

THE PRESENT ECONOMIC SITUATION

By JAY LOVESTONE

IN THE great emphasis that many are now putting on the acuteness of the agricultural situation there is a danger that the developing industrial crisis may be overlooked.

It is true the collapse of agriculture has been so phenomenal and on such a mass scale that one naturally tends to fall into the groove of forgetfulness and disregard, momentarily of course, the growing depression enveloping our basic industries, other than agriculture.

Our Cloudy Business Skies

Business is beginning to taper off. Our business horizon is far from being cloudless. Slowly but surely, a thickly-gathered storm is threatening to swoop down upon the millions of industrial working masses.

The latest summary of the general business and financial conditions in the country made by the Federal Reserve Board is a veritable eye-opener. It once and for all dispels the myriad of fake prosperity rumors and optimistic outbursts that the bankers have so assiduously spread in the last six months.

In December, the production of basic commodities has shown a further decline. The index of production in the basic industries has reached the low point of the year, declining as much as four per cent within the month. Operations were greatly reduced in the cotton, woolen, lumber, petroleum and sugar industries. The consumption of cotton by textile mills, according to the latest figures of the Department of Commerce, fell by almost 75,000 bales in one month. Relative to 1913, the production of bituminous coal fell from 117 in December, 1922, to 101 in the corresponding month of 1923.

The production of merchant pig iron, the unfilled iron and steel orders, the production of lead, and the manufacture of leather have all shown a marked decrease in December.

Increasing Unemployment and Depression

The Federal Reserve's index of employment also showed a decrease in December. The fall in the number of workers employed indicated a further decline of one per cent in the month and was four per cent lower than in the Spring. The workingmen engaged in the manufacture of food products and railway equipment were the heaviest sufferers. In the month of December, the Pennsylvania Railroad discharged 7,360 shop craft workers alone. Today, this railroad has approximately 25,000 of these workers less than it did a year ago. The building contracts awarded in December, were also smaller than in November.

Railroad shipments continued to fall in December and reached a point slightly lower than in December, 1922. The loadings of coal and grain were also smaller than last year. This Federal Reserve Board Report goes on to say: "The volume of wholesale trade showed more than the usual seasonal decrease and was at about the same level as a year ago." This is a significant conclusion, for it indicates that business is definitely tightening up and that caution and preparedness are getting the better of unfounded optimism. The sale of

shoes and dry goods went down badly in December. The retail trade which usually shows a large increase in the Christmas season did not show so big a rise this year.

In the four weeks following Christmas, the earning assets of the various Federal Reserve Banks declined by \$360,000,000. This fall was greater by about \$150,000,000 than in the between December 12th, and January 16th, "to a point \$264,000,000 lower than at the peak in October."

These facts are very plain. They tell a stirring tale. They indicate that our much-heralded prosperity has long ago turned corner and is now swiftly heading for oblivion. When the basic industries of the country and agriculture suffer a continuous condition of decline for some time, the banks react, the trade situation reacts, the workers are discharged from their jobs. The cold figures of corresponding period of the preceding year. This fall is still continuing. By the middle of January, "the volume of reserve bank credit outstanding was below one billion dollars for the first time since early in 1918." The loans made by the Federal Reserve Banks in the leading cities fell falling production and exchange translate themselves into the cold stare of starvation. Millions of workers and farmers then live in the

force business. Typical examples of such artificial methods to delay a serious depression overwhelming the country are the strained investments in the railway and building industries now being made by certain capitalists.

The reactionary Coolidge administration will do everything possible to avoid the country's being thrown into economic crisis before the November elections. Coolidge is continually conferring with the leaders of Employers' Associations and Chamber of Commerce to impress upon them the importance of their being lenient with creditors and of their continuing heavy investments. The recently announced program of new railway construction totaling nearly \$2,000,000,000 was inspired by White House influence. The same may be said for the last extra dividend of the United States Steel Corporation. The eleventh hour attempt now being made to prop up certain second class banks in the agricultural areas of the Northwest also falls in this category of artificial attempts to give new blood to our respiratory organs of our system of production and exchange.

The great depression of 1921, has taught the capitalist governing agents a great lesson. The serious rift in their fold growing out of the last

workers than a simultaneous acute economic crisis. It is the developing unemployment and slowing up of trade and the accelerated pace of economic disruption in the agricultural districts that are driving the city and country workers to political unity. The men at the helm of the government in Washington, do not feel sure of themselves. They do not know whether they will be able to ward off a serious halt in production before the end of the year. This is the real motive for their redoubled efforts to win over some of the so-called farm leaders like Frazier and Ladd. On this basis we may also look forward to some half-hearted remedial measures being considered by Congress in behalf of a small section of the working class that is the highly skilled layer of the masses. As a matter of fact, the present flood of immigration legislation arises from the plan of the reactionary Republicans to utilize the fraudulent cry of the protection of American labor as one of their main campaign slogans. In this fashion the big capitalists hope to sow dissension in the ranks of the industrial workers and prevent effective political co-operation between the farmers and the workers.

Trouble Impends

Whether the employing class can muster sufficient strength to delay a general economic depression for the whole year is questionable. At this date no one can definitely answer this problem. But there are sufficient fundamental facts and data at hand indicating that the capitalists are confronted by an almost hopeless task.

The conditions in Europe are showing no signs of improvement for American business. Our exports for the last fiscal year are less than those of the preceding year. Our farmers are meeting with more serious competition in the world market than they have ever faced since the declaration of the war. At home, agriculture is falling behind in the development of more efficient productive methods. Our efficiency and skill in industrial production and the development of improved machinery in manufacturing, are outstripping the improvement in agricultural production at an ever increasing pace.

Under these conditions our capitalists can at best only hope to delay for a short period the serious economic troubles that are impending for the country. These economic troubles are pregnant with fundamental political changes. The employers realize this and they are working overtime preparing to meet the crisis.

The Smoke of Depression



Stifling the Workers and Farmers.

bondage of misery, debt and disemployment.

Great Political Significance

These straws on the back of our paralyzed Mr. Prosperity bear a political significance of the first magnitude. Because of our inability to export our surplus produce at prices sufficiently profitable to our capitalists, our industry is more and more becoming dependent on domestic demand. This demand is less than our producing power. Hence the general realization amongst our business men that hard times are on the way. Attempts are therefore being made to

economic depression has brought untold political losses to them. Their overwhelming majority in the Senate and House has been reduced to practical insignificance. Another wave of economic difficulties would in all likelihood widen the breach now menacing their party and would tend to disrupt their firm political hold on some key positions in the government.

With the agricultural crisis steadily becoming worse and an industrial crisis looming up on the horizon many reactionary political leaders are becoming panic stricken. There is no more powerful force making for unity between rural producers and city



Wm. J. Bryan Cursing Evolution