

America and the New Stage of the World Crisis

By R. Palme Dutt

The sharp set-back which has set in to the loudly heralded "recovery" throughout the capitalist world is revealing itself most powerfully in the centre of world capitalism, in the United States. The collapse of all the original Roosevelt promises, the renewed fall in industrial activity and menace of famine conditions in the winter, the dissatisfaction of the big capitalists, and the rising mass revolt and strike movement, are all leading to a reorganisation of the Roosevelt regime, in proportion as it is losing its mass basis, still more especially to the Right, to a new stage in the advance to fascism and war. The same type of transformation which revealed itself in the Hitler regime through June 30 and August 19 is developing in correspondingly different forms in the "American experiment." This in its turn is likely to have heavy repercussions on the world situation.

The New York "Annalist" Index of Business Activity, which stood in May at 80.2, fell in June to 77.0 and in July to 72.4. The Bureau of Labour Statistics Index of Factory Employment, even after allowing for seasonal fluctuations, fell from 81.5 in June to 79.6 in July; the Index in Payrolls fell from 65.3 in June to 63.0 in July. The Federal Reserve Board Index of Industrial Production fell from 86 in May to 84 in June (against 91 in June, 1933), of factory employment from 82 in May to 81 in June, of factory payrolls from 67 in May to 65 in June, and of department store sales from 77 in May to 73 in June. The Secretary of Labour, Miss Frances Perkins, recently stated that during June and July there was a decline in employment of 359,000, and of 10,460,000 dollars in weekly wage payments. "Sentiment is extremely de-

pressed," writes the "Economist" United States correspondent (18-8-34); "the sharp severity of the slump in productive activity since June is now generally recognised." The President of the American Federation of Labour, William Green, is reported to have come out with the typically empty, bombastic utterance—but significant enough of the social fascist role of safety valve to the rising mass indignation:—

"Will it be necessary for society to take over the means of production? Will the government be forced to invite the eager and willing workers to march into the idle shops? . . . These are questions which industry must ponder now before it is too late. The crisis is on us."

Still more powerful are the effects on the agricultural situation of the drought coming on top of the A.A.A. restriction measures. Alongside the ruin and starvation conditions of millions of small farmers and their families, the grain crops this year reveal a drop of something like 50 per cent. below the normal level, as the following table shows:—

U.S. Grain Crops in million bushels

	Average	Estimate
	1927	Aug. 1. 1934
Wheat	886	491
Maize	2,516	1,607
Oats	1,187	545
Barley	270	119

The prospect of actual famine conditions in the winter, as a consequence of this extreme shortage of foodstuffs, is now being

seriously discussed by American economists—a grim commentary on the Roosevelt restriction policy. The economist, Dr. C. W. Burkett, has calculated in a series of articles in the New York "Annalist" that even the record 1929 level of output of foodstuffs was in reality insufficient to provide an adequate and balanced diet for the entire population; as a consequence of the present shortage, he prophesies:—

"Food prices will soon be soaring so high that consumption will be thwarted, because the consuming public cannot pay the costs. All meats during the coming months will be higher than they have been for years, breadstuffs will go up, and, because of less grain and other provender, the milk, butter and egg markets will approach war-time prices."

The government spokesmen endeavour to deny this prospect; but the A.A.A. Administrator, Chester B. Davis, recently revealed in a speech at Great Falls that the government has been carrying through a secret census of food supplies in view of the tremendous destruction of crops by the Roosevelt acreage-reduction programme and the record drought.

At the same time, unemployment remains over ten millions, according to the figures of the pro-governmental American Federation of Labour. The Benjamin Franklin Institute, a statistical organisation, estimates the actual total at twelve millions. The workers who are in employment are on lower real wages owing to the combined effect of short time and higher prices.

This situation has already led to a widespread **disillusionment with the Roosevelt regime**—alike on the part of the workers, the small farmers and the petty bourgeoisie.

The revolt of the workers is reflected in the gigantic and still rising strike movement, which in the case of the Pacific Coast General Strike reached close to conditions of civil war.

The discontent of the petty bourgeoisie is reflected in the ever-rising volume of protest against the N.R.A., as representing the tyranny of the big trusts at the expense of small business. This found its significant expression in the Darrow Report; although the National Recovery Review Board was directly appointed by Roosevelt, its report fully voiced the petit-bourgeois criticism of N.R.A. as the Magna Charta of Monopoly. The issue of the Darrow Report revealed the growing cleavage between the Roosevelt regime and its former mass petty-bourgeois support.

On the other side, the big capitalists express their dissatisfaction with the Roosevelt regime, since, in face of the rising mass revolt, they now demand stronger and harsher forms of dictatorship and the final dropping of the remnants of the social-liberal trappings.

It is in this situation that there takes place the widely discussed "**Reorganisation of N.R.A.**" The details of this reorganisation are still under negotiation. But it is already evident that this reorganisation means the **strengthening of the dictatorship of finance-capital.**

The economic apparatus of domination of finance-capital was already enormously advanced by the Recovery programme and the original Codes. The obsolete anti-trust legislation was swept away in favour of statutory monopoly control in every industry. As the "Annalist" already wrote on March 13, 1934:—

"The large aggregates of financial capital stand to benefit in the long run from the new regime—the elimination of competitive methods, closer welding together of private banking with the governmental financial apparatus, the increase of control and co-ordination—all are elements of strength of the future of financial capitalism."

But the corresponding political intensification of dictatorship requires no less developing. The social-liberal demagoguery of the early stages of the Roosevelt regime aroused enormous hopes in wide masses of the workers and of the petty bourgeoisie. The bitter disappointment of these hopes, and worsening of economic conditions, leads to a widespread movement of revolt. To counter this requires increasingly fascist methods of repression. **It is to these increasingly fascist methods that American finance-capital is now advancing.**

The repression of the Pacific Coast General Strike already revealed this advance to increasingly fascist methods. This was expressed, not only in the organisation of military forces against the strikers, the calling out of the National Guards, and the use

of tanks and poison-gas, but in the open reign of class-terror established through the law courts, and in the organisation of hoodligan bands to raid, burn and destroy wholesale in all militant headquarters, and attack with lawless violence all militant leaders.

The formation of the **American Liberty League**, led by prominent representatives of both the Democratic and Republican Parties, "to combat radicalism, preserve the rights of property and uphold the Constitution, marks a further stage in the same process.

"The newly formed 'American Liberty League' is welcomed in Wall Street. Before its formation conferences were held with leaders in the financial world." (London "Times," 25-8.34.)

But this advance to increasingly fascist forms in America is closely associated with the advance to war in the world situation. This process is closely parallel to the corresponding, though varying, processes in Britain, Germany and Japan.

The Wallace pamphlet ("America Must Choose," by the Secretary of Agriculture, Wallace), already at the beginning of the year made clear that the real economic objective of the Recovery programme must inevitably be directed, not to isolationism, but to intensified internal organisation as a means to intensified conflict for a larger share in the world market. Already American exports have been forced up to a nominal value of 30 million pounds in June, 1934, as against 26 million pounds monthly in 1932.

But the conflict between American and British capitalism and also between American and Japanese capitalism is intense.

The battle between the dollar and the pound continues in full force, and threatens further moves in depreciation. The attempted negotiations for stabilisation between Harrison and Montagu Norman at Basle ended in breakdown. The British insisted on making stabilisation dependent on a War Debts agreement, the question of the stability of the gold bloc and the consequences of the German default; and the negotiations ended without result.

The British-American economic conflict has been further reflected over the German default. The separate British-German Debts agreement for the temporary settlement of the British share of the Dawes and Young Loans, while leaving the creditors of other countries in the lurch, was roundly attacked by American financiers as a "betrayal," and was the subject of a sharp Note from the United States government.

Most strongly the rising international conflict is reflected in the breakdown of the preliminary negotiations between Britain, America and Japan for the Naval Conference. The British Admiralty presents demands for an increased navy, representing a return to the 1927 Geneva claim for 70 cruisers in place of the 50 laid down in the Treaty. Japan demands the scrapping of the Washington ratio and its replacement by parity. Lord Beatty calls on the British government to repudiate the "shackles" of international naval agreements. The Japanese Minister of Marine, Admiral **Osumi**, advocates the repudiation of the existing Limitation Treaty before the continuance of negotiations. At the preliminary conversations in July the Japanese representatives demanded the postponement of all negotiations till October; the British supported this demand; the Americans were compelled to accept it; and the negotiations stand adjourned. It is evident that Britain and Japan are working together, and that the whole future of the Naval Conference becomes increasingly doubtful.

Meanwhile, Japanese aggression goes forward in the Far East, with obvious British support, despite the intense economic differences between Britain and Japan; the sending at this moment of the Federation of British Industries Mission to Manchukuo is equivalent to semi-official British recognition of the Japanese spoliation of Manchuria, and the concerting of common plans for the next steps in the campaign. The Japanese aggression in the Far East is directed simultaneously against the Soviet Union and against the United States. The dispatch of the main portion of the United States navy in the Atlantic to the Pacific is a signal of the rising international situation.

The further development of the American situation depends, first, on the next stage in the world situation, and especially the question of the Japanese advance to war; and, second, on the further development of the inner social struggles in America which are now assuming gigantic proportions. It is evident that in America, as in Germany, the coming winter will be critical and is likely to see a sharp further stage in the development of the world crisis and of the struggle of the working class against fascism and war.