



N R A

FROM WITHIN

Wm. O. Thompson

Member of the Darrow Board

Mary van Kleeck

■

THE COMMUNIST POSITION

by **Earl Browder**

■

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FOREWORD

THE National Industrial Recovery Act has now been in operation for one year. The recent statement of William O. Thompson in resigning as a member of the National Recovery Review Board, clearly exposes this Act as an instrument for increasing the power of monopoly capital in the United States, a weapon for a further attack upon the standard of living of the working class and a step in the direction of fascism in this country.

For their factual information and significant though incomplete interpretation of the National Industrial Recovery Act, we reproduce in this pamphlet certain statements as released to the press by persons who have participated in governmental bodies during this period. We present also the fundamental analysis of the Roosevelt New Deal made by Earl Browder, Secretary of the Communist Party of the U. S. A. A word of explanation on each is in place here.

I. *Thompson's Resignation:*

In a letter to President Roosevelt, June 14, 1934, W. O. Thompson presented his resignation as a member of the National Recovery Review Board, declaring that "as a result of my contact with the workings of the National Recovery Administration through membership on the Recovery Review Board, I have been forced to the following conclusions: The trend of the National Recovery Administration has been and continues to be toward the encouragement and development of monopoly capitalism in the United States. . . . Its development day by day reveals more clearly a marked trend toward fascism in the United States." *

This resignation followed a series of statements by Mr. Thompson during his membership on the Review Board. This Board had been created by Roosevelt to quiet the growing protest against the monopolistic tendencies of NRA expressed prior to and during the March, 1934, "field day for critics."

II. *Darrow-Thompson Report:*

This is the so-called "supplementary report" which accompanied the first major report of the Recovery Review Board. The major report, by specific reference to the codes of the steel, motion picture, bituminous coal, electrical-manufacturing and ice industries, declared that small enterprises are being oppressed and/or eliminated by the price-fixing provisions of the codes and through the domination of the Code Authorities by the large corporations in each industry.

* This trend is thoroughly analyzed in *Labor Fact Book II* prepared by Labor Research Association and issued recently by International Publishers.

III. *Thompson Exposes A. F. of L. Leaders:*

The NRA bitterly attacked the reports of the Review Board in an effort to divert the attention of the broad masses from the significant trend toward monopoly which they exposed. This attack was led by the Labor Advisory Board including William Green, Sidney Hillman and John L. Lewis. While the Review Board ignored the attack of the Labor Advisory Board, Thompson issued a statement June 1, 1934, declaring in part that the Labor Advisory Board, by "its record in specific cases together with its implied approval of the monopolistic tendencies of the NIRA proves rather that it operates primarily in the interests of the employers and against the interests of the broad masses of workers and farmers."

IV. *Mary van Kleeck's Resignation:*

On August 6, 1933, Mary van Kleeck, Director of the Department of Industrial Studies of the Russell Sage Foundation, wired cancellation of her acceptance of the day before as a member of the Federal Advisory Council of the United States Employment Service. She foresaw at that time the strikebreaking rôle of the National Labor Board, the formation of which had been announced the previous day. Her letter of resignation to Frances Perkins, Secretary of Labor, presented her basic opposition to the NRA and its encouragement of company unions and compulsory arbitration.

V. *The Communist Position:*

On July 7, 1933, at the Extraordinary Party Conference of the Communist Party, Earl Browder, Secretary of the Communist Party of the U. S. A., presented this fundamental analysis of the Roosevelt New Deal and the National Industrial Recovery Act, declaring, "There is now being carried out a clean-up of all the little fellows. . . . There is only the growth of the power of the big capitalists and the intensification of all the social and economic contradictions."

Nine months later, Earl Browder delivered another report at the 8th National Convention of the Communist Party of the U. S. A., held at Cleveland, April 2-8, 1934. He reviewed the record of the NRA, showing how it proved the correctness of the previous analysis. At the same time he exposed the rôle of the labor union bureaucracy as "social fascists" who pave the way for the establishment of fascist control over the workers.

At the same convention, the Communist Party showed the revolutionary way out for the workers—the abolition of capitalist rule and capitalism, and the establishment of a workers' government.

LABOR RESEARCH ASSOCIATION.

THE NRA FROM WITHIN

BY WM. O. THOMPSON AND MARY VAN KLEECK

THE COMMUNIST POSITION

BY EARL BROWDER

I. THOMPSON'S RESIGNATION

MY DEAR MR. PRESIDENT:

I hand you herewith my resignation as a member of the National Recovery Review Board. . . .

The National Recovery Review Board was established to ascertain and report to you whether "any code, or codes, of fair competition . . . are designed to promote monopolies or to eliminate or oppress small enterprises." The report of the Review Board submitted to you clearly indicated that small business is being oppressed and eliminated by monopolistic trade practices written into the codes. It revealed also the domination of code authorities by the largest producers in each industry which we investigated.

The publication of our report was the occasion for an unjustified attack by General Johnson, the Labor Advisory Board, and other agents and supporters of monopoly capital. They assailed us bitterly for doing the very thing we had been appointed to do—namely, to hear, investigate and report on the complaints of small business men. The purpose of their attack was obviously to divert public attention from the clear content of our findings, which showed the growing encouragement of monopolistic combinations and practices by the National Recovery Administration.

Without my knowledge and without my signature, the Recovery Review Board has recently (June 9, 1934) issued a statement hailing the newly appointed NRA price-fixing policy. It declares

that the NRA thus acknowledges the truth of our findings and has provided a means by which "the monopolistic practices we revealed and protested are now to be curbed and abolished."

That this statement of the Review Board is merely a maneuver by which it hopes to re-establish itself in the good graces of the National Recovery Administration is patent from a careful examination of the real character of the announced price-fixing policy. For this policy represents no change in administrative procedure that will in any way "abolish" the monopolistic practices and their consequences revealed in our report.

According to General Johnson's statement, the new policy "does not affect codes already approved." Practically all major industries are now operating under approved codes. According to Division of Research and Planning figures, 68 per cent of 325 codes studied contained price-fixing provisions of one kind or another. The industries still to be codified are in the main small industrial groups. Just how, then, does the newly announced policy eliminate monopolistic practices if it does not apply to approved codes?

The announcement of a "new" price-fixing policy is merely a device to calm an aroused public realization of the extent of monopolistic practices. That it does not represent any change but rather the continuation of the old policy is evidenced by the statement that the code authorities of approved codes will "amend" the price-fixing provisions. In other words, as the supplementary report stated, "monopolistic combinations are expected to enforce against themselves a law to prevent monopoly."

In view of this and as a result of my contact with the workings of the National Recovery Administration through membership on the Recovery Review Board, I have been forced to the following conclusions:

The trend of the National Recovery Administration has been and continues to be toward the encouragement and development of monopoly capitalism in the United States.

The NRA handed over to trade associations, dominated by the largest corporations in the various industries, the formulation of codes of fair competition without representation of the

consumers or workers. Wherever American Federation of Labor unions have been represented, as in the clothing industries, for example, the labor leaders have shown by their acts that their chief concern is in the interest of big business. The administration of the codes has been left to code authorities composed primarily of trade association executives. Through their dominating position in various industries, these larger corporations, through intercompany relationships and by control of markets and raw materials, have been able to dictate prices, wage scales, trade practices and other vital matters. As Donald R. Richberg, general counsel to NRA, promised in his address at the Babson Institute, September 8, 1933: "Trade associations can police the members of an industry so as to make sure that recalcitrant minorities will not engage in unfair competition and destroy a co-operative program of stable, profitable operations" for the largest producers. As a result of these conditions, small business is being oppressed to the point of extinction or is forced to meet the intensified competition by further reduction in the cost of production at its most vulnerable point—the wage scale.

For the broad consuming masses of the population, this government of industry by monopolistic combinations has already resulted in a marked increase in prices. This, in turn, has caused a drop in consumption of goods. Contrary to the seasonal trend, grocery chain store sales for the month of April dropped 3 per cent from the March level. According to the wholesale grocery trade, demand "has slumped since May 1 until sales are below the levels of early May a year ago." The *New York Post* (May 22, 1934), commenting editorially on a news item that "total food tonnages for the first quarter of this year were below the same period in 1933," stated: "In other words, despite the talk of expanding mass purchasing power, despite recovery in business, people consumed less food during the first quarter of this year than in the first quarter of last year, the bottom of the depression."

Also, as a result of high prices and decreased purchasing power, the textile industry has been forced to resort to a 25 per cent curtailment of production. In other words, the amount of goods

that can be bought by workers with declining real earnings has dropped as a result of price advances created by monopolistic practices.

Monopoly, with its elimination of smaller, less profitable plants and concentration in larger, more efficient units, has been able to enforce greater speedup and stretch-out on the workers who are employed. A desire for the maximum production during the shorter hours of the codes has added to this speedup. Although hourly rates in certain industries have been raised under the codes, reduction in hours has meant that weekly earnings have in no measure kept pace with the rise in hourly rates. Nor have weekly earnings increased anywhere nearly as fast as production and prices.

The actual result of NRA codes has been merely a continuation of the stagger system under which more workers are attached to the pay roll but all are receiving wholly inadequate earnings. The minimum wages established under the codes have tended to become the maximum, thus dragging down the general average of all wages. Even these minimum wages have given no relief to Negroes or to many other categories of lower-paid workers.

Presumably, as a guarantee against such results of industrial combination, labor was given in Section 7 (a) of the National Industrial Recovery Act the right to collective bargaining through representatives of its own choosing. Step by step that section has been transformed into its opposite—a vehicle for employers to force through compulsory arbitration and company unionism. The inclusion of the notorious “merit” clause in the automobile code, together with later official interpretations of Section 7 (a) legalized the open shop. Collective bargaining through representatives of workers’ own choosing was further nullified by NRA interpretations of Section 7 (a) as not precluding company unions. Compulsory arbitration under various forms of “labor boards,” the National Labor Board, industrial relations boards, the Automobile Labor Board, etc., have deprived labor of its only effective weapon in enforcing collective bargaining—the strike. In Gallup, N. M.; Imperial Valley, Calif.; Birmingham, Ala., and Toledo, when

We beg leave to submit herewith additional comments pertinent to the Report of the Review Board, National Recovery Act: The full effect of the National Recovery Act, in that feature of it that gives governmental sanction to self-government by large combinations, is yet to be revealed. For example, complaints come from small businesses that they cannot pay the minimum wage set by the Code. Analysis shows that this difficulty arises usually out of the increased costs of production which have their root in higher prices for raw materials (one of the evidences of monopolistic tendencies) and hence the complaint against the wage scale cannot accurately be attributed to the mere desire of the "little man to chisel wages." It must be attributed to the monopolistic combinations, and is therefore one of the central results of the whole operation of industry under the control of the large producers.

II. DARROW-THOMPSON REPORT

(Signed) W. O. THOMPSON.

Thus the NIRA clearly reflects its class character as an attempt of the capitalist to find a "way out of the crisis" by passing the burden onto the shoulders of the masses of workers and farmers. The NRA reflects the inability of so-called "enlightened capitalism" to operate a "planned economy" to improve the living standards of the masses. Its development day by day reveals more clearly a marked trend toward fascism in the United States. The only solution involves a change in class relationships. Only a government by the workers and farmers can plan production, produce goods for use and not for profit, eliminate poverty and raise the standard of living of the entire population.

miners and auto workers. dozen workers have been killed in recent strikes of longshoremen, murder, by employers' and government forces. No less than a injunctons, arrests and the most brutal suppression, including as American workers have been violated by martial law, sweeping workers struck to enforce collective bargaining their civil rights

Again the demand for regional differences in wage scales will be found to be apparently attributable to difficulties in finding a market; and hence the desire to reduce cost of production at the most vulnerable point, the wage scale—other costs being controlled. Again this is to be attributed in part at least to monopolistic tendencies which control markets and which must be thoroughly analyzed before the specific requests of manufacturers for lower rates in certain regions can even be understood in relation to their primary causes, namely, the growth of monopoly which at first intensifies competition.

The Congress twenty years ago established the Federal Trade Commission to prevent monopoly. With the advent of the National Industrial Recovery Act it was expressly stated that industries would be permitted to combine to govern themselves and on the other hand administration of the codes adopted was put under the control of these combinations. The anomaly arises from that form of administration that monopolistic combinations are expected to enforce against themselves a law to prevent monopoly. Moreover, the fact-finding which would reveal these violations of the law is also largely under the control of the Code Authorities, that is under the industrial combinations.

The dangers of monopoly which are inherent in the National Industrial Recovery Act cannot even be revealed to the people of the United States, if fact-finding and enforcement are thus controlled by industrial combinations. To permit the National Recovery Administration to carry these obligations is to expect violators of law to sit in judgment upon and to condemn themselves.

During the whole period since the war, when the power of monopoly has been growing in this country, the Federal Trade Commission has been increasingly weakened and it is doubtful whether that commission or any power of government can protect the small man. Nevertheless, the fact remains that in the immediate present the Federal Trade Commission is far superior to the NRA as an enforcing and fact-finding agency. To transfer these powers from the NRA to the Federal Trade Commission as a next step would help to inform the public as to the inherent

difficulties which arise from the position of the small man in the present stage of industrial development and capital structure in the United States.

Briefly, this may be described as follows on the basis of evidence before the board:

All business, large and small, has one common problem, namely, to find a market at a profitable price. But the effort to solve that common problem gives rise to conflict of interest between large and small businesses, in which the small man is the loser, and no power under the NRA is showing itself able to protect him.

In an age of plenty, like the present stage of American industry, abundant production creates intense struggle for markets. Unregulated competition forces down prices, wages and salaries. This pressure is felt seriously in the basic industries, in raw materials and in agriculture—that is, in the natural resources. Regulated competition, on the other hand, through combination, naturally has for its purpose the self-interest of those who are able to control the combination. The strongest of these combinations can take their profits at any point along the line from raw materials to final sales, thus controlling the price for raw materials and for semi-finished articles and often forcing up the price to the ultimate consumer. The small business man, who controls only a part of this long line of the economic process, is often driven into bankruptcy by the low prices forced upon him by the powerful combinations which are at once producers and consumers.

The NRA has given the sanction of government to self-governing combinations in the different industries. Inevitably this means control by the largest producers.

Not only is there conflict between the large and the small business in the same industry but similar conflicts arise as between different industries, such as oil, coal and hydroelectric power, or different types of textiles which can be substituted for one another in the same market.

The control of a market which is attained by force of monopoly maintains profits by diminishing or restricting production, that is, by decreasing wealth and lowering standards of living. It also maintains profits by lowering costs of production, that is, by

lowering the wages and reducing living standards for the workers.

In the control of prices to suit combinations able to determine where the profits shall be taken, the small business man must either be swallowed up in the combination or perish. Yet the consumer does not gain through his elimination, and the tendency to raise prices while forcing down wages reduces the purchasing power which alone can balance production and consumption. This kind of restriction on production in the interest of the strongest producers, while ruining small business men and farmers and lowering standards of living for all workers, also undermines the community's ability to sustain education, music and the cultural activities which depend on the community's use of its surplus wealth.

To go back to unregulated competition, in which the small man can gain his share of the market by some special advantage of skill or other factor, is not possible in a situation where technological advance has produced a surplus, so that unregulated competition demoralizes both wages and prices and brings on recurrent and increasingly severe industrial depression. Only by the fullest use of productive capacity for the raising of standards of living of individuals and the community can a steady balance be achieved in an age of abundance.

This, however, is possible only when industry produces for use and not for profit, since it is essential that enough wealth should be distributed through the return to the workers to set them as consumers free to use industry's plentiful output.

The choice is between monopoly sustained by government, which is clearly the trend in the National Recovery Administration, and a planned economy, which demands socialized ownership and control, since only by collective ownership can the inevitable conflict of separately owned units for the market be eliminated in favor of planned production. There is no hope for the small business man or for complete recovery in America in enforced restriction upon production for the purpose of maintaining higher prices. The hope for the American people, including the small business man, not to be overwhelmed by their own abundance, lies in the planned use of America's resources following socialization.

To give the sanction of government to sustain profits is not a planned economy, but a regimented organization for exploitation. The NRA is at present in the stage of conflict of interests; but in proportion as the authority of government sanctions regulation by industrial combinations, the inevitable tendency is toward monopoly, with elimination of the small business.

Respectfully submitted,

CLARENCE S. DARROW,
Chairman.

May 20, 1934.

W. O. THOMPSON,
Member of the Board.

III. THOMPSON EXPOSES A. F. OF L. LEADERS

The Labor Advisory Board attacks us for criticizing the Recovery Administration and its policies and the various codes of several industries "without thought or care of the consequences of such criticism and condemnation upon the well-being or economic status of the millions of workers dependent for their living upon these industries." Nothing could be more misleading than such a charge, for in attacking the monopolistic tendencies of the NRA the Darrow board is the real defender of the interests of all workers in this country who are now suffering from the higher prices resulting from the very monopolies encouraged by NRA. The tendency toward monopoly, that is clearly shown in our report, strikes at all workers not only through higher prices but through the pay-envelope of the individual employe.

In its criticism of our report the Labor Advisory Board, through the mouth of John L. Lewis, has not a single word to say about the significant trends towards monopoly which we have exposed. Evidently these labor leaders are in favor of monopolistic practices and approve of the social and economic set-up which not only permits but encourages them. So far as we are able to interpret the intent of their attack upon our report, it would seem that they give full support to the steel and other corporations who set prices for the sole purpose of wringing the necks of their competitors and charging consumers—that is the wide masses of

farmers and workers—all that the traffic will bear. There is nothing in the statement of the Labor Advisory Board that could lead anyone to any other conclusion than that their fundamental sympathies lie on the side of big business.

The Labor Advisory Board criticism seeks to confuse the issue by charging that our report attempts to “idealize and glorify the interests of the small business man and the consumer” and that “it [Review Board—L. R. A.] cannot ride horses going in opposite directions.” This would imply that the interests of the small business man and the consumer are essentially divergent. Actually, however, they are the same insofar as they are both affected by the monopolistic prices established by large corporations encouraged by the NRA. The Labor Advisory Board implies also that the small business man would benefit by rising prices resulting from NRA, when actually as a consumer of monopoly-priced goods he is being forced out of business and into the ranks of the working class. It is clear that the interests of the small business men lie very definitely on the side of the workers and farmers in common opposition to monopoly capital.

In conclusion it might be well to inquire just how the Labor Advisory Board itself has advanced the “well-being and economic status of the millions of workers.” Has it achieved this distinction by approving minimum wage scales below a “decent” standard of living and by allowing loop-holes and innumerable exceptions permitting the evasion of even these low minimum standards? Was its approval of the “merit” clause in the automobile code evidence of its protection of the working class? Did its members’ participation in the strike-breaking activities of the National Labor Board support workers’ efforts to enforce “collective bargaining”? Or did their hearty approval of the National Automobile Labor Board which aimed to break strikes, legalize company unions and enforce compulsory arbitration, in anywise further the “well-being and economic status of the millions of workers”? On the contrary, its [Labor Advisory Board—L. R. A.] record in specific cases together with its implied approval of the monopolistic tendencies of NIRA proves rather that it operates primarily in the interests of

the employers and against the interests of the broad masses of workers and farmers.

IV. MARY VAN KLEECK'S RESIGNATION

Hon. Frances Perkins,
Secretary of Labor,
Washington, D. C.

Greatly regret that today's announcement of latest action by National Recovery Administration obliges me to cancel my telegraphed acceptance yesterday of membership in Federal Advisory Council of United States Employment Service. This conclusion necessary for me because of my interpretation of dangers to real recovery through implications surrounding appointment of Industrial Mediation Board [National Labor Board] and through the closely related efforts of the Administration to terminate the Pennsylvania miners' struggle for collective bargaining through trade unions without having first given assurance that the Administration will rule that company unions are not collective bargaining as defined in National Industrial Recovery Act.

In fact this issue was evaded at recent hearings on steel code when Iron and Steel Institute was requested to withdraw section announcing employes' representation (or company union) as its policy while the Institute's president, former Secretary of Commerce Lamont, declared on the stand that the policy remained though the words were withdrawn. Administrator thereafter ruled as unnecessary the testimony of president of American Federation of Labor against company unions declaring that the issue was no longer raised in the code.

Danger in this threatened nullification of the law's provision for collective bargaining is greatly magnified by President's announcement today of Industrial Mediation Board calling for avoidance of strikes or "any aggressive action during the recovery program." Moreover the board's employer members are all officers of corporations having company unions known as employe representation plans and only two of the seven members are elected representatives of labor. Several years' investigations of industrial

relations, including both company unions and trade unions in coal mines and other industries, together with my experience as member of War Labor Policies Board of Federal government during world war, have led me to conclusion that only genuine collective bargaining through trade unions *with right to strike preserved and not discouraged* can insure the self-government in industry necessary to stabilize employment and raise wages. Such self-government in industry has been put forward in connection with National Recovery Act as justifying release of industry from restraints imposed by Sherman anti-trust act. Monopolies unrestrained by government or by effective workers' organizations will inevitably seek to raise prices through restricted production and lower wages while only hope for recovery program lies in higher wages to raise living standards which in turn alone can utilize full production. Moreover enforcement of labor provisions in codes accepted by Federal government requires active trade unions in addition to any administrative machinery which may be developed.

While wholly in accord with law for Federal employment service my acceptance of place on advisory council of that service is rendered impossible by my fundamental disagreement with principles and procedures of National Recovery Administration as finally clarified by Administration's announcement today. Federal Employment Service cannot function effectively in its re-employment program if industry is released from governmental restraint against unjustified rise in prices while labor unions are weakened in their efforts to raise wages. Because of great importance of clarifying this issue in advance of hearings this week on two principal codes offered by coal industry, I am taking the liberty of making this communication public.

(Signed) MARY VAN KLEECK,
Director, Department of Industrial
Studies, Russell Sage Foundation,
New York.

August 6, 1933.

V. THE COMMUNIST POSITION

MAIN FEATURES OF THE "NEW DEAL" *

What are the main outlines of the "New Deal," when we consider it as a whole, all of its various features embodied in the new legislation and actions of Washington? They may be summed up under the following heads: (a) trustification, (b) inflation, (c) direct subsidies to finance capital, (d) taxation of the masses, (e) the economy program, (f) the farm program, (g) military and naval preparations, (h) militarization, direct and indirect, of labor. Let us briefly analyze each of these features of the "New Deal."

Trustification: Under the mask of the "radical" slogan of "controlled production," the Industrial Recovery Act has greatly speeded up and centralized the process of trustification which has long been the dominant feature of American economy. There is now being carried out a cleanup of all the little fellows. They are forced to come under the codes formulated by the trusts which will have the force of the law. Their doom is sealed, and they are busy making the best terms possible for "voluntary" assimilation before they are destroyed. Capitalist price fixing is given the force of law, and the profits of the great trusts are guaranteed by the government. As for "controlled production," we have the word of an administration spokesman that "competition is not eliminated; it is only raised to a higher plane." The further strengthening of the monopoly is intensifying all of the chaos, the antagonisms, the disproportions in American economy. "Controlled production" is impossible on the basis of capitalist private property. There is only the growth of the power of the big capitalists and the intensification of all social and economic contradictions.

Inflation: The continuous cheapening of the dollar serves the purpose of (a) general cutting down of the living standards of

* From the Report of Earl Browder, July 7, 1933.

the masses through higher prices of the necessaries of life, and especially a reduction of workers' real wages; (b) restoring solvency to the banks and financial institutions by increasing the market value of their depreciated currencies; (c) partial expropriation of the savings and investments of the middle classes; (d) creation of a temporary expanding market to stimulate industrial production for the time through the rush of speculators and profiteers to lay up stocks for higher prices, and (e) launching of a tremendous commercial war, price cutting and dumping on the world market. All these results of inflation serve to strengthen finance capital, build up its profits at the cost of sharpening exploitation of the masses at home and lead directly to an imperialist war.

Direct subsidies: This is only an enlargement of Hoover's beginnings in the Reconstruction Finance Corporation. Many billions of dollars as gifts, disguised as "loans," are being poured into the coffers of the big capitalists. It all comes out of the lowered living standards of the masses, out of mass taxation and out of the confiscated savings of the middle classes.

Taxation: There is being carried out an enormous shifting of even the present limited burdens of taxation on property and big incomes, away from them and on to the shoulders of the masses, the workers and farmers. Almost all the increased taxation is in the form of sales taxes of all kinds, indirect taxation that falls upon the small consumers. All the apparent measures of increasing income taxes have merely fallen upon the middle class, while the big capitalists relieve themselves of all income taxes, as exemplified by the biggest capitalists of all, Morgan, Otto Kahn, and others, who have gone for years without paying any income taxes.

Economy program: While new taxes are piled up and new billions of dollars given to the banks and trusts, "economy" is the rule for all government expenditure that reaches the masses or the little fellows. The government set the example for the capitalist class as a whole with wholesale wage cuts of its employees, with rationalization, mass discharges, etc. The war veterans have their disability allowances cut \$500,000,000;

unemployment relief is substituted by the forced labor camps; social services are heavily slashed or discontinued altogether.

Farm program: While millions starve for lack of food, the government turns its energies to cutting down farm production. Growing cotton is being plowed under by the direction of the government. A 30 per cent tax is placed on bread in order that the farmers shall get at best the same proceeds for the small amount of wheat. Those farmers, in the most favorable case, will still only maintain their former bankrupt situation, while the masses will have less bread at higher prices. The mortgage holders will absorb the great bulk of the government subsidy. This year's wheat crop already in the hands of the speculators and bought from the farmers at 25 cents, will sharply rise in prices with enormous profits for the speculators; by the time the farmer will get 80c to \$1 for his new crop, inflation, cheapening of the dollar, will wipe out his gains and whatever he has left will go to the mortgage holder anyway; i.e., to finance capital, banks, etc. Farmers will be at even a greater disadvantage in buying industrial products, monopolist prices of which are sharply rising. The allotment plan is used to attempt to divide the workers from the farmers and set them in sharp rivalry. The masses, including the farmers, pay all the bills.

Military and naval preparations: The wild commercial war on the world markets, sharpened to an enormous degree by the falling value of the dollar, has already disrupted the London Economic Conference and brought all the imperialist antagonisms to a critical point. The government which carries out this bandit policy abroad, while driving down the living standards of the masses at home, should logically go heavily armed. An inevitable part of the "New Deal" is, therefore, tremendous building of new battleships, cruisers, new kinds of poison gases and explosives, new tanks and other machinery of destruction for the army, new military roads, increase of the armed forces, and increased salaries for the officers. "Industrial recovery" is hastened by working the war industries overtime. Such war preparations have never been seen since 1917.

Militarization of labor: The most direct and open part of the program for militarization of labor is the forced labor camps with

the dollar-a-day wage. Already some 250,000 workers are in these camps. This forced labor has several distinct aims: (a) it sets the standard of wages towards which the capitalists will try to drive "free" labor everywhere; it smashes the tradition of the old wage scales; (b) it begins to break up the system of unemployment relief and establishes the duty to work in order to receive relief allowances; (c) it furnishes cheap labor for government projects and for some favorite capitalists; (d) it takes the most virile and active unemployed workers out of the cities when they "constitute a danger to law and order" and places them under military control; (e) it sets up a military reserve of human cannon fodder, already being trained for the coming war.

But the provisions of the Industrial Recovery Act regarding labor provide a much more large-scale effort at indirect militarization of labor, though in a different form from the forced labor camps. In the industries the effort is to establish a semi-military regime under government fixed wages, compulsory arbitration of all disputes with the government as arbitrator, abolition of the right to strike and of independent organization of the workers. These things are to be achieved through the "industrial codes" worked out by the employers and given the force of law by the signature of Roosevelt, and supported when and where necessary by the A. F. of L. and the Socialist Party who have already entered wholeheartedly into this pretty scheme.

In the labor section of the "New Deal" program is to be seen the clearest examples of the tendencies to fascism. This is an American version of Mussolini's "corporate state," special state-controlled labor unions closely tied up with and under the direction of the employers. Here we have also the sharpest American example of the role of the Socialist Party and trade union bureaucracy as "social fascists," as bearers among the masses of the program of fascism, as those who pave the way for the establishment of fascist control over the workers. For the working class, the Industrial Recovery Act is truly an industrial slavery act. It is one of the steps towards the militarization of labor. It is a forerunner of American fascism.

STRUGGLES AGAINST THE NEW DEAL *

Roosevelt's program is the same as that of finance capital the world over. It is a program of hunger, fascization and imperialist war. It differs chiefly in the forms of its unprecedented ballyhoo, of demagogic promises, for the creation of mass illusions of a saviour who has found the way out. The New Deal is not developed fascism. But in political essence and direction it is the same as Hitler's program.

Under cover of these mass illusions, Roosevelt launched the sharpest, most deep-going attack against the living standards of the masses. Even though the workers were still under the influence of illusions about Roosevelt (these illusions continue to stand up under repeated blows!) they could not but recognize what was happening to them. They answered with a wave of strikes. More than a million workers struck in 1933 in resistance to the New Deal policies. Over 750,000 joined the trade unions.

During this period the unemployed movement also deepened and consolidated itself, in spite of a serious lag. Especially important, it reacted to the new forms of governmental relief, the C. W. A. and forced labor camps, and began a movement on those jobs to protect living standards. The movement for the Workers' Unemployment Insurance Bill began to take on a broad mass character.

Struggles involving the masses of impoverished farmers, veterans, students, professionals, stimulated by the strike wave, gathered about the rising working class movement, and to a greater degree than ever before came in political contact with the workers.

This first wave of struggle against the Roosevelt "new deal" was stimulated and clarified by the fact that the Communist Party, from the beginning, gave a bold and correct analysis of the "new deal," and a clear directive for struggle against it. Events since last July confirmed entirely the analysis then given. Every serious effort to apply that program of struggle has brought

* From the Report of Earl Browder, April 2, 1934.

gains for the workers. There is no need to revise our analysis. Now we can sum up the results of nine months' experience.

What has happened with the "new deal"? Has it failed? Many workers, in the first stages of disillusionment, come to that conclusion. They are disillusioned with the result, but still believe in the intention. The S. P. and A. F. of L. leaders try to keep them in this stage. But this conclusion is entirely too simple. The "new deal" has not improved conditions for the workers and exploited masses. But that was never its real aim; that was only ballyhoo; that was only bait with which to catch suckers. In its first and chief aim, the "new deal" succeeded; that aim was, to bridge over the most difficult situation for the capitalists, and to launch a new attack upon the workers with the help of their leaders, to keep the workers from general resistance, to begin to restore the profits of finance capital.

At the recent code hearings in Washington, this purpose was stated frankly by General Hugh Johnson, in an effort to overcome the resistance of the more backward capitalists to some features of the NRA program. General Johnson, speaking of the difficult position of capital at the time of the birth of the "new deal" and what was its aim, declared:

"I want to tell you, if you have not yourselves observed, that throughout that whole difficult and trying period, when in panic and under the urge of extremists, the wreck of our system was threatened, the strong sane moderate mind that upheld you was that of the President. I ask you to remember that at that time both industrial and banking leadership had fallen, in the public mind, to complete and utter disrepute. Humanity always seeks a scapegoat. A British Government unable to sustain itself on any other issue, was elected on the slogan 'Hang the Kaiser.' Don't forget that, at that time, these gentlemen and the bankers were almost (to an inflamed public mind) the Kaiser."

That is clear enough. No communist could have put it more clearly!

A. F. of L. Leaders Praised by Johnson

Without the collaboration of the A. F. of L. leadership, it must be emphasized, this program could never have been carried out over the resistance of the workers. This truth, which we pointed out in advance, is now the boast of Green, Lewis & Co., in their conferences with Roosevelt, Johnson and the employers. Whenever a strike has been broken, the main "credit" belongs to Green and his associates. Every vicious code provision against the workers, for company unions, has borne the signature of Green & Co. Section 7a, the new "charter for labor" turned out in reality to be the legalization of company unionism and compulsory arbitration. Even the A. F. of L. leaders are allowed to organize only where and when this is required to block the formation of revolutionary or independent trade unions. The Wagner Bill to interpret Section 7a, now before Congress, which received such vigorous support and high praise from Socialist and A. F. of L. leaders, is already, even before passage, openly admitted to be legal confirmation of the company unions, the enforcement of compulsory arbitration.

Again we turn to the outspoken General Johnson, for a colorful description of the role of the A. F. of L. leaders. In his March 7th speech to the capitalists, Johnson poured out his soul in eloquent tribute to Green & Co. He said:

"We know something about what is toward in this country—the worst epidemic of strikes in our history. Why suffer it? Here is a way out. Play the game. Submit to the law and get it over quickly. I want to tell you this for your comfort. I know your problems. I would rather deal with Bill Green, John Lewis, Ed McGrady, Mike MacDonough, George Berry and a host of others I could name, than with any Frankenstein that you may build up under the guise of a company union. In fact—take it from me and a wealth of experience—their interests are your interests."

Again the worthy General leaves nothing to add!

U. S. A. IS RIPE FOR SOCIALISM *

In every material respect, the United States is fully ripe for Socialism. Its accumulated wealth and productive forces, together with an inexhaustible supply of almost all of the raw materials, provide a complete material basis for Socialism. All material conditions exist for a society which could at once provide every necessity of life and even a degree of luxury for the entire population, with an expenditure of labor of three or four hours a day.

This tremendous wealth, these gigantic productive forces, are locked away from the masses who could use them. They are the private property of the small parasitic capitalist class, which locks up the warehouses and closes the factories in order to compel a growing tribute of profit. This analysis of economy in the interest of profit, at the cost of starvation and degradation to millions, is enforced by the capitalist government with all its police, courts, jails and military.

There is no possible way out of the crisis in the interest of the masses except by breaking the control of the State power now in the hands of this small monopolist capitalist class. There is no way out except by establishing a new government of the workers in alliance with the poor farmers, the Negro people, and the impoverished middle class.

There is no way out except by the creation of a revolutionary democracy of the toilers, which is at the same time a stern dictatorship against the capitalists and their agents. There is no way out except by seizing from the capitalists the industries, the banks and all of the economic institutions, and transforming them into the common property of all under the direction of the revolutionary government. There is no way out, in short, except by the abolition of the capitalist system and the establishment of a Socialist society.

* From the *Manifesto of the National Convention of the Communist Party*, April 2-8, 1934.

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