

The Question of War Debts

World Bourgeoisie Upset by Sharp Conflicts Over Problem

The elections are over and the politicians can again talk openly about what the bankers have been discussing privately. The war debt question has pushed itself to the fore and has taken some of the columns devoted to the beer question. Hoover and Roosevelt are discussing this issue. The democrats and republicans are trying to iron out some of the difficulties to enable Congress to present a working basis in order that the capitalists may have a suitable Christmas present this year.

The question of the American loans is one of the most important knots the capitalists have to unravel. Its importance is due to the fact that the war debts is one side of the question of markets. And markets is a life and death question for the capitalists of the United States. The extension of long and short term credits to other capitalist nations out of the vast accumulation of the American capitalists has its many-sided difficulties in this decay stage.

The history of the American loans to the allies, Americas entrance into the war and the continuation of heavy borrowing by Europe after the war, expressed by the struggle over Reparations, has been given first attention by the American capitalists, even though the middle-class congressmen would have us believe otherwise.

Since the Lausanne Conference, reparations from Germany, for the allies, is a thing of the past; so the allies want to consider the debts in the same light. But Uncle Sam is not so foolish. According to the latest figures the American capitalists and their government loaned \$7,077,000,000 to Europe during the war, and \$3,261,000,000 after the war, making a total of 10 billion dollars. In principle and interest the borrowers agree to pay 22 billion dollars and have paid \$2,625,000,000 before the Hoover Moratorium. Now the low world price level has doubled the debt when considered in the light of payment in kind.

When the last world war broke out the loans to these European nations meant, considering the relationship of forces—European War plus American loans produced rich new markets for the American capitalists. The Americans were able to take over markets in all parts of the world. Loans to rival imperialists in Europe enabled the United States capitalists to invade the long protected European markets. Factories hummed and profits rolled in while the reformers and the labor leaders behind the workers to American imperialist plans.

The decision of America to enter the war on the side of the "allies" like all other problems, for the determining reason, sifted down to the question of economic interest. The bankers judgment has proven fruitful but the objective conditions of decay capitalism has reduced and contradicted the measures for further world domination.

As soon as the war was over Great Britain and the other allies took immediate steps to get out of the clutches of the American dollar. The British Government withdrew orders for American commodities at war time prices. The cancellation of these orders would shatter the structure and hopes of the American imperialism. Hoover who was the United States Food Administrator at the time wrote President Wilson:

"Our manufacturers have provided the particular types of manufacture required by each of these governments and have enormous stocks of these material on hand ready for delivery." "If there should be no remedy to the situation we shall have a debacle in the American markets, and with the advance of several hundred million dollars now outstanding from the banks to the pork-products industry we shall not only be precipitated into a financial crisis but shall betray the American farmers who have engaged in these ends. The surplus is so large that there can be no absorption of it in the United States, and it, being perishable, will go to waste."

The American capitalist were caught in a structure of their own making. They could not withdraw without losing their key position. They were forced to wade deeper into international problems. From this flows the post war loans. To protect and extend American markets.

As soon as the Dollar "solved" one contradiction a new one, more menacing grew out of the "solution". Additional loans preserved her markets and held off the day of reckoning. By 1923 the extension of the October revolution had outgrown other dangers and a series of measures from the Dawes plan down to the present have been taken—to save tottering capitalism, to hold in check rival imperialism and to insure markets for America. Expensive markets, but nevertheless markets.

American loans to Europe had its positive political side in the past but the quantity of the loans has reached such proportions, particularly with Germany, that a quantity change has taken place and further loans on the same basis shakes the structure of American economy.

The contradictions have grown. In the past the allies paid what Uncle Sam extended in loans. The American loans through the Dawes Plan and the Young Plan kept ahead of the reparation payment on the one hand and the repayment of loans by the allies on the other hand. In addition to this between 1923 and 1928 American exports to Europe have increased by \$281,000,000 but American loans in the same period increased in value by \$490,000,000. American accumulation of capital is the concrete expression of Marx's abstraction in "Das Kapital".

During the war America loaned to the allies commodities in the form of munitions, textiles, cereal and tobacco. In return, the American capitalists obtained

expanded markets, larger profits and interest. After the war, American loans were necessary to retain these markets, and prop up decay capitalism. The capitalists desire payment of the debts but Europe cannot pay in gold and America does not want too many of her commodities. They must find a way out. They talk about capacity to pay and inability to pay but under it all revolves the question of the redistribution of the world markets. Hearst and other jingo mongers suggest the allies pay with colonies, but the bankers know a better way.

United States is the creditor nation of the capitalist chain. And Europe represents the greatest market of the American capitalists. Today the war debts stands in between European markets and American export of commodities and capital. The task of the American capitalists is to turn the revision of war debts into a lever to open up some American markets. It is a difficult task but not an impossible one.

The reparation "settlement" has left England and the other "allies" with no war indemnities. But Uncle Sam calls for payment. They are at the mercy of the United States, providing the American capitalists do not make any false moves.

The policy of Hoover and Roosevelt in essence is the same. Both are against cancellation. Both leave the door open for further consideration. Roosevelt does not want a Debt Commission, but both are for separate dealing with the creditors, and that is the vital point of agreement. The present line up, with the allies caught in between the Reparation settlement and America's demand for "payment" opens the door for a possible "European United Front" against the United States. This is a desire, but contradictions in Europe will not allow it to become a fact, providing American capitalism uses ordinary intelligence.

In dealing separately, the United States is taking advantage of the differences between these other nations, as well as using it as a blow against the most difficult conditions. The notes to England and France are entirely different, leaving room for "talk" with England and demanding payment from France. It was France, with her gold supply that led the attack on the American dollar and Wall Street will not forget this, and would like to relieve her of part of this weapon against the Dollar supremacy. It was England which mapped out a program at Ottawa which when carried into effect will reduce the exports of American capitalism to the British Empire by at least 300 million dollars. America is ready to "talk" about war debts providing she can use this to her advantage against France and to get to the problem of markets and the stone wall of the Ottawa conference results.

The American capitalist press and leading organized capitalist bodies know what the War Debt talk is all about. The Chamber of Commerce report, says among many things, that, "The best interests of the United States requires that modification should be conditioned upon definite

provisions for such treatment of our trade by the debtor nations as will assure access of American goods to its markets on fair competitive terms."

The New York Times in an editorial on War Debts on November 26th informs Congress that, "Realization of the interdependence of the world is wanted in Congress today." It starts the editorial with the above sentence and makes the following conclusion: "If, by our attitude toward Great Britain and France, the hope of Germany to progress is destroyed, what barrier will remain against the spread of Communism." In the decay of capitalism American must not only protect herself and her markets but she cannot put this above the capitalist interest to prevent the spread of the October revolution.

It looks as through the American capitalists and their government are in an impasse. Gold and commodities in payment according to the world price level is out of the question. There is another way which will enable the American imperialists to gain an advantage point in the present world struggle.

The Moratorium was an important preliminary step for the realizing of the line up of the imperialists for the coming war. Now the American imperialists are making haste to gain an advantage point in the present world struggle through further use of the War Debts as a club over the heads of her allies. The allies of course are trying to turn the loans into a club over America's head.

The discussion over the war debts is taking on the plan, no matter what form they cloak the barrier for cancellation or reduction of loans in, of America's struggle as the leading imperialist to extend her domination over greater sections. The U. S. aim is: (1) for trade concessions, (2) for secret agreements for the United States in the re-alignment of world forces in preparation for the approaching war, (3) and the struggle to rebuild a world financial structure with Dollar supremacy, (4) and to stop up decay capitalism.

The question has been posed in bold relief by the world crisis and the imperialists are struggling to answer it in their own way, to their own liking. But they are not the only ones concerned with the problems or are they the only ones who are "sitting in the game".

The proletariat and their party the Communist party, threaten to upset the whole structure. With the Marxian theory of the permanent revolution the revolutionists can alter the whole course.

—HUGO OEHLER.

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Is the A.F. of L. Moving Leftward?

(Continued from page 1)

question presents itself also in the form of a grievance. How can they lead the organized workers within "safe" channels so long as the employers insist upon what they consider a too heavy price of wage cutting—too heavy because the workers appear to become unwilling to accept? They still remember the editorial in the Scripps-Howard newspaper chain three years ago, at the time of the Toronto convention. That editorial gave them a gentle slap: "You self-complacent officers are too easy in your swivel chairs while the job of organizing the workers in the South is left to the Communists. You must assert your leadership." They then smarted under the sting. And now, although this is likely going considerably beyond the scope of the advice of that editorial, the swivel chair artists are aiming to show leadership in order to regain their previous position of being able to force concessions from capitalism sufficient to become again the trusted and well-rewarded lieutenants. That this can be fully substantiated there need be no doubt and it would be dangerous to fall into any illusions whatever as to anything else being expected from them.

Even the most sketchy analysis will easily bear this out. For example, the main sponsor of the unemployment insurance proposal was John L. Lewis. The very one who has long ago solved his own problem of security—crisis or no crisis. By his one-time first lieutenant, Frank Farrington he was accused—and there would be little reason to disbelieve the accusation—of having accepted \$100,000 from the Kentucky coal mining interests to keep that field working during the miners national strike of 1922. He was accused of having received \$650,000 from the Harriman bank of New York for services rendered in Pennsylvania during that same strike when 60,000 Fayette and Somerset county miners found themselves betrayed and their new budding organization destroyed. He now more particularly feels the sting of the most recent revolt in Illinois where 30 to 40,000 miners have definitely parted with his wrecking policies and taken the direction of the Progressive Miners Union. Surely he has reason to make an attempt at staging a comeback and he will have not the slightest scruples in making it apparently via the progressive route. Even Matthew Woll, the chairman of the convention resolution committee, to whom no red-baiting method is too debasing and no ambition too elevated, just as long it gives him publicity, was "won" for the proposal. Not to forget Victor A. Olander, the secretary of the resolutions committee, often named the statesman of labor because of his ability to give a kind of lofty theoretical interpretation to the base position of serving capital within labor's ranks, also was "won" for the proposal.

All have become "convinced" that drastic steps are required by the present unemployment situation. Undoubtedly they feel that they have been let down by their benefactors and are animated by the zeal of a "just" grievance. The New

York Times quotes Green as hinting "force" at the A. F. of L. convention to get the shorter week. Yes he did speak very radically when he exclaimed: "We say that we are going to strike for this great economic reform. Just as the carpenters led the fight for the eight-hour day, so the time has come for some militant union to lead the fight for the shorter work-day and work-week. I and my associates on the executive council are going to find a way out even though we may be compelled to resort to forcible methods to compel industry to yield. We will not be denied the realization of this great reform. It will be given to us in response to reason or we will secure it through force of some kind."

Thus spoke the pious Baptist Green, but we are sure that we get a much better picture of him from one of his typical statements appearing in the "Federationist" of June 1931. He said:

"As depression has laid its paralyzing hand on the business of the world, bringing catastrophe to a quarter of a million of people, we look to gatherings of captains of finance and leaders of industry to find the way out."

The Real Green
We still remember Green in his true role pledging at the Hoover conference, during the early part of the crisis, that there would be no strikes during this period of economic stress. We remember him speaking at West Point, close to that time, giving what was tantamount to a pledge of labor's docile readiness for the next war. While there has been a change in phraseology, has there been any change in essence since that time? Hardly.

The old heads, if such a distinction can be made in the convention corridors, deplored the actions taken by the delegates. They were more intransigently standpat and could not see the reason for indulging in the luxury of such a modern maneuver. Listen to the argument of Furuseh, who by his own power, guarded as the rock of ages, has succeeded in reducing the International Seamen's Union to a mere shell. He exclaimed: "The insurance proposal will make out of a free man a plodding beggar who must go for his food to others." Well, is that not already the position which he has helped the members of his own union so excellently to arrive at? Howard of the International Typo-

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LEON TROTSKY

Soviet Economy in Danger

(Continued from last issue)
But why are the living conditions bad? The papers refer in explanation to "the contemptuous (!) attitude to the questions relating to the living conditions of the workers and to providing them with the necessities of life." (F. I. September 24). With this single expression the Stalinist press has said more than it had intended. "A contemptuous attitude" to the needs of the workers in a workers' state is possible only on the part of an arrogant and uncontrolled bureaucracy.

This risky explanation was made necessary, no doubt, in order to hide the basic fact: the direct lack of material goods to supply the workers. The national income is incorrectly distributed. Economic tasks are being set without any account being taken of the actual means. An increasingly inhuman load is being dumped on the shoulders of the workers.

References to "breaks" in the supply of foodstuffs are now to be met with in every number of the Soviet press. Malnutrition plus forced exertions. The combination of these two conditions is enough to do away with the equipment and to exhaust the producers themselves. In consolation, Pravda prints a photograph of a working woman in the act of feeding "her own private" pig. That is precisely the way out. "Private domestic economy", lectures the paper (October 3), "hitherto tied the worker to capitalism but now it attaches him to the Soviet system." One cannot believe one's eyes! Once upon a time we learned that private domestic economy depends upon the enslavement of the woman, the most abominable element of social slavery in general. But now it appears that "its own private" pig attaches the proletariat to socialism. Thus the hypocritical functionaries turn cruel necessity into virtue.

Poor nourishment and nervous fatigue engender an apathy to the surrounding environment. As a result, not only the old factories but also the new ones that have been built according to the last word in technology, fall quickly into a moribund state. Pravda itself issues the following challenge, "Try and find at least one blast furnace that is not wallowing in rubbish!"

As touches the conditions of morale, they are no better than the physical conditions. "The management of the factory has cut itself away from the masses"

(Pravda). Instead of a sensitive approach to the workers, there obtain "bare-faced commanding and domineering." In every individual instance the matter touches isolated factories. Pravda cannot guess that the sum of the individual cases constitutes the Stalinist regime.

In the entire non-ferrous metal industry, "there is not a single factory committee that functions more or less satisfactorily" (For Industrialization, September 13). However, how and why is it that in a workers' state the factory committees—of the entire industry and not only in the branch of non-ferrous metals—function unsatisfactorily? Is it not, perhaps, because they are strangled by the party bureaucracy?

At the Dzerzhinsky locomotive plant, during a single session of the nucleus bureau of the blacksmiths, there were taken up simultaneously 18 cases of expulsions from the party; in the wheelwrights—9 cases; in the boiler-makers—12 cases. The matter is not restricted to an isolated factory. Commandeering reigns everywhere. And the sole answer of the bureaucracy to the initiative and criticism from below are—repressions.

The draft of the Platform of the International Left Opposition proclaims, "The living standards of the workers and their role in the state are the highest criterion of socialist successes." "If the Stalinist bureaucracy had approached the tasks of planning and of the living regulation of economy from this viewpoint", we wrote more than a year ago, "it would not have missed the frightfully each time, it would not have been compelled to put through the policies of wasteful zig-zags, and it would not have been placed face to face with political dangers." (Bulletin 23, page 5).

Rural Economy
"The rural economy of the Soviet Union", wrote Pravda on September 28, "has become absolutely entrenched on the road to Socialism." Such phrases, bolstered up as a rule by bare citations of the number of collectivized homesteads and hectares, represent in themselves a hollow mockery of the actual condition of the rural economy and of the interrelations between the city and the village.

The headlong chase after breaking records in collectivization, without taking any account of the economic and cultural potentialities of the rural economy, has

The Situation on the Eve of the Second 5 Yr. Plan - A Marxian Analysis

led in actuality to ruinous consequences. It has destroyed the stimuli of the small commodity producer long before it was able to supplant them by other and much higher economic stimuli. The administrative pressure, which exhausts itself quickly in industry, turns out to be absolutely powerless in the sphere of rural economy.

"The village of Caucasus," we are informed by this same Pravda, "was awarded the prize for its spring sowing campaign. Concurrently, the tillage turned out to be so poor that the fields were entirely overgrown by weeds." The village of Caucasus is a symbol of the administrative hue and cry after quantity in the domain of rural economy. 100 percent collectivization has resulted in 100 percent overgrowth of weeds on the fields.

The kolkhozes were allotted more than 100,000 tractors. A gigantic victory. But as the innumerable local newspaper reports show, the effectiveness of the tractors far from corresponds to their number. At the Poltava machine building station, one of the newest, "out of 27 tractors recently delivered, 19 are already seriously damaged." These figures do not hold only for exceptional cases. The station on the Volga Ukraine has 52 tractors; of these, two have been out of operation since spring, 14 are being completely overhauled, and of the remaining 36, less than half are being utilized in sowing, "and even these remain alternately idle." The coefficient of the useful functioning of the 100,000 tractors has not been determined as yet!

During the dizzyest moment of 100 percent collectivization, Rakovsky made a stern diagnosis, "In the sum total of the results which have been prepared for by the entire preceding policies and which have been aggravated by the period of the ultra-Left adventurism, the chief result will be the lowering of the productive forces of the rural economy, indubitably evident in the sphere of stock raising and in a part of the cultivation devoted to raising technical raw material, and becoming increasingly evident in the sphere of the cultivations of grains."

Was Rakovsky mistaken? Unfortunately, no. Nothing can produce so shocking an impression as the small, quite imperceptible, decree issued by the C. E. C. on September 11, 1932, which met with no comments in the Soviet press. Under the signature of Kalenin and

Molotov, the individual peasant proprietors are duty-bound to relinquish, for the needs of the kolkhozes and at their request, all horses for a stipulated price. The kolkhozes are in turn obliged to return the horses to their owners in "good condition."

Such is the inter-relation between the Socialist and petty bourgeois sections of rural economy! The kolkhozes which cultivate 80-90 percent of the arable lands and which should, in theory, attract the individualists by their achievements, are compelled in actuality to resort to the legal aid of the state in order to obtain through compulsion horses from individual proprietors for their own needs. Everything here is topsy-turvy. This single decree of September 11 represents a deadly sentence to the policies of Stalin-Molotov.

The Problem of Establishing the Link
Could the inter-relationships between the city and the village become improved on this material productive basis?

Let us recall once again: The economic foundation of the dictatorship of the proletariat can be considered fully assured only from that moment when the State is not forced to resort to administrative measures of compulsion as touches the majority of the peasantry in order to obtain the products of rural economy; i. e., when in return for machines, tools and objects for personal use, the peasants voluntarily supply the state with the necessary quantity of food-stuffs and raw material. Only on this basis—along with other necessary conditions, internally as well as internationally—can collectivization obtain a true socialist character.

The correlation between the prices for the products of industry and the products of rural economy has changed indubitably in favor of the peasant. In truth, it is an unfeasible task, to perform an accounting in this sphere that corresponds in some manner to reality. For instance, Pravda writes that "the cost of a quintal of milk ranges in the kolkhozes from 43 to 206 roubles." The variation is even greater between the State prices and the price on the legalized markets. No less heterogeneous are the prices for the industrial products, all depending upon the channel through which they reach the peasant. But, without in any way pretending to be exact, it is possible to assert that the price-scissors, in the narrow meaning of the term, have been closed by the peasants. For its own products, the village has begun to obtain such a quantity of monetary equivalents as would assure it industrial goods, at fixed state prices... if such goods obtained.

(To be continued)

graphical Union—the one time "progressive"—and Frey of the Molders' union were others opposing the unemployment insurance proposal. If these two latter are not amongst the older heads it would nevertheless be incorrect to accuse them of being more reactionary than any of the others.

As a matter of fact we do not at all claim a distinction or a division within this present coterie of unvarnished purveyors of deception. And yet, as it is false to lump all the A. F. of L. unions into a category of one reactionary mass so it could be wrong even to conceive of the officialdom as a homogeneous reactionary whole which is never subjected to the pressure of conditions of the masses. But this sort of confusion, and worse, is what springs from the Stalinist theorizings of "social-Fascist" unions and "social Fascist" leaders. In this connection it is well to remember first of all that the historical conditions for Fascism have not as yet arisen in America. Capitalism here can yet manage its affairs more effectively by the bourgeois democratic methods. Secondly to lump even the general A. F. of L. officialdom, the higher bureaucrats and the lesser ones, who are of necessity closer to the rank and file, into the category of Fascism or "social Fascism", does not at all serve to make clear its essential role. On the contrary this object becomes obscured. Workers will not become convinced by that method. It is therefore now more than ever necessary to remain straightforward and to endeavor to educate the working class to an understanding that the role of the trade union officialdom is essentially the one of serving as lieutenants of capitalism within the ranks of labor. These officials have accordingly, in the past, while striving to gain collective bargain measures sufficient to justify their position, in every fundamental respect used the best of their endeavors to obstruct the working class advance on a class basis. They have used as their method cunning, deceit, violence and outright betrayal. Just now they feel it necessary to step in a progressive direction sufficiently to justify their official positions within the unions whose members they fear to be moving Leftward. They feel it necessary to propose reform measures in the sense of being a safety valve for the capitalist system. They feel it necessary also to capitalize upon the mass pressure to ask some concessions from capitalism in order to maintain their positions. The future may see the A. F. of L. officialdom in general becoming more closely integrated with a social reformist movement, for which there are still possibilities of growth in a limited sense in the United States. But in essence, even on the path of reformism, these reactionaries of today will serve in the same role as in the past—a barrier to working class advance.

There can, of course, from such considerations as these be no expectancy of the A. F. of L. hierarchy undertaking any fight whatsoever actually to obtain the measures adopted at the convention. Nevertheless the adoption offers an additional opportunity for serious Left wing activities within the trade unions. The economic pressure upon the masses will inevitably drive them in a Leftward direction. It will thrust forward serious and genuine progressive elements. It will bring new life, new spirit and new obligations to the present declining unions. But with that also new and additional opportunities for a Left wing.

—ARNE SWABECK.
The A. F. of L. convention will follow. Note—Another article taking up further in the next issue.

MONEY FOR SUBS

Elsewhere in this issue we outline the second phase of the Club Plan. It concerns the Paid Sub Cards. We explain there how this scheme can be made to boot the circulation of the Militant. Here we want to put these Paid Sub Cards to an additional use. We need money; not just for the usual routine of running an office and getting out mail. The situation is really serious. We are in a desperate financial situation. The two two-page issues were not tricks to hijack a few extra dollars out of our comrades and friends.

We were forced to retreat to two pages. It was either that or no issue. To us the continuity of the weekly Militant is a vital question. And we are sure it is that to all our readers. That is what is at stake—a weekly four pager or what? We must, at once, make reasonably sure that we can get out a weekly four pager. For this purpose we need money.

But we don't want to climb out of this hole to plunge into another one at a later date. We want, if possible, to emerge from this crisis, with your help, in such a way that we can take a step toward avoiding such a crisis, in the very near future, at any rate. That is why we appeal here to you to support the weekly Militant by buying these Paid Sub Cards. Buy them in blocs of at least four. That is the minimum unit. This gives us two dollars. Then get busy either selling them to workers or distributing them free according to your circumstances.

If you resell them buy another bloc of four or more. If you do this you will be giving invaluable aid to the Militant. You will be helping it financially and at the same time extending its base. At the same time you will have created a small revolving fund of your own which you will be using exclusively for helping the Militant. And all that this involves financially on your part is an outlay of a minimum of two dollars. The turnover does the trick. Everytime you buy a bloc of cards for two dollars it starts four subs on their way in addition to giving us financial help. Can you do it? If you can, do it at once.