4,000 over the previous election, Pollitt, former leader of the Communist Party but now under a cloud, 966, and a fascist who had been rashly put up in a working class stronghold, 151. The I.L.P. in one of the few areas in London in which they possess some influence, fearing the accusation of the Communist Party "that they were splitting the anti-war vote" revealed their abject incapacity to give a fighting lead to the masses by taking no part in the contest.

All the elections show that the masses, although critical, are not prepared to support a policy which they can interpret in any way as meaning victory for Hitler. Even the incorrigibly pacifist I.L.P. has been compelled under mass pressure to recognise the futility of this policy, at least in words. But they retain it in practice, thus further bewildering and disorienting the masses.

The stock argument used by the Labour leaders with a certain measure of success has been that their opponents had no alternative to offer except peace

on Hitler's terms. They exploit to the full the hatred of the British masses for fascism and all that it has come to mean to the workers of Britain and of Europe.

Here it is revealed in practice that only a flexible Marxian programme can clarify the mind of the masses and make the issues simple and understood. The treachery of the Communist Party platform which plays into the hands of the labour leaders and capitalists, the confusion of the I.L.P. can only further facilitate the victory of reaction. The only programme which the masses will understand is one which demands on the one hand the breaking away of the Labour Party leaders from all collaboration with the National Government and the taking of full responsibility for the war on their shoulders with a concretisation of the demagogic threats of Bevin, Attlee and others against unnamed "financiers and industrialists" who are "making fortunes out of the war at the expense of the people."

A demand must be made that the labour leaders shall expose such criminals and not shelter them under a vague anonymity. Their programme of salvation must be put to the test of action. A campaign on the lines of the Transitional Programme of the Fourth International backed with the figures of the almost incredible gains made by big capital, and a demand that the Labour leaders should put such a programme into action would soon put them under the critical gaze of the already suspicious masses. The Labour leaders, we are certain will never carry out such a programme, a programme which we must explain can only be carried out by the seizure of the land, mines, factories, railways, banks, by the workers themselves. This is inseparable from the struggle against the war, which

can only be ended by the victory of the workers of Germany and Britain over their own exploiters, by the workers and soldiers taking control into their own hands and then stretching the hand of friendship to the German workers. Such a clear-cut programme can alone rouse an echo in the minds of the working class. Meanwhile it is necessary to give critical support to all "anti-war" candidates, not only in those cases where Labour stands down and allows the Conservative to get in unopposed, but also, as long as the political truce lasts, against the official Labour candidate.

We have previously in these columns urged the necessity for a majority Labour Government to replace the National Government, in order to educate the masses as to the true role of the Labour Party. But when the Labour Party openly abandon even the pretence that it is fighting the Tories, adopts their programme and concludes a truce with them, it becomes impossible to support an official Labour candidate, because a vote for Labour then means a vote for Chamberlain.

But does not a vote for the Stop-the-War candidate mean a vote for Hitler? Yes, it does. Nevertheless those workers who record such a vote do not thereby try to make a pro-Hitler gesture. They vote that way because it is one way open to them to express their abomination of the war. And in the absence of a revolutionary Socialist candidate we advise all workers to do the same, voting not for the policy of the stop-the-war candidate, but against the war.

In the last resort, votes are but gestures. The real arena of the struggle is in the final analysis outside parliament. It is only workers' action to end the war that can bring peace.

Whither Japan?

The Japanese peasantry are almost as impoverished as the peasantry of colonial countries. Over a third of the 5,600,000 farm households possess less than 1.23 acres and the average holding is only 2.61 acres. Rent and taxes are paid in rice, and 53% of the cultivated area is under rice crop. Land taxes between 1931 and 1935 represented on average between 46% and 60% of the crop, and rents to landlords usually from a third to a half the annual yield. Subsidiary occupations are therefore necessary to provide the peasants with a cash income to buy food and pay for fertilisers. For the most part they live on cheap millet imported from Korea, but frequently they are compelled to buy back at monopoly prices the rice they have paid in taxes to the State. Twenty five percent of their cash income is spent on fertilisers sold at extortionate prices by the big capitalist combines. The average income of a peasant household is three hundred yen a year, while the average burden of indebtedness is 700 yen.

Silk production is by far the most important subsidiary occupation, and the fall in the value of silk in 1930 provides a key to the understanding of Japan's meteoric export drive in the last decade. Between 1929 and 1931 the value of silk exports fell from 784 million yen to 375 million yen, and by 1934 the total value of silk exports was only a fifth of the 1929 level. This collapse was due to the fall in U.S.A. prosperity consequent upon the world prices. The failure of

silk created famine in the rural areas. There was a colossal exodus from the countryside to the town and merchants and landlords who had hitherto furnished capital for the industry began to seek new channels for investment in the urban centres. Depression in silk became chronic, and a steady influx of dirt-cheap labour, chiefly female continued to force down the already low wage-level, even at the height of the export boom. In order to maintain equilibrium in the balance of payments in the face of the silk slump the yen was depreciated by over 60%. Low costs, monetary depreciation, influx of capital into the manufacturing centres, and, it must be added, the eager encouragement afforded by buyers from American and European chain stores, laid the basis for Japan's historic trade campaign. The Japanese export trade began to build a vast new market in Asia and Africa where the workers and peasants are too impoverished to buy adequate supplies of British and American goods. In 1935, for example, the average price of Japanese textiles was 18 sen as against 34 sen for British articles.

Like the U.S.S.R., though lacking its vast natural wealth, Japan has made feverish efforts in the last decade or so to bring up her heavy industry to "parity" with Britain and the U.S.A. Japan is extremely poor in the basic raw materials: coal, iron, oil, cotton and rubber, and so the heavy industries must be subsidised almost entirely on the proceeds of the export trade.

Value of exports:-

1931.....1,147,000,000 yen

1937.....3,175,000,000 yen

Yet in spite of this enormous expansion imports exceeded exports by 622.496 million yen in 1937. Of course this was in large measure due to the boycott of Japanese goods in China, but it is also symptomatic of the unhealthy nature of Japanese war economy. The diversion of capital, materials and labour to the munitions industry as a result of the National Mobilisation Act 1938 brought about a contradiction of exports and a huge expansion of imports. However for 1939-1940 Japan has apparently been able to show an export surplus of 532.142 million yen.

Heavy industry is extremely concentrated, as it always must be by its very nature, but the light industries are as centrifugal as in England a hundred years ago. In 1930 50% of the workers in manufacturing industries were in workshops employing less than 5 persons, and 70% in workshops employing less than 50 workers. Of the employees in these sweat-shops 45% were women and, as wages vary according to seniority, a large part of the remainder youths. Women and children work on an average 11 hours a day, and have only two days off a month.

Hence the weakness of trade unionism in Japan. Out of six million proletarians there are only 380,000 trade unionists. The Japanese Trade Union Congress was formed in 1932, but so far its only reasonably strong section is in the merchantile marines. In the mass of tiny enterprises the close personal relationship between employer and worker is a great hindrance to trade unionism; to this must be added the steady flow of female labour from the countryside, the living-in system,

the demoralising influence of "welfare capitalism", and the extreme penury of the workers which makes it impossible for the unions to amass substantial strike funds, or to provide friendly benefits. Nevertheless, there were over 700 strikes in the first three months of 1937.

Four great capitalist families guide the threads of Japan's economy: Mitsui, Mitsubishi, Sumitomo and Yasuda. Their trust companies have over 70% of total deposits. They own the four main banks, dominate insurance, conduct one-third of foreign trade, own one-half of ocean-going tonnage, and control nearly all the heavy engineering plants, mines, chemicals, railroads, etc. Intense rivalry prevails between this monied plutocracy and the Army and Naval oligarchies, though both in turn stand in common fear of the fascist junior officers in the Army. The Japanese Constitution provides for a Diet of two Houses, the House of Representatives elected by universal manhood suffrage and the hereditary House of Peers. This Diet has no real powers. The Cabinet, which need not represent the majority party is responsible to the Emperor alone. The Diet cannot alter the Constitution, and has no control over the Imperial Household. The War Minister must be a General on active service, and the Naval Minister an Admiral, likewise on the active list. The resignation of either means, according to the unalterable Constitution, that the Government must resign. In practice, however, the more moderate heads of the armed forces are usually willing to compromise in some measure as they are dependent for supplies on the goodwill of the great capitalists who control the political parties. The junior officers in the army provide the militant fascist cadres in Japanese politics. It is they who, uniting

a fanatical show of patriotism with the violent anti-capitalist demagogy, have provided the sensational headlines of recent years. Their national socialist propaganda and spectacular suicides and assassinations grotesquely reflect the acute suffering and despair of the peasantry from whom 80% of them are drawn. They apparently sense no contradiction between the lamentable plight of their families and the mounting military appropriations. There can be no doubt that, as Trotsky has pointed out, a series of political assassinations culminating in the February 26th 1936 day of blood have their origin in the debt-slavery of the peasant masses. It is interesting to note that during the February 26th episode, the Navy, incensed at the murder of three Admirals, trained guns on the buildings occupied by the rebel officers, thus revealing a further acute rivalry amongst Japan's oligarchies. The National Socialist officers find a particularly wide response to their demagogy in the small landlord class and the urban petty bourgeoisie. In fact, the Japanese petty bourgeoisie provides an almost ideal mass basis for fascism. The small employers are full of bitter hatred for the great trusts which fleece them mercilessly while their exploitation of the workers is too relentless to make any solidarity with them possible.

Since the suppression of the Rodo Minto Party in 1928, the only party that has openly advocated Communism, the militant working class has been proscribed. Since then thousands of Communists have been arrested and held in prison for years without trial, but as ordinary strikers are called Communist, any attempt to gauge the actual strength of the organised movement would be pure guess work. The Social

Mass party, liberal with a mild tinge of socialism, provided a minor sensation in the 1937 elections - and a great fluttering in the dovetails of Stalinism - by obtaining 36 seats in the Diet. In November of the same year, however, this party of lawyers and novelists recanted and declared its whole-hearted support for the Imperialist drive against China.

The extreme poverty of the broad masses and the progressive deterioration of their conditions, the fascist radicalisation of the junior officers and their mass organisations, the Blood Brotherhood, etc., and the oligarchic squabbles between the Military and Naval aristocracy and the financial overlords provide sufficiently combustible material for a social explosion of the first magnitude. The social structure of modern Japan in its present phase of advanced decay probably bears a closer resemblance to Czarist Russia in its last years than to the one-leader, one-party fascist dictatorships of the West.

The depression of the silk industry in 1930 was the immediate cause of the invasion of Manchuria in 1931. It was necessary to distract attention from the internal crisis with a flood of patriotic sentiment. But the Army chiefs had long planned to annex Manchuria to provide an arsenal and to implement the scanty mineral resources of Japan. The junior officers desired glory and living space for their families, while the financial plutocracy was allured by the prospects of fat investments. The 1930 Ottawa Conference which substantially restricted the entry of Japanese goods into British Empire markets was a further immediate cause.

A study of the two campaigns in China and the international diplomatic war-

fare of words lie outside the scope of this article. In 1937 hostilities were resumed under the deepening shadow of a major world war. Europe was preoccupied. Likewise in 1931 the Japanese offensive opportunely coincided with a period of economic crisis and domestic unrest in Europe and America. The Chinese working class was prostrate, and the armies of the Kuomintang and the Red Army were consuming one another in bitter internecine warfare. In 1927 there were 3 million members of the Chinese trade unions, but by 1932 membership had dwindled to 410,000 members. Here is not the place, however, to examine the disastrous policy of the Comintern which had led to such a lamentable state of affairs.

With marvellous strategic skill the Red Army eluded the forces of the Kuomintang in Western China. Meanwhile the Japanese consolidated their position. At the height of the Japanese offensive the Kuomintang abrogated none of its treaties, continued to pay its Boxer indemnities, and refrained from confiscating Japanese property. In April 1932 the Red Army, hoping to exploit the anti-Japanese sentiments in the Army of the Kuomintang sent out against them, declared war on Japan. After the famous Sianfu incident, the kidnapping of Chiang-Kai-Shek, the Kuomintang agreed to accept the submission and assistance of the Communists on the following conditions:-

1. Abolition of the Red Army and its incorporation into the Kuomintang Army under the direct control of the Government.
2. Dissolution of the loudly-heralded Soviet Republic.
3. Cessation of all Communist propaganda.
4. Liquidation of the class struggle.

In July 1937, using Manchukuo as their base, the Japanese advanced at lightning pace, occupying Peiping and Tientsin. After a terrific battle lasting three months Shanghai was practically reduced to ruins, and the heroic Chinese troops fled in disorder. Nanking was taken a month later. By the summer of 1938 the Japanese held all the principal seaports and railways. Since then their progress has been slower, but at present they occupy most of northern China and are advancing southwards towards Indo-China.

Fearing to arm the masses, the Kuomintang dictatorship looked hopefully to England and the U.S.A. to intervene. Britain has a far larger stake in China than any other power. True, the U.S.A. still occupies the first place in trade, but Britain is easily the largest investor.

INVESTMENTS IN CHINA: 1934

British.....\$1202 millions
U.S.A.....\$ 230 millions

INVESTMENTS IN SHANGHAI: 1937

British.....£152 millions
Japanese.....£ 44 millions
U.S.A.....£ 20 millions

It should be added that Chinese imports from the U.S.A. were valued at only 55 million dollars in 1936, as against 145 million dollars in 1920, a very substantial decrease. Yet America has more openly proclaimed her opposition to Japan. We shall examine the reasons for this presently.

The known coal reserves of China are about the same as Czechoslovakia's. Iron reserves are about two tons per capita as against 37.9 for the U.S.A. Furthermore, about 29% of China's total area contains only 5% of the population. Only immense irrigation schemes would render these regions habitable. To provide a home for her constantly increasing population and

to obtain raw material sources sufficient to build her heavy industry up to parity with the big powers it will be necessary for Japan to pursue her course beyond the frontiers of China, even supposing she succeeds in imposing a conqueror's peace upon the Chinese.

The Russo-Japanese border is the second largest in the world. Between 1931-36 there were more than 2,400 border disputes. By the sale of the Chinese Eastern Railway Stalin made a substantial concession - capitulation would be a more apt term - to Japanese pressure. Nevertheless it was made plain that the U.S.S.R. would consider any encroachment on the territory of its satellite Outer Mongolia as an act of war against itself. If Japan fought the Soviet Union one undoubted advantage would be that she could send supplies and reinforcements where they were needed much quicker than the U.S.S.R. whose transport system is still notoriously weak. If the Trans-Siberian Railway were cut it might prove a major blow to Russia. On the other hand, the great seaport of Vladivostok is only three hours flying distance from Tokio and although the U.S.S.R. is a weak naval power it possesses a powerful submarine fleet which, together with extensive mine-sowing, could seriously cripple the activities of the Japanese Navy. According to the New York Foreign Policy Association, the Soviet Union spent over ten times as much in armaments appropriations as Japan in 1936, and this despite the fact that 46% of Japan's total expenditure for that year was devoted to military requirements. It seems unlikely that Japan could embark on a large-scale war against the Soviet Union without the direct military assistance of Germany in the West. The most important point of all is that Japan would be fighting with a vast hostile population in the rear both in China - irrespective of

the wishes of Chiang-Kai-Shek or Wang-Ching-Wei - and in Manchukuo, where the Japanese imperialists treat the native population in the traditional fashion of triumphant bearers of civilising missions. For instance, 7 sen an hour are paid to Chinese employees on the South Manchurian Railway as against 30 sen for Japanese doing the same work.

When Hitler signed the Nazi-Soviet Pact, amongst other items the obliging Stalin put the prestige of the October Revolution at his disposal, for it is certain that the Stalinists will do everything in their power to extinguish the fires of proletarian revolt in Germany. If Japan fought the Soviet Union Stalin, if hard pressed, would be forced to give the land to the Chinese peasants, and the whole of the East, including Japan would go up in flames. Indeed, social antagonisms are so acute that even a minor military defeat might bring down the whole social structure. On the other hand, an alliance with Stalin would provide the Japanese ruling classes with a potent safeguard for social stability, though only for a time.

Relations between Japan and the U.S.A. have been strained sometimes almost to breaking point since the invasion of Manchuria. Several years ago Pan-American Airways began the construction of a great strategic air route across the Pacific, stretching from the main base at Hawaii 1300 nautical miles to Midway Island, 1100 nautical miles to Wake Island, 1523 nautical miles to Manilla in the Phillipines and 640 nautical miles to Canton. Unless Japan succeeded in crippling this strategic chain of U.S.A. island bases Japanese towns would be within striking distance of the powerful American Air Force. In 1935 the American fleet carried out the largest manoeuvres in the Pacific in United States history. Japan replied with a gigantic counter

manoeuvre reaching almost to the coast of Alaska. In 1934 Japan denounced the Washington Agreement. In 1937 the sinking of the gunboat Panay was followed by a flood of bellicose utterances in the U.S. press. In January of this year the Treaty of Commerce and Navigation between Japan and America, denounced by the United States Government, was allowed to lapse.

As we have already shown, American interests in China are comparatively insignificant, and the volume of her exports has progressively declined. Certainly this has been due partly to Japanese competition, but on the other hand Japan is one of America's best customers, while Japanese exports to the United States and South America do not as yet represent a serious menace to American business.

The present world conflict is largely a struggle for the disintegrating British Colonial Empire and the Dominions. The British Dominions, constituting a seventh of the world's surface, but inhabited by less than a hundredth of the world's population and containing vast natural resources, are glittering prizes which the U.S.A. and Japan both aspire to possess. Using China as a jumping off ground, Japan may begin a lightning drive southwards. Already her export trade with the Dutch East Indies exceeds the aggregate trade of Britain, Holland and Germany. Possession of the East Indies, which contain rich oil deposits, would negate the power of Singapore, especially in view of the European war, and enable the Japanese to dominate strategically the routes to India, the Near East, Australia and New Zealand.

In the past decade, Japanese economy has undergone a structural transformation. Between 1931-37 the proportion of the total value of industrial out-

put represented by the following industries speaks for itself.

	1931	1937
Spinning and Weaving:	37.2%	25.8%
Metal Industries:	8.3%	21.2%
Machine Tools:	9.6%	15.6%
Foodstuffs:	16.3%	9.2%

Figures of the output of iron and steel are not available (for military reasons). Nevertheless it is clear that Japanese capitalism still rests on a light industrial foundation. According to the 1940-41 Budget estimates, expenditure, including military appropriations, will be more than twice as high as revenue. Japan has had a huge mounting deficit for years now. She is hardly in a position to wage a major war without easy access to the raw materials she lacks. Single handed, either Russia or America would defeat her. If she allies herself with the Stalin-Hitler bloc her principal battles will be fought at sea, and here the enormous expanse of the Pacific will give her an important strategic advantage - though whether sufficient to withstand the American Navy is a different question.

Japan must enter the arena of the world conflict for the redivision of the world and the future balance of power is the issue. We have indicated the course we think she will pursue, but on the other hand, the chaotic state of her finances may force her to make overtures to Britain and America. Even so, it is possible that Roosevelt would find pious reasons for rejecting her offer of partnership. America in our opinion would wish to strike Japan down now to prevent the possibility of an Anglo-Japanese accord to resist American domination after the victory. In actual fact, the chronic tension between Japan and the United States is but a vivid off-shoot of the root world antagonism between England and America.