

World-Wide Crisis

Is The Recovery Really Here?

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When an economic system produces 32 million unemployed in the industrialized nations, it would almost seem unnecessary to inveigh against its profound inadequacies. But several factors make it worthwhile to look at the present state of disarray in which world capitalism is currently mired.

Although some wag (either a queen, Marx or the Bible) once said that the poor have always been with us, most people know by now that this is a culture-bound observation and no more than a justification for the privilege of society's wealthy. However, the saying is nonetheless true for the modern world.

Since the advent of industrial capitalism 200 years ago, indeed, the poor and unemployed have been with us as permanent institutions, something realized under no previous social system. Capitalism has never "worked" in the sense that the majority of people under its rule have experienced a stable, happy and prosperous existence. Rather, its history is one of travail—cruel work when available, unforeseen economic collapses, each taking an immense human toll, wars, famine, psychological misery and on into the modern epoch where its historic calamities are joined by the menace of ecological collapse and planet-wide nuclear holocaust.

Capitalism at the Apex of its Rule

Capitalism has maintained its life by force, its midwife at birth, but equally by habit—the substitution of its pervasive culture for the other modes of living it has smashed or ruined. Today, whatever the condition of its economy, it stands at the apex of its rule in a cultural sense by presiding over the "tyranny of the fact." Capitalism has evolved to a state in which its material and cultural structures appear to dominate the entire spectrum of possibilities—no matter how badly it functions, nothing else seems possible. Capital's traditional opposition, the workers' movement, went into eclipse some 40 years ago, and nothing, save small pockets of resistance, now exists to challenge its rule. Marxists and neo-marxists of the ICC stripe who envision capital's imminent collapse of its own weight are whistling in the dark. (Before this is construed, like much of Camatte's writing, as "pessimistic," let it be said one does best with a clear assessment of reality rather than foolish cries of "Hurray, the workers are starving, the revolution will be here soon." If the human spirit is, indeed, in its final phase of destruction, let its announcement act as a challenge to us, not as a reason to be more passive.)

Is the "Recovery" Real?

After four years of world-wide recession marked by high unemployment, runaway inflation, and staggering national debts, the capitalist nations have used the occasion of a slight upturn in the downward cycle to announce that a recovery is upon us. The media pundits have responded accordingly and cite dropping inflation, and a slight

rise in the Gross National Product (GNP), real income, housing starts, etc. believing that the problem is in large part psychological or attitudinal—that is, if everyone believes there is a recovery, there will be one.

Well, bad news for everybody—the problems are world-wide and deeply systemic and the “good news” approach on one hand coupled with harsh austerity programs from the likes of Thatcher and Reagan on the other do no more than shift the burden that much heavier on to the working class and the poor.

Certainly inflation drops with tens of millions unemployed, but what we are looking at is a picture of permanent crisis for capitalism. Crisis is, of course, nothing new for capitalism which has been on a constant cycle of boom and bust since its inception, but by the late 1890s, the crises had begun to occur with such frequency and such severity that even the capitalists feared a complete collapse was at hand. The development of colonies and foreign markets staved off what seemed to be the inevitable at the turn of the century, but it was World War I and its aftermath which created the cycle that defines international capitalism in the modern epoch—that of crisis, war, reconstruction and crisis again.

After the prosperity of the 1920s, the cycle was realized again in the Great Depression (which actually was not as severe as those during the 1890s) followed by World War II. The resultant period of reconstruction in the '50s and '60s produced the vibrant economies of that era, but now the chips of a system which constantly overproduces are being called in again with the economy suffering what in other periods has been a pre-war crisis. However, the nature of modern war makes the prospect of “reconstruction” after a nuclear exchange inviting only to madmen (which is not to say it is an impossibility) and perhaps ushering in an era of “small” conflicts (El Salvador).

Capital's Success Judged by Ledger Sheets

Even the so-called eras of prosperity are an illusion unless you happen to be of the right color in the right country in the right region at the right time for capitalism has never been able to support all under its dominion in fine style at the same time. Capitalism is a system whose success is judged by its ledger sheets and not by the human happiness or lack of it which it engenders.

Capitalism always immiserates physically and financially one section of its population—either by class within a given country, within a region within a given country, or by country within the world's nation states. The most easily understood examples of such relationships are those of Third World countries to the industrial nations or the relative shift of affluence within this country from the industrial Northeast to the South and Southwest in recent years. And the vagaries of capital, sort of a karmic wheel of misfortune, have come to be taken as “normal” as those of the weather, so a recession or a shift in area of prosperity is accepted much like a severe storm—not pleasant, but nothing much you can do about it either.

A Vast And Permanent Underclass

Is there a recovery? Of sorts, but not one which will extend to those hardest hit by the latest downward cycle. In many ways, the much vaunted “trickle-down” theory of capitalist economics did function previously in such a way that the enormous wealth of the rulers would provide the working class of the Western sector of capital with a relatively high standard of living. That may no longer be possible, with the wealth trickling down considerably less as value escapes to different regions of the world leaving a vast and permanent underclass in the West with a marginal status formerly associated with minorities and the lowest rung of the poor. Most economic forecasters see the current upturn in the U.S. (one which is the weakest following a recession since World War II) as mainly affecting investors, middle-income people with secure jobs, financial service industries, retail and wholesale merchants, and naturally, the major corporations.

The reason so many will be excluded from the New Recovery is that the old, so-called “smokestack industries” which formed the backbone of industrial America—auto, steel, rubber, glass—are a dead-letter compared to the levels of previous production and employment. A look at the industrial cities of Ohio, Pennsylvania, West Virginia and Michigan gives an insight into the hopelessness of the situation for industrial workers.

Seven-Day-A-Week Food Kitchens in Detroit

In Detroit, the only booming industry is crime, up dramatically as the reality of poverty hits so many formerly Waged workers. The city admits to 21% unemployment, but that represents only those registered on the state roles and ignores the so-called “discouraged” workers (those whose benefits have run out) as well as the tens of thousands of youth who reach working age never to see a job and hence, are uncounted. This is a full-scale depression in Detroit where a third of the city’s population is on welfare or food stamps and seven-day-a-week food kitchens are needed to keep people from starving on the streets.

These statistics are echoed nation-wide with minorities and the already poor taking the brunt of both the downturn and now having their meager existence being threatened or ended by government cutbacks in social services.

This spectre of a vast, permanent underclass, exceeding greatly even the previously high levels of poverty in our “wealthy” country, makes sense as a prediction from a statistical vantage point as well. Even the most optimistic capitalist economists only look for a 3% increase in the Gross National Product for next year, but a 2.5% increase is needed to virtually keep even with new job entrants and to keep unemployment from increasing. An additional growth rate in the GNP of 2.5% is necessary to drop the jobless rate by just 1%. This means that to drop official unemployment from 10% to 7% it would require a 12% increase in the GNP, a virtual impossibility.

Statification of Capital

Since the 1930s, capitalism has sought to shore itself up by a massive and in some countries, a generalized statification of capital (the New Deal in the U.S., Stalinism in the Soviet Union, fascism in Germany, etc.). The theories of Keynesian economics adopted by the Roosevelt administration and practiced as government “pump-priming” measures for civilian programs proved to be a failure with only the advent of World War II and its massive arms production being what finally ended the Depression.

The realization came to the capitalists that a peacetime economy was no longer possible—only war and its preparation were what would assure a functioning and profitable system. Even Lord Keynes, whose theories formed the basis of the New Deal, recognized the necessity of this when he stated in 1940: “It seems politically impossible for a capitalistic democracy to organize expenditures on the scale necessary to make the grand experiment which would prove my case—except in war conditions.”

And these “conditions” are the heart of advanced capitalism—production of war materiel with the creation of the Soviet Union as our perpetual enemy as its justification after the Nazis were defeated. So, when leftists and liberals call for “Jobs, Not War!,” in their usual dim manner they fail to realize that under modern capitalism, jobs are war. Besides the fact that the call for the creation of wage work is capital’s program, these pitiful reformers also ignore that of the new jobs created there will be a disproportionately high number in the “defense” sector, the private sector already glutted with overinvestment. Also, the danger always exists that a working class whose existence depends upon state financed military projects will become the most vocal proponents of war preparations.

The argument that liberal economist Seymour Milman and other peace advocates have put forth over the last two decades that defense production is actually dysfunctional for capitalism, being capital rather than labor intensive, hence, employing substantially less workers than civilian production, and that it generates less profit in the form of surplus value is irrelevant. The economy is geared for war and well-motivated schemes for “conversion” to production for peace have less chance now for realization than when they were first put forth twenty years ago.

The U.S. empire and its vassal states demand constant protecting from rival empires and from internal revolts, with armaments needed constantly to repress both. But even if the U.S. could make peace with its competitors and stop sponsoring the repression of peasants and workers around the world, the conversion to an economy which would meet domestic needs of the U.S. only holds positive prospects in the short run for a system which needs a constant influx of profits. Production for domestic consumer consumption—a rise in the standard of living for everyone—has always run into the roadblock of overproduction for capitalism. A situation of permanent warfare—a garrison state—is the only model which appears to offer the promise of continuing profits for capital.

Must Confront the State

Ever since the emergence of the political state thousands of years ago, its rationale has been the mobilization of mass projects beyond the scope of cooperating neighbors—immense irrigation systems, temple building, and of course, war as an institution and on a vastly expanded scale. Today, the state plays no different a role, but now its central project of preparation for war has taken on a transcendent quality increasing its capacity for destruction to entire rival states or to the planet itself.

Today, no serious challenge to what threatens our humanity and our lives can be launched without a confrontation with the state. Schemes of the reformers who stilt hold out hope for persuading politicians or sections of the ruling circles to choose a more “sensible” or “humane” course, fail to understand what historical and economic forces are at work.

We must evoke in ourselves and in others a rejection of the categories of capital. There must be a conscious desire to no longer live as objects of capital—as workers or as wards of the state—but to become free human beings trying to create a new society. The institutionalized rackets of reform, the political parties and unions only serve to deter a struggle to eliminate the state, which alone contains the potential to create a human future; all else dooms us to the defeats of the past.

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