THE DAY BEFORE YESTERDAY

An 80 year old Yankee looks at our world in this century

The 1920's PEACETIME WORLD OF BUSINESS AS USUAL

I could already read the papers when they first printed Calvin Coolidge's famous utterance, "The business of the United States is business."

The context of that remark has been largely forgotten. President Coolidge was defending his government and his (Republican) party for voting to keep the United States out of the League of Nations. European talk shops, aimed at making the world a better, more peaceful place were not at all the business of the US. Conservative Americans scorned Woodrow Wilson's idealism, his prating about "a war to end war," "making the world safe for democracy" and "the self determination of nations." This last had already spawned two new non-nations, Czecho-hyphen- slovakia and Jugo-hyphen-slavia. (Have not the scoffers since been justified?)

Of the sixteen US presidentselected between 1860 and 1932, fourteen were Republicans Wilson was the second to come from the Democratic party. He served from 1913 to 1921 and played a leading role at the Versailles peace conference of 1919. He earnestly supported the League of Nations, winning the admiration of war weary Europeans, who felt that an international peace monitor was an idea whose time had come.

Truth to tell, Wilson could be incredibly naive - on one difficult point he even told his research assistant, "Just find out what's right, and I'll fight for it!" He saw no wrong in laying full blame for the war at the feet of the ousted German emperor and then -- based on that personal blame - breaking the back of the young Weimar Republic by imposing unpayable sanctions, called "reparations". Nor did he question the rightness of trying to collect in full the huge debts to the US incurred by its wartime allies, England and France

On those points, Wilson was at one with his Republican opponentsBut he did not agree that the US should in all other respects go it alone in the postwar world, avoiding "foreign entanglements."

That conservative view has always been called isolationist, but the word poorly describes reality. Coming from the nation that had just emerged as the world's richest, it was rather the isolation of master from servant - the threat of sacking or punishment always assumed to be there. The time honoured policy of gunboat diplomacy had, after all, served the US well in the Philippines and Hawaii and was still working nicely in the Caribbean. There seemed no reason to alter it.

And so, while a handful of idealists gnashed their teeth, the Coolidge administration, 1923 to 1929, went quietly about its business, not bothering anyone except where it seemed worth while to flex a bit of muscle in the national interest.

SO WHAT ELSE IS NEW?

The foregoing may well leave those born since World War II with the feeling that not much has happened in the world since "silent Cal" left office in March, 1929. The face of US diplomacy is little changed, the Marines hymn as apt as ever: "From the halls of of Montazuma to the shores of Tripoli, we will fight our nation's battles on the land and on the sea - - - - If the Army and the Navy ever get Heaven's scenes, they will find the portals guarded by United States Marines!"

Most American civilians think this song rather a joke, but don't tell that to the Marines; they are deadly serious. And the American electorate is always happy to see them and the other armed forces in the front line of international diplomacy, that curious form of diplomacy known as "leading from strength."

IN THE MEANTIME -

The second of these two articles will cover the half century skipped over so far. Beginning with the great Wall Street crash of 1929, with bank failures a-plenty, it included Franklin Rossevelt's "New Deal," World War II - that so weakened the effect of Jamaica's 1938 uprising - yet another postwar period, with the first stirrings of a new demand for racial equality, the emergence of Jamaica on the world stage, the rise and fall of Richard Nixon. With wonderful irony, the era ended with the election of a Hollywood movie actor to the US presidency in the fall of 1980.

BACK TO BUSINESS AS USUAL.

Whenever Ronald Reagan spoke, one always had to ask who was writing the movie. Anyhow, his super-sincere voice once declared Calvin Coolidge to have been one of the greatest of all American presidents and the one he would most wish to be identified with.

That may help to explain in some measure why the world seems to have changed so little. Market driven capitalism under the protection of multi-party democracy was back in the saddle.

Although even younger readers will recall that in 1980 the communist threat was as fresh and exciting as ever, once Gorbachov's "openness" policy had given way to the takeover of Boris Yeltsin, that threat blew away like a puff of smoke from a blank shell. Once again, the world is "safe for democracy."

FREEDON AND ALL THAT.

Sir Winston Churchill called democracy "The very worst imaginable form of government except for all the others that I know of." But now, all the others have been systematically scrubbed from the face of the earth, and democracy itself has begun to show many different faces and forms. [Gleaner writers, John Rapley, Geof Brown and others, have confronted this dilemna] Some democracies are seen to curb individual freedoms; some dictatorships have been known to extend them. A free and fair election may even sell out a democracy. The classic example was the (possibly free and fair) election of Adolf Hitler as German Chancellor in 1934 - later, he adopted the modest title of "the leader," but of him more anon.

WAR AND PEACE.

Recalling Hitler brings us right back to the thorny question of the League of Nations and its valiant but futile efforts at peacekeeping. Did the Americans kill the League by staying out, or was it too frail to survive in any case? After the world had drifted helplessly into World War II, a new start had to be made. What of the League's successor, the United Nations? Which leaders, which followers have honestly wished the UN success and long life - and been willing to pay their due share of the price?

As we hark back to the day before yesterday, the years 1930 to 1980, we shall still be dogged by tough questions about war and peace, talk shops and arms sales, freedoms and restraints, rebellion and authority, wealth and poverty. And try as we may to turn our backs on it, one hard fact will still face us: To this day, far too many of us still lead lives that are "nasty, brutish and short," as Thomas Hobbs put it three and a half centuries ago.

THE DAY BEFORE YESTERDAY - II.

The Great Depression, World War II, The United Nations and all that.

THE BUBBLE BURSTS.

On October 12, 1929, THE ECONOMY caught a chill that turned into pneumonia. At age eleven, I saw it as the economy of the Sears f amily. It was, in fact, world wide - perhaps the first sign, as yet unrecognized, that the entire globe had already become one village. Nobody saw it as the immediate prelude to World War II - well, a few did, but I did not then know people of such vision.

When Herbert Hoover took over the US presidency from Calvin Coolidge on March 4 of that year, he inherited a government full of optimism and self-confidence. The stock market was bullish but not yet wildly so. The "haves" had no doubt at all that wealth would continue to trickle down to the "have nots" in ever growing abundance. Between, the "have less" had found a new source of optimism in the rather recently invented wand of installment buying (hire purchase). For the first time, salesmen, auto mechanics, plumbers, professors, even some school teachers found themselves able to keep up the payments on a Ford, an electric refrigerator and a gas stove all at the same time.

They had never had it so good. Their parents could not have had these things on any terms, because they had not yet been invented. Fire insurance had just got cheaper, thanks to Edison's miraculous new invention, the incandescent light bulb. The first ones I saw were of clear glass, so you could watch that magic filament doing its work - about twenty watts worth.

The great cornucopia of material wealth was clearly the result of what Thorstein Veblin called "the inordinate capacity of the machine to produce." As machines made cheap goods, big chunks of the labour force were "set free" to seek new jobs, designing and building new machines to make more and yet cheaper goods from razor blades to plate glass windows. Free market capitalism appeared to b e a blessing with no limits.

What happened - what really went wrong? How could one "Black Monday" on Wall Street shake the whole system to its foundations? Business people simply could not believe it, much less understand it. It still remains quite a puzzle, especially when one reflects that in 1929 only about three per cent of Americans could afford to invest in the stock market at all.

THE BACK STREETS OF THE GLOBAL VILLAGE.

Through the summer of 1929, Wall Street went on roaring like a lion. Visitors to Germany saw a very different picture - a nation drained by nearly a decade of some of the worst hyper-inflation ever experienced anywhere. Space does not permit a full account of the Weimar Republic's formal structure. Foisted on a new and inexperienced German leadership at the Versailles peace conference, it was a mish mash of imported Anglo-American forms and ideas supplied by no doubt well meaning Brits and Yanks. The new class of German political leaders proved to be highly intelligent, honest and dedicated. However, the terms of the treaty imposed by the victorious allies were too harsh for anything like a stable economy to be forged. The Germans were required to pay huge sums in so-called reparationsto the victors, including the United States, which only joined the 1914-18 war in the middle of 1917.

Crushing the vanquished foe with careless rapture is of course older than Christianity, as any student of ancient Athens and Sparta can tell. But it still curdles the blood to read the terms of the Versailles treaty - and to think about how easy it was in the thirties for Hitler to infect a whole generation of his countrymen with his own uncontrolled rage. Moreover, Germany's terrible inflation meant that, no matter how many million they paid to England and Franceit was virtually worthless. The latter, meanwhile, were struggling to pay installments of their enormous debts to the US. The Americans only complained that the German reparations were worth so little that they should get their allies to pay up faster.

1929 was already a depressed year for the French and English. It must be realized that they, too, were advanced, highly mechanized industrial societies. Passenger air travel was still new; but both French and British airlines were already making flights between Paris and Londonmore than once a day, as well as around their own countries.

It was, however, in transoceanic sea travel and cargo shipping that they had the heaviest investment of all. Railroads were also vitally important, but obviously land bound.

Britain, because of its far flung empire, had for centuries led the world in shipbuilding. From the 1850s on, ever faster and larger ships made Clydebank, the Glasgow-centered shipbuilding capital, the biggest single source of English wealth and Scottish employment.

My focus on the importance of shipping is no accident as will be seen. By 1912, the recently reinvented Titanic, its sister ship, the Olympic and the even larger Majestic, each approaching 1,000 feet in length, led the White Star Line's fleet of a dozen luxury hotels, ranging from more than 50,000 tons to less than 6,000. The Cunard Line's Berengaria, Aquitania and Mauretania, of similar size, led a longer list of smaller liners.

Although passenger liners were huge employers of labour, they were but the icing on the cake. The British merchant marine fleet was rivalled only by the French, Dutch and Norwegian fleets combined.

Predictably, the US wanted in - and got in heavily in the 1920 s. They got a boost in passenger shipping, too. by "buying" the world's second largest, the Leviathan,from Germany - in fact, they confiscated it for a trifling forgiveness of reparations.

The real point is that the depression years, 1920-21 - which the Americans cheerily called "a little downturn" marked the moment when British wealth and world supremacy began to unravel. From personal acquaintance as well as book learning, I know of the great numbers of Glaswegians who fled to the US in search of jobs for themselves and food for their families.

It is obvious what happened when the very rich of Europe had to economize. Passenger liners, always the least profitable of all ocean going vessels, began to go westward half empty. Cargo shipping fared even worse, owing to the fierce competition among the Europeans, topped up by the increasing preference given by Americans to their own ships.

I have been trying to show why the bubble that burst on Wall Street in the autumn of 1929 was far the biggest in the bubble rich history of the Industrial Revolution. One must resort to the image of bubble gum to imagine what a mess it made on the face of the global economy.

"PROSPERITY IS JUST AROUND THE CORNER."

Herbert Hoover could not have been human if he never thought, "What have I done to deserve this?" The thought would not have come to him until late in 1930. The first year of the Great Depression was not so much worse than the panic of 1893. Panics and recoveries had always occured and at fairly unpredictable intervals. Remedies that were thought to have worked, more or less, had mostly consisted of soap and water, bandages and time for healing. According to that plan, people should tighten their belts, economize, invest carefully and soon prosperity would come bouncing back.

"A NEW DEAL FOR ALL AMERICANS"

In November, '32, the inevitable happened. American voters clutched at a straw and elected Franklin Delano Roosevelt as their president - a decision they would stick by in '36, '40 and '44. Roosevelt's campaign promises had been pretty vague. On critical inspection, the gist is: I don't know what I am going to do, but I'll do something. The vagueness was at least partly shrewdness; for he was surely one of the shrewdest of all politicians. He really knew no more than Hoover did about how to make a merabund economy stand up and walk.

In retrospect, Roosevelt has been judged by his supporters to have had two major assets: a talent, even genius, for oratory and a strong conscience in the person of his wife, Eleanor. It was she who had run his campaign for the governorship of the state of New York. And in the first hundred days of the Roosevelt presidency, it was she who put a stamp of energy and apparent effectiveness on the "New Deal," though the famous slogan was the work of one of the president's many able speech writers.

Her influence can be seen in the appointment of Frances Perkins as Secretary of Labor, the first woman ever given a cabinet post. She also led the Labor Relations Board, established to implenment the Wagner Act, the first ever leglislation to regulate wages and hours.

The National Recovery Act - first the National Industrial Recovery Act was derailed by the Supreme Court in 1935 but not before it had enraged the wealthiest one or two percent of the business class by spending more than 3 billion dollars of "our money" to help smaller businesses, self employed and farmers get back on their feet. This was closely connected to the Agricultural Adjustment Agency and also included a revamping of Hoover's Reconstruction Finance Corporationto allow loans to somewhat smaller enterprises.

One of the most effective pieces of new lagislation, also very strongly backed by Mrs. Roosevelt - and also one of the most offensive to the rich - was the Civilian Conservation Corps. It put half a million young unemployed to work maintaining forests, working on flood control and also building ~~on~~ shelters in National and State Parks all over the US. It was moreover implemented with extraordinary efficiency and speed - interestingly, a great many of those shelters still survive today despite great and not so benign neglect. Some old codgers my age and more still look at these structures with nostalgic pride.

WHO LET 'EM DO IT?

Nothing ever separated rich from poor like the New Deal. Although Hoover lived out the rest of his 90 years in comfortable retirement, he led the early attack on his successor. He often appeared in the press with the popular catch phrases, wild eyed radicals, creeping socialism, grave threat to democracy and the like. But, as always, there were more poor than rich. Many of them found a voice for the first time. As one gas station attendant said to an aunt of mine,"He's the only guy who's done anything at all for <u>us</u>.

One thing that gave the two camps a new ability to shout at each other directly wes radio transmission, which had first covered a presidential election only in 1928. The New Deal years made for lively listening, I can tell you.

In those days, music and ordinary speech often came across as a bit scratchy. Roosevelt's voice had a booming, commanding but flexible quality that made it a sure winner on radio. All his public appearances were broadcast live; the airwaves never failed to pick up and amplify the excitement of the moment.

The nitty-gritty of New Deal economics was highly controversial and no doubt still is. Even today, I question whether Messrs. Wolfgang Grassel, Trevor Monroe and Omri Evans could agree on a lucid analysis. So, one thing has not changed. There were then and are now economists of the left and economists of the right. There may be a few oddballs who have no fixed prejudices; but they can never get the attention of one listener in a thousand. The commonest accusation against New Deal economics is that of feckless borrowing. But then, as here and now, a feckless level of borrowing can pale into insignificance in a few years. The balance sheet of the New Deal cannot be toted up without including the more than 50 billion dollars that had to be spent on World War II.

In summing up the New Deal, it must be said that it fared better at relieving the distress of mass unemployment than restoring the economy to a state of robust health. Again, the global village emerges as the most intransigent problem. In 1933, US international trade was just over half what it had been in 1929. Even in that year, as we have seen, , England, France and Germany were in varying states of economic distress, to say nothing of the rest of the big wide worldnot yet mentioned. Roosevelt knew as well as anyone else that you have no chance of selling to people who have no money. He also knew that the other nations were trying just as hard to forge a business recovery. The whole village was hoping for the best.

Black Monday saw Wall Street's worst ever nose dive; but by the end of that week there was already a glimmer of hope. Joyfully hailed as recovery, the upward trend continued until most issues had recuped more than half their losses. Some investors were reassured - those who felt sure that their stocks had reached untenable heights just befor the crash. The wait and see attitude mostly prevailed, though, so the market again faltered and dipped, then moved up a little. From some debated point in the middle of 1930, it began to sink like a waterlogged coconut, slowly but steadily, until by mid 1932 it had fallen to 20% of its 1929 value. Unemployment had meanwhile climbed from 9 million in early 1930 to more than 25 million or 30% of the labour force. That is why Great Depression still retains its capital letters in the Encyclopedia Britannica.

WHAT TO DO?

Hoover, like Coolidge, was not a great doer, especially when it came to meddling in matters that were properly the business of the business community. He would even quote ~~one line~~ from Thomas Jefferson (never a favourite of conservatives): "That government governs best that governs least."

By 1931, even Hoover saw that his government must take some action. He extended and amplified the already exixting farm subsidy program, in the forlorn hope that large numbers of urban unemployed would go back to the farm, as city dwellers had always done in previous depressions. He steadfastly refused to consider any form of unemployment insurance or any form of direct aid to the urban unemployed. This, he said, would be sure to lead to i ntolerable corruption and waste of public funds. He vetoed a bill - strongly endorsed by Governer Franklin Roosevelt of New York - to provide public works projects.

By the fall of 1932, 11,000 of the existing 25,000 US banks were insolvent. As Jamaican readers will easily grasp, that did no good at all for Hoover's major sop to big business, the Reconstruction Finance Corporation. Its purpose was to bail out and refinance thosebusinesses thought to be big and strong enough to get the stock market out of the doldrums and restore the magic ingredient of confidence to the world of business. Hoover's life long training had taught him that banks that get into solvency problems have made their bed carelessly and should be left to lie in it. As far as I know, he never dealt with the plight of depositors. Presumably, they, too, made their bed when they chose their bank. Some business leaders made a real effort to exudes confidence. The stock market made no reply.