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# SEVEN YEARS OF ROOSEVELT

BY WILLIAM Z. FOSTER

**F**OR seven years the Roosevelt Administration has been in power. It is now seeking a new four years' mandate, either through a third term for Roosevelt or a candidate named by him. It is timely, therefore, to make a general evaluation of the present Administration in terms of its policies and their results, and the perspectives it holds for the working class and the American people as a whole.

## *The Great Economic Crisis*

When President Roosevelt took office on March 4, 1933, he found American capitalism in a mess. The economic structure, which only a short while before had been the admiration of the capitalist world, was in collapse, following the great economic crisis of 1929. During the period of partial and temporary stabilization of world capitalism, which set in a few years after the war, the United States had flourished. Unscathed by the devastation of the war, this country had been transformed from a debtor to a creditor nation. It emerged as the most powerful imperialist world power. Its twenty billion dollars of capital export in war and post-war

foreign loans had given industry a tremendous impetus. This was further stimulated by the expansion of the domestic market during these years through the growth of the automobile industry, the mechanization of agriculture, the industrialization of the South, the extension of the installment system, etc.

The period 1923-29 seemed a golden age for American capitalists, but the workers' real wages remained almost stationary, and the farmers were stricken by crisis. The capitalist soothsayers, including A. F. of L. and Socialist Party leaders, shouted that there would be no more crises, no more class struggle, no more need for strikes. American capitalism had "matured"; Marx was "outmoded"; the path to utopia had been found; poverty was about to be abolished. The slogan was "a chicken in every pot and two cars in every garage." The rest of the capitalist world gaped in envy and amazement at the American miracle.

The Communists alone had predicted the crash which came in 1929. The basic contradiction of capitalism, cause of the inevitably recurring economic crises, had not been solved. Social production

created rapidly expanding productive capacity, while private ownership of the means of production resulted in a limited market, in the restricted purchasing power of the masses. This contradiction had been greatly intensified by the World War and its consequences. The Communists, guided by this Marxian analysis, could and did predict that the great American boom was but laying the basis for an unparalleled crisis that would shake the precarious stabilization of the capitalist world.

Industrial production tobogganed 40 per cent. Foreign trade fell off 50 per cent. The national income dropped from 78½ billions to 41 billions in three years; the wages of industrial workers fell from 15 billions in 1929 to six billions in 1932, and the farmers' income collapsed from twelve to five billions. During 1931 alone, 17,000 retail stores failed. In the first three years of the crisis, hundreds of thousands of homes and farms were foreclosed. Many cities and states went bankrupt. New capital investments—the life-blood of the capitalist system—dropped from eight billions in 1928 to 161 millions in 1932. Stock exchange values fell off 75 billions; 5,000 banks failed, and during the week of March 6-11, 1933, the entire American banking system was shut down. The unemployed reached the unheard-of total of 17,000,000 by March, 1933.

This was the American phase of the great economic hurricane then sweeping through the capitalist world. The only country that escaped the terrific blast was the Soviet Union, whose socialist eco-

nomie system was developing at a speed never equalled by American capitalist industry and agriculture even in their palmiest days.

The Hoover Administration, tool of finance capital, took active steps to protect the capitalists' interests. In November, 1929, under cover of chatter about maintaining the purchasing power of the masses, Hoover organized his notorious no-wage-cut, no-strike conference of capitalists, labor leaders, and the "public." As a result, the A. F. of L. leaders stood passively by while the industrialists slashed wages from 20 per cent to 50 per cent. In 1930 also, with slogans of "economic planning," Hoover gave \$277,000,000 to the agricultural banks, farm implement manufacturers and big farmers in a vain effort to stabilize the prices of wheat and cotton through the Federal Farm Board, established in 1929. During 1930, Congress gave the industrialists further help by boosting the tariff with the notorious Hawley-Smoot law. In 1932, through the newly-constituted Reconstruction Finance Corporation, Hoover handed \$2,843,000,000 to the banks, railroads, insurance companies, and other big concerns. These were loans on the pretense of stimulating capital investment, but actually to facilitate dividend payments.

Hoover's policy toward the working masses, in contrast, was one of brutal deflation. The employers threw millions of workers on the street and the Federal Government refused to give them relief. Mortgage-holders foreclosed on countless homes and farms; hundreds of millions of dollars of the people's

savings were lost in collapsed banks. The Government did nothing to stop this holocaust of the slim resources of the masses. Hoover filled the country with lies minimizing the crisis and with assurances that prosperity was "just around the corner." He used the armed forces or allowed them to be used—Federal, state, and local—against unemployed, striking workers, militant farmers, and veteran bonus marchers, all struggling desperately against starvation.

The Democratic Party opposition in Congress proposed no alternative to Hoover's deflationism. The A. F. of L. and railroad union leaders, tailing along after Hoover, accepted his wage cuts, endorsed his stagger system, opposed unemployment insurance. They allowed their unions to stagnate and the masses to starve. The Socialist Party also went along with the politically bankrupt A. F. of L. leaders. Only the Communist Party came forward with a constructive program. Demanding Federal relief and unemployment insurance, no wage cuts, the seven-hour work-day, a broad policy of public works, and protection of the people's democratic liberties, our Party, in the face of fierce persecution, gave militant leadership to the mass struggles.

Under Hoover, the economic apparatus of capitalism slowed down more and more. The vast army of unemployed and dispossessed grew apace. Starvation stalked through America. Great unemployed struggles developed, several important strikes broke out; the bonus-seeking veterans marched upon Washington, and in many places the

farmers defied sheriffs who tried to foreclose their farms. In all these militant struggles, the Communists played a leading role. The masses began to threaten vaguely but ominously of revolution. A great fear struck the heart of capitalism and was voiced on all sides. Then came the 1932 elections: the starving and outraged masses threw Hoover overboard and elected Roosevelt with the unprecedented total of 22,000,000 votes.

#### *Roosevelt Succors Finance Capital*

In the last year of Hoover's term, the great capitalists had become genuinely alarmed at the depth and length of the crisis, and the radicalism growing among the impoverished masses. Professor W. B. Donham said: "Unless greater stability is achieved, it is doubtful whether capitalist civilization can long endure." Nicholas Murray Butler declared: "The period which we are passing through is a period like the fall of the Roman empire." Many other capitalist intellectuals wrote in a similar pessimistic vein. Demands for a stronger government, for more Federal intervention in economic life, were heard widely in capitalist circles. Many systems of "planned production" were brought forward by leading capitalists—Swope, Harriman and others—as well as by middle-class economists. The American Legion criticized the present form of government and proposed a National Council of Defense; Al Smith said we ought to have a dictator; Senator Reed cried out for a Mussolini.

In this atmosphere of alarm, confusion, and economic prostration,

Roosevelt came to power. Big capital immediately hailed him as the savior of its system. With this backing, he launched a program of militant state intervention into the economic life, such as this country had never before remotely approached. This state intervention covered capital investment, intensification of monopoly, price fixing, regulation of production, subsidizing of industry and agriculture, adjustment of taxation and tariffs, manipulation of mass purchasing power, labor relations, hours and wages, social security legislation, and much more. All of this required expansion of the Government bureaucracy, its closer linking to industry, and a vast increase in the President's power.

In the 1932 election campaign, Roosevelt had given but faint indications of this first-aid program for stricken capitalism. As a Democrat with a slightly liberal reputation, Roosevelt made his central campaign issues Government economy and Prohibition repeal. True, he spoke of extending farm credit to the states and of expanding the Federal program of "necessary and useful" construction. He also commiserated with the "forgotten man," promising him a vague "New Deal." But his much-quoted promise to cut Hoover's Federal budget by 25 per cent is evidence that he did not contemplate the huge Federal expenditures of later years. The *Wall Street Journal* of August 1, 1932, correctly reflected finance capital's estimate of Roosevelt: "Each of the major parties nominated a man whom the country has no reason to fear as the occupant of the White

House." The Communist Party put forward its own ticket, led by Foster and Ford, and sharply opposed Roosevelt for being "just as much a defender of the big financiers . . . as Hoover."

Few American Presidents have assumed office with such a high degree of national unity supporting them as did Roosevelt in March, 1933. Big capital had swung over heavily behind him and was counting on his "recovery" program; the great body of rural and city middle classes also looked to him for aid; and the masses of workers, including the A. F. of L. and the Socialist Party, endorsed him.

President Roosevelt immediately plunged into a legislative campaign to bring Government assistance to the wobbling financial institutions of capitalism. Bills were passed in Congress so swiftly that the members had hardly time to read, much less to understand, them. Following Hoover's policy, Roosevelt poured hundreds of millions as loans into big capitalist concerns through the Reconstruction Finance Corporation. By the Emergency Bank Act, he liquefied the frozen assets of the banks, authorizing the Government to issue sound bonds for their otherwise worthless commercial paper. Further aid was pumped into the banks by the Agricultural Adjustment Act and the Home Owners' Loan Act; the bankers were enabled to refinance dead mortgages on homes and farms by getting gilt-edged Government bonds in exchange for them. This procedure eventually gave the financiers several billion dollars of Government funds.

Additional help was rushed to business by inflationary policies to raise prices, including the embargo on shipment of gold abroad, abandonment of the gold standard, devaluation of the dollar by 41 per cent, and establishment of the \$2,000,000,000 currency stabilizing fund out of the Government's "profits" in its devaluation transaction. During the first Roosevelt year wholesale prices rose 30 per cent and retail prices about 20 per cent.

To aid finance capital there next came, in June, 1933, the famous National Industrial Recovery Act. Originated by the United States Chamber of Commerce, this measure proposed a profound reorganization of American industry and labor relations, obviously with a fascist pattern in mind. The N.I.R.A., with its codes and code-making bodies for each industry, strengthened monopoly by relaxing the anti-trust laws, regulated production by restricting it, fixed prices at monopoly levels, and aimed for a docile working class, locked in bureaucratic labor boards. The reactionary General Hugh Johnson was appointed chief. The N.I.R.A. was greeted with unbounded enthusiasm in capitalist circles (save for a few dissidents like Henry Ford), reflected in the widespread Blue Eagle campaign.

So far, so good for Big Business. The rulers of America's finance and industry liked the Roosevelt New Deal very much. So, it may be added, did the A. F. of L. leaders; while the Socialists hurried to Washington, congratulated Roosevelt, and called the New Deal a

step towards socialism. The Communist Party pointed out the fascist danger in Roosevelt's N.I.R.A., and condemned his lavish aid to finance capital, while calling upon the workers and farmers to take full advantage of his concessions to them.

However, although the capitalists were pleased with the New Deal subsidies, loans and other financial help, the fly in the ointment was that the masses of workers, farmers and city middle classes insisted they also be given relief. By their election vote and mass struggles they had made it clear that they would no longer tolerate the Hoover policy of Government aid to business with great loans and subsidies on the "theory" that in the course of time beneficial effects would percolate down to the masses. For three years the unemployed, led by the Communists, had been actively demanding relief; in many states the farmers were no less militant; the war veterans had been fighting for the bonus; and the employed workers were just launching one of the greatest organizing and strike movements in American history. These aroused masses, therefore, realizing they had dealt reaction a hard blow in the 1932 elections, demanded action on their own grievances.

This mass pressure resulted in some features of benefit to the people incorporated into early New Deal recovery legislation. Hoover's thin trickle of Federal loans to the states for the unemployed was expanded into a substantial stream: the Emergency Relief Act of May, 1933, provided \$500,000,000 in re-

lief for 4,000,000 families. The P.W.A., set up by the N.I.R.A., began a building program of public works, eventually to reach \$3,300,000,000. The poorer farmers also got some relief through the A.A.A. payments for their destruction of farm animals and restriction of crop acreage. Not only did the banks profit by the Government's refinancing of home and farm mortgages, but the owners, too, benefited from slightly lower interest rates. The youth likewise gained in a measure from the C.C.C. camps. Finally, the workers got their unions legalized in the celebrated Section 7A of N.I.R.A. which gave them "the right to organize and bargain collectively through representatives of their own choosing."

The Roosevelt Administration made very limited concessions to the rising labor and democratic movement. In 1934 it was calculated that the average family on relief got only \$19 monthly. And Roosevelt, be it remembered (like Hoover), vetoed the ex-soldiers' demand for the bonus. Usually, too, the benefits to small farmers and harassed home-owners had to be searched for with a microscope. The housing program aided but few of those who most needed homes. The wage scales set by the N.I.R.A. codes were disgraceful, and the conceded right of trade union organization had strings tied to it. Roosevelt and his man Johnson both specifically stated that Section 7A did not prohibit company unionism (which flourished like a mushroom in this period). When the great strike wave got under way, in 1933, Roosevelt did everything

possible to check it. He offered no opposition to the unprecedented use of troops, police and vigilantes against striking workers in various states. He actually destroyed the big organization drives in the automobile and steel industries by having them referred to Government boards where they were quietly asphyxiated. Roosevelt's anti-strike policy was supported by the A. F. of L. and Socialist Party leadership; whereas the Communist Party vigorously aided the organization and strike movements.

Although Roosevelt thus handed the loaves to the capitalists and the crumbs to the masses, the former, unaccustomed to making even small concessions, grew dissatisfied. By the middle of 1934 they were already denouncing the New Deal. At this time the crisis passed into the depression stage and economic conditions improved a little; in 1933, 1,475 industrial firms showed profits of \$661,000,000, as against deficits of \$97,000,000 in 1932. So finance capital, recovering from its crisis-panic, felt the occasion to be opportune again to take the masses in hand. The spokesmen of Big Business therefore assailed Roosevelt and began a struggle against him which was to have far-reaching effects. Their attack signaled the end of the first period of the Roosevelt Administration, in which Roosevelt's program, supported by capitalists generally, consisted primarily of first-aid measures to big capital, with minor concessions to the workers, farmers and lower middle class.

*Finance Capital's Attack Upon  
the New Deal*

The American Liberty League, formed in August, 1934, backed by the great Morgan-duPont-General Motors interests with Al Smith as its political front, gave impetus to the anti-Roosevelt movement in capitalist circles. It was rapidly followed, during the next two years, by violent attacks from the United States Chamber of Commerce, National Association of Manufacturers, American Bankers Association, Hoover Republicans, the great bulk of the capitalist press, and such fascist demagogues as Hearst, Coughlin and Huey Long.

These "ganged-up" reactionaries accused Roosevelt of seeking to establish a dictatorship; they denounced him as a Communist and the New Deal as Socialism. They condemned his policy of "priming the pump" of industry through Government spending and demanded complete freedom for business, as well as a balanced Federal budget. They condemned the T.V.A. as Socialistic; they insisted upon returning to Hoover's starvation system of local relief; they rejected N.I.R.A. and A.A.A. as bringing the Government into private business. They blossomed forth demagogically as Jeffersonian Democrats, advocates of states' rights, and opponents of centralized government. They denounced Roosevelt as a traitor to his class and a demagogue who was dangerously agitating the people and encouraging the labor movement. Their anti-Roosevelt campaign crystallized in the Tory Democrat-Republican alliance in

Congress; and the reactionary-controlled Supreme Court knocked out as unconstitutional the N.I.R.A., the A.A.A., Railroad Retirement Act, Frazier-Lemke Act and other progressive legislation.

The wild charges against Roosevelt by the spokesmen of finance capital were, to say the least, unfounded. A bourgeois liberal, representing some big capitalist elements and large sections of small capital, Roosevelt believed that the way to preserve capitalism was through pump priming, minor reforms for the toiling masses, and the maintenance of democratic processes, rather than through those drastic repressions proposed by the pro-fascist reactionaries. Furthermore, a fundamental factor in shaping Roosevelt's policies was the tremendous mass pressure upon him from the people, especially from the working class. Great strikes and organizing campaigns took place in the early years of his Administration; the A. F. of L. recruited 750,000 members in 1933-34, and the C.I.O. established in November, 1935, started on its historic organizing campaigns that soon added another 4,000,000 members to the trade unions. The farmers, too, were militant in their demands, and the war veterans were insisting upon the bonus. The great mass ferment further expressed itself by the growth of a strong youth movement centering in the American Youth Congress; by an upsurge among the Negro people, which spoke through the National Negro Congress, and by such confused but vast panacea movements as Epic, Townsend Pension Plan, Share-the-

Wealth, even though the last-named was fascist-led. This heavy mass pressure upon Roosevelt stiffened his mild liberalism into opposition to the reactionary bankers and "economic royalists." Therefore, despite the big capitalist attacks, his Administration went on at a slowed tempo and Congress adopted during 1935 and 1936 such progressive legislation as the Social Security Act, the National Labor Relations Act, and the Act prohibiting interstate shipments of strikebreakers.

As the 1936 elections approached, the struggle between the people and finance capital became sharper. Roosevelt had behind him important sections of small capital and overwhelming masses of workers, farmers and city petty-bourgeoisie. His election platform called essentially for an endorsement of the progressive features of the New Deal and their further development. Although there were still 24,000,000 people living on relief, a gradual improvement in the economic situation had taken place which helped Roosevelt. Arrayed against him almost unanimously were the great bankers and industrialists, the preponderance of the daily press, such demagogues as Coughlin and Townsend, and other reactionary forces. Roosevelt's position was basically one of compromise between big capital and the people. But the big capitalists warred violently against the New Deal and all its works. Their policies were calculated to start the United States definitely on the way towards fascism.

In this great election struggle the Communist Party, which had grown

from 10,000 members in 1932 to 50,000 members in 1936, with rapidly extending mass influence, played an important role. Our Party, while opposing Roosevelt's concessions to finance capital, had increasingly supported his reforms, though it pointed out their shortcomings and brought mass pressure against him to secure more fundamental demands. Our Party stated that the main issue in the campaign was: "Progress against reaction; democracy against fascism." While nominating its own Presidential candidates, Browder and Ford, its main fire was concentrated against the Republican candidates, Landon and Knox, as standard bearers of reaction, who must be defeated at all costs.

The election fight was one of the bitterest in the history of the United States. Never were class lines so sharply drawn; never did the workers show so much political consciousness and solidarity. The country was deluged with a sea of Red-baiting and reactionary propaganda, incitements to physical violence against Roosevelt, threats to organize a fascist putsch. But the masses came through with flying colors, giving Roosevelt 27,500,000 ballots, the largest vote ever given to any President. It was the most significant electoral victory won by the American people since the election of Lincoln in 1860.

#### *The Retreat of Roosevelt*

Unabashed by its defeat in the 1936 elections and brazenly defying the popular mandate given Roosevelt, finance capital immediately



launched a counter-offensive against the New Deal. In the 1937 session of Congress the reactionaries built a majority in both Houses of Republicans and Garner Democrats, defeated Roosevelt's proposals to reorganize the Supreme Court and the Federal Government, and sabotaged important pending New Deal legislation. In the economic field they intensified their "sit-down strike of capital," thereby helping precipitate the crisis of mid-1937. They increased attacks on the trade unions, brutally smashed the "little steel" strike, introduced and passed anti-union legislation in various states, and got their stooges in the A. F. of L. Executive Council to deepen the split in the labor movement. On top of all this, the reactionaries insolently turned loose on the country the Dies Committee, to smear as "red" everybody and everything progressive. This counter-offensive of finance capital against Roosevelt reached a high point in the 1938 fall elections, in which the New Deal suffered a setback by the loss of several important governorships and a big bloc of Congressional seats.

The determined assault by organized reaction confronted Roosevelt with the imperative necessity of sharpening the struggle of the New Deal forces. Obviously, the battle against finance capital had to be waged on a higher political level than hitherto: that is, more relentlessly and with new programs and tactics. It was necessary either to do this or face ultimate defeat at the hands of the ruthless big bankers and industrialists, who had de-

cidated at all costs to put an end to the New Deal and to halt the growing democratic mass movement. Realizing the need for this higher level of struggle, the Communist Party outlined a series of proposals which, if adopted, would have checked big capital's offensive and given the initiative to the New Deal forces. These policies may be summarized briefly under five general heads, as follows:

(a) To abandon Roosevelt's economic scarcity theory and practice of trying to achieve prosperity by restricting agricultural and industrial production (a fallacy he shared with Hoover) and instead to absorb commodity surpluses through a program of radically improving the living standards and purchasing power of the masses. This could be done by instituting the thirty-hour week and substantial legal minimum wages, raising unemployment relief rates and increasing relief work wages to trade union scales, broadly extending farm relief, instituting liberal old-age pensions, shifting the tax burden onto the shoulders of the rich, and by large-scale free food distribution, as indicated by the present beginnings in the Food Stamp Plan.

(b) To break the sit-down strike of capital by having the Government assemble and invest the capital that the bankers had tied up in their banks. This could be done by greatly extending the Government's lending-spending program in a vast housing project, a wide expansion of public works, the rehabilitation of the railroads, a great national health program, the conservation of

natural resources, etc. This necessitated attacking the inner fortresses of the "striking" capitalists by relentlessly breaking up monopolistic practices; by insisting on compulsory renewal of fixed capital in industry and on the establishment of minimum working forces in industrial enterprises; and by moving towards Government ownership of the banks, the railroads and the munitions industries. "Open up the factories" and "Put America back to work" were our slogans.

(c) To protect the threatened democratic rights of the people by abolishing the Dies Committee; enacting LaFollette's proposed legislation against labor spies, gunmen, and detectives; disarming the factories; breaking up vigilante and other terroristic gangs; and by adopting the Federal Anti-Lynch- ing Bill.

(d) To develop the democratic peace role of the United States by lifting the arms embargo against the Spanish Republic, giving aid to the attacked Chinese Republic and embargoing Japan, establishing truly democratic relations with the Latin American peoples, and by co-operating with the U.S.S.R. in building an international peace front to stop the fascist aggressors. Our Party's main peace slogan was "Keep America out of the war by keeping war out of the world."

(e) To create the organized political mass movement necessary to defeat finance capital by building a great democratic front of trade unions, farmers' organizations, pro-

gressive political groups, professional guilds, Negro associations, youth movements, veterans' organizations, women's clubs, peace societies, and the like—a strong alliance of the great democratic forces of America, with the workers as its backbone, against the sixty families of economic royalists and their hangers-on.

But, for reasons to be explained, Roosevelt failed to adopt this necessary program, supported by the Communist Party, of struggle for "jobs, security, democracy and peace" against the hunger, fascism, and war program of finance capital. He did not even aggressively fight for the program he had already enunciated. True, he spoke many brave words: that he had just begun to fight; that one-third of the people were ill-fed, ill-clad and ill-housed; that in the New Deal the trusts had met their match and would soon meet their master; that the fascist aggressors should be quarantined; that he would use against them all methods short of war; and many more ringing statements. But in practice Roosevelt fell far short of these valorous words. His policy from 1937 to the outbreak of the European war in September, 1939, was one of compromise, retreat, of gradual abandonment of the progressive features of the New Deal; of eventual surrender, as we shall see from the following brief analysis of the course he took:

(a) *Economy of scarcity*: Roosevelt, with his scarcity theory, did not take the drastic measures necessary to put the surplus products of industry and agriculture into the

hands of the impoverished people by increasing the purchasing power of the masses. In consequence, the unemployed remained at starvation levels, the sharecroppers and tenant farmers vegetated in pauperism, wage standards of the employed workers stayed low, the tax burden was shoved increasingly onto the shoulders of the masses, and the whole economic system lacked the necessary stimulation.

(b) *Sit-down strike of capital:* Roosevelt tried to realize his plan of reviving industry by priming the pump with a minimum of Government spending, instead of boldly broadening out the Government works program and also making a direct assault upon the economic fortresses of finance capital along the lines indicated earlier by his denunciations of the economic royalists and by our Party's proposals. He made no attack upon monopoly, except a futile Congressional investigation; and he would hear nothing of Government ownership, not even of the broken-down railroad system. Without such a sharpened attack against finance capital as our Party proposed it was impossible for Roosevelt to break the capitalist economic sabotage and to accomplish even his mild program of economic and political reforms.

(c) *Democratic rights:* In the vital matter of defending the people's democratic rights Roosevelt also failed to measure up to his own pledges and to the requirements of a successful struggle against militant and powerful finance capital, as a few examples will show. Thus, the Administration, while pro-

fessedly sympathizing with LaFollette's splendid investigation of industrial gunmen, spies, and strike-breakers, gave no support whatever to his proposed legislation to correct these abuses. Instead, it tolerated and financed the infamous Dies Committee, extended no backing to the Federal Anti-Lynching Bill, and never raised a finger to abolish the glaring poll tax evil in the South. Nor did it take any steps to check the wide growth of vigilantism in strikes.

(d) *Foreign policy:* Roosevelt refused, too, despite his many ringing statements, to develop the foreign policy of democracy and peace necessary to check and defeat the imperialist bankers and capitalists, of this country as well as those abroad. In the case of republican Spain he wrote one of the most shameful pages in American history by his arms embargo against the Loyalist Government, his haste to recognize the fascist Franco regime after the overthrow of the republic, and his callous disregard of the fate of the Spanish republican refugees and war prisoners (although a Gallup poll showed that 70 per cent of the American people were sympathetic to republican Spain). With regard to China, also, Roosevelt's policy of words of sympathy for the people's forces and the wholesale shipments of indispensable war materials to Japan (again contrary to public sentiment) was a tragedy to the world democratic forces. In connection with Latin America Roosevelt, with his Good Neighbor policy, made a somewhat better democratic showing, although in

many instances (Puerto Rico, Cuba, Mexico) his course was more one of promises than of performance. In his relations with the U.S.S.R. Roosevelt started out by extending that country diplomatic recognition and developing something of a friendly spirit with it; but, under reactionary pressure, he gradually adopted a more and more hostile attitude. Finally, in the recent great fight for the international peace front Roosevelt often sharply denounced the fascist aggressors; but he lacked the boldness and democratic integrity to cooperate with the U.S.S.R., a cooperation which would have been of world-decisive importance in preventing the second imperialist war.

(e) *The Democratic Front*: Just as Roosevelt did not adopt the domestic and foreign economic and political policies necessary for successful struggle against finance capital, so, also, he failed to support the organizational steps essential to consolidate his mass following into an effective fighting movement. He had no conception of a real democratic front of workers, farmers and lower middle classes against the forces of big capital. At most he leaned upon the workers for support. He extended considerable assistance to the unionization of the basic industries and called repeatedly for trade union unity; but he failed to take a definite stand against company unionism, and his characteristic weakening during the crucial "little steel" strike ("a plague on both your houses") did inestimable damage to the trade union movement. Roosevelt also

gave some aid to the organization of the youth, women, farmers, peace forces, and other popular movements, but always in a half-hearted way. He remained wedded to the old machine of the Democratic Party, to Hague, Tammany, Pendergast, et al. His so-called purge was half-hearted and ineffective. He did not take up seriously the building of a great democratic front, by whatever name; although to have done so was an indispensable condition for the victory of his reform policies in face of the powerful attacks of finance capital.

In consequence of these weaknesses in policy, strategy and organization, especially since the renewed offensive of big capital in 1937, Roosevelt's New Deal tended more and more to fail of results, to compromise, and to surrender to the reactionaries. The Congresses of 1937, 1938, 1939 brought little of constructive value for the masses, despite Roosevelt's gigantic popular victory in the 1936 elections. The chief progressive results were the Soil Conservation Act to replace the scrapped A.A.A., a modest Housing Act, some small improvements in the Social Security Act, a watered-down Wages and Hours Act, a new Food and Drug Act, and the revamped Railroad Old-Age Pension and Unemployment Insurance Acts. Nothing was accomplished in regard to such measures as the Anti-Lynching Bill, the La-Follette Oppressive Labor Practices Bill, the Youth Act, the Wagner National Health Bill, and anti-monopoly legislation. On the negative side also were the ever-growing military budget and the re-

peated cuts in Government relief work, despite the persistence of a dozen million unemployed, and of actual starvation conditions in many cities and rural communities.

The reasons that Roosevelt did not adopt the broader policies and intensified struggle which were absolutely necessary to defeat finance capital were twofold. First, his bourgeois liberalism (and the bourgeois support behind him) did not allow him to rise to the political level of a fundamental attack upon the basic economic and political positions of finance capital. The necessity for such a fight, even to secure modest reforms, became especially clear after Big Business in 1937 brazenly ignored the election results of 1936 and boldly sabotaged Roosevelt's program. But Roosevelt was incapable of leading the requisite struggle. All his previous economic and political measures had strengthened finance capital; while the workers', farmers' and home-owners' benefits from these laws were secondary features.

The second, and more basic, reason for the failure of the New Deal forces to take up the gage of battle against finance capital was the lack of decisive pressure from a solidly organized and clear-headed labor movement. It was necessary for the proletariat to establish a strong hegemony in the New Deal camp and to give decisive and correct leadership to the workers' allies, the farmers and city petty bourgeoisie. But, the trade union movement, although numerically much stronger than in the 1933-36 period, was disastrously weakened by ideological confusion and the split into

two warring factions. While the C.I.O. pushed Roosevelt somewhat from the Left, the A. F. of L. (its leaders' program becoming more and more like that of the employers) held him back from the Right. Although in this period the Communist Party, with the Y.C.L., reached a total membership of 100,000 and had a very broad mass influence, it could not, by its own efforts, achieve the establishment of proletarian hegemony among the New Deal forces and give the movement a sound policy and solid organization. Under such circumstances, therefore, labor, lacking a mass party of its own, did not play its imperatively necessary leading role in the loose aggregation of the New Deal forces. The New Deal remained under middle class domination, a bourgeois liberal at its head—with the resultant surrender that we have noted.

However, the mass movement around the New Deal obviously contained great potentialities of struggle and political development under the weight of pressure from the masses and our Party.

Despite Roosevelt's limitations, the Communist Party was correct in supporting, with criticism, amendments and pressure, the New Deal movement and its social reform measures. As Earl Browder said:

“With all its weaknesses and inadequacies, its hesitations and confusions, the New Deal wing under the Roosevelt leadership is an essential part of the developing democratic front against monopoly capital.” (*The Democratic Front*, p. 16.)

It was the bounden task of our

Party to participate in this great New Deal movement of the masses and to strive to give it correct leadership and program. That this policy was right was evidenced, among other facts, by the rapid growth of our Party numerically and in mass influence, while the Socialist Party, which, after first hailing the New Deal as incipient socialism, later adopted a position of narrow opposition towards it, rapidly declined in size and prestige and finally broke up into several squabbling sects.

*Roosevelt Surrenders to the  
War-Makers*

As the Communist International and the C.P.U.S.A. have clearly demonstrated, the present conflict among the rival powers, England, France and Germany, is an imperialist struggle for markets, sources of raw materials, spheres of influence, colonies, and world domination. Patterning themselves after their tactics in the World War, in order to fool the masses regarding the sordid objectives of this war, the imperialists are trying to cover up their real goal by demagogic slogans about "living space," a "fight for democracy," and the like. All the warring imperialist powers are responsible for the conflict: Germany, by its many aggressions in Austria, Czechoslovakia, Memel and Poland; and England and France, by their actually launching the war against Germany and by seeking to turn it against the Soviet Union.

The United States, concretely the Roosevelt Administration, also bears heavy guilt for the war, be-

cause of its failure to support the Soviet Government's proposal of a great peace front of the democratic peoples to restrain the fascist aggressors. This plan would have staved off, if not actually prevented, the present war. But American finance capital, in its decisive section, wanted none of this proposal; its policy then, much like that of Chamberlain, was based on the hope that Germany's growing strength would finally be directed into a war against the Soviet Union. It was also not averse to seeing British and German imperialism weaken each other. Roosevelt did not boldly challenge the great bankers and industrialists by giving active support to the U.S.S.R.'s peace front proposal. Instead, he stood aside and let the international peace front be undermined by the combined efforts of the British, French and American reactionaries and their Social-Democratic and Trotskyite stooges.

The key point in the struggle for the international peace front was the fight to defend republican Spain. Had Spain been saved, this would have constituted a gigantic victory for the world democratic peace forces and would have resulted in an international situation very different from the present. But Chamberlain, Blum-Daladier, and Roosevelt (the former with their "non-intervention" policy and the latter with his arms embargo) sacrificed Spain and gave the fascists a great victory that flung the door wide open for the present imperialist war. History will place a big share of guilt for the war upon the shoulders of President Roose-

velt for his failure to back up the international peace front and for his cold-blooded betrayal of republican Spain.

Once Chamberlain's "appeasement" policy failed and the war began, American finance capital leaped forward into a policy of aggressive imperialist aggrandizement. Its major war aims may be stated briefly as follows: (a) to make all possible profits by selling war munitions to the belligerents; (b) to push militantly its plans for trade, investment, raw materials, and spheres of influence in Latin America and the Far East, while its great imperialist rivals, England, Germany and Japan, are occupied with their wars; (c) to give active economic and, if need be, military aid to the Allies (notwithstanding the deep-going Anglo-American imperialist rivalry), in order to prevent Germany from emerging as a powerful imperialist victor and to avoid a disastrous dislocation of world capitalism by the possible breakup of the British Empire; (d) to transform the present war into a general capitalist war, including the present neutrals, against the Soviet Union; (e) to hamstring the labor movement in this country and thus break up effective mass opposition to the war and profiteering program of the great capitalists.

As we have seen above, Roosevelt's policy towards the offensive of finance capital from 1937 to 1939 was one of compromise and retreat from expressed New Deal objectives. But as soon as the war broke out and the great economic overlords of the country, emerging from

their previous relative passivity internationally, militantly developed their war policy, Roosevelt's attitude of weak resistance to finance capital speedily became transformed into one of outright surrender to the new war policy. Abandoning his middle-of-the-road position, the vacillating Roosevelt went over definitely to the camp of finance capital. He accepted its basic foreign and domestic policies, dropped the progressive features of the New Deal, and turned his Administration into the willing instrument of the imperialist war-makers. This surrender was facilitated by the split in the trade union movement, and by the weaknesses, confusion and conservatism among trade union and other mass organization leaders upon the whole question of the war.

This marked the end of the second period of the Roosevelt Administration, a period in which the Administration, in conflict with big capital and supported broadly by the toiling masses, had laid its central stress upon industrial pump-priming and progressive reform.

#### *Roosevelt's War Policy*

Roosevelt has now become the political leader of the warmongers, and his accepted task is to lead the country as far and as fast into the war as the financial oligarchs deem necessary. This is the essence of the present, third period of the Roosevelt Administration. All this is obvious, despite Roosevelt's peace demagoguery, from a brief listing of his present major policies, in the light of the war aims of American

finance capital, as stated just above.\*

(a) *War Profits*: Roosevelt has adopted the reactionaries' economic program by orienting the Government upon the theory of achieving prosperity through war orders, a course leading straight to participation in the war. He is dropping piecemeal his pump-priming and relief program, and is moving towards the goal, beloved of the bankers, of "balancing the budget." Accordingly, his proposals to Congress slash a billion dollars off the Government works relief program, while they add half a billion for the armed forces. P.W.A. is to be abolished altogether, and although 10,000,000 workers still remain without work, Roosevelt would cut W.P.A. jobs from the present total of 1,930,000 to 1,280,000. Over 4,000,000 youth are unemployed, yet Roosevelt proposes to reduce the N.Y.A. and C.C.C. appropriations by \$75,000,000. Farm aid is slashed by over \$400,000,000, the Federal housing program is left to simmer, and the much-talked-of national health program is abandoned. All this is joyful news to the reactionaries in Congress, a signal for them to make further cuts in social services.

Of course, Roosevelt does not kill the New Deal at one blow, does not scuttle immediately his whole "lending-spending" program. The shaky economic situation makes this inadvisable. Further, the national elections are coming, and

mass resentment might prove costly. But with the legal national debt limit now reached, we may expect that Roosevelt, instead of fighting to extend that limit, will set out, jointly with his new reactionary allies, to balance the budget at the expense of the toilers.

(b) *Aggressive imperialism*: Roosevelt has likewise accepted the reactionaries' policy of American imperialism striving to grab world markets, raw materials, spheres of influence, and similar objectives, while its main imperialist rivals are at war—a course pregnant with war danger. This explains the Administration's new aggressiveness towards Japan and its attempt to arrive at an agreement with that power, whereby the United States will continue to furnish Japan with all the war materials she needs in return for a share of Japan's loot in China, and on the basis of an active anti-Soviet policy by Japan. It also makes clear Roosevelt's new militancy in Latin America, where, casting aside the Good Neighbor policy and resurrecting the Monroe Doctrine in a sinister form, he has embarked upon an imperialist program of trying to destroy English and German influence south of the Rio Grande, of forcing Latin American countries into the orbit of the United States, and of combining all the Americas into one bloc for Wall Street's imperialist maneuvering. All this requires a vast extension of this country's armed forces, which Roosevelt meets with his gigantic two-billion-dollar military budget.

(c) *Pro-ally war support*: Roose-

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\* For a fuller presentation of Roosevelt's present policies read the articles by A.B. and Gene Dennis in *The Communist* for January, 1940.



velt also subscribes to the reactionaries' policy to give active war aid to Great Britain and France (while grabbing their trade at the same time and thereby sharpening British-American rivalries). He does not want these Allied powers defeated, not because they are "protecting democracy," but through fear of a possible breakdown of the British Empire and the consequent serious shaking of the world capitalist system. For this reason he rushed to lift the arms embargo, a definite step in military support of the Allies. It also explains why he took the same stand as Chamberlain in rejecting the peace proposals of the Soviet Union, Germany and the Netherlands. His Finnish policy is akin also to Chamberlain's attempt to spread the war by involving the neutrals. Roosevelt's general European policy, despite his sharp squabbles with the Allies over sea rights and markets, dovetails with that of the British and French war-makers in a common opposition to Germany and, at the same time, to direct Germany against the Soviet Union. There is no doubt that Roosevelt is calculating on bringing the United States militarily into the war on the side of the Allies if they should meet with real difficulties. At the same time there is the fear on the part of American and world imperialism of the revolutionary consequences of a military defeat of Germany. In its war maneuvers American imperialism will exact as high a price as it can—world hegemony, if possible.

(d) *Anti-Soviet orientation*: After following a policy of mild tolerance

for a few years towards the Soviet Union, Roosevelt has now adopted the reactionaries' attitude of extreme hostility towards that country. In the *City of Flint* case he deliberately picked a quarrel with the Soviet Government; his intervention in Finland borders on actual war against the U.S.S.R.; his "peace" maneuvers with the Pope are also anti-Soviet provocations. Roosevelt, erstwhile liberal, has now become a world leader of the anti-Soviet crusade, in the attempt of the reactionaries to solve their present intolerable contradictions by organizing a world capitalist war against the Soviet Union.

(e) *"National Unity"*: Roosevelt is also agreeing, in practice if not yet in words, with the reactionaries' plans to castrate the labor movement, so that it cannot hamper their war policies, either foreign or domestic. An imperialist war economy automatically means anti-labor, anti-people's measures. These the capitalists hope to effect under the well-worn slogans of "national unity" and "national emergency." It is therefore a danger signal when Roosevelt, in the name of "national unity," is rapidly making peace with the Tory Democrats and Republicans. At the Jackson Day dinner a year ago he declared that the Democratic Party was to be a party of "militant liberalism," but at this year's dinner he invites the "economic royalists" to cooperate with him. What such "national unity" has in store for the workers is evidenced by Roosevelt's "hunger-and-war budget," by the growing attacks upon the A. F. of L. and C.I.O. lead-

ers; by the prosecution of the trade unions under the Sherman anti-trust laws, by Roosevelt's pressure to achieve trade union unity upon an A. F. of L. basis, by the efforts of reactionaries to destroy the National Labor Relations and the Wages and Hours Acts; by the continuation of the Dies Committee with the vote of 345 to 21 as a sort of Goebbels Ministry of Propaganda whose anti-progressive attacks are reinforced by Department of Justice legal actions; by the attempt of the Roosevelt Administration to outlaw the Communist Party and to jail Earl Browder and others of its leaders; and by the infamous M-Plan which, in case of war, is designed to regiment the workers, to suspend existing labor legislation, to undermine wage and working standards and to make the labor movement a part of the imperialist war machine.

Liberals and Social-Democrats are the best political war leaders for capitalism. This is because, with their fair-sounding demagogy, they are able better to sugar-coat imperialist war and to regiment the masses. It was no accident that the "liberals" Lloyd George, Clemenceau and Wilson led the main Allied forces during the World War and that the Social-Democrats in all countries were an important section of the war leadership. In the present war situation we have the "liberals" Daladier and Roosevelt at the head of two imperialist governments. Although the Tory Chamberlain still leads in Great Britain, we may be sure that in a pinch the British bourgeoisie will call upon a Liberal, or even a La-

borite, more effectively to rally the masses to defend its money-bags.

Roosevelt, with his large mass following, is, therefore, from the standpoint of Big Business, almost an ideal war leader. He is just the man to undermine most effectively the mass resistance to the war. As the war crisis deepens, his popularity rises in capitalist circles. However, Roosevelt labors under the serious handicap of the third term tradition. If the war situation becomes acute enough and he runs for President, he could readily become an acceptable candidate of the big capitalist interests. Of course, not without a hard-fought election struggle between Republican and Democratic politicians, reflecting the conflicts among the rival capitalist groupings, over questions secondary to the main war policy of the bourgeoisie.

Roosevelt's capitulation to the war program of finance capital kills the New Deal so far as benefits to the masses are concerned. His policy has lost its progressive features and has become an instrument of reaction. His surrender betrays the people into the hands of the war makers, the economic royalists; it undermines the democratic rights of the masses, disorients their organizations, and gives encouragement to all the forces making for reaction and fascism. It is imperatively necessary, therefore, that the toiling masses, especially the working class, make a determined stand against Roosevelt's war program and defeat it. The Communist Party is correct in organizing this people's resistance.

The seven years of the Roosevelt Administration to date may be summed up briefly in its three phases as follows: The first period was that of 1933-35, when Roosevelt, in collaboration with finance capital, directed his chief measures primarily towards heavy assistance to the big corporations, with small concessions to the workers, farmers and lower middle class, and when the Communist Party took a position of sharp opposition to him. The second period extended from 1935 to 1939, when Roosevelt, because of his reform proposals, was attacked by finance capital and supported by the broad masses and, with criticism, by the Communist Party. In the third, and present, period, begun with the outbreak of the imperialist war in September, 1939, Roosevelt has re-established his ties with the reactionaries, adopted the war orientation of finance capital, and abandoned his progressive policies, and he consequently faces the opposition of the Communist Party and of increasing bodies of workers and other democratic forces.

During the seven years of the Roosevelt Administration the toiling masses have made many gains, as a result of their struggles. As we have seen, they have greatly strengthened the trade unions, the youth organization and various other groupings in the popular mass movement. The Communist Party has also made real headway. There has also been laid the basis for a system of social insurance and progressive labor legislation. But most important, the workers and other toilers, through their vast experience in the New Deal years, have

gained a new consciousness of their political interests and strength. Altogether, the New Deal period, in spite of Roosevelt's hesitations and compromises, has been one of rapid political progress by the working class and its allies.

#### *The Fight Against the War*

Although Roosevelt has adopted a pro-war orientation, the great masses of workers, farmers and other toilers, who have hitherto supported him, decidedly want peace. Also the militant spirit of the workers demonstrates that they are in no mood to accept the domestic phase of Roosevelt's war program—the sacrifice of their democratic rights and their living and working standards. These anti-war mass sentiments have been evidenced by such developments as the recent Gallup poll which showed a 97 per cent vote against the United States entering the war, the strong popular resistance to lifting the arms embargo and financing the Mannerheim clique with "loans," the militant anti-war stand of the American Youth Congress, the U.M.W.A. convention's rejection of a third term for Roosevelt and its condemnation of his hunger-war budget, and by various recent higher-wage movements.

Although the mass anti-war sentiment is constantly becoming more articulate and better united, it is still largely confused and unorganized. Great sections of the masses continue under the illusions that the Allies are fighting for democracy and also that Roosevelt's policy is one of neutrality—illusions sedulously cultivated by the

New Deal forces. Then there are widespread isolationist fallacies among the people, upon which the Republicans especially are trying to capitalize. To develop an effective struggle against the war, therefore, the people must be taught that this is an imperialist war, not one for democracy; that Roosevelt's policy makes for war, not for peace; and that isolationism must give way to an active struggle for world peace. As Dimitroff says, "*Explain, explain and once again explain the real state of affairs to the masses.*" (*The War and the Working Class*, Workers Library Publishers, New York.)

It is especially important to point out to the masses in the present situation the lessons of the last war—the way the country was dragged into the war under cover of peace pretenses, the hypocrisy of the "making the world safe for democracy" slogan, the meaning of the suppression of civil rights, the treachery of the Social-Democratic and conservative trade union leaders, and many other lessons—always bearing in mind the specific differences between the World War and the present struggle.

In the fight against the war it is necessary that general slogans such as "Keep America Out of the Imperialist War" and "The Yanks Are Not Coming" be developed into a concrete day-to-day program of struggle against the foreign and domestic policies of American imperialism. This is necessary because every warmonger in the country is working hypocritically under general pretenses of peace and neutrality. To defeat such war demagoguery the peace forces, while

popularizing broad anti-war slogans, must direct their struggle against each and every step the warmongers take towards war, including Roosevelt's intervention in Finland through diplomatic pressure, money and "volunteers," his hunger-and-war budget, his aggressive imperialist policies in Latin America and the Far East, the M-Plan, the whittling away of the W.P.A. and social security, the attack on the Bill of Rights, as well as the demagoguery of the Hoovers, Vandenberg, Tafts, and Deweys. While thus developing the struggle against the imperialists' unfolding war plans, it is necessary for labor and its allies to formulate their own program of demands and organize the masses to fight for it. To this end the C.I.O.'s legislative program is a valuable contribution, although it needs to be developed in the field of foreign affairs.

The struggle to keep the United States out of war and to re-establish peace must be based upon a militant defense of the immediate economic and political interests of the masses. The resolutions of the meeting of the National Committee of the Communist Party of the United States of America of February 17-18 constitute a practical program. The fight against profiteering, for higher wages and shorter hours, for W.P.A. and unemployed relief, for the organization of the unorganized, for trade union unity, for relief from the tax burden, for a national health program, and other partial demands, not only bring the masses into direct collision with the domestic side of the capitalists' war program; but also,

if it is resolutely followed out, with their war plans as a whole. This is why the capitalists want to hamstring the trade unions, as they did with the Gompers no-strike, no-organize agreement during the World War. The workers are already in a militant mood, which will be further sharpened by the growing attacks of the employers and the Government upon their living and working standards, their democratic rights and their mass organizations. Under no circumstances should the Administration be permitted to hog-tie them under a paralyzing "national unity."

The need for better organization of the peace forces is a crying one. There is as yet no one mass movement that links up all the scattered anti-war elements. The struggle for peace assumes many fragmentary and primitive organizational forms, such as anti-war committees in the trade unions. It may take the form of local conferences against the high cost of living, of movements for the preservation of the Bill of Rights, for popular legislative demands, for unemployed relief, for the organization of the unorganized, etc. It may be carried on by activities in various mass organizations—farm, youth, women, Negro, and among the anti-war elements of the Democratic and Republican parties—by the adoption of resolutions, peace demonstrations, petitions, and otherwise. All these activities must be cultivated, coordinated, and raised to the higher level of a definite peace program and organizational forms of a national scope.

Obviously, from all that has been

said up to this point, neither the Democratic nor the Republican Party can be the political organization to express this great mass anti-war sentiment. These bodies are war parties, tools of finance capital, although in both there are genuine peace-desiring masses. What is needed is a broad anti-imperialist peace party, founded upon a united people's peace front of workers, farmers, professionals and lower middle class elements. Conditions are ripening for the formation of such a party.

There is a sound political basis for this new party in the profound gap between the pro-war policies, foreign and domestic, of the Democratic and Republican parties, and the determination of the great majority of the people to keep out of the war and to defend their living standards against the profiteers. Organizationally, too, the toilers are much better prepared to support an independent party than ever before in American history. Since 1932 the trade unions have jumped from 3,000,000 to 8,000,000 members and they have improved their composition by organizing the workers in the basic industries as well as in large sections of the white collar trades. They are developing a new leadership, are casting off antiquated non-political notions, and they have also gained valuable political experience through solidarity and victories. If a sound trade union unity can be established the power of the unions will be multiplied. Besides the tremendous strengthening of the trade unions, the youth movement has also grown enormously, as have the old-age pension

and farmers' organizations, the Negro, women's, unemployed, health and other popular movements.

Moreover, these masses are beginning definitely to realize the need for independent political action. The United Mine Workers of America convention showed this very clearly. The difficulties must not be underestimated, however. The American working class cannot cut loose from the traditional political domination of the bourgeois political parties without considerable education and struggle. Both the big parties are using the most extreme peace demagoguery to obscure their war plans and to keep the masses under their ideological and political control; and what is still more dangerous, they are being assisted by a great many leaders of trade unions and other mass organizations.

The 1940 election struggle will doubtless show many advances towards the necessary peace party, by the crystallization of peace elements in the Democratic and Republican parties and a peace bloc in Congress, by the development of the independent program and activity of organized labor, by the growth of such organizations as Labor's Non-Partisan League, the Washington Commonwealth Federation, etc., and, perhaps, also by a linking of all these groupings and movements on a national scale. The problem in building the new party will be to find ways to encourage to the utmost the numerous ideological and organizational streams leading toward the goal of independent political action, while at the same time avoiding hasty

consolidations of the toilers' forces that would result in a skeleton party divorced from the great masses.

In the fight to keep the United States out of the war, to defend the people's living standards, their mass organizations and civic rights, to build a great independent party of the toilers, history is thrusting heavy responsibilities upon the Communist Party. But our Party is not without strength for the task. During the past ten years, aside from minor errors and weaknesses mostly of a sectarian character, our Party has followed a correct political line. In consequence, it has built up firm unity and discipline, extended its numerical strength and mass influence, learned to identify its activities and program with the democratic and revolutionary traditions of the American people, acquired skill in working with all sections of toilers—Negroes, farmers, Catholics, etc. It has gained a wealth of general political experience, and emerged as an important national political factor.

In order to apply effectively this political strength and experience, however, our Party must especially be conscious of the added responsibility for political initiative placed upon it by the turn of the New Deal leaders to the Right. Before Roosevelt surrendered completely to finance capital's war program, he used to put out progressive slogans which our Party could and did support, and which facilitated cooperation with many New Deal leaders. But now, with the Administration's pro-war orientation, the effective struggle against reaction and for

the interests of the masses depends much more on the independent initiatory and leading role of our Party. Our united front work is now chiefly from below. Generally, therefore, our Party has to sharpen up its methods of mobilizing the masses for struggle. Especially must we be on guard that the Administration's turn to the Right does not deflect our Party into sectarian practices.

The reactionaries are aware, of course, of the increasingly vital role of our Party in this present period. That is why they are so active now to outlaw it and to imprison its leaders. Their persecution is a tacit recognition that the Communist Party is indeed the vanguard of the proletariat. Our Party can shield itself from this persecution, build its membership and develop its leadership among the masses only if, in addition to adopting necessary measures of legal defense, it identifies itself completely with the people's fight against the war and for their daily economic and political demands.

In this respect we should learn from the mistakes of the Socialist Party and the Industrial Workers of the World during the World War. The Socialist Party confined itself almost entirely to a general agitation (mostly of an incorrect pacifist brand) against the war and neglected badly to give leadership to the masses in their fight against the high cost of living, for the organization and the unorganized, and the like. This error contributed greatly towards splitting off the Socialist Party from the masses and undermined its position generally. The

I.W.W. made a similar mistake, but from a different direction. Under the fierce persecution to which it was subjected, with hundreds of its leaders arrested, the I.W.W. transformed itself practically into a legal defense organization, directing its main efforts towards financing trials and other such activities, and neglecting its basic functions as a labor union. This isolated and weakened it very seriously. Similar dangers now confront our Party. We must understand, therefore, very clearly and definitely, that our Party can struggle successfully against the war, and defend itself effectively in so doing, only if it comes forward militantly, not only as the people's champion in their struggle for peace, but also for their immediate economic and political needs.

#### *The New Deal and Socialism*

The past decade has produced a profound deepening of the general crisis of world capitalism. The whole system gives striking evidence that it is decadent and rotten, that it is living parasitically at the cost of measureless suffering by the toiling masses, and that if civilization is to advance, capitalism must be abolished and socialism established.

World agriculture is in chronic crisis, and world capitalist industry in 1938 remained 10 per cent behind 1929 production level, despite population increases and artificial stimulation of industry. In Great Britain, France, Germany, and the United States the governments were able to keep the economic life up to even present levels

only by constant huge blood transfusions of government funds for public works, and principally armaments. World trade remains stagnant and tends more and more towards a barter and quota basis. The international gold standard has broken down completely, and 60 per cent of the world's gold stocks (eighteen billion dollars) is unhealthily assembled in the United States. Mass pauperization spreads on an unprecedented scale and popular discontent smolders everywhere. International law has collapsed and treaties among the capitalist countries no longer have any validity. The struggles of the great imperialist powers for markets, raw materials and colonies, growing fiercer from year to year, have resulted in the overrunning of China, Ethiopia, Spain, Austria, Czechoslovakia, Poland, Albania and Memel. Finally, the deepening contradictions of world capitalism have climaxed in the great war between the Allies and Germany.

The breakdown of world capitalism is emphasized by the tremendous advances being made in these same years by socialism in the Soviet Union. In that country economic crises have been completely abolished and with them unemployment. During 1929-32, when world capitalist industrial production fell off 38 per cent, that of the U.S.S.R. increased 81 per cent. In 1938, although industrial production in the capitalist countries still averaged below 1929 totals, the output of Soviet industry reached 486 per cent of that year. Soviet agriculture also showed spectacular progress in organiza-

tion, mechanization and output. From 1929 to 1938 Soviet national income advanced from 25 to 112 billion rubles, as against stagnation in the capitalist world. The value of retail trade in the U.S.S.R. leaped from 48 billions in 1929 to 122 billions in 1936. In 1936 the wages of Soviet industrial workers averaged 2.9 times as high as in 1929. On the basis of this rapidly expanding system of socialist industry and agriculture the working, living and cultural standards of the Soviet people have rapidly risen. As world capitalism has been visibly collapsing, the U.S.S.R. has given a striking demonstration of the success and workability of socialism.

The deepening of the world crisis of capitalism, especially the outbreak of the war between the Allies and Germany, puts the question of socialism on the political agenda in Europe. Capitalism cannot solve its economic and political contradictions, which become deeper and more explosive from year to year. Current talk of a "new order" after the war, a United States of Europe, that will institute an era of peace and prosperity under capitalism, is only so much propaganda to draw the masses into supporting the war. They have no more validity than Wilson's 14 points and his League of Nations. The only way the present economic and political chaos can be overcome is by the revolutionary measure of socializing the means of production—by the establishment of socialism. This alone can save the world from a terrible period of pauperization, fascism and war.

There is a mass opposition to the



war in all the capitalist countries. This can develop, under Communist leadership, into struggle against the capitalist system itself. China and India are aflame. Mass illusions regarding capitalism are everywhere evaporating and sentiment for socialism is growing. The Soviet Union has greatly strengthened its position in the Baltic, the Balkans, the Far East, and as a world power generally. As Dimitroff says: "The Social-Democratic leaders will not succeed for long in deceiving the masses as they were able to during the first imperialist war." (*Ibid.*, p. 21.) If involved in a long and murderous war, the masses, in their fight for peace, will apply Lenin's famous slogan, as the Russians did in 1917, by transforming the fight for peace into a fight for socialism. Fear of revolution makes the warring imperialist powers hesitate to fling all their forces into a general butchery on the Western front.

American capitalism, as part of the world capitalist order, unavoidably shares in that system's general decline and decay, and in the world trend toward socialism. Roosevelt's New Deal has not "saved" American capitalism, as its proponents assert. Its crude attempts at "planned production" under capitalism have failed to eliminate industrial crises. All it has accomplished in an economic sense is a few emergency stop-gap measures of relief. It has not solved the fatal capitalist contradictions between the rapidly expanding producing power of the toilers and the narrowly restricted markets, a contradiction which is inextricably linked

with the private ownership of industry and the land. Thus the New Deal has not been able to cure the breakdown of this country's industry and agriculture and to put them upon an upward curve again. Notwithstanding its progressive social legislative features, it has not overcome the deepening poverty of the masses or prevented the political radicalization that accompanies it. After seven years of Roosevelt, our national economy, notwithstanding its tremendous natural resources and technical equipment, remains stagnant, and one-third of the people are still ill-fed, ill-clad, and ill-housed. The New Deal has been only a sort of pulmotor, fed by the accumulated fat of capitalism; a first-aid device which is with difficulty keeping industry and agriculture limping along and preventing vast sections of the population from actually starving to death in the midst of plenty.

American industry, had it continued its pre-crisis rate of growth, and considering the 8,000,000 increase in population during the past decade, should now be operating at least 35 per cent above 1929 levels; but, in spite of many billions of dollars in blood transfusions of Government funds and its influx of war orders, industry had only flutteringly reached the 1929 rate of production. Over 10,000,000 workers remain idle. The total amount paid out in wages and salaries in 1939 was only 84 per cent of that in 1929. New financing in 1938 was but one-fourth of what it was in 1929; foreign investments, which were 124 millions monthly in 1928, were only fourteen millions monthly

in 1937; exports, which amounted to five and a quarter billions in 1929, reached only three billions in 1938. Agriculture is in chronic stagnation. Notwithstanding three billions in Federal subsidies, and various schemes to screw up farm produce through acreage reduction and crop destruction, the total returns to the farmers are now only two-thirds of what they were in 1929, when agriculture had already been in crisis for several years.

The problem of strengthening the purchasing power of the masses, and, hence, of raising their living standards, has not been solved by the New Deal. The national income in 1938 amounted to only 64 billions, as against 78½ billions in 1929, or against the more than 100 billions there would have been had the pre-crisis rate of increase been maintained, or against the 300 billions possible had American national income increased at the same rate as that in the Soviet Union. American per capita wealth dropped from \$2,856 in 1929 to \$2,296 in 1936. Real wages of industrial workers in 1938 were only 90 per cent of the 1929 level, although the workers' production output per man-hour had increased by 20 per cent. Ten years ago only one person in 100 was dependent on public relief; now the ratio is one in six! Most of the unemployed, without relief of any kind, are on the verge of starvation, and W.P.A. workers are hardly better off. Millions of the youth, the aged, and poor farmers are submerged in deepest poverty. The various social security laws, work projects, and relief systems of the New Deal barely re-

lieve the most desperate aspects of this vast sea of misery and pauperization. The so-called American standard of living is a myth for two-thirds of the people.

The failure of the New Deal to reinvigorate industry and agriculture, to abolish unemployment, and to raise the living standards of the masses has also been accompanied by the growth of a whole series of negative factors, which indicate clearly the weakening and decay of the capitalist system in this country. Monopoly capital is getting a stronger stranglehold, as evidenced by such striking facts as that from 1929 to 1936 the number of banks declined from 27,264 to 15,572, and the 200 largest non-financial corporations increased their holdings from 81 billions in 1929 to 122 billions in 1939. During the past decade the national debt has gone up from 17 billions to 45 billions, with a consequent huge growth of parasitic government bondholders. The Federal budget has jumped up from three and three-quarters billions in 1928 to nine billions in 1940, and has a two and one-quarter billion deficit. Military expenditures have increased from 675 millions in 1929 to two billions in 1940. These facts are indications of a declining, not a rising, capitalist system.

Roosevelt's present turn towards a war economy; his abandonment of the pump-priming program and acceptance of Wall Street's plan of prosperity through war orders, is a tacit acknowledgment of the failure of the New Deal to solve this country's economic problems. The New Deal made a beginning of Federal social security, and it also

facilitated the growth of the labor movement. But it has not cured the basic weaknesses of American industry and agriculture. Nor is its present path towards war a solution. On the contrary, this will surely deepen every capitalist contradiction, intensify the decay of the economic system as a whole, and greatly sharpen the class struggle. Nor does the platform of the Republican Party offer any solution. There can be only one real remedy, the establishment of socialism.

For many years past the United States, with its great industries and huge proletariat, has been objectively ripe for socialism. The factor lacking has been that the workers are not yet convinced that socialism offers the only way out of their poverty. But now American capitalism is causing this subjective factor to mature. Because it can no longer keep its industries fully in operation, much less expand them, it makes millions of able-bodied workers walk the streets in semi-starvation, it leaves vast armies of youth without jobs or prospects of establishing families, it terrorizes the aged by their lack of security, and it makes even the farmers on the land go hungry. These masses

are drawing the necessary conclusion from all this by progressively losing faith in the capitalist system. The radicalization of the workers and other toiling masses that is now taking place is the most significant fact in American political life.

The Communist Party is bringing to the laboring people the lesson of the present American situation. This lesson is the need to organize and fight for every measure that eases the people's hardships under capitalism—for great Government work projects, substantial unemployment relief, higher wages, old-age pensions, sickness insurance, for shifting the tax burden upon the wealthy, for defending and extending democratic rights, for securing the re-establishment of peace. While leading in these day-to-day struggles, the Party has the task of educating the masses eventually to abolish the private ownership of industry and land that is at the bottom of the world's present misery, crises and war, and to found the socialist system which alone can fundamentally solve America's economic problems and open up before its people an expanding perspective of prosperity, culture, and peace.