

The Economic Month

Further Decline in Production and in Workers Living Standards

In attempting to give a brief economic analysis of the past few months, and a prognosis for the immediate future one should observe the following trends. First, the actual figures on production and general business activity (steel, cotton cloth production, shoes, car loadings, electric power production, building, etc.) of course, adjusted for seasonal variation. Secondly a study should be made of commodity prices. No break in the declining curve of general business activity can be expected unless a brake can be applied to the precipitant fall of commodity prices. Capitalists will begin to replace worn machinery, and invest the easily obtained credit in new industry only when they feel that they will not be confronted with their competitors purchasing in March at a reduced rate the raw materials that they purchased in January.

In connection with the actual commodity prices, one should attempt to estimate the actual stocks on hand, of raw materials and of manufactured goods, (quantity, not value is the factor to be looked for—most estimates are of present depreciated value, not of quantity). In connection with this item one should also examine the figures for construction contracts awarded and building permits granted. Also important, are new capital issues. These of course indicate purchases to take place in the immediate future. Thirdly, the condition of the working class, in the form of wage cuts, numbers employed, total wage, etc., etc., should be considered. Fourthly, there should be taken into consideration any special items that may have arisen, such as the recent government measures, or any special large scale measures planned or advocated by any specific industry. Under this last heading should be included any measures that have some bearing on the subject, but do not properly fall under any of the above headings. The above procedure, although not advocated as a rigid plan, should succeed in giving one a brief yet general sketch of the economic condition and immediate prospects of the country.

To sum up the economic developments of the past two months, one can say, that as yet there have appeared no signs of any immediate revival. The months of January and February continued the kaleidoscopic decline in production begun over two years ago. The steel industry which ordinarily shows an improvement during the first quarter, continued to perform at about 26 to 27 per cent of capacity. The hoped-for rise in steel production to be brought on by an increase in automobile production failed to materialize, because of the lack of improvement in the production of new cars. The index of automobile production declined from a high of 52 for the first week of January, to one of 36.5 for the last week of February. Despite the streaming headlines to the contrary, Ford has not yet begun any substantial production. Freight car loadings and electric power output showed similar declines, the latter dropping during the two months' period from an index of 222 to one of 216, registering a rate of decline much greater than that of the past two years as a whole. The latest reports of building activity, one of the most important industries of the country, showed no bettering of its present paralyzed condition, the figures even showing an aggravation of the condition of the industry. The New York Times combined weekly index registered a new low for the depression in the last week of February. The index is now at 60.8 as against 69 for the beginning of the year.

The only figures reporting increased activity of a substantial nature have been those of shoe and cotton cloth production. In the production of cotton cloth, the rise from an index of 91 in the first week of January to one of 96 for the last week of February, had merely an aggravating effect upon the market, the sales in no way being able to consume the increased production. The stocks on hand increased, and despite the temporary rise in price brought on by the Shanghai events, the price trend continued downward for the period. (An interesting feature to be investigated in this so-called consumers' industry, is the recent statement made by the New York Cotton Exchange Service that 40 per cent in yardage and 60 per cent in weight of all the cotton goods produced go into industrial uses).

Commodity prices temporarily steadied in the third week of February, the only break in the two months' period, failed to keep their gains, and again registered a decline for the final week of the month. The *Annalist* index dropped from 95 to the level of 91.4. In the factors connected with commodity prices no signs leading to the belief that a bottom has been reached can be seen. Although comprehensive figures are difficult to obtain, one is led to believe that stocks on hand of manufactured goods still remain very high. The accumulation of raw materials is growing so rapidly as to become threatening for some industries. Crop estimates for the coming year indicate even greater yields than the present year. On the field of building activity the hoped-for increase remained in the wishing stage. The figures of this year are running about 30 per cent below those of last year. For both contracts awarded and building permits granted, one is forced to use the words of the National City Bank Bulletin, "lowest by far" for any

similar period. New industrial capital issues (a portion of which sums will be used for the purchase of goods in the next few months) have been conspicuous during the month of February by their almost complete absence.

The first two months of the year marked a continuation and extension of the general wage slashing campaign, this time attacking the organized industries, namely railroads and building trades. A horizontal 10 per cent wage cut to some 1,500,000 workers employed by the railroads, will reduce the total wage for this group, for the coming year, approximately by \$200,000,000. The proposed 25 per cent cut in the building trades has this peculiar feature attached to it, namely, that the great majority of the workers in the industry are already receiving much below the scale. The proposed official wage cuts can but mean, not the adjustment of wages to 25 per cent below the present scale, (which in many cases would mean an actual wage increase) but rather a further reduction of the already reduced prevailing rate of pay.

According to the latest available reports of the Department of Labor, the number of people employed continues to decline; the total wage paid decreasing even more rapidly. Thus the drop from December to January for factory employment was from 7.9 to 6.8 whereas payrolls declined from 55.8 to 52.4. This ever widening spread between the two curves merely indicates the results of the wage cutting campaign. The worker fortunate to be kept on the payroll is finding less and less in the pay envelope each week.

As special emergency measures, the past two months saw the birth of the two much heralded banking measures, the Reconstruction Finance Corporation and the Glass-Steagall Bill. (In connection with our article on the Glass-Steagall bill, a misleading sentence, crept in, due to last minute revision. The sentence reading, "But how can anyone call an epoch making, a bill that does nothing but make legal that which is actually taking place", should have been concluded, "namely, the continued withdrawal of gold by foreign countries.") The entire attempt to increase commodity prices by increasing the available money in circulation is based upon the false assumption that it is possible to inject into the process of circulation, additional money despite the fact that business does not desire the additional sums. The bankers have yet to explain how the possible increase in currency will result in an actual increase. Were the government actually able to inject new money into circulation, then this would be a factor in tending to bring about a temporary rise in prices. But the present measures are valueless in this respect. Actual business conditions are the determining factor, and not the effect of money in circulation. Summed up in the words of Marx, "prices are not high or low, because there is more or less money in circulation, but on the contrary, there is more or less money in circulation, because prices are high or low." The complete futility of the present currency measures is summed up in the above sentence.

The danger of America going off the gold standard (inflation in the strict sense of the term) becomes greater daily. Gold continues to be drained from the country. In the first month of the year the total decrease of gold stocks was 37 million, while for February this sum had mounted to 67 million. In addition to the above there exists the ever mounting deficit of the national government, which will probably reach well into the three billions for the present fiscal year, unless new tax measures are rushed through. "The need to balance governmental budgets of all kinds beginning with the Federal Government." Thus reads the National City Bank report, expressing in their words the fear of the stability of the U. S. government bonds. The financial crisis rather than being alleviated, is facing much greater stumbling blocks. Private German bonds are now being talked of, in addition to the public debt, in the discussions of defaulting. There is even talk here of a complete shut down of the stock market. The framework of the banking system is rapidly becoming weaker.

All in all, the conclusions to be drawn are, that the prospects for immediate revival are not great. Unemployment and the misery of the working class will most probably become more accentuated. The questions of immediate relief and of unemployment insurance must remain at the forefront of our unemployment campaign. Concentrating on these slogans, and in addition bringing forward that of the six hour day, as well as that of credits to the Soviet Union, the Communist movement should attempt to rally around it the great masses of workers who more and more should become disillusioned with the prospects held out for them by the capitalist system.

—H. STONE.

ATTENTION. BOSTON!
"What Is Europe Heading For?"
 Lecture by
Albert Glotzer
 on
Sunday, March 20th, 1932, 8 P. M.
 at the
ELM HILL BLDG.
 532 Warren Street

Organization Notes

CLEVELAND, OHIO. Our steadily growing mailing list in this city has finally resulted in a branch of the Left Opposition now engaged in active work. Reports coming into the office are to the effect that our new Jewish organ *Unser Kampf* found a ready response and is being quite well distributed among the Jewish working class readers. The first active work is being expressed in a substantial order for literature and for additional copies of *The Militant*.

For a long time there have been many sympathizers of the Left Opposition in Cleveland. The several efforts made in the past by party bureaucrats to break up our meetings arranged at the time for Cannon and for Shachtman did not in the least deter the sympathizers but on the contrary added to their ranks. Last summer, comrades Clarke and Stamm put in an active period of street speaking, literature sales and collection of *Militant* subscriptions. All in all, this helped lay the foundation for a new active branch. This new branch is making arrangements for a meeting for comrade Glotzer on his national tour visit.

MINNEAPOLIS, MINN. — Our comrades, always active in this city utilizing their good working class contacts, are now raising a very fundamental issue growing out of recent events. They took part in the Feb. 4 unemployment demonstration held on Bridge Square. As is known to our readers, it was broken up by the police under orders of the Farmer-Labor mayor, Anderson. Several workers were arrested and have since been sentenced to pay fines ranging from \$10 to \$25. The Farmer-Labor mayor is utilizing this conviction as a legal reinforcement of his threat that there shall be no more workers' meetings on Bridge Square.

The official party, yet suffering from the Third Period adventurism, is raising the issue of the "right of the workers to defend themselves and their meetings". This is not the correct slogan in such a situation where the fundamental issue of the right of free speech is involved. Our branch is raising this as the proper slogan recognizing also its much broader appeal. In line with this our branch is insisting that the Communist forces take the initiative in calling a free speech conference to bring organized mass pressure behind the demand. When presented in this manner the opportunity is enhanced to hammer one more lesson home to the Minneapolis workers, namely the one of the true role of the Farmer-Labor Party city of

Minneapolis in utilizing the capitalist machinery of city government to suppress the working class rights.

The Minneapolis branch in addition to its regular public activities, meetings and forums is also conducting a study class in Elements of Marxism. Similarly the first steps have been taken for the organization of a youth club.

ST. LOUIS, MO.—Our small membership in this city has gained new recruits to their ranks. In addition, it has established convincing proof that although small in numbers, active work will bring results. Recently the branch held a successful debate, well attended, in which our comrade Roberts defended the Proletarian Dictatorship against the celebrated American democracy. That was a part of our regularly conducted weekly open forum. Attendance at the Glotzer meeting held in St. Louis as well as at subsequent forums testify to the fact that the worker audience found itself impressed with our presentation. Our St. Louis branch has now also taken the first steps toward the organization of a youth club.

Our three months' subscription drive is on the way and already brings good response. In subsequent issues we will carry exact accounts of the responses received. From our early announcements our supporters will have noticed that we propose this drive as one means whereby we can render practical aid to our press, the kind of practical aid which also spells increased financial assistance. Such assistance is very sorely needed.

This, however, is only one side of the question. The other, which is yet more important, is the one of seriously taking up the task of extending the Left Opposition press. Each step in our program of expansion so far taken have brought results in extended influence for the Left Opposition views. The establishment of the weekly *Militant*, of the *Young Spartacus*, of the Greek organ, *Unser Kampf* were the important steps. The extended influence achieved has been expressed concretely in many instances.

Building of the Left Opposition press is the best means of further extending its influence. It is a vitally important means of building and strengthening of the Communist movement as a whole.

HELP BUILD THE LEFT OPPOSITION PRESS!

United Front of Southern Miners Imperative

While miners in the Eastern Kentucky fields continue to fight sporadic battles for their existence the machinery of "law and order" is getting ready to grind out more "justice". During March and April the remaining forty defendants of the Harlan County murder conspiracy frame-up are to stand trial. Their case dates back to May 5, last year, when during the Everts strike in a battle, provoked by the company gun thug, Sheriff Henry Blair, three gunmen and one miner were killed. Wm. Hightower and W. B. Jones, president and secretary of the Everts local union, were the first defendants tried, are already serving the life sentence imposed upon them.

Next to Harlan county, in Pineville, nine strikers and relief workers are about to go on trial indicted for criminal syndicalism. They have been held in jail since Jan. 4th. This frame-up grew out of the strike conducted by the National Miners Union which began on Jan. 1st. The trial which followed closely upon the heels of the dastardly murder, by company gun thugs, of Henry Simms the young Communist organizer.

Savagely wreaking their vengeance upon these coal miners, who dared to attempt to obtain better conditions, the companies of northern "civilization", who own the mines, have outdone the southern bourgeois in vicious persecution. They found bigoted reactionary tools who could serve to their liking, so much so that even the liberal writers from the Theodore Dreiser committee and the Waldo Frank committee could be chased out of the field branded

Support «Unser Kampf»

The first three issues of *Unser Kampf* our organ in the Yiddish Language met with a very favorable reception among all our comrades, sympathizers and friends. Especially appreciative were those of our readers whose knowledge of the English language is limited. The worker who is anxious to know about the platform of the International Left Opposition, wants to read about it in the language e knows best.

The financial aid to make the appearance of *Unser Kampf* possible, came from branches, from groups and individuals. But nevertheless the aid is still urgently needed. Very many of our adherents are victims of the deep-going crisis and cannot help to the extent they would like to. We know that at the first opportunity those of our readers will bring forth their contribution. At this time we are forced to appeal to every one for financial aid. The fourth issue is in preparation—but to see the light of day it needs the aid of all our sympathizers.

—UNSER KAMF.

Railroads & Strike Policy

The Strike Weapon and its Rejection by the Misleaders

In the purely industrial disputes between the bosses and the workers concerning hours of work, wages and working conditions, the only weapon the workers have to promote and protect their interest with, is the strike. In a political struggle wherein the workers are aiming for control of the government, the strike can only serve as a supplementary weapon, as an aid or help in the general struggle for political power and control. But when workers organized in trade or industrial unions fight only for better conditions, or to keep the wages and working conditions they have, from being taken away from them by the boss, then the strike is the only weapon for either offensive or defensive purposes.

Therefore, we think that without illustrating this point further, the average worker will agree with us when we maintain that the strike is the only weapon of the labor unions, and a good one at that. But good weapons can only be used effectively when placed in the hands of individuals who possess the necessary skill and determination to use them at the proper time. And this is equally true about the strike weapon. Let us note briefly how the strike weapon and strike strategy have been used by the leaders of the Railroad brotherhoods in the last fifteen years.

The last time the Brotherhood leadership made any pretense at using the strike weapon effectively, was during the movement for the eight hour day on the railroads in 1916. Two strikes were organized and came within a few hours of taking effect to bring about the eight hour day for railroad workers. The first strike was called off with the enactment of the Adamson Eight Hour Law. The railroad owners took the Adamson Law to the U. S. Supreme Court with a view of having it declared unconstitutional. Another strike vote was taken and the second railroad strike came within a few hours of going into effect when the Supreme Court came out with a 5 to 4 decision against its unconstitutionality. It was necessary for the railroad workers to use the strike weapon to squeeze the Eight Hour Law out of congress and it had to be used again to squeeze agreement with it out of the Supreme Court by the narrow margin of 5 to 4. In neither case was the strike weapon used but it was ready for use if necessary, and the strike weapon was the thing which furnished the necessary influence

to bring the eight hour day into reality on the railroads.

Since the Eight Hour Day movement in 1916, strike policy and strike strategy has steadily drifted towards the very bottom of bankruptcy and today the strike is practically discarded as a weapon, in so far as the Brotherhood leaders are concerned. Instead of training and organizing the railroad workers to use the only weapon they have against their bosses, they have trained them to cast it aside or to hang it up in the closet and to keep it there. Instead of keeping the strike weapon ready and in good shape, for use when necessary, the Brotherhood leaders sign one peace pact after another with the railroad bosses, always and inevitably at the expense of the workers. The recent Chicago peace pact was just another example of this bankrupt policy.

Strike Policy vs. Cooperation Policy

The Brotherhood leaders, like all labor leaders, are confronted with two main alternatives; they must either fight or surrender to the bosses. For workers there is no escape from one of these two processes. We are compelled by the circumstances to choose one of two roads upon which to travel, either to victory or to defeat. Since 1916, the Brotherhood leaders have steadily kept the railroad workers on the path which leads to defeat. The sign posts which directed our leadership along this path were such inventions as: The B. and O. Cooperation Plan; the Watson-Parker Law to prevent strikes in labor disputes; Class Collaboration instead of Class Struggle; Peace Pacts, Mutual admiration and cooperation between Railroad and Brotherhood Officials. These were the slogans which were used as weather-cocks to steer the railroad labor movement towards the swamp of surrender and defeat. The Brotherhood leaders chose this road because it was a road which offered less resistance to their personal interest and ambitions than the road which led towards organization, amalgamation and well-led struggles against the bosses.

In order to make it a little more clear to the ordinary worker as to why the Brotherhood leaders adopted the policy to cooperate with the railroad management instead of fighting it so as to promote and protect the railroad workers' interest, we will point out several things. The Brotherhood leadership have organized the railroad workers into 21 separate craft unions. The same type of organization which the Locomotive Engineers launched at Detroit, Michigan in 1888. And we still cling to this out-of-date craft system of organization. It would be to the railroad workers' interest to amalgamate these 21 useless and expensive craft unions into an industrial union, but it would not be to the best interest of craft union officials to do so. Their big salaries separate them from the rank and file and so the interest of the Brotherhood officials runs in the opposite direction from that of the members. Therefore, we are not one union but twenty-one. It would be to the best interest of the Brotherhood members to have freedom of expression in their unions so they could advocate amalgamation, reduction of official salaries, elimination of gag-laws and secret work, but this would be against the interest of 15,000 craft officials like Robertson. They want gag-laws, censored magazines, obligations and secret work to barricade themselves against the organized criticism of the rank and file. It would be for the interest of railroad workers to have one strong union for all workers in the railroad industry so they could better protect and promote their interest against the bosses. It is against the interest of the labor leaders to build this kind of organization and consequently they cannot fight the bosses and are therefore forced to cooperate with them. So, the way things stand in the railroad brotherhoods today, it is the desire of the officials to avoid at all costs strikes and struggles because they have not got the kind of organization needed to put up a successful strike and it is against their interest to build one, and hence we have the cooperation policy instead of the strike policy.

This cooperation policy has had a most destructive effect on the railroad unions since the railroads were returned to private control after the war. During the war, under government control, when the railroad owners were reaping enormous profits, the lower paid masses of railroad workers were allowed to organize without serious opposition and thousands of shop and maintenance workers streamed into the rail unions. But after the war profits were over, and the roads returned to private control, then the onslaught started on the unions by the railroad owners and the craft system of organization simply crumpled. The only thing that was saved from the wreckage was the Four Transportation Brotherhoods, whose leaders offered cooperation with the bosses in return for the privilege to collect dues from the members of the so-called "Big Four". Since that time all the labor bosses have adopted the policy to cooperate with the boss in order to keep their meal tickets from being completely destroyed. Most of the shop workers have been permitted to remain in company unions for the last ten years. Working conditions have been gradually lost. Workers are being suspended or discharged for getting injured while at work to save the company from paying them anything. Speed-up, "ef-

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«Young Spartacus» No. 4

The March issue of the *Young Spartacus*, Vol. 1, No. 4, is ready for distribution and sale. Comrades should send in orders.

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ENTERTAINMENT

On Saturday, March 12th, the *Unser Kampf* Arbeiter Club will hold a *vetehinka* in the headquarters of the Opposition, 84 East 10th Street. The club will provide a bar and entertainment. Admission is 25c. All workers are invited to attend.