

Perspectives for Our Party.

By JAY LOVESTONE.

EDITOR'S NOTE:—The article printed below is a partial transcript of a recent speech made by Jay Lovestone. Parts of it had to be omitted because of their confidential nature and other parts because the stenogram was imperfect and Comrade Lovestone could not be reached in time to make corrections and supply missing portions. Where the intent seemed clear such corrections were supplied by me. The speech covers the general political and economic situation and some of the tasks confronting the working class and the Party.—B. D. W.

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THE present is a very appropriate moment for the Party to review its tasks in the light of the present economic and political situation of the United States. In order to have a correct estimate of the situation confronting the Party and the tasks we are facing we must first of all have a proper evaluation of the general conditions in which capitalism finds itself today.

American Capitalism on the Upgrade.

We will find that it is a basic fact in any analysis to be made of the conditions in this country that American capitalism is still on the upward grade—still in the ascendancy. American capitalism much more than any other capitalism in the world, is on the upward trend. If you take British capitalism, you will find it on the down grade. In other countries there is a partial stabilization. In still others a very sharp downward trend. In America, much more than in Canada or Australia, the trend of capitalism is still upward. And this can be evidenced very clearly first by an examination of the trend of the export of capital from the United States; second, by an examination of the productivity of American industry; third, by an analysis of the trend towards mergers and consolidation in industry and finance. It is not my purpose here to go at length into figures but any examination of the concrete facts of these three expressions of American capitalism will indicate that the curve and development of capitalism in the United States today is still positively and definitely upward.

Some might ask: If it is still definitely upward, does that mean it will continue on the upward trend for some time or is the outlook for a break in the curve? Our answer is that the peak of American capitalism—of American imperialist development—has not yet been reached. America's ability to exploit its colonial resources, America's ability to arm itself for a military struggle with other imperialist powers, America's productive activity, have not yet attained that level to which they can be developed in view of the present potentialities possessed by our bourgeoisie.

When we view this condition we must not view it statically. We must view it dynamically. We must view it in process of change.

You will find very deep-going changes occurring in our economic system—changes which express themselves politically and express themselves therefore in changing class relations in the country. Such a change as the industrialization of the South—such a change as the growing power of finance capital and its effect on foreign policy—such changes as are occurring in agriculture as a result of the sharp and positive expropriation of the agricultural masses.

The Immediate Economic Situation.

But before examining the tasks of our Party in the light of these basic economic features or of the features of American capitalist economy, we should examine the immediate economic situation. What is the immediate economic situation? Have we a depression in America? The answer is: No! Have we had a recession in the so-called last cycle of prosperity? We have had a recession for some months. That recession was evidenced in the steel and automobile industry for a few months towards the close of last year. Are we on the eve of a depression? We are not on the eve of a depression. What is the outlook for an upward swing in prosperity? The outlook is for a sort of even keel in the present economic situation. This means that the peak of the last cycle of so-called economic prosperity has been passed. We have no recession—we have no depression and we are facing a situation which is somewhat lower as compared with the peak of 1925 but is not low enough to give us a basis for saying that we have a depression or we are heading for a depression. You will say that there were certain signs and very definite proofs of depressions in the basic industries. We must here take into cognizance the tremendous reserve power of American capitalism. If a country like France or Italy were to have such depressions—such a recession in the economic and productive relations as we had several months ago—undoubtedly there would be a more harmful effect on the working class of these countries. In the United States, because of the last prolonged period of so-called prosperity and because of the general tremendous reserve power of our bourgeoisie—a power which gains momentum as the curve of imperialist development in the United States continues to go upward—we have not had such political effects. We have not had the economic privations which some might expect on the basis of a mechanical analysis of the economic facts of industry in the last months.

American Agriculture—The "Scissors" Problem.

We must not overlook the conditions of American agriculture—the so-called scissors problem. This has not been met by the American bourgeoisie. Agriculture is worse off than it has been at any time in the last five years. Let us look at it in so far as it affects the population. In 1926, a year of banner prosperity for our ruling class, 2,155,000 farmers moved to the city. It is true a number of the city population moved to the country. But though

it is certain that the overwhelming majority of those who migrated from the farms into the city did so due to economic pressure, it is also true that the overwhelming majority of migrants from the urban sections to the rural sections did not go because of economic pressure. The net number from the farms to the city is over 1,000,000—the largest decrease since 1920. And, the general level of farm prices on April 15th reached the lowest point since October, 1922, almost within five years. The general index stood at 125% of the pre-war figures on April 15, 1927.

When we examine the decline in some of the basic commodities we find the decline of cotton from 134% to 99% of the pre-war level; the farm price of wheat 161% to 133%; the decline of other commodities show similar decreases in varying degrees.

Some Basic Weaknesses of American Capitalism.

We must also point out that though the general trend of American capitalism is upward still there are certain important basic weaknesses of American capitalism—weakness which if they develop and deepen are to have tremendous effects politically. We can enumerate a number. First, the conditions of agriculture which are basic and which the bourgeoisie cannot meet. Second, installment buying. This is one of the inherent features of our so-called prosperity wave. This feature, though it appears as a temporary bliss to the bourgeoisie, is fraught with the most serious dangers for our whole credit system. To the observer who sees only the temporary and superficial aspects of phenomena, installment buying means the democratization of credit. But this carries with it also the intensification of misery. When the economic depression becomes serious it is above all the middle layers of the ruling class that will be very hard hit by that depression. That can have only a harmful effect on the whole bourgeois economic system which in turn will bring greater pressure on the working class. Another weakness is the overdevelopment of certain of our basic industries relative to the needs and so-called demands of the market. The coal industry is a typical example.

American Imperialism.

From this we should proceed to an analysis of the role of American imperialism. America today is the dominant imperialist power—that is a basic fact in the analysis of the world situation. But there are clouds developing on the horizon of our international relations. The attitude of Europe, of the European bourgeoisie, toward the United States is different today from what it was formerly. There is developing a growing trend for an opposition by the various national bourgeois groups against American imperialist domination. Whoever maintains that America can conquer Europe either without a war in which she vanquishes Europe, or without a firm alliance with British imperialism is wrong. In the last year, particularly in the last six months, there have been

many expressions of intense opposition in Europe toward American capitalism—in the development of the so-called international trusts in Europe—of industries in Europe which have the support and protection of their governments serving as a basis of economic opposition to American imperialism and to America's position in its relation with Europe. This is apparent when examining the reaction of capitalist national groups to Coolidge's call for a disarmament conference.

In the Far East.

In the Far East America still, in the main, maintains its position of the so-called open door which really means a demand upon those capitalist powers who have come in to exploit China and the Far East before American imperialism entered the field—to give American imperialism such opportunities as will enable it not only to catch up with but to outstrip the European imperialist powers. Though at one time it may appear that American imperialism tends to drop this policy, at another time it appears very clearly that the conflicts either with Japan or Great Britain bring about a turning back to the fundamental American politics in the Orient—the open door. Thus in the Chinese situation as a result of the developments in Nanking, America was for a moment part of the five-power group to make certain demands of the Chinese revolutionary government. But no sooner were the actual steps to be taken than America pulled out. And you will find that when the imperialist powers develop frictions in Asia these necessarily begin to reflect in their relations in Europe and elsewhere.

The opposition of Great Britain, which is both a debtor and creditor imperialist power, to America, which is solely a creditor imperialist power, over the debt question is an opposition which makes it easier for contradictions and antagonisms to develop in China and in other so-called spheres of influence. Capitalist economy is international economy and these contradictions though they may appear softened are closely interwoven and they have such effect as to sharpen antagonisms.

In Latin America.

In recent months American relations with the Latin American countries have been sharpened extremely. The situation in Nicaragua must not be judged by the size of Nicaragua or by the number of military and naval forces stationed there. It is not accidental that Mexico can appear openly to take a position of opposition in Central American countries to American imperialism which is the dictator and receiver of the Central American countries. Such developing Latin-American opposition is further shown in the inability, in the failure of American imperialism to fix a settlement of the so-called oil dispute which dispute is growing out of the intervention of the imperialist powers in Latin America.

American Relations With the Soviet Union.

But the whole attitude of the United States in the international relations today is reflected in its attitude toward the Soviet Union. Some might say: Why does not America recognize the Soviet Union today? Why is America the die-hard in the matter of recognition among the bourgeois powers? America represents the opposite pole of society today to that represented by the Soviet Union.

In all our international relations we must keep in mind the following factors: First, relations between the United States and England—the relations between the biggest imperialist power of yesterday which is today going down in its economy and the biggest imperialist power of today which is going upward at almost as rapid a pace as Great Britain is going down. Second, the relations between the Soviet Union and the United States.

Political Reflections.

Let us examine now the political reflections of this economic condition in our home country. What is the political situation here? The power of capitalism is today as supreme as it ever was. It is more firmly rooted than it ever was. A proof of this is the attitude and practices of the ruling class towards the working class. Examine such decisions against labor as were made in the stone-cutters' case in Indiana. Such decisions as were handed down by the state courts in Massachusetts against milk drivers' union. The recent action on Sacco and Vanzetti. Increased evidences of a drive against our Party. Examine the role of the governmental forces in the mine strike. This mine strike is a paralyzed strike but the bourgeoisie, not content that their agents have paralyzed the strike, have mobilized all their forces of oppression and suppression.

Let us examine the last proceedings of Congress. It has a somewhat different complexion from what the next one will have. What happened? The big capitalists made a "deal" with the representatives of the middle groups of the farm population—a deal which involved the voting of the farm representatives in the Senate for the MacFadden Banking Bill in return for which the spokesmen or some of the spokesmen for these interests voted for the McNary-Haugen Bill. In this successful attempt of the bourgeoisie to mislead the agricultural interests, Mr. Coolidge was left out of the picture. When they were presented to him, the McFadden Bill was approved but the McNary-Haugen Bill vetoed.

What is the significance of this McFadden Bill? Is it a mere banking bill? No, it is not a mere technical financial matter. The McFadden Bill indicates the political readjustment of our economic apparatus to the new role of American imperialism. The Federal Reserve system is not only perpetuated but it is extended to the international sphere and becomes an international federal reserve system. And it tightens the grip of the big financial interests more firmly than ever upon the lower strata of the capitalist class.

Changes in Class Relationships.

The changes in class relationships in the United States are reflecting themselves in changes in the inner Party lineups in the old parties.

Primarily because of the conditions of agriculture there has been a weakening of the Republican Party, a weakening not in the sense of a collapse but a weakening in the sense of a change of political expression by large sections of farming masses whose conditions became worse within the last year and a half.

Then there is the question of foreign policy. There is still going on in the ranks of our bourgeoisie a struggle as to a definite foreign policy for the United States. This conflict cannot be explained merely by saying "industrial capital versus finance capital". There are sections of finance capital whose interests make for a policy which is a policy of isolation; other sections whose interests are bound up very firmly and very deeply with European economy. Industrial interests in the South propose that the Democratic Party adopt a high tariff while financial interests in the North propose that the Republican Party adopt a lower tariff policy.

Conditions in the United States today are not yet decisive in so far as the formation of a clear cut international policy is concerned. It travels not in a straight line but in a zigzag. As a result of trustification and imperialism we have developed a powerful state machinery—a state machinery which has a larger personnel today by 75,000 than when Mr. Coolidge first stepped into the White House. The government bureaucracy today is bigger than it was at any time since the demobilization of the special government bureaucracy set up during the war. The growth of the executive power is only a reflex of the growth of the concentration and centralization of our industrial process. We in the United States today have an unconstitutional monarchy. Our form of government has not changed. We still have a so-called democratic republic. But no ruler has as much power as the uncrowned head of the American government. You take the senate—the senate is supposed to have power over foreign policy. It does not have to "look in" on foreign policy. That is handled by the State Department. The strength of the Lower House is supposed to lie in the question of appropriations but the president has power to regulate the tariff and the control of a vast system of patronage to dictate to all congressmen on the system of appropriation.

Outlook for 1928 Elections.

What is the outlook of the 1928 elections? Is a third party of the petty bourgeoisie a strong probability? I don't think so. What is the outlook for the Labor Party, for a mass Labor Party in the 1928 election? On the basis of the present objective phenomena the chances for a mass Labor Party in 1928 are slim. At the same time the class divisions in the United States are being sharpened in the course of struggle.

For instance in Congress the bloc system is developing. What is the bloc system? It is simply the next stage in the breakdown of existing class relations, in the breakdown of existing alignments within the ruling class and the movement toward another stage of the development of our class struggles and relations. Our system of political parties does not allow the expression of these passing stages in class relations to show themselves as clearly as they show themselves politically in countries like France and Germany.

Imperialism and the Working Class.

What is the effect of imperialism on our working class? We must examine that before we can discuss the tasks and problems of our Party. The general effect is to split up the working class, to create a gap between the upper stratum—the labor aristocracy of skilled workers—and the semi-skilled and unskilled workers. We should not underestimate the importance of the labor aristocracy in the working class. The labor aristocracy is the most educated, the best organized. Because of its ability to get certain concessions from the bourgeoisie, it has had certain special opportunities. American imperialism has succeeded in corrupting the labor aristocracy. The effect of this corruption has been to drive the whole labor movement as a labor movement towards the right.

Take the LaFollette movement. Was it a sort of a scheme hatched by the bourgeoisie? No. It was a revolt of sections of the masses which had previously followed the banner of the bourgeoisie. As compared with our movement it was a movement to the right. But viewed dynamically it was a movement to the left—a movement of progress. What happened to it? The LaFollette movement assumed the leadership of the Labor Party movement in a period of depression and when there was an upward swing the LaFollette movement was destroyed as a patent driving force in our class relations. And those who followed the LaFollette movement were also pushed backward. The development of American imperialism with its consequent corruption of the upper strata of our working class, this is the basic reason for the weakening of the Labor Party movement. So long as American imperialism can bribe the section of the working class which is the best organized so long as that condition remains we have a tremendous obstacle in the path of the labor movement's going to the left. I do not mean to say that there are not movements to the left within the fundamental trend. But the fundamental trend is to the right and so long as American capitalism's world dominance is maintained that is likely to be the trend unless other factors, at present unforeseen, arise—a crisis in European economy which is bound to have an effect on American economy or other expressions of capitalist derangements.