

The Hawley-Smoot Tariff and American Imperialism

By MAURICE SPECTOR

Amid the gathering uproar of protest at home and threats of reprisals from abroad, the Hawley-Smoot Tariff Bill has received legislative enactment and presidential sanction. It cannot be passed over as of no concern to the workers. Its implications for the development of the class struggle in the United States and the struggle of the imperialists for the world market are far too significant.

The Hawley-Smoot Tariff increases the direct taxes on imports to \$630,000,000 a year or about 20 per cent above the present rate. This is a direct gift by the imperialist government of the United States to the monopolies. The masses will bear the burden of these direct taxes on food, clothing, housing and other necessities of life.

Class Legislation

The tariff which is held up as a national policy was always one of the most obvious and flagrant instances of "class legislation". The manufacturers appealed for the support of the workers on the ground that protectionism would fill their dinner pails and the relatively higher wages were pointed to in substantiation. But the wage levels of the workers in this country were due not to the tariff protection but to a combination of circumstances, the great natural resources, the higher productivity of labor and its greater intensity due to superior technical equipment, the inflow of capital, etc. The powerful protection for the United States Steel Corporation has never benefited its industrial slaves. The very people who fiercely resisted trade unionism and proposals for social insurance on the ground that these were class legislation and an interference with "economic laws" of supply and demand, were the interests who continually used their political power to interfere with economic laws of the international division of labor and to secure ever-mounting subsidies from the government treasury. And this was as it should be. The "democratic" state is the political representation of the interests of private property and not of the working class. The fact alone that the British workers enjoyed a relatively higher standard of living than the rest of the European continent during the Victorian period of indolent free trade is enough to prove that the tariff was not responsible for the higher living standards in the United States.

The Economic Crisis

The Hawley-Smoot Tariff is the product of a deepening economic crisis, which coincided with the advent of the "engineering genius" and "Business Administration" of Herbert Hoover. Its sponsors advance the stock argument that it will assure the return of prosperity and keep discreetly silent on the reasons for the loss of prosperity in the first place. That this argument is fraudulent demagoguery should be patent to every worker.

Prosperity had come to be regarded as a special divine dispensation to the United States, an eternal institution. Publicists and professors wrote treatises to prove the "bankruptcy of Marxism" in the light of American experience of the wide diffusion of wealth making bloated stock owners of the workers. Pilgrims from the European social democracy journeyed over to marvel at the wonders of Fordism and the "economy of high wages".

The bubble burst. The stock market began its dizzy dance of calamity. The army of unemployed swelled to five millions. Grain prices fell. Cotton slumped. Commodity prices declined. Output decreased. Exports fell off. American capitalism reveals all the frailties of anarchic production for profit. To propose higher tariffs as the solution for this crisis is sheer demagoguery.

The essence of the economic crisis is the cleavage between the power of production and the capacity for consumption ("effective demand") on the basis, of course, of the relations of distribution that obtain in capitalist society. The masses cannot buy back the amount that is produced. The anarchy of capitalist production for profit manifests itself in the recurrent disproportionality between the various branches of production and the "ineffective demand"

the poverty and inability of the masses in society to buy back—is one of the most important elements in this crisis of disproportion. Goods accumulate in the factories but they cannot find the monetary form for their release. The industrial crisis of over production results. Its storm signals have been manifest in the economic situation of the United States for a considerable period. But it was restrained from full expression by the great credit structure built up on easy rates of interest and the brokers' loans, the bull market, that kept the manufacturing and construction industries and the installment plan going.

The Workers' Position

But more concretely, "technological unemployment"—the industrial reserve army—was increasing. The workers paid for the higher organic composition of capital—technical progress—with the penalty of rationalization and displacement by the machine. In 1929 production was 42 per cent greater than in 1919 but the number of workers actually decreased in that interval by 585,000. The Bureau of Labor Statistics estimated the minimum health and decency budget of a working class family of five to be an annual income of \$2,262. The average yearly earnings of a worker's family of this kind was \$1,280. Five millions of such families lived below this minimum standard, millions barely reached it. The masses were heavily exploited. Prosperity was only for the labor aristocracy.

This is the situation which the capitalist class of the United States faces today. The aim of capitalist production is the realization of profit. Capital accumulates but the rate of profit at home declines. The domestic market alone becomes too narrow a base for the productive powers of American capitalism. Plant facilities are already in huge excess of domestic requirements. Finished manufactured goods amount to one half of the entire foreign sales. Between 1919 and 1928 American exports totalled 53 billion furnishing a surplus over imports of 14 billion dollars.

American capitalism must grid for a grand offensive on the workers and the

world market. This is the significance of the tariff.

The number of mergers and consolidations increased until the United States was dominated by gigantic industrial corporations. The policy of these gigantic consolidations is to maintain a complete monopoly of the home market and to bid for the world dominion in the foreign market.

The crisis will accelerate the ruin of the small businessman and small manufacturer. The wages of the American workers will be deflated. The cost of living will increase.

Attack on the World Market

The European competitors of American capitalism profess to be deeply shocked by the cynicism of this tariff, a declaration of economic warfare if ever there was one, coming on the very heels of the London Naval Disarmament Conference. Undoubtedly the economic policy implicit in the tariff is the reality behind the illusions intended to be fostered by the Disarmament Conference. The war that resulted from the economic rivalries of Great Britain and Germany will be a mere sketch compared to the forces of death and destruction that will be released in consequence of the decision of American imperialism to put Europe on a decreasing ration and to throttle her. Protected by the monopolist tariff in the home market, United States mass production will resort to the policy of large-scale dumping campaigns in South America, Asia, and elsewhere.

That the other capitalist powers will counter-attack is plain. Up to the present American imperialism has been able to divide them by demanding the favored nation clause for itself. It has wielded its tremendous financial power to force concessions. Europe barred from access to the great American market will not passively accept its fate without a struggle. The German industrialists have announced a new drive on the world market to release the heavy stocks accumulating in the Ruhr and the drive will open with a ten per cent wage cut for hundreds of thousands of German workers. To meet this challenge the British and American capitalists must in turn bring the pressure of international

competition to bear on the workers in the form of wide-spread wage reductions. The general crisis of capitalism will be intensified.

The plans of American imperialism are titanic in their consequences and must finally crash on the rock of their inner contradictions.

Financial Yoke

While seeking to throttle Europe industrially in the world market, American imperialism simultaneously tightens the financial noose. The foreign loans of the United States now total some \$26,000,000,000. Capitalist Europe is one of her heaviest debtors. How will Europe liquidate her debts while her markets are conquered by American imperialism? How will she be able to expand while being drained both ways? American imperialism lands in the net of this quandary. Capitalist Europe must either sell goods or default. It is warfare in either case. The record of the United States for armed intervention to collect debts is a very active one.

The pressure on the workers of Europe must become unbearable and create new revolutionary crises. The American section of the German annuities plan, \$98,250,000 was recently floated quickly by eleven of the most powerful financial houses in the country headed by J.P. Morgan and Company. These bonds are an integral part of the Young Plan and an unconditional obligation of the German Government. The American experts congratulate themselves on having thus taken the reparations question "out of politics". But they reckon without their host—the German proletariat. Do the American capitalists believe that the German masses will recognize as their obligation the payment of the two billion marks annually for 58 years? As little as the October revolution recognized the French loans to the Czar for the suppression of the 1905 revolution!

The tariff is another step on the road that American imperialism has mapped out for itself to unqualified world power. First, through neutrality and then intervention in the World War, through abstention from the chaos of the Versailles Conference, through the "stabilizing" intervention of the Dawes Plan in 1924 and more recently, the Young Plan.

Towards Proletarian Revolution

La Liberté, a Parisian bourgeois paper asks: "Is the capitalistic world doomed to die through excess of production—simply because those who direct it are incapable of organizing it right?" The Communists' answer is directly in the affirmative.

The basic tendencies of world economy are for international unification. The economic crisis, the imperialist wars, the revolutionary struggles are fundamentally expressions of the fact that the productive forces cannot be contained within the frontiers of the national state nor the fetters of private property. Basically European economy cries out for the abolition of tariff barriers, the whole world for the international division of labor, and the free movement of goods. But the resolutions of the World Economic Conference, the Bankers Manifesto of a few years ago, the various proposals for a customs union can have but little effect. So far from the capitalists being prepared to unify world economy, and utilize its technical resources for international cooperation, the Hawley-Smoot tariff demonstrates yet again, that imperialist monopolies based on the exploitation of labor and motivated by the realization of capital, can only increase the antagonisms, the misery of the workers, and bring greater military conflicts.

Only the revolutionary action of the proletariat for the socialization of production can cut the Gordian knot and free the forces of production for a unified world economy and socialist freedom of trade.

The European bourgeoisie is helpless to stem the tide of the American imperialist advance; it can only prepare for war. Despite the talk of reprisals the American tariff will only provisionally here and there bring common action among the European states. In the end the struggle for markets will intensify their mutual hostilities.

The action of American imperialism will accelerate the development of the proletarian revolution.

Do Your Share!

The Communist League (Opposition) is beginning to take roots in the labor and trade union movement, and is making marked advances in the organization of its fractions to carry through its policies in the Left wing and working masses generally. Through the Weekly Militant we can better voice our views and present concrete programs of activity as a guide to the workers.

New Forces from Party and the Youth

In the official Communist Party and the Young Communist League of the United States there is a growing resentment and distrust in the ranks, even though largely suppressed by the bureaucracy, with the policy of the official Communist movement. A number of them have however openly voiced their protest and declared their adherence with the views of the Left Opposition. The Weekly Militant makes it possible to work more actively than ever to win the worker-Communists to the program of the Left Opposition.

The Militant and the Economic Crisis

The fate of the Militant as a WEEKLY still hangs in the balance. The LEADERS and supporters of the Communist League of America (Opposition) are beginning to rally around the Militant. Two issues of the Weekly Militant have appeared since our appeal. But a greater response is still needed if the Militant is to continue as a Weekly, and particularly to survive during the difficult summer period. This is the critical time. We are confident that if the supporters of the Left Opposition will contribute financially to pass through the "dog days", the future will bring ripe fruit to the Opposition.

The Militant as a Pivot for Communist Growth

The possibilities for the growth of Communism, of the Left Opposition in the United States are good. The Militant is the pivot around which the activities of our movement revolve. On the assumption of the continued existence of the Militant as a Weekly, the Communist League (Opposition) has laid plans for increased activity among the workers. At present, Max Shachtman of the National Committee is touring nationally for the Communist League. Other organizational and propaganda tours are planned for the fall period by other members of the Communist League.

We need \$2,000.00, over and above our regular income of subscriptions, bundle payments, etc. to insure our existence, as a Weekly publication for the next six months.

SEND YOUR CONTRIBUTION AT ONCE TO THE MILITANT, 25 Third Ave, New York N. Y.