

V. THE COMMUNIST POSITION

MAIN FEATURES OF THE "NEW DEAL" *

What are the main outlines of the "New Deal," when we consider it as a whole, all of its various features embodied in the new legislation and actions of Washington? They may be summed up under the following heads: (a) trustification, (b) inflation, (c) direct subsidies to finance capital, (d) taxation of the masses, (e) the economy program, (f) the farm program, (g) military and naval preparations, (h) militarization, direct and indirect, of labor. Let us briefly analyze each of these features of the "New Deal."

Trustification: Under the mask of the "radical" slogan of "controlled production," the Industrial Recovery Act has greatly speeded up and centralized the process of trustification which has long been the dominant feature of American economy. There is now being carried out a cleanup of all the little fellows. They are forced to come under the codes formulated by the trusts which will have the force of the law. Their doom is sealed, and they are busy making the best terms possible for "voluntary" assimilation before they are destroyed. Capitalist price fixing is given the force of law, and the profits of the great trusts are guaranteed by the government. As for "controlled production," we have the word of an administration spokesman that "competition is not eliminated; it is only raised to a higher plane." The further strengthening of the monopoly is intensifying all of the chaos, the antagonisms, the disproportions in American economy. "Controlled production" is impossible on the basis of capitalist private property. There is only the growth of the power of the big capitalists and the intensification of all social and economic contradictions.

Inflation: The continuous cheapening of the dollar serves the purpose of (a) general cutting down of the living standards of

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the masses through higher prices of the necessities of life, and especially a reduction of workers' real wages; (b) restoring solvency to the banks and financial institutions by increasing the market value of their depreciated currencies; (c) partial expropriation of the savings and investments of the middle classes; (d) creation of a temporary expanding market to stimulate industrial production for the time through the rush of speculators and profiteers to lay up stocks for higher prices, and (e) launching of a tremendous commercial war, price cutting and dumping on the world market. All these results of inflation serve to strengthen finance capital, build up its profits at the cost of sharpening exploitation of the masses at home and lead directly to an imperialist war.

Direct subsidies: This is only an enlargement of Hoover's beginnings in the Reconstruction Finance Corporation. Many billions of dollars as gifts, disguised as "loans," are being poured into the coffers of the big capitalists. It all comes out of the lowered living standards of the masses, out of mass taxation and out of the confiscated savings of the middle classes.

Taxation: There is being carried out an enormous shifting of even the present limited burdens of taxation on property and big incomes, away from them and on to the shoulders of the masses, the workers and farmers. Almost all the increased taxation is in the form of sales taxes of all kinds, indirect taxation that falls upon the small consumers. All the apparent measures of increasing income taxes have merely fallen upon the middle class, while the big capitalists relieve themselves of all income taxes, as exemplified by the biggest capitalists of all, Morgan, Otto Kahn, and others, who have gone for years without paying any income taxes.

Economy program: While new taxes are piled up and new billions of dollars given to the banks and trusts, "economy" is the rule for all government expenditure that reaches the masses or the little fellows. The government set the example for the capitalist class as a whole with wholesale wage cuts of its employees, with rationalization, mass discharges, etc. The war veterans have their disability allowances cut \$500,000,000;

unemployment relief is substituted by the forced labor camps; social services are heavily slashed or discontinued altogether.

Farm program: While millions starve for lack of food, the government turns its energies to cutting down farm production. Growing cotton is being plowed under by the direction of the government. A 30 per cent tax is placed on bread in order that the farmers shall get at best the same proceeds for the small amount of wheat. Those farmers, in the most favorable case, will still only maintain their former bankrupt situation, while the masses will have less bread at higher prices. The mortgage holders will absorb the great bulk of the government subsidy. This year's wheat crop already in the hands of the speculators and bought from the farmers at 25 cents, will sharply rise in prices with enormous profits for the speculators; by the time the farmer will get 80c to \$1 for his new crop, inflation, cheapening of the dollar, will wipe out his gains and whatever he has left will go to the mortgage holder anyway; i.e., to finance capital, banks, etc. Farmers will be at even a greater disadvantage in buying industrial products, monopolist prices of which are sharply rising. The allotment plan is used to attempt to divide the workers from the farmers and set them in sharp rivalry. The masses, including the farmers, pay all the bills.

Military and naval preparations: The wild commercial war on the world markets, sharpened to an enormous degree by the falling value of the dollar, has already disrupted the London Economic Conference and brought all the imperialist antagonisms to a critical point. The government which carries out this bandit policy abroad, while driving down the living standards of the masses at home, should logically go heavily armed. An inevitable part of the "New Deal" is, therefore, tremendous building of new battleships, cruisers, new kinds of poison gases and explosives, new tanks and other machinery of destruction for the army, new military roads, increase of the armed forces, and increased salaries for the officers. "Industrial recovery" is hastened by working the war industries overtime. Such war preparations have never been seen since 1917.

Militarization of labor: The most direct and open part of the program for militarization of labor is the forced labor camps with

the dollar-a-day wage. Already some 250,000 workers are in these camps. This forced labor has several distinct aims: (a) it sets the standard of wages towards which the capitalists will try to drive "free" labor everywhere; it smashes the tradition of the old wage scales; (b) it begins to break up the system of unemployment relief and establishes the duty to work in order to receive relief allowances; (c) it furnishes cheap labor for government projects and for some favorite capitalists; (d) it takes the most virile and active unemployed workers out of the cities when they "constitute a danger to law and order" and places them under military control; (e) it sets up a military reserve of human cannon fodder, already being trained for the coming war.

But the provisions of the Industrial Recovery Act regarding labor provide a much more large-scale effort at indirect militarization of labor, though in a different form from the forced labor camps. In the industries the effort is to establish a semi-military regime under government fixed wages, compulsory arbitration of all disputes with the government as arbitrator, abolition of the right to strike and of independent organization of the workers. These things are to be achieved through the "industrial codes" worked out by the employers and given the force of law by the signature of Roosevelt, and supported when and where necessary by the A. F. of L. and the Socialist Party who have already entered wholeheartedly into this pretty scheme.

In the labor section of the "New Deal" program is to be seen the clearest examples of the tendencies to fascism. This is an American version of Mussolini's "corporate state," special state-controlled labor unions closely tied up with and under the direction of the employers. Here we have also the sharpest American example of the role of the Socialist Party and trade union bureaucracy as "social fascists," as bearers among the masses of the program of fascism, as those who pave the way for the establishment of fascist control over the workers. For the working class, the Industrial Recovery Act is truly an industrial slavery act. It is one of the steps towards the militarization of labor. It is a forerunner of American fascism.

STRUGGLES AGAINST THE NEW DEAL *

Roosevelt's program is the same as that of finance capital the world over. It is a program of hunger, fascization and imperialist war. It differs chiefly in the forms of its unprecedented ballyhoo, of demagogic promises, for the creation of mass illusions of a saviour who has found the way out. The New Deal is not developed fascism. But in political essence and direction it is the same as Hitler's program.

Under cover of these mass illusions, Roosevelt launched the sharpest, most deep-going attack against the living standards of the masses. Even though the workers were still under the influence of illusions about Roosevelt (these illusions continue to stand up under repeated blows!) they could not but recognize what was happening to them. They answered with a wave of strikes. More than a million workers struck in 1933 in resistance to the New Deal policies. Over 750,000 joined the trade unions.

During this period the unemployed movement also deepened and consolidated itself, in spite of a serious lag. Especially important, it reacted to the new forms of governmental relief, the C. W. A. and forced labor camps, and began a movement on those jobs to protect living standards. The movement for the Workers' Unemployment Insurance Bill began to take on a broad mass character.

Struggles involving the masses of impoverished farmers, veterans, students, professionals, stimulated by the strike wave, gathered about the rising working class movement, and to a greater degree than ever before came in political contact with the workers.

This first wave of struggle against the Roosevelt "new deal" was stimulated and clarified by the fact that the Communist Party, from the beginning, gave a bold and correct analysis of the "new deal," and a clear directive for struggle against it. Events since last July confirmed entirely the analysis then given. Every serious effort to apply that program of struggle has brought

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gains for the workers. There is no need to revise our analysis. Now we can sum up the results of nine months' experience.

What has happened with the "new deal"? Has it failed? Many workers, in the first stages of disillusionment, come to that conclusion. They are disillusioned with the result, but still believe in the intention. The S. P. and A. F. of L. leaders try to keep them in this stage. But this conclusion is entirely too simple. The "new deal" has not improved conditions for the workers and exploited masses. But that was never its real aim; that was only ballyhoo; that was only bait with which to catch suckers. In its first and chief aim, the "new deal" succeeded; that aim was, to bridge over the most difficult situation for the capitalists, and to launch a new attack upon the workers with the help of their leaders, to keep the workers from general resistance, to begin to restore the profits of finance capital.

At the recent code hearings in Washington, this purpose was stated frankly by General Hugh Johnson, in an effort to overcome the resistance of the more backward capitalists to some features of the NRA program. General Johnson, speaking of the difficult position of capital at the time of the birth of the "new deal" and what was its aim, declared:

"I want to tell you, if you have not yourselves observed, that throughout that whole difficult and trying period, when in panic and under the urge of extremists, the wreck of our system was threatened, the strong sane moderate mind that upheld you was that of the President. I ask you to remember that at that time both industrial and banking leadership had fallen, in the public mind, to complete and utter disrepute. Humanity always seeks a scapegoat. A British Government unable to sustain itself on any other issue, was elected on the slogan 'Hang the Kaiser.' Don't forget that, at that time, these gentlemen and the bankers were almost (to an inflamed public mind) the Kaiser."

That is clear enough. No communist could have put it more clearly!

Without the collaboration of the A. F. of L. leadership, it must be emphasized, this program could never have been carried out over the resistance of the workers. This truth, which we pointed out in advance, is now the boast of Green, Lewis & Co., in their conferences with Roosevelt, Johnson and the employers. Whenever a strike has been broken, the main "credit" belongs to Green and his associates. Every vicious code provision against the workers, for company unions, has borne the signature of Green & Co. Section 7a, the new "charter for labor" turned out in reality to be the legalization of company unionism and compulsory arbitration. Even the A. F. of L. leaders are allowed to organize only where and when this is required to block the formation of revolutionary or independent trade unions. The Wagner Bill to interpret Section 7a, now before Congress, which received such vigorous support and high praise from Socialist and A. F. of L. leaders, is already, even before passage, openly admitted to be legal confirmation of the company unions, the enforcement of compulsory arbitration.

Again we turn to the outspoken General Johnson, for a colorful description of the role of the A. F. of L. leaders. In his March 7th speech to the capitalists, Johnson poured out his soul in eloquent tribute to Green & Co. He said:

"We know something about what is toward in this country—the worst epidemic of strikes in our history. Why suffer it? Here is a way out. Play the game. Submit to the law and get it over quickly. I want to tell you this for your comfort. I know your problems. I would rather deal with Bill Green, John Lewis, Ed McGrady, Mike MacDonough, George Berry and a host of others I could name, than with any Frankenstein that you may build up under the guise of a company union. In fact—take it from me and a wealth of experience—their interests are your interests."

Again the worthy General leaves nothing to add!

In every material respect, the United States is fully ripe for Socialism. Its accumulated wealth and productive forces, together with an inexhaustible supply of almost all of the raw materials, provide a complete material basis for Socialism. All material conditions exist for a society which could at once provide every necessity of life and even a degree of luxury for the entire population, with an expenditure of labor of three or four hours a day.

This tremendous wealth, these gigantic productive forces, are locked away from the masses who could use them. They are the private property of the small parasitic capitalist class, which locks up the warehouses and closes the factories in order to compel a growing tribute of profit. This analysis of economy in the interest of profit, at the cost of starvation and degradation to millions, is enforced by the capitalist government with all its police, courts, jails and military.

There is no possible way out of the crisis in the interest of the masses except by breaking the control of the State power now in the hands of this small monopolist capitalist class. There is no way out except by establishing a new government of the workers in alliance with the poor farmers, the Negro people, and the impoverished middle class.

There is no way out except by the creation of a revolutionary democracy of the toilers, which is at the same time a stern dictatorship against the capitalists and their agents. There is no way out except by seizing from the capitalists the industries, the banks and all of the economic institutions, and transforming them into the common property of all under the direction of the revolutionary government. There is no way out, in short, except by the abolition of the capitalist system and the establishment of a Socialist society.

* From the *Manifesto of the National Convention of the Communist Party*, April 2-8, 1934.