

# The Big Picture about the Bad News

**You're in it! You see it all! You know where you stand.**

A. R.

1976

Under the dull security and passive spectacle characterizing the total routine of everyday life in modern society lies the unmistakable framework of a withered and decayed social structure evading the grave in frantic pursuit of an eternal market of subservient: human beings. No such market exists anymore. Capital's-own child, technology, has seen to that.

Humanity has today reached a point where the blatant inequalities pervasive through society are nakedly apparent to every member. What is also apparent is that the social organizations, as they exist, simply do not work. Economic fiddling is running amuck, political orchestration has become pure cacophony, and the moral structures underlying both have been rendered meaningless due to preferential applications based on interest returns.

World capital has today moved into a state of convulsion so serious that there is no longer any hope for its recovery as the entity we have been familiar with.

Widespread recession in every capitalist nation, marked by both inflation and unemployment, is affecting so many millions of people that the power structures of all the nations are being forced to either radically incorporate significant changes in economic policy, or become subject to massive unrest and social upheaval.

In the ten year period between 1962 and 1972, the major capitalist powers in the West suffered an average annual inflation rate of around 4%. Between 1974 and 1975 this annual rate for the most part at least tripled. <sup>1</sup> Unemployment, during these same periods, has increased two and a half times in the U.S. where it is considered safer to allow unemployment to rise in order to keep inflation down. In Europe, where just the opposite standard is held, unemployment has not gone much above 4.5%, but at the cost of a skyrocketing inflation: Italy 19.7%, Britain 25%, France 14.1%. <sup>2</sup>

These figures are not only indicative of the worldwide impact of the current recession, but also of the inability of the individual nation state to successfully control an economic crisis of international scope.

The inability of the nation states to deal with the economic problems of today stem from a multitude of factors, all based initially on the fundamental contradictions within the capitalist mode of production. What is important here is not outlining the basic contradictions, already well known, but rather providing some specific analysis of the present manifestations.



...millions are plagued throughout their lives by a gnawing emptiness or meaninglessness expressed not as a fear of what may happen to them, but rather as a fear that nothing will happen...

Beside the unemployment and inflation rates presented above, it is important to note the figures for capacity utilization in manufacturing, i.e. at what level are the means of production being used. As recently as 1969, manufacturing plants in the West were being operated at above 90% capacity. This figure has progressively dropped over the past six years to a current average of around 70%. 3

The low utilization rates coincide with high unemployment rates, and increasingly show both the extent of over-production and the increased use of capital intensive technology and labor saving techniques. Interestingly enough, productivity during this same period has increased progressively. Low utilization capacity, high unemployment, high inflation and continued corporate profits mark today's economics. And inevitably it is the labor force which is forced to suffer the resulting consequences.

No social order can continue to exist under these conditions. Pumping and priming economies to reestablish the formerly "acceptable" levels of unemployment and inflation have in effect only resulted in a re-adjustment of the acceptable standards to correspond with the new increased levels. The European and Japanese industrial societies, having reached the levels of efficiency and technology comparable to the U.S., have now become dependent on the U.S. as a market for their goods. It is international trade that capitalism is today dependent on, yet the major capitalist countries are already effectively saturated with their own goods.

In a protectionist measure aggravating the whole problem, the U.S. for the past nine months maintained a positive balance of trade (exporting more than it has imported) forcing the other capitalist countries deeper into recession. At the same time American inflation and unemployment continue to grow, with large cities cutting employment and increasing taxes under pressure from the federal government for fiscal responsibility, while the federal government itself continues to amass its debt, now over 600 billion dollars and growing.

#### **The Myth of Development**

It would be highly simplistic to jump from the problems of today's economic crisis to the conclusion that the overthrow of the capitalist mode of production and inherent social relations are imminent. Marx in his "Preface to a Critique of Political Economy" warned that:

No social order ever perishes before all the productive forces for which there is room in it have developed; and new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself.

The crucial question thus becomes: Has capitalism fully developed the productive forces of modern society? The decrease in manufacturing utilization, as extensive as it has become, might be taken as indicative that the capitalist mode of production has reached a limit of sorts. However, as stated earlier, decreased utilization does not simply represent a decrease due to surplus production.

A large percentage of the decrease is due to a shift in manufacturing from areas of high labor costs to areas of low labor costs. International global corporations, under heavy competition, have found it more profitable to move whole industries to areas such as Taiwan and Hong Kong where union-free labor pools produce much more for much less. 4

Exploitation of cheap labor and raw materials in the third world countries has, under the guise of development, provided capital both an extended market for consumer items and an astounding source of income. Use of double standard accounting, price juggling of imports and exports, intra-corporation capital shifts and advertising campaigns to control consumer ideology have, between 1960 and 1971, led to a net capital inflow increase of 344% in Central America alone, along with a net capital outflow of 982%. 5 "Between 1960 and 1968, American based global corporations reported taking, on an average, 79% of their net profits out of Latin America." 6

Such practices have had drastic effects on the economies of the third world countries. Internal development has stagnated, unemployment has increased, purchasing power has decreased and consumption has dropped significantly. The third world can no longer continue to support the interests of oligopoly capitalism at the cost of its own demise.

Most people in the world put up with very great inequalities, but when these inequalities appear to be increasing without prospect of being reversed, and when they mean famine, epidemic, and certain death for millions of people, they cease to be merely aesthetic problems and acquire the status of political crises. 7

It is this political crisis, arising from the expropriation of the means of production from the working class, which faces the world today. The third world has not reaped the economic benefits forecast for it a decade ago, and now stands to gain little from increased cooperation with the major industrial powers. In fact, the major capitalist nations have become more dependent upon the third world than vice versa, and could possibly be forced to exert military controls in a protectionist measure to insure their economic interests.

Given the present political climate, the slightest provocation could possibly erupt into a war of limited scale propelling the nations of the world to rapid economic recovery under the pretext of maintaining political and ideological hegemony. The excuse of war could possibly carve up both Latin America and Africa insuring world capital another generation of economic boom. The difference between war as a possibility or probability is yet unclear, but with the political climate of the Middle East, Angola, Portugal, Argentina and Chile, such speculation is, I think, justified.

### **Planned State Capital**

There is another possibility available to the capitalist West, less violent in the short run, but of more far-reaching consequences. This is the development of a state planned economy.

Some solution to the problem of uncontrolled inflation will have to be found, if the fabric of society is not to be torn apart, and though at present most governments are resorting to the classic remedy of wage controls and restrictions on the right to strike, the likelihood, as the crisis reaches its peak, is that the only way out will be to control business too...the most likely outcome is the transformation of private capitalism into planned state capitalism. 8

The problem with such a transformation is the antagonism that would be created between the large scale private international monopolies and the state, especially in the U.S. The present power structure in the U.S. is dedicated more to upholding and protecting the interests of large scale capital enterprises, not in their control or take-over; and this policy extends far beyond the immediate borders of the U.S.

On the international scene, the U.S. has a strong advantage and interest in maintaining its superior status.

“The U.S. derives its strength from its productive and commercial power, as well as from its political and military influence (in order to get the European countries to toe the line, the U.S. regularly threatens them with withdrawing its troops and atomic umbrella). But, more paradoxically, the U.S. derives strength from its weakness, that is from its debts; the hundreds of billions of dollars at present circulating in the world are in fact debts contracted by the American economy and the holders of this currency have every interest in seeing their debtors spared from any catastrophe that might prevent them from honoring those debts.” 9 It is critical at this point to differentiate between these two movements operating within capitalism today. The movement of capital across national borders under the organization and control of large-scale international monopolies has over the last few decades forced the major national economies to become reliant on international trade for their own maintenance and growth. At the same time, the current crisis has created an ever-increasing loss of faith in the unrestricted operations of the multi-nationals due to their failure to effectively combat the economic recession and the accompanying inflation and unemployment. It is at this point that the state is forced to intervene.

Because there are no purely economic solutions to these difficulties, the blind laws of capitalism cannot be allowed to function freely and the bourgeoisie tries to get around the consequences of the system's economic laws through the intervention of the state: state subsidies, taking over unprofitable sectors of the economy through nationalization, regulation of raw materials, national planning, monetary maneuvers, etc. There is only the economic policy of the state to provide a temporary means of survival to a system in crisis. To defend itself and to force a favorable redistribution of markets, national capital falls back on the state, not as an aid to development but as a crutch. 10

The problem is that international capital has become a force transcending not only the boundaries of the nation state, but also the political and economic structures of the nation states. Private corporations, independent of their national origins, have become the dominant controllers of the four most important spheres in production

today. Technology, finance capital, the labor market and market-place ideology are all maintained, controlled and exploited by international monopolies operating on a highly centralized and coordinated basis.

Using twenty-four hour monitoring systems in a pyramidal structure, whose base is broken horizontally directing all communications vertically, internationals have effectively usurped power over the nation states directing national policies more often than being directed by them.

What puts government at a disadvantage in trying to keep up with and control the activities of huge corporations is that the corporations plan centrally and act globally and the nation states do not. 11

No nation state today can effectively plan an economy when the economy is actually being controlled by the movement of international capital. On the other hand, international capital is finding it increasingly difficult to operate profitably under the reality of an international recession marked by extensive political unrest. Under these conditions Barnett and Muller propose that the only reasonable solution to this crisis is the enactment of a national development plan accompanied by the regulation of global corporations and the disclosure of their accounting procedures. No mention is made as to how these proposals would be enacted, in fact it is highly doubtful whether such proposals are realistic at all without an international enforcing agency, which is certainly not foreseen in the near future by anybody.

The proponents for national development planning in the U.S. (Humphrey and Javits) have not, as yet, created any major stir in their own political or economic circles. The whole idea is still anathema to the American ideal of free enterprise. As a matter of fact there has been currently a greater tendency toward devolution in government rather than central planning.

Although the international corporations are still growing, some third world countries have been able to successfully cooperate along productive lines forming in essence another faction of competitive capitalism. OPEC is the most prominent organization along this line; insuring, for the time being, its own internal development at the expense of the rest of the world. This is not to say that the large oil corporations have suffered. They have merely shifted the higher costs on to the consumer while still reaping immense profits.

Third world organization along economic lines can lead to a greater development of their own internal productive forces, but not without seriously affecting the economies of the major commodity producers, and probably without successfully overcoming internal unemployment and inflation.

Economic growth alone will not solve the unemployment problem, because a nation's economy can boom through an industrialization process that actually employs an ever smaller percentage of the labor force. 12

In economically weak Italy, labor's struggles to maintain hard-fought wage levels and continued employment has under the present recession provoked threats by major companies to abandon their plants there, if labor does not acquiesce to lay-offs, short-time and reduced wages. Workers in response have been taking the plants over, 13 but such tactics are easily overcome by the large corporations:

The ability of a large corporation to open and close plants at will, and to shift their investment from one country to another erodes the basis of organized labor's bargaining leverage-the strike. 14

But not all corporations have been effected similarly. Those companies in Italy based on capital intensive technology, where human labor is kept to a minimum, continue to operate successfully, e.g., 3M, IBM, Dow, and General Telephone & Electronics.

As labor struggles for higher wages, the means of production under capitalism now shift to either low-wage arenas or to capital intensive technology, whichever is cheaper, thus effectively circumventing the demands of labor while continuing production and maintaining high profit margins.

The much-heralded movement in West Germany and Sweden, which is attempting to incorporate labor into the managerial sector of production and administration, token as it is, does not in any way resolve the problems intrinsic to the capitalist mode of production. Under declining profits, the decision for cut-backs in labor and production will merely allow labor a voice in announcing its own suicide.

### **Ending Commodity Labor**

As long as labor power is regarded as a commodity, capitalism will continue to operate, whether it be controlled by the state, private individuals or international conglomerates. In a world market subservient to the interests of capital, it does not matter whether political control is in the hands of the left, the right or a popular front. All inevitably operate under the same economic relationships, and it is this fetter which now hinders human productive and creative capabilities more than anything else.

It is the unproductive proportion of society relegated to operating and administering and protecting capital accumulation that imposes the greatest burden on society with the least benefit, while advertising just the opposite.

Today in the price of each commodity, along side profits and the costs of labor power and of constant Capital used in production, there is a greater and greater involvement of expenses which are indispensable to its being sold on a more and saturated market (from the salaries of those engaged in marketing to the amount set aside to pay the police, functionaries and soldiers of the producer country). In the value of each object the part which embodies labor time necessary for its production becomes smaller and smaller in relation to the part embodying human labor imposed by the necessities of the system's survival. The tendency for the weight of these unproductive expenses to annihilate the gains of labor productivity manifests itself in the constant rise in commodity prices. 15

Every conceivable effort to bolster and spread capitalism around the world has been tried with decreasing success even under military coercion. Capitalism itself has proven to be remarkably inept at providing even minimal living standards for a majority of people, yet markedly adept in the production of hardware for its own care and protection.

As millions of "unenlightened" people starve due to what is now called "commerciogenic malnutrition" or the "coca-colonization" of the third world diet, "enlightened" millions continue to pound out business machines, new fighter jets and the like, provided they are not yet laid off.

Organized confusion is one of the prime characteristics of human life. In the past the organization of this confusion was often based on mystical conceptions, which are still common today. But gradually the mystical conceptions have turned to material conceptions. In either case, both relied on dogmatically structured hierarchies propagating the highest of virtues while practicing the most obscene inequities. Corporate-church, corporate-state, or just plain corporation, their ads are all the same.

Never before in the history of human society has the whole social order been confronted with the possibility and necessity for consciously evolving into a wholly new social form of relations, transcending the fetters of profit economics, authoritarian bureaucracies and a debilitating work ethic. Amidst the humdrum routine, inside the offices, schools, plants and factories, within every household, apartment, shack and mobile home, work and dwell shackled millions, isolated from one another, alienated and responsible to no one except the ones who provide the cash for subsisting another week and the ones who enforce the rules of the ones who control the cash.

It is truly the "Wandering of Humanity," wandering in a daze, wondering what's to happen, watching and waiting. Should the fetters tighten, it is only another sign pointing to their inevitable break.

#### **Notes**

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