

WHAT IS THE CRISIS?

Is It a "Cyclical" Crisis? -- The Outcome of the Crisis -- Vulgar Economics and Putschism

by Jay Lovestone

It was not so long ago that we were denounced by the present leadership of the Party as "enemies of the working class" because we fought against the following analysis as the basis for Communist strategy and tactics:

"The economic and unemployment crisis is mounting to heights which can very well produce results as profound as those of the cataclysm of 1914 and 1918 . . . can very likely come again to the question of the struggle for class power by the workers in more than one capitalist country" (Theses on "The Economic Crisis and the Party Tasks" issued by the CC of the CPUSA in December 1929).

This we characterized as ultra-leftism on a rampage. By the VII Convention of our Party (June 1930) the "newest turn" had touched America, the Party bureaucrats made a hasty and panicky retreat from this estimate and swallowed hook, line and sinker the "theory" of the vulgar bourgeois economists, the theory that the present economic crisis is merely a "typical cyclical crisis." For this too they got the lead "from above". In his report to the XVI Congress of the Communist Party of the Soviet Union, held a short time ago, Stalin declared:

"The world economic crisis is merely the last and worst of the periodic crises inevitable under the capitalist system whose production invariably outruns demand every ten years or so . . ."

In the same vein Browder presented our Party Convention with the following "analysis":

LENIN ON THE CYCLICAL CRISIS

Basing himself upon Marx's analysis of the laws of motion of capitalist economy, Lenin examined capitalism in its final stage, imperialism. Lenin therefore had something to say about what happens to the typical industrial cycle under imperialism, especially in the post-war period. The theses of the III Comintern Congress (1921), which were formulated under Lenin's direction, read:

"The normal development of the industrial cycle was checked by the war which itself became the most powerful economic factor."

These words call direct attention to the fundamental structural changes in capitalist world economy produced by the war. In this light Lenin analyzed the nature of the crisis of 1920:

"Thus the crisis of 1920 is not a periodic stage of the 'normal industrial cycle', but a profound reaction, consequent upon the artificial stimulation that prevailed during the war and during the two years thereafter and was based upon ruination and exhaustion." (Lenin's emphasis).

Lenin showed that the crises of capitalism in the post-war period took root in differing objective conditions in the various capitalist countries:

"While the body of Europe is suffering from anemia"—he explained—"that of America is affected with plethora. . ."

"While the concentration of wealth going on in Europe has its foundation in the ruinous conditions of that continent,

"We see it is a typical cyclical crisis occurring in the period of the general decline of capitalism. It is not true that when capitalism begins to decline the classical cyclical crisis is wiped out and launched into a general decline of capitalism. . . The cycle is a fundamental law of motion of capitalism. As long as capitalism as a system is operating, the capitalist cycle will also operate. . ."

"Will the capitalist class be able to get out of this crisis ('a typical cyclical crisis')? The activities of the working-class can give the answer to this question and no other answer except that the degree of organization, the degree of militancy and struggle under the leadership of the Communist Party by the working class and its allies." (Daily Worker, Aug. 15, 1930).

Here we have it! It is a "typical cyclical crisis"—and yet it isn't! If it is a crisis occurring in the "period of the general decline of capitalism" then what is typical about it? Then again if the crisis today is merely a "typical" cyclical crisis, then how can it depend on the actions of the working class whether capitalism can recover or not—except on the basis of the rankest putschism, the belief that the Communist Party can bring about the collapse of capitalism regardless of objective conditions. For certainly in a "typical cyclical crisis" the objective conditions are not ripe for revolution no matter how militant the Communist Party may be.

in the United States the concentration of property and the extreme intensification of class distinctions are proceeding on the basis of the feverish growth of capitalist accumulation."

Since Lenin wrote the above words there has indeed been something new in the situation of world capitalism: the intense development of rationalization. The theses of the VII Enlarged Executive of the CI (1926) fully considered this new development; it declared:

"In spite of the relative stabilization of capitalism, capitalism is experiencing a peculiar crisis which is not in any way a 'normal' crisis of capitalist over-production."

What is the Leninist conception of the nature of the present crisis in relation to the world situation? Because of the ever-continuing intensification of its inherent contradictions, capitalism—in this period of post-war general decline—proceeds from one crisis to another, each crisis leaving a more profound basis for the approach of the next crisis. This is so because in the period of imperialism, especially the post-war phase, each crisis sharpens and deepens the inherent contradictions of capitalism, already magnified to a world scale, to such a degree that there develops the basis for the final crisis, the crisis of the collapse of capitalism. This is the meaning of Lenin's characterization of imperialism as "the moribund, decadent, final stage of capitalism."

MANUILSKY DISCOVERS A NEW AMERICA

What a revolution the "new turn" has brought about in the point of view of the Comintern leaders on the American situation—a revolution from the immediate—collapse "apex theory" to the theory of "new organic growth"—is best shown in Manuisky's concluding speech at the last Presidium session of the ECCI:

"It is not absolutely beyond the bounds of possibility that after the present world crisis, which is deepening the general world crisis of capitalism, the capitalist world will live through a new wave of capitalist rationalization, that is to say, a new period of restoration of basic capital which will bring in its train a feverish temporary boom in industry and commerce." (Imprecor, Vol. 10, No. 23, May 15, 1930, p. 423).

So now this champion against the

"right danger" announces a "new period of restoration of basic capital" in the USA! This is precisely what Lenin and the III Congress warned against in its theses:

"Should, however, the pace of development (proletarian revolution) slacken and the present economic crisis be followed by a period of prosperity in a greater or less number of countries, this would by no means be an indication of the beginning of the 'organic' epoch."

In the *Pravda* of April 22, 1930, Manuisky draws some further conclusions from the "new turn". Telling what he sees in store for American imperialism after its present economic crisis, he says:

"American capitalism will rapidly cap-

ture the leading positions in the world arena in the most flourishing spheres of industry; the electric, the chemical, the automobile industry, etc. But in addition to the economic forms of pressure, the aggressiveness of the United States will also find expression in military and political forms.

OUR ESTIMATION OF THE ECONOMIC CRISIS

As, against all this confusion and unprincipled "turns" we give here the estimation of the present economic crisis as presented in the theses of our July Conference, which the Central Committee refused to place before the Party Convention:

"Many of the principal capitalist countries are grappling with the problems of economic crisis. The very growth of rationalization, the very strengthening of stabilization, the very exceeding of pre-war levels in production and exchange, have magnified the inherent contradictions of capitalism, have developed many of them to a world scale and brought on the present critical economic situation.

"It would be utterly false to conclude, as does the ECCI and the official American Party leadership, that the present economic crisis has already reached or is even entering upon an immediate period of total collapse of production and exchange comparable to 1914-18 and with a resulting immediate open revolutionary situation on a world scale.

"It is true that the present economic crisis is much more serious than a normal pre-war cyclical crisis. This is due to the basic structural changes in capitalist world economy flowing from the war (shifting of economic center of gravity to the United States, freeing of Russia from capitalist clutches, revolutionary developments in colonies and semi-colonies, restricted internal markets as a result of war ruins, etc.). The course of the development of the historically final basic crisis of capitalism is not in a straight downward line in all countries simultaneously but rather in a series of violent up and down movements, each one more violent than the preceding one. During this definitely downward trend in the decay of world capitalism we will find in some countries even temporary upward swings. (France) in other countries, slowed down rates of decline (England) and in still other countries upward curves for a number of years (United States) . . ."

"But the general trend of American capitalism, in its world position, is

"A new period of colonization is opening in the history of American imperialism." *Pravda*, April 22, 1930).

This talk sounds quite like the Hoover and Mellon prosperity bulletins of old! Yet we were the ones expelled for "exaggerating the strength of American imperialism"! Yet we were accused by Molotov of the crime of "bowing to American capitalism".

still upward, recent months have seen a rapid and serious decline in the immediate economic situation—the low point of which will not be reached for months to come. The situation is made more acute by the economic crisis in a number of the most important capitalist countries. The present conditions are not analogous to the period of deep depression in 1924 and serious decline in 1927 when European conditions were going upward and were very favorable for the expansion of American foreign trade and capital export. Likewise, the immediate American economic decline sharpens the situation in other capitalist countries. . . It is absolutely fallacious to conclude that the present economic crisis is already the final, basic crisis of American capitalism, ushering in the period of revolution or even marking the beginning of the immediate downward trend of capitalist development in the United States."

Mr. Duranty may really believe that Stalin was the only one in the whole wide world who foresaw and understood the crisis and the New York Times book reviewers may agree with him. But the fact remains that, in its turns and twists in its jumps from one extreme to another, the leadership of the Comintern seems to have engendered some doubts in its infallibility even in the "best circles". This impression filters thru even the dispatches of the New York Times:

"It is not beyond the bounds of possibility—that of course no one here would ever admit it—that some important Moscow Communists have a sneaking idea that Mr. Lovestone, altho duly excommunicated for contumacy, may know a good deal about conditions in the United States, and that altho he had the misfortune to become a casualty in the highly vital struggle between Bukharin and the Kremlin in high Communist international circles, it is just possible that he was right in imagining that the economic depression has not yet strewn American streets and countryside with corpses of the starving proletariat."

Forgery As a Method

Forgery, it seems, has become an accredited and accepted method of "ideological" struggle with the present leadership of the Communist International.

For example in his report to the 16 Congress of the CPSU Molotov told a plain fabrication to the delegation when he said that in the Revolutionary Age No. 2, November 15, 1929 I was supposed to have written:

"The Wall Street panic is not the result of the weakening of American economics, but an expression of the actual power of American capitalist economics, etc."

Of course, what I did say was something very much different. I never said anything of the kind that Comrade Molotov attributes to me. I did say in Revolutionary Age No. 2, November 15, 1929, in an article captioned "Order in Wall Street" the following:

"The panic in Wall Street did not come as a result of the decline of American capitalist economy. It came as a result of the very strength of America capitalist economy magnifying and sharpening the contradictions of world capitalism. True, there was a decline in auto, steel and construction in the third quar-

ter of the year as compared with the high peak level of the summer. But now-a-days the Stock Exchange is no longer an accurate or a sensitive barometer of the capitalist productive economy."

In elaborating this point in the pamphlet entitled "Order in Wall Street" published simultaneously with the Revolutionary Age No. 2, we said:

"The panic on the Stock Exchange did not come as a result of the decline of American capitalist economy. It came as a result of the very strength of American capitalist economy magnifying and sharpening the contradictions of world capitalism. Thus, American capitalism sharpens its own inherent contradictions and generates the forces not only of its own destruction but also of the destruction of world capitalism which hitherto it has done so much to save."

Why did Comrade Molotov have to resort to plain forgery and misquotation? Since when is falsification a bolshevik weapon? It never was so in Leninist days. For Leninists it cannot be so today. Certainly Comrade Molotov received and read the Revolutionary Age. Why didn't he examine, analyze and criticize (Continued on page 14)