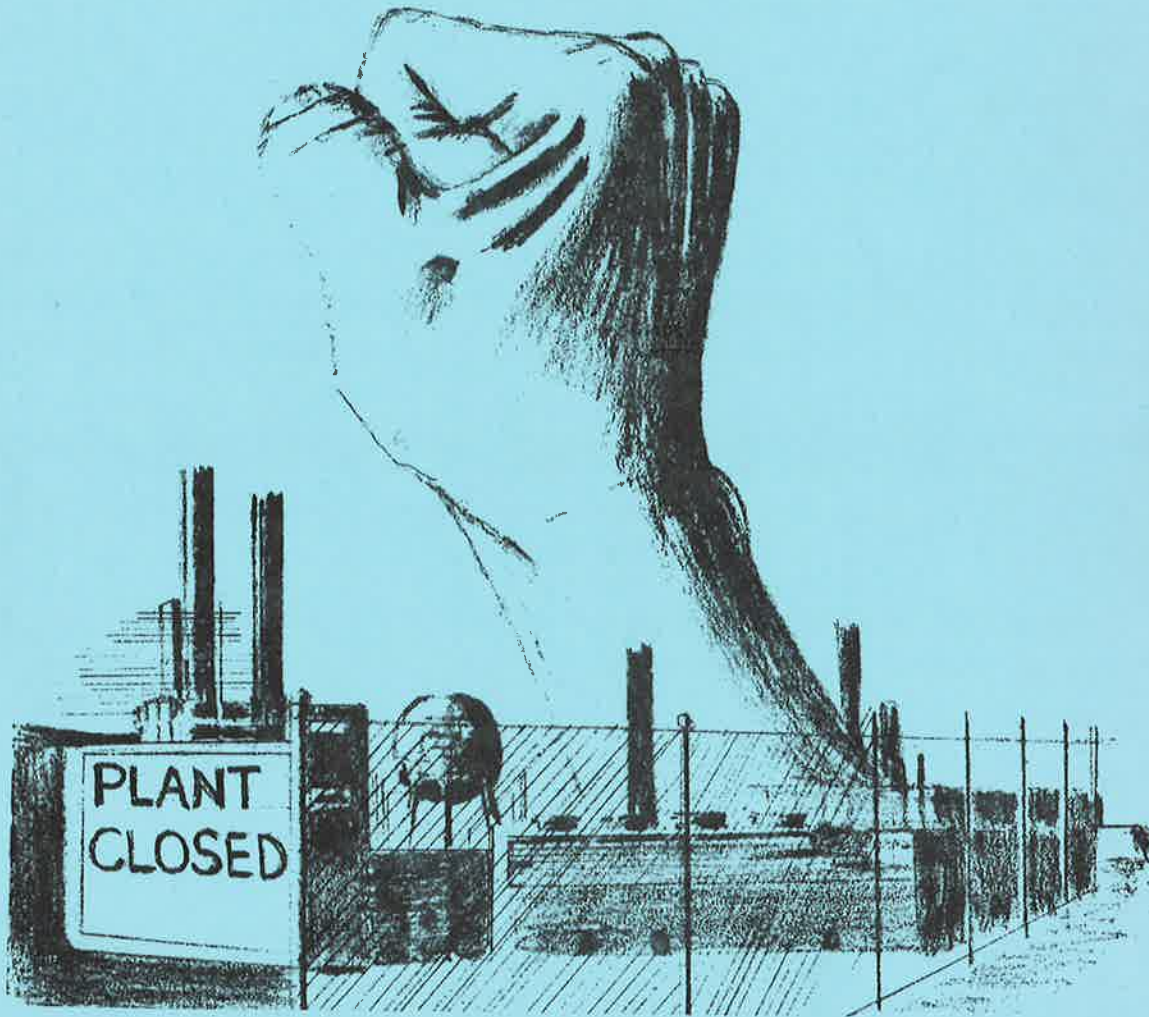


FIGHT THE CRISIS!

Employed and Unemployed UNITE!



the NEW VOICE



P.O. Box 19107 Oakland CA
VOICE OF THE WORKING CLASS

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THE NEW VOICE FIGHTS THE CRISIS

THE NEW VOICE is a Marxist-Leninist organization that has published a newspaper by the same name for over four and a half years. As the headlines reproduced on the back cover show, we are involved along with our fellow workers in many struggles against the economic crisis, unemployment, and bosses' harassment and attacks against employed workers.

As a communist organization, we strive to carry out several important duties:

The New Voice offers its program for reforms in the fight against the crisis and analyzes the platform of every other political force, from the United States government, congressmen, and the bureaucrats of the AFL-CIO down to sham leftist groups.

The New Voice and its members join fellow workers in struggle and offer the best possible strategy and tactics for victory, based on applying Marxism-Leninism to the situation at hand.

The New Voice explains the basic causes of the economic crisis, unemployment, and wars, which lie in the nature of the capitalist system. We stand for working class revolution and socialism.

The New Voice stands ready to unite all efforts to fight the crisis on the basis of militancy and the interests of workers, regardless of other views people may have.

When you read the articles in this pamphlet, you will want to learn more about the struggle of your class, the working class. Join in the actions workers are taking to fight the crisis. And contact us!

THE NEW VOICE
P.O. Box 19107
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Fight the Crisis!

The working people of the United States are under attack.

Unemployment is over 7% by official rates. No one can say when it will get below that figure, and rises are likely. To measure the true impact of joblessness on the working class, these figures must be at least doubled. Among minorities, unemployment is sky-high.

Inflation is eating away at our spending power. We pay more for food every week, and we cannot pay all our other bills. Money shrinks in value before our eyes.

Wage and salary increases are not keeping pace. When there was prosperity for businessmen, they wanted every penny for themselves. Now the employers tell us to speed up, to accept short work weeks and postpone negotiated pay increases, all under the threat of layoffs.

The so-called energy shortage brings insecurity into our lives. Whether we will have or can afford heat, electricity or gasoline becomes uncertain.

While we want to work for a decent wage, shops are shut down, and industrial production, the source of real wealth, plummets at record rates.

We are bombarded with phony explanations, lies and ridiculous plans to solve economic dilemmas. We were told why sugar should cost almost as much as hamburger. Scapegoats around the world are offered to divert our anger. We are told to spend more to boost the economy. Small income tax cuts mean little, while social security taxes go up and up.

We are fighting back. The employed and unemployed are becoming increasingly active. Both in strikes and demonstrations, we are pointing the way.

Here are some of our demands and programs:

Fight Layoffs

Layoffs cannot be accepted as unchangeable facts. When the company announces them, we can fight them. We refuse to speed up, to turn out the same production with many fewer workers, to boost company profits while some of us are left to get along on inadequate or nonexistent relief. We want a working day at a wage we can live on, rather than being forced to work overtime. We challenge the principle that workers must absorb the bad times and save the company, only to return to bitter struggle for every gain in good times.

Union Jobs

People are willing to work at decent wages. The problem is that this economy does not generate enough jobs. We demand that jobs be created. We do not want token programs that provide one position for every hundred applicants, but jobs on a big scale. These must be union wage jobs. Schemes to lay us off and then have the government put us back to work for welfare must be smashed. No forced-work welfare jobs, but union scale and union representation in all jobs.

Increase Benefits

We need large boosts in unemployment insurance and welfare to keep up with the cost of living. Unemployment benefits must be extended to all the unemployed for as long as they are out of work. Veterans just out of the armed services whatever their discharge, students just getting out of school, many state, city and county workers are only some of those who should be getting unemployment but are not. Supplementary Unemployment Benefit programs sound good, but workers pay for them and these funds run out. We demand open-ended SUB pay funded by the bosses, not by the workers facing lay-off.

Employed and Unemployed Unite

At every turn we must preserve the unity of the working class. Employers want to use the misery they inflict on some to press even harder on all. Only unity will defeat these dual tactics. By keeping the unemployed in the unions, dues free, mandating the unions to negotiate benefits for them across

the bargaining table, we shall ensure that the unemployed will never be converted into scabs.

Fight Racism and Sexism

Racism and sexism are used by the bosses and their agents to divide the working class. Minorities and women are forced into the poorest working conditions and the lowest pay scales. Racist policies are pursued by the bosses' flunkies in the unions when it comes to job assignments and apprenticeship eligibility. By fighting racist and sexist policies on and off the job, we can draw the working class closer together and in struggle obtain better conditions for all workers.

These are only some initial demands. Business and government are very clever at presenting elaborate proposals that appear to meet our needs. We must look closely at them and refuse to accept something with one hand that is taken from the other.

There are many activities. To make known our refusal to take the economic crisis lying down means holding demonstrations, picketing unemployment offices and confronting the managers. We need to build support for strikes, helping those contingents of the working class that are on the front lines. We must also support rights against layoffs, pay cuts and union busting.

The wrongs done to specific persons can be made examples of what we will not accept. From these small gains won in the struggle, we can build a united fight against the economic crisis.

Why Is There Unemployment?

Unemployment has increased by leaps and bounds. Hundreds of thousands of people find themselves laid off as the capitalists try to save their profits. According to government statisticians, who usually understate the truth, the unemployment rate jumped a full percent to 8.2 percent in January. Over 7.5 million people are out of work. The number of unemployed has risen 2.6 million since August, the largest increase in a five-month period since the Labor Department began keeping monthly data in 1940.

With such startling leaps in the unemployment figures, unemployment and what to do about it is currently receiving much attention. Many proposals are being suggested, mostly from the capitalists, to "fight" the unemployment problem. To draw a correct course of action that serves the interests of the working class, we must understand what causes unemployment.

A brief look at recent history shows that even in the best of times there has always been unemployment in the U.S. "Full" employment, which capitalist economics defines as at least three or four million people unemployed, has been achieved only in wartime, due to war industry. Even in this case, unemployment reached this level only after the capitalist state had drafted tens of thousands of young workers out of the labor force. It is accurate to say that unemployment has always existed in the U.S. since the 1860's.

Role of Accumulation

The principal reason for massive unemployment, or what Marx called the industrial reserve army, is the capitalists' drive to accumulate capital. Capitalist expansion is the name of the game. It is a characteristic of the capitalist system that businessmen

must either keep expanding capital and profits or face losing their markets to rivals.

To accumulate capital, this means that the capitalists are going to be turning part of their profits into capital. The capitalists do this by buying new plant and equipment and hiring more workers. The profits produced by these workers are used in the same way. This is the method of capitalist accumulation.

According to the editors of The Wall Street Journal and bourgeois economists, this system of free enterprise and the profit motive is not only making the capitalists rich but generating lots of jobs for the working class. Right?

Wrong! Business investment is not a simple repetitious purchasing of the same old type of plant and equipment over and over again. Trying to lower their labor costs and increase their profits, capitalists purchase the latest technology in combination with the most efficient forms of organization. For example, when General Motors invests in new assembly plants, it does not purchase the same type acquired thirty years ago. It buys the newest and most advanced equipment, combines it with the latest in organizational techniques and ends up with assembly plants that produce more cars per worker. The same thing is happening in almost all major industries. The catch for the working class is that the demand for labor does not match the growth of capitalist accumulation; it depends on the ratio of constant capital—Marx's term for the raw materials, auxiliary material and the instruments of labor—to variable capital—that is, labor power (Capital, Vol. I, p. 232, Charles H. Kerr edition).

Constant capital increases relative to variable capital; statistics on increasing labor productivity prove this. The result is a relative decline in the demand for labor. The net result of the drive for capital accumulation, when we look at its overall effect on the economy, is more workers than the capitalist class needs for the average expansion of its capital. In other words, there is mass unemployment even in times of economic growth.

Other Causes

The drive to maximize profits and accumulate capital today produces unemployment in other ways. When Marx analyzed how capitalism produces unemployment, he was talking about competitive capitalism. In the last hundred years, competitive capitalism has changed into monopoly capitalism. Marx's analysis applies to monopoly capitalism also; now the monopolies have brought into play forces that contribute to even higher levels of unemployment.

Today, the overwhelming majority of U.S. industries are dominated by monopolies or oligopolies. To maximize profits, it is a natural tendency for a monopoly capitalist to hold production below capacity to keep up prices. This restriction on production means less demand for labor, more unemployment. Worktime, like a factory, is a productive force. Sabotage of production and the resulting unemployment graphically demonstrate the monopoly capitalists' refusal to let these productive forces be used.

Another characteristic of monopoly capitalism that contributes to the maintenance of the industrial reserve army is the export of so-called "surplus capital." Businessmen are not going to invest large amounts of capital in their industry or in industries dominated by other monopolists. They are not going to invest heavily in their own industry because they are not interested

in increasing production. Their superprofits come from restricting production, not increasing it. Businessmen have found also that trying to invest and expand into industries dominated by other monopoly capitalists leads to unprofitable price wars. As Lenin pointed out in Imperialism, the Highest Stage of Capitalism, the capitalists are driven to invest their capital overseas. The result in the U.S. is a lower demand for labor, which means lower wages and more unemployment. When the monopolists do invest in their domestic industry, they invest according to the ratio of constant capital to variable capital mentioned earlier. Accumulation, the sabotage of production and the export of capital all mean unemployment under monopoly capitalism.

These principal causes of "normal" unemployment under monopoly capitalism are inherent to the capitalist economic system. In an economic crisis such as the capitalist system is now entering, unemployment naturally gets worse. The capitalists, trying to maintain prices and profits, make drastic cutbacks in production as demand falls. (For an explanation of capitalist economic crises, see The New Voice, Dec. 30, 1974 and Jan. 13, 1975) Millions of workers are laid off. During the crisis unemployment remains high. The current slump is a good example. According to President Ford and his economic advisors, unemployment will remain around 8 percent for the next three years. Given economic advisors, a more likely estimate is that the unemployment rate will hover around 9 or 10 percent for the next year and possibly go higher in the following years.

All Workers Hurt

The effects of unemployment reach all of the working class. With millions of workers on the streets looking for work, businessmen have an easy time getting the necessary workers

for a cheap wage. To employed workers who want improved working conditions and increased wages, the boss finds it easy to say, "If you don't like it here, there are 20 other able-bodied people out there I can hire to take your place." The threat is obvious even when not spoken. It is for this reason that employed and unemployed workers must unite to fight unemployment.

The strategy of the ruling class on unemployment is fairly obvious—don't do anything. The Wall Street Journal has openly stated that unemployed workers have it pretty good and do not need any more help. Further, they say what really needs to be done is to give the wealthy a tax cut. The ruling class is trying to maintain its profits and make the working class bear the burden of this capitalist economic crisis.

Of course, the businessmen's lackeys, the Democrats and Republicans and the labor hacks like Meany, Woodcock and Watts, are doing their masters' bidding. They have proposed policies that bear a "fight unemployment" label, but in effect do nothing significant to aid the unemployed. These sellouts are simply trying to make the working class believe that the capitalist system will serve working-class interests. The facts are that their token public employment jobs—a few hundred in cities where tens of thousands are unemployed—and promises of a \$100 to \$200 tax rebate will not do much for the unemployed. Such bandaids simply provide a nice cover for big businessmen who hope to use mass unemployment as a lever to force the working class into accepting low-paying jobs and threaten employed workers with layoffs if they demand decent wages and working conditions. Such is the game plan of the capitalists and their hirelings.

The strategy of the working class should be to struggle a-

gainst bearing the burdens of the crisis. In a mass movement uniting employed and unemployed workers, demands can be raised for increases in unemployment benefits and length of coverage, for reduction of the cost of food stamps, and for large numbers of public service jobs. The planners who serve the capitalist system will be wily about the terms of any reforms they offer, and the working class will have to struggle to insure that business bears the burden of any programs, to maintain the wage level of public jobs and to fight for organization of workers on these jobs as on any other job.

In the shops and offices, the fight against the crisis means a fight against layoffs, using the most militant tactics the situation allows, including the sit-ins against plant closures which European workers have recently revived. The boss may offer plans for a reduced work week; here, too, vigilance is necessary to prevent speedup and to maintain pay.

In short, take a close look at any "concession." No demand is foolproof; no demand makes things easy.

The movement against the crisis cannot solve the problem of unemployment in a capitalist society. But there is no other path toward a solution than through struggle, the most militant fight which the working class is able and willing to wage at the time. Some gains are possible—and it is only in the process of protesting, demanding, fighting and thinking that anything can be accomplished. To wait and hope that some capitalist politician with some panacea will be our saviour would mean sliding down the road to abject slavery. The time to join in the struggle is now. ■

Labor Hacks "Fight the Crisis" by Attacking Workers

George Meany and other big name labor leaders have come out with their program on the crisis gripping the economy today. Point by point, it turns out to be a do-nothing fraud combined with diversionary "hate foreigner" lies.

The first point of their program demands an immediate tax cut of \$20 billion to stimulate the economy (since raised to \$30 billion). This is a fine thought, except that big business usually gets more than workers from any tax cut. In any case, giving workers a one-time check for \$100 or \$200 will not solve the problem of 7.5 million unemployed. This demand is a fraud, because it says that if the capitalists would give the working class more money to spend, then everyone's interest would be served and the crisis solved. This is the "underconsumptionist" theory, the idea that there is an economic crisis because workers do not have enough purchasing power. This is wrong (see TNY, January 13, 1975). The economic crisis of capitalism is the logical result of private ownership of the means of production. Businessmen allow production only when they are assured a "reasonable" rate of return on their investments. If, however, their profit expectations are not realized, they shut down or reduce production, as can be seen today by the massive layoff of hundreds of thousands of U.S. workers.

The labor hacks' second demand, "immediate government measures to reduce America's

dependence on imported oil and the establishment of a fair and equitable system of allocation and rationing," is an example of how the union bureaucrats give credence to the lies of the oil barons. They defend the outrageous profits of the oil corporations while blaming the Organization of Petroleum Exporting Countries (OPEC) for the shortage. This demand does not protect the interests of the U.S. working class. It attempts to use OPEC members as scapegoats for the current crisis, increasing the probability of war and loss of workers' lives for the sake of big oil company profits. The price of Arab oil is not the reason for the high rate of inflation and unemployment. Monopoly capitalism is.

Jobs?

Point four demands one million public service jobs. This is fine, but there are 7.5 million officially unemployed. There is no deadline for implementation, making a seemingly militant demand very meek indeed. Furthermore, any public jobs program will require constant vigilance and struggle by the workers to protect present government jobs and union wage scales. The big bureaucrats like Meany are not proving suitable leaders of this struggle, to say the least!

Point five is an outright chauvinistic call for "immediate action to protect existing jobs from foreign compe-

tition." Foreign competition is not causing the present economic crisis. The U.S. generally sells as much to foreign countries as it buys. This demand blames workers in other countries for the high unemployment rates caused by profit-hungry U.S. capitalists.

The final point calls for extending jobless benefits to those not already covered and increasing maximum benefits to \$120 per week. This is a good demand. How do Meany and his cohorts intend to win it?

How to Fight

They tell us that the way to get this demand and other crumbs from the businessmen is to work through the existing political system. Meany tells us to take our congressman to the unemployment office and to lobby in the state legislatures and Congress. But the history of U.S. labor shows that workers get nothing from the capitalists except through organized action—strikes and militant demonstrations. Meany, with his beg-for-a-bone plan, is serving his business masters well by trying to lead our struggle for economic relief down the road of supporting the capitalist system.

This is the real danger of these capitalist agents in the working class movement. They mislead the working class by denying the irreconcilability of class interests in a capitalist society, squelching rank-and-file control of unions, selling out strikes, and by agreeing to contracts favorable to the bosses. Their six-point plan for easing the crisis is just an extension of their regular sellout work as "representatives of labor" at the bargaining table.

Many of today's labor aristocrats are men who have never experienced the working

and living conditions of those they represent. Essentially, these officials are paid by the workers themselves to push the interests of the capitalists within the labor movement. Many union bureaucrats earn upward of \$100,000 per year because of multiple office-holding and other tricks to subvert the democracy of the unions (see TNY, November 14, 1973, "Union Bosses Strike It Rich"). These highly paid lackeys of big business use racism, sexism, craft prejudice, chauvinism, professionalism, and the division between employed and unemployed workers to divide the working class—just like their capitalist puppet masters. All these divisions weaken the unity of the working class and its struggle against the capitalist drive to maximize profits.

For Class Struggle

Relying on legislative machinery (election of Democrats and lobbying for reforms) to ease the effects of the crisis on the working class has not been and will never be a successful tactic against profit-hungry employers. The plain fact is that only the force of workers in struggle moves the capitalist class to concede reforms.

The history of the U.S. working class is a proud chronicle of struggle and victory in spite of the agents of capital in the labor movement. Workers have never hesitated to take to the streets for the reforms they need. In an earlier economic crisis, the Great Depression of the 1930's, Unemployed Councils led millions of people in demonstrations to demand unemployment insurance and social security. They won both demands and passed those reforms and the lessons of their struggle on to our generation.

We will use those lessons well in this depression. We will fight the capitalists and their agents in the labor movement just as fiercely as in the past. Already the labor hacks should see the writing on the wall. Their diversionary "protest for jobs" in Washington on April 26 had to be halted when several thousand disgusted and angry workers ran Hubert Humphrey off the podium. More and more, workers are vehemently rejecting the plots and ploys of labor misleaders and taking up effective working-class demands and forms of struggle.

The struggle against the labor aristocracy is an important task facing the U.S. working class; it is, in fact, a vital aspect of the class struggle itself as militant workers fight to rid their

unions of agents of the capitalist class. Without rank-and-file, democratic unions, the working class fights without a most powerful weapon in the overall class struggle. Without such unions, workers cannot win major gains—higher wages, better working conditions, job security and higher unemployment and health benefits.

In order to build strong unions, a primary duty of class-conscious workers is to expose the double-dealings of labor bureaucrats at every turn. The rank and file must be shown that labor hacks share the interests of bosses, not workers. A successful fight against the capitalist economic crisis requires the defeat of pro-business union leaders. As the Washington protest shows, the working class is rising to the task. ■

Two Ways to Fight the Economic Crisis

Today, it is growing more obvious that workers are being confronted with two choices regarding the problems of the capitalist economic crisis. The choices boil down to: 1) believing in the capitalist system, believing in a unity of interests between businessmen and workers and waiting patiently for a few token "reforms," or 2) understanding the basic class struggle and waging a militant fight against the ruling class for what we need.

The union bureaucrats, the capitalists and their lapdog politicians have been pushing hard the notion that the working class and the capitalists should work together, since the failure of the economy affects us all. These Pied Pipers of class collaboration want U.S. workers to believe that economic prosperity is just around the corner. All that has to be done is to give the economy a small stimulus to boost "effective demand." All the working class has to do is be patient and things will work out for us.

Reality paints a different picture. As a result of the capitalist economic crisis, profits are expected to drop 22% this year. The capitalists have been quick to try to save

"their" profits by dumping the burden of the crisis on the backs of the working class through raising prices, layoffs, speedup, wage cuts, and cutbacks in government programs affecting the working class. With unemployment rising to 9.2 percent, price increases moving along at a 7.2% annual rate, and real wages falling 4.1% in the last year, the capitalists still expect profits of 63.8 billion dollars in 1975. Does this support a picture of class harmony? No! The capitalists are fighting hard for their interests. From the facts it is obvious what the working class needs now is an end to layoffs, increased unemployment benefits, and millions of well-paying jobs. These will not be obtained by waiting for the capitalists or their government to give them to us. The working class is going to have to fight, as it has always had to, to get what it needs.

Force and Fraud

The capitalists know this and are doing everything they can to prevent the workers from building powerful militant struggles that threaten their profits. While using the courts and cops to prevent or break strikes on the one hand, the businessmen are also using a number of lies to try to disorganize attempts to build the working class struggle. As the crisis deepens, one of the chief attempts to mislead the workers' movement is to try to foster the illusion that with a few reforms the capitalist system can work for the working class. The kind of changes they wish to bring consist of miserably small tax rebates, a few thousand public service jobs and increased war spending. Above all they want to keep the bourgeoisie in the driver's seat of the movement against the crisis. They fear working class leadership which will use strikes, boycotts and demonstrations to improve the conditions of workers by reducing profits.

The basis for this trap for the workers' movement has been a phony explanation of why the economic crisis occurred in the first place. The capitalist line on the crisis is that the crisis occurred because of underconsumption. When stated plainly, this explanation says that workers are not buying enough of what they produce, or in effect their wages and salaries are too low. Actually, economic activity can proceed at any level of wages and employment, as far as clearing the shelves is concerned. The employed section of the working class with its wages buys from the capitalists some of the goods it has produced—food, clothing, etc. The rest of the product—the new plant and equipment; the huge amount of luxury goods like yachts, private airplanes, estates filled with sculptures and party conveniences; etc.—the businessmen exchange among themselves, using money as a medium of exchange. Things can balance out no matter how low the wage level and no matter how high the unemployment level. The underconsumptionist theory ignores the fact that capitalist production is for profit. As far as businessmen are concerned, the wages with which we buy our food and clothing are something to be minimized, because wages cut into their profits. Given this fact of life in a capitalist society; the underconsumptionist theory is openly ridiculous. (See TNV, Volume IV, No. 1, page 2.)

Government Solution

The capitalists, along with their lackeys (labor bureaucrats and politicians), are currently pushing a more sophisticated version of the underconsumptionist argument, however, in an attempt to pacify a hostile working class. The crisis, these people tell us, is due to a lack of "effective demand" for what is being produced. As a result of this fall in demand, the poor businessman has been forced to cut back. And that is why millions are unemployed.

The solution, according to the capitalists and their followers, is to have the government step in and increase its spending and/or give the working class more money to spend to stimulate the economy.

The reformist nature of this line is obvious. All the working class has to do to solve its problems is to demand some tax relief and extra spending on the part of the capitalist state. Struggle is confined to supporting this or that politician and making appeals through the system. The underconsumptionist line, as we can see, is designed to win workers away from militant struggle for what we need into maintaining the profits and policies of the businessmen.

A perfect example of this is the bosses' constant push to increase "defense" spending. War preparations and wars fought for the bosses' profit and property are obviously not in our interest. These things are paid for with our taxes and our blood. Yet the capitalists try to use the underconsumption argument to line up working class support for war preparations by claiming that we are benefiting because jobs are being created. But war does not guarantee full employment. During the Vietnam war, in which over \$150 billion were spent and 55,000 working class youth were sent to their deaths by the capitalists, unemployment averaged between four and five percent by official figures. Only during the most catastrophic carnage, like World War II with its tens of millions of dead, is full employment approached. The capitalist system presents a fine choice: to reach full employment, the working class must pay in blood, guts and taxes for a new world war. Otherwise, insufficient income, unemployment and starvation are our lot.

Crisis and Capitalism

Besides being a trap for the working class, the underconsumptionist argument is incorrect. This analysis does not tell why the economic system contracts. However, the crisis does have an explanation. As TNY has pointed out (see issues of December 30, 1974 and January 13 and April 7, 1975) before, economic crises are endemic to the capitalist system. The current economic contraction is due to the effects of some basic features of the capitalist economy. One is the anarchy of production. Businessmen decide what kind of things to produce and how many to produce either individually or in small groups. Production is not planned by any central agency. Disproportions between the activities of various firms occur. The net effect of these individual decisions by businessmen causes either too many products or too few products on the market. A second feature of the capitalist economy is its goal of production for profit, not human needs.

These two features work together. Disproportions in the economy affect businessmen's profits. When profit expectations are not met, business activity is slowed more or less. Bankruptcies, shutdowns, and order cancellations can cause a chain reaction, resulting in a massive paralysis of production—the economic crisis.

The falling level of working-class consumption is caused by unemployment and the decline in wages of the economic crisis. It is not the falling level of working-class consumption that causes the economic crisis.

This Marxist analysis is not what we find when we look at some self-proclaimed Marxist-Leninist groups, such as the October League (OL). Instead of a revolutionary Marxist analysis of the latest capitalist economic crisis, we find a capitalist underconsumptionist explanation with the fig leaf cover of a couple of Marxist terms.

We quote from The Call (December 1974, p. 6):

"Despite the various terms economists call it, the current crisis is objectively a 'crisis of overproduction.' When Marxist-Leninists use this term to characterize the crisis in capitalism they mean that the capitalists have expanded their production with no regard as to who will buy all these goods at the prices they are charging. When the goods don't sell, they are forced to cut production, close the factories, and lay-off the workers, often destroying the goods themselves rather than sell them at lower prices."

The OL misuses the phrase, "crisis of overproduction"; they distort it and equate it to underconsumption. In their May Day leaflet distributed in the Bay Area they are a little more blatant, "The imperialists like Ford, Rockefeller and Dupont are in a crisis because more goods have been produced than we can afford to buy."

Revolutionary Theory

Stripped of Marxist terminology, what remains is the standard capitalist explanation of the economic crisis. OL is helping the capitalists foster reformist illusions in the working class. OL fails to explain that crises are inherent in capitalism and the correct reasons for them; instead, it emphasizes the underconsumption explanation, which is the very same one pushed by bourgeois economists and politicians. OL leaves workers confused and open for the ruling class's fraudulent plan to end the crisis. Lenin said in What Is to Be Done?: "Without a revolutionary theory there can be no revolutionary movement." While the OL may say it is for revolution, its theoretical explanation of the crisis leads to tying the working class to further exploitation and oppression under capitalism.

Underconsumptionism is the capitalist line in the workers' movement. As was pointed out, its purpose is to undermine the working class struggle against the capitalists, and lead us into supporting the capitalist class. Overcoming the lies of underconsumptionism is part of the battle of dumping the burden of the crisis back to where it belongs—on the capitalists.

Economic Crises

For 25 years since World War II, businessmen and economists have claimed that economic crises had been overcome. Depressions, which marked capitalism periodically for the previous hundred years and culminated in the great slump of the 1930's, were never going to return.

Today, there is little confidence in allegedly "crisis-free" capitalism. Industrial bankruptcies (Penn Central), bank failures (Franklin National), falling production, rising unemployment, a credit crunch and world monetary problems are not signs of healthy prosperity!

People are asking if there will be another depression, and if there is, what will happen

then. The basic questions are: 1) are economic crises inevitable under capitalism? and 2) if they cannot be prevented, how can they be ended once they happen?

Two Features of Capitalist Economy

Two features of any capitalist economy are important here. One is the anarchy of production. Decisions about what kinds of things and how many of them to produce are made by businessmen, the owners of the means of production. And there are different groups of businessmen. Each makes its decisions without more than a guess or inference about what the other will do.

But the actions of businessmen have consequences for each

other. Auto makers like GM cannot build cars unless there is steel to buy; U.S. Steel cannot sell steel unless auto makers and others want to make cars, etc. The cost of fuel affects the attractiveness of being in the auto business, and so on.

Because of these relations between sectors of the economy, disproportions between the activities of various companies and industries are inevitable. Sometimes some products will be in a glut and others in short supply. At the very least, this stops economic activity in some parts of the economy.

Here the second feature of capitalist economy enters. Capitalist production is not to provide the things people need. No businessman is in business to produce any specific commodity. He only makes some product in pursuit of one goal, the goal of all businessmen—profit. Production in a capitalist economy is production for profit. Some may bewail this fact, while others claim it is a good thing, but it remains a fact.

Disproportions affect businessmen's profits. In turn, when profit expectations are not met, business activity is paralyzed to a greater or lesser degree. Bankruptcies occur. Owners shut down factories because "there is no money in it." Credit obligations are called due but are not paid. Orders are cancelled. Workers are laid off, as we see today in the auto industry. In short, profit problems in some parts of the economy can spread through a chain of links between businessmen, resulting in a general slowdown or paralysis of production. This is the economic crisis.

Reinvesting Profit

Businessmen want more than a single profitable deal. They want—and are required by their struggle against each other in the business world—to reinvest some of their profit to make even more profit. Businessmen do not merely employ their ex-

isting capital; they accumulate capital.

However, the accumulation of capital is an upsetting factor that leads to disproportions again. To see this, it helps to make a simple division of businessmen into two broad categories. On the one hand, there are businesses which produce goods and services for individual consumption, for example, the makers of shirts, bread, cars, stereos, etc. Companies like Arrow Shirts, Wonder Bread, Ford, and Lafayette Radio make up what Marx called Department II. On the other hand, Department I is those businesses which make means of production—things which individuals do not consume, but which are used to make other things. The corporations that produce steel, copper, oil refineries, power plants, etc.—in short, the providers of the capital goods and raw materials for industry—together comprise Department I, the capital goods sector. These companies, like U.S. Steel, Koppers Company, Fluor Corp., Borg Warner and Bendix, tend to be less familiar to us, because they generally sell to other businessmen, not directly to the consumer.

Certain relations have to hold between these departments for the economy to run smoothly. Department I can provide production capacity to make consumption goods, but it has to find a market in the consumer goods manufacturing sector. In turn, this means that the businessmen in Department II expect to sell the output that the new means of production put to use can create. But under the anarchy of capitalist production, such harmonious proportions are not automatic, and the working out of the contradictions between the disproportions that will occur can lead to an economic crisis.

How? The capital goods sector, Department I, is particularly sensitive to profit expectations. When business is booming, businessmen are making big profits, and they want to grab more profit. They rein-

vest lots of profit for machines and equipment, placing orders with Department I. Each businessman is fighting to grab a larger share of the expanding market in his field. But as the extra capacity is installed, the market cannot absorb the extra production at the prevailing prices. Either prices have to be lowered (which does not happen much in a monopoly capitalist economy), or production must be curtailed. But the payments on the plant and machinery still have to be made. The stage is set for a general falling off of production and sales, business failures, a crash and a crisis.

Tendency of Falling Profit Rate

This might not seem inevitable. If there were enough profit to go around, if an expanding system yielded equally expanding amounts of profit, then such crunches would not occur (although disproportions still would). But there is not always going to be enough profit to go around. Capitalist accumulation has a built-in tendency for the rate of profit to decline.

The only source of profit (and interest, dividends and other forms of what is called surplus-value) is labor-power. Labor-power—the efforts of workers on the job for the employer—creates profit because its cost, the goods necessary to keep the working class alive, is less than the total product when labor-power is put to use. A capitalist buys labor-power with the payment of wages to workers. He gets their product, whose value is greater than that of the wages he pays them.

However, a capitalist also has to buy the tools, machines and raw materials to set his employees to working on. His capital can be divided into two parts: the part that goes for wages and salaries, and the part that goes for the materials of production. As production is expanded and technology develops, more of the capital goes

for materials of production and a lesser proportion goes into wages and salaries, with which workers buy wage goods. In other words, there is more investment in tools and plant behind each employee.

For example, newspaper reporters, editors and typesetters used to work with a typewriter and a linotype machine. Today, newspapers are installing computers and "type" is set at TV screens connected to the computer. In the old setup, perhaps 60% of the capital went for salaries and wages; in the new system, it may be only 40%, with the difference going to pay for the elaborate electronic machinery.

As a whole, the capitalist class is piling up capital more rapidly than it is making outlays for wages. But the source of profit or surplus-value for the capitalist is the exploitation of workers' labor-power; they cannot exploit machines. The rate of profit is measured by comparing surplus-value to the total outlay in wages and materials for production. If the amount of surplus-value squeezed out of workers does not grow fast enough to make up for increasing investment in the materials for production, the rate of profit falls. This capital accumulation causes a tendency to a break in the expected profitability of operations.

When falling profits hit specific businessmen at certain links in the chain of economic activity, then the disappointment in profit expectations leads to disproportions and crises as described previously.

There are countertendencies to the tendency of the profit rate to fall, but sometimes these, too, can upset the economic machine. For example, while industry might double the machinery used per worker over a period of time, the amount of capital or the value of the machinery involved will not double. This is the result of new technology in the capital goods industries: more efficient ma-

chines are used to make new machines, thus making them less expensive to produce. So the capital tied up in machinery is slowed down by this countertendency. This helps slow the fall in the rate of profit.

However, technological advance generally comes in waves. There may be a big investment boom, for instance, in machines utilizing electronic controls. But when it is exhausted, the old problem arises—activity falls off in one industry, this spreads to other industries, disproportions arise, and a crisis threatens. In any case, either falling profit rates or efforts to counteract them lead to crisis situations.

Summary

Economic crises are inevitable under capitalism. So long as the features of anarchic production and the drive for profit remain, crises will occur. But capitalism cannot be imagined without these features. Where are the owners of means of production who will submit the use of their factories to common decision by society at large, or even by a council of all businessmen together? Such creatures do not exist. Where are the businessmen who can forgo profit for higher social ends? Capitalism without capitalists would not be capitalism!

Economic crises are inevitable under capitalism because of two features of a capitalist economy: the unplanned, anarchic nature of production, and the fact that businessmen produce for profit not the needs of men. Disproportions arise between various sectors of the economy, and the working out of the resulting profit problems can lead to a general crisis of greater or lesser depth.

In particular, the drive to reinvest profit, to accumulate capital to make more profit, leads to crises. For one reason, the desires of businessmen to invest and the ability to invest (to devote resources to

building new plant and equipment) do not match automatically. For another, switching resources from Department II (consumer goods) to Department I (capital goods) can be self-paralyzing and result in a crisis. But most important, the accumulation of capital piles up more capital behind each worker, and this tends to a fall in the rate of profit. This shows up as a disappointment of profit expectations for some businessmen. This paralyzes a chain of business activities that can not only frustrate further accumulation but bring business activity in general to a slump.

Increase Wages?

Some false remedies for capitalist crises have been proposed that focus on wages and ignore profits and the nature of capitalist enterprise.

One view blames crises on a lack of effective buying power. Goods are not sold, it is said, because there are not enough consumers able to buy them. In particular, workers' wages and salaries are too low. They cannot buy what they produce. Therefore, the solution claims, wages should be increased and capitalism will be able to overcome crises. This is the theory of underconsumptionism.

Actually, goods can be sold and economic activity can proceed at any level of wages, as far as clearing the shelves is concerned. Workers are paid their wages. Some workers make the goods that can be purchased with this total payroll outlay. The rest produce what businessmen want—new plants and equipment, and consumer goods for businessmen, including a high proportion of luxury goods. Businessmen exchange among themselves, using money as a medium of exchange. For example, steelmakers buy Cadillacs, and in return the businessmen who sell Cadillacs (like the duPonts, owners of General Motors) use the money received to buy steel for plant and equipment. The

sum of such exchanges can balance out regardless of the level of workers' wages and salaries, provided the level is steady. This theory of underconsumptionism ignores the fact that production is for profit. As far as businessmen are concerned, the feeding and clothing of workers is only a necessity to be minimized. A rise in wages would increase buying power. But it would also increase businessmen's costs and cut into profits! And disappointed profit expectations help trigger crises.

In fact, wages usually rise in the period at the top of a boom just before the downturn. According to the theory of underconsumptionism, rising wages should tend to prevent a crash, but this is not what has happened.

Lower Wages?

If raising wages and salaries is not the remedy, maybe lowering them is. This is the opposite theory, and it is just as wrong. But it has the virtue of bringing out more clearly the opposed interests of businessmen and the working class. What a fine proposal capitalists and their economic experts make to workers: raise your wages, and business activity will stop; you will lose your job. On the other hand, if you volunteer to work ever harder and live like a slave, then there will be no crises and we businessmen can keep raking in the profits! Either way, capital dominates the economy and workers are expected to accept increased unemployment or lower pay or both.

Economists who tell the workers to take wage cuts are thus telling the working class to live like slaves. Not surprisingly, urgings like this fall on deaf ears among the workers, who continually struggle to maintain their standard of living.

Wage cuts have a contradiction built into them just like the wage increases that others recommend. While they cut costs,

they also reduce demand for wage goods, and the adjustment to a smaller volume of production of wage goods does not happen automatically. It appears first as a slump in the sales of businessmen who market these goods (not because wages are low in general, but because they have just been cut a notch). This slump can paralyze growth in the whole economy, as we have seen. For example, these businessmen cancel orders for capital goods from Department I, heavy industry.

What is important in the relation between wages and profits is the change in wages. Capitalism can operate at different wage levels. But when wages change upwards or downwards, profits will fall in sections of the economy and paralysis can occur.

The cause of economic crises does not lie in the level of wages and salaries. Economic crises are a paradox. While capital accumulation is demanding expansion, the drive for maximum profit is demanding expansion at an expected rate of profit. If the rate of profit falls, for whatever reason, businessmen are stymied. They cannot expand and they cannot reduce to a smaller volume of production without losing profits, too. The economy paralyzes. Factories are shut down while workers seek jobs. The capitalist system of production becomes a barrier to production. This is what happens in a system where a few businessmen own the factories, fields and other means of production. They allow the population to use these machines and have some of the fruit of their labor only when the capital of businessmen is nourished and bribed with its dose of profit.

Role of State

Can the state prevent crises? The state in a capitalist society is a tool of the businessmen. It respects first and last the property rights of the owners of the means of production. While it can manage certain mechanisms like the money supply and even create demand for some

kinds of goods (fiscal policy), the capitalist state does not and cannot take from businessmen their sacred right to use their own property for profit. It cannot fully overcome disproportions and breaks in the profit rate. Government policy has only been able to postpone or limit the depth of certain threatening crises—at the cost of chronic stagnation and the expense of creating the conditions for bigger crises later.

Primarily, the government has engaged in an arms buildup. This is what finally brought business out of the great depression of the 1930's—preparation for World War II. Arms spending artificially stimulates the economy for awhile. But arms spending has not eliminated the business cycle; there have been a series of recessions since World War II, each with a shorter boom afterwards. But so far, a big depression has been avoided. This has been at the cost of an increasing decay of the system and postponement of a social crisis severe enough to place the existence of capitalism as the question of the day.

What Crises Do

It used to be in the 1800's that when crises occurred, there was great suffering for a period of several years, but economic activity finally revived. However, the depression of the 1930's threatened to go on forever. What had changed was the increasing domination of monopolies in the economy. In classic crises, profit-seeking capital was removed from the scene (for example, by bankruptcies of businesses). Small businesses failed, capital values were destroyed, and the ground was prepared for a business revival. But now, monopoly capitalism brings the increasing domination of a few large interest groups.

These groups of monopoly capitalists control the level of output of their industries. To maximize prices and profits, they restrict production below potential. Fewer goods are doled out to buyers at fantastically

high prices. Monopoly capitalists hardly ever lower prices to boost production. In a depression, they just keep cutting output and maintain the price. The result is the prospect of permanent stagnation at the bottom of a crisis.

Contradictions are piling up. The government has not found a way to limit forever the depth of economic crises. And when a big crash comes, there is no way out of it in the course of normal business. There have been only two solutions for deep economic rises under monopoly capitalism. One is war and the other is revolution. Businessmen favor wars to protect "their" profits. But war tends to produce revolutions. From World War I there emerged the first socialist country. World War II and its aftermath saw the expansion of the socialist world.

To sum up: crisis is inherent in capitalist economy, and the suddenness and depth of economic slumps cannot be regulated forever. Secondly, a deep crisis has only one real solution—revolution and termination of part or all of the hold of bloody capitalism on the world. To workers it does make a difference whether revolution first prevents war, or whether there is war that leads to revolution. Imperialist war will bring needless slaughter and misery to millions of workers and oppressed peoples throughout the world. But it is just such a war that the imperialists will use to save capitalism.

With the leadership of genuine communist parties the peoples of the world will strive to prevent war and force the economic crisis onto the backs of the bourgeoisie. The massive unemployment, poverty, economic stagnation in the midst of plenty, and the imperialists' drive for war during an economic crisis, will place the existence of capitalism as the question of the day. Then the people of the world will drag capitalism away as an obstacle to human economic and social progress.■

Nationalization: No Solution in US

With declining income, rising prices, growing unemployment and economic insecurity, more and more U.S. workers are getting angry with the way the capitalist system operates. To prevent this growing hostility from doing any harm to their property and profits, some businessmen and their political servants are proposing phony solutions. Nationalization is one we are hearing about lately. Populist Fred Harris and other liberal politicians argue that if government took over a few of the big monopoly industries, it could keep prices lower and employment higher. About Penn Central, Harris said, "If we can't operate a modern railway system in America without public subsidy, then we ought to own it." In a time of growing unemployment and rising prices, talk like this may sound appealing.

What history teaches us about nationalization in a capitalist society, however, puts a blemish on this rosy picture. First, the workers have not benefited. Second, the capitalists never allow their government to nationalize any industry they find profitable to run themselves. Third, nationalization is the capitalists' last-ditch scheme to reorganize a system slipping further into chaos.

Nationalization in Britain

In Britain after World War II, the Labor Party came to power promising to nationalize some major industries for the good of the working class. The iron and steel industry was one of the principal industries that Labor Party politicians promised to nationalize. In reality, the LP politicians had no intention of helping the British working class; they simply sought to misguide workers' anger into sham nationalizations. The British capitalists were still making large profits from their steel monopoly and were not about to give them up without a fight. They did not have to fight too hard. The Labor Party and the British capitalists came up with a nationalization that changed nothing. The capitalist-picked management was left unchanged. The capitalists got an annual income sweated out of the workers, though it was called interest instead of profit. The corporations were left as individual units and never merged. The workers faced the same speedup drives, layoff clauses and management harassment as before. Things were so much the same that "nationalization" of iron and steel was ended almost right after it was begun.

There are times when the capitalists will push for nationalization of some firms, but not for the benefit of the working class. In fact, nationalization in these cases turns out to be an attack on the working class. What happened in the British coal industry and may happen with the railroads in the Northeast U.S. are good examples of this tactic.

In Britain, the coal barons had maximized profits not only by squeezing as much surplus value out of the coal miners as possible, but also by letting the mines run down. Because the mine operators had a monopoly, they saw no reason to increase efficiency. When costs went up they just set a higher price. As a result the coal industry was very inefficient, and coal was expensive to other capitalists as well as to the workers. The capitalists led a drive to nationalize the coal industry, and the working class paid for it. The capitalist state, using tax money that came out of the pockets of British workers, bought out the coal operators at very high prices. The capitalists then appointed a pro-business coal board to manage the coal mines, running them in the same manner as before nationalization. Thousands of jobs were eliminated as the coal board reorganized the industry, shutting down inefficient mines. Nationalization was anything but beneficial to mine workers or the working class as a whole.

In the US

Similarly, big monopolists in the U.S. controlling steel, auto and coal production need cheap rail transport. So the U.S. capitalists are "pushing" the government to make loans in the hundreds of millions of dollars to keep the failing lines like Penn Central running. This has not worked. Now there is talk going on between the banks, railroad magnates and the government to have the Northeast railroads nationalized. The government is supposed to step in and buy out the current owners with our tax money. If experience is any guide, it will be at an inflated price. Big business and its government plan to eliminate 26% of the track and make a similar reduction in the work force. The government is supposed to rebuild the old plant and equipment with workers' tax money. The estimated cost of the project is in the billions. But to preserve the "free enterprise" system, the capitalists want the government to sell this new, profitable railroad back to them. Again if history can tell us anything, the railroads will be sold back for far less than they are worth. The workers get the shaft and capitalists make a killing.

Of course, reactionaries like Ford and Reagan are calling all of this socialism. They do not want to admit that U.S. "free enterprise" is on its last legs and needs massive financial and organizational help from the government. In the process of raising their objections, they are building up the false idea that state intervention and control is socialism, and that this "socialism" is not in the workers' interests. But as was pointed out earlier, the state in a capitalist society is run for the capitalists. The purpose of the capitalist state, when it intervenes in economic affairs, is to act for those who control it in spite of disagreements among some of the rulers about the extent of that intervention. The "public" utilities, supposedly regulated by the government to prevent excesses brought on by their monopoly position, subsidize big businessmen by giving lower rates to them than to individual users. The post office uses the extra money from first class mail that workers generally use to subsidize below-cost rates for second and third class mail used by business. This is not socialism. Socialism is a class society in which the workers (and

peasants in Third World countries) have smashed the capitalist state and taken over the means of production. After smashing this capitalist state, the workers build a new state and reorganize the means of production to operate in the interest of the majority of society.

The problems of workers in a monopoly capitalist society cannot be solved by nationalization or any other phony reform. The capitalist always looks to his profits, not workers' needs. Factories producing the things workers need lie idle, while millions of workers go unemployed. Fruit rots on the trees and milk is poured down the drain, while workers go hungry. How can capitalist nationalization solve these basic problems in our society?

Only in a socialist society are the means of production, the factories and fields, owned by the society as a whole and run for its benefit. Only with a socialist revolution in the U.S. can the workers operate the means of production to serve their needs, putting an end to exploitation and profit. When the working class has its own state, then, and only then, will state ownership of the means of production benefit workers. ■

Socialism: Solution to Capitalist Crisis

The economic crisis is not over. The U.S. economy continues to show massive stagnation, with critical industries like steel, auto, rubber, and housing operating as much as 50% below previous production levels. Over eight million workers remain unemployed, according to the conservative figures of the government. Economists are already predicting unemployment rates of 8 and 9 percent through 1977.

For the capitalists, things have not been too bad. Profits jumped by 17.5 percent in the third quarter of 1975 to an annual rate of \$134.6 billion before taxes. This has been achieved by keeping down production, raising prices and squeezing out more output per worker while laying off millions. Clearly, the capitalists are shoving the burden of the crisis onto the backs of the working class.

The crisis, with its unemployment, poverty, war preparations and imperialist wars, is the inevitable result of monopoly capitalism. The anarchy of production, production which is

based on profit, leads directly to economic crisis. The unceasing drive for capital accumulation produces massive permanent unemployment, which economic crisis enhances. Production is curtailed and prices are jacked up to produce superprofits for the monopoly capitalists, bringing further economic stagnation and rapid inflation. And the necessity to export capital and to secure and monopolize foreign sources of raw materials brings higher unemployment, lower wages, and imperialist wars. Such are the "benefits" of monopoly capitalism for U.S. workers.

Reforms Not Enough

U.S. workers have put up militant resistance to imperialist wars and have fought bloody battles to gain economic relief from capitalism. But quite clearly we are still being exploited and oppressed. We are still carrying the burden of economic crises, unemployment, poverty and imperialist wars.

Why? Because even the most vigorous struggle for immediate reforms cannot wipe out the exploitation and oppression by the capitalist system. This is not to say that workers and communists should ignore the struggle for reforms. Quite the contrary, Marxist-Leninists should lead these struggles, exposing the capitalist system as the cause of the ills that plague the working class and showing workers the power of militant class struggle and the necessity of fighting for socialism. Only by getting rid of capitalism and building socialism can the problems of the working class be solved.

Why is socialism the only way? Under socialism, the means of production of society are taken out of the hands of a tiny minority of the population, that is, the capitalists. Factories, farms and shops are used to satisfy the needs of the working people, not to produce billions of dollars of profit for a tiny group of capitalists. Under socialism, the economy is organized into a vast industrial combine operated on a plan determined by the working class. All of the different industries are coordinated to work together to meet the goals of the economic plan. By eliminating production for the profit of a few and the anarchy of production, the working class is doing away with economic crises. The absurd situation of production dropping below levels already demonstrated to be within humanity's reach is done away with.

Under socialism the waste of unemployment is eliminated. Socialism gives a job at decent pay to everyone capable of work, requiring all to make a contribution to the goals of our economic plan.

Further, socialism does not require war in order to exist, as does monopoly capitalism. There is no need to export capital nor to secure and monopolize foreign sources of raw materials. On the contrary, the economic surplus of a socialist society is used to satisfy the needs of the working class, both increasing production and meeting the social needs of the workers. Sources of raw materials are developed within socialist countries to make themselves self-reliant and preserve their political and economic independence. Therefore, the causes of imperialist war are lacking under socialism. In fact, war is in direct conflict with the interests of a socialist society. A goal of the working-class state is to develop production to aid the working class, not

send men out to slaughter each other. It is for this reason that socialist states like China and Albania, while fully prepared to repel imperialist attacks, have always sought to solve problems between other nations by negotiations and not war.

The economic superiority of socialism is quite clear. Today while the capitalist world is wracked by its economic crisis, bringing misery to millions of workers, the people of China and Albania enjoy increasing prosperity and a steadily improving standard of living. Given the opportunity to do so, U.S. workers could achieve the same results.

Question of the State

However, the question of political power must be solved before steps can be taken to build a socialist economy in the U.S. For along with its control of the U.S. economic system, the capitalist class has built and controls a state machine to protect its system of economic exploitation.

The capitalists prefer to conceal their minority rule behind the fraud of bourgeois democracy. They try to give the appearance that they are sharing power with the working class. The state is portrayed in capitalist propaganda as mediating the conflicts between the workers and the capitalists.

But in fact, bourgeois democracy is democracy for only the capitalists. On any important question where the capitalists see a threat to their profits or rule, they give the working class the iron heel of dictatorship. They can do this because the existing state apparatus, that is, the armed forces, jails, police, courts, etc., are run by trusted agents of the capitalist class. For this reason there is no possible way of reforming the capitalist state to serve the interests of the working class.

If U.S. workers are to escape the crisis of U.S. imperialism we must have socialism. This means we will first have to deal with the capitalist state. If history has taught us anything, it is that no minority ruling class has ever given up its political power and economic privileges without a fight. It has always used its state to attempt to crush its class enemies. For this reason the working class must smash the capitalist state.

But we cannot stop there. As the capitalist counter-revolution by the revisionists in the Soviet Union and

the insidious efforts of capitalist elements in China have shown, it is not enough simply to smash the capitalist state and take the means of production away from the exploiters. The capitalists, after losing their privileges and being forced to go to work, have shown that they will wage a vigorous and desperate struggle to get their exploitative position back. It is for this reason that the working class must build its own state, the dictatorship of the proletariat. Under this working-class state, where the great majority has democracy and the capitalists experience some dictatorship, the working class can do away with the crisis produced by imperialism and build socialism.

The economic transformation of society requires socialism, where society owns the means of production and employs them in a planned and systematic manner to meet the needs of all. The development of socialism from capitalism requires a working-class state, the dictatorship of the proletariat, to enforce political and economic relationships where man does not exploit man. And the dictatorship of the proletariat requires working-class revolution to smash the state machine of the capitalists with which they defend their exploitative economic system. These are the goals of the Marxist-Leninist communist party which we are working to form. ■

Economic Crisis Not Over

President Ford and his assistants have been telling everyone who will listen that the depression has bottomed out and that "we will soon be on our way up." Are workers to believe that prosperity is just around the corner? Despite Ford's words, the economic crisis is far from over. On the contrary, facts point to continued stagnation and massive unemployment.

The basis for the government's idle promise is twofold. First, government economists claim that demand for housing and autos will pick up and lead to increased production in these sectors. Second, they deduce that businessmen in all sectors, counting on the expected upturn in demand for housing and autos, will build up inventories.

However, the housing industry is not recovering. After a two percent rise in housing starts in May, the June figures fell back again. The housing industry is operating at a pace 37 percent below 1974 and 55 percent below 1973. With interest rates and prices climbing, the demand for housing shows little upward movement.

In the automobile industry the situation is little better. Auto production is down by one-fifth from the same time a year ago. The coming price hikes announced by the auto barons, as well as the increasing cost of gasoline, should end any thought that the auto industry will lead an economic upturn.

How Crisis Happened

A closer look at business in the last few years gives us a better understanding of the current economic stagnation and why it will continue. During 1973 and 1974 the monopoly capitalists assumed that economic growth, following previous years, would remain strong. Trying to maintain their individual shares of the market and profits, they expanded their capital spending and productive capacity by record amounts.

However, the profit expectations did not materialize in many sectors of the economy. The very act of expansion, which is unplanned in a capitalist economy, created disproportions between different industries. For instance, business demand for steel, a basic industrial commodity, far outpaced supply at the prevailing price level. The big steel companies, which almost always act in concert, saw a golden opportunity, jacked up prices, and doubled their profits. The Rockefellers and other oil barons continued their very profitable sham of an "energy crisis" at the expense of their fellow capitalists as well as the working class. The costly "bottlenecks" resulting from the unplanned nature of the expansion, the profit gouging by the oil and steel monopolies, and the appearance of excess productive capacity (given monopoly price levels) led to disappointed profit expectations in industries like auto, construction, electrical equipment and many others. Faced with declining profits, these firms reacted by

cutting back sharply on production and investment plans. The Gross National Product fell by 11 percent, capital spending was slashed in real terms by 10 percent, and plant operations contracted to 70 percent of capacity. Unemployment hit nearly ten million.

This economic stagnation will continue because of two important characteristics of monopoly capitalism. First, capitalists allow production only if they can make enough profit. Second, monopoly capitalists tend to restrict production (that is, create artificial shortages) and economic expansion in order to maximize profits. These vultures reason: why produce 100 million pairs of shoes and have to sell them at \$10 per pair (still a profitable rate), when by producing only 40 million pairs we can dole them out at \$30 a pair for even bigger profits?

Stagnation Will Grow

Economic expansion depends to a large degree on business expectation of profits and the resulting investment. In the current situation, businessmen are especially inclined not to invest. With use of plant running at 70 percent of capacity, they see no reason to invest in more plant and equipment that will just sit idle. Any increased demand can easily be handled by increasing production with currently unused capacity. The end result, despite the promises of Ford and his economist Greenspan, is continued stagnation.

Nor will government action be much help. In the great depression of the 1930's, the government helped capitalists maintain prices by ordering the creation of shortages. This was done through the codes of the National Recovery Administration (NRA) and programs to slaughter pigs, plow under crops, etc. For the working class there was unemployment until 1943, two years into World War II.

Ford's boom is in fact a bust, especially for the working class. The unemployment situation, if left to the capitalists, can only grow worse. Young workers continue to enter the job market. At the same time, as old machinery wears out, companies replace it with new machinery that is more productive. Even with a stagnant business situation, this replacement increases

output per worker about 1.5 percent per year. With a growing work force and a constant or even shrinking demand for labor, the result will be larger and larger numbers of unemployed workers. Even the capitalist state admits that the number of unemployed will remain at least 10 million for the next few years.

Postal Casual Wins Unemployment Appeal

Robert M. was hired by the U.S. Post Office as a temporary (casual) employee for 89 days. While working at the Post Office, he was active in trade union work. Two weeks before Robert was to be laid off, he refused mandatory overtime. He had not been notified of the overtime until the end of his shift. His supervisor told him it would go on his record, but did not indicate that he faced firing for the refusal.

The Post Office waited twelve days after his refusal of overtime and then fired Robert. The Post Office fired him one day short of his layoff date in order to disqualify Robert from his unemployment insurance.

Robert fought back against this unfair treatment. He was fighting both the U.S. Post Office and the California Unemployment Office. Both the government and the employer work hand-in-hand to set up rules that serve as obstacles to keep the unemployed from collecting unemployment insurance. But Robert had on his side two powerful allies—unemployed and employed workers.

Several organizations helped to join the forces of the employed and unemployed and win Robert's case. The New Voice put out a leaflet calling for workers to "defend one another on the job," and putting forward the demands "No mandatory overtime", "Reasonable notice of overtime", "Union membership for casuals", and "All regular work-force."

The New Voice leaflet pointed out that the postal bosses like overtime. Why? Because overtime is cheaper than hiring more workers to do the job. At the same time that the U.S. Postal Service refuses to hire permanent workers, flooding the workforce with casuals, they call for overtime again and again.

Unemployment in Oakland and other cities is growing. The New Voice leaflet pointed out that the use of overtime instead of hiring more workers keeps unemployment up. The bosses like this feature, too. When unemployment goes up, wages tend to fall. Like other bosses, the USPS uses the threat of "All those workers out there looking for jobs" to harass postal workers and keep them from organizing a fight back.

Casuals and regulars can fight back against these attempts to shoot us down. We can take up where we left off at contract time by building a fight against mandatory overtime and short notice. Defending one another on the job is the first step to build a real fighting union for postal workers, as The New Voice leaflet said. First the bosses and the union misleaders work hand-in-hand to drive down our wages. Then they tell us to work overtime to make up for it. The time has come for us to build the fight back. An organized struggle against mandatory overtime will win us some more jobs and, in the long run, unite us for the bigger battle of organizing casuals into the union.

In addition to The New Voice, the East Bay Unemployed and Welfare-Workers' Council put out a leaflet explaining how hard times are shoved on workers, and called on unemployed and employed workers to join a picket line at Robert's hearing. The Law Office in Oakland offered legal council. In addition to these organizations, a former postal worker and an American Postal Workers' Union (APWU) shop steward took time off from their regular jobs to testify at Robert's hearing.

All of this support came together on October 24, the day of the hearing. Shoppers and workers on their lunch hour in downtown Oakland smiled and gave encouragement to an enthusiastic picket line of twelve demonstrators carrying signs, chanting and distributing leaflets. The demonstration also caused both the city and state police to make an appearance. The referee seemed startled to see the hearing room filled, but Robert was glad

to see both employed and unemployed there. The case presented won Robert his appeal and his unemployment insurance.

The solidarity of Robert's supporters showed that unemployed and employed can unite to fight back against the bosses, the government, and the capitalists' crisis. This case is just one example of how we can support one another on and off the job and win gains for the working class. ■

DEFEAT "OPERATION CLEANSWEEP"!

Workers Walk Out on Ma Bell

Tenants Fight Rent Hike, Win Round One

PO Workers Confront Overtime & Speed-Up

Unemployed Council
to Meet

San Jose Workers Fight Firing

The Santa Clara County Strike

Postal Casual
Wins
Unemployment
Appeal

Save Valley Med Center