

# Unemployment

## Why It Occurs and How to Fight It

By Earl R. Browder

Unemployment is steadily growing in the United States. Today (in August, 1924) more than two millions of workers, able and willing to serve society, are denied the opportunity to labor, and are thrown upon the streets to starve or to become beggars or criminals. Each day the industrial crisis now developing in America becomes more acute, and constantly more workers are added to the ranks of the unemployed. It seems quite likely, unless some upheaval, such as another world war intervenes, that the coming winter will witness a more serious crisis than that of 1921, when 6,000,000 workers were on the streets.

### Causes of Unemployment

How can the working class fight against this terrible menace, which threatens untold suffering, misery, and death? Before this question can be answered, it is necessary to study the problem, in its various parts and as a whole, and understand the forces at work which create the crises.

**Unemployment is a "normal" phase of capitalist society.** This fact must be the starting point of any understanding of its causes. Always there are a number of workers (larger or smaller, accordingly as the period is one of "prosperity" or of "depression" or crisis) who are possessed of no means of livelihood except the sale of their labor power, and who can yet find no buyer for their labor power, who cannot get a job, who are "unemployed." These workers make up the **industrial reserve army**, the reservoir of unused labor power that the capitalist system creates at the expense of the working class, as one of its instruments of exploitation.

**The industrial reserve army** is an entirely "normal" part of the capitalist system. It is the starting point of the process of capitalist production, and continually exists and functions as an essential part of capitalism, with the exception of brief moments, such as a period of general mobilization in war-time. The individual workers who make up this "army" change from week to week and month to month, but the army itself remains. Unemployment in this form is always present, pressing upon the working class, a constant threat against individual workers who would demand better conditions, and a source of strike-

breakers and scabs against strikes and other concerted actions. It is estimated that from 500,000 to 1,000,000 workers are "normally" unemployed in the United States.

The industrial reserve army expresses one of the fundamental contradictions at the very roots of capitalist production. It is the embodied symbol of the fact that the working class is an expropriated class, placed in a position of irreconcilable conflict with the expropriating and exploiting class, the capitalist class. It is a fundamental phase of the class struggle.

Periods of unemployment, where extra-ordinarily large numbers of workers are thrown into the so-called industrial reserve army by the closing down of factories, mills, and mines, are the next development coming out of the regular operations of the capitalist system of production. Regularly the capitalist system goes through the cycle of prosperity – overproduction – crisis – readjustment – prosperity. The period of crisis in capitalist production corresponds with the period of acute unemployment and suffering for the working class, inevitably accompanying capitalism.

### **The Normal Cycle of Capitalism**

A propertyless working class, faced by a relatively small class of capitalists in possession of the means of production, is the starting point of capitalist society. This it is that produces the industrial reserve army, a body of workless men, waiting to be called into industry to take the place of others who, in turn, must take their place in the reserve army. This it is, also, that produces the crisis of overproduction, and all the phases of the consolidation of capital, colonialism, imperialism, the struggle for the world markets, and finally imperialist wars.

Propertyless workers, under the lash of unemployment, must come to terms with the employing capitalists. Whatever these terms may be, they always involve the production of a surplus value, over and above the wages paid to the workers as the price of their labor power. This surplus value, distributed among the members of the capitalist class in accordance with the laws of capitalist distribution, in the forms of interest, rent, and profit, becomes in its turn the starting point of the normal cycle of capitalism: prosperity – overproduction – crisis – readjustment – prosperity.

Surplus value, in its various forms, places a large part of the wealth produced in a given period in the hands of the capitalist class. A part of this wealth is expended in the luxurious and riotous living among the so-called "upper classes"; but another, and by far the most significant

part goes to increase the total capital engaged in production. This additional capital must, in its turn, be invested productively – that is, it must also be engaged by the propertyless workers, in the production of further surplus values.

This is the dynamic factor in the capitalist system of production. It is the source of all the internal and external changes, the enormous growth of machine, mass production, and the extension and development of the world market, with all its attendant conflicts. The increased capital brings the employment of a greater number of workers, improvement of the means of production, greater volume of commodities thrown upon the market. This is the period of prosperity.

But the greater volume of commodities quickly gluts the markets that had been developed in the previous phase of the cycle. The phenomenon of overproduction appears. The capitalists must find new markets, pending which production must go through a drastic period of readjustment. When new markets have been captured from rival capitalists, or developed through the exportation of capital to undeveloped lands, the "normal" crisis is overcome, a new period of prosperity begins, and capitalism starts upon another round of the cycle – but upon a new level of world development.

### **The Present Crisis**

The crisis through which the capitalist system of the world is now going is, however, of a fundamentally different nature from the crisis of the normal cycle of capitalism just described, although it is the logical and inevitable outcome of their cumulative effects. Prior to the world war, periods of depression and unemployment were the incidental accompaniments of the general increase of capitalist production as a whole. But the war marked the world-crisis of capitalism, where capitalism itself, and not its component sections, had reached the limits of its contradictions, had exhausted the possibilities of solving these contradictions and entering upon a new cycle of upward development. The present world crisis is marked by the general decrease of capitalist production as a whole. The world war was the beginning of the breakdown of capitalism.

It is not the purpose of this pamphlet to review in detail the present world economic crisis. But the larger features of the situation are necessary to any sound approach to the question of unemployment. A brief review of these features, in Europe and the United States particularly, will bring us to the question of means of struggle for the workers.

In Europe the crisis is accompanied by large-scale deterioration and destruction of the means of production. Uncounted billions of dollars worth of wealth were destroyed in the war itself. The "peace" has been more destructive of the means of production than the war itself, what with its multiplication of customs-boundaries, its arbitrary partition of economically united regions, its occupations, its reparations, and its accompanying rivalries, jealousies and fears. The machinery of production, the necessary prerequisite to the employment of the millions of European industrial workers, has been largely destroyed and the destruction is still going on.

The equilibrium between the various factors in the world market has been upset and, despite the most energetic efforts of capitalism, cannot be restored. This is illustrated in the chaos that exists in the exchange values of the various currencies. Without a stable basis for exchange, the restoration of capitalist production for the world market is impossible.

The relations between industry and agriculture have been upset, with a resulting world-wide agrarian crisis. Prices for grain, figured according to the purchasing power of gold in 1913, have decreased by somewhere between 15% and 25%. The result has been a sharp decline in the volume of agricultural production, curtailment of the agrarian market for industrial products, deep discontent and unrest among the agrarian masses, and the consequent intensification of the crisis, both in its economic and political phases.

Another factor of prime importance that prevents the capitalist class from overcoming the disorganization of their world system, is the break in their lines caused by the successful revolution of the Russian working class. One-sixth of the earth's surface has been taken from under the domination of the capitalist class, and is ruled by Soviets of workers and peasants. Unable to reconcile themselves to this fact, the capitalists have even intensified its economic effects upon the world crisis, by pursuing the policy of blockade, by means of which Russia is still kept out of the world market to a certain degree.

### **In the United States**

The course of the crisis, and consequently of unemployment, has differed in the United States from that in Europe, according to the different role being played by this country. The American capitalist class (personified in the figure of J. P. Morgan) profited greatly from the war, as did the capitalists of every other country – but with this essential difference, that in America the means of production were injured

only indirectly and to a much less degree than in Europe. So much less, in fact, that American capitalism was able to use a period of extensions and replacements just after the war for a period of unexampled industrial activity that brought American industry to a new high point of productive capacity.

But if the direct effects of destruction of the means of production have not been a large factor in America, the dislocation of the world market and the agrarian crisis have joined to bring home to the United States the fact that it exists within a system that is sick unto death. In 1921-22, the United States, while it boasted of the greatest riches of the world's history, was forced to admit that 6,000,000 unemployed workers walked the streets at the same time. And in the now developing crisis, with more than 2,000,000 workers already unemployed, the United States is feverishly planning the subjugation of the European markets through the Dawes plan, the conquest of the Asiatic markets through the crowding-out of Japan and an understanding with Great Britain, and the more intensive exploitation of Central and South America. The internal policy to accompany the Morgan plans for world domination carries with it the corruption and pacification of the small section of organized and highly skilled workers, with the brutal suppression of the masses, and the destruction of all effective labor organization.

### **Various Phases of Unemployment**

Before passing on from this general industrial and political background of the unemployment problems to the methods of fighting, it will be helpful to consider the various conditions under which unemployment is manifested in the United States.

In addition to the general unemployment, created by the action of the world crisis, various special and local causes bring about or accentuate unemployment in particular districts or industries. In treating of any specific unemployment situation, it will be found of great value, as an aid to select the most effective methods of struggle, to know to what extent it is a part of a national and world situation, and to what extent it is special and local.

Take, for example, the coal mining industry. Here is to be found the most intense distress and suffering among the workers, as a result of widespread and long-continued unemployment. This condition is being intensified by the present crisis, but it existed while "prosperity" was still general, dating back to the period immediately after the world war closed. The special intensity of the unemployment among miners finds its roots in the unexampled expansion of that industry during the war.

When the exceptional demands of the war ceased, it was found that coal mining in America had been developed to a capacity 40% above the needs of the domestic market in times of peace. More than 200,000 miners were in the industry, above the number required for this production. The capitalists immediately took advantage of this to begin shifting production to the low-cost and non-union fields. The main burdens of unemployment have thus, in this instance, fallen upon the shoulders of the best organized and highest paid workers in the industry. And while the industry as a whole is in the midst of a most profound crisis, certain low-cost, non-union fields are operating at capacity.

The copper industry presents a somewhat similar situation. This industry was also keyed up to great demands during the war; it is now largely cut off from the European markets. To this has been added the fact, that new low-cost fields have recently been opened to exploitation, through the investment of large sums of capital, which has shifted the center of gravity of the industry, and driven tens of thousands of copper miners into new fields of labor. Butte, Montana, once the center of the copper industry, is now almost a dead city.

Another example of special causes, intensifying the general unemployment, is to be found in the textile industry. Like coal mining and copper, textiles are undergoing a shift in production from one field to another. In the textile industry it is a question of average wage standards between the North and South, that is stopping the New England textile mills, and that throws the bulk of production to the South, where child labor and starvation wages rule. The idle textile workers in New England see their place being taken in industry by a new strata of proletarians, the industrialized "poor whites" and Negroes of the hitherto agrarian South.

Unemployment caused by a shift in the fields of production, will be found to accompany the growing centralization of the industry under monopoly capital. In the coal industry it is largely the power of the Steel Trust, the dominant organized interest in the coal fields, that makes it possible to carry through such a shift without serious struggle among the capitalists themselves. Profits from the low-cost fields are used to recompense the loss from non-use of invested capital in the high-cost areas. It was the final merger of the hitherto-competing copper organizations into the Copper Trust, that marked the death of the Montana industry. The textile industry was finally brought under one single head, both in the cotton and wool branches, before the large-scale swing to the South took place. The concentration of capital thus

increases the menace of unemployment to large sections of the working class, independently of the general condition of industry.

### **Increase in Numbers of Working Class**

Another factor, contributing to the growth of unemployment, is the increase in the number of industrial workers. In the United States at this time, this is occurring in at least four ways that demand notice. These are: (1) Immigration; (2) Influx of farmers to the cities, due to the agrarian crisis; (3) Industrialization of the hitherto agrarian South; (4) Migration of the Negroes to the industrial North.

Immigration is still a large factor, even under the restrictive legislation of the post-war years. It is even more of a factor than is shown by the official figures, for there is constant immigration of Mexican common labor into the United States, carried on in an organized fashion, particularly by the railroad interests and the Steel Trust, of large numbers of workers outside the regular "quota" of immigration. Restriction of immigration by the capitalist government would certainly not be a remedy for unemployment, however, even if rigidly carried out, and it is certain that immigration legislation is always used as a weapon against the working class interests.

The agrarian crisis has also done its bit directly to swell the ranks of the unemployed. Forced off of the land because of bankruptcy, literally hundreds of thousands of farmers and their families have been driven to the cities to seek work in the shops, mills, and factories. Where they have secured work, they have forced out some other workers onto the streets; while many of them find themselves unemployed and unable to get work of any regular kind.

Industrialization of the South also adds to unemployment by increasing the number of workers in industry. Particularly in the textile industry, where the combination of cheap labor with the source of raw materials is so inviting to capitalists, made hungry for large profits by the war, is this true. Also in the coal mining industry, the South is being rapidly developed, at the expense of unemployment for the workers of the North.

Migration of Negroes from the South, into the basic industries, particularly, of the North, is still a factor and promises to be so for some time to come. The great reservoir of labor contained in the 12,000,000 black men and women of the South has barely been touched. With the growing consciousness of the black workers, their protest against the semi-feudal conditions of the South, taken together with the desire of Northern capitalists for their services to displace the most costly labor

of the industrialized white workers, it can be expected that Negro migration northward will continue.

### **Reform versus Revolution**

When the problem of unemployment is attacked by the workers, the fundamental conflict of reformist versus revolutionary methods and policies come to the forefront, as in every other aspect of working class life. Here, as elsewhere, the struggle of policy within the working class is between **class collaboration** on the one hand, and **class struggle** on the other.

The actual measures that may be put forth from time to time for relief of the unemployed workers, in periods of acute crisis, by reformists and revolutionists will usually differ in this respect, that the reformists will pare down the demands to the least that will possibly be accepted by the suffering workers. The revolutionists, on the contrary, will always fight to make the demands as broad and deep as can possibly obtain the mass support of the workers themselves.

But cutting much deeper than this difference in the extent of relief to the unemployment to be demanded from the capitalists and their government, is the sharply antagonistic nature of the methods of struggle advocated to the working masses themselves. The revolutionists call upon the working class to organize its own power for struggle against capitalism, while the reformists call upon it to collaborate with capitalism and "come to some working agreement satisfactory to both sides."

The reformistic attitude toward unemployment, as in all other vital issues of the labor movement, is the most deadly poison. It paralyzes action, or turns it into the blind alley of futile policies which, depending upon a non-existing "community of interest" between workers and capitalists, amount in practice to a betrayal to the enemy. It divides the workers, isolates the employed from the unemployed, and generally acts as a buffer between capitalists and workers, to save the former from the blows of an aroused working class. Every manifestation of reformism in dealing with the unemployment problem must be vigorously fought against by the revolutionary workers.

The revolutionary attitude towards the struggle against unemployment is based upon an understanding that the problem cannot be solved short of the complete abolition of capitalism. This fundamental truth must be made a major point in all of our work among the unemployed, if the best results for revolutionary progress as well as practical results for the unemployed themselves, are to be achieved. But this does not



mean that no immediate and realizable demands are to be put forward and fought for. On the contrary, the revolutionists must be the most practical of all fighters for immediate relief, and tangible bread-and-butter results; for otherwise they will be playing into the hands of the agents of the capitalists, the reformists.

The reformists like to tell the working masses that they are "practical" leaders who can gain real benefits for them, while the revolutionists are Utopians who ask them to await a problematical future revolution before anything practical can be done. This is a lie, of course, but it is not enough to call it a lie when dealing with the great masses of unawakened workers. It must be shown to them as a lie, by the revolutionists taking the lead, in a practical and energetic manner, in every movement of the workers, employed and unemployed, for measures of relief for the manifold evils that accompany unemployment.

### **The Workers Party Program**

A practical revolutionary program for dealing with the problem of unemployment was adopted by the Central Executive Committee of the Workers Party in March, 1924. It is based upon an analysis of the problem, along the lines of the foregoing pages, and gives practical direction in tackling this, one of the most difficult problems before the revolutionary movement today. It should be studied carefully, and the general measures therein outlined should be applied to specific problems and to local conditions, with all due allowance to the special circumstances.

The tactics of working for and advocating a United Front of all working class organizations for the fight against unemployment, should be applied on the widest possible basis. This should never, of course, be allowed to obstruct or hamper the fullest freedom of action of the Workers Party in any action necessary to properly fight for and defend the interests of the unemployed workers and of the whole working class, nor should it detract from the role of the Workers Party as the center of the struggle against unemployment, and the most energetic fighters and leaders of every working-class movement.

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The Workers Party program on the fight against unemployment says:

The Workers Party shall take a leading part in the fight against unemployment in all its phases. The following general considerations will guide our participation in such struggles:

Unemployment is an inevitable accompaniment of capitalism, and can only be abolished with the abolition of the system that produces it. The struggle against unemployment must be calculated to enlighten the workers to this fact, without dampening the ardor of their struggle but rather intensifying it. To this end, practical sets of demands must be formulated and a program of action established, designed to weld all manifestations of protest against unemployment into a national movement; this must in turn be adjusted to each local and industrial situation in a practical manner.

The slogans and practical actions of the struggle will follow two general channels, the political and industrial; they will be directed against the Government as the representative of the capitalist system, and against the industry and individual employer as the immediate exploiter. These two aspects will often be intertwined and interchangeable, but for the sake of clarity may be considered separately. They will follow the direction of the following slogans:

### **Political**

Governmental operation of non-operating industries and shops.

Inauguration of public works.

Maintenance of unemployed at union rates of wages.

Nationalization of mines, railroads, and public utilities.

Abolition of child labor.

Recognition of and trade relations with Soviet Russia.

Unemployed insurance administered by the workers.

Grants for relief from the Government treasuries.

### **Industrial**

Industry must be responsible for the maintenance of its workers.

Equal division of work among workers in each industry and shop.

Assessment of employed for the relief of unemployed.

Establishment of control committees of workers to regulate production and investigate accounts.

Struggle against the sabotage of employers.

Unemployment insurance supported wholly by the employers and administered wholly by the workers.

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In every action the aim shall be to combine the utmost of political enlightenment with the greatest possible immediate struggle. The political nature of the fight against unemployment must be developed and

strengthened, without carrying the immediate struggle so far ahead of the understanding of the workers involved as to destroy the mass character of the movement. It shall be a major effort to actually obtain all possible immediate benefits for the unemployed which must then be made the basis for wider demands and more intense struggle. The trade unions, all workers' organizations, and the unorganized employed workers, must be drawn into participation into the unemployed demonstrations and actions. The slogan of "Solidarity of interest between employed and unemployed,"-must be heavily stressed at all times.

The methods and instruments of action, in the fight against unemployment, will include every section of the organized labor and revolutionary movements. In all political actions of the party, the unemployment issue must be brought to the foreground more and more as the crisis develops. The issue of unemployment must be raised in all councils, conventions, and other gatherings of workers or their representatives, by proposals for concrete actions, including joint committees of trade unions, etc., with the unemployed, demonstrations, deputations to legislative bodies with demands based upon the slogans of the struggle, and in all shops and factories by proposals for action uniting the employed with those thrown upon the streets.

The Workers Party must be made the organizational and ideological center for the entire movement. The party press must develop an agitational and educational campaign on unemployment, giving an increasing amount of attention and space to it. Every party committee must make a special study of unemployment as it develops in its own particular sphere of activity, and must report from time to time to the Central Executive Committee. Workers Party members must participate in a leading manner in every action of the unemployed, giving it direction and consciousness.

As unemployment develops upon a mass scale nationally, which is definitely to be expected in the not-distant future, the party must take the lead in stimulating, initiating, and organizing councils of the unemployed in co-operation with trade unions and other workers' organization, upon a local, state, and national basis.