

"The idea becomes power when it penetrates the masses."  
—Karl Marx.

# Special Magazine Supplement THE DAILY WORKER

SECOND SECTION  
March 8th, 1924. This magazine supplement will appear every Saturday in The Daily Worker.

## Economic Depression and Unemployment By JOHN PEPPER

THE economic depression makes rapid and great advances—production is decreasing, and unemployment is growing.

### I.

The great economic prosperity which started in 1922 reached its high point about May, 1923. In many respects this prosperity shows record figures in the expansion of means of production and in volume of production. But from the middle of 1923 we see a constant, gradual aggravation of the economic situation. Three figures illustrate best of all the great change. The monthly unfilled orders of the Steel Corporation reached their peak in March, 1923, with 7.40 million tons. In December, 1923, only 4.44 million, which is a decline of about 40 per cent. The May, 1923, average daily output of pig iron was 124,764 tons. In December, 1923, 94,225, which means a decline of almost 25 per cent. And a third figure is the average decline of 16 per cent on the stock exchange in the second half of 1923. The iron and steel industry reports showed a decrease of full time operation from 90 per cent in May to 68 per cent in October, to 58 per cent in November, and to 57 per cent in December. In December only a third of the full time operating establishments were utilizing their full capacity. Exports of iron and steel were running on an average of about five million tons a year (for about six years, until early in 1921); exports of iron and steel in 1923 fell a few thousand tons short of two million tons.

### Slump In Mining Production.

Coal mining is in a catastrophic condition. Dr. Honnold, statistician for bituminous coal, declared that "the November demand so far has dropped 28 per cent below that of last year. It means a slump of about 30 per cent in production in both the Illinois and Indiana fields. At least 72 mines in Illinois with a potential daily capacity of 100,000 tons and 69 in Indiana with 50,000 tons have been closed or abandoned since January 1. Of the mines still active at least 75 per cent are operating upon only 40 per cent of normal time. The situation is occasioned solely thru lack of demand. Every day scores of cars are loaded at the mines and left standing on switch tracks. More mines have been closed in Illinois during the last six months than at any previous period in the history of mining in the state."

The total value of building undertaken in December, 1923, fell by 4 per cent below November.

The textile industry is almost completely paralyzed thru the depression. The number of active cotton spindles in December was about 700,000 less than a year ago and fell over 300,000 in November alone. In Massachusetts, the center of the textile industry the December report of the Department of Labor shows a majority of the establishments on a part capacity basis. Dun's January 5, 1924, review said:

"Curtailed of production is continuing in many cotton, wool and silk goods centers . . . In cotton goods this tendency is expected to increase."

### Shoe Industry Decline.

In the shoe industry the Massachusetts December report shows that only 34 per cent of the leather shoe establishments were operating at full capacity. In Haverhill, a shoe town, in November and December, 30 per cent of the workers have been laid off and only 5 out of 34 establishments are operating full time and full capacity. In Lynn, only 6 of the 32 shoe establishments report normal operations.

The December report of the Department of Labor of the United States showed that not less than 23 per cent of the industrial establishments reported part time operation and 2 per cent were entirely closed down. And in addition to that one-third of the establishments reporting

full time operation were operating below full time capacity.

In connection with the tremendous decrease of the volume of production there is a decrease of railroad traffic and a decline of railroad operations.

### II.

The propaganda of the capitalist press, government and banks' attempts to make the public believe that with the beginning of 1924 the economic conditions are changing to the better. That is just as little true as the deceitful propaganda which was conducted by the same elements with President Coolidge at their head, during the growing depression in the second half of 1923. It is true that the unfilled orders of the Steel Corporation have showed 353,090 tons in January. But this small increase makes very little

it is warranted by the actual supply-and-demand position—then it can hardly be expected elsewhere."

### Efforts to Check Depression.

The Philadelphia Reserve Bank's monthly summary of business conditions covering 36 various trades says that of the 36 trades at the end of October, 6 trades could be classified as good, at the end of November only 5, at the end of December, 3, and at the end of January, 1.

It is true that the capitalists are making big efforts to check the aggravation of the economic depression. The new two billion dollar railway construction program and the big orders for Japanese reconstruction are the last great reserve of the capitalists which they can muster against the economic crisis. But it would be entirely anti-Marxist to believe (as some comrades are in-

ually in a slow process to the worse, or whether it will turn into a dramatic panicky crisis.

### III.

The curtailment of production, the closing up of factories, or putting them on part-time operation caused an ever-increasing unemployment of big masses.

The United States has no real unemployment statistics, so that it is not easy to form a complete picture of the breadth and depth of unemployment. But the figures and facts which we could ascertain suffice to characterize the situation.

We have no figures on unemployment in the steel industry.

The unemployment among the coal miners is especially very heavy. The Illinois Industrial Review of December 6, 1923, stated: "The miners are face to face with a winter of unemployment. In Illinois 20 per cent of the mines have been closed. In Indiana one in every three mines has shut down. Over 25,000 Illinois miners are out of work, and close to 50,000 are employed only about one-fifth of their working time. In the non-union fields the suffering of the workers is taking an even more acute turn."

### Mines Closing Down.

A. E. Lafferty, a West Virginia mine inspector, said in December: "Coal mines thruout West Virginia as well as Ohio and Indiana are closing down. The business slump has grown in almost an incredible volume, and its effects are deplorable. It will be a hard winter for them—it is no theory when we say that our organization is composed of a vast army of reserve members that only get to work, in hundreds of instances, one day a week, and not even that in many localities." And the unemployment among the miners has been growing recently, too. The report of the Illinois department of Labor for January says: "Coal mines in Illinois and adjoining states have closed down throwing hundreds out of work."

The railroad workers are virtually decimated thru unemployment. The reports of the Interstate Commerce Committee show that in August 1,973,505 workers were on the pay rolls of all railroads. In November only 1,899,545. That means a reduction by 73,760 or nearly 5 per cent. But at the same time a big part of the railroad workers were forced to do part time work. In the middle of November there were 81,246 fewer workers on full-time jobs than in the middle of August. That means a reduction of almost 5 per cent. The unemployment increased still further in December. A single railroad, the Pennsylvania, discharged not less than 26,185 workers in December.

The condition of the workers in the textile industry is frightful. The director of the municipal employment bureau of Boston estimated the number of unemployed workers in Boston in January at not less than 60,000.

The "Lawrence Labor" shows that masses of workers are getting paid only for a five-day, a four-day or even a two-day week.

### Unemployment In Chicago.

Unemployment in Chicago under the influence of the Illinois situation shows a very serious character. Even a capitalist paper, the Chicago Evening Post, wrote on January 19, 1924: "The problem of unemployment is with us again. The apologetic gentlemen who suggest that they are in need of a meal 'an' most starving' are approaching the prosperous in appearance along West Madison street."

Carl Haessler wrote in the Federated Press of early December, 1923: "Jobs are hard to get in Chicago. Trade union secretaries say so. The chief statistician of the Illinois Department of Labor says so. And a study of the classified ads under the headings of Wanted Male and Wanted Female Help, proves it. Altho

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## NEW SCHEME TO END WAR



But the Dogs Will Fight.

change in the general situation. We should not forget that the unfilled orders of the Steel Corporation at the end of January, 1924, were less by 2,112,000 tons, or over 30 per cent, less than at the same date in 1923. Iron production was in the last week of January 6 per cent less than in the same month of 1923. The New York Times of February 4 was forced to admit that: "To predict repetition of the wholly abnormal industrial boom of the early months of 1923 would be a little rash." And the same New York Times states about the textile industry in the same article: "The singular dilemma in which the textile mills are placed, between raw material costing 25 per cent more than a year ago, and finished goods which are selling 5 to 10 per cent lower, with consumers ECONOMY Depression—Galley 2 . . . holding out obstinately against advances, no doubt reflects the exceptional character of the cotton situation. But to the extent that it indicates unwillingness among buyers of goods to follow a rising market in their purchases (unless they have absolutely used up their stocks of goods), it has its bearing on the general business situation. A sensational 'trade boom' must in the nature of things rest on the taking of the opposite attitude by consumers, and if they will not take it in the cotton trade where, if anywhere,

clined to do) that the capitalists, notwithstanding big monopolies which eliminate competition on a national scale (thus making it so much the sharper on an international scale) that these capitalists are in a position to change the normal cycle of "vitality, prosperity, over-production, crisis, and stagnation" of industry, as Marx puts it.

Despite that the number of business failures is growing from month to month, that in individual sections the small banks fail by the hundreds, the economic depression thus far has not assumed the character of a panic. The main reason for this is the unusual abundance of money. The Federal Reserve ratios recently reached its highest point since 1917. The unheardof plentifulness of money is due to three causes: (1.) The export of American capital decreased in 1923 because of the insecurity of European conditions. (2.) The United States is today the creditor nation of the world and the profits of exported American capital and foreign securities bought up, bring an uninterrupted stream of gold into the country. (3.) Foreign capital flees from Europe to the United States. The first wave of fugitive capital came from Germany; the second wave, recently, from France and Great Britain. We cannot pass final judgment today whether the present economic depression will turn grad-



# Economic Depression and Unemployment

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the state reported 139 job hunters for every 100 jobs in October, help is still wanted, but at lower wages and longer hours."

The Herald and Examiner of January 5, 1924, reports a trend for the worse: "Superintendent L. J. Ad, of the State Employment Agency, estimates 75,000 men out of work in Chicago alone and said there were 195 men for every 100 available jobs—nearly two to one."

And the latest report of the Illinois Department of Labor, which sums up the whole January situation, is again forced to announce a new aggravation in January as compared with December. The decline of employees in January was 2 per cent. "Probably the most important change during the 30 days has been the collapse of car building. The drop of 40 1-2 per cent in the slaughtering and meat packing industry was but little more than the average for all food industries. In the offices of the Illinois Free Employment Service in thirteen principal cities in the state, the excess labor supply in January was the largest that has been reported since early in 1922. Places could not be found for 10,000 applicants for jobs. There were in the state as a whole 166 applicants for each 100 jobs. This was measurably worse than at any time in 1923." The DAILY WORKER of January 31, 1924, reported that in Chicago: "A large number of the offices of the

labor agents which used to line West Madison street are closed because no one is hiring workers."

## "Few Jobs Can Be Supplied."

The November and December reports of the Industrial Commission of Wisconsin show that since August, month to month the number of employed workers fell, and in December reached a point 7 per cent below the peak of 1923.

The Federated Press reports from San Francisco: "Unemployment is rife in California, and the employment agencies are reaping a harvest." The Gompers agency, the International News Service reports: "Each day 5,000 men and 500 women apply for work at the Los Angeles City Employment Bureau. Do they get the jobs? What do they do when they don't get the jobs? Organizer George E. Bevan doesn't say except that: 'Few can be supplied.'" The Federated Press reports from New Orleans on February 2: "Conditions in this city from the standpoint of the workers are deplorable. Despite official reports, unemployment is on the increase."

The very important report of the New York State Department of Labor issued in the middle of February establishes the fact that unemployment is steadily growing in New York City too: "Employment went down about 1 per cent in New York factories in January. The three successive decreases in November, December and January have now brought the level of employment

somewhat lower than it was in January of last year."

## IV.

All these figures do not give a complete picture of unemployment. All these statistics speak only of the factories and mines which were shut down and which discharged their workers or of establishments which work only part time and threw out a part of their workers. But beside this factor we must take into consideration five other factors, if we are to measure the magnitude of unemployment. These factors are:

1. The hundreds of thousands of farmers who have become bankrupt and have moved into the cities to become industrial workers.
2. The great migration of Negroes from the South to the industrial centers of the North and Middle West.
3. The immigration from Europe which, altho limited, increases the number of those seeking for work.
4. The immigration from Mexico which makes itself felt in the steel industry in Illinois especially.
5. The seasonal unemployment of agricultural workers and migratory road construction workers who in winter time are forced to seek work in cities and industrial centers.

All these factors make unemployment a mass phenomenon today.

## V.

The economic depression, curtailment of production and unemployment is releasing a new offensive of capital against the workers. The power of resistance of the unions is

very much weakened because the workers drop out en masse. The bosses are making wage cuts everywhere and more and more generally. Most of the categories of workmen accept the wage cuts without any resistance (for instance, the completely demoralized railroad workers). Some categories put up some fight (the clothing workers). Other sections of workers again, are willing to continue the present wage rates in spite of the increasing cost of living (United Mine Workers). How the depression is wearing down the power of resistance of the workers is shown best by the January report of the Department of Labor: "Considerable numbers of wage increases have been reported each month of 1923, increasing rapidly each month from January to May, when 1,279 were reported, and then decreasing to 147 in October. During these months decreases in rates were reported from 1 to 9 establishments only, each month, but in November the decreases totalled in eleven industries." The number of strikes is ever decreasing as the depression and unemployment is growing. The report of the New York State Department of Labor says that there were 105 strikes in New York state in 1923. Sixty of the strikes were during the four-month period from March to June, each month thereafter showing a smaller number of strikes, with December "Making what was practically a record in industrial peace in this state."