

Do the Elections Promise Prosperity?

By ISRAEL AMTER.

"HIGHLY SATISFACTORY," "Wall Street Elated," "Prosperity Ahead," etc. These are some of the expressions appearing in the capitalist dailies indicating the satisfaction of big capital with the results of the elections.

Some workers are inclined to accept the election results as an indication that, if Davis or LaFollette had been elected, a more favorable period for them would have dawned. Other workers labor under the illusion that the elections as such have a tremendous influence on the economic state of the country. And still others, impressed by the big stock boom that followed immediately after the announcement of the election of Coolidge and Dawes, decided that America has embarked upon a new period of prosperity.

Coolidge Bosses' Man.

The contention of the first group of workers reveals that they do not understand the "power behind the throne." The controlling group regarded Coolidge as their man; Davis represented the "Solid South" and a different set of capitalists, but the power of Wall Street is so complete over the country that it would have controlled Davis as well as Coolidge and could block any "progressive" legislation on the part of a democratic congress. In any case, Wall Street did not fear Davis and therefore disregarded him during the election campaign. Nor did it fear LaFollette or his threat to throw the election into the house, for when the bogey of "confiscation" or "socialism" is raised, Wall Street knows that congress is still too "sane" to yield to the temptation of "radical" measures. (See the fiasco of the MacDonald government when in office in England.)

The second group of workers also have the illusion that the elections as such are a powerful factor in determining the future economic condition of the country. During the Wilson regime, a vast unemployment wave swept the country and was inherited by Harding. Harding did not solve the situation; it was solved by the big building plans inaugurated, the increase in exports, the conquest of markets in South America, Canada and the East. This stabilized the market and led to a period of prosperity. The decline of 1923-24, followed by a slight rise in the past summer, and the present renewed decline, owing to the "sitting tight" of capital, are not due to the mismanagement of Coolidge. Economic factors are stronger than Coolidge, for he can only open the channels of government assistance which enable the capitalists to profit more by the economic situation.

Unemployment in 1924.

In the early part of 1924, there was a positive drop in employment, the country seeming upon the verge of an immediate crisis. The condition of the farmers was acute, hundreds of thousands went bankrupt, hundreds of thousands of farm houses were abandoned (and still are), millions of the farming population went to the city. (And even today—Nov. 15—Coolidge

announces that his first efforts will be to relieve the "plight of the farmers.")

In the months of September and October, a change took place in the farming situation. There has been a partial failure of crops in other countries: Argentina, Canada, Australia, Roumania, Germany and Soviet Russia cannot supply the world market as before. There was a shortage of grain on the market and the American farmers who reaped big crops this year are benefitting by it. Their buying capacity has increased, according to report, by one billion dollars. This has been heralded as the beginning of a new era of prosperity, if not of a boom.

Now Business is Booming.

Steel production has risen and has now reached the figure of 66 per cent of capacity. Textile mills, especially in New England, which have been idle for months, have opened again. The railways have reached record loadings, due chiefly to the movement of grain. Exports in October attained the high total of \$527,000,000, the highest since 1921, leaving a balance of \$217,000,000 over imports. This is the highest trade balance since 1919, the year of "prosperity" in which the workers and farmers of the country launched the farmer-labor party.

These are the economic factors that act despite elections and because of their nature this year inclined the voting population to conservatism—to "letting well enough alone," as Mark Hanna said. These factors led to the defeat of Davis and LaFollette—aside from the threats of discharge made to the workers in case they supported the "socialistic schemes" of the progressive movement. The workers and farmers, acting under the good influence of the monetary situation, voted to preserve the status quo.

Boom Only Temporary.

The big capitalists of the country were not bothered about the outcome of the elections. They knew the economic condition of the country, and the threat of LaFolletteism did not worry them. In spite of a temporary relief in the farming situation and a slow, slight expansion in industry, they did not predict the dawn of renewed prosperity. On Nov. 3, just before the elections, the New York Annalist published reports from different parts of the country. Detroit: "Local automobile companies as a whole are buying less steel than they were a year ago." Duluth: "I believe industry in general is sitting tight at this time." Kansas City: "There is some hesitancy about looking ahead very far on dry goods lines, and country merchants continue their policy of buying as they need." Detroit: "The industrial barometer of local conditions says election week will open with 2,000 less men employed than was the case the first week in October, and the majority of industries are not hiring men." Against these statements were others indicating increased buying power of the farmers, the opening of the New England textile mills and an increase in the operations of the steel mills. Coal operators, on the other hand, reported lower diggings.

Trade Slows Up Again.

Did the elections alter matters? This is a part of question number 2

and the substance of question number 3. The Annalist of Nov. 3 points out that altho elections have some effect on capitalist investment, insofar as the administration inspires "confidence" or not, nonetheless, the vital element is the economic situation. The department of labor published a report on wages and employment in September, 1924, compared with September, 1923. In 6,400 establishments, 2,219,000 persons were employed in 1923, compared with 1,931,000 persons in 1924, a reduction of 13 per cent. Similarly there was a reduction in the amount of payroll of somewhere over 14 per cent. The Commercial and Financial Chronicle of Nov. 1 states that "There is no denying the fact that trade, after the sharp partial recovery of the late summer, has latterly been slowing up again. . . . No business boom is in prospect."

Conditions Not Better, Says Annalist.

On Nov. 10, after the elections, the Annalist writes: "The two outstanding features of the post-election situation are: First, that the confidence following the election is not based on positive economic changes in the business prospect, but on the failure of an apprehended political change for the worse actually to take place; second, that what are loosely called the 'fundamental conditions,' of business have undergone no change whatever in consequence of the election and have not changed materially from what they were even two or three weeks before." The farmers are not buying much. They are paying the interest on their mortgages and putting the rest by. Those who are buying motor cars, are purchasing used cars. "The fact remains that the increased farm purchasing power from which so much has been expected has so far failed to show itself decisively in increased demand for goods, and there is no other definite area of buying power to which business can turn with clear prospects of greater markets," says the Annalist.

Exports, which are adding considerably to the country's "prosperity," depend upon the outcome of the Dawes plan. Should Germany succeed in obtaining a slice of the world's market, the leading exporting nations, including the United States, will suffer. Should walls be erected to Germany's penetrating the international market, the European markets, which are counting upon their rehabilitation thru the restoration of Germany, will collapse. The export trade of the United States, which goes chiefly to Europe, will suffer a fearful blow. (These are only the economic effects of the Dawes plan.) These are the external factors militating against economic prosperity in the United States.

Unwary Fleeced.

Disregarding the conservative attitude of the Annalist, wild speculation on the exchange ensued on Nov. 5. Railway and industrial stocks rose with a boom. Millions of shares changed hands every day. On Nov. 13, 2,000,000 shares received new owners. Fifty stocks were at new highs. This was a "boom" such as had not been witnessed since 1901. One occurred in 1920, after the election of Harding. Speculators taking advantage of the vote of "confidence" cast in favor of

a candidate proceed to boost the market, and fleece the unwary. For as the Annalist has pointed out "the fundamental conditions of business have undergone no change whatever in consequence of the elections and have not changed materially from what they were even two or three weeks before." There are serious dangers of this inflationary exchange "boom" being followed by a collapse, such as took place in 1920.

The "boom" seemed to be justified by the fact that the railways were placing orders for rails, locomotives and cars, which were held in abeyance pending the outcome of the election. Building plans were held up on the same grounds. Even tho the railways might have feared adverse legislation in case radicals were elected to congress, nevertheless such holding up of orders is also an election maneuver. It is a repetition of the Mark Hanna method of terrorizing the workers into voting the "right" ticket and scratching the "wrong" one, in fear of losing their jobs. The Annalist comes to the conclusion that "in the main, the problems and the prospects of business are precisely what they were before Nov. 4."

Dawes Plan to Cut Our Wages.

In prospect, however, of the Dawes plan and the general offensive of the capitalists against the workers, manufacturers all over the country reiterate the demand for the cutting of wages. With the assurance of the assistance of the reactionary government of Coolidge and Dawes, not only the workers but also the office personnel will have to face the issue of foreign competition. Longer hours and lower wages, and for the office forces in addition a cutting of personnel. The farmers will have to compete with the exportation of more than 1,000,000 tons of Russian grain. Consequently, they are holding tight to their money, thereby removing the only "definite area of buying power to which business can turn with clear prospects of greater markets."

Workers should not be fooled by the "boom" which has set in on the stock market. They should not be misled by a change of capitalist administration. The example of Germany even in the hands of the social-democrats, of England in the hands of the labor party, of France in the hands of the radicals, should convince them that capitalism does not depend primarily on "confidence" in their capitalist governments (which even these social-democratic, labor and pseudo-radical governments are), but on sterner economic factors.

And these economic factors today, with slight ups and downs, are leading to the permanent doom of capitalism. This will force the workers into struggle against greater exploitation. It will lead them to conflicts with the capitalist government, which will use every form of force to crush them. This will lead the unpolitically and less politically minded workers to an understanding of class political action. This is the prospect not of a remote day, but of the immediate future. This is the prospect not of the German workers alone, but of the American as well. Morgan, Rockefeller and their fellow capitalists will see to that. Coolidge and Dawes will supply the governmental force.