THE ECONOMICS OF RACISM

A central feature of the present-day U.S. is that the inner-city areas of our urban centers have become huge, sprawling ghettos of black and third world people. These ghetto areas contain the worst and most dilapidated housing, the poorest services, generally higher crime rates than surrounding areas, and a higher percentage of unemployment and poverty. Very often, super highways pass right over from the suburbs to the downtown business section with hardly an exit in the blighted area. At the edges of these ghettos white working class people either "run" gradually retreat, or in some cases fight against more black or third world families moving in, in many cities the downtown business sections are gradually drying up, as many corporation headquarters move out to the suburbs, and huge shopping centers dot the surrounding area. Many factories are also moving to the suburbs along with the jobs they imply.

That this same pattern has appeared across the country, with only minor variations from area to area, means that this is not something accidental or casual. It is a phenomenon rooted in the very structure of our economy.

AN OLD POISON IN A NEW BOTTLE

It is often said that ours has always been a racist society. This is true. But it covers up some important differences and changes that have taken place over the last hundred or more years.

In the old South, racism had a rather clear and obvious economic foundation. This was the slave-owning plantation system. Blacks, with but few exceptions, were slaves who worked the cotton plantations. The majority of whites were small farmers, a minority of these owning perhaps a few slaves. A small but dominant minority were the big plantation owners with hundreds and sometimes thousands of slaves. In the slave south, there was not the same kind of residential segregation we have in the country today. Indeed, there couldn't be because the slaves lived near their masters, on the plantation or farm. Nor was there the physical distance between black and white, nor could there be because even a slaves free time was not his own. He belonged to his master body and soul. There was no need for segregation to maintain the distance between black and white because their relationship was set down in law and custom.

But the Civil War put an end to the old slave system. For some time a majority of black people were driven into a situation little better than slavery, namely sharecropping - a form of servitude. But capitalism, as it grew and demanded an ever growing supply of wage-labor or wage-slaves, sucked more and more of the blacks out of the South and into the Northern cities.

Because of its need for "free labor", capitalism took an interest in "liberating" the blacks from slavery and even the servdom of sharecropping.

WHY CAPITAL NEEDS RACISM

But this by no means signifies that capital was interested in doing away with racism and the oppression of and discrimination against blacks altogether. It merely meant that the new demand for labor, it also meant that capital was more and more confronting a growing and increasingly militant working class which was organizing itself into unions and even political parties. Capital began to realize that it was in its interests to retain and revive the system of racism and discrimination against blacks. Blacks, as unorganized newcomers to the labor force, were used to break strikes, which of course helped to reinforce the racism of the white workers. The union leaders, rather than extending a hand to these newcomers, often ostracized them and drove them more firmly into the hands of the capitalists, compelling them to take work wherever they could find it. Racism and discrimination thus very early became a powerful weapon in the hands of the capitalists against the unity of the working class.

The capitalists were able to use blacks as a buffer against the worst effects of economic crises on the white working class, since a high proportion of the joblessness would fall on blacks and thereby be less likely to oust the white workers and militancy than if they had to bear their proportionate share.

Then too, the high degree of unemployment in the black community would also be useful to the capitalist in periods of otherwise job scarcity, since it meant that there was always someone forced to take the dirty, low-paying jobs that the white worker would not have been desperate enough to take. In effect, there were and still are two labor markets - one black and one white.

HOUSING - THE PROFITS OF DECAY

Just as significant as the divided market for labor is the di-
ECONOMICS CONT'D

vided market in housing and real estate. If there were but one market in housing, if blacks were free to buy or rent wherever they want, the ghettos, the oldest most dilapidated housing would fall rapidly. But since blacks are compelled to buy or rent precisely within certain limited areas, in the oldest most rundown neighborhoods, the real estate interests and slumlords (slumlords) are able to continue making profits off property that would have otherwise become quite valueless.

Indeed it can be seen that this double market, and the system which this double market so flagrantly violates, has contributed to the decay of the inner cities. Why? Because decayed housing and neighborhoods can thus retain their profitability long after they would if they did not have a captive market.

Then too, it has been clearly shown quite recently that banking and real estate interests have their sights fixed on the ghettos. What they aspire to bring about the decay of whole neighborhoods through a device called redlining is a red line around an entire neighborhood and excluding it from all further loans for self-improve-

ment. It has long been known, also, that cities cut back garbage collection and other services in "certain" areas, thus doing the ghettos a disservice by making them undeirable. Why? Again, very simple, there's a lot of money to be made in the changing of hands in real estate, especially in changing from one market to the other.

What is not so evident is that this divided market also enables the real estate and financial interests to further exploit the white working and middle class as well. White working class families generally are obliged to sell their homes in the face of redlining. The real estate interests then turn around and sell the same houses at a very high price to black families, since the same house is the best in the other market. It is vital to the real estate interests that this division exist in real estate exists - and also the racism and fear in the white community that keeps it working.

THE TWO-TIER PRICE RIPOFF

There are many other respects in which the ghettos operate. One well-known example is the ghetto store. Prices are notoriously high for merchandise which is equally notorious for poor quality. But very often poor quality plus price but expensive credit binds the ghetto dweller to these stores.

A disproportionate number of people in the ghetto are obliged to be on welfare, given the high rate of unemployment and the low wages of many workers. The point, however, is that it is not the ghetto resident who clearly benefits from welfare. Perhaps half or more of the welfare check is taken by the landlord. By the time the loan sharks, the finance companies, utilities, and the store take their cut, there is little or nothing left. It is first and foremost the slumlords and secondarily a host of lesser parasites, all charging artificially high prices, who are the biggest recipients of welfare money.

Paradoxically, the high ghettos do not mean low suburb prices (although they are lower than ghetto prices). The big change is the junk to the ghetto and charge more than they do for the better stuff out in the suburban malls. If they were not able to inducify the second-rate surplus goods to the ghettos these same goods would

have a dead weight pushing down on the prices of the goods in the suburban areas. Thus the suburbanites who think that the high prices in the ghettos don't affect them are sadly deluding themselves.

The higher prices in the ghettos then make possible and neccessary an expensive black market in "hot" goods, and foster all kinds of petty racketeering. The same with loans and credit. Little wonder then the petty racketeering pervades the ghetto. It is is but a reflection of the big time racketeering that goes on between the ghetto and the outside financial and business interests - big and small, legal and illegal - interests that make Dracula look like a fairy godmother kissing Cinderella.

THE BEAUTY OF THE BEAST

It can be seen from the above that the modern capitalist system of racism and discrimination against blacks is dimly perceived from the inside and yet is clearly seen from the point of view of the capitalists. It is that of self-perpetuating and self-renewing.

There is a great difference in the employment opportunities of blacks and whites, not to mention wages and salaries. But, if anything, it is in this area that there is the least distance between black and white. It is also where black and white workers are most likely to come into contact, as workers, in order, to unite against their employers. From this point of view these workers go home to different neighborhoods that have wide separation. It is this ghettolization, the whole ghettos

BIG CITIES ARE LOSING PEOPLE...

Population change since 1970 -

POPULATION LIVING IN BIG CITIES

UP 8.4%

POPULATION LIVING IN SMALL TOWNS AND RURAL AREAS

DOWN 15.9%

CITIES vs. SUBURBS: DIFFERENCES IN THEIR POPULATION

<table>
<thead>
<tr>
<th>Cities</th>
<th>Suburbs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median family income</td>
<td>11.9K</td>
</tr>
<tr>
<td>Proportion of blacks</td>
<td>22.3%</td>
</tr>
<tr>
<td>Proportion of families headed by women</td>
<td>58.9%</td>
</tr>
<tr>
<td>College graduates</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of the Census

JOB MARKET IS SHRINKING IN MANY CITIES

From 1970 to 1974, even before the wave of recession layoffs, employment was declining in major cities - at a time when jobs in U.S. as a whole increased by 9.3 per cent. Among big cities losing jobs -

<table>
<thead>
<tr>
<th>City</th>
<th>1970</th>
<th>1974</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit</td>
<td>577,000</td>
<td>470,000</td>
<td>Down 18.5%</td>
</tr>
<tr>
<td>St. Louis</td>
<td>353,000</td>
<td>298,000</td>
<td>Down 15.1%</td>
</tr>
<tr>
<td>Chicago</td>
<td>376,000</td>
<td>310,000</td>
<td>Down 18.1%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>428,000</td>
<td>393,000</td>
<td>Down 8.2%</td>
</tr>
<tr>
<td>Washington</td>
<td>265,000</td>
<td>254,000</td>
<td>Down 4.5%</td>
</tr>
<tr>
<td>Houston</td>
<td>393,000</td>
<td>342,000</td>
<td>Down 13.1%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>2,682,000</td>
<td>2,703,000</td>
<td>Down 0.8%</td>
</tr>
</tbody>
</table>

As the needs of capital for new labor shrink, instead of grow, as in days of yore, the populace of the inner city ghetto is left isolated, not alongside the buildings and neighborhood they occupy. New industry goes not to the city, as it was compelled to do in the days before our modern highways, but to the suburbs, to the industrial parks straddling the super highways that carve up the countryside. The whites, the in the ghettos, continuing the ghetto, not understanding the cause of their decay, blame the blacks residing in them. They see in the
FASCISM CONT'

imperialism. Recently, too, DRV leaders announced complete agreement with the Soviet foreign policy, and the DRV officially announced support of the Ghandi regime. They sent wishes for the Vietnamese people and acknowledge their historic struggle. We hope that their independence fights and that they don't exchange one imperialism for another.

It is not possible with the 'Socialist' Russians? Remember that Hitler was a 'National Socialist.' Despite the promises, Hitler's fascist imperialism crushed the independence of Czechoslovakia and several of the Eastern European nations.

England is facing a staggering rate of inflation, and some members of the ruling bourgeois class feel that only a strong leftist dictatorship will be able to bring the situation under control. In W.Germany a dense network of fascist organizations are working together and are able to control the secret services organized by the former Nazi, General Goebbels. The Italian Social Movement, a fascist party, is growing. It is represented in parliament, and therefore, will have full state subsidies. The Italian Social Movement has links with the state apparatus, the secret service, the army and the courts. It has training fascist terrorist bands such as the New Order, the Rose Cross, the Fascist Action Movement and the squads of Mussolini Action which have been responsible for a long chain of anti-popular actions including murders. The Italian Communist Party is also growing, and may well be a factor in the next government. However, it is a revisionist party whose main goal is to achieve parliamentary work. In the name of parliamentary democracy they too supported the measure of giving state subsidies to the fascist party state subsidized.

Setbacks in the U.S. imperialist policy have brought worsening economic conditions home to roost. With the specter of turmoil as workers resist bearing the brunt of the situation, there are only to look so far as the pending S-1 bill to see how the U.S. bourgeoisie sees plans to meet resistance.

*DMM Today, #3, May-June 1975; 'Revival of Fascism a Real Danger', pp. 61-62. (Excerpted from ZERI POPULIST)

DANGER OF WAR

Under circumstances of growing Soviet influence and aggression the world faces a new fascistic danger. Fascism is using the word 'socialism' in the Third World the way the U.S. uses the term 'democracy' and anti-colonialism to expand wherever the U.S. is forced to retreat. The U.S. is a declining imperialist power. It has suffered defeats in South East Asia and the role of the CIA in subverting governments has been exposed to the entire world. The U.S., however, is not going to sit idly by and let the Soviet Union pick up all the pieces of the U.S.-European empire.

We recognize that there is a growing trend of anti-imperialist struggle in the Third World. At the same time, however, the anti-revisionist forces within these struggles, while growing, still remain relatively isolated and few. If their numbers are few, this expansion is not resisted world-wide (along with U.S. imperialism) by the revolutionary movements, by the liberation struggles, and all democratic minded peoples, the contention between the two superpowers may one day resolve in World War III. In the meantime -- fascist expansion will crush and reverse the struggles of the people, in the same, or even more brutal fashion than was done in India.

ECONOMICS CONT'

Two things are right now, an encroaching Fascism, the fundamental problems of our society, such as inflation, unemployment, war, racism and poverty can be solved by the establishment or a social democracy, which gives the ownership and control of the means of production to the workers and protects their interests rather than those of a small group of exploiters.

To achieve the above goals, we believe the working class needs a genuine Communist Party. Based on Marxist-Leninism and the teachings of Mao Tse-Tung. We want to make contact with progressive, working people especially (but not only), who find the ideas in our paper interesting and useful. Also we want to make contact with other revolutionary movements and individuals. We want to make the Communist Party interesting as possible and would appreciate your criticism and comments.

WHO WE ARE

The Commentator is put out by a Marxist-Leninist collective in the New York area.

In the Commentator we try to analyze current events in the country and the world from a Marxist-Leninist point of view and we attach especial importance to tackling political and social issues on people's level, as well as economic issues. In particular, we feel that under conditions of world Fascism became very real in this country. We also feel that the danger has not lessened. Fascism took this country in the same form it did in Germany or Italy. It takes the color of the red, white and blue, goes under the slogan of 'law and order' and uses Black people as its chief scapegoat.

We attach especial importance to exposing and educating people to the danger, in order to help build a united front against it. However, we believe that of all the forces that can be united to combat this danger, it is the working class which must lead.

We believe that the main struggle of the American people right now is against encroachings Fascism, the fundamental problems of our society, such as inflation, unemployment, war, racism and poverty can only be solved by the establishment or a social democracy.