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World-Wide Economic Crisis

For the last several years, the finance ministers, bankers and political leaders from the world's leading capitalist countries have been forced to return again and again to the agenda of the deepening global financial and economic crisis.

Barack Obama and Ben Bernanke, leaders from European and other countries, from the International Monetary Fund and the World Trade Organization, have all issued statements about the gravity of the situation and are now admitting that the crisis is "far more severe than anyone imagined." Repeated calls have been given to "stop the contagion" and "restore confidence" and "encourage growth."

The only proposals for avoiding the spread of the crisis which have been seriously taken up by the economic and political elites all center around only one aspect of the financial and economic crisis: bailing out the biggest financiers and bankers. In short, these elites of the capitalist world have issued themselves a certificate of bankruptcy – admitting that the capitalist system is leading humanity to disaster and revealing that the world's "leaders" are not going to stop this disaster from happening.

And it can be no other way. The capitalists, their financial advisers and political representatives cannot solve the problem because they are the problem. The current financial and economic crisis is a typical capitalist crisis of overproduction, one that is occurring in the context of the general and all-sided crisis of this backward economic system.

The current crisis first made itself manifest in the 2007 "financial crisis" in the United States. Corporations defaulted on their debts, stock prices fell, capital markets shrunk, etc.

The financial collapse led, in turn, to drastic reductions in production – to depression conditions in which goods remained unsold and stockpiled in warehouses, corporations went bankrupt, factories closed down and tens of millions of workers lost their jobs.

More recently, Europe has been thrown into the same kind of financial and economic crises. The crisis is also making itself manifest in China and elsewhere.

The capitalist politicians and economic "experts" claim that the "contagion" can be checked and further crises averted if only the "confidence" of investors can be restored. But this is pure nonsense.

The deepening, world-wide economic crisis is not caused by the subjective thinking or wishes of anyone but by the real economic contradictions of the capitalist system.

For the last several years, capitalist spokespersons in the U.S. and elsewhere have been advertising the program of "increasing international competitiveness" and "globalization" as a panacea for the lack of domestic demand which is an inherent feature of capitalism. On the basis of this program of "producing for the global market," the biggest U.S. monopolies and bankers forced down the wages of U.S. workers and spread their investments to every continent in search of cheap labor and new markets for capital and trade. Of course, the capitalists in every country marched along the same road, trying to escape the internal contradictions of their system through the export of capital and commodities – through "globalization." The result, of course, is that the crisis of overproduction has been duplicated and intensified on a world scale. It is this contradiction which is at the root of the current financial crises and economic "bust."

In industry after industry global capacity far outstrips the limited market. This puts downward pressure on prices and forces many companies out of business. As profits fall and companies default on debt, the shockwaves batter the financial system and stock prices, both of which have been overextended in anticipation of the "boom" cycle

lasting forever. Completing the vicious cycle, the financial crisis rebounds again on production, drying up credit and capital markets, further reducing both demand and production.

Since its very emergence, capitalism has undergone such periodic "boom and bust" cycles which arise from the very contradictions at the base of this economic system. Under capitalism, the production of material wealth is based on the social character of the productive forces – on the fact that through modern industry and a vast division of labor, millions and hundreds of millions of workers cooperate to set in motion a vast productive capacity. But this enormous productive capacity remains fettered by the fact that, under capitalism, these socialized productive forces are owned privately by the capitalists and set in motion only with the narrow aim of maximizing profit for those owners, not with the aim of guarantying the economic well-being of humankind. One manifestation of this contradiction is that the capitalist market always remains restricted by the low wages of the workers, who receive only a small portion of the wealth they themselves create. Thus society as a whole is unable to absorb the vast quantities of commodities which it is able to produce. The capitalist crisis breaks out precisely when this contradiction reaches a bursting point. Society has everything at its dis-

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Introduction to Political Economy, Part Two: The Class Struggle

In the first article in this series, "Introduction to Political Economy," we showed how the capitalist system, based on private ownership of the means of production, disenfranchises the workers and reduces them to the condition of wage-slaves. We also showed that the "secret" of capitalist profit-making lies in the expropriation of the surplus value produced by the workers. Looking at the immediate situation facing the workers, we discussed how the capitalists, trying to shift the burden of their crisis onto the backs of the people, are imposing new and more intense forms of exploitation on the working class.

Thus the very property relations which define the capitalist system give rise to a continual and irreconcilable struggle between the capitalist class and the working class. The capitalists, driven by the very

economic laws of their competitive, "free market" system, continually seek to maximize profit and the self-expansion of capital by intensifying the exploitation of the workers. The workers, for their part, are forced by economic necessity (the need to earn a living) as well as by their irrepressible aspirations to realize their humanity, to struggle against capitalist exploitation and the capitalist system. Today, in the conditions of the all-around crisis of capitalism and the drive of the monopolies to throw the workers and society backwards, the class antagonism between the capitalists and the workers has become extremely acute.

Very early on in the history of capitalism, the workers learnt that the first, decisive step in their struggle against ex-

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Class Struggle

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ploitation is to come out together. The individual worker is all but powerless in the struggle against the capitalists who have all the advantages and can simply tell the individual "to take a hike." But by banding together in trade unions the workers began to develop their collective strength. In strike struggles, the workers, collectively withhold their labor-power, forcing the capitalist to confront the question of either acceding to the workers' demands for better wages and working conditions or to have production and profit-making halted altogether.

The great significance of the trade union movement is not only that it has enabled workers to fight and improve their wages and working conditions but especially that by banding together the workers express their solidarity and common interests, overcome competition in their ranks and begin to transform themselves from individual wage-slaves to a class, fighting for its own interests and aims.

In fact, the manifold strikes and economic struggles of the workers, which may at first seem isolated and confined to particular factories or industries, irresistibly reveal to the workers the need to organize a class-wide struggle for the general interests of the working class as a whole. Today, for example, it is clear as noonday that such things as wage-cutting, the attacks on trade unions, the shift to a contingent workforce, etc., and so forth, are not isolated phenomenon but a generalized struggle on the part of the capitalist class to reduce the wages of the working class as a whole.

For the workers to come out on a

class-wide basis, they must enter the political arena and gain recognition by society as a whole of their general, class interests. Only by organizing themselves in the political struggle can the workers truly become a class-for-themselves with their own aims and agenda for society. For more than 150 years, the working class has been fighting for its own independent political program and building its own political movement and political party. The goal of the workers' political struggle can be nothing less than the elimination of the conditions upon which their exploitation is based – that is, the elimination of the system of private property in the means of production and with it the elimination of the workers status as wage-slaves. The goal of the workers' movement is the building of the new socialist and communist society.

Today, as the crisis of capitalism deepens, tremendous responsibilities confront the working class. The capitalist program of "increasing international competitiveness" and unfettering the "free market" is, in the first place, a program of imposing new and more intense forms of exploitation on the working class. Wages, benefits and living standards are under continual attack. The restructuring of the workforce, including "downsizing" as well as the widespread substitution of part-time and temporary jobs for permanent positions, confronts nearly every worker with extreme job and economic insecurity. The gutting of labor legislation, such as workers' compensation, unemployment insurance, over-time laws, etc., is eliminating the few minimal standards and giving the capitalists a free hand to increase the rate

of exploitation. The capitalists and their government, by attacking the trade unions, are trying to suppress altogether the workers' right to come out as a collective; the capitalists want to again reduce the workers to the status of individual wage-slaves. In addition, the generalized anti-social offensive, by targeting vital social programs and privatizing the social sectors of the economy, is further undermining living standards and increasing competition amongst the workers.

As recent experience shows, the workers, through strikes and other economic movements, can resist and defeat various individual attacks but they cannot reverse the tide of the anti-social offensive without coming out on a political, a class-wide basis. The workers cannot allow their movement to adapt itself to the aims of capitalist restructuring but must come forward on the basis of their own aims and agenda. The experience of the strike movement, the demonstrations and struggles against the anti-social agenda, etc., show that the workers are straining in the direction of such a class-wide struggle, burning with the desire to wage a positive, pro-active fight to advance their interests.

The key to developing such an independent working class political movement is, on the one hand to continually strengthen the unity in action of the broadest majority of the workers, bring out the common, class-wide interests and, at the same time, help imbue the class with consciousness of its own independent aims and political agenda.

At the same time, because the anti-social offensive of monopoly capital is attacking all sections of the people, the workers must shoulder the responsibility of mobilizing the whole country around a positive pro-social agenda which opens the path for progress.

By placing themselves in the forefront of the fight against the anti-social agenda, by rallying under the banner of its own class aims, the workers can lead our country into the future along the high road of progress and civilization. By organizing itself in the course of this political struggle, the workers are also positioning themselves on the social front and accumulating forces for the socialist transformation of society, which alone can eliminate the exploitation of human beings and usher in the era of the all-around emancipation of the workers and oppressed people.

Economic Crisis

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posal to insure an abundance and the well-being of everyone, yet capitalism prevents the economy from producing this abundance and instead imposes unemployment and destitution on millions and hundreds of millions of workers.

And throughout the last century and a half, these cycles have continually intensified precisely because capitalism has entered the stage of general crisis and decline. History shows that capitalism can only "get out" of such crises, brought on by its own internal contradictions, through the forcible destruction of the productive forces – through the wiping out of smaller capitalists (and whole countries) by bigger capitalists and the "downsizing" of productive capacity. In fact, the fierce struggle amongst the rival monopoly groups and capitalist states, brought on by the struggle to remain "competitive" in the conditions of economic crisis, has repeatedly lead to both small-scale and world wars. It is not hard to see that history is repeating itself.

In other words, as the world-wide crisis of capitalism deepens, the monopoly groups and capitalist states will fight with every means at their disposal to consolidate themselves by wiping out others and

by shifting the burden onto the working masses at home and abroad. The workers will get no cure from the Gods of Plague.

All along the line, the intensifying crisis confronts humanity with fundamental questions – must the livelihoods of the workers be wiped out while the biggest capitalists consolidate their monopolies by destroying productive capacity?; must wages be cut in order to protect the "competitiveness" and profits of the capitalist exploiters?; must social investments in health care, education and so forth be slashed in order to guarantee the loans and profits of the international financiers?; must the world's productive forces be destroyed by the narrow aims of capitalism or will humankind go forward by recognizing the real, social character of economic life and organizing society on that basis?

The working class must provide the political leadership and program to answer such questions and to lead humanity out of the crisis. The workers must fight to transform the very foundations and aim of economic life so that the vast productive capacity, finally available to humanity, can be used by and for humanity.

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