Eisenhower's Path to Economic Crisis

By WILLIAM Z. FOSTER

LIKE all other major capitalist governments, the Eisenhower Administration is proceeding upon the Keynesian theory of the so-called "managed economy." That is, this notion that cyclical economic crises can be averted, or at least reduced below the danger line for capitalism, by government intervention to stimulate industry. Eisenhower is setting out to accomplish this impossibility by a series of policies highly detrimental to the working class. Let us look briefly at three aspects of this alleged anti-depression program.



First, there is the current government pollyanna propaganda to the effect that everything will be lovely in the economy if the "prophets of gloom" do not talk us into a depression. This is the line of all Keynesians, who hold to the absurd idea that the psychological factor is of decisive importance in creating economic crises and booms. It smacks of Hoover's "prosperity - is - just - around-the-corner" blather of 25 years ago, except that whereas Hoover merely tried to wheedle the people into believing such nonsense, the Eisenhower spokesmen are undertaking to make the people accept it by trying to intimidate the economic critics into silence. This would deny them the right to fight against the crisis.

The second aspect of Eisenhower's anti-depression program, and the major one, is the great stress that it places upon armaments production in government orders. The central purpose of this arms economy, besides reaping monster profits for the employers, is to prepare for the war of world conquest that Wall Street wants to organize. But behind all this, there is also the elementary Keynesian belief that such immense governmental capital investments will insure the country against a serious economic breakdown.

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THE THIRD aspect of the Eisenhower program "against economic crisis," which is also typically Keynesian, consists of various other governmental measures designed to act as a shot-in-the-arm for the anemic business system. Among them are the abolition of the corporation excess profits tax, the easing of the income tax upon the wealthy, the cheapening of credit loans for businessmen, and the like. Then, if need be, there is also supposed to be held in reserve, for emergency use, a big public works program, small scale improvements in the social system, and the like. The whole thing boils down to the "trickle down" theory of the unlamented President Hoover, or more modernly, to the big business theory of Charles E. Wilson, that whatever is good for General Motors is good for the United States.

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IT IS A gross illusion and deception to tell the people that these Eisenhower policies, all of them flatly against the interests of the workers, can "manage the economy," prevent a crisis, and lead to general prosperity for the masses. On the contrary, they are speeding the country on to an economic smashup, and the workers should oppose them in general and in detail. To fight the coming depression the workers need a fundamentally different program.

To begin with, the masses must refuse to be fooled or intimidated by the current futile Eisenhower-Keynesian prosperity ballyhoo. Instead, they should speak out boldly, letting the nation know that the workers are never again going to permit mass unemployment such as in the 30s, and insisting militantly that the employers and the government must meet their demands.

Secondly, the workers, the Negro people, and other democratic strata, should take a firm stand against the Keynesian program that munitions-making can guarantee good times. The worst of the present arms race is that it creates a deadly danger of war. Besides this it is exhausting the country economically and is heading it towards an industrial breakdown. The best proof that munitions-making is no panacea against hard times is seen in the fact that an economic crisis is now developing in spite of the government's monster appropriations for purposes of war preparation. Organized labor and its allies should insist that our economy should be operated sanely for useful purposes, not for the wholesale output of murder machines. Munitions production appropriations should be drastically cut—at least to pre-war levels.

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THIRDLY, as against Eisenhower's "trickle down" anti-depression measures, so-called, the workers and their allies should oppose a counter-program, including such

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planks as the implacable insistence upon jobs for all, the maintenance and improvement of all wage rates; the shortening of working hours, with no reduction in rates of pay; elimination of all differentials in wages for Negro and white workers; guaranteed minimum hours and wages; the shifting of the tax load from the poor to the rich; a deep cut in interest rates on the national debt; a slashing of monopoly-controlled rents and prices; a profound extension and improvement of the social security system; a sharp increase in federal minimum wage rates; a huge expansion of school, road and hospital construction, a universal housing and slum clearance program, elaborate projects of public works of all kinds—reforestration, flood control, elimination of soil erosion, etc., and the development of a strong trade between the countries of the East and the West. Labor is powerful enough to achieve such a program if it will but fight for it.

Keynesism is an ultra-reactionary philosophy and program, whether it is put forth by Wall Street bankers, Eisenhower government officials, Trumanite phony liberals, or reactionary trade union officials. Together with its basically warlike objectives, Keynesism has as its heart center the protection and expansion of capitalist profits at the expense of the living standards of the workers, the farmers, and other toilers. To it anything is anathema that cuts profits. Thus, it can only tend to make worse the basic factors leading to economic crisis; namely, the robbing of the workers and the piling up of capitalist profits.

The workers' anti-depression program, on the other hand, must be based on a principle fundamentally antagonistic to Keynesism. That is, it must aim directly at strengthening the purchasing power of the working masses at the expense of capitalist profits. All its proposals must aim, together with increasing industrial activity, to change in the workers' favor the portions of the national income now going to the workers and to the capitalists. The workers' program must do all possible to cut down capitalist profits, which are the sacred cow of the Keynesians, the chief spokesmen today of the big capitalists. In this slashing into profits, the workers will be cutting into the fundamental cause of mass unemployment and economic crisis.

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BY MILITANT ACTION along these lines, it will be possible for the workers to reduce seriously the ill-effects upon themselves of recurring economic crises. But the masses will also have to learn that mass unemployment and economic crises cannot be finally abolished until the capitalist profit system itself is done away with and this country started along the road to socialism.

In fighting the economic crisis, still another matter of basic importance, besides the above, must be taken into consideration. This is the fact that the government, which is tightly in the hands of Wall Street agents, is deliberately heading towards war, on the basis of the big lie that this country is in danger of an attack from the Soviet Union. This Wall Street war program is the basic cause of the huge armaments race, of the growth of McCarthy fascism, of the huge tax rates, the increasing attacks upon the people's civil rights, and the sinking living standards of the masses. This suicidal war drive must be eliminated and our country re-orientated upon the same and progressive course of a peaceful co-existence with the Soviet Union. This is the most important of all ways to fight the economic crisis and also to combat that other sinister threat—atomic war.