

PURPOSE OF DAWES PLAN IS TO REMOVE ECONOMIC COMPLICATIONS AGGRAVATED BY THE WORLD WAR

By JAY LOVESTONE
(Fourth Article)

Tho the Dawes plan is most often spoken of as a reparations plan, its primary objective is much greater than the payment of war costs and damages by the vanquished to the victors.

The underlying purpose of the Dawes plan is to remove the economic contradictions and complications which were aggravated by the last World War.

Create Violent Struggles.

These contradictions in the system of capitalist production and exchange have been made so acute by the industrial and economic arrangements resulting from the imperialist war that they have had their almost incessant repercussions in violent political struggles between the two principal classes in society.

The sharp revolutionary conflicts in the various European countries are reflections of the intensification of the inherent contradictions of capitalism which have multiplied and have taken on many violent forms as a consequence of the world carnage.

Seek World Capitalist Stability.

When the Allied and German can

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MANY MEMBERS IN AMALGAMATED FIGHT HOLD-UP

Refuse to Contribute to LaFollette Campaign

The officialdom of the Amalgamated, who favored so hard to force the endorsement of La-

Dawes Plan Bolsters Capitalism

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life of Germany they do so not only to get reparations, but to get these reparations in such a fashion as will avoid and remove the recurring revolutionary crises which are a mortal menace to the continuation of the rule of the international capitalist class.

It is the stabilization of world capitalism thru the stabilization of Germany that the imperialists of the victorious and vanquished countries alike are after, regardless of how these may differ amongst themselves as to methods.

The world supremacy of the private ownership of capital, of the means of production and exchange, the free play of capitalism—this is the goal of the Dawes' plan. Witness the turning over of the German railways to a group of capitalists.

But an analysis of the economic basis and proposals of the Dawes' plan reveals the impossibility of the removal of these contradictions which have proved the source of the revolutionary crisis. We will examine the five most glaring contradictions and the phases of conflict in the much-heralded scheme to stabilize world capitalism.

Problem of Payments.

It is one thing to get reparations from Germany and another to transfer these payments to the Allied governments, the spokesmen of the entente imperialists.

Until the German marks can be converted into foreign currencies, the creditor capitalists will not have received payment. Here the Dawes' plan is careful to point out that the number of marks that could be so converted is to be determined by experience. The Dawes' scheme does not tell of the total number of gold marks Germany can pay. It only tells how many gold marks can be collected in a year and then avoids telling how these marks are to be transferred as payments to the Allies. It is patent that the real problem before the Dawes' committee was evaded rather than solved.

The core of the whole reparations question is: In what form of commodities can Germany pay reparations? In what form can the creditors accept these payments without disrupting their own industries and the productive and exchange systems of the rest of the capitalist countries?

There are only three ways in which international payments can be made. These are in gold or currency the transfer of securities, and the export of commodities.

Today there is no gold in Germany worth mentioning as a medium of payment. Then the payment in currency in marks, is not feasible. To resort to the purchase of sterling or francs with marks on a large scale as it would occur here cannot but depreciate seriously German currency. This means the undoing of the stability of German exchange and industry which is a vital aim of the whole Dawes' program.

On the heels of the collapse of the German currency would come a violent rise in French and British and other exchange. The effects of this would be detrimental in many ways. A further transfer of marks would be useless. But the act of purchasing marks would bring into the different countries an increased supply of francs or sterling. Soon there would follow a sharp fall of these currencies. Next in order is a serious derangement of production in these countries because of the sharp fluctuations in currency. Here again we have the negation of the very purpose of the Dawes' program—the stabilization of capitalist production and exchange in Germany and the victorious creditor countries.

The transfer of securities would bring about the same effects as the transfer of currency except it would be at a much slower pace. First, it is true, the price of German securities would be enhanced. But in time the piling up of interest and dividends on these securities being transferred to the English and French would tend to exclude other payments. This would bring a collapse of the currency markets. On the other hand, if these dividends were left to pile up in Germany, their interest would compound and precipitate a crash.

The investment of the Allies in German industries on a large scale in order to avoid this trap would lead them into another economic complication of the first magnitude. First of all German taxes would effect them. Should the Germans not tax these investments they would cut down on their capacity to pay. Then, of course, the danger of war and the consequent lack of safety of such property must not be overlooked. Furthermore, to the extent that the reparations marks are expended in Germany or invested in German industries there is likely to be a slowing up of German exports—a reduction of the export surplus, the only other source of reparations.

Export-Import Complications.

The experts admit that in order to make the Dawes' plan effective, Germany must have surplus balances abroad. Only these can make possible the transfer of the sums accumulated to the credit of the Allies in the bank of issue. The success of this process is dependent upon three factors: a general increase in the volume of world trade; Germany must have much more than its proportionate share of this increase and a consider-

ably increased share of the total world trade; the operation of the German industrial machine in such a fashion as will require a minimum value of imports and a maximum value of high grade manufactured commodities.

The plain meaning of this is that the world must buy from Germany more commodities and "services" than Germany buys from it, than it sells to Germany. It is interesting to note that Germany's leading customers before the war were the principal countries of Europe. In 1913, Germany sent 76 per cent of her exports to western, central and eastern European countries. It is obvious then, that Germany's creditors must under the Dawes' plan buy more from her and sell less to her than they did before the world war.

Let us grant for the sake of argument and for the moment only that the German masses can be forced to produce the necessary surplus. The question arises then: will the capitalists of the creditor and other countries be willing to buy enough from Germany so as to enable her to pay for the commodities she herself must buy abroad and the billions of gold marks to be turned over by her in reparations?

The Great Contradiction.

And here we come to the giant contradiction inherent in the whole Dawes' scheme. Granted even that the German masses can be completely enslaved, the success of the operations of the plan is contingent upon international capital—primarily American—coming to Germany as investments in industry, loans, purchases of securities, and so on. Profits on this capital can be garnered by the international capitalists only thru the development of Germany's industry and its competitive capacity. This is against

the interests of the Entente and American capitalists. It was to prevent the growing competitive capacity of Germany that the last imperialist war was fought by the Entente.

More than that, there is slight likelihood of the creditor capitalist countries being willing or able to take all these commodities from Germany. The capitalists of these countries must avoid a derangement of their own industries and consequently the exchanges as a result of German competition. Great Britain has already reimposed the 26 per cent burden on German imports, after having lowered it some time ago to five per cent. There is much uneasiness in England over the prospects of intensified German competition. Snowden and MacDonald are busy conferring with the industrial magnates whose establishments are paralysed in Germany. Of course, what England, the land of free trade is doing, will be done in many other countries. In the United States the irritating talk of German competition is becoming audible.

The only possibility for a delay in the crash—economic and political—following from this contradiction is afforded by a rapid and substantial enlargement of the world market to take up the products turned out in the extension of American, French, British and German industries. At this moment, only Soviet Russia and China are such possible new big markets. The Union of Socialist Soviet Republics is not ready to put herself on the auction block and become a colony whose markets and industries are the pawns of international capitalism. In China the conditions are too unstable. Even the attempt to utilize these two fields as markets can be made only in two ways. The Allied and American imperialists may seek to war on Soviet Russia, or they may extend long term credits to Soviet Russia and China. The international capitalists are not in a suitable position to resort to either at this time.

LABOR BACKS SACCO, VANZETTI

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ing to the Coolidge camp while the \$25,000 a year labor skates are making their way to political prominence on the LaFollette bandwagon. Cuniff is out for the cash. Anybody else can have the honor. So when the LaFollette campaign committee sent Cuniff a matrix for publicity purposes the wily Peter got in touch with the Tribune and "made a statement." It was rotten of course.

Jack Johnstone, delegate from the painters' union, and leader of the left wing in the federation, rose to say that he was in hearty accord with the confide the denunciation to the work of the Labor News when the Federation News, the official organ of this body, is equally mendacious in its attacks on the Communists in general and on William Z. Foster in particular?

Johnstone called attention to a very stupid cartoon in the current issue of the Federation News, attempting to show Foster lined up with Dawes. "The Workers Party is the only political party with a revolutionary ticket in the field," Johnstone declared. "We are open and above-board. Our platform calls for the dictatorship of the proletariat. Fitzpatrick knows Foster as well as any man in this hall. He knows that the attacks on him in the Federation News are dirty lies."

"He worked with Foster in the steel strike and in the stock yards strike. Why not fight the Workers Party on the basis of what we stand on and not resort to such filthy methods, as are used by the Federation News?"

This brought forth a rather amusing reply from Edward Nockels, secretary of the federation. Nockels claimed as much responsibility for the News as anybody else. He had not seen the cartoon in question. He had not seen anything, but he agreed with what he had not seen or heard.

Fitzpatrick made a speech resembling an appeal to a prodigal son. Perhaps he learned his stuff from Sam Gompers in the days when Sam was acting the pied piper to the leaders of the Chicago Federation of Labor. "Foster is just one of our boys gone wrong," declared Fitzpatrick. He Foster's ability as a trade unionist and an organizer, but almost shed tears over the fact that his former co-worker saw fit to become a Communist and prepare the workers for the overthrow of capitalism. To prove that Christ was in his heart, Fitzpatrick said that he would rather take Foster by the hand and lead him back into the fold that denounce him. The denouncing he no doubt does as part of his religious duty.

A further installment of comedy was given by the frivolous Harry Sheck of the Trade Union Label League, who announced that he had written a report on the convention of the Illinois Federation of Labor that would take half an hour to deliver. Immediately a motion was made to accept it unread and publish it in the next issue of the Federation News.

Despite a protest from Arne Swaback, delegate from the painters' union, the motion was passed.

Many Members of the Amalgamated in Fight on Hold-up

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business agent threatened the chairman of the shop with removal from his position. Elet blames the shop chairman for the small attendance at the meeting because the chairman is opposed to the endorsement of LaFollette by the union officialdom on the grounds that in doing so they are violating the decision of the last convention of the union, which instructed the general executive board of the union to support the establishment of a labor party. A meeting has been called for today by the business agent at which he will attempt to put his threat into effect.

No Discussion Allowed.

At a shop meeting of the Cohn and Rissman company at which Leo Krczycki, member of the general executive board of the amalgamated was to speak in favor of the LaFollette campaign, the question was asked at the beginning of the meeting if discussion would be permitted after his speech. Krczycki answered that no discussion would be permitted. As a result a large number of those who opposed the endorsement of LaFollette left the meeting.

Another step taken by the officialdom to force the LaFollette endorsement down the throats of the members and crush those opposed to their action, was the exclusion of the Freiheit, Jewish Communist organ, and The DAILY WORKER from the library of the union.

This action was taken because these papers printed a report of the action of Local 54, New York City, and the Cleveland joint board, had turned down the endorsement of LaFollette and endorsed Foster and

Gitlow, the candidates of the Workers Party for president and vice-president.

Try to Keep Labor in Dark.

The officialdom of the amalgamated besides violating the decision of the last convention by endorsing the republican and democratic candidates, LaFollette and Wheeler, do not wish the members of the Chicago locals of the union to find out that thousands of members in the east are bitterly opposed to this betrayal of working class interests.

Mussolini Recalls His Tool Salandra From League Confab

(Special to the DAILY WORKER)
ROME, Oct. 5.—Premier Mussolini today sent a message to former premier Salandra, head of the liberal party of Italy, who has been representing the Italian government at the League of Nations conference at Geneva, to return at once to Tuscany for the convention of the liberal party at Livorno.

Black Shirt Agent.

Salandra has been Mussolini's chief instrument in suppressing that faction of the liberal party which advocates open opposition to the Fascist government. It is understood that Salandra will address the convention in favor of co-operation and defense of the Mussolini regime.

The group which Mussolini fears is demanding a return to the forms of "constitutional" government—the rights of "free speech, press and assembly." The Fascist movement openly denies the forms of "democratic" rule.

Join the Workers Party!