

POST-WAR ECONOMIC PERSPECTIVES

BY GILBERT GREEN

IN A recent address, Leo T. Crowley, head of the Foreign Economic Administration, emphasized that all our thinking today must be based upon the following major objectives:

"1. To win the war in the quickest and most effective way with the least cost in lives and suffering; 2. To work out a solid foundation for lasting peace; 3. To provide full production and full employment in the peace to come for our own people and to join with like-minded peoples everywhere in building a sound economic foundation for a peaceful and prosperous world." *

There can be no doubt but that these three objectives are those upmost in the minds and closest to the hearts of the American people. Likewise, each of these flows from, is dependent upon, and in turn influences the others. Without achieving objective Number 1—victory in the war, it is of course utterly impossible to obtain either a lasting peace or a prosperous world. But what may not appear so obvious and yet true, is that to the extent to which the people have confidence in their ability to achieve objectives Numbers 2 and 3, to that degree

will it be easier to muster their all-out support for the winning of the war "in the quickest and most effective way." And conversely, the greater the fear and skepticism as to the post-war perspective, the greater become the obstacles and obstructions to the most rapid winning of the war.

The defeatists understand this full well. Note how Father Coughlin, clever siren of fascism that he is, conjures up blind fears of the post-war world as the means of undermining the confidence of the American people in their cause and its victory. "You've seen the best living standard in America. Now prepare for the worst," shrieks this mouthpiece of Hitler in his latest song of despair. And in another treasonable diatribe he ominously reminds his audience that "Most of you tramped the street during the depression," and holds out the dismal prospect that "The same situation will prevail again 5 minutes after the peace bells have rung."*

Were we to believe a durable peace impossible and economic chaos inevitable in the post-war, we Communists would still give our all for victory in this war—it would still be

* Speech delivered to Commerce and Industry Association of New York, Jan. 17, 1944.

* *New York Post*, March 15, 1944.

a holy war of progressive humanity, holding the dikes of democratic civilization against the on-rushing floodwaters of fascist barbarism. It would still be a just war in every sense of that word; one to defend the material and cultural values established by man over generations of toil and struggle. But under such circumstances we would hesitate—nay, desist—from raising any post-war questions at this time. For these could but lead to wide rifts and sharp clashes within the camp of national unity before the war itself has been won.

We, however, believe that a durable and lasting peace is possible. We believe that a relatively peaceful solution to our vexing post-war economic problems *can* be found. Therefore, Earl Browder's placing of certain positive post-war perspectives based upon the Teheran accord is not a flight into the abstract realm of the future, nor an escape from the present-day trying tasks of achieving victory. It is on the contrary one of the most important means by which to expose the Father Coughlins and their ilk, to cement national unity today, to bridge those class, sectional and partisan rifts that are arising all about us on the erroneous assumption that the time has come to square-off for the final showdown.

The Economic Foundation

Mr. Crowley, in the previously quoted paragraph, speaks of "building a sound economic foundation for a peaceful and prosperous world." He is correct. Without a sound economic foundation, or at least as rea-

sonably sound as can be achieved under present world conditions, the whole perspective of Teheran falls by the wayside. Those critics of our party's position who say they agree with the promise of Teheran "to end the scourge and terror of war for many generations" but then go on to say that "a great deal is being read into the Teheran declaration which is not there" and more specifically that "unreliable perspectives mainly of an economic nature have been set forth," only expose their own inability to understand anything at all about the modern world and what made Teheran possible. It is an axiom of Marxism, today universally accepted, that economics and politics go hand in hand, dynamically reacting one upon the other.

President Roosevelt expressed this truth most simply in his address to the nation after his return from Teheran. Speaking of the proposed New Bill of Rights for America he made the apt observation that "unless there is security here at home there cannot be lasting peace in the world."

The Scope of the Problem

Needless to say, our post-war economic problems are not going to be simple of solution. We are not entering into a millennium. The Teheran Conference has not answered all questions nor solved all problems. It has only provided the basis for and indicated the approach to their answer and solution. Much still depends upon *when* and *how* the war is won. *Everything* depends upon the continued and ever more effective struggle of the masses in sup-

port of the decisions and the promise of Teheran and for the firmer welding of the United States-Soviet-British coalition into an ever closer and permanent alliance.

The post-war, from an economic point of view, can be divided into three chronological, yet over-lapping periods: (1) reconversion; (2) boom; (3) post post-war. In this article we will deal in the main with the over-all approach to our long-term economic problems, an approach which we must have at the outset and which must influence our policies toward the problems of reconversion as well as that of the subsequent boom period. The emphasis on the long-term aspects of the problem is not meant to deny the fact that the period of reconversion comes first in the matter of time, and that it will be an extremely difficult one, replete with pitfalls for all concerned. But precisely in order to avoid them, we must be absolutely sure of our general perspectives.*

* The period of reconversion will start on a large scale once the western invasion of Europe is under way, will gain momentum with the ending of European hostilities, but be cushioned by the continued warfare in the Far East.

This will be a period of considerable confusion with even a touch of panic. The degree to which this can be prevented depends greatly upon how rapidly and effectively the Baruch Report is applied; upon what the trade unions and local communities do now to meet the problems of cutbacks; and upon how well the workers are acquainted with the general perspective for the post-war and the immediate prospect of plant reconversion.

In the greatly expanded aircraft, shipbuilding and aluminum industries, the problem of reconversion will be most difficult of all. As orderly as the process of reconversion may be, there will still be a certain re-shift of population from war-time boom-towns to consumer-goods production centers. Even under the best of conditions, a few million workers will be uprooted during this period and be forced to seek employment in other industries and in other crafts. The Research Institute of America estimates that four million workers will be thrown out of work before the end of 1944, if the war in Europe draws to a rapid conclusion.

It therefore becomes of tremendous importance

In magnitude our post-war economic problems will be breathtaking, especially so because the war has brought about a tremendous increase in the productive capacity of the country—through both plant expansion and increased labor productivity.

The Committee for Economic Development estimates that there are at present some 62 million persons gainfully occupied in the United States including some 10 million in the armed forces. This compares with 46.6 million gainfully occupied in 1940 including some 600,000 in the armed forces.

The Department of Commerce estimates that the total number who will seek work after the war will be about 59.5 million and that a satisfactory employment goal should be some 57.5 million jobs. Observers also believe that at least 2.5 million of these will remain in the armed forces and that therefore 55 million jobs will be needed or approximately 9 million more than in 1940.

Increased productivity per man-hour has complicated the problem even further. In 1940, 46 million workers produced a gross national

that the labor movement, in addition to its support for the Baruch Report, prepare to meet the problems of reconversion by advancing a number of demands that can even further cushion the shock of this period. The most obvious of these are: (1) provisions against abrupt lay-offs—at least two weeks prior notice for all workers; (2) an adequate severance pay—let this be treated by the government and employers in the same responsible fashion as is the termination of other war contracts; (3) an increase in the amount and scope of unemployment insurance benefits and their prompt application in all cases of involuntary lay-off; (4) labor-management-government cooperation to provide workers with all available information as to job prospects and reconversion plans for a given community or industry; (5) adequate labor representation upon all government bodies handling problems of reconversion.

output of \$97 billion. Department of Commerce experts estimate that 55 million employed after the war could produce goods and services amounting to more than \$140 billion in terms of 1940 prices. "This means that an increase in total employment of some 20 to 25 per cent would be accomplished by a gain in the physical volume of production of about 45 per cent." *

In other words, if production after the war is no higher than in 1940 the number of unemployed "may reach the staggering total of 15 millions or more compared with the six to nine million unemployed in 1940." *

Let us look at another facet of the problem. Before the war, fiscal "experts" insisted that the country could not carry a national debt of over \$40 billion. It is now estimated that the national debt at the end of this war will range from \$200 billion to \$300 billion! Even at low interest rates the government will have to pay as interest on the national debt alone, from \$5 billion to \$7 billion a year.

What this means can be graphically seen when we bear in mind that in the pre-war years the government never collected as much as \$5 billion in federal taxes! "The interest on our federal debt alone," according to Emerson P. Schmidt, Economist for the U.S. Chamber of Commerce, "will require 50 per cent more than that sum (\$5 billion)—in addition, we will have the ordinary expenses of government, a huge standing army, a two-ocean navy and many

other commitments to fulfill." The conclusion: "Unless we have extraordinary high levels of industrial activity we will not be able to carry our burdens or absorb our labor supply." *

We can agree with this conclusion of Mr. Schmidt. The problem of an increasing national debt need not prove disturbing under the conditions of political stability and "extraordinary high levels" of production. Given conditions of economic contraction, however, it can only be met by large-scale inflation—by putting government printing presses to work.

From all of the above it is quite evident that there can be no solution to America's post-war economic problems on the basis of a return to pre-war production levels. To return to these is to invite mass unemployment, internecine class warfare, and a furious scramble over world markets. These in turn would breed general world instability; increase the menace of fascist reaction in the United States; and stimulate those groupings of American capital (Hearst, du Pont), which seek to embark upon predatory adventures abroad.

There can be but one approach to America's post-war economic problems: The ways and means must be found by which to maintain relatively full employment, and if this requires production levels approximating those of wartime, then we must as a nation find the increased domestic and foreign markets to make this possible. Without this it is impos-

* *The Financial Post*, Feb. 12, 1944.

* Speech before Research Bureau for Post-war Economics, Nov. 24, 1943.

sible to guarantee the Teheran perspective.

Earl Browder has emphasized what a stupendous task this will be, requiring a manifold increase in our foreign trade and an approximate doubling of our domestic market. To some people it may seem fantastic for Marxists to speak of such an immense expansion of the world market at this late stage of capitalist development. Those who will have the greatest difficulty in grasping this new situation are precisely those who have given least thought to the meaning and character of this global war. On our part, all our calculations as to the post-war perspectives stem from the progressive, liberating character of this war and its consequent effects on all world relations—economic and political.

The Character of the War and its Logical Consequences

Can a World War for the national liberation of peoples—of this length, intensity and scope, make its exit from the stage of history without leaving an indelible mark upon the whole future? And is it also not obvious that this mark must indicate a turning point of world history—and in a progressive direction? Was that not the natural concomitant that followed all progressive wars of the past? Our own liberating wars of 1776 and 1861 were such turning points. Would anyone say that this great war of the United Nations, the first progressive world war in history, is of lesser significance for America and the world?

Earl Browder once characterized this war as a great revolution, and

that it is. Given the complete defeat of the fascist hordes, mankind will take another great leap forward in the direction of progress. This war cannot but have the effect of a great liberating wave, of a great worldwide democratic upsurge; cannot but unleash forces that will deepen democracy and in time extend it to every nook and corner of the globe.

The historic epoch of national wars, of the great bourgeois-democratic revolutions, began with our own Revolutionary War of 1776 and ended with the Franco-Prussian War of 1871. This progressive epoch ended, however, without fully completing its task. This is not alone true of the vast areas of the earth populated so densely by the colonial hundreds of millions, who have hardly been touched by capitalist economy and certainly not by democracy, but even true of the most developed capitalist countries where the bourgeois - democratic revolutions were stopped short before their completion. A case in point is the United States, where after two truly liberating wars, the bourgeois-democratic revolution still remains uncompleted (in the South).

Lenin, in his monumental writings on the bourgeois-democratic revolution and on imperialism, emphasized that the bourgeoisie as a class had no longer become able to fight consistently for the completion of its own revolution. In each capitalist country it had become terror-stricken at the growth and power of the working class, feared any further extension of democracy, and entered into unholy alliances with the unsavory remnants of the very

class it had vanquished—the feudal landlords, thereby considerably narrowing the possibilities for the fullest expansion of its own home market.

Its need for new markets caused it to look constantly outward, in the direction of new continents and backward nations over which it could impose its own rule. In order to continue to extract super-profits from cheap colonial labor; in order to subordinate the economies of these backward regions to its own needs, imperialism joined hands with feudal and reactionary forces to keep the colonies and dependent countries in a state of permanent backwardness and submission. It sought by every means at its command to hold back the liberating influences of the bourgeois-democratic revolution. But through all this it only restricted the market possibilities of these countries as well.

The general crisis of capitalism developed precisely on this background. The geographic limits of the earth had been reached. There were no new continents or new worlds to be discovered. New markets and new sources of raw materials, even though desperately needed, could no longer be had for the mere taking. Competitors had to be outsmarted; rivals had to be beaten; wars had to be fought—and won.

Not only were there no new territories to be had except through a new world redivision, but the earth itself had shrunk for world imperialism. The Russian Revolution had removed one-sixth of the earth from the clutches of imperialist ex-

ploitation. Colonial revolutions, especially the Chinese, had further undermined the colonial monopoly of imperialism. In 1900, 56.6 per cent of Asia consisted of colonies; in 1932, but 20.6 per cent. *

The present war is itself a product of this world crisis of capitalism and is being fought over the answer to it. German fascism is out to turn back the clock of history. What do we mean by this? We mean that it seeks a "solution" to this world crisis in a consistently reactionary and barbaric fashion. It is intent upon wiping out all of the achievements of the democratic revolutions. It is out to reduce the advanced countries to the level of the backward and transform them all into agrarian hinterlands dominated and super-exploited by one imperialist state—Nazi Germany. Such an incubus upon the countries and peoples of the world would constitute literally a monster world trust having achieved complete global monopoly. This is the economic side of the Nazi theory of German superiority.

This development was also foreseen by Lenin, in his study of imperialism. As early as 1915, he wrote:

"There is no doubt that the development is going *in the direction* of a single world trust that will swallow up all enterprises and all states without exception."**

But Lenin also knew that the development in this direction "was

* *New Data on Lenin's Imperialism*, p. 299.

** From Lenin's Introduction to *Imperialism and World Economy*.

proceeding under stress, with such tempo, with such contradiction," that it would never be attained. In this war Nazi Germany has attempted to swallow up all enterprises and all states. But this attempt at world domination will be defeated. It will be defeated because the United States, Britain and the Soviet Union are fighting for their national survival, and in that fight have formed a mighty alliance. It will be defeated because of the existence of a mighty socialist state which single-handed has stopped, driven back and routed the armies of Hitler from its soil. Of no small importance is also the tenacious and key role of China in the fight against Japan. Thus the land of socialism, the Soviet Union, and a semi-colonial country, China, will play leading roles in saving civilization from fascist enslavement. It is this which is of such profound importance for all future world development.

Having defeated the forces that seek to destroy all the achievements of mankind, even those won through the bourgeois-democratic revolutions of the 19th century, the war will, among other things, undoubtedly provide a mighty impetus towards the completion of the bourgeois-democratic revolutions. In Europe, this will find its expression in the final crushing of fascism and Prussianism; in the removal from power of all the feudal elements and reactionary monopolistic groupings who are responsible for this war. With the deepening and extension of political democracy in Europe, will also come greater economic democracy, a free and powerful labor

movement, an end to all feudal forms in agriculture, and an increase in the material and cultural standards of the people. We shall witness a considerable expansion of European markets that have been stagnant for years.

Great will be the impact of this war on Asia, Africa and Latin America. It is difficult at this time to calculate the profound effect that victory over Japanese imperialism will have upon the Far East and the whole colonial and semi-colonial world—the bulk of world humanity. In the first place, a country as vast and as powerful as China, with a population of 450 million — more than all of Europe, exclusive of the U.S.S.R.—has emerged as a great nation, never again to be divided by foreign powers or to face the humiliation of extra-territoriality. China after this war must and will take the path toward industrialization.

Not only China, Korea, Formosa, but the Dutch East Indies, French Indo-China, and yes, India herself, will never be the same when this war is over. The colonial system of imperialism may still linger on for some time, but for all intent and purpose it is doomed. India may still remain within the British Empire, but one thing is certain, India cannot after this war be ruled as in the past. Either Britain will have to take cognizance of and make basic concessions to India's national aspirations, or India and Britain will separate.*

* "India is part of Asia; its future will partake of Asia's future. The war means the end of imperialism in India as well as farther east." *The United States in a New World*, Supplement on "Pacific Relations," August, 1942.

The Expansion of World Markets in a New Way

Those who therefore can but think of post-war world trade in terms of pre-war levels, are losing sight of the war itself, its progressive world-wide character and its economic and political consequences. It is true that American exports have not totaled more than \$5 billion yearly since 1920, and that in the immediate pre-war years this figure was closer to \$3 billion. Yet, given stable world relations based upon the decisions of Teheran, and it is possible to think in terms that would completely dwarf pre-war figures.

There are those who, having memorized stock phrases and achieved a narrow, mechanical and one-sided concept of history, argue that it is impossible to believe that advanced countries such as America and Britain will ever permit the colonial and semi-colonial countries to enter upon the path of industrialization. But the fact remains that this question is no longer a moot one, can no longer be determined by the likes and dislikes of American and/or British monopoly capital alone.

If China makes up her mind to become industrialized (and she has), and if America and Britain object, what can they do about it? Send the marines? Of course, America and Britain can refuse to help China. If so, China will be forced to seek help elsewhere or attempt to accomplish her objective by pulling herself up by her own bootstraps.*

* "Omitting qualifications and exceptions, China's attitude, as expressed by its leaders, is essentially this: China needs foreign money, but if foreign money means foreign control—peaceful

To accomplish the latter she would be forced to establish arbitrarily high tariff walls to protect her native industry. Thus, by refusing to cooperate, American and British capital would merely resemble the man who cut off his nose to spite his face.

It is time that we learned that classes and states, like individuals, do not always do what they like. They frequently are compelled by circumstances to do what they dislike and in the course of doing it, learn to like it. The old die-hard imperialist policy toward the colonial and semi-colonial countries can no longer work. This the United States began to learn in respect to Latin America nearly a decade ago when it moved away from the bad-neighbor policy and toward a good-neighbor policy.

Furthermore, it is just not true as some people believe, that backward, undeveloped countries prove to be better markets than advanced countries. The continent of Asia (exclusive of the U.S.S.R.), has three times the population of Europe (exclusive of the U.S.S.R.). Yet Europe took 42.8 per cent of our exports in 1938 and Asia but 16.7 per cent! Australia, and the surrounding islands of Oceania with 10 million population, took approximately the same percentage of American exports (3 per cent) in pre-war years as did the whole continent of Africa with a population of 157 million! A last example: in 1938, Canada, with

penetration'—China has had enough of that and would sooner do without the money."—*The United States in a New World*, Supplement on "Pacific Relations," August, 1942.

a population of about 12 million took 15.4 per cent of our exports, while the whole continent of South America, with a population of 88 million took but 9.7 per cent!

This new understanding of world reality is being grasped by the more responsible and intelligent spokesmen of American capital. They are beginning to understand that yesterday, "The frontier seemed to be closed; on every door to a larger world hung the rusty bars of a vested and tired capitalism. . . ." But that "there can be a reopening of frontiers," and that "the post-war world will be a 'shrunk world,' but there will be room in it . . . if the U.S., with the help of its allies, decides to let it expand."*

It is expressed by Dr. J. O. Downey, of General Motor's Corporation, when he told a symposium of the National Association of Manufacturers:

"Following the restoration of world political stability, American businessmen will become interested in the long-term industrialization of the populous and raw material regions of the world, . . . The objective would be to develop an expanding and prosperous economy wherever possible. The greater our participation, the greater would be the opportunity for American manufacturers in the enhanced prosperity."**

Or, one could quote Leo T. Crowley, the Foreign Economic Administrator:

"An expanding volume of world trade offers the greatest hope for a

peaceful and prosperous world. One of the surest ways to achieve the full-scale employment here at home—something that we are all seeking—is to open up world markets. This does not mean the exploitation of one country by another. The most advanced countries economically are those that trade the most. The restoration of the economy of Europe, Asia and other parts of the world after the war will offer a tremendous challenge to American production and an expanding market for American products. Industrial development and construction and reconstruction in China, Russia and in other countries will open up vast new markets. Such construction and reconstruction will help to lay the sound economic foundations for a secure peace. It will also raise the standard of living abroad and enlarge the capacity of the peoples abroad to buy what we have to sell."*

Lastly, one could refer to the present policy of the U.S. Government toward Mexico, even though it is not applied consistently. There is in existence today a Mexican-American Commission for Economic Cooperation, composed of three Mexicans and three Americans. "One of the Commission's guiding principles is that it is in the interest of both countries for Mexican industrialization to proceed as rapidly as possible. . . ." The Mexican-American Commission for Economic Cooperation explains:

"Industrialization will raise the standard of living in Mexico. The

* *Fortune Magazine*, May, 1942.

** *Discussion on the Post-War Outlook*, p. 38.

* Speech delivered to Commerce and Industry Association of New York, Jan. 17, 1944.

industrial worker will be able to buy more of the products of agriculture, the agricultural worker will be able to buy more of the products of industry, and their combined productive and purchasing power will enable Mexico to widen its markets and increase purchases from other nations.”*

This enlightened point of view is not shared by all sections of American capital. There are still no few monopolists who can think of Latin America only in terms of super-profits, in terms of exploiting cheap labor and natural resources.

The Soviet Union can also become a vast market for American goods when the war is over. While in the pre-war years attempts were made to increase U.S.-Soviet trade, this never reached the proportions which in the favorable climate of friendship to the Soviet Union it would have attained. In 1938, American exports to the Soviet Union approximated some \$69 million or only about 2 per cent of total American exports.

Eric Johnston, President of the U.S. Chamber of Commerce, in a special interview with *Pravda*, reported by the United Press on March 6, declared: “I foresee that post-war trade relations between the two countries will reach a magnitude never achieved before.”

War and the Working Class, authoritative Soviet trade union publication, made the following recent observations on Soviet post-war trade:

“Trade with the Soviet Union can

doubtlessly be profitable for England, the United States, Canada and other countries. Our country can be for them—if sane attitudes are taken toward business — a voluminous and stable market such as most likely no other customer would ever be.

“It is plain the size and structure of our imports will depend considerably upon the size and conditions of credits allowed to the Soviet Union. It is understood, of course, that the Soviet Union is a powerful industrialized state owning various resources, and will enter the world market not only as a buyer but also as an exporter of goods.”*

This therefore is the perspective for world trade if world stability is established when the war is over. But this world stability can, under the conditions of today, only be achieved on the basis of a recognition of the new world reality and through the strengthening of the American-Soviet-British Alliance. That this is not assured but must still be fought for is to be seen in the fact that there are still powerful forces who would like to see America take an opposite course. *Modern Industry*, an influential magazine reaching management in some 30,000 industrial plants in the nation, says the following on this score in an editorial in the issue of November 15, 1943:

“And if we were tempted to do that in past years [pursue a policy of ruthless imperialism], the temptation can be even greater when this war has ended. For America will emerge from this war the world’s

* *Modern Industry*, Nov. 15, 1943.

* *New York Times*, Feb. 20, 1944.

strongest nation, with all the ingredients necessary for a policy of crushing economic imperialism on a global scale. This would practically guarantee another war."

Guaranteeing Maximum Employment

Even a vast expansion of the world market is not in itself sufficient to guarantee full employment if this development is not coupled with conditions of an expanding home market in this country. As Leo M. Cherne, Executive Secretary, Research Institute of America, reminds us: "Foreign trade is a two-way affair. To export we must import. If we want our customers abroad to buy from us we must enable them to sell to us." *

Thus, in the last analysis, the question resolves itself into whether we as a nation can increase our own consuming power sufficiently to meet the challenge of maximum employment. Here too, there is no blueprint, just an approach to the solution of the problem. And the approach is that of the Second Bill of Rights proposed by President Roosevelt; namely, that we dare not think in terms of anything less than providing to every American: The right to a useful, remunerative job; the right to earn enough for adequate food, clothing and recreation; the right of every family to a decent home; the right of medical care and the opportunity to enjoy good health; the right of adequate protection from the fears of old age, sickness, accident and unemployment; and the right to a good education.

Is it fantastic to think in terms of substantially achieving these rights under capitalism? We do not think so. In fact, we believe that the achievement of these rights has become an absolute necessity if American capitalism itself is to survive. It has become possible due to the progressive and democratic changes that have occurred—the maturing of powerful forces who will insist upon their realization.

This is also understood by many hard-headed, sober minds of big business. They know that while the American people have not yet been won for socialism, they do believe in social security, they do expect and intend to fight for relatively full employment and higher living standards when this war is over. In a speech to the Society for the Advancement of Management, Leo M. Cherne told the assembled industrialists and engineers:

"It is wishful thinking to assume for one single moment that continued large scale unemployment will be accepted any longer as the inescapable consequence of an immutable economic law." *

And further:

"We can see clearly now that a third World War will become inevitable and will be far more brutal than World War II unless available manpower is used constructively in creating goods and services for the satisfaction of human desires. Unless we accomplish this task, no economic law, no social philosophy, no man or group of men on earth can stop another holocaust."

* Speech delivered Dec. 4, 1943.

These are harsh words, but truthful ones. Mr. Cherne also draws conclusions of what must happen if private industry does not provide full employment:

"The second lesson we must learn is that the national government cannot stand passively by while the business cycle takes its own course and creates ever more violent fluctuations. And it doesn't make any difference what the political composition of that government happens to be. The national government of the twentieth century cannot afford either politically or economically to fall from a record level of prosperity into the depths of depression and unemployment. *To the same degree that private enterprise fails to absorb the pressure of disemployment, exactly to the same degree will the national government be compelled to provide work in one way or another.* Neither slogans nor refresher courses in past history will lessen the insistence of the disemployed for jobs." (My emphasis—G.G.)

Lest some believe that the above views be the isolated ones of but one business spokesman, let me call attention to the conclusions drawn by the *Fortune Magazine* Supplement on "Domestic Economy," of December, 1942. After retracing the pitiful story of the thirties which it calls the "Dismal Decade," this Supplement makes a proposal for guaranteed post-war employment in these words:

"We propose that the government should underwrite permanent prosperity; that it be established government policy, whether Republican

or Democratic, to maintain reasonably full employment in the U.S."

The economists who worked on this Supplement have no illusions. They admit that "the business cycle will still be with us," but they nonetheless believe that "the government should set a minimum, and a minimum reasonably close to our full capacity, below which employment should never be permitted to fall."

"How can everybody who wants and is able to work be assured a reasonable chance at a job?" they ask, and they answer with a three point program:

1. "The first and most important step is for the government to see to it that private industry, which produces the vast bulk of goods and services and employs the vast bulk of the working population, has every chance to operate at capacity and to invest as much of the nation's savings as it can absorb."

2. "The second way to implement a full-production policy is to increase individual security by direct means. These means are chiefly a greatly extended system of unemployment insurance, old-age pensions, and other forms of social security. They include a great deal more government responsibility for public health, housing and nutrition, as well as more and better schools. Such a program is absolutely essential to the well-being and the sense of security of the American people. As a nation we can afford it; indeed, we cannot afford to do without it."

3. "But when at last depression threatens, and the government is called on its guarantee of employ-

ment, it has still a third implement to hand. This should be a flexible program of public works, to be turned on whenever and wherever a part of our productive resources are obviously going to waste."

We have quoted at such length because we can essentially agree with this approach to the subject. With an approach such as this, it is possible to find a solution to the perplexing economic problem of the post-war period.

Of course, it would be idle fancy to believe that *all* sections of big-business are ready to accept the above more enlightened approach. Nor does the fact that President Roosevelt has proposed a Second Bill of Rights guarantee victory for this broader concept of social security and maximum employment. The guarantee lies *only in the struggle* to extend and deepen our democracy, to bring together all the democratic forces for war-time and post-war national unity, and to build a stronger united labor movement as the backbone of the nation.

There certainly can be no objection to encouraging private industry to do its utmost in meeting the problem of full employment, if the principle is accepted that in case it fails, or to the extent that it does, the government shall fill the breach. This is the underlying thought that runs through the Baruch-Hancock Report on Reconversion. We completely agree with the way in which that report placed the problem of public works in a subordinate position even though there will undoubtedly be a great renewal of public

works and construction programs at the end of the war in the form of slum-clearance and urban re-development, super-speed highways, river-valley developments, rural electrification, etc.

Earl Browder in his report, *Teheran and America*, correctly stressed the need for doubling the purchasing power of the American people. This can be achieved through hundreds of indirect ways in addition to the all-important direct means of constantly adding to the take-home pay of the American worker. Some of the indirect methods are those of shorter hours of work, vacations with pay, an extension of every form of social security, and improved community services of every variety. Thus the struggle for higher wages and improved living standards will be more necessary in the post-war than ever before, and will be waged not only by labor, but by all progressive forces who seek the fulfillment of the Teheran perspective of a durable peace.

One of the most important means for increasing the purchasing power of the country must be the attainment of complete equality for the Negro people and the extension of democracy to the South. The general backwardness and lower standard of living prevailing in the South are directly the outcome of the failure to complete the bourgeois-democratic revolution, the failure to give complete freedom to the Negro people after the Civil War. The whole country is paying for this betrayal today, not only in lower living standards but in the constant threat of Southern reaction to all

American democracy. Not only are millions in the poll-tax states deprived of their elementary democratic right as American citizens, but through the absence of that right, reactionary and fascist demagogues usurp their way to Congress and sabotage and obstruct our war effort.

The fight for the complete elimination of the poll tax, the serious grappling with the problem of farm tenancy and the Southern plantation system, are vital features of a program for a revitalized American democracy and economy. The raising of the abnormally low standard of living of the 40 million people of our Southern states is one of the most important means by which to solve the more stubborn aspects of our long term economic problems.

It can therefore be seen that our confidence in the ability of the nation to achieve a relatively peaceful solution of its post-war problems does not depend on the whims or desires of individuals or even classes, but on the compulsions of economic and political necessity—the real driving force of history. Frederick Engels used to repeat that “Freedom is the recognition of necessity.” And insofar as American capitalism is concerned, it can only achieve a new freedom of movement to the extent that it recognizes the new necessities—the realities of a new world and a new America. In the world at large it no longer has the “freedom” to blackjack and rob weaker nations of their natural riches and their heritage as free and independ-

ent peoples; in the United States, it no longer has the “freedom” to create vast armies of unemployed to be thrown on the scrap heap of society. And when we say “it no longer has,” we do not mean this in any absolute sense, but in the sense that the people do not intend to tolerate imperialist license under any guise.

New, powerful social forces must be reckoned with—democratic forces that will be given a tremendous impetus forward by anti-fascist victory in the war. And what is likewise encouraging for the future is that some of the most responsible representatives of finance-capital recognize the new situation and are drawing the necessary conclusions from it. That is what helped make Teheran possible.

It is obvious to Marxists that the basic contradiction of capitalism, that between the social character of production and the private ownership of the means of production, still continues to operate and cannot be solved merely on the basis of increased market possibilities.

The very industrialization of whole new areas of the world will in time create new contradictions, but as these arise so will the means by which to solve them become more evident. In fact, to the very degree that we are able to solve the immediate post-war economic problems on the basis of a durable peace and orderly world, to that extent will it become even more possible in the future to find those answers which can guarantee the continued forward march of mankind.