

NRA—Purchasing Power and War

By SAM DARCY

A homely saying has it "to conquer your opponent first confuse him." This is the underlying motive of the Roosevelt administration. The resistance of workers, farmers and veterans was the chief hindrance to carrying through the program of the ruling class for shifting the crisis onto the backs of the masses. Where Hoover failed Roosevelt was brought forward to overcome this resistance.

Hoover's objectives were no different than Roosevelt's. But Hoover was a blood and thunder imperialist. His aims were fairly clear to the masses. He frankly refused aid to the poor farmer and used the farm board to help the grain elevator corporations; this brought on the England, Arkansas incident, a forerunner of the growing movement of the farmers for open struggle. He bluntly told the veterans to go to hell and sent the army against them—thereby bringing on the massacre at Washington. He openly urged the stagger system to meet the unemployment situation, thereby arousing the hostility not only of the unemployed but the employed as well.

ROOSEVELT LEARNS FROM HOOVER

Roosevelt has profited by all these mistakes. He operates with the "fine diplomatic hand." His methods confuse the workers and make it easier to mislead them. Under the cry of "We can't ballyhoo ourselves back to prosperity," he introduced the "New Deal" and the "NRA" with a tremendous blare of ballyhoo that has dazed many sections of the population. But any confusion among the people gives him time to carry through his—the Roosevelt plan. And the fog he created is so much grist to his mill. To add to the confusion he even denies that he has any plan; but is only "experimenting." In the course of these articles we expect to show that Roosevelt has a very definite plan, and that except for much more insidious methods his plan is little different from Hoover's. It is the plan of the class which Roosevelt no less than Hoover represents—the class of the big financial moguls of these United States.

THE CRISIS AND PURCHASING POWER

Let us examine what has happened to date, at the end of the first six months of the Roosevelt administration.

The president started by saying, and in fact still says, that his main object is to "increase purchasing power." This statement is the key to the explanation as to why so many people have been misled into support of the Roosevelt administration. The crisis was basically caused by the fact that:

1—The toilers of the nation produced vast quantities of goods

Policies of Roosevelt and Hoover—Ballyhoo To Prosperity—The Crisis and Purchasing Power—New Deal and NRA Cuts Purchasing Power—Save On the Stomach And Have For War—War Preparations in the Pacific—The Roosevelt Plan—Effects of the Roosevelt Plan

of which they could only buy back a minor part because of the low wages they received.

2—The foreign markets were all divided up among the large imperialist powers and American capitalists could not find places to sell all that they had left of the total goods produced.

3—The surplus left was so vast that the capitalists could only consume a small part of it.

4—The balance remaining piled up year after year until the ware and storage houses were full and it was no longer profitable to produce any more.

5—The factories, mines, etc., shut down, throwing 17 million workers out of work.

"Well," many reasoned, "if Roosevelt will really find measures to raise the purchasing power of the people, the accumulated surplus which caused the shut down of production will be used up, and happy days will be here again." These people reasoned without a knowledge of the hopeless position of the capitalist system. But we will let the facts of life speak for themselves.

PURCHASING POWER CUT

Did Roosevelt really try to raise the purchasing power of the masses? What were some of the measures he took?

1—He cut the wages of federal employees 15%. This also set the example for state and municipalities who also cut.

2—He cut \$400,000,000 off the appropriations which went to disabled veterans.

No one will argue that these measures increase purchasing power, because it is self-evident that

taking hundreds of millions of dollars out of the pockets of millions of wage earners in the government employ reduces their purchasing power. "That was necessary," some will say, "because it is an exception—Roosevelt is merely trying to cut the budget and reduce taxation." Remember that argument because we will soon examine whether this is so or not. For the moment let us look at a whole series of measures taken by Roosevelt all of which cut the purchasing power of the masses.

1—In the very first weeks of his administration he closed 18,000 banks and to date less than 14,500 have re-opened. The ones remaining closed are especially the smaller banks which tie up millions of dollars of the small savings of the poorest class of depositors.

2—Through the NRA codes he has pegged wages at a fixed amount; but simultaneously he has taken measures to raise prices without any fixed limit.

3—By eliminating hundreds of thousands of middle class and smaller capitalists (we will prove this subsequently) he

reduces the number of those who share in the surplus produced by the toilers.

ALL RESOURCES FOR WAR

All of these measures reduce the purchasing and therefore consuming power of the masses. Not one of these increases purchasing power.

Let us now return to the original argument that Roosevelt cut wages and veterans' compensation to reduce the budget. On the very heels of these measures he carried thru appropriations:

- 1—\$238,000,000 for battleships.
- 2—About \$100,000,000 for San Francisco bay bridges.
- 3—Huge appropriations for promotion of Muscle Shoals.
- 4—\$3,300,000,000 for building program.

These unprecedentedly huge appropriations don't jibe with the argument about cutting the budget and taxation. Nor can the argument be made that they are only aimed to provide work, thus increasing purchasing power, because every one of the measures here listed are measures for war preparations. And after the profits of the contractors, steel magnates and incidental expenditures are deducted, a comparatively small part will

reach the pockets of the producers. Certainly an insignificant amount as compared to the amount that would reach them were these billions distributed directly to the masses in the form of unemployment insurance or as pay to toilers for building new workers homes, as advances to modernize farms (as is being done in the Soviet Union), etc. Instead, the money will be used at Muscle Shoals to increase nitrogen production for explosives; at San Francisco bay to build bridges obviously for war purposes since the present ferries are curtailing service because there are too many for the economic needs of the territory; in the navy yards for new men of war; and even the alleged building program is all for war purposes as can already be seen by the first sub-appropriations out of these funds which are \$135,000,000 for officers quarters and army barracks chiefly in Texas and California (nearest state to the theatre of the next war); vast amounts for harbor and coastal fortifications and improvements, etc.

WAR IN THE PACIFIC

On the Pacific Coast under the stimulus of this river of gold being poured into war preparations the following is a partial list of measures taken:

- 1—Mare Island is to be one of the four main shipyards in the United States—giving 2 to the Pacific Coast instead of one as previously.
- 2—Sunnyvale air base is to be one of the two largest in the country—matched only by Lakehurst, N. J.
- 3—Monterey is having its harbor deepened, its presidio extend-

NEXT WEEK!

What Have Been the Effects of the N. R. A.?

The Fall of Purchasing Power.
How the Middle Class is Affected.
How Profits Are Restored.
Prices and Wages Under the NRA.
The Pyramiding of Contradictions.

In next week's article Comrade Darcy supplies an arsenal of facts and figures concerning the operation of the NRA that no intelligent militant can be without.

Who Is George Creel?

President Roosevelt has appointed George Creel as Pacific Coast Administrator of the NRA. One can judge what Roosevelt has in mind by the man he has chosen. Who is Mr. Creel?

We have the characterization made by Professor James Melvin Lee, head of the School of Journalism at New York University and Melville E. Stone, general manager of the Associated Press. They write in the History of American Journalism, published in 1923.

Shortly after the entrance of America into the war, President Wilson appointed a Committee on Public Information . . . which consisted of the Secretary of State,

the Secretary of War, the Secretary of the Navy, and one civilian, George Creel.

A great many complications resulted from the appointment of Creel. On the 3rd of July, 1917, he gave out a story of two battles between our first transport fleet under Admiral Gleaves and German submarines. The statement said the attack by the submarines "was made in force, although the night made impossible any exact count of the U-boats gathered for what they deemed a slaughter."

Since U-boats are blind when submerged it was necessary that they travel alone, lest they collide and injure each other. They do

not attack "in force." But this fact was no deterrent for Creel.

Trouble came when the Associated Press released the following dispatch from London after an account of the "two battles reached England:

"THURSDAY, AMERICA'S NAVAL BASE.

"CONFIDENTIAL.

"PRIVATE ATTITUDE OFFICIAL CIRCLES HERE THAT DANIELS' STORY (really Creel's who acted for the Committee—E.) MADE OUT OF WHOLE CLOTH, THERE BEING NO SUBMARINE ATTACK WHATSOEVER, NO TORPEDOES SEEN, NO GUNFIRE

FROM DESTROYERS . . . STOP. OFFICIALS THEREFORE DECLINE PERMIT AFTERMATH STORY FROM THIS END."

Thus Creel, the champion liar of the World War, having invented a battle out of the air, apparently tried to get the London agents to invent a follow-up story to make it sound real. But the cable indicates they refused, only to emphasize the falseness of Creel's ballyhoo methods.

And this character was chosen by President Roosevelt to ballyhoo the NRA as the hope of the people! A fitting man, whose well established talents will be badly needed, for such a job.

ed, and what is apparently to be an airport.

4—Airship and munitions corporations from the East are artificially transferring their factories away from their natural industrial bases in the East to Pacific locations. (As for example the Consolidated Aircraft, formerly of Buffalo and Tonawanda, now at San Diego).

5—The entire fleet, and the bulk of the Citizens Conservation Corps are concentrated on the Pacific Coast. The CCC for "lumber" work, although there is already a great surplus of lumber, and possibly Kentucky and a score of other states could use their help for building roads much more beneficially from an economic point of view.

But economics is not involved. All these measures are taken as preparation for war, nearest the scene of the next war, the Pacific.

THE ROOSEVELT PLAN

How little Roosevelt is concerned with the increase of the purchasing power of the American people is evident from the millions in this country are starving and losing their homes, the administration finds it possible to loan its war ally in the far East, the murderous Kuo-Min-Tang government, \$50,000,000, which will very likely never be repaid. He also sends out feelers as to how the country would respond to a loan of \$150,000,000 to the Hitler assassins in Germany (rumors have it that negotiations for this loan are completed but kept secret). He creates a great fanfare over the trip of Italo Balbo, emissary of Mussolini, to prepare the ground for new loans to bankrupt Italy, which together with Germany are American imperialisms allies on the European continent.

EFFECTS OF THE ROOSEVELT PLAN

Thus Roosevelt's objects are not to increase the purchasing power of the masses as a solution of the crisis. That would be a temporary advantage to the masses and the real "brain trust" directing Roosevelt, the finance capitalists will not have it. It is clear to all, in fact, that there is no solution to the crisis merely through the application of economics. The only solution are political—either imperialist war or proletarian revolution. It is with this in mind that the Roosevelt plan is today unfolding itself.

Can we already now show, with statistics, how the "New Deal" policies and the "NRA" is affecting the economics of the country? And how does their effect differ from the policies of the Hoover administration? And what do the figures indicate will be the outcome of the present policies?

(To be continued next week)