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ECONOMIC
PROBLEMS
OF THE WAR
AND PEACE

By

EARL BROWDER

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N O T E

This pamphlet is the text of an address by Earl Browder, President of the Communist Political Association, delivered on October 3, 1944, at Hotel Diplomat, New York City, before a forum of 700 trade union officials.

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ECONOMIC PROBLEMS OF THE WAR AND PEACE

By EARL BROWDER

SECRET CONFERENCES?

Most people who read the newspapers a few weeks ago did not quite understand what it was all about when Thomas E. Dewey issued a statement in which he warned America that there was some secret skullduggery being planned against their freedom and their interest at some strange place called Dumbarton Oaks. Mr. Dewey announced to the world that he was very suspicious of what was going on there; something was being cooked up behind closed doors of which the American people should be very fearful.

Now I don't suppose you ever heard of Dumbarton Oaks before a few weeks ago. I know I never did. Dumbarton Oaks, it turns out on examination, happens to be a big house set down somewhere near Washington which was chosen to be the place where representatives of three great powers got together to talk over some problems—delegates from the United States, Great Britain and the Soviet Union.

Now, why was Mr. Dewey so fearful that the men in charge of the foreign affairs of these three countries were cooking up some conspiracy against the American people? The man who opened that conference was Cordell Hull, for whom even the Republican newspapers say they have great respect. Why did they think that Cordell Hull was cooking up some dark conspiracy against our country? The man who conducted the

conversations there actively on behalf of the United States was Mr. Stettinius. Why was Mr. Dewey suddenly so suspicious of Mr. Stettinius? If anybody was going to be suspicious of Stettinius, I should think it would be the labor movement, because Mr. Stettinius used to be the head of the United States Steel Corporation. Labor was not afraid about what Mr. Stettinius was doing at Dumbarton Oaks. Mr. Dewey suddenly became afraid. There is a little mystery for you to clear up. Why was Mr. Dewey frightened by the spectres of Dumbarton Oaks?

We will try to unravel this mystery as we go along. There must be a ghost somewhere if Mr. Dewey gets so frightened.

Then Mr. Bricker—you know who Mr. Bricker is, don't you? In case you forgot, he is the present Governor of Ohio who wanted to be Vice-President of the United States with Mr. Dewey after Mr. Dewey put him off in the race for first place in the Republican Convention. Mr. Bricker issued a slogan in a speech down in West Virginia. He said: "America wants no more Bretton Woods conferences." Well, here's another place we've got to examine for some more secret conspiracies which are being hatched.

Bretton Woods! Who knows what and where is Bretton Woods?

That place is not important at all except that it happens to be the place where another set of representatives of three great powers came together for another great conference. There also it was delegations from the United States, Great Britain and the Soviet Union who came together to discuss behind closed doors a lot of business, the solutions of which have to be worked out in common by the three great powers, and which therefore, until some kind of agreements are worked out in detail, have to be discussed without the newspaper reporters being present. That's what they call a secret conference. Mr. Bricker says: "America want no more secret conferences like Bretton Woods."

Now, let's see if we can begin to get to the bottom of why Mr. Dewey and Mr. Bricker were against Dumbarton Oaks

and Bretton Woods. Several weeks ago I was in Chicago and in that second greatest city in the United States they have a newspaper called the *Chicago Tribune*. It calls itself "the world's greatest newspaper." I am not sure about it being the world's greatest, but I do know it has been the strongest and greatest fighter for the Dewey-Bricker leadership for the United States. The day I landed in Chicago the *Chicago Tribune* had a cartoon in color on the front page, and the heading above the cartoon was "Shady Deals" and below there were two groves of trees, one labeled Dumbarton Oaks, the other labeled Bretton Woods, and underneath them gathered some gangs with blackjacks and knives and bombs getting ready to blow up America and cut its throat.

Now, it is clear that something serious went on at Dumbarton Oaks and Bretton Woods. Why was the combination of Dewey-Bricker-Hoover and Company out to organize America against Dumbarton Oaks and Bretton Woods, to create fear in America against everything symbolized by these two conferences and to win the election and control over the United States government on the basis of these fears that they spread? To answer this, we have to have an understanding of what these two conferences were about.

THE MYSTERY SOLVED

The conference at Dumbarton Oaks undertook to work out an agreement among the three great powers fighting this war on the kind of lead they could give, once the war is won, in organizing the whole world into a family of nations that will keep and insure the peace for a long time to come. These were preliminary conversations to draft initial plans which were then to be placed before all the nations of the earth and before the people everywhere for their discussion and judgment. Dewey and Bricker don't want America to take part in such plans. That is clear.

What was Bretton Woods? Bretton Woods was a conference of representatives of the three great powers to tackle another angle of the same general problem of organizing the peace

of the world when victory is won in this war. At Dumbarton Oaks they were talking about the political organization of peace, the establishment of organized relationships between the governments; at Bretton Woods they were discussing the economic foundation for such a peace. They worked out a plan whereby the three great powers, in association with as many other governments as possible, would set up two economic institutions, regulating the finances of the world and mobilizing its available credit.

The financial systems of the various countries for many years before this war have been in a state of great disorder and confusion, which contributed greatly to the economic disasters in the world. At Bretton Woods, therefore, the great powers worked out plans for an economic institution which would bring some order into world finances, stabilize the money systems in the different countries, and bring them into certain stable relationship with one another so that nations would be able to trade, exchange goods and pay bills with the knowledge in advance of what money would be worth.

The other institution planned at Bretton Woods was an international organization for the purpose of mobilizing the credit of the world and making it available for stimulating international trade so that trade would not be halted for lack of ready money and ready means of payment. Such a stimulation of trade would immediately create the means for repaying these credits and therefore bring greater wealth and well-being to everybody concerned.

The absence of such institutions in the world is one of the reasons that the big economic crisis that began with Hoover brought such catastrophe into the world. Every serious student of this problem has known for many years that the economic ills of countries could not begin to be solved unless some sort of international institutions of the kind planned at Bretton Woods could be set up.

Dewey and Bricker are against such institutions and Mr. Bricker declared that this is merely another Roosevelt way of giving away American money to the Hottentots.

CONVERSION AND RECONVERSION

Well, let us connect this with another problem which the newspapers never bring together with these problems: the problem of "reconversion," the problem of jobs when the war is over. Dumbarton Oaks and Bretton Woods are most intimately connected with these vital bread and butter questions.

After Pearl Harbor "conversion" became the key slogan in America. "Conversion" is a term which sums up the millions of detailed problems that were involved in turning America's industries to the tasks of war, to put the full force of our country's unexampled productive forces in the service of our Army and Navy to annihilate the Hitler-Japanese enemies of civilization.

Our country's economy, under the stimulus of war and with the cooperation of management, labor, and government, performed miracles in the process of "conversion." We raised our nation's total production to two and a half times as high as it ever was before in history; we supplied our armed forces as armies and navies were never supplied; we provided weapons, munitions, and supplies to our allies in unprecedented volume; and with it all, notwithstanding some shortages and hardships at home, we provided the domestic market with a greater total of goods than in any peacetime year, and double the total national production of the time of Hoover.

Conversion was a smashing success. Now, at the moment our soldiers and our allies are clinching victory in Europe, and thereby also sealing the doom of Hirohito in the Pacific, the foundations of policy are being laid to guarantee that victory will not catch us unprepared as did war, that America will be ready to make as good a job of "reconversion" as we made of "conversion."

Have you heard that word "reconversion"? Do you know what it means? Reconversion means the process of taking you off the job of working for the war and turning you loose to look for a job working for a peace-time market. Reconversion means turning the factories away from war production to peace-time production.

Mr. Baruch and Mr. Hancock issued a report for the Government on the problems of reconversion some months ago, and a good report it is. It deals with the methods by which the government is going to turn the economy back from war-time production to peace-time production. I have no criticism to make of the Baruch-Hancock report. I want to point out, however, that there is one phase of reconversion with which the Baruch-Hancock report has not dealt, and even the labor movement, which has begun to take it up, still lags behind on it, despite the fact that it is the key question of reconversion.

What is missing in all the plans for reconversion? It is the answer to the question: What are we reconverting for?

Reconversion is not a simple return to the conditions before the war. Such a goal as that of merely the pre-war status would mean that America would have to lay idle some sixty percent of our productive economy, and render unemployed a large proportion of our working population. No, reconversion must have another goal, nothing less than the maintenance of the full operation of our nation's economy, at the level at least of the high mark demonstrated to be possible during the war. Reconversion is the task of organizing American economy to produce for peace-time needs on the scale we now produce for war.

What unsolved problems stand in the way to prevent us from reaching such a goal? Not technical problems of production, for management and labor, working with government, have demonstrated that they have the ability to solve any and all technical problems.

If we want to put our finger on the chief difficulty of reconversion, let us ask ourselves what factor which was present in the conversion period is still absent in the plans for reconversion. The answer is, of course, the market. Conversion was speedy and reached tremendous heights, because it was organized and directed toward the definite goal of the production of specific things, for which the detailed orders were given and payment was guaranteed even before production. Con-

version was aimed at a definite and unlimited market, and its success demonstrated that when industry has a market and doesn't have to worry about selling what it produces, industry can produce beyond our wildest dreams.

Reconversion will be successful just to that degree to which management, labor, and the government are able to find or to create markets on a scale comparable to the market of war, markets which demand very definite items of production for which our economy is equipped, on a scale limited only by our ability to produce, and with payment therefor approximately as certain and prompt. If we cannot organize such markets, then all our talk about reconversion and full employment is so much shouting into the wind.

THE DOMESTIC MARKET

Reconversion markets as big as those which made conversion a success must be found at home and abroad, in the domestic and in the foreign fields. These two fields present quite different problems which need to be examined separately. But they are also tied together; first, by the fact that both must expand, for if one shrinks it will stop the other from expanding; second, by the fact that their combined necessary total is already fixed by the existing level of war production, and to the degree that the domestic market falls short of that total the foreign market must make it up; and finally, by the fact that in the long run the expansion of the foreign market also forces even more expansion of the domestic market, as and when long-term credits and investments in the foreign field are amortized.

In the long run it is the domestic market which is decisive. The consumption of goods by the American people as a whole, on an expanding scale, is the only way in which American economy can be kept in full operation. That is what is involved in an expansion of the domestic market.

To distribute goods for consumption, however, requires not only a sufficient number of persons who want the goods and

are willing to do the consuming. In order to become customers such persons must also have the money to buy what they want. The problem of our domestic market expansion is the problem of finding domestic customers, that is, persons who want to consume more and have the financial means to do it, in sufficiently large numbers.

From the point of view of achieving full production and employment, it is immaterial who does the consuming so long as it keeps all production plants in a balanced economy in operation. But since the problem is the expansion of consumption, it is basic policy that no important section of the population should, in the reconversion period, restrict its consumption under the present level. Therefore it is basic policy for full employment, that the working class, which is the largest group of consumers, should continue as a *minimum* to receive a take-home wage equal in volume to that it now receives, regardless of any change in average working hours.

Our country as a whole always has the full purchasing power required to pay for the products of full operation of its economy. It is not absence of purchasing power in the country that endangers full production in the reconversion period; the trouble is only in the fact that to a high degree the purchasing power is in hands which already consume about as much as they can, and which hold this purchasing power for purposes of investment. If they could invest on a huge scale, they could put this purchasing power to work; if they cannot invest, they leave this purchasing power standing idle, and to that extent American plants and workers stand idle also.

Therefore if we take our economic system as it stands now, and if we envisage no radical changes in the distribution of purchasing power among existing individuals and classes, the key problem of reconversion has been reduced down to the task of putting all available investment capital to work, of finding safe and profitable investment opportunities for all the vast accumulations of idle money or purchasing power.

It is quite clear, however, that domestic investment oppor-

tunities on the requisite scale do not exist at this stage. That is so because our nation's industrial plant has already during the war been expanded far and away beyond the scale of our former peacetime market, and until this peacetime market can catch up with our plant expansion, all possible domestic investment opportunities will aggregate only a minor fraction of the accumulated idle investment capital.

America is therefore faced with the choice, either to carry through a radical redistribution of the national income, so as to bring the idle purchasing power into the hands of that part of the population which would use it for consumption commodities, or to find foreign fields of investment which would bring an equivalent volume of orders to American industries, on a scale which would engage all idle capital in the United States.

FOREIGN MARKETS

The first possibility of solution through a radical redistribution of the national income may be ruled out today as politically unacceptable to the majority of Americans. There remains, therefore, only the field of foreign investments in the form to produce foreign markets for American products.

It is for this reason that the perspective of a vast expansion of America's foreign trade has become, of necessity, Item No. 1 in any program of reconversion to full production and full employment for peacetime. Without a vastly expanded foreign market, the American economy cannot even begin to think in realistic terms about the over-all problem of reconversion.

The rest of the world has neither the productive capacity nor the flood of commodities we have. The Soviet Union and Great Britain have suffered great destruction in the war and it will take them several years to rebuild; economically, they were still behind the United States before the war began. As for the rest of the world outside of these two areas, it is literally on a primitive economic basis. Both the Soviet Union and Britain are prepared, if proper arrangements can be worked out, to buy lots of goods from the United States,

though Britain will provide some difficulties because she is also a competitor and is going to be fighting for foreign markets. Then, throughout the rest of the world there are tremendous markets waiting to be developed by the magic touch of modern industry. There is China with 450 million people, India with 330 million people, Indo-China, Burma, Thailand, Indonesia—an area with a total of over a billion people just hungering for American machinery. And if American machinery is provided in an organized way, they will be able immediately to put it to work and turn out a great flood of wealth that will repay us for everything and make us rich at the same time.

Besides Asia there is Africa with 150 million people, a tremendously rich continent that has been held back all these generations because western capitalism thought it could get more profit out of it by preventing the full industrial development of that continent.

There is Latin America with another 130 million people, all of the great continent to the South of the United States which is still, after all these years of intercourse with the United States, generally backward in modern economy and hungry for American machinery.

The development of these tremendous markets would keep our factories busy for years, just as busy as we have been during the war. American workers aren't lazy, they don't want to go hungry or stand on breadlines. They want jobs in the factories producing things, lots of things.

HOW TO OPEN THESE MARKETS

What are the most essential preconditions which must be established in order to begin the organization of such huge foreign markets as are needed by America?

First of all, there must be stable peace throughout the world. There must be no wars or threats of war between nations; there must be no civil wars to engage any large or important part of the world's population; there must be a

world order of the family of nations of such stability and permanence as to give the whole world the hope and expectation of a long-time peace. Without such a peace, there can be no serious development of the huge foreign investment opportunities that are absolutely required by American capital and by the American economy as now organized.

That is the problem which was placed in its most immediately practical form before the Dumbarton Oaks Conference, before the delegates of the United States, Britain, and the Soviet Union. That is the basic problem, on which we now know that a great deal of progress has been made, and which we are entitled to hope will be fully worked out in the next half-year if no government throws a monkey-wrench into the machinery.

Secondly, some framework of an international economic order must be brought into existence, to supplement and buttress the international political order worked out at Dumbarton Oaks. There must be provision of economic machinery whereby the financial and currency systems of the various countries of the world can be brought into stable relationships with one another, and maintained; and there must be an international agency which coordinates the planning and direction of the flow of international investment capital, overcomes all obstacles to this free flow of capital, and sets up the guarantees of the proper and economical use of investments and of their repayment with interest. These are the basic problems which were placed for consideration before the Bretton Woods Conference, composed of delegations from the main Allied countries, and from which unanimous recommendations for action have now been placed before the world for consideration.

In the success of the Dumbarton Oaks and Bretton Woods Conferences, therefore, lies all hopes for the successful reconversion of American economy to a peace-time basis of full production and full employment, lie all hopes for jobs and security for the American working people and continued profits for American business.

It is against this background that Americans, capital as well as labor, must carefully judge the studied hostility against the Dumbarton Oaks and Bretton Woods Conferences by Dewey and Bricker in the course of the election campaign. Dewey made public his negative approach to Dumbarton Oaks; Bricker stumped the country with the slogan: "We want no more Dumbarton Oaks and Bretton Woods Conferences." One of the most influential backers of Dewey in the election campaign, Mr. Winthrop W. Aldrich, president of the Chase National Bank, perhaps the most powerful private financial institution in the world, put this hostility into programmatic form in a recent widely publicized speech. Mr. Aldrich's program, and it is reasonable to infer that this is Mr. Dewey's program also, is to scrap all idea of international organization, and for America to negotiate agreements with one nation after another, taken singly, beginning with Britain to whom he holds out the bait of a substantial "grant-in-aid," or financial dole, if that country will go along with the program; Mr. Aldrich wants even these agreements with single countries to be negotiated by and between American bankers and their fellow bankers in other lands, without the intervention of governments.

There is one "little" trouble with the Aldrich-Dewey-Bricker program. It will not work. The day for the successful operation of all such programs is now past. There is not a single country in the world that will not resent the proposal, beginning with Great Britain. One could not find a more effective means of organizing the world against America than this program.

American bankers, industrialists, and business men generally, who deal with the foreign market, must today begin to learn the lesson that John Wanamaker taught to the domestic retail merchandising field some generations ago. That lesson is: The customer is always right.

America is not in a situation where our country can dictate the conditions of international trade and commerce to all other nations taken singly. America cannot successfully operate

on this basis, because our economy needs the foreign markets even more than the foreign markets need our goods. Other countries, if they must go without our goods, will only have to struggle along as best they can without being worse off than they now are; but if America does not open up their markets, on conditions satisfactory to them, then America cannot go on as it is now, but our country will suffer a catastrophic economic crisis.

That is why America could not trust its destinies today into the hands of Dewey and Bricker.

That is why Americans of all classes, and of all former political affiliations, capitalists and workers, farmers, professionals and businessmen, Republicans, Democrats, and Communists, united in support of the reelection of President Roosevelt, whose name is synonymous with the successful guidance of the war, with the Dumbarton Oaks and Bretton Woods Conferences which he initiated, and with the hope of successful reconversion of American economy with consequent full production and employment, jobs, security, and profits for all America.

First Printing, 160,000

TEHERAN

OUR PATH IN WAR AND PEACE

By EARL BROWDER

Americans of all classes and political affiliations will find in Earl Browder's brilliantly illuminating book on the new problems, tasks and perspectives confronting our nation and the world as a result of the historic Teheran Agreement, a penetrating guide to the future. As the newly-elected president of the Communist Political Association points out:

"The Teheran concord furnishes the platform upon which can and must be gathered all forward-looking men and women of all classes and political ideologies, subordinating all other considerations to the single purpose of welding a firm and effective majority of the people and directing the nation and the world along the Teheran path."

His new work is a continuation and companion-volume to *Victory—and After*. But while in his former book the author devoted only one short chapter to the problems "After" victory has been won, his latest book is practically entirely occupied with the vast, world-enveloping tasks of post-war reconstruction which press ever more urgently for attention, and which will be tremendously influenced by the outcome of the 1944 presidential elections.

Among the chapters are "The Guarantee of Teheran"; "Reconstruction of Europe"; "Characteristics of Capitalism"; "Elements of an Economic Program"; "The 1944 Elections"; "The Changes in Communist Organization," and "What Marxism Contributes to America."

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