

Readers' Forum

More on "Creating Money"

TO NEW MASSES: John Strachey's uncritical enthusiasm for the various pension plans, these kites with leaden tails now flying the national skies, is shocking indeed from a scholar of his past attainments. How he can fail to detect the inflationary character of these schemes with their ultimate havoc upon the bellies of the working class is astonishing. In California, fortunately, the workers weren't nearly so obtuse, or fooled by a superficial progressivism. Certain sections of the middle class championed the movement, that pie slice of the almost-dispossessed which yearned for some redistribution of purchasing power with no attendant surgery upon the profit system as a whole. Another large part of the middle class opposed the "ham and eggs" project, convinced by Bank of America propaganda (specialists in crackpot monetary juggling) that the idea was crackpot money juggling. The workers held the balance of power in the election on this issue. Proposition 25 died in almost every industrial area. It died not because the workers were influenced by reactionary propaganda, or suspicious of sleight-of-hand, but because they recognized the veiled sales-tax feature of the plan, and what its effect would be upon their grocery bills. Plainly the repudiation of the pension-plan initiative by the thoroughly advanced California trade-union movement could have no other interpretation.

Further, how can Strachey say that "Keynes is correct when he says that capitalism would be workable indefinitely if the capitalists would tolerate a rate of rent, interest, and profit following steadily towards zero"? Truly this is Marxism with an Oxford accent, abstract speculation in a vacuum. Where are the dynamics of the class struggle in such reasoning? What of Spain, where the process of "steadily towards zero" commenced? Keynes is talking into his flat don's hat with such statements, and Strachey, as a Marxist, should rebuke him sharply for it rather than quote him approvingly. Academic chatter of this sort can only lull the people into inactivity in the terribly necessary fight against fascism.

New York City.

JOHN BRIGHT.

TO NEW MASSES: As I understand his argument, Strachey is not discussing a monetary operation carried out at the instance of monopoly-capital to overcome a capitalist crisis. If he were, I have no doubt that he would discuss the usual results of such operations, including a rise in the cost of living. He is concerned primarily with the imperative human need to increase mass purchasing power. And he recognizes that without some immediate redistribution, recurring crises will stimulate the move towards a fascist setup to protect profits and stifle resistance. This to my mind is an important distinction. Redistribution, as illustrated by government spending for relief and works projects, does actually result in increasing mass buying power. There is no indication, on the other hand, that printing press inflation would accomplish the same result.

Your conclusion that devaluation of the dollar presented "proof of a practical kind" that this "inflationary" operation raised profits 6 percent during the 1933-35 period while it increased living costs by the same percentage does not seem well founded. Abandoning the gold standard has practically no effect upon the internal economy of the United States. Furthermore, we know from the re-

cord that the original course of the so-called "New Deal" gave definite aid to capital. Under NRA, anti-trust laws were shelved, employer groups were permitted to get together to stimulate and carry out price increases, and the burden of taxation was shifted still further to the shoulders of the lower middle and working-class groups. These were much more potent influences in the boosting of corporate profits than the much publicized devaluation. And to my mind, consideration of these facts is much more important to NEW MASSES readers than a rehash of the ordinary economist's views.

New York City.

JAMES MILLER.

TO NEW MASSES: It is my belief that Strachey is right in the debate with NEW MASSES on "the central problem of our day," the problem of increasing the purchasing power of the people within the framework of capitalism. That is my belief, at least, concerning the form which the debate has taken so far.

I feel that by dismissing Strachey's argument as an "inflationary nostrum," you have merely labeled it, without answering it by any reasoned argument. You have yet to show exactly why Strachey's proposal is an "inflationary nostrum."

On page 66 of *Hope in America*, there is the statement that "A government, when it creates new money, is doing nothing more nor less than the banking system does every day of its life." The pages around this assertion give reasons to back it up—of course admittedly sketchy, in line with the nature of the book.

To me, it would have been highly sensible of the government to have financed most of its recent expenditures of billions by issuing credit itself instead of paying the banks interest for doing this. With excess reserves in the private banking system at an enormous level, and little lending to private industry because of the deep-seated depression, it is clear that money loaned to the government is money which would otherwise be "idle." And so this creating of purchasing power would lead to inflation just as much as if the government created it. If inflation were a danger, we would have it either way. Why, therefore, is Strachey's policy an "inflationary nostrum," while the present policy of borrowing is to be considered "sound"?

Akron, Ohio.

SUE BOLAND.

TO NEW MASSES: Mr. Strachey's article was very much of a surprise; especially so since we were told that in it he was going "to expand this germ into a full statement of the idea." [My italics—M. B.]

No forward-looking person will take exception to Mr. Strachey's contention that for the progressive movement to succeed, it must raise the (mass) standard of living by increasing (mass) purchasing power *really* and not *nominally*. Again, no one would object to Mr. Strachey's *method* of ultimately bringing about a state of *full*, or *nearly full employment*, i.e., currency inflation, if this were sufficient to ultimately raise the standard of living, let alone bring about a state of *full*, or *nearly full employment*. It hardly need be said that we do not want a state of *full*, or *nearly full employment* in conjunction with a declining standard of living, as is the case in Nazi Germany.

Taking the article as his "full statement," the Marxian student of economics must state that Mr. Strachey's conclusions are unwarranted. In no way

has Mr. Strachey demonstrated theoretically that the given end would be attained. Indeed, current history does not seem to have validated his thesis. It is dubious whether it can be attained in a system of *contracting* economy.

New York City.

MAX BLOOM.

TO NEW MASSES: In his reply to Bruce Minton's review of *Hope in America*, John Strachey could hardly defend himself against the inverted snobbery that aims to classify him merely as an expounder of Socialist ideas to the "middle middle class."

That patronizing and humiliating description of Strachey's work would sound strange in his home country where it is safe to say that at least ten workers to every member of the "middle middle class" read his books. I think we do Strachey and an increasing number of working men and women a woeful injustice to think that the exposition of Socialist ideas in simple, straightforward, vivid English is necessarily limited to the "middle middle class."

To speak of Strachey as writing "in the language of his special audience" is to overlook the fact that his books have reached and influenced more people in both the middle and working classes than those of any other contemporary Socialist writer. Let's be done with these left-handed insults to the intelligence of working people.

Winnetka, Ill.

HARVEY O'CONNOR.

Letters in Brief

CONGRESSMAN-ELECT VITO MARCANTONIO, national president of the International Labor Defense, asks support in mobilizing American aid to political refugees in Czechoslovakia—trade-union leaders, ex-mayors of democratic Sudeten towns, leaders of non-fascist parties, lawyers, teachers—who have been set adrift by the fascist occupation and are potential victims of Hitler's Gestapo. Their number includes also about a thousand refugees from Berlin and Vienna who had found a refuge in Prague before the Munich pact. To provide immediate relief for these people until asylum is found for them in some other country, the ILD has formed a Non-Sectarian Committee for Political Refugees, which has as its goal the raising of \$10,000 by January 1. Contributions may be sent to the treasurer, Mrs. J. C. Guggenheimer, at Room 504, 112 East 19th St., New York City.

The monthly publication *International Letters*, which publishes letters from people dealing with their past or present experiences, incidents in daily life and observation, and opinions and impressions of current affairs, invites contributions from NEW MASSES readers. P. A. H. Stahl is editor of the monthly, which is published in New York City (Dept. 11, 419 East 84th St.).

We have received a copy of a telegram urging amnesty for Peru's five thousand political prisoners, sent by twenty American liberals to Mme. Francisca Benavides, wife of the president of Peru, just before she sailed from New York for Lima aboard the ship carrying American delegates to the Pan-American Conference. The telegram is signed by Rockwell Kent, Gifford Cochran, George S. Kaufman, George Seldes, John Chamberlain, Donald Ogden Stewart, Leane Zugsmith, Saxe Commins, Bennett Cerf, S. L. M. Barlow, George S. Counts, Carleton Beals, Upton Sinclair, Maxwell Stewart, John Howard Lawson, Lydia Gibson, Langston Hughes, A. J. Isserman, Frances Winwar, and Waldo Frank.

The American Friends of the Soviet Union announce that *Quiet Flows the Don*, celebrated Soviet opera based on the novel by M. Sholokhov, will have its American premiere, in abridged form, Sunday, December 4, 2:30 p.m., at the Washington Irving High School, 16th Street and Irving Place, New York City, under the auspices of the AFSU. The production is in full costume with scenic effects. There will be a narrative in English by S. N. Kournakoff. The program also includes a suite of dances by the celebrated Chernishevsky Dance Group. Corliss Lamont, national chairman of the AFSU, will speak on "The Soviet Union Today."

REVIEW AND COMMENT

The Negro and the Democratic Front

THE annual meeting of the American Anti-Slavery Society in May 1865 was not a mere victory celebration. One month after Appomattox, the leaders of the Abolition movement were involved in a long and heated debate over their future course. William Lloyd Garrison argued that the society should be dissolved, since its major purpose, emancipation, had been achieved. Wendell Phillips and Frederick Douglass were more realistic. They won a majority for their proposal that the Abolitionists continue their work until the Negroes were recognized under the Constitution as citizens sharing equal rights with all other citizens of the republic. When President Grant proclaimed the adoption of the Fifteenth Amendment, five years later, Phillips shouted "Io! Triumph! Our long work is sealed at last." But the Abolitionists, with prophetic insight, were still reluctant to end the existence of the Anti-Slavery Society. They adjourned *sine die*. "We sheathe no sword," a crowd of sympathizers was told at Steinway Hall. "We only turn the front of the army upon a new foe."

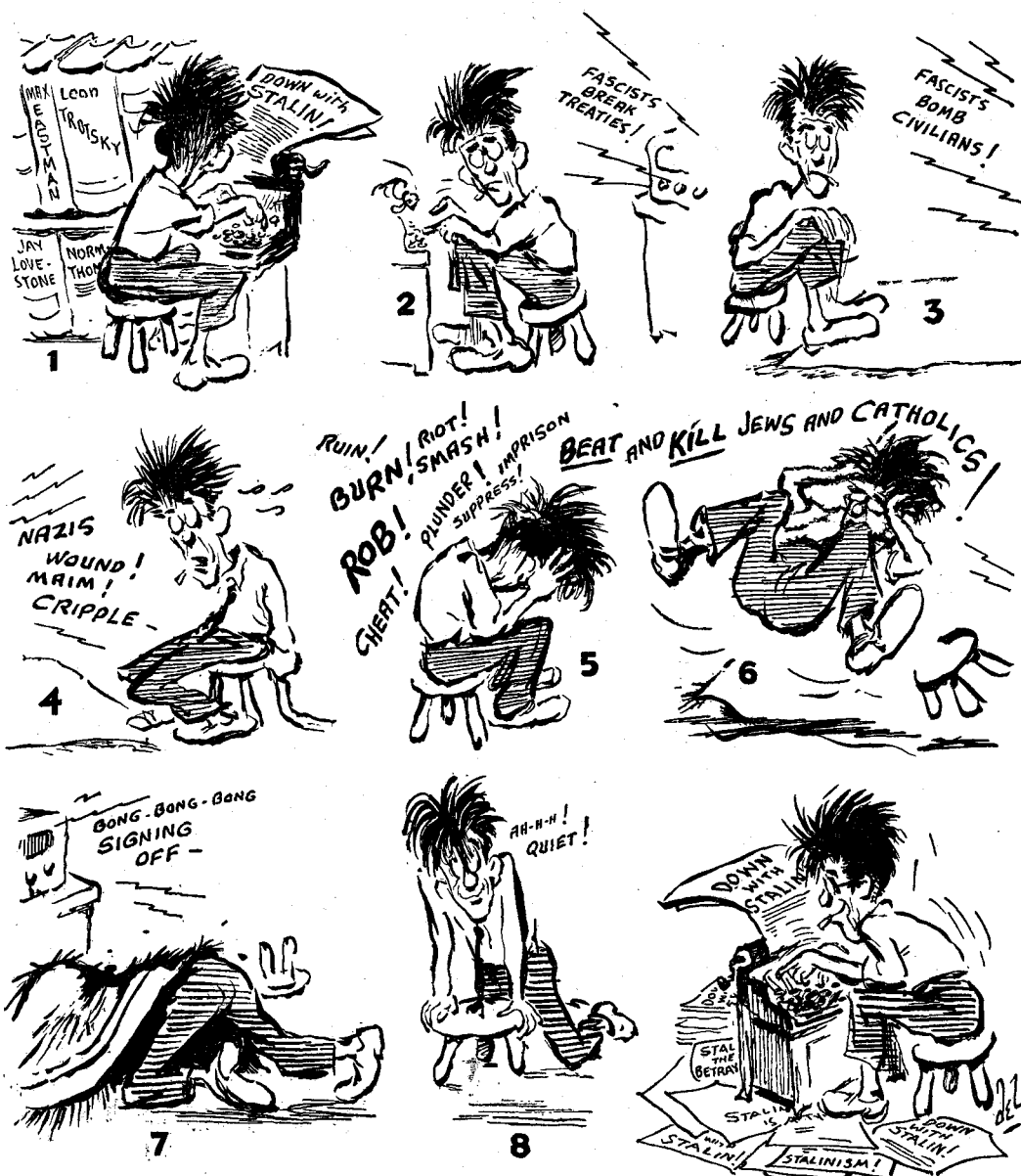
The fight of the Abolitionists is not over now, any more than it was in 1865 or 1870. No American who has eyes to see and heart to feel needs to be reminded that our great national disgrace is still with us, in new, brutal, and unofficial form. The evils of sharecropping and tenancy have replaced the evils of formal servitude. Despite the Fifteenth Amendment, four million Negroes of voting age are disfranchised. There are thirteen million Negroes in this country, but there are less than sixty thousand Negro school-teachers. The political, economic, and cultural oppression of the Negro people is the ugliest reality in our national life. This is not new. What is new is the fact that never since the days of Phillips and Samuel May and Sojourner Truth has the fight for Negro rights assumed such mighty proportions. The realism, courage, and militancy of that fight is set forth in James W. Ford's *The Negro and the Democratic Front* (International Publishers, \$1.75.).

Ford's own life epitomizes the obstacles and achievements which he discusses in his book. This outstanding leader of the Negro people, the son of a poorly paid steel worker, spent his childhood in Alabama. Despite great difficulties, he attended Fisk University. Just before his graduation, he joined the army, in 1917. As a non-commissioned officer he led

his men in protests against the prejudiced white officers. After his return, Ford worked in the Post Office at Chicago. He joined the Communist Party in 1926, became a delegate to the Chicago Federation of Labor, helped organize the Trade Union Unity League, the American Negro Labor Congress, and the League of Struggle for Negro Rights. In 1930, Ford went to Germany as secretary of the International Committee of Negro Workers. A thorough student of the African colonial question, his was an influential voice at the Geneva conference on African children

called by the League of Nations in 1931. When Hoover evicted the bonus marchers from Anacostia Flats, Ford was on the scene. As a militant spokesman for the veterans, he was thrown in jail. In the 1932 and 1936 election campaigns, Ford was the Communist Party's candidate for Vice-President. A splendid tribute was paid to the Negro leader recently by the workers of Cuba. No less than eighty thousand people came to hear him when he spoke in Havana.

James W. Ford, in short, has participated richly in the liberation movement of the Ne-



Strange Interlude