

NRA—The Pyramiding of the Crisis

By SAM DARCY
Article II.

The powers voted Roosevelt by the last Congress represent a complete mustering of the material resources of American capitalism with which to meet the crisis. And already Roosevelt has found it necessary to use every power given him to the full extent excepting inflation. This last he is holding to use when the first effects of the shot of NRA wear off. Insofar as there can be said to be any differences between Hoover and Roosevelt, this was it—that Hoover tried to "pay out" the resources which capitalism had to meet the crisis slowly, on the theory that even if no dramatic change takes place at least the process which leads to revolution will be slowed up. Roosevelt, possibly because he no longer hopes for an economic solution, has mustered all material resources so as to at least temporarily create an upswing, no matter how small, and thereby create the ideology among the masses favorable to the political measures that capitalism holds as its chief and in fact only weapon for meeting its critical situation.

The difference between Hoover and Roosevelt policies was evident for example in the process of concentration and centralization of industry and finance.

1—Hoover allowed the elimination of smaller banks, and the consequent pauperization of small depositors to occur through bankruptcies, at the rate of 200 to 300 banks per month—Roosevelt hastened this process by wiping out over 3500 banks at one blow in the first weeks of his administration.

2—Hoover always encouraged the accumulation of insurance funds by the companies—Roosevelt through his emergency measures caused a flow

Roosevelt Uses Government Power in Favor of Big Capital—Small Business Hit—Small Production Increase Artificial—Price Increase—Purchasing Power of Workers Shows Big Drop—Basis Laid For Still Greater Overproduction and Crash

in the other direction so that a rush developed to cash in policies, and reduced insurance sales for the first six months of 1933 by 21% as compared to the same period of 1932.

3—The NRA as we will soon show is a tremendous factor for the elimination of the small business in favor of the large corporations.

MORE BOLD FOR WALL ST.

Because of these facts it appears all the more ludicrous to see Roosevelt's pose as a champion of the "small man" against big capital. Roosevelt is a more useful man to Wall Street than Hoover was, not only because of his skillful use of demagoguery, but because he is more boldly using governmental power in their favor.

This is so by the whole Roosevelt plan, and it is also true in every concrete measure taken. For example the railroads:

For the first 6 months of 1933 the gross revenue of the railroads fell by 10.6% (\$1,415,222,961.00) as compared with the corresponding period of 1932. Yet net operating income rose by 39.5% (\$152,903,213.00).

How was this marvel performed? The "miracle man" did the job through the "Dirty Deal" by having the taxes on railroads cut 8.6% and authorized cuts in operating expense by 15.6%. By these neat and simple tricks the losses previously sustained by the railroad corporations were shifted by the cuts in taxes onto the small taxpayers and by cuts in operating expenses onto the workers, passengers and other consumers.

HITS SMALL BUSINESS

This support to the huge cor-

porations is being accompanied with a steady pressure to eliminate small business. An endless variety of methods are used. We have already shown how it was done among the banks. In the retail trade "fair codes of competition" burden the small business men with so much additional expense that he is soon forced to bankruptcy. In the manufacturing and extraction industries it is done by setting production limits for the entire industry and then allowing amounts that the small independents can produce so small as to make it impossible for them to continue without continual losses. This was made especially dramatic in the canning industry. When the allotments were announced by the Agricultural Adjustment Administration, 18 independent canneries announced that they would have to go out of business and began stirring up support for their demands for increased allotment. The A. A. A. made some minor changes, an obvious pretense at fairness because the basic favoring of the bank owned canning corporations remained, and then announced that

The revised allocations are final and the only recourse of dissatisfied canners now is to the courts. . . Violations of the federal allotments will be prosecuted."

Needless to say the cowardly petty-bourgeois owners of these canneries put their tails between their legs and said nothing further, despite the undoubted bitterness in their hearts. They will clearly soon be in the ranks of the propertyless.

If anyone complained against these measures they were told it was in the interest of "reviving

business so as to create jobs." This is on the basic, and fallacious theory of all bourgeois economy that all that is necessary is to increase the profit incentive and business and industry will boom. But all the king's horses, accompanied with NRA publicity and "buy now" drives can't put capitalist economy into a thriving condition unless new markets can be found for the great surpluses of goods produced. And this is impossible because old Mother Earth is already all covered over with capitalist enterprise, outside the U. S. S. R.

LITTLE INCREASE

The figures easily prove this. The Far Western Index (including nine states) stands (assuming 1923 to be 100):

| | |
|------------|------|
| July, 1932 | 62.0 |
| July, 1933 | 64.2 |

At least one item in every index is figured in dollars (as distinct from freight car loadings, etc). In July, 1933, prices were considerably higher and that accounts for the apparent rise of about two points. The actual production and turnover figures are clearly no higher and possibly lower than last year. With the tremendous artificial stimulation that was created from March 4 to August 1, it is highly significant that there was not a more substantial rise in the index.

The whole bourgeoisie still cries that prices are low, lower than last year. That is untrue. It is only an excuse to justify raising the prices yet more. The federal Department of Commerce reports rises in prices for practically all categories over last year, as follows (assuming 1926 prices to be 100):

| | June 1932 | June 1933 |
|---------------------|-----------|-----------|
| Combined index | | |
| 784 commodities | 63.9 | 65.0 |
| Farm combined index | | |
| (27 commodities) | 52.0 | 64.0 |

That the 2-point rise is artificial can be even more clearly seen by the fact that the last reports on volume of car loadings show a continued decline, as follows (assuming 1923-25 as 100):

| | June, 1930 | June, 1931 | June, 1932 | June, 1933 |
|--|------------|------------|------------|------------|
| Exports as well show a continued decline. Thus (assuming 1923-25 as 100) exports for | 98 | 89 | 71 | 67 |

First 6 months 1931 were at 61
First 6 months 1932 were at 39
First 6 months 1933 were at 31

Similarly department store sales for the entire country showed continued decline as follows (1923-25 as 100):

| | June, 1930 | June, 1931 | June, 1932 | June, 1933 |
|--|------------|------------|------------|------------|
| Exports as well show a continued decline. Thus (assuming 1923-25 as 100) exports for | 98 | 92 | 66 | 63 |

Thus, the vital figures concerning markets for the great unsold surpluses which caused the shutdown of industry all show declines, and clearly indicate a continuation of the crisis.

STIMULATION ARTIFICIAL

However, despite the lack and continuing shrinkage of markets the Roosevelt administration is forcing an increase in production, to give the appearance of upswing. Especially is it encouraging increased production by offering lower labor costs to the manufacturers. This results in a great intensifying of exploitation—increasing the amount produced, giving the

worker a still smaller percentage of the total produced in return for his labor power, and thereby greatly increasing the surplus. And because foreign markets, and domestic consumption are not increasing—in fact falling—the surplus will soon accumulate in such volume as to cause a crash beyond the worst nightmare that any capitalist ever had.

This is not based on speculation but a careful study of the figures involved. Study the following table, for example, which shows the comparative figures for the past three years, taking June as an average month (taking 1923-25 as 100):

| | Pro-duction | No. of Em- ployees | Pay-rolls |
|------|-------------|--------------------|-----------|
| 1931 | 82 | 76 | 67.6 |
| 1932 | 58 | 60 | 42.6 |
| 1933 | 90 | 64.8 | 45.9 |

This little table shows very clearly how the contradictions of capitalism operate and gives the lie to Roosevelt's bunk about "increased purchasing power." Production from 1931 to 1933 rose by 8 points but payrolls during the same period fell by about 22 points. How misleading is the small apparent gain in payrolls, June, 1932 to 1933, can be seen from the figures issued by Sec'y of Labor Perkins that in the month ending July 19 payrolls rose by 7.9%, but prices by 8.3%, actually cutting real wages.

Thus, there occurs a reduction in the purchasing power of the masses, an accumulation of greater surplus by the capitalist class and a pyramiding of the very factors that make for worse crises.

What perspectives does this situation open up? Every thinking worker asks "what will happen when the NRA balloon blows up?" What are the prospects for increased employment? These questions are not matters of guesswork to a Marxist.

(Third and concluding article in next issue).