

Unanimous Report of Political Committee to Plenum Made by Lovestone

"Comrades:

"The significance of the trend of developments in the economic conditions of this country and in the world situation can be symbolized by merely citing such present events as the Havana Conference, the war on Nicaragua by the United States, the Conference of the A. F. of L. bureaucracy on injunctions, the proposed anti-strike law by Matthew Woll in the name of the Bar Association, the crisis in the miners' union, the crisis in the American trade union movement as a whole, the declaration of Admiral Plunkett that we are heading straight towards war with Great Britain, the situation in China, the increasingly important role of the Soviet Union in international affairs and the fact that we are on the eve of a presidential election in the United States.

"I have not attempted to catalog events. I have merely selected at random a number of very significant events in order to indicate to you clearly the significance of the moment historically.

"The Political Committee of the Party has for some time considered the present objective conditions in the country. We have made an attempt to analyze thoroughly the economic and political situations, the conditions of the labor movement, the Party's tasks in the light of these objective conditions, the fundamental problems of the party, the situation in our Party, and the outlook before the Labor Movement and the Party as a whole.

American Imperialist Aggression and The War Danger.

"It is necessary at the outset to examine the trend of American imperialist aggrandizement and the war danger. The danger of a new imperialist world war is the significant feature of the present world situation. At the same time when we speak of a world war we do not only have in mind the danger of a world war arising out of the antagonisms among the imperialist powers but we recognize that the danger of an imperialist attack on the Soviet Union is in this sense the most significant feature of the whole international situation.

"At present the most important antagonism among the imperialist powers is that between Great Britain and the United States. Witness the naval limitations fiasco at Geneva. Notice the attempt of Kellogg to separate France from Great Britain by offering unilateral an' multi-lateral and all kinds of peace treaties. Notice the strife between the Standard Oil of New York and the Royal Dutch Shell. The establishment of an imperial Marketing Board by Great Britain in order to promote economic relations between the integral parts of the British Empire is a positive step against the United States which has been making encroachments of substantial character on British market control particularly

in Australia and India in addition to Canada.

"And when we speak of the Havana Conference we do not speak of it merely as a conference of American imperialism against Latin America. We speak of the Havana Conference also as a basic movement of American imperialism against the other imperialist powers which are competing with increasing effectiveness against the United States in the world market.

"We need not mention the conflict over tariff and over debts. They are obvious.

"In estimating the present international situation it is found that British imperialism continues as the reactionary driving force in the immediate moment, primarily as the reactionary driving force in an attempt to form a bloc of imperialist powers against the Soviet Union and to destroy the revolutionary forces, the genuine revolutionary forces, in China. But in recognizing this fact we must always keep in mind that American imperialism is playing an increasingly dominant role.

"The effect of the trend towards stabilization, the effect of rationalization and partial stabilization among the European capitalist powers has not avoided the crisis which the bourgeoisie had hoped to avoid, but has only served to sharpen the antagonisms, and served only to engender new antagonisms out of the very stabilization forces among the imperialist groups.

"These irreconcilable antagonisms are a source of war—are the sources of war.

"In this sense the antagonism between Great Britain and the United States today has taken the place of the antagonism—the imperialist rivalry—between Germany and Great Britain in the pre-war days.

"The general acuteness of the struggle and the insolubility of the contradictions faced by international capitalism are evidenced in the following events particularly:

"The failure of the league of nations economic conference at Geneva last summer, the growth of international cartels and sharpening economic rivalry resulting therefrom, the widening chasm between British and American imperialism, the sharpening conflict between French and Italian imperialism over hegemony in the Mediterranean, over domination in the Balkans and over colonies, the increasing tension in the Pacific among the three outstanding powers, America, Japan and England, particularly over China.

War Against Soviet Union.

"But in examining all these contradictions we must emphasize that the central objective of the imperialist powers remains as firmly as ever the smashing of the Soviet Union and the destruction of all revolutionary forces in China. This danger holds true despite all the antagonisms.

"American imperialist policies are reflecting themselves very clearly in-

sofar as China and the Soviet Union are concerned. The role played by Admiral Bristol, now known as 'ambassador,' a 'diplomat admiral,' in helping to smash the Soviet movement in Canton, the continued hostility towards the Soviet Union as recently evidenced in the declaration of Kellogg banning even all private loans in this country to the Soviet Union.

"But it is an undeniable fact that the outstanding manifestations, the most brutal expression of American imperialism today is shown in the fight against the colonial peoples and the interests of the colonial and semi-colonial peoples of Latin America. This aggression does not at all times assume the character of immediate war. In the case of Nicaragua it is outright war. In the case of the fraudulent good-will ambassador, Lindbergh, it is a survey of possibilities for war. In the case of Havana it is an attempt to disrupt the forces of opposition to American imperialism, to sow seeds of dissension among the peoples of Latin America. In the case of the appointment of Morrow to Mexico, we have an example which is a time-saver. Instead of having a middle man like Coolidge as a connecting link between the Mexican embassy and the New York stock exchange, they have a direct connection between this stock exchange and Mexico, and do business more quickly.

"In the light of this objective international situation, the central task of the Party today is to fight the war danger. For us the problem of the war danger is not a question of abstraction. Insofar as an attack on the Soviet Union goes, insofar as an attack on the revolutionary forces in China is concerned, and insofar as the war in Nicaragua goes, it is an immediate, practical question of great urgency. In the face of the billion dollar navy, certainly we are not dealing with abstractions, but we are dealing with brutal facts. The campaign of the Party to fight the war danger is a campaign of concrete organization character in addition to the sharpened agitation by our ranks. Growth of and Increasing Domination

By American Imperialism.

"A few words about the growth of and increased domination by American imperialism. We do not propose to estimate the conditions of American imperialism statically. What has been happening? What is the basis of this increasing aggression of Yankee imperialism? There are two outstanding events in the results of the world war. First, the establishment of the Soviet Union and second the shifting of the world's economic center of gravity from Europe to America, in a broader sense from the Atlantic to the Pacific. This shifting has occurred and is continuing at the expense of primarily, the European imperialist powers.

"Before the imperialist war, on the eve of the world war, the American ruling class possessed two billion dollars in currency, gold. Today, the



Jay Lovestone, Executive Secretary of the Workers (Communist) Party.

American ruling class possesses over four and a half billion dollars of gold. In the United States we find about 7 per cent of the world's population. Yet the United States controls 44 per cent of the world's coal; 70 per cent of the world's oil; 52 per cent of the world's steel; 60 per cent of the world's cotton and corn; 50 per cent of the railway mileage, copper production and pig iron production. Obviously we have a very strong basis for a powerful imperialism.

"The very economic order is the basis of American imperialist strength. Notice the growth in mass production. Within the last years the output has increased nearly 50 per cent per capita. As an example, let us take the automobile industry which represents a very highly concentrated industry. In that industry we had in recent years an increase of 24 per cent in the numbers of workers and simultaneously an increase of over 204 per cent in the volume of production.

"As a result we witness in the United States a tremendous growth of capital. From 1880 to 1922 the amount of capital in the United States has increased 6½ times. The National Bank assets today are at their highest point and are estimated over 30 billion dollars. The total deposits are over 40 billion dollars. But with this accumulation of capital we find coincident phenomena of huge concentration of capital.

"In this country there are over a thousand factories each employing over a thousand workers. The trend towards consolidation in the bigger industries is marked. New York's biggest banks control over 60 per cent of the entire credit resources of the country. The trend towards domination of economy today by finance capital is dramatized by the recent appointment of J. P. Morgan,

the head of American finance, as the head of the United States Steel Corporation.

"A further manifestation of the growth of American imperialism in recent years is to be noticed in the growth of the export of capital. The figures I cite show that in 1923 America exported slightly less than half a billion dollars of capital, in 1927 more than a billion and a half dollars. And since the opening of the world war America has exported exclusive of government loans approximately 15 billion dollars of capital. A recent decision of the New York Stock Exchange to list foreign securities, is of basic importance, not only economically but also politically for the American working class. It shows the increasing domination of the world resources by American imperialism. It indicates the tremendous accumulation of capital. It lays the basis for further revision of the tariff and the development, as a result thereof, of fundamental political changes.

"It is estimated by the British financial authority, Sir George Paish, that the total annual income of the American bourgeoisie on exported capital and war loans today is nearly a billion dollars.

"Because of this development there naturally follows the basis for a regrouping of class forces. For example, we are developing in the United States a powerful rentier class, a section of the bourgeoisie divorced entirely from production, popularly known in an inaccurate way as the 'coupon-clippers.' An especially parasitic section of this rentier class is the group of owners of wholly and partially tax-exempt securities. There are in the United States today such securities totalling 32 billion dollars. This fact, this development of the rentier class, is of basic importance for the working class in the fact that it indicates the growing parasitism and the growing stagnation of the American ruling class.

Basic Forces for Intensification of American Imperialist Drive.

"Recent years have witnessed an intensification of the American imperialist drive for the domination of the world market, for markets for its surplus capital.

"There are five basic forces making for the intensification of this drive by American imperialism.

"Firstly, the over-development of certain basic industries. The Iron Age just announced that ten steel corporations, the first ten steel corporations, can produce 90 per cent of all the steel needed in this country. In 1925 the department of commerce estimated that the general excess industrial capacity was 26 per cent. Today it is undoubtedly much bigger.

"The second force is the surplus of credits. The veritable plethora of credits in this country compels a sharpening of the imperialist efforts on the part of the ruling class of the

United States to find markets for its surplus capital.

"This means what? This means sharpening antagonisms between the U. S. and other imperialist powers exporting capital.

"Thirdly, we notice in recent years particularly a continued increase on the part of the imperialist powers of partially stabilized Europe in their capacity to compete. Notice the formation of huge trusts and cartels. The other day Julius Klein of the U. S. Dept. of Commerce, in speaking of the cartels, in estimating this danger to American imperialism, said:

"They are causing deepest concern throughout this country, particularly where steel-rails, tin, enamel, aluminum ware, artificial silk, copper, electrical bulbs and wire are manufactured.

"There is another phase of competitive effort that you should have fully in mind and that is the individual governments in Europe are preparing with a seriousness and intensity never manifest before for a new drive for foreign markets."

"This is plain talk from one of the outstanding economic experts of the ruling class.

"The fourth force is the marked depression in capitalist economy.

"Fifth, is the growing limitation of the domestic market which has continued to serve as one of the outstanding forces, making for the prowess of American capitalist economy. One of the basic causes for the increased attack on Latin-America is the growing limitation of the domestic market.

The Present Economic Situation.

"The key to the Party policy in the immediate future and for some time to come is to be found in the present economic situation. The general trend of American capitalism is still upward, but there have been certain basic changes in some fundamental phases of the system of American economy since our last plenum. At that time we noticed the beginning of a recession. Now we can state positively that we have not yet reached the bottom of a basic depression in American industry.

"Just factually, to indicate some trends; insofar as the workers are concerned, some basic factors.

"The unemployment situation: New York State figures for December indicate only slightly less unemployment than in December 1921. In December, for the country as a whole, unemployment was about 6½% lower than in the corresponding month of the previous year. For November, compared with 1923, the decline in employment was about 13%.

"One question naturally comes before us: in what industries does unemployment occur?

"We note that it has occurred very heavily in the basic industries. In steel the decline in employment was 11.2%. In electrical apparatus manufacturing somewhat over 9% and in

the railroad shops the decline has shown that over 112,000 workers are no longer employed—workers who were employed three years ago.

"Unemployment has assumed a mass character in cities like Cleveland, Boston and Chicago. In New York the official reports indicate that the lodging houses are doing a better business than they have ever done before. Even in Los Angeles, the latest figures indicate 70,000 unemployed. Chicago boasts of breadlines longer than at any time since 1913. The latest of figures of the department of commerce on unemployment show an approximate volume of 3,000,000. When compared with the official figures for 1921, it is still somewhat less than in 1921. But that year was admittedly a black year even in the eyes of the bourgeois economists.

"Not only has unemployment increased, but wage totals have fallen. For the country as a whole, for last December, wages have fallen almost 7% in the year. In the steel industry, the wage total has declined about 15%; in automobiles 10%, and the recent facts indicate that the decline of wage totals in the automobile industry will be much greater. In the metal industry, other than iron and steel, the decline has been over 11%. Textiles, coal and other industries have seen in the recent months increasing wage cuts.

"Take the building industry—one of the outstanding props of the American post-war prosperity. 1927 was the first year when there was a drop in the volume of building since the war. The automobile sales in 1927 were the lowest in five years. For the first time since 1921 the net operating income of railways has declined.

"Always keep in mind the fact that the workers pay the price for these declines.

"Coal and oil have been suffering continuously from basic derangement.

"The total value of farm products including animal products, in 1927, was less than in 1926.

"It is true that chain stores, and public utilities corporations have done well in 1927. This is due primarily to high centralization, and powerful development of technic, extreme rationalization.

"It is likewise true that the stock market has on the whole been quite buoyant. But here we must keep in mind the fact that the stock market, that finance capital is no longer a barometer of capitalist economy as a whole, is no longer a barometer of the conditions of productive economy. This explains why we had in the same year that the stock market was so buoyant, so many commercial failures (over 23,000) and nearly 50,000 bankruptcy cases."

* * * Comrade Lovestone's report for the Political Committee will be continued in tomorrow's issue of THE DAILY WORKER.