FACING A NEW CRISIS

By Jay Lovestone

ON April 3, 1937, the Workers Age declared editorially: "We are in the throes of a precarious boom. The forces making for the present prosperity are the forces preparing the ground for the crisis ahead. This does not mean that we are now on the threshold of a great crisis. It does mean that the present prosperity is very shoddy. It does mean that the present prosperity, no less than the recent crisis, serves to accentuate the contradictions inherent in capitalism as an international system and in American capitalism as an integral part of the world structure. . . .

"The gap between productive capacities and the possibilities for consuming the products turned out, is widening. In this chasm gather all the elements of crisis. The sources, the causes of the crisis, which is not yet at hand, which we are not facing immediately, but which is developing in the very midst of and because of the character of the very prosperity at hand, can be overcome only with the overcoming of capitalism as a social and economic system. . . ."

Depression In Full Swing

The serious economic depression forecast above is now in full swing. Not even the meekest worshipper of Roosevelt as the Messiah of "all the people" can today deny with the sligtest semblance of sanity the fact that a first-class economic blizzard is sweeping the country. In fact, after acting a la Hoover, after stubborn insistence that things are just swell, that happy days were never so numerous as they are now, the White House itself has been compelled to take cognizance—in a hesitating and inadequate manner, it is true—of stark reality at hand. That is the basis of the Roosevelt conference with the biggest business brains of the country for the purpose of uncovering and discovering some cures. That is the why and wherefore of the promises being made by the Roosevelt Administration for "easing taxes," "new RFC loans," for "using the Social-Security fund," for the recent change of stock-market regulations in order "to spur business." With the possible exception of the economic "theorists" of the Communist Party, nearly everybody now recognizes that what we have in the country is **not** a conspiracy by "big business" to weaken the "strong progressive hand of that great liberal President," **not** a mere stock-market flurry, but a serious depression.

Stock Market Collapses

The collapse on the New York Stock Exchange, while not as great as the 1929 chute, approximates the debacle of 1920-21. In some respects, it resembles the panic of 1907. We say panic because that is what you face when you have a situation in which about half of the listed shares have fallen more than 50% in price within a few months. It is not insignificant that industrial shares have lost about 40% of the ground they recovered since the 1932 lows were touched. Railroad shares have lost 60% and utilities more than 80% of this ground. Even for so wealthy and powerful an economic unit as the United States, a drop of $25,000,000,000 in stock-market share "values" is a phenomenon of major import. Especially sinister is the significance of this drop because it was not preceded, as has been usually the case, by a genuine or artificial shortage of credit. American capitalism continues to choke with a physical but unusable superabundance of credit.

It is true that the stock-market is not an accurate reflector and effective barometer of the immediate economic situation at hand. It is also true, however, that it is in no small measure a vital index of the economic situation in process of development, of moods and plans, of outlook for the next and nearest future. It is likewise unchallengable that the stock-market has substantial effects on the trends in production.

Anticipating a decline in steel production, the stock-market began to fall weeks ahead of time. Once the stock-market did go down, it served to stimulate the downward trend in steel which had already started. For instance, this week, steel production is operating at 41% capacity. Here we have a drop of 7.6 points in a week. This is a drop of more than 15% in a few days. It is the ninth consecutive drop. It marks a reduction of more than 50% in production in a period of nine weeks, and is half the average production rate maintained for the first nine months of this year. The present operating figures in the steel industry are the lowest since July 1935. We have not yet reached bottom.

We have already reached, according to the Times index of business activity, the lowest level

(*Continued on Page* 6)

Is American Capitalism Facing a New Depression?

(*Continued from Page* 1)
in eighteen months. It is to be noted that "all component factors entering into the making of the index have shared in the decline and the decline itself has . . . grown more precipitate as it proceeded." Here is the reason for unemployment beginning to rise once again in ominous proportions. The A. F. of L. has just reported the first increase in the number of unemployed in its ranks within six years.

Some "Explanations"

What is happening and why? There are all kinds of explanations being offered by all kinds of people. Some of the big financiers are howling against the tax rates for the higher brackets. Many of the moneyed men have been whining over the S.E.C. regulations just eased but, until recently, requiring customers to provide 55% of cash of the cost of securities bought. Also, some of the less far-sighted captains of industry have worked themselves up into fever heat over the general policies of the administration as being responsible for the rapidly developing adversities besetting the American economic machine. The official Communist Party paper, the Freiheit, declared on October 25: "There is a likelihood that the present panic in Wall Street has been deliberately organized as a demonstration against the Roosevelt government. . . . The big 'sharks' of Wall Street manipulate the market. They can create a temporary boom as well as a temporary panic. . . . There is . . . a great deal of indirect evidence that big capital organized the crash in order to frighten the Roosevelt Administration and force it to abandon its program of progressive legislation."

What little faith these people have in their new friends and leaders!

And with true rabbinical finality, the Communist Party's "economic theoretician," Alexander Bittelman, tells the world that "a very important contributing factor to the decline in the stock-market and the uneven recession in various branches of industry is this: that big capital, the reactionary monopolists, may be considered as being on a sort of political strike. They have refused to expand, to make new investments; they sabotaged recovery, thereby threatening the nation's economy; they militate against the government's program for control of the stock-market and, in many other ways, are striking against the well-being and security of the people." (Daily Worker, October 28, 1937). It would be unfair to the Political Committee of the Communist Party and to Bittelman if I were to omit his remedy: "The further promotion and more rapid crystallization of a powerful People's Front movement!"

Blessed be the not-so-big-capitalists and the not-so-reactionary monopolists! May the wrath of Jehovah visit anyone and every one "threatening the nation's economy" and may it paralyze the hand that seeks to interfere with "the government's program for control of the stock-market." Only then will there be light for labor!

The Socialist Call of November 6 editorializes profusely in the same prayerful moan. It wails against "capitalist sabotage" and speaks of "a strike of capital" and "an artificial crisis, a conspiracy for the creation of unemployment, a capitalist class lockout." Far be it from us to deny that there are situations in which tampering and manipulations by powerful financial and industrial overlords play an important role. However, it is utterly frivolous to believe that such moves can possibly be the driving force for or the basic cause of a serious economic situation, a grave depression of the kind we now face.

(*Continued Next Week*)

Marxism and U. S. Labor Movement

(*Continued from Page* 3)
become the most fruitful in the world. No other country is so highly developed economically, whose "pure" capitalism so fully confirms the Marxist analysis; the conversion to socialism of no other country is so necessary to the victory of socialism on a world scale. The final victory in the struggle between world socialism and world capitalism will be decided by the action of our working class.

A Gigantic Historical Task

American Marxists must make the third great contribution to Marxism. The first was made by