

“THIS STABILISATION”

FOR about four years an almost inevitable question in N.C.L.C. classes has been: “Does the lecturer think that capitalism is able to stabilise itself?” The answer seems to be that the word, *stabilisation*, may stand for several quite different things; and let us not, therefore, become slaves to this magic word. For full three years “The Stabilisation of Europe” has been the earnest object of British Foreign Policy—ever since the ending of the post-war boom in 1920 showed the ruin which broken markets and uncertain price-levels wrought for British capitalism. With this aim Mr. Lloyd George went to Genoa. It was his *tour de force*, and he failed. Mr. Bonar Law sought to evade the responsibility in “tranquillity.” The success, in fact, with which British capitalism turned its eyes from Europe to other markets and to “Empire Trade” was wellnigh complete: for, in January 1923 a trade revival in Britain was almost under way; just as 12 months before it had been in U.S.A., which had washed its hands of Europe altogether for the time being.

But “Stabilisation” as a compelling phrase was to assert itself again very soon. The final occupation of the Ruhr by the French, at the behest of French “heavy industry” set the economic fabric of Europe quaking once more. It was soon followed by the catastrophic falling of the mark—from a level of thousands to millions and then to billions. And though a temporary stimulus was given to coal and pig-iron exports from Britain by the paralysis of Ruhr industry, a deep gloom settled down on the other sections of British capitalism, in particular on cotton and on most sections of iron and steel except pig-iron. For British capitalism stabilisation had become imperative once more.

With the failure of Mr. Lloyd George and the impotence of Mr. Law and Mr. Baldwin before them, it was not surprising that British capitalists should give a fairly long leash to Mr. Macdonald to do the awkward job for them. If he succeeded, stabilisation would be theirs: then later they could find abundant opportunities of ousting him. If he failed, the disgrace would be upon Labour, not on any of the capitalist leaders.

So, now we have this stabilisation—the kind for which British capitalism has been seeking—before us; and the Labour Party is the chosen and flattered instrument which is to put it into effect. We have the Experts’ Report. When the mark had slumped to 20 billion—*i.e.* to a billionth of its pre-war value—and the final collapse of Germany seemed an hourly probability, the Committee of Experts was set up under the American General Dawes. Ger-

many, the debtor of the Entente, was bankrupt and broken. It was, therefore, time for the creditors to foreclose. Britain could receive compensation for her ruined markets, France could receive the payment she had expected by the seizure of the bankrupt debtor's property. The Dawes Committee were the bailiffs who were to arrange the deal. The Committee has now agreed to set the debtor on his feet again to work in bonded service for his creditors, until such time as he shall have escaped their clutches.

What does the Report provide for? First, it advises a partial moratorium on reparations until 1929. After that an annual payment of £125 millions, plus other amounts to increase as Germany gets more prosperous. Second, it suggests the institution of a Bank of Issue, to control the issue of currency. Part of its capital will come from outside Germany, and large powers will be exercised over it by an international board, representing Germany's creditors. Third, it provides for an international loan to Germany of £40 million to aid reconstruction. Fourth, the reparations are to be guaranteed by a mortgage on the railways and on industry, together with certain assigned revenues—Customs and beer, tobacco, alcohol and sugar taxes—under the control of an Allied representative. In the case of the railways a new Joint Stock Company will be formed with a capital of £1,300 millions. Of these the German Government is to hold the ordinary shares (£650 million), and £550 million in mortgage bonds are to be held by the Allied Reparation Commission, which will receive interest on them at 5 per cent. In the case of industry the Reparation Commission is to hold £250 million of bonds bearing 5 per cent. interest. Fifth, certain Allied officials will be appointed as Commissioner of the Bank of Issue, Commissioner of Railways, Agent for Reparation Payments, Trustee for Railway and Reparation Bonds.

Now, what does this mean? It means that the capitalism of the victorious Imperialist groups is coming to a bargain with the capitalists of Germany. In return for a loan, the Allies are to secure the right to a share in the product of the German industrial system. The railway and industrial bonds will yield after 1929 £40 million annually. Altogether they hope to get £125 annually, together with a share of any increased production. To safeguard their share the Allies have the right of appointing representatives with limited powers of supervising the German industrial system, just as debenture holders sometimes have the right of appointing representatives to watch their interest on the board of directors of a firm. Such is the long-awaited for stabilisation: it is the manner in which the Powers "stabilised" Turkey, Persia, Tunis, Morocco, China before the war. The new Imperialism has its sphere of "penetration," of influence, and of exploitation in Central Europe as well as in Asia.

But just as the scrambles over Persia, Morocco, China gave rise to a series of "crises" which led up to 1914, so will the scramble over Central Europe give rise to crises—only, now they are nearer home. One such crisis is even now beginning to arise out of the Experts' Report. The bourgeois papers, in fact, have already indicated that the most important issues it raises are political, not economic. The Report is essentially a moderate document. It wishes to leave sufficient share of "surplus-value" to the German capitalists for their encouragement. The control it imposes is definitely limited. In this it represents the interests of British (and to a less extent U.S.A.) capitalism, which wants German *markets*, wants a moderately strong Germany to play off against France, and above all does *not* want the extension of *French* control over German industry. Hence the Report provides that "economic activity will be unhampered by any foreign organisation other than the controls herein provided." This throws down a crucial challenge to France : it challenges the occupation of the Ruhr.

On the other hand France will be desirous of securing a larger share of German "surplus-values," and of securing further "guarantees." Already the famous French bourgeois journalist "Pertinax" has insisted that a scheme of this kind must mean complete "Turkification" of Germany or nothing at all, and that for the former a more elaborate scheme of control needs to be worked out. The difficulty in the near future is likely to be over the £40 million loan. Of this a large part will have to come from London—probably over half. British finance will be chary of giving this if most of the proceeds of the stabilisation scheme are to go to France. They will want some payment from the French Debt to Britain. France on the other hand will probably only assent to this scheme if Britain cancels the French Debt.

But if the German capitalists have got to part with some of their profits to Entente capitalism, what inducement will they have to continue to organise industry and to invest their money in Germany? Already German capital has gone outside Germany to the extent of £340 millions. A large part of the burden of the annual £125 million will, therefore, fall on to the German workers either in unemployment or low wages. At the moment the German labour movement has been checked all along the line. The Workers' Governments of Saxony and Thuringia have been suppressed; the 8-hour day is lost; a White Terror is appearing. It will not be difficult, therefore, for the German and Entente capitalists with linked hands to "stabilise" by reducing the worker's standard and to increase the rate of his exploitation. And in crushing the German workers and handing the cudgel to the German industrial magnates the German Social-Democrats have played the part of

Judas. Let them, like Judas, go and hang themselves ! The German elections have, indeed, pointed the accusing finger !

Will Mr. Macdonald and his fellows play a similar Judas part ? They are, indeed, deeply implicated in Imperialism already by their utterances, by Mr. Thomas' attitude to Wembley, by Mr. Macdonald's letter to India, by the matter of the cruisers and the Air Force. Is it going to prove that Mr. Macdonald is just the tool of British capitalism, as Noske and Scheidemann were the tools of the German bourgeoisie ? If so, he will, no doubt, assent to the plans of British capitalism in Europe through blind devotion to the *words*, "peace" and "stability." He will rally liberal pacifists and petty-bourgeois jingos to passionate enthusiasm in resisting French "aggression" and "rapacity." But let us beware of the magic of words ; let us investigate ruthlessly their relation to concrete things. "Stabilisation" may mean many things ; and in this particular case, it involves the crushing of the German workers to a coolie level. It seems likely, too, to involve a new stage of Imperialism, in which control of Germany will play to the next war what control of the Near East played to the last. Is Mr. Macdonald to be a second Lord Grey ?

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