

# The Kentucky Strike---Our Mistakes and Their Correction

By TOM JOHNSON  
PART III (CONCLUSION)

## Mass Agitation Necessary

It is, of course, impossible to politicalize and raise the level of the strike without a continual barrage of agitational material, placing the position of the Union on every issue squarely before the strikers, answering in bold and sharp manner every attack, every slander circulated by our enemies.

This is particularly necessary in the present situation, working as we are with workers who have not seen before our revolutionary unions and our Party in action, and whose only knowledge of their programs and tactics are gained from the lying columns of the capitalist press.

Our enemies have been quick to seize on this and leaflet after leaflet of the crudest most stupid lies have been issued by local business men's associations, American Legion posts, the UMWA, preachers' associations of various denominations, as well as by the coal operators directly.

This agitation of our enemies has had a certain effect—precisely because we failed to answer it. The amount of agitational material issued in the strike area has been entirely too small. Our reaction to these attacks has come entirely too late. It is necessary, in the future, that every attack, no matter what its source, be made the occasion not only for a defensive but for an aggressive counter attack on our enemies.

Recent developments make clear that more and more these attacks will come from the UMWA. Nor will they be restricted to agitational attacks alone. The recent announcement of the UMWA that it is raising an "organizational" fund of \$50,000 to invade the Kentucky strike field indicates that the coal operators have decided to use this strikebreaking instrument much more than hitherto. We have been somewhat slow in reacting to this situation. This must be corrected at once and agitational and organizational measures taken to smash any attempts of the UMWA to secure a foothold in the strike area.

## Building the Party

As for bringing forward the independent role of the Party and building the Party in the course of the struggle, it would seem that we have fallen heir to, rather than corrected, the mistakes of the Pittsburgh strike. Despite the supposed "preparations" for the strike, there was not a single Party unit in the state of Kentucky when the strike was called January 1.

to the best of my knowledge there are today, 6 weeks later, only three functioning Party units in the strike area. There are no functioning Party fractions in the leading strike committees. The sum total of Party building in the strike are two units in the Tennessee strike area, a couple more in Kentucky and a nebulous group of perhaps 60 leading strikers who have been directly approached by the Party and signified their willingness to join, but have not yet been organized into Party units.

Our primary mistake here was the failure to bring forward the independent political and organizational role of the Party from the beginning. The strike had been on for almost a solid month before the Party issued its first statement to the strikers in leaflet form. There was also concealed resistance by some comrades to bringing the Party forward at the meetings of the Central Strike Committee and at strikers meetings.

There has been practically no distribution or sale of popularly written Party pamphlets in the strike area. While, as stated above, we have largely neglected answering the attacks of our enemies on the union and the strike, we have failed even more completely to answer the even more vicious attacks on the Party. Yes, the Party has been brought forward in the Kentucky strike, but it has been brought forward not by us but by their enemies.

One of the greatest weapons in the hands of the coal operators has been the misrepresentation of our Party's position on the Negro question, on religion, and on the question of "overthrow of the government."

This then is perhaps our most urgent task—to flood the fields with a barrage of Communist agitation, to consolidate the existing Party units and to build new ones with all possible speed. We must set ourselves the goal of not less than 150 functioning Party members in the strike area in one month's time. The units must be organized as mine nuclei and not as territorial nuclei with the pious idea of later reorganizing

them into mine units. They must begin to lead a political life of their own immediately on formation. They must bring the Party before the masses on a local scale as their leader in the struggle on every front.

The face of the Party must be seen in the strike, and at the same time its hand must be felt in the stiffening and tightening up of the entire apparatus through the proper functioning of Party fractions in leading committees. The basic importance of immediately intensifying our work along these lines can not be overestimated.

## Organizational Weakness

As has been said, many of our difficulties may be traced to a basic shortcoming of the strike—our extreme organizational weakness, and the weakness of our leading forces in the strike area itself.

In my opinion altogether too few forces have been sent in from the center. Whether this be true or not the fact remains that we evidently must solve this problem without further help from the center. This means primarily the speedy training of the best of our local comrades, even though this interferes somewhat with their activity. This is the only guarantee we can have for a speedy development of forces capable of handling the present situation.

If the strike apparatus is weak it may be said

that the union apparatus in the Kentucky field is non-existent. The District Board of the union met Feb. 8th, for the first time since the inception of the strike. We do not have to this day a full and complete registration of all local unions together with their officers, to say nothing of a registration of the membership. Existing local unions function poorly or not at all. There is no systematic day to day recruitment of new members for the union.

## Build the Union in the Mines

Now that there has developed a considerable, although slow, drift back to work, a very real danger arises that our union may become isolated from the men in the mines, and that we shall become a union of blacklisted and unemployed miners. The task of building and consolidating the locals and of rooting them in the mines is therefore of the utmost importance today.

We have recently taken steps to secure a complete registration in all locals. We have started this week the issuance of a weekly org letter to all locals. The District Board has selected acting section organizers of the union (distinct from the section strike organizers) whose task it will be to insure the proper functioning of the locals in each section.

To sum up, the present struggle is by no means over. It is necessary now to bring sharply home to every comrade our weaknesses and our past mistakes in order that they may be corrected here and now and not reserved solely for discussion at the next Plenum of the Central Committee.

# New Tortures for the Workers---Inflation, Taxes, "Anti-Hoarding"

By HARRY GANNES.  
PART III

As we already pointed out, the Federal Reserve System, which acts as the government agent for the issuance of paper money, had already issued over a billion in new paper money to meet the demands of hoarding and the creditary crisis. The withdrawal of gold by France and other countries made it difficult to continue issuing more money, without endangering the value of the entire currency. Commercial paper was being restricted. The Federal Reserve Act requires that the paper money issued have a backing of 60 per cent in commercial paper and 40 per cent in gold. With the drop in the amount of commercial paper, more gold was needed to back up the issuance of the new money, until the gold coverage reached about 68 per cent.

But meanwhile, in reality, the Federal Reserve banks were buying hundreds of millions in government bonds, which they were actually using as a basis for the issuance of paper money. This is contrary to the provisions of the Federal Reserve Act. The main provision of the Glass-Steagall Bill legalizes this process and permits the issuance of more paper money, with government bonds as backing (with the prospect of a new flood of these bonds coming to make up the budgetary deficit. Though technically the 40 per cent gold backing is maintained, in practice this process amounts to a real drop in the gold backing of the paper money, actually dropping its value and leading to inflation.

## Financial World Conflict

The results which the Hoover government predicts for the Glass-Steagall Bill is that it will "ease" the financial strain, by lessening the amount of gold needed for the issuance of new money, and permit the transference of this released gold (around \$700,000,000) into a free gold reserve fund to take care of the demand for withdrawals by other capitalist nations, particularly France which has heavy gold holdings in the United States. This is preparation for the struggle for world financial supremacy.

While the Glass-Steagall Bill received the support of the leading bankers, there are a group of capitalist financiers who feel very nervous about the whole process, those particularly backing the New York Evening Post, Benjamin Baker, editor of the "Annalist" and the Financial and Commercial Chronicle. The Commercial and Financial Chronicle in an editorial on Feb. 20 pointed out some of the real factors in the bill (quite contrary to the usual lying statements of Hoover and the popular capitalist press.) The main points of their editorial follows:

One of the changes made is that United

States obligations are made part security for Federal Reserve note issues. These note issues require a gold backing of 40 per cent, and the amendments make no change in that respect, but the other 60 per cent may under the change now made consist of United States Government obligations where, before, only commercial paper could be so used. . . . During the war the utmost care was taken not to endow any of the different Liberty Loan issues with the circulation privileges. Now they stand forth forth full-fledged as collateral for note issues.

Mr. Steagall entirely overlooks the fact that in its original form the Reserve Act not only made commercial paper the sole collateral behind the Reserve note, but required full 100 per cent of such collateral. The 40 per cent gold reserve was in addition. The 40 per cent gold was meant as a further margin of safety.

"The truth is the Federal Reserve banks have been adding enormously to their holdings of United States Government obligations during the last two years and are now carrying close to \$750,000,000 of them, the exact total of the present week being \$741,342,000. At the same time they have put into circulation 1 1/4 billion dollars more of Federal Reserve notes during the last 12 months, the total of these Reserve notes in actual circulation being reported at \$2,656,941,000 Feb. 17, as compared with only \$1,449,756,000 on Feb. 13 last year. The volume of Reserve notes having been so greatly expanded they have now reached the limit, or virtually the limit, and, accordingly, find themselves under the necessity of having the limit extended."

## Drastic War Time Step.

Thus, quite in line with Hoover's declaration that this is a national defense move of the capitalists, the Federal Reserve banks take a step far more drastic than any taken during the last world war. Furthermore, as the above points out, 1 1/4 billion in new money has already been issued with the "illegal" government bonds as a basis and the Glass-Steagall bill merely makes this process "legal," stimulating the increased issuance of more of this inflated money.

Besides, the Glass-Steagall bill provides a further measure of inflation by permitting actually bankrupt banks to continue to pay out paper money without any backing. The process by which this is done is rescribed by Dr. Edward S. Mead, professor of finance of the Wharton School, as follows:

"A group of five or more member (Federal Reserve) banks, joining together for this purpose, may apply to the Federal Reserve Bank of their district for loans from the Federal Re-