

# Questions and Answers on Unemployment

*Below we give the first of a short series of "Questions and Answers" on the world crisis, unemployment and the tasks of the revolutionary trade unions, issued by the Red International of Labor Unions.—Editor).*

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Question 1. What is the meaning of the present economic crisis and what is its scale?

During the post-war period the leading capitalist country was the U.S.A. While capitalism in England and on the European continent was showing signs of decay and decline, in America the industry and the productive forces were, relatively speaking, developing rapidly. Between 1922 and the autumn of 1929 we saw, what can only be qualified as an incredible increase of production in this country, an increasing trade, a growth of the load turnover and an extension of the export trade, etc.

Especially rapid was the development of the engineering and machine manufacturing industry, the production of automobiles, as well as the chemical and electrical industries. This prompted the bourgeois and petty-bourgeois economists to assert that there were no signs of a crisis in the U.S.A., that the capitalist system had been organized so well in the U.S.A. that all crisis or stoppages in production could be avoided, and that organized capitalism in the U.S.A. guaranteed the continuance of "prosperity" forever.

But during October and November, 1929, a big stock market crash occurred in the U. S. A. The price of stock and other bonds, inflated to an incredible degree by the continual demand, suddenly began to fall rapidly ruining hundreds of thousands of small share-holders, especially members of the medium and petty-bourgeoisie and the labor aristocracy who had invested their savings. According to the estimates of one bourgeois economist, during the first week of the crash, the small share-holders lost between 60 and 75 billion dollars.

Marx wrote that the characteristic feature of an economic crisis is that it always begins with a crisis on the money market. This is what we saw in the U. S. A. Several weeks before the stock market crash it was evident that industry was suffering from over production and a slump. In fact, the crisis on the stock market was only the natural result of the disproportion between the stock prices inflated by speculation and the slump in the industry.

On the other hand the stock market crash and the ruin that it brought in its train for entire sections of the bourgeoisie simply deepened the slump still further. And the crisis spread to the industry.

During the last two months communications are being published in the newspapers almost every day on the further curtailment of production in the chief branches of industry, on workers being discharged, entire enterprises being closed down, etc. All this points to one thing: the economic crisis in the U. S. A. is deepening.

But can the U. S. A. outlive a crisis which would leave the other countries unaffected? Of course not. World industry and economic relations are so interlocked at the present time that any economic upheaval even in the most distant and least important of the countries has a direct influence on trade and industry elsewhere.

What then can we say about the U. S. A., this leading capitalist country? Leaving aside the concrete facts for a moment, even from the theoretical point of view we could say quite definitely that any economic crisis in the U. S. A. must affect economic life in other parts of the world.

And this theoretical conclusion has been fully borne out by the developments. Information received from Germany, Austria, Poland, England, Sweden and elsewhere shows clearly that they have felt the repercussion of the crisis in the U. S. A. and that these countries too are entering a phase of economic depression.

Thus we see that the crisis has spread far beyond the boundaries of the U. S. A., that a world economic crisis has set in which is having a profound effect on the economic life of the whole capitalist world.