

The "Remedy" of Public Works

by Jay Lovestone

Nearly all "prosperity" plans agree on public works as a remedy for curing the crisis. From the stand-pat followers of Hoover to the most devout disciples of Thomas or Muste, all see in extensive governmental construction a sure cure, or at least a source of positive alleviation for the mass misery brought on by acute unemployment. In short, there is a widespread belief among capitalist economists and "Socialist" reformers in the theory of the "prosperity reserve"—"that public construction work may be a balance-wheel for general industry and employment."

What Is The Plan?

What is the theory of "public works"? The economist, Professor Mund of Princeton University, says:

"Public works means the regular construction work of governmental bodies deferred or anticipated so as to be undertaken in periods of depression. . . . In general, the theory is that works, unless of particular urgency, should be thoroughly planned, and then held in abeyance so as to synchronize with periods of general unemployment and depression."

These two ideas must be kept clearly in mind to understand the claims and practices of all public works ventures. The proponents of public works aim thereby to achieve "the prevention of the excessive expansion of business and the alleviation of depression." The core of the whole idea is that "there should be a definite deferral of public construction work" for a period of years.

One of the best known public works champions is Otto T. Mallery, who proposes that "a reserve clause could be attached to each Federal appropriation for roads, reserving a part of the expenditure for a period of national depression and unemployment." The whole idea of a public reserve to be used in times of depression is a very old one. This "discovery" of Hoover is not new. Even the Bible recorded this idea. The public works plans have been tried extensively in England, Germany, France and Canada.

In the depression of 1893-94 many American cities resorted to such "relief" plans. Minneapolis then gave the unemployed a chance to chop wood. Nationally, the principle of public works was put forward by Senator Kenyon of Ohio on January 21, 1919. He introduced a bill to create a United States Emergency Public Works Board, to consist of the Chief Engineer of the Army, an officer of the Department of the Interior, an officer of the Treasury Department and two to be appointed by the President. Senator Kenyon declared the aim of his bill "to prepare for future cyclical periods of depression and unemployment by system of public works."

Public Works—Another Big Bonus for The Capitalists

In actuality the public works program turns out to be a new subsidy, simply another avenue of profit for the biggest industrialists and financiers. How does it work? The workers engaged get paid at lower wage rates than prevail in so-called prosperity days. The construction work itself entails vast expenditure for building material, such as lumber, steel, cement, glass, etc. In addition to this, the capitalists receive payments for rent, interest and profits. Such additional payments are a very welcome source of revenue for hard-pressed employers and bankers. The workers are hit hard by the scheme. The burden of the payment for the public works falls on them.

Taxation is the ultimate source for footing the bills for these public works. Suppose that short term serial bonds are used for raising money immediately. This is an especially favored method during a crisis. The government deficit mounts. Taxation is increased to meet the deficit, and the bosses simply devise ways and means to pass the buck to the workers, to take more out of the workers meager wages. Sometimes the bonds are paid not thru an immediate raising of taxes but they are retired by taxation in "prosperity" days. This means an indirect assault on the workers' standards during "good" days. Regardless of all the "humanitarian" claims of the "Socialist" reformers about the efficacy of public works as a job-giving plan, the recognized authorities in this field admit that:

"Public works is expanded during a period of depression, not as means of giving such employment to all but rather as the most efficacious means of injecting new purchasing power into the income stream of society."

Every worker knows who constitutes the "income stream of society." Clearly the public works proposal has as its aim the infusion of new life-blood, the inhaling of new oxygen into the usually comfortably-fixed and well-to-do section of society whose members desire to reduce their inconveniences to a minimum during a serious depression or crisis.

The expenditure of the funds, the control of the operations, the very volume of the appropriations itself are all in the hands of the biggest interests and their tools in the government. These appropriations are a juicy source of more graft and corruption, more cheating, more looting of the national funds. A classic example of this is to be seen in what is generally considered the best and most efficiently planned public works—in the construction of the subways in New York. Mr. Samuel Untermyer characterized this public works in the following fashion:

"The construction of the new subway has been characterized by the greatest extravagance and incompetence ever known in any great public works ever undertaken. The mere expense of administration and engineer-

ing has simply been staggering. The Department with its vast patronage has been used as a giant political machine."

Mr. Untermyer further asserted that at least sixty million dollars were wasted on interest due to delay which could easily have been avoided. Of course, Mr. Untermyer did not dare to say that such delay could have been avoided only if the primary objective of this public works construction had not been the piling up of the biggest possible profits for the corporations getting the job and the biggest graft for the politicians handling the contracts.

Government Power Over Workers

Obviously, any extensive construction of public works implies a concentration of terrific power in the hands of the President, the government, the mayors—in the hands of the executive department of the government. This is the department least subject to mass influence. It gives the particular capitalist party in power a great point of vantage not only against the minority opposition party but also against the working masses.

The practice in all public works construction is to hire citizens and to refuse employment to un-naturalized workers. This in itself enables the government to aggravate the existing divisions among the workers. Besides, it gives the government the power to move workers about from place to place, to decide on what road, say, a textile worker should be employed, on which public building, in which county or state a miner should

be employed, etc. This gives the government bureaucracy unheard-of power over the livelihood and very existence of millions of jobless workers.

The establishment of public works entails a further expansion of the already huge cost of government. In 1929 Federal expenditures totaled about \$3,848,000,000; State expenses \$2,061,000; and government cost of 250 cities with a population of over 30,000 reached the figure of \$3,435,290,000—a total of about \$9,344,290,000. If the expenses of the thousands of other small cities, towns and villages be added, the total cost of democracy in the United States would be from 15 to 20 billion dollars a year. Within the last years, the class lines have become increasingly firm and sharp. This has necessitated a constantly expanding government machine with which to keep down the workers and keep up the capitalists and their system. To maintain such a machine costs more and more every year. This means more and more tax-exempt bonds floated by the government. Thus the huge cost of public works entails an increased flotation of tax-exempt bonds and serves to increase still more the army of coupon-clippers, the growing army of the rentier class—a section of the capitalist class entirely divorced from productive economy and living solely as a parasitic force in the economic organism itself. The growth of the rentiers—no matter for what reason—is eloquent testimony to the growing decay of capitalism as a socio-economic system.

(Concluded in the next issue)

The Fascist Movement In Austria

LESSONS OF THE HEIMWEHR PUTSCH

by Willi Schlamm (Vienna)

Vienna, September 14, 1931.

The "Heimwehr-Putsch" is over. It was not smashed, nor suppressed; it simply came to an end. This is the decisive point.

Because it deals with Austria and because such a point of view conveniently eliminates unpleasant consequences, the journalists of the whole world treat the putsch as a comic opera affair. That the Austrian putschists are ridiculous enough is true; but this is a matter by itself and does not change in the slightest the fact that the putsch of September 13 was a very serious matter. Its end may signify the end of Austrian counter-revolution, if the working class continues the offensive; otherwise reaction cannot be considered as beaten after September 13. On the contrary, it will only become more cunning and seek more effective ways of action.

September 13 can lead to the end of Austrian Fascism. September 13 can bring with it more extensive and more oppressive enslavement of the Austrian working class. It is for the working class itself to choose.

A Part of the State Apparatus Participates

In the early hours of September 13 the Styrian Heimwehr forces occupied the Leoben industrial region. Arrayed for warfare, heavily armed, with provisions for many days, with approximately eight thousand men. A few mayors—Social-democrats—were "arrested," labor organizations "confiscated," police headquarters seized and occupied. Even before this similar events took place in a part of Upper Austria (Kirchdorf). This point is exceptionally important, because the leader of the Upper Austrian Heimwehr is the ex-minister Starheimberg, who is under arrest today, but who, with the help of the government press, is trying to deny his participation in the putsch.

The putschists brought with them placards and signs proclaiming the overthrow of the government, the abolition of the constitution and the seizure of power thru Dr. Pfrimmer, the national leader of the Heimwehr.

It is quite clear that the putsch had been prepared a long time ahead and that this putsch had been prepared with the participation of a considerable portion of the government apparatus.

Incontrovertible facts prove this. In its own official communique the government is forced to declare: "Against all government officials involved, investigations have been initiated. . . . Discussion would be superfluous: no one can doubt that a definite understanding was in existence between the leadership of the putsch and a good section of government apparatus. Only, the story of the Kahr-Hitler agreement of 1923 was repeated—the official conspirators grew hesitant as the situation approached its climax."

As far as the federal government is concerned, neither the domestic nor the foreign political situation is appropriate for a Fascist dictatorship in Austria; it therefore now makes every effort to deny the participation of high government officials in the putsch. But as the result of this connection, the Heimwehr was able to complete an orderly retreat, defended against the working class by the police who had become suddenly active.

That is why we call attention to the decisive point: The putsch was not smashed but ended as a maneuver. The state power did not destroy the putschists; it allowed them to reorganize their forces.

The fact that now, finally, at the end of the putsch, the leaders have been arrested and the putschist organizations "dissolved" (but so also has been the Social-democratic Schutzbund) shows that

a gesture is necessary. Austrian Fascism has not been destroyed; it merely made a wrong guess at the moment. Destroy it really, only the working class can.

The Significance of the Putsch

For the last year it has been pretty obvious in Austria that the bourgeoisie, its decisive sections at least have no intention of putting the Fascists into power. For the bourgeoisie Fascism is to serve as the whip against the working class; further it should not be allowed to go. And yet things came to the putsch! Why? Because movements such as Fascism acquire an independent existence. They strive to pass beyond the role vouchsafed them by the wire-pullers and money-payers; they strive for the entire power.

In Austria the leading elements of the bourgeoisie showed themselves strong enough to put thru their political and strategical aims despite this striving—this time! But next time?

And the Austrian Working Class?

The Austrian workers stood—on September 13—entirely in the camp of Social-democracy: they were ready to fight—but passive! In Kapfenberg the workers did not "allow themselves to be provoked" but did let themselves be shot. In another place, the workers disarmed a group of Heimwehr putschists—and handed over the arms to the police! In Vienna the Schutzbund "stood ready"—but did nothing.

That the Social-democratic party had no other idea in mind than to restrain the workers and that it placed its entire confidence in negotiations with the government, that in the districts directly involved it left the workers without any means of defense—all this is obvious enough. In fact, the Social-democracy showed itself in this crisis to be the most "conservative", the most timid of the bourgeois parties.

But the workers of such a party maintained discipline; even today, on September 14, work has been resumed, with the exception of two factories in Styria, in all factories, not only in Vienna but in all affected regions. This is significant indeed.

Are These Workers Not Ready to Fight?

In their vast majority, the workers are ready to fight. A number of events in the past have shown this. But they don't see any center of power to lead them in struggle. The Communist Party of Austria? At 8 A. M. everybody in Vienna knew what happened. At 6 P. M., all Vienna Communists were assembled at "Red Press Day". What took place? A real social affair—with not a thought of the putsch! And afterwards? An attempt at a demonstration attended by 200 people, dispersed in five minutes by the police. It was only on Monday morning that the first public proclamation of the C. P. A. appeared, twelve hours after

INFLATION is now being proposed as a newest remedy. This is especially caused by the collapse of the stock market, the levels of which have now reached those of 1925 in value. Bonds are still