



Thousands line up at Oklahoma City's Western Electric plant to apply for 58 jobs.

The Present Crisis: A Condemnation of Capitalism

By Michael Klonsky

These are very turbulent times. It is the era of imperialism, of capitalism grown into its highest and final stage. All the inherent contradictions arising from private ownership are reaching their extremes. As Lenin put it, these are times signaling "the eve of the socialist revolution."¹

The present economic crisis is a key feature of this great upheaval. It began in 1974 and has been the worst to rock the capitalist world since the end of the Second World War. The partial recovery which began in 1976 has been very slow and tentative, with new signs of a downturn already evident and developing. The new year already shows the possibilities of a new recession.

What are the main features of this crisis? What are its new characteristics? What are its implications for the class struggle, both here in the U.S. and in the international arena? These are some of the questions this article will address.

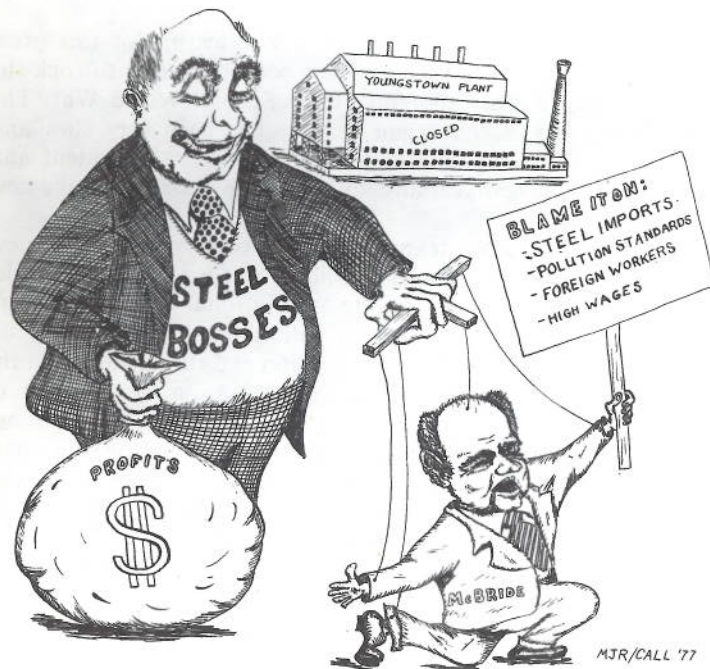
The crisis has brought on devastation and ruin throughout the capitalist world. In turn, this has led to a heightening of revolutionary struggle, both on the part of the people throughout the world and the working class and oppressed nationalities here in the U.S. Under such conditions, the bourgeoisie has stepped up its offensive, throwing millions out onto the streets without jobs and increasing its repression and fascist attacks.

The crisis has also meant a sharpening of the contention among the imperialist countries for markets and spheres of influence. The two superpowers, the U.S. and the Soviet Union, have especially intensified their contention as well as their attacks on the oppressed nations and countries of the third world. At the same

time, the superpowers have tried to make the lesser imperialists of the second world countries shoulder more of the burden of the crisis.

All this has increased the drive toward a new world war, with Europe as the strategic focus of contention. Europe's flanks, the Mideast and Africa, have been arenas of intense superpower rivalry. This drive towards war has been met with the massive resistance and growing unity of the third world, the main force standing against imperialism and superpower hegemonism today. The second world countries, too, are increasingly uniting to offer opposition to this hegemonism.

The crisis has forced the capitalists to employ a number of ideological and political weapons to shore up the myth of their invulnerability. Within the working class movement, they make special use of the revisionists and union bureaucrats for this whitewashing job. Instead of exposing imperialism as the cause of crisis and war, revisionism and reformism promote a variety of false solutions—"reordering of priorities," for the attacks on living standards; "nationalization of industry," for layoffs and runaway shops; and "detente," for the inevitability of imperialist war.



But a scientific examination of the crisis and its various features will show that none of these schemes can save this system from its rapid decay. The only road out of the crisis for the working class is the revolutionary road. Nor can the working class travel this road alone. Rather, it must form a broad united front of all those opposed to the imperialist superpowers. Especially important are alliances with the oppressed nationalities at home and the third world countries abroad.

The present crisis has two components. First, it is a manifestation of the *general crisis* of capitalism. This is neither confined to nor peculiar to the U.S. Rather, it is a crisis that began around World War I and has hit all the capitalist countries, developed as well as developing. Second, the present crisis is also a manifestation of a particular *crisis of overproduction*. This is a cyclical crisis of the type that has hit all capitalist countries periodically since capitalism first came into being.

OVERPRODUCTION ROOT CAUSE OF CRISES

The crisis of overproduction is the essential component of all capitalist crises. Whether or not a given crisis is complicated by such things as energy shortages or monetary problems, it is at root a crisis of overproduction, which is an inevitable and distinctive feature of capitalism.

This type of crisis reflects the anarchy of capitalist production. In turn, this anarchy arises from the fundamental contradiction in capitalist society: between the social character of production on one hand, and the private character of appropriation on the other hand. Engels describes this anarchy as follows:

Every society based on commodity production has the peculiarity that in it the producers have lost control of their own social relationships. Each produces for himself, with the means of production which happen to be at his disposal and in order to satisfy his individual needs through the medium of exchange. No one knows how much of the article he produces is coming onto the market or how much demand there is for it; no one knows whether his individual product will meet a real need, whether he will cover his costs or even be able to sell it at all. Anarchy reigns in social production.²

What is the contradiction in this drive for profits? On one hand, each capitalist or group of capitalists strives to *expand* its base of consumers at the expense of the others by throwing a greater and cheaper amount of goods onto the market. On the other hand,

each capitalist must *reduce* to the most miserable level the ability of his workers to consume, because it is their labor that is the source of his profits.

The result is simply that there comes a point where the mass of commodities can find no market, where the workers cannot consume the very products of their labor. As Marx put it: "**No one can sell unless someone else purchases.**"³ It is not that there is no need for the goods. In fact there is a great need. Under capitalism, however, need is meaningless unless there is cash in hand to make it into an effective demand. But without this effective demand, the market shrinks. The capitalists cannot get rid of the products they have amassed in their warehouses. Since it is useless to pile up more goods, they cut back production, dump commodities, and lay off the workers among other things. The growth of unemployment in turn further reduces the purchasing power of the workers, thus further restricting the market, more cutbacks in production, more layoffs and so on. The late Soviet economist, A. Leontiev, put it this way: "Tremendous masses of workers starving while the warehouses are full—this is the picture of capitalist crises."⁴

Thus "overproduction" does not mean that the working people are fat, happy and glutted with too many goods. In fact, it means just the opposite. The warehouses are full while the needs of the people go unmet.

CAPITALISTS PUSH CRISIS OFF ON OTHERS

Historically, in order to get out of this bind, the capitalists would destroy large quantities of goods and of productive forces until stockpiles had gradually declined. Prices would be severely cut and this in turn would drive the weaker capitalists bankrupt. They would then be gobbled up by the victors who would begin a new round of expansion and placing of new orders.

The capitalists who survived the victors would begin placing orders for new equipment until, as Engels put it:

Production and exchange gradually begin to move again. By degrees the pace quickens; it becomes a trot; the industrial trot passes into a gallop, and the gallop in turn passes into the mad onrush of a complete industrial, commercial, credit and speculative steeplechase, only to land again in the end, after the most breakneck jumps—in the ditch of a crash. And so on again and again.⁵

This depicts the cyclical character of capitalist development in which each crisis and depression was followed by a trade revival, a

boom and then another crisis with the process repeating itself every decade or so. In this cycle, it has been the crisis which was the key and the most noteworthy feature in so far as it became the inevitable result of each period of growth.

But what about now, in the imperialist era where monopoly capitalism has supplanted competitive capitalism? Can we expect the present "bust" to be followed by a "boom" that will wipe out unemployment and restore the economy to its previous heights, if not further?

FULL RECOVERY IMPOSSIBLE

No, we cannot. The fact is that imperialism has brought with it the period of capitalism's general crisis. While the cyclical nature of capitalism still exists, the effect of the general crisis has been dampen the "boom" periods of the past. The boom period is no longer the cure for the "bust." Rather, the general crisis has become a whole phase or stage of imperialism rather than the bottom of a cycle. All the theories created by the bourgeois economists to explain away crises as being a "temporary downturn" in an otherwise stable and progressively developing system are simply crumbling before contemporary reality.

The slow upturn in production in 1975-76 brought with it just a new wave of false optimism, which dovetailed with the various reformist and revisionist schemes to save the capitalists from themselves. The fact remains, however, that there is no relief in sight for the masses, despite all the "rationalization" programs, plans to "stimulate production," import quotas or other anti-popular measures.

The bourgeois economists are unable to explain capitalism's crises, let alone the fact that the present crisis has broken out at a time when the general crisis of capitalism has become most severe. The advocates of the "pluralist society" and the "end of ideology" simply did not foresee a time when all the basic contradictions in capitalist society are sharpening. The authors of the "American Century" and "Pax Americana" simply did not forecast the consequences of the massive revolutionary struggle sweeping the third world. And neither the architects of "containment" nor the apologists of "detente" could do anything to reverse the struggle for the redivision of the globe that is inevitably leading to war between the two imperialist superpowers.

What is the nature of this general crisis? It was outlined and predicted by Engels back in the 1880s. On the one hand, he noted that: "**To the daily growing rapidity with which production can be increased today in all fields of large-scale industry there stands**

opposed the ever greater slowness in the expansion of the market for these multiplied products. What the first can manufacture in a few months the latter can scarcely absorb in a few years.”⁶ On the other hand, Engels also pointed out that “capitalist production cannot become stable, that it must grow and expand or else die.”⁷

Thus the monopoly capitalist powers have amassed enormous productive forces, far outstripping the expansion of their markets. Each monopoly or group of monopolies, however, does not exist in a vacuum. It inevitably runs up against others of its kind, impelled by the same relentless law: expand or die. Again, Engels makes the appropriate comment:

Here is the vulnerable Achilles’ heel of capitalist production. The condition on which it lives is the necessity of continual expansion, and this continual expansion now becomes impossible.⁸

Nor does monopoly capitalism find its markets restricted only by its own development. The general crisis was ushered in by the First World War and the breach in the imperialist system made by the October Revolution 60 years ago. It is thus a feature of the period when capitalism is no longer the only social system on the globe. Side by side with capitalist exploitation and oppression, there now exists the living reality of socialism, of a social system where the working class holds the political power and runs society in the interests of all the oppressed. Despite the temporary reversal of capitalist restoration in the USSR, the world socialist revolution has continued to spread. What is more, socialism has at its side today the rise of the third world, which is likewise restricting the markets of the imperialists.

The general crisis, then, is a much broader phenomenon than each particular crisis of overproduction. It exists over an entire historical period and is a crisis of the superstructure of society as well as its economic base. It affects and erodes all the pillars of capitalism—political, social, military, cultural and ideological.

The general crisis represents the period of the disintegration and collapse of the worldwide capitalist system. This is due to the fact that the revolutionary movements ushered in by the crisis are being propelled towards victory precisely by the destruction of capitalism’s stability as a consequence of its own inter-imperialist wars. Of course, this development is uneven. At present, the third world is playing the role of the main force, while the workers’ movement in the advanced capitalist countries is still getting on its feet and gathering its forces. “The collapse of capitalism is inevitable. The revolutionary consciousness of the masses is growing. Thousands of indications speak of this.”⁹

This is the way Lenin put it. But this does not mean, as the revisionists claim, that capitalism will crumble of its own accord, or will succumb to “peaceful competition” with socialism.”

For Lenin also pointed out: “The capitalists . . . can at ‘best’ put off the victory of socialism in one country or another at the cost of slaughtering further thousands of workers and peasants. But they cannot save capitalism.”¹⁰

The general crisis, in other words, reveals imperialism’s moribund character, its parasitism and decay. But it will not fall apart of itself. Just as capitalism develops unevenly, it also decays unevenly. Within crisis and decay, there is still growth. The crisis simply means all the contradictions are more intense, that capitalism’s descent is more rapid and more general. As Lenin explains further:

It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries richest in capital.¹¹

This last point, of course, reveals the reasons for the rapid decline of U.S. imperialism, the richest in capital of all countries. It explains why unevenness among the imperialist powers becomes more pronounced. This not only leads to war, but also hastens the decline of capitalism.

FEATURES OF GENERAL CRISIS

The present crisis has highlighted the many-sided nature of U.S. imperialism’s decay. Key features of the general crisis stand out sharply: extension and higher concentration of monopoly, including state-monopoly; permanent mass unemployment; steady inflation and the monetary crisis; the militarization of key sectors of the economy and the consequent misuse of an ever greater portion of the national wealth for unproductive purposes; and the intensification of national oppression and discrimination against women.

But what is distinctive about this crisis? How has the interplay between the present overproduction crisis and the general crisis worked to produce new phenomena heralding capitalism’s decline?

Number of unemployed

Figures from October 1977

Total unemployment—6,221,000

Whites—4,774,000

Blacks—1,348,000

Other nationalities—99,000

An examination of the present unemployment situation provides some answers to these questions. As mentioned earlier, there was a minor economic upturn in most Western capitalist countries following the gravest period of the crisis in 1974-75. By the first half of 1977, production in most of these countries had been restored to the pre-crisis level.

But what happened to the unemployment lines? In many countries they didn't shrink at all, but actually increased. Nothing like this had ever happened after the "upturns" following the previous postwar crises. This demonstrates just how serious the present economic picture is.

The Japanese Economic Planning Agency recently released a *White Book on the World Economy*. It noted that in a number of countries, the number of unemployed, rather than shrinking with the upturn, "had, on the contrary, surpassed that in the time of depression." Unemployment was "becoming nationwide" and its persistence was "unprecedented in postwar history."

Other figures also verify this new particularity, including those cited by the Organization for Economic Cooperation and Development (OECD). It noted that while industrial output in the 24 OECD countries went up in varying degrees over the past two

Unemployment rates

Figures from October 1977

Overall unemployment rate—7%

Whites—6.1%

Blacks—15%

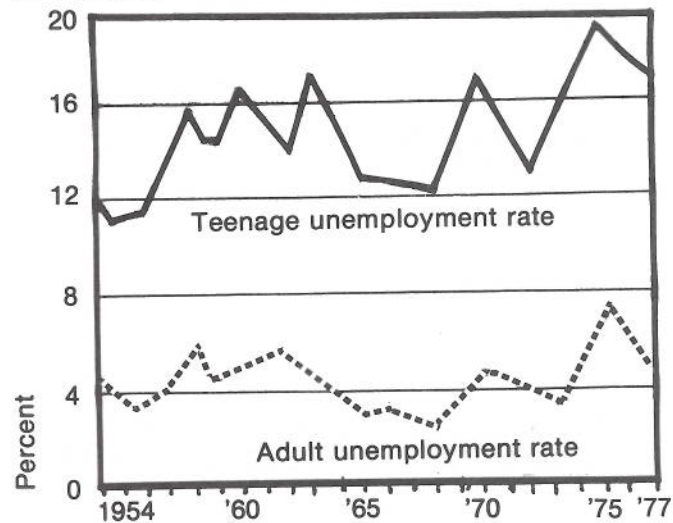
years, unemployment also rose from 15.25 million to 16 million.

What about the situation here in the U.S.? Official government figures, which grossly underestimate the actual number of unemployed, state that in the first 11 months of 1977, the unemployment rate remained at about 7%. In November 1977, some 6.8 million people were jobless, or 60% more than in November 1973, the pre-crisis year. Thus the U.S. "recovery" likewise saw longer unemployment lines.

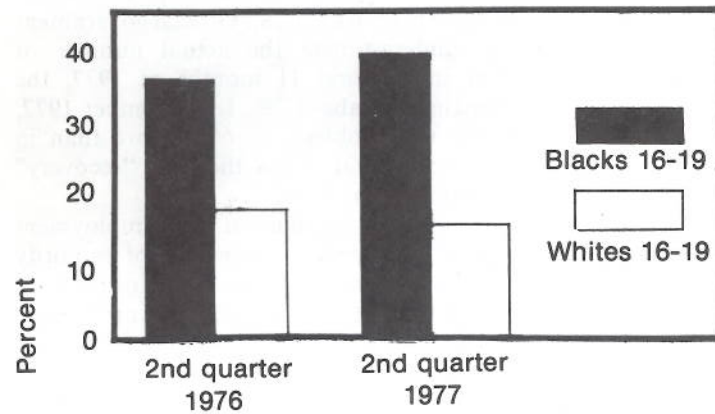
The crisis has also interwoven the burden of unemployment with an intensification of the special oppression of minority nationalities, women and youth. All of these sectors of the U.S. population fill the ranks of the unemployed far out of proportion to their numbers. Their situation, in fact, has become even worse with the "recovery." Millions of young people, especially minority youth, have had their living standards devastated and have little hope in the future the capitalists provide for them.

"Young Blacks Out of Work: Time Bomb for U.S.," was the self-exposing title of an article in the Dec. 5, 1977, *U.S. News & World Report*. It noted that the "proportion of young Blacks working or looking for work has been dropping steadily through periods of prosperity as well as recession." Even while there was a

Teenage unemployment far above that of adults



Black teenagers face higher unemployment



slight downturn in unemployment among white youth in the latter part of 1977, several press reports noted that unemployment among minority youth continued to rise.

Pre-crisis figures show that unemployment among Blacks generally was twice the rate among whites. Today, however, it is

2.5 times greater and growing. Official statistics show 1.4 million Blacks out of work. Unofficial statistics, including part-time and discouraged workers, count at least 3 million.

Nor is this intensification of national oppression and its effect on the jobless unique to the U.S. In Western Europe, for example, there are presently some 7.5 million immigrant workers, brought there by the "boom" of the 1950s and 1960s. They have been severely hit by the present crisis. In France, some 100,000 out of 1.2 million unemployed are immigrant workers from Africa, Spain, Portugal and other non-common-market countries. While figures on unemployment in the Soviet-bloc countries are not available, there are indications that they are also running high and have similar problems regarding youth and minority unemployment.

MARKETS FLOODED

The permanent character of this mass unemployment is an important feature of capitalism's general crisis. Unlike the period of competitive capitalism, it is not eliminated or substantially reduced with the appearance of the "boom" phase of the cycle. It is here to stay. It stems from capitalism's under-utilization of its productive capacity, which is also a feature of the general crisis. Because imperialism has amassed productive forces with a potential output far in excess of what its markets can consume, its industries produce at their peak output only rarely and by way of exception. As a general rule, even in "good times," U.S. industries only produce at about 70% of their capacity.

This is a searing indictment of capitalism's inefficiency, stagnation and decline. On one side: housing conditions deteriorate, schools shut down, transit systems become outmoded and dangerous, health facilities are unavailable. On the other side: plants, equipment and millions of workers stand idle. The reason? Political power is in the hands of the bourgeoisie, which runs society for its own profit. It is not in the hands of the working class, which would run society to meet the needs of the people.

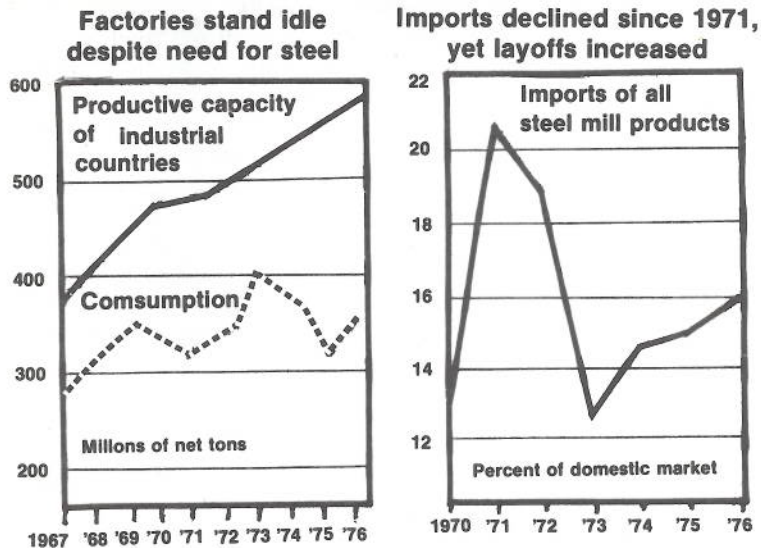
The big hope of the liberal reformists since the Roosevelt era is that they would be able to resolve this contradiction through the expansion of government programs such as public works, unemployment insurance, and various social welfare schemes on a massive scale. The fatal flaw, however, is that the masses themselves end up paying for this through increased taxation. In the end, these reforms were only implemented partially, temporarily and in a distorted way. The only thing that expanded massively was the state bureaucracy.

The legacy of the New Deal has actually aggravated and

deepened the present crisis. Municipal and state bureaucracies are threatened with bankruptcies and an important feature of the unemployment problem has been the massive layoffs of government workers. Thus what appeared to be a part of the solution in the 1930s is part of the problem in the 1970s. Accordingly, the present crisis has brought about massive cuts in government welfare programs, even with the liberal-minded Carter administration in the White House. Meanwhile, the stark contradiction between the under-utilized productive forces of "the richest country in the world" and the masses of unemployed and immiserated workers stands like an open sore for all to see.

As with unemployment, this under-utilization of productive capacity has now become a permanent feature of monopoly capitalism. It persists even in periods of "recovery." What is more, the effect of the general crisis has been to give these upturns an uneven character, with entire sections of industry lagging behind or even going backwards.

A good example in the present crisis is the steel industry. While production figures in general are reaching record highs of nearly \$2 trillion, society's most basic industry, steel, is in period of massive decline. In fact, steel orders are shrinking throughout the capitalist world. "Excess capacity and low operating rates will continue to characterize the Free World steel industry for the next several years," reads a recent CIA report entitled *World Steel Market: Continued Trouble Ahead*.



What is the significance of this decline in the midst of "recovery"? Steel is the basic raw material for all industry. In the U.S., for example, some 60% of steel produced goes into new plants and equipment. Only 30% goes into consumer products. When the demand for steel is slack, then, it is a clear indication of stagnation and future downturns in the rest of the economy.

The U.S. steel companies and the labor misleaders have tried to pin the blame for the decline on Japanese steel imports. The fact is, however, that the U.S. has imported more steel from Europe than from Japan. Japanese steelmakers, moreover, are likewise cutting back in production because of shrinking markets. Nippon Steel Corporation, the largest steel company in the capitalist world outside of the Soviet steel monopoly, has reduced its investments from \$1 billion to \$769 million. The "imports" demagoguery, then, only serves to mask the general crisis and the responsibility of the capitalists themselves.

MILITARY SPENDING

How do the capitalists deal with this stagnation? Since the 1930s, their main scheme has been to stimulate the economy through the intervention of the state apparatus. While this has taken many forms, the most effective, from the capitalists' point of view, has been the expansion of arms production, i.e., through military spending. While the liberals of today like to look back fondly on the New Deal reforms of the Roosevelt years for solutions to the present crisis, the fact is that these welfare schemes did not even work at the time. The main factor that pulled the U.S. economy out of the Great Depression was the vast expansion of military production and the militarization of the productive forces needed to wage the Second World War.

Defense budgets today are running at more than \$100 billion per year and military outlays account for about 7% of the Gross National Product. This has an enormous impact on the economy and the growing militarization of the society. Of the top 25 industrial corporation in 1973, for instance, 19 were among the 50 biggest military contractors.

But does the "guaranteed demand" of military production solve the problem of recurring and deepening crises? No, it does not. In fact, it makes matters worse. The reason is that military outlays are financed through deficit spending. In other words, since the government doesn't have all the funds to meet these expenses, it runs the printing presses to produce increasing volumes of government notes. This increases the national debt, devalues the currency and spurs the inflationary spiral.

Military production, moreover, is waste production. It is not like the production of new plants and equipment, which after their purchase on the market, are put to use producing new commodities. Rather, armaments are either destroyed on the battlefield or wind up on a junkheap after being made obsolete by new weapon systems. Nonetheless the demand for steel, aluminum and chemicals to make the weapons drives up the price of these commodities in general. This serves to fuel inflation even further.

DOUBLE-EDGED SWORD

Inflation has proved to be a two-edged sword for the capitalists. Ever since the advent in the 1930s of John Maynard Keynes, the British bourgeois economist whose theories now dominate the capitalist world, inflation has been accepted government economic policy. Keynes argued that it was unwise to accumulate investment capital by directly cutting the workers' wages, since they would put up a fierce resistance. Rather, he pointed out, the rise in prices following a spur to investment by deficit spending would lead to a cut in *real* wages, even though money wages would rise. This, he believed, would be more acceptable to the workers.

The problem, of course, is that the workers are not the only ones affected by rising prices. It erodes the profits of the capitalists as well. What is more, by bringing about a decline in real wages, the ability of the workers to consume is reduced and the market is undermined.

This places the capitalists in a bind they have been arguing over for decades. There have generally been two schools of thought among the bourgeoisie. On the one side stand the liberal free-spenders. They point to the growing ranks of the unemployed and the declining living standards of the masses as signs of a shrinking market. They argue that cutbacks in welfare spending and the balanced budget are restricting production and consumption, thus undermining profits. On the other side stand the fiscal conservatives. They point to the inflationary spiral caused by government spending. The rise in prices, they argue, also restricts the market, fuels unemployment in the long run and likewise undermines profits.

The irony is that each school is partially correct in its criticism of the other, but wholly incorrect in believing their schemes can save capitalism from its crises. In fact, a unique feature of the present crisis is that both sides have got what they wanted at the same time: inflation combined with unemployment. This has baffled the bourgeois economists, who have insisted that the prevalence of one resulted in the decline of the other.



Inflation, which has stuck at about 6% since the spring of 1975, has had an international effect as well. The rise in price of commodities in the Western countries has brought about resistance from the third world raw material producers, particularly from the oil-producing countries. OPEC's formation and the use of petroleum as a weapon has stifled the imperialists' efforts to push the burden of the crisis on the backs of the smaller nations.

Inflation has also been accompanied by an international monetary crisis, also a feature of the general crisis. It has been marked by the rapid devaluation of the U.S. dollar and decreased U.S. purchasing power. In the whole capitalist world, in fact, there is a growing disproportion between paper money in circulation on one hand, and reserves of gold and the fund of goods on the other. This is coupled with such practices as dumping and currency speculation. For the workers in the capitalist countries, this has meant further slashes in their purchasing power.

DOLLAR CRISIS SPIRALS

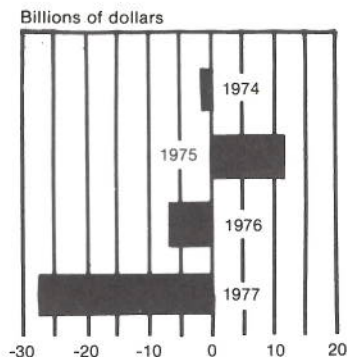
The Nixon administration began the initial devaluation of the U.S. dollar in an effort to make U.S. goods more competitive on the world market. The ensuing energy crisis, however, saw this devaluation provoke greater increases in the price of imported oil.

After coming to office, Carter developed the "locomotive theory," pressuring Japan and West Germany to strengthen their economies, along with the U.S., and to increase their imports. But because of their own economic problems, Japan and West Germany were reluctant to stimulate their own economies for fear of feeding inflation. They wanted, instead, to rely on expanding their exports as the chief means of maintaining their economic growth.

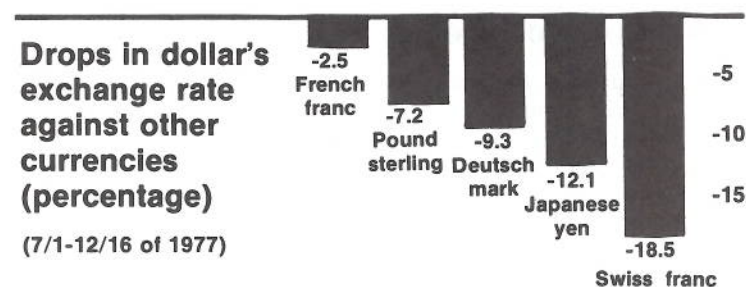
Japan and West Germany refused to play the role of "locomotive." Thus the U.S. trade deficit with Japan rose steadily, reaching as much as \$8 billion in 1977. The result was repeated U.S. pressure on Japan to revalue the yen upward, stimulate its economy and increase imports to alter imbalance of payments.

The attempt, however, is meeting with even greater resistance from these quarters, who are in fact demanding that the U.S. government take steps to bring the sagging dollar back up to parity with their currencies to stabilize the international money market.

Currently, the U.S. trade deficit is running close to \$30 billion annually, a staggering statistic never before seen in the history of any capitalist country. Among the many implications of this phenomenon is intensified inflation, as the government prints more and more paper money to keep up with the pace of outflowing dollars.



U.S. Balance of Trade



This massive trade deficit has also been accompanied by the worst decline in the value of U.S. dollars and other capitalist currencies since 1973. At that time the dollar went through its second devaluation and the West adopted the floating rate. Last year the dollar's exchange rate dropped three times, each time more drastic than the one before. As it dropped, the price of gold zoomed to its highest peak in two years, 168 dollars an ounce or 30% higher than at the start of last year.

The biggest factor in the trade deficit and its accompanying monetary problems stem from the massive increase in U.S. oil imports which are estimated at around \$45 billion for 1977—30% higher than in 1976. Imported oil accounted for about half of the total domestic consumption. These massive oil imports are needed to meet mounting energy needs, but especially in view of the growing contention with the USSR, to build up strategic oil reserves. The urgency of such measures was realized especially during the 1973 Middle East War, when an embargo was placed against exports to the U.S.

This situation in turn has led to a grave loss of international confidence in the dollar—OPEC has seriously considered aban-

doing the dollar as its standard. With less confidence in the dollar comes the frenzied waves of speculation, as the world's bankers dump their dollars and buy more stable yen, francs and marks. Such speculation drives the dollar still further down, igniting the whole cycle all over again.

After four years of dollar devaluation, Carter now seems to be trying to reverse his policy, seeing that it has done nothing to stabilize the economy and in fact has only increased trade wars with Japan and other imperialist rivals. The dissatisfaction was openly reflected in his recent declarations on the need "to protect the integrity of the dollar" and "counter disorderly conditions in the exchange markets." It was also evident in his surprise firing of Arthur Burns, the head of the Federal Reserve Bank. Whatever dollar stability these new policies bring are bound to be short lived.

CONTRADICTIONS BOUND TO INCREASE

It is clear that the above-mentioned features of the present crisis, especially imperialism's uneven development, are bound to increase all the basic contradictions in capitalist society. In the face of this, the prospective course of action for the capitalists was outlined long ago by Marx and Engels in *The Communist Manifesto*:

And how does the bourgeoisie get over these crises? On the one hand, by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets and by the more thorough exploitation of the old ones.¹²

The capitalist solution, in brief, is imperialist war abroad and the danger of fascism at home. That this solution is in the works is clearly visible in the heightening contention between the two superpowers, as well as in the efforts by these superpowers to overcome their problems at the expense of other countries.

On the U.S. side, the crisis has increased the speed of its decline. The growing resistance of the second and third world countries, especially including the victorious struggles of the national liberation movements, has left U.S. imperialism more vulnerable than ever. It is no longer able to wield its political, economic and military might as it once could.

On the Soviet side, the crisis has caused the weaker economic position of social-imperialism to suffer even further. Unable to overtake the U.S. economically, the Soviet Union has stepped up its military expansion and aggression. It now stands as the most dangerous source of a new world war.

The present crisis has hastened the disintegration of the colonial system. The upsurge in the independence struggles in the third world has pushed many countries formerly under the colonial yoke to victory and political independence. It has thrown both the second and third world countries into sharper contradiction with the superpowers. As a result, the Common Market countries, as well as Canada and Japan, have been able to find a mutually beneficial anti-hegemonist basis to unite more closely with each other and with the third world countries. Although imperialist war is inevitable, this unity can be a powerful force in delaying its outbreak. This will give the world's peoples valuable time to get prepared, to strengthen their forces so as to be able to transform the imperialist war into a revolutionary war against capitalism.

The imperialists and the social-imperialists, however, have gone all out to spread the illusion that the big powers can live together in peace. They are rallying their lackeys, the reformist trade union leaders and the revisionists, to promote the smoke-screen of "detente," much as the renegade Kautsky promoted pacifism in Lenin's time. The crisis, claim the revisionists, has only impelled the superpowers to cooperate more closely out of necessity, rather than having increased the contention leading to war.

Nor is this treachery limited to the question of "detente." The CPUSA, in fact, is advocating an all-round policy of state monopoly to bail out the capitalists, including new schemes to "nationalize" the steel and energy industries.

REVISIONISTS ECHO IMPERIALISTS

This also follows in Kautsky's footsteps. The revisionist newsletter, *Economic Notes*, in its November 1977 issue loudly echoes the imperialists' call for rationalizing capitalism: "Clearly any people-oriented administration should nationalize the generation and distribution of power," it claims, adding that "if operating the steel mills is not profitable enough for private owners to stimulate production and expansion, the mills must be handed over to the government and run for the benefit of the economy."¹³

Can the revisionists explain just what a "people-oriented administration" is? Not without exposing their opposition to everything Lenin taught on the class nature of the state. And what does it mean to run industry "for the benefit of the economy"? Any worker who has heard this term can explain that it means precisely "for the benefit of the capitalist class." In demolishing Kautsky's

reformist delusions on these points, Lenin pointed out during World War I:

State monopoly in capitalist society is merely a means of increasing and guaranteeing the income of the millionaires in one branch of industry or another who are on the verge of bankruptcy.¹⁴

But one does not have to go back to Lenin's time to see how fallacious the "nationalization" solution is. Has the USSR today, with its giant state monopoly, solved its economic problems? Has Japan, the model of state monopoly for the Western imperialists? The answer is no. The Soviet economy is unbalanced because of lopsided military spending and suffers from a persistent crisis in agriculture. And Japan, even with its highly concentrated and state-operated steel industry, has all the same symptoms of crisis as the U.S.

The revisionist solutions are clearly bankrupt. There can be no hope placed on schemes for "nationalization" or "detente." A concrete analysis of the crisis leads to opposite conclusions and points to a number of tasks on the road ahead for the working class.

1. *Build the campaign for jobs or income now.* The conditions existing even during this present "recovery" show that the demand



Chicago Jobs Or Income Now Coalition demands aid for the unemployed at a City Council meeting in December 1978. (Call photo)

for jobs is a top priority in the present class struggle. Contrary to those who expect that the unemployment problem will dwindle or die out, the jobs demand has no hope of disappearing from the consciousness of the people. The only hope, in fact, is in the fightback struggle of workers, minorities and unemployed now taking shape in the mass demonstrations being built around the country. These actions must expose and repudiate the phony "solutions" to the jobs crisis, such as the Humphrey-Hawkins bill, "nationalization" schemes and the chauvinist "Be American, Buy American" campaign.

2. *Oppose national oppression and discrimination against women; take up the special questions of the masses of youth.* The crisis has lashed out at broad sections of the people, not simply the working class. It has placed an additional burden on these sections, giving rise to their special demands. The working class must not stand alone in its battle, but must bring up its reserves, its revolutionary allies.



A freedom fighter from the Azanian Pan Africanist Congress brought out crowds during a tour in the winter of 1978.

3. *Build the international united front against imperialism, especially the hegemonism of the two superpowers.* The struggle is not simply one of workers against their bosses and bureaucrats. Rather, it is a fight against a whole class and especially the two superpowers, the biggest exploiters and oppressors of the world's peoples. Now more than ever before, it is both possible and necessary to build such a broad united front of those who are victimized or bullied by U.S. imperialism and Soviet social-imperialism, especially of the international working class and the third world. The present crisis has accentuated all the contradictions that exist between the superpowers and the rest of the world—politically, economically and militarily—thus providing very favorable conditions for developing this unity. Concretely, this work must take the form of solidarity campaigns with the Palestine Liberation Organization, the freedom fighters in Southern Africa and all others resisting the superpowers.

4. *Oppose the war preparations of the superpowers, prepare the people for the outbreak of imperialist war.* The crisis is a signal that war is in the works. It can be delayed by the people's struggles, but it cannot be avoided. The best way to deal with the threat of a new world war is to understand its causes and get prepared for it. It means especially exposing the myth of "detente" and the current offensive of the Soviet Union. In this way, the people will be in a position to overthrow the system that causes war through revolutionary struggle.

5. *Fight for socialism as the revolutionary path out of the crisis.* In summing up the lessons of the October Revolution, Stalin made the following point: "Capitalism may become partly stabilized, it may rationalize its production, turn over the administration of the country to fascism, temporarily hold down the working class; but it will never recover the 'tranquility,' the 'assurance,' the 'equilibrium,' and the 'stability' that it flaunted before; for the crisis of world capitalism has reached the stage of development when the flames of revolution must inevitably break out, now in the centers of imperialism, now in the periphery, reducing to naught the capitalist patchwork and daily bringing nearer the fall of capitalism."¹⁵

The general crisis, in other words, is the by-product of the capitalist system itself. To eliminate crises and war, the dictatorship of the bourgeoisie must be replaced by the dictatorship of the proletariat; the anarchy of capitalist production must be replaced by socialist planning to serve the needs of the people. This is the only road out of the crisis of capitalism.

What about 1935?

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 2. F. Engels, *Anti-Duhring* as quoted by A. Leontiev in *Political Economy* (New York: International Publishers), p. 178.
 3. K. Marx, *Capital* (Chicago: Charles Kerr), p. 127.
 4. A. Leontiev, *Political Economy* (New York: International Publishers), p. 182.
 5. F. Engels, quoted in *Political Economy* (Chicago: Banner Press, 1976), p. 338.
 6. *Ibid.*, p. 400.
 7. *Ibid.*, p. 400.
 8. *Ibid.*, p. 401.
 9. V.I. Lenin, "Answers to an American Journalist's Questions," *Collected Works* (Moscow: Progress Publishers, 1965), vol. 29, p. 518.
 10. *Ibid.*, p. 518.
 11. Lenin, *Imperialism*, p. 150.
 12. K. Marx, *Manifesto of the Communist Party* (Peking: Foreign Languages Press, 1972), p. 38.
 13. *Economic Notes*, Nov. 1977, p. 5.
 14. Lenin, *Imperialism*, p. 41.
 15. J.V. Stalin, "The International Character of the October Revolution," *Selected Works* (Moscow: Foreign Languages Publishing House, 1954), vol. 10, p. 251.