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THE MILITANT



Published 3 times a week, Monday, Wednesday and Friday. Official Organ of The Communist League of America (Opposition)

Workers of the World, Unite!

Published thrice weekly by the Communist League of America (Opposition) at 126 East 10th Street, New York, N. Y. Entered as second class mail matter, November 28, 1928 at the Post Office at New York, N. Y. under the act of March 3, 1879

VOLUME VI, NO. 17 [WHOLE NO. 164]

NEW YORK, WEDNESDAY, MARCH 8, 1933

PRICE 1 CENT

Communist International Changes Policy! Half-Turn to Genuine United Front Must Be Completed and Actually Carried Out

The Communist International has at last spoken on Germany!

The Communist International has at last made a turn in policy on the united front with the social democracy!

The alarm signal sounded by the Left Opposition in the ranks of the Communist movement, the increasingly critical situation in Germany, the hopelessness of the previous position of the Stalinist faction—all this forced the Comintern to speak out. It has been compelled to come out of its disastrously sectarian retreat in favor of a united front with the social democratic party to smash the forces of Fascism.

This is what is revealed by the Moscow cablegram from Walter Duranty to the New York Times of March 7, 1933. We quote directly:

"The Communist International has reversed its policy of Communist party exclusiveness of recent years and has reverted to a 'united front of all workers' parties under a manifesto issued January 22 and published in the newspaper Pravda today. That is the Comintern's answer to Adolf Hitler's success and the 'unparalleled campaign of provocation and terror against the whole working class of Germany.'"

"The manifesto, signed by the executive committee of the Comintern, instructs Communist parties throughout the world, first, to arrange a joint program of action with Second International and other labor organizations—that is, combined staff work; second, to form committees immediately for joint action with workers and other parties—that is, combined field work."

In its editorial comment, the Times, representing the most specious bourgeois minds, observes that this is the "policy advocated by Trotsky." "M. Trotsky, from his exile on Prinkipo Island, in Turkey, a year ago advocated cooperation between the German social democrats and Communists."

"In this," replies Thaelmann, "we see the continuation of the false judgment of the role of the S. P. G. The proposal made by the leaders of the Berlin district to the Comintern was sharply criticized by us, because it expressed an over-estimation of the degree of maturity attained by the social democratic workers, and an underestimation of our own power among the working class, for the organization of widespread demonstrations of the united front from below, coupled with a surrender in the face of certain sentimental feelings in favor of unity which are to be met with."

And again, attacking Trotsky who "wants in all seriousness, to see the Communists going hand in hand with the murderers of Liebknecht and Rosa Luxemburg," who demands "negotiations between the leaders of the Communist Party of Germany and the Social Democratic Party of Germany"—Thaelmann

proclaimed solemnly: "This policy would mean that we would abandon our correct Bolshevik policy." (Ibid, page 38.)

Less than two weeks ago (February 27, 1933—and the Comintern manifesto was dated January 22, 1933!) Bedacht still wrote in the Daily Worker: "The more the Communist party united front with the social democratic workers is entering into the strength of social democracy (see the last elections)—S., the more do the Brandlers and the Trotskyites shout for a united front with the social democratic leaders... Bolshevik tactics made the Communists the strongest single party in Berlin. Bolshevik tactics caused the inner disintegration (!!) of the social democratic party."

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The Significance of the Turn

The blows of the International Left Opposition against this light-minded Neronian fiddling while the Fascist torch was being applied, coupled with the blows which the Fascists themselves were dealing, have now compelled a turn in the policy of the Communist International.

The Left Opposition enthusiastically welcomes the turn! But to our regret, it is impossible to welcome it unreservedly. In the latest turn of the Stalinists, in the right direction though it is, we detect all the features which inevitably characterize the turns of the Centrist bureaucracy: half-heartedness, obscurity, covering up the traces in the interests of the theory of infallibility and apparatus prestige, ambiguity.

"The Communist International", Buchwald's radiogram quotes from Pravda, "much earlier offered to all workers parties (!) the proposal to create joint fighting fronts against the onslaught of the capitalists." Much earlier than who or what? Is the reference to the "united front from below", to the bureaucratic ultimatum of the demand for the "united front under Communist party"? If a repetition of the past policy is all that the turn signifies, then it would be a miserable dressing up in the trappings of a more guarded phraseology of the bankrupt policy of yesterday. From the Pravda quotations given us by Buchwald, however, it appears (one must look for a clear statement with a microscope) that the Comintern has finally addressed itself directly to the social democracy.

The Banking Crisis in the United States

TWO BILLIONS IN CURRENCY AND GOLD HOARDED, THREATENING TO CRIPPLE THE FINANCING OF BUSINESS; PLANS BEING WORKED OUT BY BOURGEOISIE TO TIDE ITSELF OVER CRITICAL PERIOD, WITH INFLATION MENACING PROLETARIAT

The basic problem of banking is this: In the United States, the national income in boom years was about 90 billion dollars a year; at present about half of that; the national wealth about 300 to 400 billions. This income is realized in the form of money, and a large part of the transfers of wealth take the form of money as an intermediate stage. This money is based on gold. But there is only 3 to 4 billions of gold in this country. The whole business of banking is to fill the gap between the 3-4 billions of gold and the hundreds of billions of money transactions which are based on gold.

The banking system is a device for filling this gap by means of credit, in other words, paper. Every dollar of gold received by the Federal Reserve Bank can become the basis for 1-2 dollars of Federal Reserve paper, each of which in turn can become the basis of 8 to 14 dollars in loans and deposits in the ordinary commercial banks.

As a result of this mechanism, 3-4 billions in gold supports 5-7 billions in paper money which in turn supports 44 millions of bank deposits, which are the real "funds" with which the business of the country is transacted. All of this works well enough until and unless the people who have bank deposits ask for paper money instead, and the people who have paper money ask for gold. When this happens the credit, which stuffs the gap between the amount of gold actually available and the amount of business which has to be financed, is cut down. This cannot go very far without raising the possibility that the first 3-4 billions of deposits may be paid off in gold, and the entire rest of the banking structure be left without any gold foundation.

of the civil war, in 1920, after years of imperialist and civil war and the transition from capitalists to war-time Communism, the lowest level reached was 18% of "normal". The complete wiping-out of credit and the reduction of economic activity would be an unparalleled economic collapse. When there is a danger of this, as there has been on six occasions since the Civil War, the banks, not having enough gold or currency to meet the demand, and finding their credit steadily cut down, fill in the gap with emergency paper of some sort as long as the panic continues, then retire it as soon as a "normal" basis for banking has been restored. This happens when gold and currency begin coming back into the banks, so that deposits increase instead of decreasing.

Just what has happened in the present banking crisis? Banks have been shut down by whole states at a time, and depositors have been withdrawing their money. Deposits have been cut from 44 to 42 billions, while note circulation has gone up over a billion dollars, from 5 to over 6 billions, at the same time as gold on hand has been reduced from 3 to 1-2 billions. In other words, about 2 billions of currency and gold have gone into hoarding. The danger of a reduction in deposits and credit reaching the point of crippling the financing of business became imminent. As a result of the hoarding, there is not enough money to go around, and credit is not able to fill the gap because it is being withdrawn, not extended, when everybody wants cash.

How do the banks and the governors and president who speak for them propose to meet this situation? In the same way as such situations have always been met—by putting out something which will take the place of money until the emergency is over, i. e., until money comes back out of hoarding and credit, along with deposits, stops declining. Evidently there is a difference among the bankers as to just how

to be done. The New York City group wants to issue Clearing House certificates, which represent only the balances which one bank has with other banks. Anyone who wants to accept this as money can do so, but unlike "regular" money, there is no legal way of compelling him to accept it. This is the device that was used in 1873, 1893 and 1907, on each of which occasions it was redeemed, after circulating for some months.

The plan being carried through by Gov. Lehman of New York State is to have new Emergency Certificate Corporations organized which will take over assets from banks and issue certificates against them. This kind of paper is backed by the particular assets against which it is issued, not by the general credit of all the banks in a given district, like the Clearing House certificates.

A third plan is being worked out by Woodin, Secretary of the Treasury, for the issue of Federal Reserve notes of a special kind against bank assets; something like the Lehman plan but on a national scale and without forming a new banking corporation.

Will There Be Inflation? No matter which of these plans is actually carried into practice, the result will be an increase in the amount of paper in circulation. Does this mean inflation? Not necessarily. If the total amount of all these new issues, of whatever kind, is kept down to the amount of money which has gone into hoarding, it will merely keep the total of cash plus credit in the status quo before the rush on the banks started; if the amount of new paper issued is less, it will be even a further deflation and reduction in the amount of circulating medium. If, on the other hand, more new paper is issued than the amount of cash that has gone into hoarding, or if it is kept in circulation and not retired while the hoarded cash comes back, it will result in a net increase in the total amount of means of payment available.

(Continued on Page 2)

times after hopeless delays... The correctness of our position will become apparent in action with each passing day. When the ceiling overhead bursts into flame, the most stubborn bureaucrats must needs forget about prestige. Even genuine privy councilors, in such situations, jump out of windows in their underwear. The pedagogy of facts will come to the assistance of our criticism.

The pedagogy of facts, the intransigent, unyielding, persistent blows of the Left Opposition, have forced a turn in the Stalinist policy. The turn is in the right direction, but it cannot be over-emphasized that it is inadequate; incomplete, cowardly—in a word, typically Stalinist. The way to complete the turn is not to be overwhelmed by enthusiasm and to swallow everything uncritically, but to strike twice as hard for the views of the Left Opposition. It is only by acting in this manner in the past that the Left Opposition contributed its share even to the partial turn which has now been effected.

What Must the Party Do Now?

The Communist worker, whose passive resistance to the old Stalinist policy was not the least factor in forcing a change, will be remiss in his revolutionary duty if he fails to drive ahead now. The turn must be completed; it must be made concrete; the bureaucratic loopholes (and there are far too many of them already apparent) must be plugged up.

What is to be done now? First: the party membership, the Communist workers, are our first concern, for without a clear-headed party, which understands what it is doing and why, even the best policy is worth very little. Therefore, it is imperative that the turn be elucidated, the reasons for it made clear, the blunder of yesterday revealed and condemned to prevent its recurrence, and bureaucratic prestige sacrificed in the interests of clarity. The party, which has been so horribly disoriented and miseducated, must be re-oriented and re-educated: in a word, it must be re-arm'd.

Second: the turn must be made genuine and concrete. We have not the slightest reason to doubt that the party leadership will consent itself with the issuance of a formal appeal to the social democracy, equivocally couched with a good deal of "united front from below" hubble smuggled in. Then, if and when it is ignored or rejected by the social democratic leaders, the Stalinist leaders will retire to their old positions, "proving" the "hopelessness" of any "united front with the leaders". The correct and only procedure is to address a formal and public appeal to the social democratic party, through its executive committee; ditto to the trade unions; to propose in this appeal a public meeting (before the eyes and under the control of the working class) of the representatives of both movements to discuss a concrete program of action against Fascism.

At the same time, to call upon the reformist masses to demand that their leaders accept the Communist united front proposal, that their leaders agree to meet, discuss, work out a fighting program and act with the Communists. Thereafter, only therein lies the true significance of a "united front from below" as distinguished from the Stalinist conception of yesterday (and to a certain extent of today), as well as from the Chiang Kai-Shek and Anglo-Russian Committee "united fronts from above."

Third: outside of Germany, in the other capitalist countries, the Communist party must approach the social democracy and the trade unions in the same manner, demanding a united front to mobilize the masses in France, England, the United States and elsewhere for an international movement of struggle against Hitlerism and solidarity with the German proletariat.

These are elementary preliminaries. The latest events have only fortified the standpoint and the confidence of the Left Opposition. Our vigilance will not be diminished for a moment; our irreconcilable opposition to Stalinism will not be moderated; our role will not be reduced. On the contrary, "Should the Communist party be compelled to apply the policy of the

united front, it will almost certainly permit the attack of Fascism to be beaten off," Trotsky wrote in 1932. "In its own turn, the serious victory over Fascism will clear the road for the dictatorship of the proletariat. But even at the helm of the revolution, the Communist party will still bear within itself many contradictions. The mission of the Left Opposition will not at all be completed. In a certain sense it will only begin. In the first place the victory of proletarian revolution in Germany would signify the liquidation of the bureaucratic dependence of the Communist party upon the Stalinist apparatus."

SPARTACUS YOUTH AFFAIR

The Spartacus Youth Club will hold an entertainment and dance Saturday March 11, 1933, at the headquarters of the International Workers School, 126 East 10th Street. Admission is only 15 cents, and an excellent program of entertainment has been arranged. All young workers and students are cordially invited to attend and acquaint themselves with the Left Opposition youth.

Even though much water—and blood—has flowed since this was written, and invaluable time criminally squandered by a bureaucracy jealous of its prestige, it remains essentially true. Fascism can still be conquered. The proletarian revolution may still be put at the top of the order of the day in Germany, and consequently throughout Europe. The Left Opposition, the Bolshevik-Leninists stands at the watchposts of the world revolution!

Wed., March 8, 1933. M. S.

RESPONSE FROM MONTREAL

Dear Comrades: Have read the Militant for the last month and have been profoundly impressed by the sincerity of the paper.

It warms my heart to see an issue handled, and driven home, as the German crisis has by the Left Opposition. Enclosed herein please find \$2.00 to add my bit for the cause. Internationally, Montreal. GEORGE KELLEY.

ST. LOUIS BRANCHES

The St. Louis Branch, International Workers' School is conducting a study class on the "Fundamentals of Communism" with Martin Payer as instructor. Sessions are held every Monday evening, 7:30-10:00 P. M. in the downstairs club room, Cruden Branch Library, 14th and Cass Aves. All readers of the Militant invited to attend. Tuition is free. Sufficient literature is available to all students.

Newark Meeting

at the Hungarian Workers Home 37-10th Ave., Newark, N. J. Saturday Evening, March 11th, 8 P. M. THE GERMAN PROLETARIAT AND FASCISM Speaker: JAMES P. CANNON EVERYBODY WELCOME! Communist League of America (Opposition) Newark branch

MANHATTAN MASS MEETING

After the German Elections-What Now?

Speakers: JAMES P. CANNON MAX SHACHTMAN MARTIN ABERN, Chairman

LABOR TEMPLE FRIDAY, MARCH 10th, 8 P. M. 14th Street and Second Avenue LARGE HALL ADMISSION 15 CENTS