

NEW LOOK AT THE AMERICAN ECONOMY

During the Depression years and during the brink-of-war McCarthyite period, Marxists tended to the belief that United States capitalism followed the same dynamics as other capitalist nations. In times of boom and prosper-

ity, on the other hand, or when the conflict of class interests takes on less intensity, "wondrous" discoveries are made concerning the exceptionality of American capitalism and blithe predictions are made of a smooth transition to socialism.

Left sectarian deviations are most apt to occur during periods of sharpening class struggle and mounting bourgeois violence, while so-called right opportunist or reformist deviations arise in periods of relative calm in the class struggle.

The history of the American Communist Party is characterized in great part by oscillations from left to right, according to the immediate temper of the times: from tendencies to IWWism (left) after World War I, to Lovestone-ism (right) during the boom of the twenties. "Toward a Soviet America" Fosterism (left) at the outbreak of the Depression, Browderism (right) during the Roosevelt period of liberal, "intelligent capitalism" and Fosterism (left) again in the last decade during the cold war.

The present tendency among the party leadership (with William Z. Foster, party chairman, in opposition) is to the right as a result of the "lasting" boom, the general rise in living standards and the decline of McCarthyism and war tension.

The Draft Resolution declares: "Since 1945 the party repeatedly erred in assessing economic developments in the United States. In 1945, in 1949 and in 1954, it predicted that the current declines would develop into crises of major proportions. At certain moments the party's analyses wrongly appraised effects of the continuing arms program." According to the Resolution, other factors improperly evaluated in arriving at predictions regarding the national economy included the level of commercial

and residential construction and the program of tax rebates and of lower excess profits taxes. "The party's judgment," the Resolution continued, "in each case was faulty because it never made an adequate analysis of the specific features of American capitalism."

"The party's judgment," however, could hardly have been affected simply by a study of the specific features of American capitalism. For the American economy is enmeshed with the economies of the entire capitalist and colonial world, whose development decisively affects such predictions.

Predictions of depressions which did not materialize were also made by big business research institutes staffed by experts on the specific features of the American economy. There are no new Marxist lines of analysis that can avoid the recurrence of such errors. The infinite complexity of the capitalist system—its anarchy of production and lack of general planning—make scientific prediction of the timing of its cycles absolutely impossible. Marxists as a rule do not pretend to be able to time fluctuations in the business cycle. Marxist analysis merely attempts to predict the long-range outlook or the general direction of capitalist economic development.

Bourgeois economists are often frank in admitting that their predictions are based on guesswork. They also are frank in admitting that the elimination of arms production would precipitate an economic crisis.

The Draft Resolution, however, does not provide a meaningful explanation for the Communists' errors in economic predictions nor does it make a frank admission of bad guessing. Equally vague is its explanation for the present boom. On the one hand, it declares that "underlying this high level of the economy is a high rate of

investment in fixed capital"; and, on the other hand, "no small part has been played by arms expenditures." Then it asserts that "the new upsurge since 1954 has been stimulated by tax rebates and has the aspects of a peacetime boom." Finally, it notes that "the post war period production was sparked chiefly by expanding arms production."

William Schneiderman, a member of the national committee, is more explicit. "The fact is that American production has not yet outstripped its market," he declares, "and we have explained the economic measures which made this possible as temporary props which could not last. But these measures are increasingly being adopted for prolonged periods and may become more or less permanent features by which American monopoly capital seeks to maintain itself at home."

The history of capitalism shows that every war is followed by an inflationary boom and the expansion of productive forces for a period of five to fifteen years. In the second world war, billions of dollars of capital and other goods were destroyed in Europe and other parts of the world and had to be replaced. In the last decade, the United States and its allies spent more than 500 billion dollars on war preparations, an amount greater than the combined armaments expenditures of all the capitalist nations in the first forty years of this century. Between 1950 and 1954, arms appropriations in the United States and Great Britain rose 300 per cent.

Does the warding off of cyclical crisis by the rebuilding of bombed cities and factories in Europe, the reequipment of obsolete plants, huge arms expenditures, tax juggling and increased profit returns from colonial and semi-colonial areas call for a revision of Marxist theory and a new evaluation of the future of American capitalism?

In view of the astronomical armament expenditures, themselves the clearest expression of capitalist crisis, how can it be asserted that Marxists overstressed the elements of crisis within the United States economy?

The "revisionists" are making much ado of the fact that during the last year and a half, industrial production rose by seventeen per cent without increased outlays for armaments. But current military and cold war spendings are still at the rate of forty billions annually. Their sustaining effect upon the economy as a whole, however, is much higher than is indicated by this figure. Armaments are, economically speaking, consumer goods. A decline in consumer goods spending always leads to a far greater decline in investment or capital goods spending. And therein lies the reason for the refusal of the Anglo-American monopolists to consider any agreement with the USSR for drastic reduction in armament production.

At any rate does an eighteen month rise in industrial production unaccompanied by increased arms appropriations "put in question the validity of much of our economic analysis of the whole postwar period," as Arnold Berman claimed in his article *On Method in Political Economy* (*Political Affairs*, June 1956)?

As a matter of fact, non-Marxist economists do not share the new optimism of Communist leaders regarding the American economy. Many of them express grave fears concerning the maneuverability of American capitalism once the factors making for the present boom cease to operate. "To the discerning," wrote David Hamilton in *The Nation* (*Can We Afford Peace?*, August 25, 1956), "this natural buoyancy is as authentic as a three dollar bill. There is no reason for optimism."

There are two ways of looking at the national scene.

It is easy to be dazzled by figures of increased industrial production, of middleclass and skilled worker incomes, of purchases of new cars and construction of new homes. But for a workingclass party, examination of the national economy from the point of view of the most exploited section of the population is to be expected. Such an examination might lead to second thoughts about the exceptionalism of American capitalism and about hasty proposals for revision of Marxist theory.

According to figures released in December 1955 by the Bureau of the Census and the Joint Committee of the Economic Report of the 84th Congress and compiled by the editors of *The Monthly Review* (June 1956), 13,300,000 families (31.7 per cent of the total) had a total income in 1954 of less than \$60 per week; of these, 3,700,000 families had a total income of less than \$20 per week and 4,600,000, less than \$40 per week. Among Negro families, 21.7 per cent had an income of less than \$20 per week; 43.2 per cent, less than \$40 per week; and 60.3 per cent, less than \$60 per week.

A good third of the American people lead a precarious hand-to-mouth existence and are deprived of many necessities.

The claim made in the Draft Resolution that repeated predictions of impending crisis had harmful effects is probably true. It lowered the prestige of Marxist analysis among those who enjoyed the prosperity and apparent economic security of the "lasting" boom. These incorrect estimates, however, could have little effect upon the approximately one-third of American families who subsisted on \$60 per week or less.

It is one thing to state that the overall strength of American capitalism induced the isolation of the party

from the trade unions. It is quite another thing to claim it was the party's underestimation of that strength that was responsible for its isolation. The contradiction of poverty amidst prosperity points to the baselessness of that theory.

Furthermore, the contradictions in American capitalist society do not manifest themselves solely in the economic sphere. Non-Marxist observers express increasing alarm at the degeneration of U. S. social and cultural life. Large sections of the nation are increasingly conscious that the greed and tension of our acquisitive economy leads to dehumanization, moral corrosion, fear, anxiety, mental breakdowns, family disruption, juvenile delinquency, crime and other symptoms of social decay.

"The American way of life is breaking up and breaking down," observed Helen and Scott Nearing in their recent book *U.S.A. Today*.

When the Communist leaders call for deeper study of what is specifically characteristic of the American scene, they cannot mean that many of these particular problems have not been apparent.

Social decay has historically always stimulated questioning, opposition and desire for change. The failure of the Communist Party to play a role in this area of American life is not explained by "wrong economic predictions."