

Industrial Depression or Prosperity?

By Earl R. Browder

ONE year and a half ago it seemed that the United States was headed directly for a huge economic depression. Production was sharply on the decline. Agriculture was in the midst of a deep depression which was forcing hundreds of thousands of farmers into bankruptcy. Foreign trade was slowing down and prospects for increase were not bright. Building operations, the backbone of the previous boom, had more than overcome the war-time shortage and seemed certain to be drastically curtailed. Unemployment was rampant and steadily growing.

With the beginning of the year 1924, however, there came a halt to the downward trend. For the first three months production and employment recovered somewhat, before making another plunge which reached its last low point in August, 1924. But even as the downward curve of industry was again making itself felt (March, 1924), it was becoming apparent that the immediate economic crisis in the United States (even though unavoidable because its underlying causes could not be removed without changing the capitalist system) might yet be postponed for a year or so. At that time the writer said:

"We are certain that unemployment on a mass scale will face the working class in the near future. That does not mean that we can say positively that it will be in the summer of 1924, or the winter of 1924-25, or even that it may not be held off until the summer of 1925. The tendency is fixed by broad underlying factors which do not admit of unemployment being prevented, but the tempo of development is subject to variation by many minor factors."

This cautious estimate made one year ago has been strikingly justified by the developments of the latter part of 1924 and the first month of 1925. Industry and commerce have been recovering with startling rapidity. It would be as idle and erroneous to ignore this fact, as it would be, on the other hand, to overestimate its significance for the future.

The Basis of the Recovery.

What is the basis of the recent revival of industry? Has it been brought about by a fundamental change in the economy of America which has laid the ground for a new long-term boom? Or was our previous estimate erroneous that a crisis was imminent? Or has there been merely the entrance of some new factor of passing effect, accompanied, perhaps, by a higher degree of vitality in the market than statistics had foreshadowed?

My judgment is, and the facts support the opinion, that the explanation is the last mentioned one.

Two new factors, not visible a year ago, have been of decisive effect in starting the course of industry upward again. One of these is the world shortage of grain accompanied by a large harvest in the United States, which has relieved the agricultural crisis. This first factor is expressed in the price of wheat at \$2 per bushel on the Chicago market in January of this year. The other factor is the increased exports which have been stimulated and increased by the credit and political power of the United States, overcoming

the effects of the ordinary laws of the world market which would have choked them off.

The agricultural recovery is, without doubt, of a passing nature. It is hardly likely that there will occur again immediately the conjunction of a world shortage of grain with a bumper crop in the United States. The agricultural industry, the most unorganized economic field of activity, is the most subject to drastic ups and downs. The chances are strongly in the direction of American agriculture again next year facing the same problems of one year ago, which have not been touched fundamentally by the present high prices. The effect of \$2 wheat upon the industrial crisis in America has been merely in the direction of postponing it to a later date.

The Question of Foreign Trade.

Forecasts of depression in 1924 were based partially upon the expectation of curtailed export of commodities to foreign markets. This expectation was based upon the continued breakdown of European economics, with the absence of purchasing power in the face of dire need, combined with the development of capitalist production in what were formerly colonies of the original "mother lands" of capitalism and the increased intensity of competition in the markets generally.

In spite of all factors working against the expansion of American trade in the world markets, however, the statistics for the first 11 months of 1924, show net exports of merchandise were more than three and one-half times as large as the amount for the same period in 1923. (See Federal Reserve Bulletin, January, 1925.)

Whereas in 1923 the visible balance of trade was against the United States by \$28,000,000, in 1924 this had changed to a favorable balance of \$612,000,000.

This tremendous jump in the foreign trade of the United States was not based upon participation in the "open markets" of the world, if there is any such thing left in this, the modern monopolist era of capitalism. It was based upon foreign investments. And, as it was pointed out for the first time by Lenin, foreign investments are the principal instrument of every great capitalist power for subjugating the markets of the world.

And with what a dramatic sweep has American capital flooded the world markets during the year 1924.

Twenty-six groups of securities, issued by European governments or bearing their guarantees were floated in America, with about the same number from Latin America and the Far-East. The amount involved was more than \$1,000,000,000, distributed as follows: Europe \$473,000,000; Japan, \$185,000,000; Latin America, \$192,000,000; Canada, \$200,000,000. These were almost entirely new investments.

Foreign securities of all kinds issued in the United States during 1924 amounted to approximately one and one-half billion dollars, of which, according to the *Annalist* of Feb. 2, from which these figures are taken, about one billion represented new investment of American capital abroad.

The United States Department of Commerce estimates that at the first of the year 1925, American investments abroad, not including war loans, amounted to \$8,000,000,000.

The estimated income to American security holders from these foreign investments is \$400,000,000 annually.

The practical effect of this terrific flood of capital and credit from America to the markets of the world has been to capture, to seize by the monopolistic power created thereby, the outlet for three and one-half times as much merchandise from American factories for 1924 over 1923, in spite of the otherwise unfavorable constellation.

Other Factors in the Temporary Recovery.

Another factor in postponing the depression has been the continuation of the building boom beyond the wiping out of the estimated war shortage. In spite of the predictions of the experts, such as those of the F. W. Dodge Corporation, that building for 1924 would show a decline of 10 per cent, there was a positive increase, making 1924 the greatest building year in history. Building for the year amounted to 603 million square feet of floor space, totally a value of \$3,547,251,571; compared with but a half-billion dollars building in 1918 for example, or with one and a half billion in 1919, a boom year. The capacity for the domestic market to carry on the building operations beyond the point of making-up the war-time shortage had been underestimated by all concerned.

Whether the Dawes' plan has been of appreciable effect in the temporary revival in any direct manner is questionable. It may be and is contended that the acceptance of the Dawes' plan by the governments of Europe, meaning as it does the acceptance of the hegemony of the House of Morgan at least for the time, has stimulated the foreign investments previously mentioned and thereby helped in the recovery of commerce and industry. However much this is true, the Dawes' plan has not been successful in its supposed object of rehabilitating European economics. These continue in a state of chaos at least as bad, if not worse, than a year ago. A Berlin dispatch, for example, in the New York Herald-Tribune of Jan. 27, states:

"The lack of development of Germany's foreign trade since the adoption of the Dawes' report is causing serious misgivings in Allied and German official circles here concerning the fate of the reparations settlement achieved in London. Figures obtained today tend to confirm these fears, although they do not yet justify final opinions. While showing a considerable increase of German imports, particularly from the United States (my emphasis, E. B.), the figures reveal but a slight rise in German exports."

In other words, the effect of the Dawes' plan, while artificially stimulating imports into Germany, particularly from the United States, has done nothing whatever to change the chaos of European economics to any kind of ordered arrangement. And this is inevitably so. Whatever temporary advantage it gives to one section of the capitalists, it is at the expense of the economy of another portion of the world, thus aggravating the fundamental contradictions of world capitalism.

Transportation Expansion.

Figures of transportation of merchandise for 1924 show, in spite of the sharp decline in the middle of the year, that the total car loadings were but 2.66 per cent less than 1923.

In the meantime the car loadings for 1925, first three weeks of January, show an increase over "normal" (based up-

on previous figures for the same periods), of 6.5, 17.4 and 18.2 per cent.

The American Railway Association, in its annual report, says:

"From the information now available the indications are that the railroads will be called on to handle the largest car load business during 1925 of any year on record and the conservative estimate of 11,844,125 cars to be loaded during the first three months is 256,851 cars or 2.2 per cent higher than the same period of 1924, the previous high record for the same period and 513,702 cars or 4.5 per cent higher than the same period of 1923."

On the basis of such estimates as the above, large sums of capital are being expended upon renewals and replacements of railroad equipment. Transportation thus becomes a factor in stimulating the industrial revival, as well as being a measure of the extent of that revival.

What the Revival Means to the Workers.

Tremendous profits for the capitalists of America are being coined out of the business revival. These profits are, in turn, being capitalized, with the resulting terrific boom on the stock exchange. But what has the year 1924 meant for the workers, and what are the prospects for 1925?

What has happened to the working class during the past year is graphically illustrated by the comparison of two figures from the "Survey of Current Business" of the United States Department of Commerce for January. They are as follows:

	Decrease Nov. 1924, from Nov. 1923.
Production of manufactures	2.7 per cent
Factory Employment	12.0 per cent

In other words, unemployment has been increased among the workers to the extent of almost 10 per cent more than the decrease of production will explain. The working class of the United States has been subjected to more intense exploitation, to speeding up, to lengthening of hours, to cutting of wages. And the illusory "prosperity" of the capitalist class, which will be shortlived but while it lasts is coined into hard dollars, is thus for the workers transformed into its opposite, into greater misery, unemployment, and a constantly lowered standard of living.

When Will the Crisis Come?

For the working class, capitalism is just one crisis after another, and prosperity is a reality only to those small sections whom the capitalists find it advantageous to corrupt by special privileges. So when we speak of the approaching crisis it means rather that breakdown of the capitalist system of production that closes the factories on a mass scale and halts production or brings on a war. Such a crisis is definitely in the near future for the United States. The question is, how soon will it come, and how? Will it be this year or next? Will it express itself in stopping production or in another world slaughter?

These are the questions that are placed upon the order of business for the working class of America. And whatever the alternative that history chooses, the basic preparation of the working class for the struggles into which it will be thrown is the same: Organization of the millions of unor-

ganized into the labor unions; transformation of the antiquated craft union structure into powerful industrial unions capable of throwing the mass power of the workers into the struggle; the crystallization of an iron disciplined vanguard in the Workers (Communist) Party; unity with the working

class of all other lands; revolutionary struggle for the overthrow of the blood-sucking capitalist system, the institution of workers' rule and the conquest of industry and government for the working class—the dictatorship of the proletariat.

Douarnenez, the Pride of All France

DOUARNENEZ is a town on the coast of Brittany, in northwest France, whose inhabitants are sturdy and hard-working and capable of putting up a stubborn scrap for their rights now and then. The recent strike of the Douarnenez fishermen and sardine cannery workers has aroused

the whole of France. As a result of the wage increases won in the strike, the men now get 1½ francs (7¼ cents) an hour, while the women workers get one franc (5½ cents) an hour. A basic 8-hour day is established, with "time and a half" pay for overtime up to three hours, and "double time" for every hour additional.



STRIKE COMMITTEE OF DOUARNENEZ.

THE MAN WITH ONE EYE, FOURTH FROM THE LEFT IN THE BOTTOM ROW, IS FLANCHES, COMMUNIST MAYOR OF DOUARNENEZ, WHO WAS REMOVED FROM OFFICE BY HIGHER GOVERNMENT AUTHORITIES FOR AIDING THE STRIKERS.



SCANNING THE HORIZON.

AFTER THE WINNING OF THE DOUARNENEZ STRIKE. WOMEN WATCHING FOR THEIR HUSBANDS BRINGING IN THE SARDINES TO BE CANNED.

The Red Voice

WHEN I first saw you there—
Near that window—where the sun never comes—
You were green and straight;
You were then in bloom.
Brilliant blood-flower,
The sweet odor of your blossoms
Challenged the stench in this cellar.

I knew you would not be able
To hold up your head—for long:
Anything so delicately beautiful
Would perish at that window.

Now your stalk grows paler and paler—
The tip is white;
The once brilliant carmine of your flowers
Has faded;
The odor you give out is like the breath
Of a starved and dying child.

You ARE a starved and dying flower:
At the approach of death you lose hope.

Oh, lovely still! tho dying...
Lovely flower,
If you will live thru this dark night
I will batter down that wall
And you shall bask in the rays of the sun,
The green will return to your stalk.
Once more you will bear blooms
The color of pure red blood;
Once more shall your perfume
Be wafted thru the air—to me.
No more shall you droop
In this deep black pit of the night,
For the life-giving sun of the new day
Will conquer the night.

O lovely flower,
Drink in what life you can until the morn—
When I will batter down the walls of hate.

—JACQUELINE PERREAULT.

Lenin and the New Wave of Marxism

Leninism, a Marxian Science

By Manuel Gomez

TWO or three years ago, a bourgeois journalist—I believe it was Isaac Don Levine—published a book which he called "The Revival of Marxism." Whoever the author was, he was enough of an observer to note the plain fact that we are living in a period of world upheaval; and in such a period the revolutionary teachings of Karl Marx come naturally into their own. In every country on earth, workers are studying the Marxian doctrines and finding their application in struggle. They are looking beyond the old "marked passages" too. It is an outstanding characteristic, one which will have momentous consequences for the proletarian revolution, that the "revival of Marxism" takes place under the aegis of the living accomplishments of Soviet Russia and the Communist International.

Of course it is incorrect to speak of a "revival" of Marxism, for Marxism has never been dead. It is merely that the world crisis of capitalism has brought to the forefront of the fighting labor movement the consistent champions of orthodox Marxism, against the distortions and systematic "watering down" practised by the leaders of the Second International. These are the men whose activity has featured this new wave of Marxism. The present ascendancy of Marxian influence is the product of objective conditions—but it is significant that the outstanding Marxian spokesman of the period is not Kautsky or Hilferding or Otto Bauer, but Lenin.

Comrade Lenin was nothing if not a Marxist. He used to say that Marx was a fosterfather whom he adopted early in life, adding... "and I have never had occasion to be ashamed of the relationship." Lenin knew Marx's writings as only a few men have known them. And he was an orthodox Marxist in the sense of the living revolutionary theory; not in the sense of the dead letter. This is everywhere apparent: not only in his bold reliance upon Marxian fundamentals but even in the minutest details, as evidenced in all the activities of the Russian Communist Party—the Bolsheviks.

Leninism is not therefore some modern "corrective" of Marxism; nor is there anything in Leninism which does not have its origin in Marxism. We often hear Leninism spoken of as "Marxism in action." But this definition is worse than meaningless. It presupposes that the Marxism of Marx was not "Marxism in action"—a conception which may be comforting to certain latter day "Marxian" saints, but which does not square with the life history of the man who was deported by three bourgeois governments, who founded the First International and who was in active contact with the work of the Paris Commune of 1871.

Yet "Leninism" is not an idle word, reflecting a contemporary flare for Russian nomenclature. Marxism and Leninism are not just two names for the same thing. Leninism is something with quite a definite content of its own. It is in fact a distinct science, under the general head of Marxism. It is Marxism in the final stage of capitalism.

The lines of the Marxian analysis continue to hold good; they are reinforced from day to day by fresh proofs. However,

there have been changes in the tempo of revolutionary development within capitalist society which Marx could not possibly have foreseen. The tempo of the revolutionizing process shifted, and shifted again. The unmistakable signs of the final stage of capitalism did not appear until a relatively high degree of capitalist development had been reached, involving society in a complex maze of changing relationships, which offer a necessary starting point for new lines of proletarian strategy. These new factors cannot be properly gauged or made use of except in the light of the Marxian science of Leninism. Their interpretation and the resulting tactics and strategy of struggle constitute a legitimate addition to Marxism, which should not be misunderstood or minimized. Everything that is distinctive in the Communist program is based upon it.

The World of Marx's Time.

Marx lived between 1818 and 1863. Mazzini, Bismarck and John Bright were his contemporaries. The wars of those days were, for the most part, national wars for the establishment of national bourgeois states. In the sphere of commerce and industry, textiles were dominant, which means that the needs of the textile industry were a primary political consideration. England was of course the classic example of capitalist development, and it is worthy of note that this England was famous as the home of free competition, free trade and "insular" foreign policy. As to the course of empire, even Disraeli, by no means a "little Englander," was able to remark: "Colonies are millstones around the neck of the mother country."

After 1848 the capitalist class was definitely in the ascendancy everywhere in Europe, but it was a class that was relatively unused to power and to all appearances incapable of withstanding serious opposition from below. The emergence of a distinct proletarian grouping, which was to be clearly noted as far back as the first sorties of 1848, gave ground for belief that the reign of the capitalists was to be brief; the deep-rooted contradictions of capitalism, plainly discerned by Marx, seemed to be moving toward an early culmination.

Instead of collapsing capitalism appeared to acquire equilibrium. But temporary stabilization could not do away with its contradictions, which were at once the basis of its existence and its inevitable doom.

Marx analyzed the entire capitalist order as a system feeding upon surplus value, or "unpaid labor," which the bourgeoisie is able to exact as a toll upon the producers because of its monopoly of the means of production. He showed how all the accumulating inconsistencies of this system find expression in a growing intensification of the class struggle between capitalists and proletarians, and he proved conclusively that the workers are destined to be "the grave-diggers of capitalism."

Ours is the good fortune to live in an age when the expropriators are being expropriated. Under the leadership of