

Credit and Market in the Crisis

by Jay Lovestone

This is the third of a series of articles by Jay Lovestone on "The Social and Economic Consequences of the World Crisis." The fourth will appear in the next issue.—Editor.

This crisis is no ordinary cyclical crisis. Because of its fundamental character as a crisis of capitalist decay, certain economic consequences, certain new developments, will manifest themselves in the whole economic organism. *More and more the credit system will be undermined and organically weakened as a result of the present crisis.* All the inherent contradictions of capitalism are deepened and magnified thru the collapse of prices especially because it is much harder for debtors to pay their debts. Ordinarily, one would say that great creditor countries, judged by the policies of British imperialism for decades, are or should be countries with low tariffs. Today the process is just the reverse. It is precisely the greatest creditor countries which are putting up the highest tariff barriers. This so-called new phenomenon is to be explained by the changed international situation, by the fact that no longer is there one power all-dominant in the world market, as Britain was at one time, by the fact that the rivalries amongst the imperialist powers are extremely tense today. For some time the United States has been the main exporter of capital. France and England have been its chief competitors in the capital market. Today it is England, France and the United States that are putting up almost unscalable tariff barriers. The end is not in sight. Tariff schedules will be raised still higher by these countries.

The World Credit Crises

World credit as a result of this crisis will assume an increasingly panicky shifting character. There will be an undermining in the confidence of one national capitalist group in the others, a rude shaking up of the relations of one country to another in the capital market.

This can serve only to sharpen still more the antagonisms amongst the imperialist powers and to raise them to a height never reached before. Not only will the struggle in the world market become more bitter but certain structural changes in the economic organism of each country will come as an outgrowth of this crisis. The contradictions and conflicts within the ranks of the bourgeoisie in each country will be aggravated. There will be increasing conflicts between the dominantly manufacturing interests and those interests dominantly producers of raw material. It is true finance capital will tend to weld together, to fuse them. This does not mean, however, that the growing domination of finance capital will remove the conflicts between all sections of the bourgeoisie. These conflicts, tho weakened in certain respects in the individual countries, will be magnified to reappear on an international scale.

Countries producing raw materials, here and there countries which are dominantly producers of one particular raw material, such as coffee or rubber, will become still more dependent on the world market for the sale of their commodities. Take Brazil with its coffee and Argentina with its wheat and cattle and you will find the growing dependence of these countries on the world market, the increasing subjection of these countries to the powerful imperialist groups, the ever-sharpening conflict amongst the mighty imperialist cliques for domination of these centers and sources of raw material. Whatever advantages any one imperialist power or group of imperialist powers will gain thru the domination over such sources of raw material will only serve to intensify the struggles amongst them and will make still more acute the divisions within the ranks of the various capitalist groups in the different countries.

For the colonial and semi-colonial countries such conflicts can only lessen their already weakened stability. This, in turn, means a worsening of the marketing possibilities for the big imperialist powers.

The Crisis and Markets

As a result of the crisis all the first line capitalist countries are driving for increased exports and curtailed imports. It is a fashion nowadays to set up barriers keeping out imports and to set up machinery for increasing exports. The sky-high tariffs are the most frequently resorted to means for effecting this policy. This crisis will serve to stimulate the activities of the leading capitalist countries in the development of their industries specializing more and more for the export field. For example, the American automobile industry will concentrate on developing ways and means of leaping over these barriers. What will be the effect of this? Given the specialization of certain industries for world trade it will be found that the difference already existing between one industry and another industry in degree of technical development, in the lack of a balanced relationship, these differences will only be extended and intensified. The lack of equilibrium within each capitalist country will grow in almost direct proportion to the extent the country drives harder and harder for the world market and becomes more and more bound up with it. More and more subject to the complications of the world market. This growing lack of equilibrium

within each capitalist country as a result of the market becoming ever more international in character, will extend and make still more acute all of the inherent contradictions in capitalism as a social and economic system. The extension of these contradictions means that capitalism as a world system will be much weakened by the crisis. Assuming even the theoretical possibility and the statistical probability of world capitalism on one national front or another, reaching for a short time even higher levels than in the past, it would not at all mean that the system itself will be stronger on a world scale. Suppose, in the United States or Japan, after the crisis has run its course, after considerable blood-letting in the realm of capital and labor-power, new production records are established. Such figures wouldn't in the least be symbolical of or actually indicate genuine vitality of the system. These very high levels *even if they should be reached* will not bring more equilibrium along the lines above mentioned. Herein is the real significance of the conclusion that the capitalist system as a system is already a fetter on the economic, social and cultural development of society.

The Problem Of Planning

This crisis is already creating and will put still more to the forefront an entirely new problem for the ruling class. This is the *problem of planning*. In detailed economic relationships there was planning long before it became a fad to talk about it. In a detailed sense capitalist society has for years been planning and does so today. But the sum total of capitalist planning is planned chaos, organized confusion. This appears paradoxical and to the superficial observer

it appears impossible for confusion and organization to mix. However, sometimes organization itself tends to bring on complete chaos. The organization of trusts has removed some confusion in local operations, has removed some chaos growing out of competition, but for society as a whole, for the capitalist system as such, the rise of trusts has deepened the inherent contradictions of capitalism and has thus aggravated the general chaotic nature of the system. The objective logic of all the efforts now being made and which will be made by the ruling class for achieving more planfulness in the present system of production and exchange leads straight to Fascism.

No matter what results the bourgeoisie may get from their attempts to grapple with the problem of planning it is already evident to many authoritative economists and so-called social engineers that economically, at least, social planning is superior to all ventures in private planning or to the capitalist system as it exists today. In fact, in certain bourgeois circles the "objective" admiration for the successes of social planning in the Soviet Union has brought on a wave of pseudo-Communist sentiment. Just as fifteen or twenty years ago it was a sort of a fad for all kinds of people with all kinds of opinions to call themselves Socialistic so today it is becoming a sort of a fashion for some bourgeois thinkers to call themselves Communistic. Two decades ago the elder J. P. Morgan could tell the country: "We are all more or less Socialists now." One would not be surprised to find in the coming years the most energetic planners of capitalism trying to sell their wares under the banner of: "We are all more or less Communists now."

Against Coalition And "Toleration"!

GERMAN COALITION AND THE WORKERS

by Morris Gold

We take the article below from the June issue of the Young Socialist, monthly organ of the New York Young People's Socialist League. It expresses a clear revolutionary position on the recent tactics of the German Social-democrats. The article was written before the fall of the Bruening government but this event only confirms its argument.

I have read with interest the article entitled "The Non-Coalition Bogey" in the first issue of the *Young Socialist*.

Altho the article deals with coalitions in many countries, I want to limit my answer to Germany, because there we find the crassest form of coalition with bourgeois parties.

The article begins with a quotation from the Communist Manifesto which ostensibly proves that it is correct for Socialists to unite with bourgeois parties. Marx wrote the Manifesto in 1847, at a time when the bourgeoisie was still a historically progressive class, that is, when it was still in the process of eradicating feudalism and consolidating bourgeois states. And so, before one quotes "In Germany they (Communists) fight with the bourgeoisie wherever it acts in a revolutionary way against the monarchy," he must answer the following questions: Can the bourgeoisie in Germany act in a revolutionary way today? Does the Bruening government, specifically, act in a "revolutionary way" and can it act in such a way? And secondly, does fighting for bourgeois democracy today have the same content as fighting the feudal monarchy had when the Manifesto was written?

The answer to the first question must obviously be "No." Marx pointed out that the achievement of national consolidation was the last act of progress the capitalist class could perform. Clearly the capitalist class today is the sterile and reactionary class that the feudal barons were in 1847. And so there can no longer be any talk in Germany of "wherever the bourgeoisie acts in a revolutionary way."

Thirdly, the struggle of the German bourgeoisie against feudalism in 1847 was a struggle against an outlived and reactionary social and economic system, while the differences between Bruening and Hitler are differences between various forms of bourgeois rule.

Again, the authors of the article in question bring in Lenin to prove their point—again to poor advantage! The peace of Brest-Litovsk was a forced concession of the victorious proletariat of Russia to the German capitalist state, with no analogy to the coalition of the German Socialist party and the representatives of the German exploiters, the bourgeois parties. Also, the coalition between the Bolsheviks and the left S.R.'s was a temporary agreement between two *working class parties* and, when the left S.R.'s ceased to be such, the coalition was broken. So it is clear that the present

tactics in Germany have no justification in past revolutionary experience and so must be judged solely on their own merits today.

The German Socialist party is supporting the government on the theory that in this manner it is preventing the victory of Fascism. But what is the cost of such tactics? The Bruening government, with Socialist support, is instituting Fascism bit by bit. Thru the use of emergency decrees, democracy is being abolished. Thru wage-cuts, measures against the free functioning of trade unions, restrictions upon workers organizations of all types, the Bruening government is undermining the resistance of the workers and so making the eventual success of Fascism easier. If the Socialists are to be logical in such a policy, the capitalists would find in them staunch supporters of capitalist rule every time they threatened a more open form of the same rule. The Socialists should pursue a policy of uniting labor in resistance to all attacks against it, whether it be wage-cuts on the economic field or limitations of the independent labor activity on the political field.

Ever growing sections of the German bourgeoisie are swinging in support of Fascism. Surely, the bourgeoisie cannot be a bulwark against a movement which represents their own best interests! The Socialist party must aim for an anti-Fascist coalition of all working class parties and organizations, including the Communists, but such an appeal must be accompanied by a decisive break with bourgeois parties and the Bruening government. But to propose a united front without definitely breaking with the government is to make impossible in advance such a united front.

It has been said that if the Socialists break the coalition, Fascism will come into power immediately. But no one proposes that the S.D.P.G., in withdrawing from support of the bourgeois government, should also withdraw from the political life of the country. To properly take advantage of the temporary differences within the bourgeois camp, it is necessary for the workers to act as an *independent force*.

And finally, it is argued by some Socialists that, after democratic means fail and Fascism triumphs, then we will fight it with other means.

This is dangerous nonsense. The triumph of Fascism means the destruction of all parties, trade unions, social and cultural organizations of the working class, *in whose united force lies the only power to defeat Fascism*. And to wait for the day when Fascism triumphs to fight it, is sheer suicide.

Fascism is being invited into the government today. The Socialist must cease being a party to the Hindenburg bloc whose differences with open Fascism are constantly shrinking. They must prepare the workers to fight Fascism, because only the working class is historically able to do it.

DEBATE: