

# THE COMMUNIST

Vol. XI

September, 1932

No. 9



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Unity of the Employed and the Unemployed  
*(Editorial)*

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*Published Monthly by the*

Communist Party of the United States of America

Entered as second class matter November 2, 1927, at the Post Office at New York, N. Y., under the act of March 3, 1879. 

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SEPTEMBER, 1932

No. 9

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# The Fight Against the Capitalist Offensive and the Unity of the Employed and the Unemployed

**D**uring the last month the press carried almost daily lying news of a return to prosperity. Unquestionably much of this "news" was inspired by the Hoover publicity agents. But the Democrats did not hesitate long and not only fell in line but even outdid the administration. The Republicans are campaigning under the slogan "why swap horses while crossing the stream?" and reinforce their argument with the lying propaganda that Hoover has pulled through under the greatest storm and, now that he is getting on safe ground, why make the change and upset everything? The Democrats, who had planned to make their whole campaign a plea to the voters that Hoover, if not responsible entirely for the crisis, is guilty at least of not getting the country out of the crisis and for that reason Roosevelt should be elected, have now somewhat changed their slogans and their arguments. They say that already the mere nomination of Roosevelt and the prospect that he will be elected has improved the economic situation. And they add that if this mere possibility of the election of Roosevelt has such assuring results why not elect Roosevelt and really bring back prosperity with a bang?

And on what do these gentlemen base their "prosperity" good news? Thus far mainly on two things. First, they point to the jump in the prices of stocks. Then they point to the increase in price of a number of commodities. And it is true that stocks have jumped quite high—not in any way near the 1929 level, but in comparison with recent prices. Thus, for example, United States Steel common stock, which only about a month ago hovered around the twenties, has now jumped into the forties. In 1929 United States Steel common stock had skyrocketed to the astounding figure of 280. As to commodity prices, particularly on articles of mass consumption, the worker's family is already feeling the results of the "return to prosperity" by getting less for the dollar while the pay envelope continues to shrink. But are these price increases a sign of the abatement of the crisis? By no means. On the contrary, we shall prove that just the opposite has happened. Precisely dur-

ing the last month the crisis has grown worse. We shall also explain on what basis the rise in the stock market and of commodity prices has taken place.

Let us examine a few basic factors that really determine the economic situation. First, production as a whole. What has happened? In the week ending August 6 there took place the sharpest decline in any week during the last two years. A drop of nearly 2 points and reaching the low level of 52.3 for the week. And again, the following week, though not a sharp decline, the significant thing remains that the decline continues and production has dropped to the level of 52.2. (New York *Times* weekly index.) This latest figure by no means gives an actual picture of the situation. For while there was some seasonal increase in textile and other of the lighter industries—industries of primary consumption, there was an actual decrease in automobile production and electric power production, while an increase of half a point in steel was due to the increase of production in the tin mills because of the canning season. With regard to a second important factor, that of exports, what do we see? According to the report given out by the Department of Commerce, exports for the month of July reached the small figure of \$107,000,000, the smallest since June, 1908, and 40 per cent below the same month last year. And how about unemployment? Surely the masses are very much interested in this point in deciding whether “prosperity” is returning. And the August 12 issue of the *Annalist* is compelled to admit that..

“It (the rise on the stock exchange—Ed.) has practically no support in the actual forces of production and trade, and some of the measures advocated are in their nature so much under suspicion as to offer a doubtful prospect of remedying what used to be glibly talked of as ‘fundamental conditions.’ ”

To be sure, the boss press has almost daily printed screaming headlines about the hiring of a few workers here and there, especially in the textile industry. But the press did not publish the figures of the thousands and tens of thousands that have been laid off. Even the chief agent of the capitalists in the ranks of the labor movement, Mr. William Green, had to admit an increase in unemployment. And so do the various states that are trying to get some of the money from the Reconstruction Finance Corporation. In fact there has been an *increase* in the number of unemployed during the past month. In this connection very “good” news, but nevertheless true, comes to us through Howard Scott, directing head of “Technocracy,” an engineering research body. Mr. Scott

claims, and not without facts, that were even the level of production to reach that of 1929, about 55 per cent of those now idle would not get jobs.

The deepening of the crisis, with the increasing attacks by the capitalists on the standard of living of the masses, for the capitalist way out of the crisis, has raised the resistance of the masses and brought the radicalization of the workers to higher levels—the struggles of the employed and unemployed in High Point, N. C., the struggles of the miners in Indiana, in Illinois, in East Ohio, the struggles of the unemployed in St. Louis, and last but not least, the bonus march to Washington, D. C. The depth and extent of the crisis, the burdens of the capitalist way out of the crisis are so great, that the resistance and movement for struggle embrace not only the working class, but other sections of the toiling population. The bonus march is representative of that. The farmers' strike is an expression of the great discontent and mood for struggle prevalent amongst the toiling farmers.

We see therefore that on the contrary, far from an improvement in the economic situation, the crisis is growing deeper and deeper. The recent decisions of the Ottawa Conference and in general, the growth of the international contradictions of capitalism, the growing rivalry for markets, the growth of tariff wars, etc., will not by any means improve the economic position of the United States imperialism.

On what basis then do we see the increase in the prices in the stock market and of commodity prices? There are a number of factors. We shall cite but a few. First, there is the United States entering upon a policy of inflation. While this course is still operating with some brakes, the direction is already fixed. The price jump is based not merely on the actual inflation already carried through, but also on the policy which is to be developed at a greater tempo. To the masses this already means a shrinkage in their buying power, lowering of their living standards, even if the wages remain the same, which is by no means the case. Secondly, there is a certain amount of speculation involved in the stock exchange dealings. Not merely speculation on the improvement of the situation through the artificial means of the Reconstruction Finance Corporation and similar means, but also on increased profits through new attacks on the living standards of the masses through the cutting down of relief for the unemployed, through the passage of the sales tax in the next session of Congress and the lowering of taxes in the higher brackets, and through direct wage cuts. Finally, we can add the artificial stimulation of prices on the part of those



interested in the reelection of Hoover, but strongly connected with this is the general desire on the part of the whole capitalist class to create the impression of a return to prosperity in order to be able to put through without much resistance the new attacks on the living standards of the masses by creating the impression, firstly, that wage cuts bring back prosperity and, secondly, that soon the crisis will be over and things will be again as of old. In this way the capitalists hope to disorganize the fight of the masses and to arrest the leftward developments in general and in the coming election campaign especially, to prevent the growth of influence of the Communist Party, which is for the first time during a crisis coming to the masses with its program of struggle for immediate needs, and educating them for a revolutionary way out of the crisis.

We must view the whole of the lying 'propaganda of the bourgeoisie not as some harmless piece of publicity to elect Hoover as many workers who do not believe the prosperity bunk actually think, but as part of the increased attack on the living standards of the masses. We must answer these new attacks. We must answer the new wage cutting drive that is now increasing and reaching out to all strata of the working class. Already we have the announcement of a new railroad workers wage cut. Wage cuts are being imposed anew upon the building trades workers, the printers and other sections of the workers who formerly occupied a privileged position. The city employees, who are for the most part poorly paid, are now for the first time feeling the attacks on their living standards through wage cuts and the Hoover stagger plan. New attacks are being made upon the miners in the Anthracite despite the fact that their agreement does not end for a number of years. New wage cuts are being planned for the steel, textile workers, for all workers. New attacks are being made on the measly charity relief being given at present to the unemployed on the plea that the states and municipalities are bankrupt and that taxes must be reduced for big business in order to promote "prosperity." Inflation and the sales tax are another form of attack on the living standards of the masses. The Hoover stagger plan under the guise of the "shorter" work-week is another attack.

\* \* \* \*

The United States imperialists who, like all capitalists, try to maintain their rule by dividing the workers, are especially at present attempting to divide the employed and unemployed workers. This policy, which was carried through from the very beginning of the

crisis, is now being worked out as a system with great astuteness and through many devices. Especially does this become important for the capitalists, not only because of the general increased radicalization of the masses, the growing struggles of the employed and unemployed, but because the former method of bribing the upper stratum of the workers through the super-profits of imperialism, though continued, can not be carried through to the same extent as previously. This is because of the growing depth of the crisis at home and the falling off of United States exports and, in general, the growing international contradictions. The number of workers who occupy a privileged position is ever shrinking under the impact of rationalization and the crisis. This can be seen from the falling off of the number of skilled workers in the industries, and the wage cuts given to the workers in the building, railroad and printing trades. The result of this diminution of the number of the privileged workers, and the attack on the remaining sections is already visible in the large number of strikes of skilled workers that have taken place in the year 1932. This can be seen from the growing revolt against the American Federation of Labor leaders in the reformist unions, in the fight for unemployment insurance taken up by the American Federation of Labor rank and file (which forced the maneuver of the Greens and Wolls to come out for unemployment insurance as a means of defeating the struggle for a genuine unemployment insurance), and in the growth of the number of strikes over the heads of the American Federation of Labor bureaucrats, etc.

The capitalists of the United States, who heretofore utilized this upper stratum to divide the working class, and thereby, even in the period of so-called prosperity, to create a division between the Negro workers and the white workers, the foreign and native born, etc., are at present especially, sharply attacking the foreign born and Negro masses. They are thus trying to overcome their weakened position, caused by the narrowing down of the strata of privileged workers, by promoting a sharp division between the employed and the unemployed. The division of the employed and unemployed is therefore for the capitalists not some small incident in their policy for a way out of the crisis at the expense of the toiling masses. It is one of the main elements in the strategy of the capitalists for a capitalist way out of the crisis. And we shall see that the American Federation of Labor and Socialist leaders, whose job at present is to help the capitalists out of the crisis, will, despite all radical phrases and lures, coincide with the policy of the bourgeoisie. And we shall in this way also see how the role of the Coxes, the Waters,

etc., is fitted into this scheme. And we shall have to draw the lessons as to the tasks of the Communist Party and the revolutionary trade union movement—also the tremendous weaknesses of our organizations on this burning question for the entire working class.

The American Federation of Labor policy throughout the crisis has been to effect a division between the employed and the unemployed. This of course is not an entirely new policy. The American Federation of Labor never considered the interests of the unemployed. Lewis and Green, long before the beginning of the present crisis, openly stated that in order to solve the problems of the mining industry it was necessary to drive 250,000 miners from the industry. Now they are, under the new conditions of the crisis, applying this policy. Throughout the crisis the policy of the American Federation of Labor was not to lift a finger for the unemployed. The American Federation of Labor leaders fought against unemployment insurance on the ground that this would "degrade" labor. But in reality it was to help the bosses carry through the attacks on the masses and to continue to make a big profit and to maintain the unemployed with as little expenditure as possible. It is also quite clear that unemployment insurance for all workers would tend to unite the employed and unemployed. No unemployed worker would take a job for less money, would scab on his fellow workers if he were receiving unemployment insurance during the period of unemployment. This the capitalists and the American Federation of Labor leaders did not leave out of consideration in their fight against unemployment insurance. The whole policy of the American Federation of Labor was to drive as many workers as possible from the industries, and from the unions, and to "stagger" the rest of the workers who remained in the industry. Instead of fighting for unemployment insurance and for real relief to the unemployed, the American Federation of Labor policy was to drive the mass of the unemployed into the pauper class, and to cut down the living standards of the rest of the workers through wage cuts and the stagger plan which they put forward as the "shorter work day and week." They wanted to use the unemployed as a club against the employed. They drove hundreds of thousands of unemployed from the unions for non-payment of dues and through other means. In the building trades hundreds of thousands of workers have already been expelled from the unions. The Railroad Brotherhoods' officials are following the same policy. This program is being developed in all the unions of the American Federation of Labor. What this program means can be seen from the following figures as to unemployment printed in the American Federation of Labor journal, the

*American Federationist*, edited by William Green, and contained in an article in the June number under the title "Unions and Their Unemployed."

"Bridge, Structural and Ornamental Workers Union — nobody works full time; 20 per cent part time; 80 per cent totally unemployed.

"Tile Layers Union—43 per cent unemployed; rest part time.

"Sheet and Metal Workers Union—5 per cent full time; 45 per cent part time; 50 per cent nothing.

"Carpet Workers—the work is divided among the membership and each member works 2 days in six weeks. (Note: Here we have the best example of the American Federation of Labor plan to divide the work. It means that every worker gets 2 days in six weeks and probably makes about \$8 in six weeks or less than \$1.50 per week. Of course such workers are considered employed and do not get relief.)

"International Association of Longshoremen—84 per cent totally unemployed.

"Bricklayers Union—91 per cent are totally unemployed; rest part time."

The above figures quoted from the American Federation of Labor journal are sufficient to indicate the extent of unemployment in the American Federation of Labor unions and what the policy of the American Federation of Labor with its stagger plan, driving the workers out of the union, means. Of course, the A. F. of L. leaders always keep a certain section of the unemployed inside the unions so that they can inside the unions also continue to develop the fight between the employed and the unemployed, give the most jobs and the best to their loyal supporters and thus continue to control the unions.

The American Federation of Labor came out for "unemployment insurance" under the pressure of the rank and file. Every thinking worker knows that Green and Woll who, only in the July number of the *American Federationist* attacked unemployment insurance, will not fight for a genuine unemployment insurance bill. If they are compelled to come forward with any bill at all they will come forward for that kind of insurance which does not insure the fifteen millions of unemployed. They will come forward with such schemes as were adopted in Wisconsin, or such schemes as favored by Swope of the General Electric which, in a very limited form, propose insurance for those still working and only after a fund is established, mostly from the wages of those still employed.

The Socialists and the Musteites support in the main the program of the American Federation of Labor. They denounce every mass

action organized by the unemployed as inspired by Communists who wish to make trouble. They speak about unemployment insurance but do not lift a finger in favor of it. They are for the stagger plan in the name of the thirty-hour week. They support the charity drives of the bosses (Thomas). In the unions controlled by the Socialists (painters, needle, etc.) and in the unions controlled by the Musteites (hosiery) they follow the same policy towards the unemployed as do Green and Woll. It is already a known fact how the Socialist administration in Milwaukee cuts the wages of city employees, gives measly charity no different than Jimmy Walker and is not outdone by Republicans and Democrats in clubbing, jailing and evicting the unemployed. This policy of the Socialists is no accident. It flows from their conception of the crisis and the role of the Socialists in "bringing the nation out of the crisis." Algernon Lee, theoretician of the Socialist Party, second only to Hillquit, openly stated in the *New Leader* that there can be no Socialism unless the capitalist system gets out of the crisis. And once the Socialists have to do the job of getting capitalism out of the crisis (so that they can build Socialism) what else can the poor Socialist do than carry through the policy of dividing the employed and unemployed, and support and even inaugurate wage cuts (Hillman-Dubinsky).

There has been developed what we might call a division of labor in this job of dividing the employed and the unemployed. The A. F. of L. steps forward as the one that appeals to and tries to keep in check the employed. They appeal to the employed that if they support the driving out of the unemployed from the unions if they do not fight for unemployment insurance, if they do not support the Communists, then they can hold on to their jobs. They try to develop a hatred of the employed against the unemployed and vice versa. They try to make the workers fight against each other so that they will not be able to fight against the real enemy, the capitalists. They do not organize the unemployed, they do not form any unemployed councils. This job is undertaken to an extent by the Socialists and especially by the Musteites and, in the first place, there where the workers are building the unemployed councils affiliated to the National Committee of the Unemployed Councils which carried through the National Hunger March to Washington. The main line of these Muste councils is to condemn mass actions of the unemployed, stop any unity of the employed and the unemployed, keep these workers divided by raising the demand for the stagger plan and thus make the unemployed believe that it is the employed who are responsible for their starvation. They also try

to lead the movements into mainly the channels of "self-help" instead of fighting for relief from the bosses and the government.

The Cox movement with its Blue Shirts, and now after the bonus march, Waters and his Khaki Shirts, especially make the appeal to the unemployed and openly state that they are organizing the unemployed only. Cox has christened his new party the Jobless Party. This very name exposes the policy of Father Cox to divide the unemployed from the employed. And the whole activity of the Cox movement in the steel and mining sections of the Pittsburgh district has been one of trying to arouse the unemployed against the employed. Never has Cox, despite all his demagogic phrase-mongering against the rich, organized any action against the capitalists or the government demanding relief. On the other hand, the Blue Shirts came into the mine strike in the Terminal mines and spoke against the strike, threatening to bring scabs into the mine. Waters, who betrayed and misled the historic struggle of the veterans composed of unemployed workers, white collar workers, poor farmers and impoverished sections of the middle class, openly stated in answer to a question, "How many do you expect to organize into the Khaki Shirts?" that "I expect to organize nine millions, as many as there are unemployed," and he added, "Every employed worker is our enemy."

\* \* \* \*

The policy of the Communist Party, the policy of the revolutionary trade union movement and the policy of the National Committee of the Unemployed Councils is one of establishing the united struggle of the employed and unemployed. No worker who is acquainted with the work of these organizations can doubt this for one moment. Even our enemies have to admit this. In all the actions undertaken by the Communist Party the demands of the employed and unemployed are put forward. This follows directly from uncompromising class struggle policy of the Communist Party. This follows from every struggle undertaken by the Party and from its program for a revolutionary way out of the crisis. The Communist Party is the only Party that fights against the capitalist way out of the crisis at the expense of the masses. The Communist Party fights for and represents the interests of all the exploited masses. The Communist Party fights for the unity of the entire working class, Negro and white, native and foreign born, male and female, adult and youth, the *unemployed and the employed*. The Communist Party not only fights for the interests of all the workers, but also puts forward special demands in the interests of those sec-

tions of the working class that are discriminated against—the Negro masses, the women workers, etc.

But, nevertheless, it must be stated that the revolutionary trade unions that stand on the policy of uncompromising class struggle, and that have fully accepted and already carried through some notable actions in the interests of the unity of the employed and unemployed, do not always in practice carry through this policy. Often this shortcoming occurs through the adoption of wrong slogans (division of work in general), but most generally this is due to an opportunist conception that the job of the trade unions is to organize and lead the struggles of the employed, while the unemployed councils have the task of fighting for the interests of the unemployed. Such a policy is in reality helping to carry through the bosses' policy of dividing the employed and unemployed and thus lead to the defeat of the struggles of both. This also is expressed by the weak fight of the red trade unions for unemployment insurance either on the ground that this is "a political" demand, and therefore not properly one that the trade unions can fight for because the workers are still "backward," or that this is a demand for the unemployed. Lately this question has appeared in the form of debating, which is the central task of the unions, to organize the employed or the unemployed? There are some who argue that the main task of the unions is to organize the employed and there are also some who state that the main task in view of the mass unemployment is to organize the struggles of the unemployed. In both cases this would play right into the hands of our enemies. Experience has already proven to us that only by placing the question that the main task of the red trade unions is to organize the struggle in defense of the interests of the masses of workers both employed and unemployed, can we successfully lead the struggles for the employed or the unemployed. The moment we put the question that the main task is the work in the shops and forget the unemployed or that the main work is among the unemployed and forget the shops, we assure ourselves defeat in the winning of both.

Let us now mention some experiences in the work of the red trade unions. The Miners Union which unfortunately through a series of mistakes in the last year's strike, consisted of a membership of mostly unemployed, was for some time completely isolated from the miners still in the mines. The union however did not take up the struggle of the unemployed miners either. It was only when the union, utilizing its membership, began in a number of places to fight for the interests of the membership, that the union

was able to establish also contacts with part-time miners and thus contact inside of the mines. At present the union through the leadership in a number of small strikes, through the participation and partial success achieved in the East Ohio miners' strike, the union is succeeding in developing the joint actions of the employed and unemployed miners which it began to carry through successfully in the course of the heroic strike of 40,000 miners last year.

The Steel and Metal Workers Industrial Union (formerly the Metal Workers Industrial League) was able to establish perhaps the best contacts of any of the red trade unions inside the large plants and mills, mainly through the taking up of the fight for the unemployed in such centers as McKeesport, Gary, Youngstown, etc. At the recent convention of the union nearly 80 per cent of the delegates came directly from the shops. In McKeesport where the union carried on extensive unemployed work and where this work has now been neglected the union is stagnant.

The National Textile Workers Union is the best example to prove that no revolutionary union can grow at the present time unless it takes up the struggle of the unemployed. Of all the red trade unions the textile union has made the least progress recently despite the fact that it had in the past led some very important strikes. Recently some beginnings were made in Lawrence and in Paterson and with good results from but little effort. Similarly the Marine Workers Industrial Union which has now in a number of cities begun to fight for the unemployed is taking on new life.

A number of our unions, especially the smaller unions, that have a measure of shop control, are faced with a certain inner crisis now as a result of the fact that they have not organized the fight for the unemployed. The New York Food Workers Industrial Union is the best example of this condition. The union having organized only a small number of very small stores and cafeterias and having a large section of its membership unemployed, is faced with continuous inner strife arising out of a fight for jobs, a clamor for division of work and charges of favoritism against the officers. While it is not out of the question that there are some bureaucratic tendencies in the union and there may have been a certain corruption of some officers, which is charged by the rank and file and which is being investigated, the fact remains that the entire situation has arisen because the unemployed union members were not organized to fight for relief together with the employed. Instead the struggle is becoming one among the workers themselves and against the leadership of the union. This tendency described in



the Food Workers Industrial Union is to be in milder form observed in other of the red trade unions in New York City.

A good example of the fight for the employed and unemployed is the recent strike of the fur workers conducted under the leadership of the Needle Trades Workers Industrial Union. Aside from the importance of the victory won by the union after five years of bitter struggle, the smashing defeat given to the American Federation of Labor bureaucrats in the fur industry who had the active support of Green, Woll, McGrady, and Socialist Party henchmen, the union won demands also for the unemployed. The bosses were compelled to sign an agreement for the 40-hour week not alone without reduction in pay but also with substantial wage increases. The bosses are compelled to hire a definite number of unemployed fur workers. There is to be no discrimination in the giving of work to the workers in each shop — and finally, an unemployment insurance fund paid for by the employers is instituted. This is one of the greatest victories ever won by any union. No other group of workers have won such demands during the recent crisis. The American Federation of Labor leaders are bartering away the hard-won conditions of the workers on the ground that the workers must accept these conditions because it is impossible to fight successfully during the crisis. This victory of the red trade unions gives the lie to all these arguments of the American Federation of Labor and Socialist misleaders. *It proves first that the workers can not only fight but win during the crisis.* It proves that the workers can not only defend their conditions but improve their conditions. It proves that only the red trade unions, based on the policy of the class struggle—on the unity of the employed and unemployed, can lead the workers to victory. It exposes the American Federation of Labor leadership as agents of the bosses. At the very same time when the fur workers under the leadership of the Needle Trades Workers Industrial Union headed by the militant and courageous leader, Ben Gold, won these victories, the American Federation of Labor and Socialist leaders of the A. C. W. and the I. L. G. W. U. accepted big wage cuts for the workers in the ladies' and men's garment trades. Some comrades argue that only in such an industry as the fur is it possible to win such demands during the crisis. But this is the old argument in a new form. Under the misleadership of the American Federation of Labor and the Socialists the conditions of the fur workers grew steadily worse. Under the leadership of these gentlemen the conditions of the cloak makers and the men's clothing workers are still growing worse. It is not the nature of the industry but the nature of the union and

the leadership that makes the difference. The workers in the mining and steel industry and other basic industries can also not only defend but even improve their conditions provided the red trade unions overcome their present weaknesses, strengthen the bonds with the masses, learn how to lead their struggles. In doing this they will have to remember that especially in those industries with mass unemployment and part time work there can be no successful struggle without a joint fight of the employed and unemployed.

The workers instinctively feel the urge for unity of the employed and the unemployed. That is why there has been practically no scabbing in most of the recent struggles. Only recently we saw that without any leadership from the outside the workers in High Point, employed and unemployed, united and closed the factories and struck. Despite weaknesses in the conduct of the strike, having no union to help them, because of their unity and militancy, the workers, however, succeeded, at least in part, in defeating a wage cut. But it is a mistake to conclude as some of our comrades do that all they have to do is to keep on repeating on every occasion that the unemployed are loyal and will not scab. This can be assured only through the organization of the unemployed, through an organized fight for the needs of the unemployed. In the steel mills of McKeesport for example the workers gave as the reason for their not taking up strike action against the recent 15% cut the uncertainty as to what the unemployed would do. Here is a clear case of the necessity of organizing the unemployed, both for the sake of fighting to defend the wage standards and for the struggle for the relief of the unemployed. In the strike in the Anthracite of last spring the left opposition did not play an independent role and trailed behind the Maloneys precisely because they did not organize the fight for the relief of the unemployed. The result was that the left opposition found itself standing on the same platform as Maloney fighting for equalization of work and helping to divide the employed and unemployed. This shows how easy it is to find one's self in bad company, even if unwillingly, if we are not clear on the policy of how to unite the struggles of the employed and unemployed.

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We often find there exists some confusion as to the relationship of the red trade unions and the unemployed councils. Too often this is used as an excuse for not taking up the struggle. It is far better to take up the fight even if it does not follow to the comma the organizational forms prescribed in our resolutions than not to take

up the fight at all. And this must be remembered—there are still many new forms that can be developed especially in connection with the work of the unions among the unemployed of their industry. But let us briefly state the organizational forms that are being put into practice by some of our unions. There is no contradiction between the unions taking up the fight for the unemployed and the development of the unemployed councils on the broadest united front basis. We must realize that in every industry there are workers who can be organized into the unemployed councils but who are not ready as yet to become members of the red unions. Let us take for example Youngstown, a steel city, and see how the work is to be organized. The Steel and Metal Workers Industrial Union carries on its work among all the steel workers. It tries to recruit into the union the unemployed as well as the employed. The employed workers are organized into the mill branches of the union. The unemployed members of the union of a given mill who are no longer employed in that mill but who have no other jobs are organized into an unemployed branch of the union. They are members with equal rights in the union just as the employed. They are united with the employed in the mill local of the union. Where there are not a sufficient number of a given mill the unemployed may be formed into a special group and be attached to the mill branch or they may be part of an unemployed branch of the union on a city scale. These unemployed union members among other tasks have as their main task to organize the fight of the unemployed. They carry on their work, not in the name of the unemployed branch of the union, (this is only an inner union form), but in the name of the union generally. They also organize the unemployed into block organizations, organizations around the mill, in the soup kitchens, etc. They, the union members, constitute themselves the backbone of these unemployed committees elected by the broad strata of the workers. These organizations when organized on a neighborhood basis will of course consist of non-steel workers. The unemployed organizations, in many cases jointly with the union, in other cases themselves, but always supported by the union, develop the fight for relief from the companies, the government, the local relief organizations, etc. The union members at the same time try to recruit the best workers into the union.

It must be the task of the Communists and the revolutionary trade unionists to not merely narrow the struggle for the immediate economic demands but to raise the level of the struggle, to revolutionize the masses in the course of the struggle. This can only be

done if the masses become convinced that we are really fighting for their immediate needs, and if we utilize every experience in the struggle to explain to the masses the reasons for each success or failure. Especially must we make clear to the masses the nature of the crisis, the preparations for imperialist war, the reasons for the hatred and war plans against the Soviet Union, etc. We must for example answer the arguments of the bosses and the A. F. of L. leaders that war would bring back prosperity. In the present election struggle we must convince the masses of the necessity to support the only Party of the workers, the Communist Party.

In answer to the plans of the capitalists, to their program of wage cuts, stagger plan, against unemployment relief, etc., we must unfold our program of struggle. We must emphasize the necessity of united action on the part of the employed and unemployed against wage cuts and for wage increases, for the shorter workday, 7 hour day or 40 hour week without reduction in pay, for immediate adequate unemployment relief and unemployment insurance, for the immediate payment of the bonus to the veterans. At the same time we must, in order to defeat the increased terror and war plans of the bosses, connect up the struggle for the economic needs of the masses with the fight against deportations, for equal rights for the Negro masses, for the right to organize, assemble, demonstrate, etc., against imperialist war and for the defense of the Soviet Union.

On the basis of such a program we can develop a broad, united front of the masses, expose the A. F. of L. Socialist misleaders, block the growth of the Cox and similar movements, turn the capitalist offensive into a counter-offensive against the capitalists, build up the Party and the revolutionary mass organizations in order to not only defend and improve the conditions of the masses, but to block the capitalist way out of the crisis, and lead the masses towards a revolutionary way out of the crisis.

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# How the St. Louis Unemployed Victory Was Won

By B. K. GEBERT

**J**ULY 8 and 11 will go down in the history of the working class of St. Louis as the beginning of a mass movement of the Negro and white workers. On these two days the workers in St. Louis, under the leadership of the Unemployed Council, obtained important victories.

On July 8 the city administration was forced to give immediate relief to 1,000 unemployed workers to whom relief had previously been denied. The demonstration of July 11 forced the city administration to appropriate \$200,000 as emergency relief and pass recommendations to issue bonds to the amount of \$4,600,000 and apply for a \$2,000,000 loan from the Reconstruction Finance Corporation.

These victories were won when the city administration took 15,000 families, involving 45,000 persons, off the relief list. There is no victory in any other city in the United States that parallels this in the long years of struggles of the unemployed masses. It is true that in the State of Illinois, under the leadership of the Unemployed Councils, the State Legislature was forced to appropriate \$20,000,000 for relief. Evictions had been stopped for a time in Chicago. But this involved a long struggle for weeks and months. In St. Louis results were obtained on the day of the mass mobilization of the workers.

Comrade Foster, in his article published in the *Daily Worker*, has already outlined the meaning of this victory. I want to deal here with (1) how this victory was won and (2) our next steps in St. Louis.

When the St. Louis administration, under the leadership of the Republican Mayor Miller declared that they would take something like 15,000 families off the relief list because "there is no money," the Unemployed Council in St. Louis took this issue before the starving masses of St. Louis where there are over 100,000 unemployed Negro and white workers. The Unemployed Council called upon the workers in many wards to come to public hearings and testify as to their conditions also calling upon the aldermen, local

charities, local Republican, Democratic and A. F. of L. officials to face the workers at these public hearings. In three instances Aldermen came to these public hearings. They attempted to pacify the angry masses, making fake promises. But the masses would not listen to them and they were simply not permitted to speak by the spontaneous outbursts of condemnation of the fakers. At these public hearings workers discussed their conditions and the demands that should be put before the city. They elected committees to carry on the work and at one of the public hearings a motion was made by a worker that a Hunger March to the city hall be organized. Two weeks of preparations, neighborhood activities and house-to-house canvassing, led to the Hunger March.

#### UNEMPLOYED COUNCIL TAKING THE LEAD

In the course of these activities the Unemployed Councils grew to 6 branches with between 700 and 800 workers. When the first Hunger March took place on July 8, for the first time in the history of St. Louis, 5,000 Negro and white workers assembled in front of the City Hall. They sent a delegation to the mayor presenting their demands. For three hours, under the scorching sun, they stood around the City Hall while their committee demanded immediate action upon the demands presented to the City Hall. The Mayor was finally forced to immediately order all the relief stations to give, without any questions asked, relief to all unemployed workers who will come for relief. When this was announced to the 5,000 Negro and white workers, many hungry, who had not eaten for a day and two and some even longer, they greeted the victory and they marched to the relief station, especially the central relief station where they got relief and money.

Meanwhile, the Mayor told the committee that he would call a meeting of the Board of Aldermen on July 11 to take up the other demands of the committee and invited the committee to come down. The workers said they would come in larger numbers than before.

On Monday, July 11, more than 10,000 Negro and white workers came to the City Hall. The delegation of 12, headed by the leader of the unemployed movement, Comrade Stone, went into the City Hall. The delegation was practically kept under arrest and the Mayor refused to see the delegation. Again, for more than three hours, the workers stood outside waiting for word from the delegation. Finally, they sent another delegation to see what had taken place. The second delegation reported that the Mayor had refused to see the first delegation and that they were practically held prisoners. The masses in front of the City Hall greeted this with indignation and determination that the voices of their spokesmen be heard.

The delegation finally stated that if the Mayor would not see the delegation in 15 minutes they would not be responsible for what the workers in front of the City Hall might do. In the mean time, the workers decided to send another delegation of 100 women, supported by 200 ex-servicemen, elected by the workers in front of the City Hall. They began to march into the City Hall. At that point, the police, who were stationed inside the City Hall, which looked like an armed fortress, began to fire at the workers. But the workers did not run away in face of the fire from shot guns, gas bombs, etc. On the contrary, the militancy of the workers grew. They caught gas bombs before they went off and threw them back at the police. The police continually fired upon the workers. A dozen police were hurt.

In this struggle, the Negro workers particularly showed militancy and determination. They were the last ones to be driven away from the grounds. The police shot four workers, beat up twenty-five and arrested them and on the following day, a total of forty-eight workers.

#### WIDESPREAD MASS INDIGNATION

The news of the struggle in front of the City Hall spread like wild-fire. Throughout the city workers gathered in the streets, met at street corners, in houses, everywhere. The indignation of the masses grew. The local papers came out with stories of what took place in the City Hall, interpreting it from their own angle. The workers in the shops discussed this. Such was the indignation of the masses, employed and unemployed, Negro and white throughout the city that the Republican candidate for United States Senator, Mr. Priest, issued a statement condemning the shooting of the workers. The Socialist Party and Young People's Socialist League sent letters to the Communist Party, expressing their "sympathy." Pastors in the churches told their parishers that it is unchristian to shoot workers. Newspapers came out in detail with fear. The so-called liberal *Post Dispatch* stated, "*This occurred in July. What is awaiting us in December?*" The bourgeoisie was quite panic stricken. They were so frightened that an extraordinary meeting was called by Mayor Miller at which a plan to cope with the situation was discussed and at this meeting it was agreed to appropriate \$6,800,000 relief for the unemployed. It put back on the relief list all those who were cut off from the list. It did everything to pacify the hungry masses. The arrested workers were turned over to Judge Blaine, Mayor Miller's appointee, who held the trial behind *closed doors* in fear that an open trial would result in a huge

demonstration in behalf of the arrested workers and leaders of the unemployed. Among them was the delegation of twelve elected by some ten thousand workers to speak in their name. And it was behind closed doors that the flunkey of the bosses, Judge Blaine, began to do his duty—\$50 fines for most of the arrested workers. He went the limit. The capitalist law did not give him an opportunity to fine more than \$50 and he expressed his dissatisfaction that he could not fine them more. Eleven of the arrested workers who were charged with inciting to riot, had their trial set for August 8. In the mean time, the I.L.D. mobilized the workers and bailed out every arrested worker and appealed the cases of those who have been sentenced.

The City Committee of the Unemployed Council called an emergency conference to cope with the situation. Sixty delegates, representing the branches and block committees of the Unemployed Councils, trade unions, fraternal organizations, the Communist Party, Young Communist League, League of Struggle for Negro Rights, etc., answered the call. They adopted a statement which was issued in 50,000 copies informing the working class of St. Louis what had taken place and called upon them to carry on the fight. At the same time a delegated body called for a broad united front conference of all mass organizations in St. Louis for July 24. The call for the conference pointed out what took place and called upon the workers to unite in struggle for immediate relief and unemployment insurance at the expense of the government and the bosses, against terror, and demanded the unconditional release of the arrested workers.

One of the arrested workers, Thomas Beezley, an unemployed laborer released on bond, committed suicide. Fellow Worker Beezley, as every other worker arrested, was put through the third degree. Every one of them was beaten up by the police thugs of the Republican Mayor Miller. They were told that ten police were killed and every one of the arrested workers would be held for murder. They attempted to make them sign statements of all kinds. From some of the workers they attempted to get statements that they would vote Republican and Democratic and promise to have nothing to do with the Communists. To others they said that if they would tell who the "Moscow agent" in St. Louis is, who pays \$75 a week to the Unemployed Council organizer, they would be released. But *not one worker* gave the police any information. They refused to sign the statements and refused to believe what the police told them. They were held for forty-eight hours behind bars, incommunicado. This is particularly significant in view of the



fact that out of the forty-eight workers arrested, only ten were Party members and only about half were members of the Unemployed Council. Fellow worker Beezley was beaten up and terrorized to such an extent that it effected his mind, drove him practically insane and forced him to commit suicide. *The responsibility for the death of Beezley rests with Mayor Miller and his administration and police.*

#### MAIN STRUGGLE EXPOSES DEMAGOGY

The Governor of the State of Missouri, who just a few months ago, in a telegram to Hoover, declared "*no one is starving in Missouri*" was forced to wire Hoover to loan \$2,000,000 from the Reconstruction Finance Corporation. While the bosses were forced, thanks to the militancy of the masses, to grant immediate concessions to the workers, they also proceeded immediately to carry on a *fight* against the working class, to use both ends of the stick: *terror, and social demagogy*, with all the emphasis on the social demagogy. First of all, they immediately began to play up Father Cox as the "leader of the unemployed." Up to these events in St. Louis, Father Cox was hardly mentioned in the papers in St. Louis, although he called a conference for July 17. But after these events, the stocks of Father Cox went up high. The papers printed a special interview with Cox in Rome, Italy, in which he stated that he is going to St. Louis to be nominated for President and that he will get 17,000,000 votes. He further stated that in this situation *there is only one issue—between his party and the Communists.*

The local press prominently displayed this news under the following headlines: "*Unemployed to Form League Here Today.*" It is very interesting that these "unemployed" consist of reverends, priests, ministers, bank directors, and the local charity "Providence Association." All this is sponsored by the city administration. They called a meeting to organize the "Unemployed Citizens League in St. Louis" similar to that of Seattle, Washington. The purpose of this League, the organizers of this meeting explain in the following manner:

"The organization functions largely through self-help and interchange of products. *The league will be anti-Communist* and will encourage unemployed men and women to spend their time profitably. The league will urge members to produce commodities for sale."

So, the local bourgeoisie attempts to organize the unemployed in an attempt to use them to defeat the struggles for immediate relief.

The Party organization in St. Louis before the events of July 8-11 was characterized from time to time by the District Committee as a narrow, sectarian organization. We always looked upon St. Louis as if nothing happened there, despite the misery and starvation of 100,000 Negro population, Jim-Crowism and segregation. Our Party members always attempted to explain the lack of mass movement in St. Louis by saying that the working class in St. Louis is an "exception"—"you can have struggles in Chicago, but not in St. Louis." The District Committee was determined to break this opportunist position of a section of the Party membership in St. Louis. And when the Hunger March was considered, the representative of the District Committee went into very thorough explanations as to the character of the Hunger March *and how to mobilize the masses in the preparations*. The entire preparations *was on the basis of a united front from below* and this was an eye opener to those comrades who could not see the working class.

The St. Louis Party organization constituted only 90 members in the city of over a million population—in a city of misery and starvation,—in a city where workers are working on many jobs for as low as 10 cents an hour. But immediately after July 8-11 the Party membership was doubled. One hundred and fifty workers signed applications into the Party and Y.C.L. The Unemployed Council undertook a campaign to organize block committees which are developing very fast. In one day on the south side seventeen block committees were organized.

Comrade Foster, whose tour brought him to St. Louis during these days, in a speech to about 2,000 workers, assembled on a hot day in a hall, declared:

*"The workers had been so quiet that they'd just starve like sheep. Well, you fooled them, didn't you? You gave them a little smell the other day. You ought to have learned that you can only get relief by fighting for it. You made them afraid."*

This meeting, according to the capitalist press, was "the largest gathering inside a hall in the history of Communist meetings in St. Louis." The workers fully realize that they can win further victories in the same manner and if they will not consolidate their movement organizationally, the temporary victory will soon be taken away from them. In addition to this they must mobilize the workers to fight the attempts of the bosses to divide the working class by use of fake promises and fake organizations, which they are attempting to set up now, especially boosting fascist Father Cox. The workers of St. Louis are prepared to make the best use of Father Cox's convention. They will be heard. It will not be easy sailing for fascist Father Cox in St. Louis.

# Lessons of the Bonus March

## STATEMENT OF CENTRAL COMMITTEE OF C. P. U. S. A.

**T**HE Battle of Washington on July 28 is of tremendous historical significance. When President Hoover called out the army to forcibly disperse the thousands of starving ex-soldiers who were demanding the immediate payment of their compensation certificates, he delivered an ultimatum that the masses must not even peaceably petition for relief from starvation. Notwithstanding the law-abiding and even patriotic character of the Bonus Army, the bourgeoisie understood well the revolutionary potentialities of 25,000 starving people camped on the steps of the Capitol and even beginning to picket the White House. Hoover's chief of staff, General MacArthur, stated that one more week's presence of the Bonus Army in Washington would have threatened the existence of the government. The Bonus Army was indeed more and more compelled to fight against the government, but this gross exaggeration as to the state of the struggle reflected not only the panic of the bourgeoisie when faced with the insistent demands of the masses for relief, but also their complete hopelessness of any serious improvement in the economic situation.

The Bonus March was a broad national action of the masses themselves to struggle against the effects of the deepening crisis of capitalism. It brought the masses face to face with the government in its most open and naked role as the guardian of capitalism and its profits, as the ruthless murderer of all who refuse to submit to capitalist starvation. The Bonus Army was a popular mass movement representing every area of the country. The sabre blows of Hoover's cavalry, the tear gas bombs, the bayonets, the torches which burned down the miserable shacks under the shadows of the White House, driving men, women and children shelterless into the night—these blows were felt not only by the few thousands in Washington, but by the starving masses of the entire country. The masses of workers, farmers, and even petty bourgeoisie responded to this attack with a spontaneous wave of indignation, anger and protest. The Battle of Washington was the heaviest blow yet delivered to the popular illusions regarding the government as an impartial force standing above the class struggle and dealing out even-handed justice to all.

The Bonus March and the events of July 28 mark a new stage

in the radicalization of the masses and will become a landmark in the history of the class struggle. This new stage in class struggle is bound up with the deepening of the crisis, the sharpening of the offensive of the bosses, the sharpening of the contradictions of capitalism on a world scale and the sharpening of the class struggle. It marks the beginning of mass disillusionment, of mass understanding of the government as the most ruthless enemy of the starving population. In order to accelerate this process of disillusionment, the Central Committee of the Communist Party of the U. S. A. appeals to all participants in the Bonus March and to all workers generally, to study and make widely known the lessons of this historic action, as set forth in this statement.

#### THE BONUS MARCH, ITS ORIGIN, COMPOSITION AND SCOPE

The Bonus March on Washington was initiated by the Workers Ex-Servicemen's League, supported by the Communist Party and sympathetic organizations. After carrying on a series of local mass demonstrations throughout the country in March and the first half of April, the Workers Ex-Servicemen's League sent a committee consisting of James W. Ford and S. J. Stember to Washington to appear before the Ways and Means Committee of Congress to demand a full cash payment of the bonus and present the full program of the W.E.S.L., including the demand for unemployment insurance. This committee in the name of the W.E.S.L., issued a public statement declaring:

"We call upon the workers to form their own Workers Ex-Servicemen's Leagues and unitedly carry on monster demonstrations in every opportunity, winning over to our support the masses of the war veterans and the workers in general. Through this united action we will carry on an insistent campaign and elect mass delegates to march to Congress. Only through such mass action will we be able to force Congress to pay us now and in cash, the balance due us on the Adjusted Service Certificates."

Since the bonus army secured such tremendous mass character and support, the capitalist press has made the most energetic efforts to prove the W.E.S.L. was a mere outsider trying to creep into the mass movement which it did not organize. But before this line had been adopted by the capitalist press, the chief fascist spokesman in Congress, Hamilton Fish, Jr., had admitted the fact in a syndicated red-scare article, that "the march to Washington from the big industrial centers such as Detroit, Chicago, Cleveland, Pittsburgh, New York and Philadelphia was inspired largely by the Workers Ex-Servicemen's League."

The response to the initiative of the W.E.S.L. was instantaneous and nation-wide. The march became a mass movement of unem-

ployed workers, ruined farmers, discharged employees and ruined small shopkeepers and traders. It swept into its ranks large numbers who had no connections with the W.E.S.L. It grew far beyond the expectations of its initiators and took on mainly a spontaneous character. To the extent that it had this spontaneous character, its leadership was to a great extent seized by petty bourgeois and former officer elements. Against the will of these leaders it very soon assumed forms of a mass movement directed against the government, a movement that comes in direct collision with the state apparatus of the bourgeoisie and with the social fascist reserves mobilized by it. The bourgeoisie mobilized all of its reserves against the Bonus Army. Not only the police and army troops, but also and especially the American Legion, the American Federation of Labor, an army of spies, Father Cox, Norman Thomas, Smedley Butler, etc., all of whom tried to frighten, disintegrate and deceive the movement, to undermine it from within or to lead it into a blind alley, but above all to prevent its coming under revolutionary leadership and following the line of mass revolutionary struggle. The open fascist elements (Cox, Butler) even made the most radical speeches in order to gain the confidence of the masses, in order to betray them.

The march on Washington, which at its height embraced 25,000 starving men with hundreds of women and children, with its mixed social composition and largely spontaneous origin, assumed correspondingly varied political forms and put forth the most varied and confused demands and slogans. Side by side with advanced revolutionary workers were backward strata of the working class, declassed workers, ruined farmers and representatives of small propertied elements ruined by the crisis and driven on to the path of political activity. Hence, alongside the revolutionary forms (seizure of trains, the occupation of the railroad yards in Cleveland, the occupation of buildings in Washington, struggles against the police, perseverance and stubbornness of the veterans in general), the movement also exhibited indecision, vacillations and petty bourgeois reactionary prejudices. In general the veterans, although openly against the Hoover government, used at the same time the language of military patriotism. They fought the police, besieged the central government, demonstrated openly against it and yet they marched under the national flag and voted against red flags in their ranks. This outward variety and contradiction caused by the heterogeneous social origins and channels of the movement must not, of course, make us ignore its objectively revolutionary character as a mass movement directed against American capitalism, as a new expression of radicalization of the broad masses in the United States. The Com-

munist Party and the revolutionary workers must not be afraid of the exhibition of political backwardness or reactionary moods reflected in such movements. Neither must it try to single out artificially its fully conscious revolutionary advanced ranks while "being chary" of approaching its more backward ranks, ignoring or forgetting them and relinquishing thereby support of the movement as a whole.

In his article "Summary on the Discussion on Self-Determination," Lenin wrote in 1916:

"Socialist revolution in Europe (and we should like to add that this relates not only to Europe) *cannot* be anything but an outburst of mass struggles on the part of all and sundry oppressed and dissatisfied elements; parts of the petty bourgeoisie and backward workers will inevitably participate in it—without such participation mass struggle *is impossible*, just as any kind of revolution—and it is just as inevitable that these elements will bring into the movement their prejudices, reactionary fantasies, weaknesses and errors. But *objectively* they will attack capital and the conscious vanguard of the revolution, the advanced proletariat, by expressing this objective truth of the heterogenous and many-voiced, variegated and outwardly divided mass struggles, will be able to coordinate and direct it." (Italics Lenin's.)

In the development of the march on Washington and in the course of the struggle there, the immediate hegemony over the masses was lost by the W.E.S.L., to the petty bourgeois demagogues who came forward, headed by W. W. Waters, small factory superintendent and his chief lieutenants: Folkrod, Burns detective; Doak Carter, chief of the Pennsylvania railroad police in Cleveland in the shopmen's strike of 1922; A. H. Milton, stool pigeon formerly working for the police within the W.E.S.L.; French, former Department of Justice agent on the Pacific Coast—embodying the fascist tendencies which endeavor to divert the radicalization of the petty bourgeoisie.

Working hand-in-hand with the police, the Washington politicians, and the capitalist press, these elements seized leadership and exerted all their efforts to isolate the W.E.S.L., and all revolutionary elements and drive them out of the bonus army.

In spite of a number of weaknesses it must be recorded that the W.E.S.L. and the Communists not only initiated the whole action, but succeeded in impressing the mass of the veterans with some of our main struggle slogans. Especially in the last days of Congress and after Congress adjourned, the Waters leadership maintained its organizational foothold only by means of demagogically adopting the Communist slogans (although in a distorted form) as fast as we raised them. The slogans raised by the W.E.S.L. and Rank and

File Committee in Washington on June 23 immediately after Congress had voted down the bonus, brought an instantaneous response and within a few days dominated the entire bonus army. These slogans were: "The fight is not over, it has only begun. Congress shall not adjourn until the bonus bill is passed. Strengthen the fight by electing a leadership from below and throw out the traitors. Call up the reserves, not only more veterans but also the unemployed. Send delegates to the International Conference of Veterans in Geneva. All workers' organizations must send solidarity messages and reinforcements."

After the adjournment of Congress there was widespread belief that the army would break up and go home. However, quite the opposite happened. After a small army had left, a new wave of marchers came from the districts. Among the most important contingents there were corps of W.E.S.L. members. The open and energetic appearance of the W.E.S.L. in mass meetings and demonstrations at the Capitol and White House under our slogans seriously unsettled the hold of the Waters leadership on the Bonus Army and gave the political initiative to the W.E.S.L., although our forces remained organizationally weak. By the time of the Battle of Washington, July 28, Waters was forced openly to admit: "The movement is out of my control." Hoover's infamous justification for burning the camps in the dead of night over the heads of men, women and children was the claim that the Bonus Army was "composed largely of Communists and criminal elements": the political basis for this claim of Hoover's was that the main mass of marchers had for weeks been adopting the fighting slogans of the W.E.S.L. as rapidly as they were put forth.

#### STRUGGLE AGAINST THE FASCISTS AND SOCIAL FASCISTS,

The fascist and semi-fascist leading elements headed by Waters were from the first days in Washington operating in a most serious contradiction. On the one hand in order to maintain their hold upon the men and organizationally to isolate the W.E.S.L., it was necessary for them to constantly echo our immediate fighting slogans. On the other hand, they were working hand-in-hand with the police headed by General Glassford and making important decisions on policies and actions only in consultation with and consent of Glassford. The result was a constant self-exposure before the veterans which rapidly undermined their authority. The political conditions were soon created where a strongly welded organization of the W.E.S.L. could have taken command of the whole situation. The extreme youth and immaturity of the W.E.S.L. as an organization proved to be a most serious handicap. In spite of this, the W.E.S.L.

constantly appeared before the Bonus Army through the separate W.E.S.L. contingents which were encamped in buildings in the city, as well as through the distribution of leaflets and bulletins in the large camps dominated by Waters and in the last weeks, through street meetings and demonstrations directly under our leadership.

All the forces of the bourgeoisie rallied to the task of maintaining the Waters leadership. The police under General Glassford carried this collaboration so far as to stage fake arrests of Waters before the assembled men in order to restore him to their favor and create an illusion that Waters was ever clashing with the police on their behalf. The bourgeois press made Waters into the hero of the day. The Socialist Party and A. F. of L. unstintingly gave their support to Waters and his lieutenants.

Especially illuminating was the attitude taken by the Socialist Party and its left wing, the Musteites, Lovestoneites and Cannonites. Without exception, in the first days of the mass struggle for the bonus in April and May, they came out with the sharpest condemnations of the Communist Party for supporting the Bonus March. The *New Leader* and the *Workers Age* and the *Militant* condemned the Communists in almost identical terms, declaring that we were helping to establish a fascist movement in the United States, and opposing the paying of the bonus. Heywood Broun, one of the principal leaders of the Socialist Party, in the first days of the march devoted his column in the capitalist *World-Telegram* to an accusation against the Communists because they were organizing the Bonus March, but in the course of June and July he had changed his understanding of the problem so much that on August 6 he devoted his column to the opposite thesis, namely, that the Communists have been rather lukewarm supporters of the bonus and were now belatedly trying to grab the credit for having carried on the fight. The same logic so crudely displayed by Broun gave the line also for Norman Thomas, Lovestone and Cannon. As the bonus struggle gained the sympathy and support of millions of workers, they step by step put a mask over their anti-bonus stand and came out with declarations of "sympathy and support." In no case, however, did they abandon their basic opposition to the payment of the bonus and all of their actions and words were designed to strengthen the fascist leadership and to discredit and isolate the Communists.

#### THE STRUGGLE FOR EQUALITY OF THE NEGROES IN THE BONUS ARMY

One of the outstanding features of the Bonus March is the prominent part played by Negroes in the contingents from almost



every section of the country. In all sections of the march organized by the W.E.S.L. directly, the Negroes operated freely and with full equality. In the first Chicago contingent, for example, a Negro worker, Comrade Gardner was almost unanimously elected commander by the entire contingent of which three-fourths were white workers. In many other delegations Negroes played a leading role. From the first days of the encampment in Washington, serious efforts were made by the reactionary leadership to Jim-Crow the Negroes, dividing them into separate camps or reducing them to the position of servants in the white camps. The W.E.S.L. by raising sharply the demand for complete equality for Negroes and the abolishing of all discrimination of every sort, succeeded in smashing the Jim-Crow practices even in those camps in which the W.E.S.L. members were a small minority. While there can be no doubt that some discriminations did continue, especially in the Southern contingents, the W.E.S.L. succeeded in all cases in liquidating formal discriminations and in the camp as a whole, actually secured an unprecedented degree of equality.

#### WINNING THE SUPPORT OF THE ARMY AND MARINES

From the beginning of the encampment in Washington, it became clear that President Hoover was preparing the government's armed forces for possible action in meeting the Bonus Army. Several troops of cavalry and infantry and detachments of marines were brought into Washington and its suburbs. Early in June the Young Communist League already had issued a leaflet to these armed forces calling upon them to refuse to act against their comrades of the Bonus Army. The W.E.S.L. also issued a series of small leaflets addressed to the armed forces. Connections were established in several camps and a broad distribution of these leaflets was secured. In addition the W.E.S.L. members were instructed by their leading committees to carry on systematic fraternization with the soldiers and marines which was done with considerable success, finding an excellent response.

The first of the armed forces to be called into action were two detachments of marines brought into the Capitol building during the last days of Congress when thousands of veterans were demonstrating on the Capitol steps (end of June). Marching through the demonstrating veterans the marines were greeted with cheers and themselves evidenced a very friendly attitude toward the veterans. Within an hour the marines were again marched out of the Capitol and again to their barracks. The capitalist press claimed that they had been called without authority by Vice-President Curtis and that the order had been countermanded at the insistence of the

Police Commissioner, General Glassford. But after a few days the information leaked out that the cause of their removal was actually a refusal of one section of these marines to go into action against the Bonus Army. The government has absolutely refused to give any information on this incident and neither denies nor affirms these reports. It is generally understood, however, that thirty marines were arrested and placed in solitary confinement for insubordination as a result of this incident.

Later, when on July 28 the army was brought into action, there was no open insubordination in their ranks. Hundreds of stories are circulated among the veterans, however, of their conversations with the soldiers during the day, all of which agree in reporting expressions of disgust with and protest against the task to which they were ordered. Even the civilian population which witnessed the military actions, mostly composed of petty bourgeoisie and government clerks, gave strong expressions of disapproval against the use of the army, booing the officers. There is no doubt that there was a spirit of resentment against being used in this fashion, on the part of the soldiers. It is significant that the marines were not used on July 28.

#### THE ROLE OF THE COMMUNIST PARTY

The Communist Party is the only political organization in America which has given leadership and assistance to the organization of the toiling ex-servicemen to fight for the protection of their interests and against the bourgeois-controlled organizations, the American Legion, the Veterans of Foreign Wars, etc. The Communist Party has fully supported the Workers Ex-Servicemen's League since it was launched two years ago. The W.E.S.L. grew very slowly up until the end of 1931 at which time it began to grow and become active. Especially important was the influence exerted by the National Hunger March to Washington in the beginning of December, 1931. In the 1,600 delegates who marched from all over the country to demand unemployment insurance from Congress, there were about 400 ex-servicemen. The W.E.S.L. took part in this Hunger March, establishing contacts with all the ex-servicemen and through them initiating the organization in dozens of localities. It is unquestionable that it was the National Hunger March that furnished the inspiration for the veterans march on Washington.

From the beginning of the mass movement for the bonus it was the Communist fractions in the W.E.S.L. which guided the movement and enabled it to solve step by step the exceedingly difficult and complicated problems which faced it at every turn. The Communist press were the only newspapers in America which supported

the Bonus March from beginning to end. At the National Nominating Convention of the Communist Party in Chicago, May 28-29, the chairman of the Workers Ex-Servicemen's League was invited to address the convention and a special resolution was adopted supporting the Bonus March and the W.E.S.L. The Communist Party throughout the struggle acted as the organizer and leader of the masses of veterans in their struggle for the bonus and rallied the broadest mass support for the veterans in addition to broadening out the movement to include demands of the entire working class for unemployed relief and insurance.

#### MISTAKES, HESITATIONS AND VACILLATIONS

Although the unconditional leadership of and support to the Bonus March by the Communist Party is unquestionable and a matter of record, it still remains true that in the course of the movement a series of mistakes, hesitations and vacillations appeared which seriously weakened the Party's leadership of the movement. Among these were:

1. General underestimation of the significance of the fight of the veterans for the bonus and the preparation and development of this march in the center and localities, manifesting itself in insufficient solidarity and support in the various stages of the struggle. The Party did not put sharply enough the task of organizing and leading this movement and in mobilizing the full support of the working class and of the unemployed for this struggle, concentrating the full forces required by the magnitude of the movement. At times underestimation gave way to overestimation of the movement, in regarding it as shock troops of the unemployed. It is clear that there was manifest in the Party on one hand the sharp tendency to lag behind the growing mass movements, and on the other hand sectarian disregard for the organization and leadership of mass struggles.

2. The presence of parliamentary illusions which manifested themselves in viewing the movement within the limits of the Congressional actions.

3. Unclearness in the appraisal of the movement. The Party tried to single out *only* the advanced part of the movement, the worker veterans—to arouse and support them, and hesitated to support the veterans' movement as a whole. This hampered the Party in achieving the leadership of the entire movement of the veterans. Thus the Party failed to understand the necessity of establishing contact with the movement as a whole and with strata not yet touched by our propaganda.

4. The Party did not lay enough stress on the attitude of the bourgeoisie toward the veterans, nor on propaganda among the soldiers and sailors.

5. Insufficient clarity and firmness on the necessity of maintaining the mass fighting front in Washington, a weakness which did not see the tremendous significance of the extra-parliamentary struggle which the veterans were conducting.

6. Insufficient preparedness for the violent action of the Hoover administration and the adoption of all necessary measures to keep contact with the main body of the veterans upon their dispersal from Washington.

7. The weaknesses in the exposure of the Waters leadership on the basis of the developments of the struggle itself, not taking into consideration the necessity of convincing the broad strata of the treacherous policy pursued by Waters and limiting too much the exposure to denunciation and invective.

8. Inability to develop sufficient strength to overcome the tactics of the police in systematically separating the more advanced elements from the mass and the insufficient consciousness of the revolutionary elements of the necessity of maintaining contact with the mass at all times.

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The veterans' action in Washington gave a lesson to the workers and toilers throughout the country in the combination of parliamentary and extra-parliamentary actions. The persistence of the veterans to continue their struggle at all stages of the fight in Congress and after Congress adjourned, was a breaking through the bounds of parliamentary relations. This act exposed the miserable shams of American democracy. It revealed before the masses the inner workings of the system of checks and balances, the division of legislative authority into two Houses, enabling the division of labor whereby one House demagogically panders to the demands of the masses knowing that the other House will carry through the common will of both, and if both Houses of Congress find it necessary to apparently yield before the mass demand, the executive authority stands ready to carry through the united will of all in cancelling the action by Presidential veto.

This action demonstrated to the masses their power to break through these artificial limitations of the parliamentary system and thereby forced the government beyond the limits of the machinery whereby they expected to check the masses and to fall back on their final resource—brute force—open military dictatorship, virtual martial law.

This action served to give the masses a new consciousness of their own power as an independent force. This lesson must be brought to all workers for the struggle against the capitalist offensive.

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The Bonus March and the Battle of Washington were tremendous events in the revolutionization of the toiling masses of America and their education in the class nature of the state. These lessons must be widely spread among the workers and exploited masses. These lessons must serve to widen the struggle for the bonus and be linked with the fight for unemployment insurance and against imperialist war. Every effort must be made to break with the tendency of letting down after a big mass action. The new stage of the radicalization of the masses which the bonus movement marked, must serve to intensify all the work of the Party in the organization and leadership of the developing mass struggles. The forces of the Party must be firmly organized against the danger of these movements falling into the hands of the fascist and social-fascist elements and thereby being dispersed.

The Bonus March revealed an underestimation of the radicalization of the masses, particularly the new upward surge, manifesting the influences of the right danger in the Party. This expresses itself likewise in the lagging of the Party behind the unemployed struggles and the strike movements. On the other hand it shows the persistence of sectarian tendencies which form the main hindrance in the mobilization of the Party for mass work. This was manifested in the center, districts and local Party organizations and still continues in the events since July 28.

#### THE NEXT TASKS OF THE VETERANS' STRUGGLE

The next tasks of the Party in regard to the veterans' movement are:

1. To support energetically this mass movement as a whole, and to support its immediate economic demands which are directed against the government and bourgeoisie, explaining patiently and perseveringly to the more backward elements of this movement the futility of top negotiations by self-appointed "commanders," and of petty bourgeois and parliamentary illusions.
2. To expose the position of the government, Republicans and Democrats, as well as the position of the Socialist Party and the A. F. of L. with regard to the veterans' movement, in order through such exposure to develop the movement politically, converting it into a movement directed against the bourgeoisie, its government and its state.
3. To make full use of the attitude of the government and

bourgeoisie to these ex-soldiers and victims of the imperialist war, for an anti-war campaign, demonstrating by this example the class-imperialist anti-peoples character of any war carried on by the bourgeois state. To make use of the present conditions of the veterans and of the government's attitude toward them for the enlightenment of the soldiers and sailors regarding the real attitude toward them of the bourgeois "fatherland" which they are called upon to defend and regarding the true values of the promises of the government. To issue leaflets to soldiers and sailors calling upon them to support the veterans' movement, the demands of these soldiers of yesterday regarding payment of their back wages solemnly promised to them. To call upon them to refuse to go against the veterans and organize fraternization with them.

4. To link the veterans' demand for payment of the bonus with the demand of the unemployed for social insurance. To organize Party, trade union and unemployed committee meetings in support of the veterans' demands and also, wherever possible, joint demonstrations of veterans and unemployed, or simultaneous demonstrations of unemployed where veterans' demonstrations or meetings take place. To make the veterans' demand for bonus payment a prominent demand of the election platform of the Communist Party, linking up this demand with our general demand for social insurance.

5. The Party must continue its energetic campaign against the present leadership of the movement, exposing its half-hearted reformist character, the bankruptcy of its methods and especially its attempts to form a veterans' organization of a fascist character. We must call upon the veterans to form their own rank and file committees (elected from below) and to throw out the present leaders of the movement. This includes the exposure of Waters' virtual abandonment of the fight for the bonus, the attempt to divert the bonus army into the Khaki Shirt movement. It also includes the exposure of the organization of the veterans into forced labor camps as a policy of the dispersal of the fight for the bonus, in line with the policy of the capitalists to meet the demands of the veterans and the unemployed by imposing forced labor upon them. Likewise a concentrated fire must be made against Cox and the Liberty Party and other fascist groups to corral the veterans under their banners.

6. The Communist Party must support those concrete revolutionary actions and demonstrations of the veterans, including self-initiated actions carried out in defiance of the law, as for instance, the veterans' occupation of governmental buildings.

7. The Party must fight energetically against all attempts of

the authorities or leaders of the movement to apply measures of discrimination or Jim-Crowism against Negro veterans.

8. The Communists must propose that the W.E.S.L. shall energetically recruit veterans for its own ranks but without splitting the movement or disassociating itself from it. The W.E.S.L. should broaden its basis and recruit not only worker veterans but also those veterans who accept the League platform.

9. The W.E.S.L. should make arrangements for the publication of even a small veterans' newspaper.

10. The W.E.S.L. should try to link the veterans' movement in the United States with the world ex-soldiers' movement and its international organizer, the I.A.C.; the League must organize the dispatch of the W.E.S.L. delegation and, if possible, a delegation of rank and file veterans to the forthcoming Congress of the I.A.C. in Geneva. While endeavoring to get hold of the veterans' movement politically and win it for the adoption of revolutionary methods of struggle, the Communist Party must activate the veterans who are returning home from Washington and must not allow these groups to stagnate or disintegrate. When explaining the demands and slogans brought forward by the Communist Party and the mass veterans' organizations, the Communist Party in its propaganda among veterans and in the *Daily Worker* must at the same time take into consideration the degree of preparedness of the veterans for the acceptance of our slogans; it must gradually go from more immediate to more general, more political slogans and must refute by facts the attempts of the reactionary leaders of the movement to represent the work of the Communist Party as work for its own interests and not for the veterans. The returning contingent of the Bonus Marchers should be greeted with demonstrations of solidarity and joint organizations set up in each city as they return. Every effort must be made to establish permanently the veterans' committees in the various cities and states, especially building the posts of the W.E.S.L. and throwing their full force behind the national conference called for Cleveland on September 23, to which every effort must be made to secure rank and file delegations of all veterans' organizations.

# The American Farmers are Beginning to Fight

By H. PURO

THE present farmers' strike emphasizes the depth and extent of the present economic crisis. The strike, the growing struggles of the farmers, unfold themselves on the basis of the general crisis of capitalism. One of the special features of the present economic crisis, taking place within the general crisis of capitalism, is precisely the fact that the industrial crisis is interwoven with the agrarian crisis. At the Sixteenth Party Congress, Comrade Stalin stressed this fact in discussing "certain new conditions which it is necessary to bring out in order to get a complete picture of the crisis." He said:

"In the course of development of the economic crisis, the industrial crisis in the chief capitalist countries has not simply coincided, but has become *interwoven* with the agricultural crisis in the agrarian countries, aggravating the difficulties and predetermining the inevitability of a general decline in economic activity. Needless to say, the industrial crisis will intensify the agricultural, and the agricultural crisis will protract the industrial which cannot but lead to the deepening of the economic crisis as a whole."

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In this article we will deal briefly with some of the conditions which give the background of the farmers' strike and point to growing sharper struggles on the part of the farmers.

Mass starvation is the lot of the toiling farmers. They are already under the heel of the robbery of the bankers, railroads, implement companies, packing houses, dairy-fruit-tobacco trusts, the grain elevators and marketing monopolies.

It is the usual thing today for a farmer to receive \$2.50 for a well-fatted hog, which he has raised for six months and fed \$5 worth or more of feed. Many farmers send a cow to market and receive back check for 15 cents, the net return deducting railroad rates and commissions to the market agents: sometimes instead of check for few cents, he receives a bill for a few dollars deficit. In Sioux City, Iowa (a recent scene of militant struggle of farmers against the robbery of market monopolies, dairy and packing house companies), the farmers are receiving \$1 per 100 lbs. of milk



containing 3.5% of butterfat. Last year these farmers witnessed a large number of their cattle suddenly condemned and slaughtered by the state officials on the grounds that they were suffering from "tuberculosis". The mass resistance of the farmers, stopped these "sanitary" measures.

While the cost of production of a bushel of wheat on average tractor farms is 80 cents per bushel and the general average given by U. S. Department of Agriculture in the year 1931, as \$1.25 per bushel, the average price received by farmers is 43 cents. In some places (in state of Kansas) in the fall 1931, it was as low as 25 cents per bushel. An example of the small dairy farmers' hopeless conditions is shown by official figures of the state of Massachusetts: There the average cost of producing a quart of "market milk" is 6 cents—and the farmer gets about half the cost, 3.8 cents, while the dairy trusts charge city workers 14 cents a quart. A chicken farmer who is compelled to sell eggs at 12 cents per dozen is not better off. In California and other fruit and vegetable growing states thousands of tons of fruits and vegetables are being left to rot on the trees and in the fields. Why? Because prices are so low that it is not worth while picking them up. In addition to this, the California Fruit Growers' Exchange plans to destroy a large portion of the 1932 fruit crop. This—in order to keep prices up. The cotton prices in the South have gone down since 1927 from the average of 19.6 cents to 5.57 cents in 1932, while the U. S. Department of Agriculture gives 16 cents as the average cost of production of a pound of "cropper" cotton.

Farm prices have fallen to 60% of pre-war levels, yet farmers are paying taxes which are 266% of pre-war. At the same time freight rates have risen 153% since 1914. The burden of debts and mortgages are fixed on the basis of the high valuations of the pre-war period with high interest rates. The taxation burden for the toiling farmers, constitutes an ever greater load on every farmer.

While the debts and taxes of farmers are piling up farm incomes have diminished constantly year by year, so that the crops for which \$1.00 was received in 1914, today are worth only half as much.

The above conditions have brought about the situation that 24% of all farms during the period of 1925-1930 have gone either into forced sales or "voluntary" bankruptcy. The farmers being unable to pay their debts or taxes have become the victims of the bankers and the capitalist state. In the state of Mississippi in April, 1932, 40,000 farms went under the hammer for taxes in a single day. Through this process hundreds of thousands of farmers have lost their homes and have become either tenants or laborers. A large

portion of them are being forced into the growing army of unemployed.

Floods and droughts have intensified rapid ruination of the small and middle farmers.

This is the lot of toiling farmers under the capitalist system.

The situation of the unemployed and migratory agricultural workers is even worse. They are starving under the ever growing unemployment and decreased wages. Today plantation managers in the South are hiring for 50 cents a day all the "hands" they need. In many sections of the country agricultural laborers work for their miserable "board" without cash in a desperate effort to keep alive.

It is finance capital, monopoly capital, which is grinding down the impoverished farmers and the workers at the same time, both by means of direct exploitation and by monopoly control of the market. As Karl Marx stated:

"Exploitation of the peasants (farmers) differs from the exploitation of the industrial proletariat only in form. The exploiter in both cases is capital. Individual capitalists exploit individual peasants by mortgages and usury. The class of capitalists exploit the class of the peasants by state taxes."

To the exploitation in the form of mortgages, usury and taxes, is added the ever growing subjection of the farmer to the robbery of marketing monopolies and railroads. This, of course, is due to the fact that a former self-sufficing farmer has become a petty commercial farmer, producing commodities for the market. He is therefore wholly dependent upon the capitalist who has the monopoly control of the market. The prices which the farmers are receiving have only the most remote relationship with the city market prices of foodstuffs. There is an enormous gap. The gap represents mainly the gains of monopoly capital which controls the marketing machinery (banks, railroads, creameries, terminals, elevators, packing houses, refrigerators, etc.), not to mention the terrific amount of pure waste and destruction that accompanies capitalist marketing of the farm products. It would be entirely wrong to consider that the farmers' struggle against the robbery of marketing monopolies is against the interest of workers in the sense of automatically raising the prices of foodstuffs. The policy of monopoly capital is to drive down for the farmer the prices of farm products and to keep them up for the worker-consumers.

#### TOILING FARMERS ARE BECOMING RADICALIZED

The conditions of the toiling farmers in the United States have become so intolerable, that large numbers of them are engaging

in mass actions. They are fighting for immediate relief, against the evictions, against the taxation burden, and against the robbery of marketing monopolies, the packing houses, the dairy trusts, the fruit trusts, tobacco trusts, the grain elevators, railroads and the bankers.

Being constantly subjected to the robbery of finance and monopoly capital by both Republican and Democratic administrations, and having been systematically betrayed by the Non-Partisan League, Farm Block, Farmer Labor Party and the Socialist Party and farm organizations controlled by the rich farmers.

On January 3, 1931, the farmers—white and Negro, numbering over 500, stormed the business section of England, Arkansas, demanding food and threatening to take it forcibly from merchants before a hurried call to the Red Cross compelled distribution of food.

This was one of the first signs of independent mass struggle on the part of the toiling farmers in the United States for many years. This struggle has been followed in the Dakotas for the non-payment of debts and interest and rents. In Minnesota and upper Michigan where many successful struggles took place to prevent evictions and sheriffs' sales, for exemptions from taxation of poor farmers. In Iowa, armed clashes occurred during the last winter between state militia and farmers, in the militant fight of the farmers, against the fake tuberculosis test. This mass resistance of farmers compelled state officials to stop these measures. In the state of Kentucky, last winter there took place a mass struggle of tobacco farmers against the robbery of tobacco trusts. In Minnesota a mass Farmers' Hunger March has taken place twice within the year, demanding emergency relief and exemption of taxation of poor farmers and lower taxes for impoverished middle farmers.

Two years ago agricultural workers in Imperial Valley, California, conducted a militant strike for living wages, many of their leaders being given long prison terms by capitalist courts. This was followed in 1931, in Camp Hill, Alabama, by militant struggles of Negro share-croppers against the landlords. In the spring of 1932 the beet workers in Colorado struck 18,000 strong against the landlords and sugar companies in a struggle to gain decent wages and working conditions.

All these militant mass struggles of the agricultural workers as well as toiling farmers, show that the toilers of the land are ready to join in the struggle with the city workers against their common exploiters and enemies.

The latest sign of widespread radicalization and readiness for struggle is the "farmers' strike," which movement has affected eleven middle and northwestern states. This strike is directed against the outrageous robbery of marketing monopolies, the packing houses, the dairy trusts and the grain elevators.

#### THE FARMERS MUST SEE WHO ARE THEIR FRIENDS AND ENEMIES

It can be well understood why ruined farmers are making desperate efforts to force up their market prices by a "market strike." This struggle must be supported. At the same time we must advise the farmers that if they confine the fight only within the "rules of the market," in which monopoly capital holds all the key positions, they cannot secure any radical improvement of farm conditions.

The farmers' struggle must be raised to a higher level. The slogans and demands must be sharpened and they should unite forces with those of the militant working class. So long as the farmers' struggle keeps itself in narrow limits of the "market," it will benefit only a few rich farmers. The poor farmers who really require relief in order to live must take control of these movements (in which they are the main force) and direct them toward relieving their unbearable load of debt, interest, rent and taxes.

While it is necessary to point out the limitations of the so-called strike movement of the farmers, because it limits the fight only within the market, yet this movement is highly important and must receive decisive support from the workers. Already unemployed workers have expressed their solidarity by going to picketing of the roads in the vicinity of Sioux City and helping the farmers to disarm sheriffs. Farmers have in turn given milk and other supplies for the unemployed workers.

The Communist Party is giving wholehearted support to the struggling farmers. Therefore it gives its support also in the form of deepening the demands of the farmers, urging them to connect up their movement with the Communist election campaign for the winning of the farming masses for a fight to realize the point in our election platform, which represents the most pressing immediate needs of the farmers throughout the country:

"Emergency relief for the impoverished farmers, without restrictions by the government and banks; exemption of impoverished farmers from taxes, and from forced collection of rents and debts."

The struggling farmers who are beginning to lose faith in the Republican and Democratic Parties must also cut themselves loose from those agents of finance capital, the so-called "progressive" politicians, the farm bureaus, the Farmer Labor Party, the Socialist Party, the Farmers Union, etc. Everyone of these organizations is carrying through the policy of Wall Street, even when it pretends to be in "opposition." These leaders are pushing the farmers into a blind alley.

The farmers must set up their own committees of action on a neighborhood and township scale, unite these committees together by counties and regions and states, controlling and directing their own fight, and turning it more sharply against their real enemies. They must build oppositions in the reactionary farm organizations to fight for a militant defense of their own interests. They must not allow the rich farmers to control their organizations, because the rich farmers always come to an agreement with the banks and corporations at the expense of the poor farmers. They must build up the fighting organization — the United Farmers League. They must connect their struggles up with those of the workers in the cities, and with the wage workers on the land, who must more and more come forward as the champions also of the demands of the impoverished farmers.

Workers and farmers, build a united struggle against the monopoly price system, which drives down the prices paid the farmers in the country, and drives up the prices extorted for food from the workers in the cities!

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# The Significance of the Results of the German Elections

By V. KNORIN

**T**HE elections of July 31 have confirmed the fact that the revolutionary upsurge in Germany is advancing rapidly. In the midst of an acute national and international situation, and under the conditions imposed by terror and slander drives, the revolutionary Party of the German proletariat has received 5,300,000 votes, or almost 700,000 more than at the Reichstag election of 1930.

If the results of the Reichstag election are compared with those of the second ballot at the election to the presidency in April, 1932, the Communist Party will be seen to have gained 1,570,000 new votes.

The rising curve of Communist influence mirrors the change taking place among the masses.

Almost two years have passed since the last Reichstag elections. During this period the crisis has reached an astonishing pitch of acuteness (it did not begin to grow until September, 1930). The number of unemployed has mounted to between six and seven millions, and the income of the German worker has diminished by almost one-half. In the summer of 1931 Germany went through a severe credit crisis and actually experienced the bankruptcy of its greatest banks—a bankruptcy which could only be patched up by means of state subsidies.

The increasing acuteness of the crisis and the impoverishment of the masses have brought with them a violent aggravation of the class struggle.

In this situation of profoundest crisis, of growing discontent among the masses, and of aggravated class antagonisms, the German bourgeoisie has proceeded to impose its dictatorship by means of emergency orders and of policy of fascization.

The German bourgeoisie has been endeavoring to find a way out of the crisis at the expense of the working masses. In the pursuance of this policy it has received the entire support of the German Social-Democrats. To the Bruening government also has fallen the task of the gradual realization of the fascist dictatorship. The emergency orders have reduced social insurance and working

wages, fresh burdens of taxation have been imposed upon the toiling masses, and the prices of agricultural products have been artificially raised by protective tariffs. These decrees have followed closely upon one another, without cessation.

The aggravation of class antagonisms has led, on the one hand, to the growth of fascism, and to successes for Communism on the other. The petty bourgeoisie, ruined by the crisis, has thrown itself into the arms of fascism, in the hope that the legendary Third Empire would restore to them their pre-war prosperity and break the fetters of the Versailles treaty. Even a part of the unemployed have succumbed to the influence of the fascist demagogues.

At the same time the influence of the Communist Party has been growing. This growth, however, has not been regular. The prerequisite conditions for the revolutionary crisis have matured.

The von Papen government replaced the Bruening government, in order to increase the terror exercised against the working class, to shatter the resistance of the workers against the offensive of capital, to throw open the gates to the fascist dictatorship, and to accomplish the realization of fascism in Prussia.

After Lausanne and Geneva, the Reichstag election was carried out in a changed international situation, under the conditions imposed by the violent aggravation of imperialist antagonisms, and especially of the aggravation of Franco-German and German-Polish antagonisms.

The German bourgeoisie did its best to exploit the international situation which had developed by July 31 for the purpose of swinging the balance decidedly in its favor in the election struggle. The proclamations made by Schleicher, von Papen, and others, the fanning of nationalist and chauvinist passions—all this was exploited by the bourgeoisie for the purpose of deceiving the masses, and in order to demoralize the proletariat and the workers.

The bourgeoisie, thirsting for the restoration of its former imperialist power, demanding the right to arm, and already forging the weapons for the war for the re-division of the world, was anxious to receive a "mandate from the nation" at this election, and to insure a "general vote of the people" sanctioning the intensified aggressiveness of German imperialism.

The results of the election show that the masses have learned much of late, that they have passed through the hard school of the class struggles, that they have learned by actual experience the treachery of the Social Democratic leaders, the terror of the fascists, and the policy of the emergency orders—first those of Bruen-

ing and then those of von Papen. The lessons taught by the election to the presidency have not been in vain.

The elections show that the Communist Party, fighting against the dictatorship of fascism, and for the day to day interests of the workers, is taking its place as the leader of ever broader masses of the German proletariat. One-third of the German industrial proletariat has voted against fascist terror and against capitalism. One-third of the industrial workers of Germany has voted against the Weimar Republic and Hitler's "Third Empire"—for the Communist Party, for a Socialist Soviet Germany, for the revolutionary way out of the crisis. And this third of the industrial workers was joined in voting for the Communist Party by hundreds of thousands of agricultural workers, poor peasantry, and employees, who recognize the Communist Party as their leader.

This election success of the Communist Party of Germany is of the utmost international importance. It shows that the forces of the German revolution are growing and consolidating.

The influence of fascism is, however, by no means broken. The National Socialist Party received 13,700,000 votes, the German National Party with which it is allied, 2,170,000. This gives the bourgeoisie a powerful weapon against the working class. The growth of the National Socialists is above all the expression of a concentration of the forces of the bourgeoisie for the struggle against the proletariat. They have been able to collect the votes of the majority of the adherents of the old bourgeois parties. The People's Party, the State Party, the Christian Social Party, and the other old bourgeois parties have practically ceased to exist. Besides this, the National Socialist demagogy against Versailles and the Weimar Republic has been able to trap a certain number of backward workers, especially among the unemployed. The re-conquest of these strata of workers, deceived by the bourgeoisie, is one of the most important tasks which the German Communists set themselves.

We pointed out, at the time of the election to the presidency, that the National Socialists would not be able to retain these strata of workers in their ranks for long. Today we are able to observe not only a stagnation in the number of votes cast for the National Socialists in a considerable number of industrial districts (Duesseldorf-West, Westphalia-South, Cologne, Aix-la-Chapelle, Berlin), but the beginning of the disaffection of the workers hitherto deceived by the National Socialists.

A point of no less importance from the standpoint of the perspectives of the class struggle against the bourgeoisie is the fact that the Communist Party of Germany has been successful in wresting



the votes of hundreds of thousands of workers from the social democrats, and of ranging these workers in the ranks of the revolutionary struggle. This shows that the working masses have grasped the revolutionary line of the Communists, that the resolute struggle of the Communist Party of Germany for the united front of the working class for the struggle against the bourgeoisie and its appeal for a determined struggle against the fascist dictatorship have already been crowned by success. It shows that Social Democracy is losing its influence over the working class more and more, and that although it still has the greatest trade unions in its hands, none the less it is being converted to an ever increasing degree into a party of the reactionary strata of the petty bourgeoisie.

At this election the Communist Party received approximately the same number of workers' votes as the Social Democrats. In the majority of the most important workers' districts (Berlin, Westphalia-South, Duesseldorf-East, Duesseldorf-West, Cologne, Aix-la-Chapelle, Halle-Merseburg, Oppeln) the Communist vote was larger than the Social-Democratic, and in some of these districts larger than the National Socialist vote. Very important too is the considerable increase of votes by the Communist Party of Germany in the strongholds of "Left" Social Democracy, such as Dresden (where the Communist Party of Germany received 18.8 per cent of all votes cast) and Chemnitz.

The Communist Party of Germany which has become the strongest party among the German proletariat in the most important districts, has at the same time consolidated its influence conspicuously in the rural districts. It is not long since the National Socialists were able to win over whole villages in a number of districts. The increase in the number of votes cast for the Communist Party of Germany, amounting to 83.1 per cent in Lower Bavaria, to 54.8 per cent in Franconia, to 57.9 per cent in Brunswick, and to 18.5 per cent in East Prussia, shows that the Communist Party has strengthened its influence in these predominantly rural districts. The rural proletarian and semi-proletarian masses see through the emptiness of National Socialist demagogy. The masses of the villages are beginning to turn to the Communist Party.

The forces of the German proletariat are gathering together. Social Democracy feels clearly that it is on the downward path. But it is precisely in this situation that fascism will make its attack with intensified energy. The bourgeoisie will endeavor to accelerate the speed of transition to the open fascist dictatorship, to establish and extend the methods of this dictatorship, and to develop the terror regime established on July 20. And precisely for this reason

the German Communists will continue with redoubled energy their work of mobilizing the masses for the revolutionary struggle against fascism, that the present wave of mighty revolutionary upsurge in Germany may be utilized for the fullest consolidation of the positions already gained.

The Social-Democratic workers are already joining the Communist workers in ever-increasing numbers for the revolutionary struggle, and are rejecting the treacherous defeatist tactics of their leaders, carried out under the banner of waiting for the next steps taken by fascism.

Events of late in Germany have been such as to dispel rapidly all parliamentary illusions. But these illusions will be dispelled the more rapidly in proportion as the Communist Party of Germany is successful in leading the masses into the struggle against wage cuts, against emergency orders, for the disbanding and disarming of the Nazi Storm Detachments, and against the robbery of the fundamental rights of the working class. The rising strike movement in Germany, the increasing number of political demonstration strikes, the growing self-defensive measures against fascist provocations, all this shows that the German proletariat has no intention of confining its struggle against fascism merely to the casting of votes.

The leading circles of the German bourgeoisie dissolved the Reichstag and announced the fresh elections for the purpose of gaining a parliamentary majority for the Papen-Schleicher government. They did not succeed in gaining this majority. The disagreements among the German bourgeoisie are so serious that even now, after the election, the fascist Papen government will not be able to lean on the parliament.

The Centre Party, driven out of the government two months ago, in spite of Bruening's readiness to form a coalition with the Right bourgeois parties, has not lost its specific weight in the Reichstag, but has increased it. This shows that the bourgeoisie will have to continue in the future, whatever the composition of the government, which will come into power after the election, to rule mainly without the Reichstag, with the aid of Hindenburg's emergency orders. The Reichstag—if it is not dissolved—will probably simply serve to keep up the appearance of "democracy." The policy of wage cuts and reduced unemployment benefit, the cancellation of those articles of the Weimar constitution which have not yet been put out of force, and the tendency to call upon the National Socialists to take an immediate part in the carrying out of state business, will continue.

The elections have simply brought evidence of the acceleration of

the process of the collapse of the bourgeois system of political rule.

Precisely for this reason the German proletariat must be on its guard. The fascists, well aware that the masses cannot be deceived for long, will exert even greater energy than before to get the state apparatus into their hands. The Communist Party is threatened more seriously than ever with the danger of prohibition. But the proletariat will be on its guard against any attempt to destroy the workers' organization, against all attacks on the rights which they have gained in long years of struggle. The events in Germany during the last few months have afforded ample proof of this.

The Social Democrats have endeavored to persuade the masses not to take up the methods of determined class struggle against fascism, but to wait for the results of the election. But now the election is over. And what now? This is the question which every Social-Democratic worker is now putting to himself and to his leaders.

The results of July 31 have enabled the working masses to convince themselves once more that the attacks of fascism are not to be warded off with the voting paper, that Social Democracy has again deceived its adherents as it deceived them at the election to the presidency, when it advised them to entrust to Hindenburg the guarantee of the Weimar constitution.

The Communist Party is exerting its utmost forces for the development of revolutionary action against fascism and capitalism, in order that the disaffection of the masses from Social Democracy may be accelerated, the struggle of the masses raised to a higher level, and the determination and will of the masses for the struggle mobilized for the Socialist way out of the crisis.

# The Ottawa Empire Conference

By R. PALME DUTT

THE Ottawa Empire Conference, which opened on July 21, draws its special importance and character from the present world crisis and from the increasing drive of imperialism to war. It represents the supreme attempt of British imperialism to strengthen its weakening hold on the semi-independent sections of the Empire, the Dominions, in order to form a strong bloc against other imperialist groupings, especially America, and also against the Soviet Union. In this respect it bears a close relationship in British policy to the Lausanne Conference which just preceded it; both represent attempts to draw together an imperialist united front, in the one case in Europe under British-French hegemony, in the other case—beyond Europe—under British hegemony, against America and against the Soviet Union. At the same time, the Ottawa Conference represents an attempt, a very doubtful and uncertain attempt, to assist in solving the desperate economic crisis in Britain.

The decisive and critical character of the Conference for the whole future of British imperialism is freely stressed in all British expression:

“We are definitely at the parting of the ways. . . . We have either got to advance in the direction of closer fiscal relationships within the Empire or to drift apart.” (Baldwin in the House of Commons debate on Ottawa, June 16, 1932.)

“The natural destiny of our country is economic union with our own flesh and blood. If that cannot be accomplished, it may well be we shall be driven to look towards Europe.

“It may well be with the parts of the Empire that if they do not move to that closer union among themselves their economic interests may lead them in half a century far away from those who are now their brothers.” (Baldwin, speech at Worcester, April 2, 1932.)

“If the nations of the Empire decide, instead of cooperation, to stand alone, each one of them must eventually fall under the domination of some foreign economic group, however attached they may be by sentiment to the Empire ideal.” (Federation of British Industries Memorandum for the Ottawa Conference, *Times*, May 6, 1932.)

Thus the issue of the conference is seen by the leaders of British imperialism as the *union or disintegration of the British Empire*, or, more precisely, as the continuance of the Dominions *under British*

hegemony, or "under the domination of some foreign economic group."

What are the prospects of success of the conference? The contradictions between the interests of Britain and the Dominions are strong, open and growing. Nevertheless, the intensity of the world crisis and of the gathering war questions may compel a temporary accord; and it is necessary to be prepared for this possibility, and what it may involve.

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Previous imperial conferences have not so far been successful in checking the growing disintegration of Britain and the Dominions. The system of "Imperial Conferences" (in fact, conferences of Britain and the Dominions, since the representation of India is fictitious, and therefore conferences of the governments of the white populations of the Empire, or one-seventh of the Empire) have developed for nearly half a century, since 1887. They began, that is to say, only when the conditions of imperialist decline had already set in, when the British hold on the Dominions was already *weakening*.

BRITISH PROPORTION OF TOTAL IMPORTS OF EMPIRE COUNTRIES

	1875	1900	1913	1920	1931
Australia . . . . .	73	61	52	39	39
New Zealand . . . . .	64	61	60	48	49
Canada . . . . .	49	24	20	12	17
South Africa . . . . .	83	63	56	56	43
India . . . . .	77	65	65	47	34

In 1875 British capitalism still held an effectively monopolist hold on colonial markets. By the eighties the decline was already strongly visible. In 1887 the first imperial conference, or Colonial Conference as it was then called, was held. With the nineties came the first Chamberlain crusade for closer empire economic unity. Thus the imperial conferences have developed from the first as an endeavor to counteract the *weakening hold of British imperialism*, while the Dominions have utilized them to extort increasing recognition of their effective independence, and to bargain for economic advantages.

The elder Chamberlain, who became colonial secretary in 1895, already in 1896—

"broached the idea of a Zollverein, an inter-imperial Customs Union. *Free trade was to reign within the Empire, and a common fiscal policy was to be adopted towards foreign countries.* This

suggestion was, however, rejected by the colonies, who for revenue reasons found it impossible to dispense with their tariffs." (Drage: *The Imperial Organization of Trade*, 1911, p. 43.)

Thus the pressure of British capitalism toward "empire free trade," i. e. towards securing a protected market for its manufacturers in the colonial countries, began already nearly forty years back. The Dominions, however, vigorously, resisted the attempts to break down their barriers against British goods, and retreated behind the cover of "imperial preference," which still enabled them to maintain substantial tariffs against British goods. The Imperial Conference of 1902, while passing a resolution in favor of imperial preference, expressly stated that—

"In the present circumstances of the colonies, it is *not practicable to adopt a general system of free trade as between the mother country and the British dominions beyond the seas.*" (Imperial Conference, 1902.)

The first offensive of British imperialism to establish its economic hold on the Empire through a custom-union, associated with the name of the elder Chamberlain during the years 1896-1906, broke down on two rocks: (1) the resistance of the Dominions to any attempt to break down their tariffs; (2) the unwillingness of British capitalism as yet to abandon its free trade basis, which was still its most profitable basis in view of its world trade and world financial connections.

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The post-war crisis of British capitalism brought a new and very much intensified drive towards protection and towards the policy of so-called "empire economic unity." The reasons for this were obvious. First, the permanent and heavy weakening of British capitalism before its rivals led to an increasing readiness of all sections of British capitalism to recognize the final loss of the former world monopoly and the necessity of a protectionist policy. Second, the rapidly sinking position of Britain in the general world market led to a new and intensified importance to concentrate on the privileged empire markets.

The relations of British trade to empire markets and to the world market in the post-war period are important to note. While the fall in the world market is heavy, the fall in empire markets is much less; in the subject colonial markets (Crown colonies) there is actual increase. Between 1913 and 1927 British exports to non-Empire countries fell by 30%, but to Empire countries only by 9%; British imports from non-Empire countries rose by 15%, from

Empire countries by 40%. Thus the proportion of empire trade to the total steadily rose. In 1913 only 37% of British exports went to the Empire. In 1927, 46% of British exports went to the Empire. Similarly, in 1913, 20% of British imports came from the Empire; in 1927, 27%. On the other hand, from the side of the Empire countries, of the Dominions and India, the process was the reverse. The British proportion in their trade steadily diminished, even though still a lion's share, in favor of the United States and other countries. Dominion tariffs against Britain, despite preferences heavily increased.

*Thus we see a type of "scissors" in the economic relations of Britain and the Empire.* On the one hand, British capitalism in decay becomes increasingly dependent on the Empire, on privileged markets in the Empire, on supplies from the Empire. On the other hand, the Empire countries, wherever British control is weakened, move to increasing economic separation from Britain, to increasing entry into the world market; the Dominions develop increasingly as independent imperialist powers. The menace of this outlook for the whole future existence of British capitalism is obvious, and leads to increasingly desperate efforts to strengthen the hold in some form.

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The world economic crisis of 1929 to date brings this whole process to a head. Its immediate effect is to weaken still further the links between Britain and the Empire. The proportion of British exports to the Empire, which had risen to 46% in 1927 and 47% in 1928, falls to 44% in 1929 and 43% in 1930. At the same time the extreme gravity of the economic situation now makes universal in British capitalism the conviction of the necessity of a basic change. The decisive turnover of British ruling opinion, not only on the part of the manufacturing interests, but also on the part of the leading financial interests that had previously been closely associated with the free trade basis, was expressed in the Bankers' Manifesto of 1930. The Bankers' Manifesto of 1930 called for "urgent measures for the promotion of inter-imperial trade to secure and extend the market for British products":

"The immediate step for securing and extending the market for British goods lies in reciprocal trade agreements between the nations constituting the British Empire.

"As a condition of securing these agreements, Great Britain must retain her open market for all Empire products, while being prepared to impose duties on all imports from all other countries."

Similarly, the Federation of British Industries, the Association of Chambers of Commerce, even the Manchester Chamber of Commerce, and also the Trade Union Congress with its Empire Economic Memorandum of 1930, all moved in the same direction.

The imperial conference of 1930 could not yet approach these issues, since the necessary transformation of Britain onto a tariff basis had not yet taken place. In consequence, the 1930 imperial conference only revealed the deep antagonisms on both sides, and ended in full failure. The issue was adjourned to the Ottawa Conference of 1932.

The financial crisis of 1931 in Britain and the formation of the national government provided the opportunity for carrying through the transformation in Britain to a tariff basis. The far-reaching tariff system introduced by the Import Duties Act of February, 1932, made provision for full exemption for the Dominions and India *up till November, 1932*. The bearing of this date-limit on the Ottawa Conference was obvious. The British government was determined this time to enter the imperial conference with weapons in its hands. Alongside of this, a wheat quota system was also prepared in readiness.

But the financial crisis also brought to an extreme point the conflict of relations within the Empire. With the collapse from the gold standard, sterling lost its leadership in the Dominions. South Africa fights to maintain its gold standard, and even approaches Paris for a loan in its support, in the face of open British anger. Canada fights to maintain its dollar as close as possible to the United States level, and introduces prohibitive anti-dumping duties against British goods, on the grounds of the depreciation of the pound (duties payable on British woolen blankets, for example, rose from 21% in 1930 to 92% in 1932; on British socks and stockings from 23% in 1930 to 102% in 1932, and this in spite of "preference"). Australia seeks to stabilize its pound independently of sterling, and introduces heavy surtaxes against British goods. Only India is tied by force to sterling, and gold pumped from it to succor British capitalism in distress. At the same time extreme economic-political conflict, reaching the sharpest form of tariff war, develops between Ireland and Britain on the eve of the Ottawa Conference.

On the other hand, the Dominions, in their character as raw-material-producing countries, are most hardly hit by the world economic crisis, and in particular Canada, in respect to its wheat, timber, meat, etc.; and Australia, in respect to its wheat, wool, meat and dairy produce, most anxiously and desperately seek for any possible arrangements to secure a market. Hence, alongside



the intense conflicts, strong forces on both sides press towards an agreement.

The Ottawa Conference thus does in fact represent the supreme and crucial point of the endeavor of British imperialism, culminating on half a century of effort and preparation, to stem the growing disintegration and the decline of its hold upon the Dominions. For the first time, British imperialism, having transformed its own system in respect of tariffs at the cost of considerable sacrifices, is able to enter the conference equipped with strong weapons to enforce a bargain. At the same time, the Dominions are impelled by the special circumstances of the present crisis to seek a bargain more anxiously than previously, or than they would be likely to do subsequently. The British statesmen are thus correctly aware that it is a case of "now or never"; and that present success or failure will be decisive for the success or failure of the efforts at empire reconstruction in respect of the Dominions.

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What are the factors making for success or failure of this effort at the Ottawa Conference to reach a closer imperialist bloc on an economic customs basis?

The fundamental economic antagonisms between Britain and the Dominions, which have hitherto defeated all previous efforts, and are in fact still stronger and growing today, are well known. British imperialist propaganda speaks freely and smoothly of the "*complementary*" economic interests of Britain and the Dominions. This is fully incorrect. The relations of the British bourgeoisie and of the Dominion bourgeoisie are in fact *antagonistic* relations, despite all cover of patriotic sentiment, and despite also the measure of real common interest as joint exploiters in relations to the subject empire.

*The theory of "complementary" interests in reality holds concealed the old colonial theory, and can logically only be sustained in terms of that, i. e., the theory of Britain as the industrial metropolis of a ring of satellite colonies supplying raw materials and food-stuffs and providing markets for British manufactured goods. In fact, such a conception has long had to be admitted as obsolete in view of the advanced industrial development of the Dominions (the gross value of Canadian manufactured products in 1930 was 3,428 million dollars against 1,346 million dollars for agricultural products). British expression has consequently to tread warily nowadays, to speak with extreme "tact" and circumspection, to suggest only the "division" of industries between Britain and the Domin-*

ions, the removal of "redundant," "uneconomic" industries in the Dominions, etc. But the aim shines through all these circumlocutions as the old aim—to beat down Dominion industries and reconquer the Dominion markets.

*The aim of the British industrialists is to reconquer the Dominion markets; the aim of the Dominion industrialists is to keep the British goods out.* This is the first basic contradiction.

"From our point of view *the most important and indeed the only factor is what they (the Dominions) will do with regard to our manufactured goods.*" (J. H. Thomas, Dominions Secretary, December 11, 1931.)

"There will lie the real crux of the Conference so far as the Dominions negotiations are concerned—to *what extent they can offer a freer entry of British goods into these markets, not relatively to the foreigner, but to Dominion producers.*" (*Daily Telegraph* editorial "Ottawa's Real Crux," June 22, 1932.)

"The free admission of Canadian foodstuffs into Great Britain involves no such difficulties as those which arise when an effort is made to *extend the market of British manufactured goods in this country in competition with the products of Canadian industry. This problem will be one of the most formidable before the Conference.*" (*Montreal Gazette*, quoted *Times*, June 20, 1932.)

In its crudest expression the aim of British imperialism, behind all the "empire free trade" propaganda, is to break down the Dominion tariffs. Thus we find the following typical statement of "What Empire Free Trade Means" by Beaverbrook:

"It is the policy of the Empire Crusader, the policy known as free trade within the Empire, *to break down those tariff barriers that exist within the Empire and affect one portion of it against the other.*" (Beaverbrook: *My Case for Empire Free Trade*, p. 3.)

This is obviously impossible and directly denounced by every Dominion government ("Empire free trade is neither desirable nor possible"—Bennett, Canadian Premier, at the Imperial Conference, 1930). The Dominion tariffs have in fact been continuously raised, and not lowered, against British goods. Thus the empire free trade propagandists are brought to the realization that their full formula can in fact only be *imposed by coercion* — i. e., *on India and the Crown colonies*. This becomes the final kernel of their doctrine:

"Empire free trade means in the first place complete free trade between Great Britain and the crown colonies and other dependencies. This great free trade area will be protected by a tariff against the rest of the world; but the Dominions will be freely admitted within the wall, and will share equally in every

advantage which the home country derives from it. The Dominions will also be asked to enter into limited partnership with Great Britain." (Beaverbrook, in response to the challenge of Baldwin to define Empire free trade. *Daily Express*, September 30, 1930.)

Here the real significance of the imperialist colonial policy is laid bare. Britain and the Dominions are to enter into only "limited partnership"; they are to "share equally" in the exploitation of the subject four hundred millions of the real Empire, the colonial Empire.

In respect of the Dominion industries British official language has to be more circumspect, and to suggest only that industrialization has gone "too far," that it might be advisable to get rid of "hothouse" industries, etc.:

"There had been a market tendency in recent years towards the heightening of tariff barriers in the Dominions, both against each other and against Great Britain. . . .

"The Dominions would be asked to consider whether or not in their own interests they might not in some direction have gone a little too far and a little too fast in industrial development." (Baldwin in the House of Commons, June 16, 1932.)

"In Canada, as in Australia, there has been a tendency towards hothouse industrialization of this uneconomic character." (*Times*, January 12, 1932.)

On the other hand, the Dominion industrialists are equally determined to maintain and extend their hold on their own markets. The Balfour Committee "Survey of Overseas Markets" found in 1925 that since the war Dominion tariffs against British goods had increased by two-thirds, while foreign tariffs had decreased by one-fifth. The "preferences" were of very limited value, if the actual duties remained nearly prohibitive. The Canadian "offer" at the 1930 Imperial Conference, to raise the general tariff level by 10%, and make this an additional preference for British goods, was obviously, as the British Dominions Minister, Thomas, angrily declared, "humbug." The Lancashire Cotton Delegation to Canada in 1932, in preparation for Ottawa, found the same dead wall against their aspirations, and had to make the melancholy report that—

"The Canadian manufacturers brushed aside any suggestion that high protection should be modified in our favor."

They contrasted the "theoretical approval" of imperial cooperation by the Canadian manufacturers with—

". . . their reluctance as an organized body to contemplate the slightest diminution in the level of protection they had succeeded in obtaining against the British industry." (Report of the Lancashire Cotton Delegation to Canada.)

But this battle is not only in respect of manufacturers. The reverse battle takes place in respect of Dominion natural products and the British market.

*The aim of the Dominion exporters is to monopolize the enormous British market for foodstuffs and raw materials; British agriculture finds Dominion competition no whit better than foreign; British industry requires the cheapest foodstuffs and raw materials, with consequent full access to world supplies.* This is the second basic contradiction.

British imports of foodstuffs, taking the average of the five years 1924-1928 as a basis, amount to 548 million pounds. Of these 337 million pounds, or 62 per cent, come from non-Empire sources. British imports of raw materials on the same basis amount to 380 million pounds. Of these 245 million pounds, or 64 per cent, come from non-Empire sources. Thus, roughly, only one-third of British supplies of food and raw materials comes at present from Empire sources. It is obvious that an overwhelming transformation, and crippling to British industry, would be involved in an attempt to transfer to a mainly Empire basis. The British national government with unconcealed reluctance, contemplates the possibility of a wheat quota, and possibly a meat quota or meat tax, as a bargaining counter, to get an entry into Dominion markets. But it admittedly cannot contemplate any basic change.

“Great Britain as an industrial nation would certainly be unwilling to increase the cost of her raw materials. . . . Nor will she desire to cause any serious increase in the cost of living through duties levied upon foodstuffs for preference purposes.” (*Times*, September 24, 1930.)

But the contradiction goes deeper than any total figures can show. On the one hand, the most important Dominion exports of natural products, of wheat and wool, cannot find an adequate market in Britain, but must depend on foreign markets. Thus, on the basis of 1930 figures, the total overseas Empire exports of wheat exceeded the total British imports by 76 per cent, while the total exports of wool exceeded the total British imports by 84 per cent.

“Canada for her wheat, and Australia for her wheat and wool, have to seek customers outside the Empire, since the British markets alone could never absorb the whole of their output.” (*Times*, June 17, 1932.)

Thus the Dominions are strongly interested in maintaining and extending their non-Empire trading connections, and cannot afford to enter into any Empire agreement which would imperil these.

On the other hand, Britain is still more strongly dependent on its non-Empire trading connections, for two-thirds of its trade, both in respect of exports, and in respect of imports of foodstuffs and raw materials. As Baldwin stated at the opening of the Conference, 70 per cent of British trade is with foreign countries, and only 30 per cent with the Empire.

Not only this, but the Empire is incapable of supplying more than a fraction of many of the most important British imports of foodstuffs. The total overseas Empire exports of beef, if they were all directed to Britain, would only amount to 19 per cent of British imports of beef; of mutton, only 69 per cent; of bacon, only 6 per cent; of butter, only 57 per cent; of barley, only 20 per cent; of oats, only 15 per cent. The bulk of these would have to come from non-Empire sources, whatever duty was imposed.

Further, British capitalism has built up close connections, on the basis of these supplies, with non-Empire countries, such as Argentina and Denmark, which stand in a semi-colonial relation to Britain. In Argentina some 600 million pounds of British capital are invested. Well may the former British ambassador to Argentina, Lord D'Abernon, ask of the Empire free traders:

"What do they mean exactly by the word 'Empire'? Does it stand to them only for territory colored red on the map, or does it include territories in which British interests are of signal importance?" (Lord D'Abernon, *Times*, July 24, 1930.)

Similarly, the representative of the British meat trading interests, with their principal basis in Argentina, Sir Edmund Vestey, issues an angry pamphlet, *Britain's Economic Insanity*, against the whole Empire economic unity proposals:

"In view of the small purchases from us by the Dominions in comparison with our large purchases from them, they are not even entitled to the preferential treatment they are already receiving, let alone asking us for further sacrifices at Ottawa. . . ."

"The very life of Britain depends upon the extension of her trade, not only with the nineteen million white people of the Dominions, but, what is vastly more important, the five hundred million white people in the rest of the world."

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*On the face of it, then, on any bare calculation of immediate economic interests, the prospects of reaching any agreement of importance at Ottawa are extremely limited.* The interests are deeply divergent. The hesitations of the British delegation before the insistent Dominions' demands, the doubting note of Bald-

win's opening speech, the continual insistence on the necessity of maintaining world connections outside the Empire, are easily comprehensible.

*Nevertheless, it is manifest that British imperialism has made a basic turn in its policy with the transformation to tariffs and is now staking very much on achieving a far-reaching agreement at Ottawa.* The sending of seven ministers to Ottawa, including Baldwin, the effective head of the government, Neville Chamberlain, the Chancellor of the Exchequer, and Hailsham, the Minister for War, is sufficient evidence of the importance attached. What, then, are the hopes and aims, and what lie behind them?

It is suggested that a limited economic agreement of mutual advantage can be reached, on the basis of a preferential entry for Dominion natural products into British markets, and of British manufactures into Dominion markets. This is the line pressed by Canada and Australia at the last imperial conference, and also at the present one. It is obvious, however, that such an agreement would be on the face of it of very unequal advantage. The market for which the Dominion capitalists' mouths water, the market represented by the foodstuffs and raw materials imported by Britain from non-Empire countries, is worth, according to Thomas' statement at the 1930 imperial conference, 467 million pounds. Taking the white population of the Dominions at 19 millions, this market would be worth to the Dominions, if they were in a position to capture it, over 24 pounds a head. On the other hand, the market for which the British capitalists long, the market of manufactured goods imported by the overseas Empire from non-Empire sources, is worth 235 million pounds. Against a British population of 45 millions, this represents a fraction over 5 pounds a head. The disparity is considerable. And in fact the very limited value of the preferences in the Dominion high tariff systems has already been demonstrated.

*Accordingly, if British imperialism is prepared to enter into such an agreement now with the Dominions, it represents a conscious immediate sacrifice on the British side in order to win the Dominions, to strengthen its weakening hold, to build a stronger imperialist bloc, to further its basic strategic aims.*

It is here that we begin to come to the real kernel of the Ottawa Conference. The issues of Ottawa cannot be discussed only on the basis of *internal Empire relations*, but must be viewed above all on the basis of *external Empire relations*, on the basis of the fight between the imperialist world blocs, and above all of the fight of *British imperialism against American imperialism*, and

further, of the fight of British imperialism *against the Soviet Union*. It is in these relations that the deeper aims of the policy of British imperialism at Ottawa stand out.

The line of the fight against America runs as a red thread through all the Empire propaganda of British imperialism, including, be it noted, of British social-fascism.

"The exports of the United States are half as big again as those of Great Britain, and their exports of manufactured goods have actually exceeded the exports of manufactured goods from Great Britain. . . .

"Where is it that the United States is building up this immense export trade? It is a strange story.

"It is being got in the British Empire; 44 per cent of all the exports of the United States go to the British Empire—a most startling and astonishing situation.

"The United States actually sells more to the Dominions than Great Britain sells to them.

"Can we recover? Of course we can." (Beaverbrook: *My Case for Empire Free Trade*, p. 15.)

"We must organize as America has organized. We must mobilize our resources on an equal scale. An island nation cannot do this, but a world commonwealth can. The British Empire has a greater potential home consumption than the United States. She has a larger population, vaster territories, greater natural resources. . . . The trade union movement must follow with the closest attention the proposals that are being made for the organization of the British Commonwealth as an economic unit." (Chairman's Address, Trades Union Congress, 1929.)

No less clear is the declaration of the Federation of British Industries, already quoted at the outset of this article, on the fight to prevent the Dominions from falling "under the domination of some foreign economic group."

United States' policy on its side shows itself equally clear on the character and significance of the Ottawa Conference. We may note already Hoover's declarations, a few weeks before the opening of the Conference, denouncing preferential tariff agreements as—

". . . 'the very breeding ground for tariff wars' and leading to 'international entanglements of the first order.'" (*Times*, May 13, 1932.)

The publication of the United States-Canada St. Lawrence Waterway Treaty on the very eve of the Conference was a no less significant gesture. As the Washington correspondent of the *Times* declared:

"It was timed to appear before the Conference in Ottawa, and to serve as a reminder of the essential and complementary interests of the American and British peoples." (*Times*, July 23, 1932.)

We may note, also, the declaration of the House of Representatives majority leader, Rainey, denouncing Ottawa as threatening to yield results "most dangerous to the U. S. A." American exports of \$1,600 millions to the Empire were, he declared, at stake.

"A policy of high tariff walls around the British Empire is a most dangerous policy for us." (*Manchester Guardian Weekly*, July 22, 1932.)

*The Ottawa Conference thus draws its deeper significance as a phase in the basic Anglo-American antagonism.*

This is to deal only with the overt agenda of the Conference. But every imperial conference has its secret side, which is also its more important side, and where the *strategic and war aspects* of the policy of British imperialism come directly into play. Thus the 1911 imperial conference, in which the foreign secretary, Sir Edward Grey, took direct part in secret session, was used to prepare the ground for the coming of war with Germany. In the same way there is no doubt that *direct war questions will play an important part in the real proceedings of the Ottawa Conference.* The significance of the presence of the British war secretary at Ottawa is obvious.

In this connection may be noted the statement of the former editor of the *Times*, Wickham Steed, in an article for the foreign press on the imperial conference (the present quotation is re-translated from the *Brussels Soir*, July 8, 1932). He brings the imperial conference into relation with the Far Eastern war situation, and with the consequences of British-French support of Japan and direct refusal of the American Stimson line.

"The American people, convinced that armed force will be necessary to wipe out Japanese domination in the Far East, will demand a heavy increase of the American Navy. Leaving out of account the new era of armaments which this will open in Europe, the British government will find itself in a terrible dilemma. It will be condemned to choose between a large increase of the British Navy, to maintain the famous 'parity' with the United States, or the abandonment of its naval position in the Pacific. The more the situation develops in the direction of an inevitable conflict between the United States and Japan, the more cruel this dilemma will become; for, while an increase of naval expenditure will threaten the budget balance, the abandonment of the British naval situation in the Far East *would compel Canada, Australia and New Zealand to look for their security by the side of the United States.*



*"It is this issue, I believe, which will be discussed between the sessions of the Ottawa Conference as much as any of the questions on the formal agenda. The feeling that we are moving to a new world war may drive the Dominions to enter into an agreement with Britain on economic and political problems."*

"The feeling that we are moving to a new world war"—that is the driving force which may compel some measure of agreement out of all the contradictions.

Alongside of this, goes the *direct and open connection of the Ottawa Conference with the drive against the Soviet Union*. Every speech in the Conference, even more than the propaganda preceding the Conference, reveals direct and open attack against the Soviet Union.

"The great danger to confidence was the products of the labor of 160 million prisoners—the people of Soviet Russia, and measures must be taken to avert that." (Amery, in the House of Commons debate on Ottawa. *Times*, June 17, 1932.)

"State-controlled standards of living, state-controlled labor, state-aided dumping dictated by high state policy, conflict in theory and practice with the free institutions of the British Empire. Subordination of the individual right of liberty to a national economic plan affronts our whole idea of national development." (Presidential Address of the Canadian Premier, Bennett, at the Ottawa Conference. *Times*, July 22, 1932.)

This is the language of open provocation to war—on behalf of the "liberties" of the Empire slave-plantation. Such language found its echo in every speech in the Conference.

\* \* \* \*

To sum up. *The significance of the Ottawa Conference is, not simply as a phase in the internal development, i.e., in the disintegration of the British Empire, but above all as a phase in the developing world situation and war crisis, in the developing antagonism of British imperialism against American imperialism, and in the drive to war against the Soviet Union*. The driving force of these issues may lead to a temporary agreement as the outcome of the Conference, although the deep economic antagonisms make even this uncertain. But such a temporary agreement, if reached, will not mean any solution of the deep and growing antagonisms and disintegration of the Empire; on the contrary, it will only herald the closer approach to world war, the conditions of which are likely in fact to mean the decisive break-up of the Empire. The workers in Britain and the Empire are to be shackled with the costs of heavier tariffs in order to pay for the war plans of British imperialism. This is the plain and immediate meaning of the Ottawa Conference.

# The Bankruptcy of Capitalism and Capitalist Education

EXTRACTS FROM SPEECH OF JAMES W. FORD, VICE-PRESIDENTIAL CANDIDATE OF THE COMMUNIST PARTY U. S. A., AT THE TWELFTH ANNUAL TEACHERS' AND STUDENTS' EDUCATIONAL CONFERENCE, NEW YORK CITY, AUGUST 4, 1932.

**I**N the face of capitalist bankruptcy, the capitalists and their agents are making desperate efforts to convince the workers that capitalism is still the best system in the world. In the face of Socialist construction in the Soviet Union they continue to proclaim the superiority of their own declining system of society. They tremble at the prospect of millions of workers taking the Soviet way out of the crisis. Let us take two of the most recent and typical of the assurances of the soundness and superiority of the profit system. On July 11, for example, Dr. Marcus Nadler, director of the Institute of International Finance, assured the Institute of Public Affairs at the University of Virginia that capitalism was doomed. "The capitalistic system," he said, "is still the best economic system which the human brain has devised, but it must be shorn of the excessive greed for profits of the individual or the corporation and must be replaced by a sense of broad social responsibility to the entire community. A democracy which lives on hollow phrases and which permits politically free men to starve has indeed outlived its usefulness."

Former President Calvin Coolidge, in the July 15 issue of *Colliers' Weekly*, also tries to convince the impoverished and starving people of the United States that the capitalists' "system has worked better, and is now working better than any other that was ever devised. Under it we have more progress and more comfort than ever came to any other people. Even in our present distress we are better taken care of than we could be under any other system."

Of course, only a person with the imagination and mentality of a Coolidge could take a social catastrophe of the depth and scope of the present crisis as a basis for an exultant and self-satisfied boasting of the "achievements" of the capitalist system. Actually, however, we are dealing here with a typical example of the shameless lies to which the capitalists resort in order to prevent the workers from resisting starvation, wage cuts and a general lowering of

their standard of living. It is a positive proof that the capitalists, rolling in wealth and luxury, are absolutely unable and unwilling to understand or feel what unemployment, hunger and suffering mean to the working class! For the rest, how much stock we can put in the "hollow phrases" of both the Nadlers and Coolidges can be seen from the fact that while the "scientific" Dr. Nadler assures us that capitalism will continue to be the best system, especially if it is "shorn of the excessive greed for profits," silent Mr. Coolidge, who ought to know, insists that "we are wise enough to know that there is no system of property rights that is proof against human folly and greed."

However, no amount of such assurances of the superiority of this system of "human folly and greed" can hide the fundamental fact that the more capitalism produces, the worse are the crises it unleashes. The present crisis is the worst crisis in the history of capitalism. It has come at a time when capitalist technique and capitalist industry have attained their highest development. It has come *after* Hoover proclaimed before the whole world that poverty had practically been abolished and eternal prosperity would reign over the country. The present crisis differs from all previous crises in precisely this, that despite and *because* capitalism has reached the *height* of its development, it has produced the deepest, most far-reaching and protracted crisis in its history. Such a contradiction is possible only in a system which is already in the process of decline and decay. Moreover, the present capitalist crisis has occurred at a time when a hundred and sixty million people, occupying one-sixth of the earth's surface, have overthrown their capitalist rulers and have shown in life itself that the world *can* be run without blood-sucking userers and profit-mongers; indeed, that only by driving out the capitalists and establishing a workers' and farmers' Socialist system can the world be *freed* from devastating crises, mass unemployment and bloody wars.

After a hundred and fifty years of development, capitalism is bankrupt. All the achievements of modern science, all the conquests over the forces of nature, the whole unprecedented increase in the social forces of production have, *under capitalist control*, only succeeded in piling up fabulous wealth for a handful of parasites while spreading hunger and misery throughout the great majority of the population. Like the charred ruins of a fire that has devastated a whole country, fifteen million unemployed American workers stand as a living indictment of the whole capitalist system. The great majority of people in this country are today faced with a life and death issue: shall we accept mass unemployment, wage cuts, con-

tinually falling standards of living, mass poverty and ever-growing menace of a new imperialist war; in short, shall we accept the capitalist way out of the present crisis, or shall we follow the example of the Soviet Union and forge our own working class way out, by freeing the factories from the death grip of a handful of billionaires and producing for the welfare of all instead of the profit of the few. The whole progress of the world, of the forward development of civilization, the future of the working people, depends upon the determination and the ability of the oppressed and exploited to unite in a mighty and irresistible movement to achieve this end. Society has reached such a point that it is possible not only to produce enough for the bounteous consumption of all members of society and for a generous reserve fund, but also to allow each individual sufficient leisure so that the permanent achievements of culture are not only preserved but transformed and further developed from a monopoly of the ruling class into the common property of the whole of society. With the development of the productivity of human labor to a point where the monopoly of its products by a handful of parasites transforms superabundance into immeasurable poverty of the majority, the last pretext has disappeared for the existence of a ruling class. The final argument in defense of class difference has always been: there must always be a class which will not have to struggle producing its daily means of subsistence, so that it can have time to accomplish the intellectual labor of society. This argument which once had its historical justification, has had its very root destroyed once for all not only by the great industrial revolution of the last hundred and fifty years, but by the present crisis of "overproduction." The existence of a ruling class has become a hindrance to the development of science and art. The capitalist class not only stands in the way of life, but in the way of free education and development of the great majority of people.

Let us examine the state of education at the present time. The decline, the moral and spiritual decay which characterizes capitalism as a whole, is also reflected in the sphere of education. In fact, education reproduces in miniature all the general features of the crisis and in turn supplies a penetrating measure of the decay of a system which blocks and retards all the forces of progress at a time when it is materially best able to advance them. Overproduction, unemployment, wage cuts, lower living standards, and the reduction of educational expenditures, have characterized the educational situation during the last three years, resulting in a

worsening of the conditions of instruction and impairing the quality of the teaching.

#### EDUCATIONAL "OPPORTUNITIES" UNDER CAPITALISM

Charles H. Judd, of the University of Chicago, summarizing the educational situation in the *American Journal of Sociology* for May, 1932, stated:

"Shrinkage in revenues available for the conduct of public schools amounted in some cases to as much as 20 per cent. A canvass of public school systems made in the middle of the year showed that there were practically no cases in which increases in resources could be reported and that in 40 per cent of the school systems school revenues were reduced below the level of the year preceding. Many of the systems which escaped reduction in their budgets during 1931 were quite certain to experience curtailment during 1932.

"There is no uniformity in the methods adopted to effect retrenchment. In most centers there is a disposition to maintain, as far as possible, the schedules of the teachers' salaries. In a few cases salaries for the year have been reduced either through the closing of schools for a period or through consent on the part of the teachers to serve for a time without pay. Economies of minor types have been very common. The supervisory force has been reduced. Summer schools have been abandoned. Classes for adults have been closed. More fundamental changes have been introduced in the form of reorganization of classes. Classes have sometimes been increased in size, and periods of instruction in laboratories and shops have been shortened."

In spite of the vaunted achievements of capitalist education, one child in seven, or 14.2 per cent, does not reach the seventh grade; more than one child in five, or 23.2 per cent, does not reach the eighth grade. Only one child in four, or 26 per cent, completes a high school course, according to the United States Bureau of Education, Bulletin, No. 3, 1930. Nevertheless, the list of teachers unable to find work after graduation is enormous. The recent demonstrations of a militant section of the unemployed teachers of New York only serve to emphasize the acuteness of the situation. And yet, "overproduction" of the number of teachers in relation to the available jobs continue. According to Professor E. S. Evenden of Columbia University, in a preliminary report of a national teachers' survey issued a few days ago, the number of students in American colleges, universities and normal schools preparing for the teaching profession has increased 105 per cent in the last ten years. "The situation is further complicated," Professor Evenden states, "by the retrenchment policies adopted by many school districts." This is further substantiated in the annual report of the

Barnard College Employment Bureau issued by Katherine S. Doty last November 21:

"In the teaching field," Miss Doty reports, "the New York City situation has been particularly disastrous for our graduates. Additional complications are again presented by the state of New Jersey which has just increased its practice teaching requirements from six to eight points. Under these present conditions it is certainly advisable, as our acting dean, the President of the United States, and others have publicly urged, that the recent graduates as far as possible take this opportunity of further study and preparation. Unfortunately many of them, because of family finances, need especially to get work and find it difficult to follow this advice.

The Research Division of the National Education Association made a survey of the over-supply of teachers and was forced to admit that "there was a surplus of persons with teaching licenses in 1929-1930 in a number of states," 1929-1930 being the period covered by its investigation.

#### THE CRISIS AND ITS EFFECTS ON EDUCATION

The Seattle *Star* of last October 31 supplies another typical account of the effect of the crisis on education, this time way out on the west coast. According to the *Star*, \$125,525 was cut from the Seattle school budget in 1931. The school teachers of Seattle were forced to waive their contract clause allowing them sick benefit pay. "Other economies effected," according to the *Star*, "are elimination of vacation and sick benefits for school employees other than teachers, reduction in extra-curricular compensations, reductions in compensations of substitute teachers and reductions of salaries of principals and clerks."

However, perhaps the most typical example of wage cuts, elimination of social insurance and a general lowering of the standards of living of school teachers at a time when capitalism has reached its greatest material wealth, is the school situation in the middle west, and particularly in Chicago, the second largest city in the richest country in the world. Two days ago, the New York *Times* reported that the thousands of Chicago's school teachers and school employees who have received no pay for more than half a year, *may* receive wages for the last half of *March*, "if the legal requirements can be arranged." Many of the school teachers are actually starving; cases of fainting in the class room from lack of food have become quite common. Most of the teachers have exhausted their credit and many of them have lost their little homes. The usual educational trips abroad during the summer vacation

period have become a thing of the past. Naturally, under such circumstances, the quality of teaching is at its lowest ebb.

The picture is equally black, if not worse, as far as the working class school children are concerned. According to a report by Don O. Rogers, director of a building survey for the Chicago Board of Education, "more than 67,000 Chicago school children are being handicapped in their effort to obtain an education by lack of adequate accommodations in elementary, junior and senior high schools."

The schools are dangerously overcrowded and makeshift schemes have been adopted to distribute the children. "Portable" schools similar to the old one-room country school houses, are being used. They cluster like outcast hovels around the main school buildings which have exhausted their seating capacity. A total of 14,000 children are compelled to work in poorly lighted basement rooms, which is ruinous to their eyesight and health. Twenty-five thousand have had their schedules arranged in a most inconvenient manner, having to attend school before and after the regular session of other classes. Concentration for the children in many cases is impossible. They are compelled to attend what is called "double" schools, where one group recites while another group in the same room studies; or they are forced to hold classes in improvised rented quarters. For example, one school of 1,200 children attended classes in a rented factory. The boasted "facilities and equipment" of the modern capitalist school are unknown to many school children in Chicago. Many of them have never been in a school gymnasium or auditorium. According to the report, some classes are held in "old and dilapidated" buildings, endangering the lives of the pupils.

Moreover, there are thousands of children who cannot take advantage of even these limited educational facilities because of lack of clothes to wear, actual weakness from hunger or because of the necessity to help support the family in one way or another.

#### JIM-CROWISM IN THE EDUCATIONAL SYSTEM

Jim-Crowism and segregation is prevalent in the sphere of education as well as in every other sphere of capitalist society. Throughout the South, separate Jim-Crow schools are maintained for Negro children. All told, school terms are shorter, and equipment is poorer than in the white schools. In South Carolina, for example, the total expenditure per pupil enrolled in 1928 was \$60.25 in the white schools and \$7.65 in the Negro schools. School property (building, equipment, etc.) was valued at \$134 per pupil in the white schools and \$17 in the Negro schools. Even in Charleston County which had the higher average salaries for Negro teachers

in South Carolina, they were paid less than half as much as white teachers.

Compare these facts with the advance of the cultural revolution in the Soviet Union. Expenditures for popular education in 1930 were over \$1,000,000,000. In 1932 the national budget calls for an expenditure of 9,200,000,000 rubles for social-cultural enterprises. Some 450,000,000 books were printed last year in the Soviet Union, or about four times the pre-war output. Illiteracy is steadily decreasing and among trade unionists has almost entirely disappeared. Before the November Revolution only about 7,000,000 children attended school; now there are 23,000,000. In the secondary schools there are now eight times as many pupils as in pre-war days. Altogether, 46,000,000 people, or one-third of the population, are attending educational institutions. In 1913 only about 25 per cent above the age of ten could read; 90 per cent of women were illiterate. Illiteracy has now been practically eliminated from the industrial centers. And by the end of this year, it is to be liquidated completely.

#### EDUCATION IN THE SOVIET UNION

In the sphere of technical and higher education in the Soviet Union, the advance has been equally great. In 1930 there were 22 higher scientific institutes for training engineers and directors; in 1931 there were 106. There are 584 technological schools where the best shock brigaders are trained as assistant engineers. This year there are 420,000 students in these technological schools. Three hundred and fifty thousand will study in special workers' schools known as *Rabfacs*, while one million youths will be trained in the factory schools and will be paid while learning. There are 120 scientific research institutes in addition to 47 agricultural research stations on the state collective farms; 10 transport; 44 people's education; and 34 protection of health laboratories.

In the United States, on the other hand, capitalism not only tends to check technical and scientific development, but it renders valueless the scientific training of thousands of technicians and engineers by depriving them of work. Even before the present era of monopoly, capitalism exhibited tendencies to interfere with scientific development. Karl Marx, for example, cites the case of a stone-crushing machine invented by Englishmen but not adopted in England because the workers doing that work were paid so little that the introduction of the machine would have rendered stone-crushing more expensive to the capitalists. A large number of other English inventions were first applied in America because labor was too cheap in England. For scores of years the European Association of Bottle



Manufacturers deliberately blocked the adoption on the continent of the American machine made by Owen for the mechanical manufacture of bottles. Even the famous Diesel motor was prevented for a long time from being utilized due to the opposition of the coal operators whose domination it threatened.

These reactionary tendencies, however, become particularly pronounced during the present stage of monopoly capitalism. Buying out patents, supporting obsolete plants, fixing cartel prices according to manufacturing costs of the worst plants, secrecy in scientific work, fear of innovations that threaten depreciation of the old capital stock—these are some of the practices which clip the wings of science within present-day capitalist society. Instead of going forward by leaps and bounds in a free and all-sided development in the service of an ever-richer social life, science is bound hand and foot to the reactionary caprices of a handful of capitalist parasites who measure everything by the amount of profit it will net them. Aside from the fact that a tremendous part of scientific research is directed towards the development of forces of destruction, to give the capitalists of each nation superiority in the struggle for profits, the fact remains that capitalism today stands in the way of the fullest exploitation of science for the reduction of the working day to a minimum. *Iron Age*, the organ of the United States Steel industry, for example, admits that by putting all the industrial plants in the United States on the level of modern technique, it would be possible to shorten the working day to one-third of the present while at the same time doubling the output. If this were done, unemployment would be eliminated—but so would the capitalists whose ownership of industry prevents this. The growing demand for scrapping machinery and returning to hand labor in order to provide work shows the reactionary lengths to which capitalism will go in order to maintain its monopoly. Instead of lightening the burden of toil each year, capitalism has reached the point in 1932, where, in the face of the world's finest machines, it can only save itself by increasing the amount of physical labor. Such an insane contradiction is only possible in a system where social production cannot physically continue without destroying the social barrier of private ownership and appropriation.

#### CAPITALIST DECAY AND SCIENCE

However, the immediate, and most tangible evidence of the cultural decay of capitalism is the increasing unemployment of scientific workers, technicians and engineers. After spending years in preparatory training, thousands of these professional men are unable

to find work. One might imagine that the blessings of science have become so great and widespread that the services of the men of science are no longer necessary. But the fact that increasing numbers of these men themselves are rendered jobless and thrust upon the mercy of capitalist charity reveals the absurd and reactionary contradiction of capitalism today. Here too is revealed the help-less anarchy of a system which not only requires a decreasing number of scientists in the face of mass starvation and misery, but which at the same time permits a "surplus" of these very scientists and technicians to be added to this army of unemployment and hunger. In New York City alone, for example, it was estimated that 2,500 engineers were unemployed. And that was last November. According to the *New York Times*, nearly 1,500 architects and draftsmen were looking for work at the bureau maintained by the American Institute of Architects in New York. The Cleveland Engineering Society has 1,407 chemists, architects, and engineers registered with its employment bureau. The *Cleveland Press*, for example, carried a feature story with the following heads: "*Jobless Engineers Will Go Back to Toil—2,000 Chagrin Valley Acres. City's Unemployed Technical Men Will Raise Own Produce, Trade It for Staples; No White Collars as They Hoe Individual Plot.*" According to the plan of the Cleveland Engineering Society, each man is to be assigned one acre on which he can grow his vegetables and farm produce. Pay will be in the form of scrip, negotiable at a central market. "Both the scrip and the produce raised by the men on their acre," the *Press* continues, "can be bartered at the market, to be established in valley, for food staples, clothing and other necessities."

Thus not only does capitalist economy break down and return to the primitive system of barter, but men trained for the highest type of technical work are forced to scrap their skill and begin all over again learning a new occupation, for which they are entirely unfitted, under the most primitive conditions and on a charity standard of life. The tragic irony of such futile gestures on the part of the most superior capitalist system, of course, is the simple fact that the millions of people who are professional farmers are not only unable to make a living, but are actually losing their farms in the process. In Louisiana, for example, one-fourth of all the farms were recently sold to meet foreclosed mortgages.

The following description of the situation in Germany is typical for the whole capitalist world. According to Professor Matschos, former chairman of the German Society of Engineers, writing in the society's journal for spring, 1931, there are about 40,000 stu-

dents in the higher technical schools of Germany. Of these, 8,000 graduate annually.

"Among the graduates there is terrific unemployment. On an average, only 20 per cent secure jobs, 10 per cent continue studying, 20 per cent take on any work outside of their profession and the remainder, about 50 per cent, are left without any occupation. It is no longer a rare sight to see engineers with diplomas sleeping in doss-houses that open their doors at 10 P. M., who do not enjoy a square meal, who consider themselves lucky if they manage to earn a few marks on any odd job, such as dish-washers, cigarette vendors, hired dancing partners, etc. . . . The societies of engineers are warning more and more about the profession being overcrowded beyond all proportion, warning against all expectations and demanding a rigid selection. What is going to be the outcome of all this? They are now figuring on 15,000 graduates, but we are told that there are going to be 40,000 by 1934. Provision is at present made for about 13,000 academic graduates to be employed in 1934, while there are now 30,000 of them unemployed."

Capitalist education thus stands bankrupt and in the iron grip of the same process of decline and decay affecting the entire capitalist system. The crisis has demonstrated the utter futility of the conception of education as a self-sufficient force divorced from the fundamental processes of social development. It has demonstrated the falsity of artificially erecting arbitrary barriers between education and the ever-sharpening class struggle in society today.

In spite of the much vaunted superiority of the technical and educational achievements of capitalism, the fact remains that its highly developed educational apparatus has not prevented the chaos of the present economic crisis. On the contrary, less than three years ago its most advanced thinkers and teachers tried to convince the world that crises had been abolished and that poverty had seen its end. The achievements of scientific research have even contributed towards the development of the present economic crisis.

Education has failed to prevent the crisis or even to affect its development, because the capitalist system, which produces crises, is not a rational system of production in which the ultimate actions of society are identical with its original purposes. In a system which is not based upon a planned economy but upon an essential anarchy of social production, education and reason, insofar as it is the education and reason of the ruling class, are utterly helpless. This was clearly grasped and expressed recently by a leading capitalist educator, Dr. Paul Klapper, dean of the School of Education at the College of the City of New York:

"Education in our democracy is a much indicted institution," Dr. Klapper declared. "People ascribe to the failure of the school many

of our social ills, forgetting that education has ever been a product of existing social order, charged with the function of rationalizing and perpetuating the society that supports it. However progressive the teacher and however free and unfettered the school, they nevertheless seek to justify what is."

Only in this light can we understand the role education is playing and can play at the present time. To the extent that education remains an adjunct of capitalism, both educators and educated will suffer from the unarrestable decline and decay of capitalism. The free development of education, art and science depends upon the ability of the educators, artists and scientists to free themselves from the fetters of decaying capitalism and to unite with the revolutionary movement of all toilers, the only force that can achieve this end. Capitalism holds no future in store for the intellectuals of this country. Its whole perspective for the intellectuals is the same as its perspective for the working class as a whole: unemployment, wage cuts, ever lower standards of life and work. The Soviet Union, which shows the workers of the whole world the way out to a society free from unemployment, hunger and war, also shows the intellectuals of the whole world the only path leading to the free and unhampered development of art, literature and science. There can be no free development of art and knowledge where mass misery, hunger, suicide and insanity constitute the material basis of society and the general lot of the vast majority of manual and mental workers.

#### THE CRISIS AND THE NEGROES

The inescapable truth of this should be particularly clear to the Negro people and the Negro intellectuals. The highest achievements of capitalism have trickled down to the Negroes over a blood-stained wall built up out of Jim-Crowism, segregation, peonage, and lynching during the last 150 years. At the height of its material and cultural development American capitalism has lynched over 150 Negro workers and farmers in the last year and a half. The Negro people, constituting one-tenth of the population, are a social outcast. Unemployment among Negroes is from 75 to 100 per cent greater than among whites. The death rate is as much as 200 per cent higher. Unsanitary housing and overcrowding is beyond description, resulting in a terrific disease toll. Every illiterate Negro knows these facts from his own experience. Despite all the hypocritical promises of Republicans, Democrats and Socialists, the Negro people have nothing to gain from the capitalist system. But the Negro people cannot free themselves without waging a determined revolutionary struggle against capitalist oppression and sla-

very. On the other hand, they cannot free themselves alone, just as labor in the white skin cannot be free as long as labor in the black skin is oppressed and enslaved. But the Negro people will not have to fight alone. The revolutionary white workers, under the leadership of the Communist Party, have shown their determination to fight shoulder to shoulder with the Negro workers and the Negro people in the struggle for emancipation. The struggle to free the nine Scottsboro boys, in which revolutionary white workers have already given their lives, is at the same time a struggle for the freedom of the entire Negro people from the very system that produces lynch frame-ups and holds over nine million people in peonage and bondage.

It is necessary to break through the traditional conception of education if our understanding is to become a practical force in shaping the course of history. The idea that education is confined to educational institutions, that it is merely a study of books, is at best an unreal and poverty-stricken conception. It does not grasp the real relationship of education to social life. If ideas are to become a force they must seize hold of the masses. In this respect, the basic struggle of society today is the struggle between the ideas of capitalism and the ideas of Communism; the struggle between the capitalist way out of the crisis and the revolutionary working class way out of the crisis. The political parties of capitalism, the Republican, Democratic and Socialist parties, all aim to convince the workers to accept the capitalist way out of the crisis. They are part of the total system of capitalist "education," which, as Dr. Klapper admitted, aims to justify and preserve capitalism. From one point of view, politics may be described as a continuation of class education by special means. There are no fundamental barriers between the two. The question to be asked is: Which politics and which education? The Communist Party is the sole political force for the education of the widest masses to the only way out of a system whose highest achievements are mass starvation, misery and war. The present election campaign of the Communist Party is a gigantic venture in the education and organization of every section of the working class, Negro and white, native and foreign born, for a revolutionary struggle out of the capitalist crisis. It calls upon every honest intellectual to rally to the support of its platform and invites every one to study and act upon it.

# Lessons of the Revolution

By V. I. LENIN

*EDITORIAL NOTE: On November 7 of this year the world's toiling masses will celebrate the Fifteenth Anniversary of the victorious proletarian revolution in Russia and the establishment of the Soviet Government. With the publication of this article THE COMMUNIST begins a series of articles by Lenin which deal with the different periods between the beginning of the revolution and its successful development toward the seizure of power under the leadership of the Bolshevik Party with Lenin at the head.*

*What is especially important for our Party is to absorb the lessons of the Russian Revolution and the achievements of the building of Socialism in the Soviet Union. We will therefore in addition to the Lenin articles carry in the October and November issues of THE COMMUNIST articles on the application of the teachings of Leninism to the tasks facing our Party in the struggles against American imperialism and for the proletarian revolution in the United States.*

*Elsewhere in this issue are announced a number of hitherto unpublished pamphlets by Lenin covering the period from February to October. THE COMMUNIST urges the widest distribution of pamphlets and books containing Lenin's writings and literature dealing with the successful achievements of the Five-Year Plan of building Socialism and the promulgated second Five-Year Plan, as well as all other literature dealing with the Russian Revolution and the teachings of Lenin and his best pupil and co-worker, Comrade Stalin.*

**E**VERY revolution means a sharp turn in the life of the great masses of the people. If this turn has not matured, no real revolution can take place. And in the very same way as a turn in the life of any person teaches him a great deal, compelling him to go through and to feel a great deal, so also a revolution gives to every people in a brief time the richest and most valuable lessons.

During a revolution millions and tens of millions of people learn each week more than they do in a year of the usual somnolent life. For at a sharp turn in the life of a whole people it becomes particularly clear which classes of the people pursue which aims, what force they possess, by what means they act.

Every class-conscious worker, soldier and peasant must ponder the lessons of the Russian Revolution, particularly now, at the end

of July, when it has become obvious that the first period of our revolution has ended in failure.

What indeed were the masses of workers and peasants striving for when they made the revolution? What did they expect of the revolution? It is known that they expected freedom, peace, bread, land.

But what do we see now?

Instead of freedom the former rule of willfulness begins to be reestablished. Capital punishment is being introduced for the soldiers at the front. The peasants are being placed on trial for seizing the landowners' land on their own initiative. The printing plants of the workers' papers are being raided. Workers' papers are being closed without trial. The Bolsheviks are being arrested, often without any charges or with obviously caluminous charges.

One may perhaps argue that the persecution of the Bolsheviks does not constitute a violation of freedom, for only certain persons are persecuted on certain charges. But this argument is an avowed and obvious untruth, for how can one raid a printing press and close a paper for the crimes of individual persons even if those charges are proven and recognized by the court? It would be quite different if the government had legally declared the whole party of the Bolsheviks, their very line, their views, to be criminal. But everybody knows that the government of free Russia could not and did not do anything of the kind.

The main thing to be considered at present is that the papers of the landowners and the capitalists furiously swore at the Bolsheviks for their struggle against the war, against the landowners and against the capitalists, and demanded open arrests and persecution of the Bolsheviks even at a time when not a single charge had been invented against a single Bolshevik. The people want peace. The revolutionary government of free Russia has again started waging a war of conquest on the basis of the very same secret treaties which former Tsar Nicholas II concluded with the English and French capitalists in order that the Russian capitalists might rob other peoples. These secret treaties have remained unpublished to the present day. The government of free Russia has used subterfuges; it has failed to offer to all the peoples a just peace.

There is no bread. Famine is looming again. Everybody sees that the capitalists and the rich are shamelessly deceiving the treasury in the matter of military contracts (the war now costs the people fifty million roubles daily), that they make unheard-of profits through high prices, but the workers have done nothing by way of earnestly keeping account of the production and distribution of goods. The capitalists are becoming more and more

brazen every day, throwing the workers into the streets at a time when the people are suffering from a goods famine. A tremendous majority of the peasants have loudly and clearly declared at a long series of congresses that they proclaim the landowners' property in land to be unjust and predatory, yet the government, which calls itself revolutionary and democratic, keeps on leading the peasants by the nose for months and deceiving them by delays and procrastination. For months Minister Chernov was not allowed by the capitalists to issue laws prohibiting the purchase and sale of land. And when finally this law was issued, the capitalists started a hideous campaign of vilification against Chernov; this campaign is continued even to the present day.

So far has the government gone in brazenly defending the landowners, that it begins to put on trial the peasants for seizing land "willfully."

The peasants are being led by the nose, they are being persuaded to wait for the Constituent Assembly. Yet the convocation of this assembly is being postponed more and more. Now, when, under the influence of the Bolsheviks' demands, the date has been set for October 13, the capitalists cry openly that this is an "impossibly" short period, and they demand the postponement of the convocation of the Constituent Assembly. The most influential members of the party of capitalists and landowners, the "Cadets" or "People's Freedom" Party, such as Panina, openly advocate the postponement of the convocation of the Constituent Assembly to the end of the war.

Let us wait with the land till we have the Constituent Assembly. Let us wait with the Constituent Assembly till the end of the war. Let us wait with the ending of the war till we have complete victory. This is what it comes to. The capitalists and the landowners, having their own majority in the government, are simply mocking the peasantry.

But how could this happen in a free country after the tsarist power was overthrown?

In an unfree country a tsar and a handful of landowners, capitalists, officials not elected by anybody rule over the people.

In a free country, only those who have been elected rule over the people. At the elections the people are divided into parties, and usually each class of the population forms its own party; for instance, the landowners, the capitalists, the peasants, the workers form separate parties. This is why the people are ruled in free countries by means of an open struggle of the parties and a free agreement among them.

After the overthrow of the tsarist power on March 12, 1917,



Russia for about four months was ruled like a free country, namely, by means of an open struggle among freely formed parties and a free agreement among them. Consequently, to understand the development of the Russian Revolution, it is most necessary to study what the main parties were, what class interests they defended, and what the interrelations among all these parties were.

After the overthrow of the tsarist power state power passed into the hands of the first Provisional Government. It consisted of representatives of the bourgeoisie, *i.e.*, capitalists who were joined by the landowners. The party of the "Cadets," the main party of the capitalists, occupied the foremost place as the ruling and governmental party of the bourgeoisie.

Power fell into the hands of this party not by accident, although not the capitalists, of course, but the workers and the peasants, the soldiers and sailors were those who had fought the tsarist troops and shed their blood for freedom. Power fell into the hands of the party of the capitalists because that class possessed the power of wealth, organization, and knowledge. During the time after 1905, and particularly during the war, the class of the capitalists, and that of the landowners associated with it, made the greatest progress in Russia by way of organizing itself.

The Cadet Party always was monarchist, both in 1905 and between 1905 and 1917. After the victory of the people over tsarist tyranny, that party declared itself to be republican. The experience of history shows that, after the people have conquered the monarchy, the parties of the capitalists have always agreed to be republican if only that has enabled them to retain the privileges of the capitalists and their supreme power over the people.

In words, the Cadet Party stands for "people's freedom." In deeds, it stands for the capitalists, and it was immediately joined by all the landowners, all the monarchists, all the Black Hundreds. The press and the elections are proof of this. All the bourgeois papers and all the Black Hundred press began to sing in unison with the Cadets after the revolution. Not daring to appear openly, all the monarchist parties supported the Cadet Party during elections, as for instance in Petrograd.

Having obtained state power, the Cadets bent every effort to continue the predatory war of conquest begun by Tsar Nicholas II who had concluded secret predatory treaties with the English and French capitalists. By these treaties the Russian capitalists were promised the seizure of Constantinople, Galicia, Armenia, etc., in case of victory. As to the people, the government of the Cadets put it off by idle pretexts and promises, referring all great matters

necessary for the workers and peasants to the Constituent Assembly and not setting a date for the convocation.

The people, using their freedom, began to organize independently. The chief organizations of the workers and peasants, who form the overwhelming majority of the population of Russia, were the Soviets of Workers', Soldiers', and Peasants' Deputies. Those Soviets began to be formed even during the February Revolution; a few weeks later, all the class-conscious, advanced members of the working class and the peasantry, in most of the large cities of Russia and in many counties, were united in Soviets.

The Soviets were elected with absolute freedom. The Soviets were real organizations of the masses of the people, the workers and the peasants. The Soviets were real organizations of a tremendous majority of the people. The workers and the peasants, dressed in soldiers' uniforms, were armed.

It goes without saying that the Soviets could and should have taken into their hands all state power. There ought to have been no other power in the state outside of the Soviets, pending the convocation of the Constituent Assembly. Only thus would our revolution have become a real people's revolution, a real democratic revolution. Only thus could the laboring masses that are really striving for peace, that are really not interested in a war of conquest, have begun decisively and firmly to carry out in life a policy that would have put an end to the war of conquest and would have led to peace. Only thus could the workers and peasants have checked the capitalists, who are making insane profits "on the war" and have brought the country to ruin and famine. In the Soviets, however, a minority of the deputies are on the side of the party of revolutionary workers, the Social-Democrats-Bolsheviks, who demanded that all state power should be given over to the Soviets. The majority of the deputies in the Soviets are on the side of the parties of the Social-Democrats-Mensheviks and Socialist-Revolutionaries, who were against the power being given over to the Soviets. Instead of removing the government of the bourgeoisie and replacing it by a government of the Soviets, these parties insisted on supporting the government of the bourgeoisie and making agreements with it, on forming a common government with it. This policy of agreements with the bourgeoisie on the part of the Socialist-Revolutionaries and Menshevik Parties, trusted by a majority of the people, forms the main contents of the entire course of the development of the revolution for the five months that have passed since it began.

Let us first of all see how this policy of agreements between the Socialist-Revolutionaries and Mensheviks on the one hand and the

bourgeoisie on the other was progressing, and then let us look for an explanation of the fact that the majority of the people trusted them.

The policy of agreements between the Mensheviks and the Socialist-Revolutionaries on the one hand and the capitalists on the other was carried on during all the periods of the Russian Revolution, either in one form or another.

At the beginning of March, 1917, as soon as the people won and the tsarist power proved overthrown, the Provisional Government of the capitalists included Kerensky among its members as a "Socialist." In reality Kerensky had never been a Socialist, he had only been a *Trudovik*\*; he began to count himself among the "Socialist-Revolutionaries" only in March, 1917, when to do so was already both safe and advantageous. Through Kerensky as vice-president of the Petrograd Soviet, the Provisional Government of the capitalists from the very beginning made an attempt to attach to itself and to tame the Soviet. The Soviet, *i.e.*, the Socialist-Revolutionaries and Mensheviks predominating in it, allowed itself to be tamed by agreeing, immediately after the formation of the Provisional Government of the capitalists, to "support it," "insofar" as it carried out its promises.

The Soviet looked upon itself as supervising, controlling the actions of the Provisional Government. The leaders of the Soviet established a so-called "contact commission," *i.e.*, a commission for contact, for relations with the government. In this contact commission the Socialist-Revolutionaries and Menshevik leaders of the Soviet continually negotiated with the capitalists' government, serving in fact, as Ministers without portfolios, as unofficial Ministers.

This state of affairs continued throughout March and almost all of April. The capitalists resorted to delays and pretexts, trying to gain time. Not a single more or less earnest step for developing the revolution did the capitalists' government take during that time. It did absolutely nothing even to carry out its direct task, the convocation of the Constituent Assembly; it did not raise the question locally; it did not even organize a central commission to prepare the solution of the problem. The government was concerned with one thing only: how to renew secretly the predatory international treaties which the tsar had concluded with the capitalists of England and France; how to thwart the revolution most carefully and unostentatiously; how to promise everything without

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\* Laborites—a group of Duma deputies, primarily representatives of peasant districts.—EDITOR.

fulfilling anything. The Socialist-Revolutionaries and Mensheviks played in the "contact commission" the role of fools; they were fed by high-sounding phrases and promises. Like the crow in the famous fable, the Socialist-Revolutionaries and Mensheviks yielded to flattery, listening as they did with pleasure to the assertions of the capitalists that they valued the Soviets highly and were not taking a single step without them.

In reality, time passed and the government of the capitalists did absolutely nothing for the revolution. On the other hand, it managed during this time to renew the secret predatory treaties, directed against the revolution, or, more correctly, to confirm and "vitorilize" them by conducting new and no less secret negotiations with the diplomats of Anglo-French imperialism. During this time it managed to lay the foundations for a counter-revolutionary organization (or at least for a rapprochement) of the generals and officers of the army directed against the revolution. It managed to start organizing against the revolution and industrialists, the manufacturers, the mill owners, who, under the onslaught of the workers, were compelled to give one concession after the other yet, at the same time, were beginning to sabotage production and to prepare to stop it, only looking for an opportune moment.

The organization of the advanced workers and peasants in the Soviets, however, proceeded apace. The best men of the oppressed classes felt that, notwithstanding the agreement between the government and their Petrograd Soviets, notwithstanding the oratory of Kerensky, notwithstanding the "contact commission," the government remained an enemy of the people, an enemy of the revolution. The masses felt that if the resistance of the capitalists were not broken, the cause of peace, the cause of freedom, the cause of the revolution was bound to be lost. Impatience and bitterness were growing among the masses.

It led to an outburst on May 3-4. The movement flared up in an elemental way; nobody prepared it. The movement was so obviously directed against the government that one of the regiments even came out fully armed, and it marched to the Marinsky palace to arrest the Ministers. It became clearly evident to everybody that the government could not remain in power. The Soviets could (and should) have taken power into their hands without meeting with the least resistance from any quarter. Instead, the Socialist-Revolutionaries and the Mensheviks supported the collapsing government of the capitalists; they entangled themselves by more agreements with it; they made more fateful steps leading to the downfall of the revolution.

The revolution teaches all classes with a rapidity and thorough-

ness unknown in normal, peaceful times. The capitalists, better organized, more experienced in the affairs of the class struggle and of politics, learned faster than the others. Seeing that the situation of the government was untenable, they resorted to a measure which, for a number of decades after 1848, had been practiced by the capitalists of other countries to fool, divide, and weaken the workers. This measure is the so-called "coalition" government, *i.e.*, a united cabinet composed of members of the bourgeoisie and of renegades from Socialism.

In those countries where freedom and democracy have existed side by side with the revolutionary labor movement longer than in other countries, namely, in England and France, the capitalists have used this method many times and with great success. The "Socialist" leaders, having entered a bourgeois cabinet, inevitably proved to be pawns, puppets, screens for the capitalists, instruments for deceiving the workers. The "democratic and republican" capitalists of Russia resorted to this very method. The Social-Revolutionaries and Mensheviks let themselves be fooled outright, and on May 19 a "coalition" cabinet with the participation of Chernov, Tsereteli and Company came into being.

The fools from the Socialist-Revolutionary and Menshevik Parties were jubilant, bathing as they did self-admiringly in the rays of the ministerial glory of their leaders. The capitalists gleefully rubbed their hands, having found in the "Soviet leaders" assistants for their activity against the people and having exacted from them a promise to support "aggressive actions at the front," *i.e.*, to renew the imperialist predatory war that had been stopped for a while. The capitalists knew very well that these leaders were puffed-up weaklings; they knew that the promises on the part of the bourgeoisie—concerning control or even organization of production, concerning peace policies, etc.—would never be fulfilled.

This is exactly what happened. The second period in the development of the revolution, from May 19 to June 22 or July 1, fully bore out calculations of the capitalists on the ease with which the Socialist-Revolutionaries and Mensheviks could be fooled.

While Plekhanov and Skobelev were fooling themselves and the people by high-sounding phrases to the effect that 100 per cent of "the profits would be taken away from the capitalists, that their resistance was broken," etc., the capitalists continued to fortify themselves. Nothing, absolutely nothing was undertaken during that time to curb the capitalists. The Ministers, renegades from Socialism, proved to be talking machines intended to distract the attention of the oppressed classes while the entire apparatus of

state administration really remained in the hands of the bureaucracy (the officials) and the bourgeoisie. The notorious Palchinsky, Assistant Minister of Industry, was a typical representative of that apparatus, thwarting all possible measures against the capitalists. The Ministers chatted and everything remained as before.

Minister Tsereteli was particularly singled out by the bourgeoisie to fight against the revolution. He was sent to "quiet" Kronstadt when the local revolutionists dared to remove an appointed commissar. The bourgeoisie launched in its papers an incredibly noisy, vicious, and furious campaign of lies, calumnies, and slander against Kronstadt, accusing it of wishing "to secede from Russia," repeating this and similar absurdities in a thousand ways, and frightening the petty bourgeoisie and the philistines. A typical representative of the thick-headed, frightened philistinism, Tsereteli swallowed the bait with more devotion than all the others; he "sacked and subdued" Kronstadt more ardently than the others without understanding his own role as a lackey of the counter-revolutionary bourgeoisie. It appeared that he was instrumental in carrying through an "agreement" with revolutionary Kronstadt whereby the commissar for Kronstadt was not appointed by the government directly and simply, but was to be elected locally and *confirmed* by the government. On such miserable compromises was wasted the time of the Ministers who had run over from Socialism to the bourgeoisie.

Wherever a bourgeois Minister could not have appeared with a defence of the government, for instance, before the revolutionary workers or the Soviets, a "Socialist" Minister, Skobelev, Tseretelli, Chernov, etc., appeared (or, more correctly, was sent by the bourgeoisie), faithfully working for the bourgeois cause, creeping out of his skin in defending the Cabinet, whitewashing the capitalists, fooling the people by repeating promises, promises, promises, by counselling them to wait, wait, wait.

Minister Chernov was particularly busy bargaining with his bourgeois colleagues; up to July, up to the new "governmental crisis" which began after the movement of July 16-17, up to the time when the Cadets left the cabinet, Minister Chernov was continually engaged in the useful, interesting, and deeply popular work of "persuading" his bourgeois colleagues, of inducing them to agree at least to a decree prohibiting purchase and sale of land. This measure had been most solemnly promised to the peasants at the All-Russian Congress (Soviet) of Peasant Deputies in Petrograd. Still, the promise remained nothing but a promise. Chernov proved unable to carry it through either in May or in June, until the revolutionary tide, the elemental outburst of July 16-17, coincid-

ing with the Cadets leaving the cabinet, made it possible to enact this measure. But even so, it remained isolated and unable materially to improve the struggle of the peasantry against the landowners for the land.

At the front, the counter-revolutionary imperialist task of going on with the imperialist predatory war, a task which Guchkov, a Minister hateful to the people, had been unable to carry out, was being simultaneously carried out, successfully and splendidly, by the "revolutionary-democratic" Kerensky, this fresh-baked member of the Socialist-Revolutionary Party. He was intoxicated by his own eloquence; incense was burned in his honor by the imperialists who used him as a pawn; he was flattered; he was worshipped;—all because he devotedly and faithfully served the capitalists, persuading the "revolutionary army" to agree to resume the war which was being fought to carry out the treaties concluded by Tsar Nicholas II with the capitalists of England and France, a war fought in order that the Russian capitalists might get Constantinople and Lemberg, Erzerum and Trebizond.

In this way the second period of the Russian Revolution, from May 19 to June 22, passed. The counter-revolutionary bourgeoisie became strengthened, became consolidated, shielded and defended as it was by the "Socialist" Ministers; it prepared an offensive both against the enemy without and against the enemy within, *i.e.*, the revolutionary workers.

On June 22 the party of the revolutionary workers, the Bolsheviks, organized a demonstration in Petrograd with the aim of giving an organized expression to the relentlessly growing dissatisfaction and the indignation of the masses. The Socialist-Revolutionaries and Menshevik leaders, entangled in agreements with the bourgeoisie, bound by the imperialist policy of an offensive at the front, became frightened, feeling that they were losing their influence among the masses. A howl went up against the demonstration, a general howl in which this time the counter-revolutionary Cadets united with the Socialist-Revolutionaries and the Mensheviks. Under their leadership, and as a result of their conciliationist policy with the capitalists, it became fully evident that it stood out in bold relief that the petty-bourgeois masses were turning towards an alliance with the counter-revolutionary bourgeoisie. Therein lies the historic significance of the crisis of June 22; therein lies its class meaning.

The Bolsheviks called the demonstration off because they did not wish to lead the workers into a desperate fight against the united Cadets, Socialist-Revolutionaries and Mensheviks. The latter, however, in order to retain at least a remnant of the confi-

dence of the masses, were compelled to call a general demonstration for July 1. The bourgeoisie was beside itself with rage, rightly seeing therein a swing of petty-bourgeois democracy towards the proletariat; it decided to paralyze the action of democracy by an advance at the front.

July 1 won a substantial victory for the slogans of the revolutionary proletariat, the slogans of Bolshevism, among the Petrograd masses; on July 2 the bourgeoisie and the Bonapartist \* Kerensky solemnly declared that the advance at the front had begun on the very day of July 1.

The advance at the front meant in fact resuming the predatory war undertaken in the interests of the capitalists and against the will of an overwhelming majority of the toilers. This is why the advance at the front was inevitably combined on the one hand with a great increase in chauvinism and with a passing of military (consequently, also state) power to the military clique of Bonapartists; on the other hand, with the beginning of oppressive measures against the masses, with persecutions against the internationalists, with the abolition of the freedom of propaganda, with the imprisoning and shooting of those who were against the war.

May 19 tied the Socialist-Revolutionaries and Mensheviks to the chariot of the bourgeoisie with a rope; July 1 bound them, as servants of the capitalists, with a chain.

The bitterness of the masses, due to the continuance of the predatory war, naturally grew still faster and stronger. On July 16-17 came an outburst of their indignation, an outburst which the Bolsheviks attempted to restrain and which, of course, they were bound to attempt to lead into the best organized channels.

The Socialist-Revolutionaries and Mensheviks, as slaves of the bourgeoisie chained by their master, agreed to everything: to the bringing of reactionary army units to Petrograd; to the re-introduction of capital punishment; to the disarming of the workers and the revolutionary army units; to arrests and persecution; to the suppression of newspapers without trial. Power which the bourgeoisie, sitting in the cabinet, was unable to seize, which the Soviets did not wish to seize, fell into the hands of the military clique, of the Bonapartists, who of course, were fully supported by the Cadets and the Black Hundreds, by the landowners and the capitalists.

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\* By the word Bonapartist (after the names of the two French emperors, Bonaparte) we designate a government which tries to appear non-partisan, utilizing the exceedingly acute struggle between the parties of the capitalists and of the workers. In reality serving the capitalists, such a government fools the workers most of all, with promises and petty grants.



So it went from step to step. Once having set foot on the inclined plane of conciliation with the bourgeoisie, the Socialist-Revolutionaries and Mensheviks rolled down with irresistible force till they reached the bottom. On March 13 they promised, in the Petrograd Soviet, conditional support to the bourgeois government. An May 19 they saved it from collapse and allowed themselves to be made into its servants and defenders by agreeing to an advance at the front. On June 22 they united with the counter-revolutionary bourgeoisie in a campaign of furious viciousness, lies and calumnies against the revolutionary proletariat. On July 2 they approved the resuming of the predatory war. On July 16 they agreed to summoning the reactionary army units; this was the beginning of their final surrender of power to the Bonapartists. Down, from step to step.

The shameful finale of the Socialist-Revolutionary and Menshevik Parties is no accident; it is a result of the economic situation of the small owners, the petty-bourgeoisie, as repeatedly corroborated by the experience of Europe.

Everybody has had a chance to observe how the petty owners bend every effort, how they strain themselves, to reach "easy street," to become real masters, to rise to the position of an "established" business man, a real bourgeois. As long as capitalism rules, there is no way out for the small owner; he must either become a capitalist (which is at best possible for one out of a hundred small owners) or become a ruined owner, a semi-proletarian and then a proletarian. The same thing is repeated in politics; petty-bourgeois democracy, especially its leadership, follows in the wake of the bourgeoisie. The leaders of petty-bourgeois democracy console their masses with promises and assertions as to a possible agreement with the large-scale capitalists; for a short time they, at best, receive from the capitalists some concessions for a small upper stratum of the toiling masses, while in every decisive problem, in every important matter, petty-bourgeois democracy always proves to be at the tail-end of the bourgeoisie, to be a feeble appendage of the bourgeoisie, an obedient tool in the hands of the financial kings. The experience of England and France has proven this many times.

The experience of the Russian Revolution from February to July, 1917, when events, particularly under the influence of the imperialist war and the very deep crisis created by it, were developing with unusual rapidity, confirmed most strikingly and palpably the old Marxist truth about the unstable position of the petty-bourgeoisie.

This is the lesson of the Russian Revolution: there is no escape

for the masses from the iron grip of war, famine, enslavement to the landowners and capitalists, unless they fully break with the Socialist-Revolutionary and Menshevik Parties, unless they clearly recognize their treacherous role, unless they renounce all kinds of agreements with the bourgeoisie and decisively join the side of the revolutionary workers. The revolutionary workers alone, when supported by the poorest peasants, will be able to break the resistance of the capitalists, to lead the people to the conquest of the land without compensation, to full freedom, to victory over famine, to victory over the war, to a just and lasting peace.

#### POSTSCRIPT

This article, as is apparent from the text, was written at the beginning of August.

The history of the revolution during August fully confirmed what was said in this article. Later, at the beginning of September, Kornilov's revolt created a new turn in the revolution, having shown clearly to all the people that the Cadets in alliance with the counter-revolutionary generals were striving to disperse the Soviets and to reestablish the monarchy. How strong this new phase of the revolution is, and whether it will be able to put an end to the destructive policy of agreements with the bourgeoisie, the near future will show.

# Is Prosperity Around the Corner?

MONTHLY REVIEW OF THE AMERICAN ECONOMIC  
CRISIS AS OF AUGUST, 1932

By JOHN IRVING \*

THE past few weeks have witnessed the greatest sharpening of contradictions in the developing economic crisis in America. In the face of further declines to new lows in industry and trade, in the face of further decreases in corporation earnings, in employment and payrolls, prices of some basic farm products rose from 20 per cent to 50 per cent, and prices of the 40 corporation bonds and of the 50 corporation shares carried in the *New York Times* "Market Averages" rose 36 per cent and 80 per cent respectively—all in a matter of some six to eight weeks. The stranded economic structure of the country is sinking deeper into the morass of its inner contradictions as it begins to budge in response to the billions of credit and propaganda gas that the Washington administration has been pumping into it since the beginning of the year. The question then arises whether these events on the security and commodity markets indicate that we are on the way out of the present economic crisis.

On the *commodities* side the American economic crisis has deepened still further since the June "lows." During July the *Annalist* Index of Business Activity reached the new low of 52.1, and during the first two weeks of August it receded still further. Daily average production of electric power, an all-embracing measure of industrial activity, adjusted for seasonal changes, made a new low for the current cycle during the week ending August 13. And July bank clearings, an all-embracing measure of both industry and trade, were 12 per cent below those of June this year, and more than 44 per cent below those of July, 1931. The price changes for which this measure must be corrected actually moved in an opposite direction between June and July, and amounted to a loss of only 10 per cent between July, 1931, and July of this year.

Again, the output of *steel ingots* during July was *the lowest for*

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\* The author's name was inadvertently omitted in connection with his article, "The American Economic Crisis," which appeared in the August issue of this publication.—Ed.

*any month on record.* For the entire month the industry operated on the record low average of 14.66 per cent of capacity. The approximate daily output of 31,701 tons compares with the daily average of 72,599 tons for July, 1931, and 112,397 for July, 1930, neither of which was set in periods of prosperity. Also, the approximate daily output of *pig iron* during July reached a record low of 18,461 tons, against the 47,201 tons of July, 1931, and the 85,146 tons of July, 1930. The appointment of the erstwhile Secretary of Commerce as "tsar" of the Iron and Steel Institute of America at this time was no mere extravaganza.

*Automobile production*, one of the main props of the iron and steel industry, continues to decline. During the four weeks ending August 6, the total American output of passenger cars and trucks amounted to 156,000 units, as against 225,000 for the year before and 460,000 in the peak year 1929. Now (August 12) the announcement is made of the complete shutdown of the Ford Motor Company's plants at Dearborn until after Labor Day, with all of its branches throughout the country running on 3- to 4-day schedules.

Nor are *General Motors* figures any more encouraging. That corporation's July sales to *consumers* amounted to less than 33,000 units as against 57,000 units in June this year, and 85,000 units in July, 1931. Its July sales to *dealers* amounted to less than 37,000 units, as compared with 52,000 units sold in June, and 87,500 in July, 1931.

Orders for *railway equipment*, another of the three largest consumers of iron and steel (automobiles and building construction are the other two) have dwindled into insignificance.

Contracts for *building construction* alone of all basic industries showed an improvement in July over the previous month—an increase of 12 per cent in the face of the usual seasonal decline of 5.7 per cent. But that increase occurred entirely in non-residential construction, in public utilities and public work, and has already been wiped out by subsequent declines.

Production of *cotton cloth* in July was at the lowest rate on record, with stocks on hand still above a year ago. Consumption of raw cotton in American mills in July was almost exactly half of what it was in July, 1929, and 40 per cent below July, 1931.

July *silk* takings, in preparation for the fall season, fell off sharply in comparison with the usual seasonal upturn. As compared with the same month of last year, the decline amounted to over 14 per cent. Stocks on hand in American mills at the end of the

month amounted to 51,000 bales as against the 30,000 bales on hand a year ago.

Similarly, decreases continued through July and are continuing into August in the output of Portland cement, lumber, of bituminous coal and of shoes, of zinc, and of most all other manufacturing, mechanical and mining industries.

Thus, in the *output of commodities*, the decline which set in over three years ago is still going on at an undiminished rate.

Simultaneously, of course, employment and payrolls have been falling, *accompanied by an ever-increasing shrinkage of the purchasing power of the mass of American workers*. And this in turn has meant decreasing trade and transportation and decreasing employment and payrolls for those engaged in these occupations. Thus, the indexes of *employment* and *payrolls*, in the manufacturing industries of the country for July, as reported to the United States Bureau of Labor Statistics, stood respectively at 55.2 and 36.2 as compared with the 1926 base of 100, and with 57.5 and 39.3 of June this year. In relative figures, for every 100 persons engaged in the manufacturing industries of the United States in 1926, only 57.5 were working this June and 55.2 in July. And for every 100 dollars paid out in wages and salaries in 1926, only \$39.30 were paid out this June, and \$36.20 in July.\*

*Trade*, both domestic and foreign, has, therefore, continued its downward trend. The *department store* dollar sales index for July stood at 69, compared with 71 in June and 73 in May—all of course seasonally adjusted. The two chief *mail order* houses have suffered sales declines, one 27.4 per cent, and the other 22.9 per cent, in comparison with last year. Smaller, but equally substantial decreases in sales volume are reported by the principal *chain stores* of the country. New *life insurance* policies written in July were 23.5 per cent below June, after an equal per cent decline between May and June. For the seven months to date the decline has amounted to 15.3 per cent.

Then there was a further loss of 280,000 net telephone installations on the American Telephone and Telegraph lines in July, bringing the total loss for the year to date upward of 1,000,000 units. The net loss during the entire year 1931 amounted to 292,000 disconnections.

The *foreign trade* of the country has sunk to the lowest levels in a generation. *Imports* in July were 55 per cent lower than a

---

\* Employment losses between June and July in the bituminous coal industry amounted to over 3%; in retail trade, 6%; in anthracite mining, over 16%.

year ago, and were smaller than for any month since July, 1904. *Exports* were smaller than for any month since June, 1908.

Freight car loadings have therefore declined drastically and *commercial failures*, numbering 2,547, were at a new high for the month of July.

There is also a decrease in *corporation earnings*. Railroad earnings in June were 75 per cent below a year ago. This compares with a corresponding decrease of 71 per cent in May, or 48 per cent in April, and 30.5 per cent in March. For the six months ending June 30, the decline in railroad earnings has amounted to 53.3 per cent. Thirty-five per cent of all Class I railroads, 69 of them, to be exact, have operated at a loss during the first half of this year; included among them are such important carriers as the New York Central. A number of railroads to whose aid the Reconstruction Finance Corporation was not quick enough to come have gone into the hands of receivers.

First half-year *profits* of the 352 *industrial* corporations reporting to the Standard Statistics Company were 89.8 per cent below those of the first half of 1931. Dividends in July this year were declared by 710 corporations as against 1,091 in July, 1931, and amounted to 135 million dollars as against 229 million dollars paid out in July, 1931. Dividends were omitted on 160 issues this July as against 124 passed in July, 1931. Furthermore, as in the case of the United States Steel preferred, dividends in most instances were not currently earned, but were paid out of the rapidly depleting reserves and surpluses accumulated in previous years.

It is in the face of these worsening conditions in trade and industry that the corporation shares listed on the New York Stock Exchange appreciated over 30 per cent between July 1 and August 1, and wholesale prices, as measured by the *Annalist*, have risen approximately 8 per cent since the middle of June (albeit the latter is attributable largely to the rise in farm products, and as a direct consequence, also in food products).

It is in the nature of this "reversal" of the trends of both security and commodity prices that the crux of the question lies whether the current economic crisis is about to terminate. The question is, has this "reversal" occurred in response to forces inherent in the system of competitive price setting or in response to stimuli artificially administered from without? A brief examination of the factors involved will readily disclose that, (1) neither in the case of securities nor in that of the specific commodities concerned did the inherent forces justify the recent price rise; (2) both price rises have occurred almost entirely in response to artificial stimuli admini-

stered from without, and as (3) new forces, that are not yet discernable, that could assert themselves in the near future, the effects of these artificial stimuli must sooner or later wear off and create a counter-effect which will aggravate the crisis and prolong it.

To begin with, the rise in the price of securities should be summarily dismissed as entirely meaningless if thought in terms of intrinsic values. A rising securities market may or may not succeed in spreading "business confidence" deemed by the gullible as essential to a recovery in business. But "business confidence" which is engendered by a rise in the securities market in the face of increasing corporation losses, bankrupting railroads and increasing commercial failures, cannot but react upon itself at the first untoward accident. Under present conditions in industry and trade in this country and abroad, a "market average" of \$60 per share is as meaningless as a "market average" of \$40 per share, or of \$20 per share. The recent price changes in the securities market have neither enhanced nor diminished by a farthing the intrinsic values of the country. They have resulted merely in the transfer of artificially created profits or losses between the "bears" and the "bulls." As a matter of record, new capital investments during the first seven months of this year have been 83 per cent below last year and 91 per cent below those of two years ago.

The behavior of the market itself in certain specific instances may be cited as an illustration of the utter lack of reality behind this recent movement.

The declaration of dividends on its preferred stock by the United States Steel Corporation in the face of admitted "record deficits" and as an admitted gesture of "confidence in the future" was followed by a hysterical upswing in the entire shares market. On the other hand, on the day on which the American Telegraph and Telephone, the largest American corporation, declared its regular stock dividend, the market price of its shares and of many others took a severe tumble. The market may have displayed a greater sense of humor than is commonly contributed to it when on the same day "amusement shares, as a group" held a rally. Professor H. Parker Willis put the matter tersely when the other day, in the *World Telegram*, he warned:

"A real necessity exists today for some plain speaking about the efforts now seemingly under way to mislead ourselves into another spasm of financial excitement and the innocent and often ignorant public into the stock market as speculative buyers. . . . Many motives of a varied sort conspire at the present time to make politicians and financiers alike eager to create the impression that prosperous times are not far distant. The efforts to induce the debt-ridden railroads

to borrow large sums from the R. F. C. for [unneeded] repairs and improvements, and other plans for the pumping of stupendous sums into the veins of sick business confirms the many indications of bald manipulations in the securities and commodity markets that are being furnished."

As regards the commodities market, the rise was started, it will be remembered, early in June. This, as was pointed out in our July review, was largely a seasonal rise, aggravated by what was disclosed later as a partial corner manipulated by the meat packers. There soon followed also an upswing in the price of cattle and lambs. But all this has by now been largely dissipated and the *producers*, the farmers, are not in any better position than they were before the upswing began. This reversal of the price movement, according to the editor of the *Analyst*, "emphasizes the temporary character of the previous advances; those were seasonal movements (somewhat intensified in the case of hogs by an *error* (!) in the government estimates of animals). (My italics.—J.I.)

Similar rises in our basic grain crops, wheat and corn, hailed as another boon to the farmer, have also been almost completely liquidated, now that the middlemen and speculators have made their clean-ups. In the course of this rally the price of wheat had risen from about 46 cents a bushel on July 18 to about 60 cents three weeks later. Now that the farmer is about to come to the market with his new crop, the price is down again to about 49 cents a bushel. The farmer, of course, gets only about half that price. These are the prices quoted by the speculators and middlemen in the Chicago "Pit." Corn did not swing so high, but it is again near the pre-rise levels. (In the meantime oats and rye have been dragging at their lowest levels on record.)

The fact is that the corn harvest this year is likely to be some 18 per cent larger than last year, and the world production of wheat only a trifle lower than last year's. There is nothing in the nature of either the current supply or of the current demand for these two basic grain crops, outside of rumors, fake and otherwise, to justify their recent price behavior.

As regards cotton, the contradictions are even more glaring. A government estimate has placed this year's crop at about 10 per cent below that expected by the trade. Immediately there was an upsurge in the cotton exchange. The fact that the carry-over from previous years is the largest in history and amounts to three-fourths of this year's crop estimate has been completely glossed over. The price of cotton is now some 75 per cent above the season's low and is still rising.



Obviously, then the recent price rises in corporation shares and bonds, in hogs and livestock, in corn, wheat and cotton, are not justified by the forces inherent in the system of competitive price setting. Obviously, also these rises must have occurred largely in response to artificial stimuli administered from without this system. What are these stimuli? And how long are their effects likely to endure?

We need impute no political motives, as does Dr. Willis, when we assert that these outside stimuli are the American capitalists' efforts, administered through the instrumentalities of the state, toward a way out of the present crisis. We shall also ignore the daily newspaper exaggerations of an impending business boom as being as ineffectual as an African priest's incantation over a dying body. We shall confine ourselves to the Hoover "nine-point" program, devised to bring back prosperity.

In essence this program, devised by Mr. Hoover in conference with "business leaders, bankers and industrialists," aims at the infusion of "confidence" into business. And this is to be achieved along three lines of action: (1) To prevent further defaults by banks, insurance companies and mortgage companies by relieving them of their frozen assets. The government, through the Reconstruction Finance Corporation, is supplying them with its own credit in exchange for these frozen assets. (2) To raise the commodities price level by direct inflation of the currency and by propaganda of impending shortages, etc. The Glass-Steagel bill, opening the rediscount privileges of the Federal Reserve banks to certain commercial papers not previously eligible, and the Borah provision in the Home Loan Bank bill to permit national banks to issue bank notes up to a billion dollars, backed by government bonds, a practice which, by the way, was to be abandoned with the creation of the Federal Reserve System, make such an expansion and depreciation of the currency possible. (3) By utilizing all the propaganda apparatus at the command of the state to make the people believe that these measures, and these measures chiefly, are sure to bring back prosperity. Underlying these measures is, of course, the theory that once the financial panic subsides and once commodity prices begin to rise, the manufacturers, the distributors and the consumers (those of the latter who have any savings left after three years of depression) will begin buying in anticipation of further price rises and thus start the wheels of business booming again. (4) By means of wage cuts and the stagger system of employment on the one hand, and by raising prices by means of inflation and a general sales tax on the other, to reduce the standard of living of the masses so as to

permit their greater exploitation. (5) By means of propaganda and wholesale promises of an early return to prosperity to weaken the resistance of the working class to the increasing exploitation by the capitalists.

How are these measures likely to be effective under present domestic and world conditions?

Undoubtedly the inflation measures — the loans advanced by the government to railroads, banks, mortgage companies, etc., have had the effect of temporarily “strengthening” the securities market. For one, they have undoubtedly stopped some of the distress sales which in the recent past have kept the market in a constant state of demoralization. For another, in the speculative market, “psychology” does play a heavy role. The belief that further liquidation of securities will be “orderly” in itself tends to raise the spirits and hopes of the speculators. But it is clear that this new sense of “security” cannot and will not last long. *Basic economic conditions in this country, to repeat again, do not provide any sort of a basis for a sustained rise in security prices.* Conditions abroad are not any more sound. “R. F. C. Aid (of 20 million dollars) Halts Run on Baltimore Bank,” as a news headline in the New York Times as late as August 19, is not a very reassuring reminder of the financial status of the country. Nor is the distress loan of \$31,625,000 “to meet bondholders’ demands” made by the Baltimore and Ohio Railroad by the Reconstruction Finance Corporation on August 20.

From abroad the reports come that the *Deutsche Bank* will not meet its obligation of \$25,000,000 due here in September; Austria has defaulted on an international issue, installments which fell due July 1 and August 1, and of which the American share amounts to \$25,000,000. And talk is rife now that Germany is asking for a drastic scaling down of her private debts. Coupled with these is the reaffirmation by Hoover, in his acceptance speech, of his unshaken faith in the beneficence of the American tariff which prevents payments from abroad, and the ever-rising tariff walls being raised about continental countries and about the British Empire against one another as well as against the United States. All this can mean nothing less than a further intensification of the world economic depression and further uncertainty in the share and bond markets.

Also, as regards the rise in commodity prices, already largely dissipated in the grains, but still maintained in cotton, neither domestic nor world conditions supply a basis. Timely announcements carried in the newspapers and repeated now over several weeks, of impending organization of “commodity pools” to remove the stocks

of cotton and wheat from the hands of the Federal Farm Board, or to finance the purchase of raw materials by pinched manufacturers, have again and again served to bolster up a sliding market. As if changing ownership of these stocks of wheat and cotton will lessen their pressure on the market! (One wonders why, if the "surplus" stocks of cotton and wheat in the hands of the Federal Farm Board have proven so detrimental to the "orderly marketing of these commodities, the billions of dollars of nearly worthless securities now being unloaded upon the R. F. C. will prove any less detrimental to the "orderly marketing" of securities at some later date, perhaps not so far off?)

In a word, the Reconstruction Finance Corporation, the Home Loan Banks (established to do for the mortgage companies what the R. F. C. is doing for the banks), the Federal Reserve Banks (which are to create new cheap credit), have so far failed to give trade and industry the lift that might start them out of the depression. In the meanwhile, the crisis is deepening and the "well-wishers of the poor" are preparing for the fourth and worst winter of unemployment in the history of America.

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