

Capitalism's Long Hot Winter Has Begun

U.S. rulers confront sharpening political, military conflicts, as imperialism enters opening stages of a world depression

Below are major excerpts from "Capitalism's Long Hot Winter Has Begun" by Socialist Workers Party national secretary Jack Barnes, the full text of which will appear in issue no. 12 of the magazine *New International*. The article is the edited transcript of the political report and summary adopted by delegates to the July 2002 SWP national convention.

The portions printed here complement a statement by the SWP National Committee entitled "Their 'Transformation' and Ours" that will be published in the same issue of the magazine. That statement deals with the post-Cold War changes in the military posture and political world strategy the U.S. ruling class is pursuing—and will continue to pursue, regardless of which party occupies the White House or organizes Congress following the November 2 election. It points to the convergence of Washington's accelerated militarization drive with the inter-imperialist economic conflicts being deepened by the opening stages of a world depression. And it explains the transformation of the vanguard of the working class that has begun as resistance grows to the social consequences of these world capitalist crises.

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Reuters/Marcos Haupa (right)

"Few people today have lived, as political people, through a world depression," says Jack Barnes. "Conditions of that kind, which have stalked the most vulnerable parts of the colonial world over the past decades, will become widespread and devastating. We're living through the opening stages of such a depression." Above, left: Bread line in Manhattan, New York, February 1932, during Great Depression. Right: Thousands lined up outside banks in Buenos Aires, Argentina, June 2002, hoping to buy U.S. dollars as value of the peso, the local currency, plunged during financial collapse. For the first time in decades, deaths from malnutrition began spreading in that South American country.

are "natural" (to capitalism) to restart a miserable but real revival of production and trade. They will continue dominating the earth and threatening the very survival of civilization. So long as they don't lose state power, the

occurred five years later, launch a murderous war aimed, unsuccessfully, at conquering the entire country. Cuba did not threaten or invade the United States in 1961, nor in

Continued on next page

BY JACK BARNES

Many members of the communist movement today have never lived through a ground war launched by the imperialist rulers, one involving large numbers of soldiers from the ranks of the American working class and resulting in many thousands of deaths on all sides. We are going to see wars of that kind not just in the decades ahead, but in the years, possibly even months ahead.

Only a couple of participants at this convention, those close to eighty years old, have lived, as political people, through a world depression. Some of us have experienced two or three deep-going slumps since the mid-1970s. In one or another of these downturns stock prices dropped sharply over a number of years, unemployment shot into double digits in several imperialist countries, and there were sudden bursts of inflation. That's different, however, from a deflation of such magnitude that the financial backbone of world capitalism—its debt structure and dominant financial institutions—buckle, production plummets, long-term joblessness spreads worldwide, and the great mass of humanity is hit by economic contraction or bouts of ruinous price explosions—sometimes both together. Masses of people lose faith in capitalism, but at first they just lose hope. Conditions of that kind, which have stalked the most vulnerable parts of the colonial world over the past decades, will become widespread and devastating. We're not predicting such a world depression; we're living through its very opening stages today.

To function effectively as communists in the world situation that is developing, we have to internalize an understanding of imperialism—the stage of world capitalism reached early in the last century and continuing up to today. Until the contradictions of that exploitative and oppressive social system are resolved—and that can be achieved only by the proletariat taking power from the capitalists and landlords in the imperialist countries and joining in the worldwide struggle for socialism—humanity has no sure future.

As Lenin helped us learn, for the imperialist rulers "there is no such thing as an absolutely hopeless situation," even when capitalism is in profound crisis.¹ There is no hopeless situation for the bourgeoisie so long as state power is not wrested from it by the proletariat, led by a revolutionary movement that will not, at the decisive moment, fear the awesome responsibility of assuming power and shrink from taking it. And holding it.

Without such a revolution—without the insurrection that opens the road to workers power—the capitalist state and the employers will wreak devastating enough defeats on the working class through fascist terror, and will destroy enough agricultural and industrial productive capacity through wars as well as economic means that

Two New Issues Coming in December

New International no. 12

CAPITALISM'S LONG HOT WINTER HAS BEGUN

by Jack Barnes

"None of the underlying contradictions of world capitalism that are pushing toward depression and war began with 9/11 and its consequences. Some were accelerated by those events, but all have their roots in the downward turn in the curve of capitalist development a quarter century ago and the interrelated collapse of the Stalinist apparatuses in the Soviet Union and Eastern Europe at the opening of the 1990s."

One of capitalism's infrequent, long winters has begun, Jack Barnes explains. "Now, with the acceleration of imperialism's drive toward war, it's going to be a long, hot winter. More importantly, slowly but surely and explosively, it will breed a scope and depth of resistance not previously seen by revolutionary-minded militants in today's world."

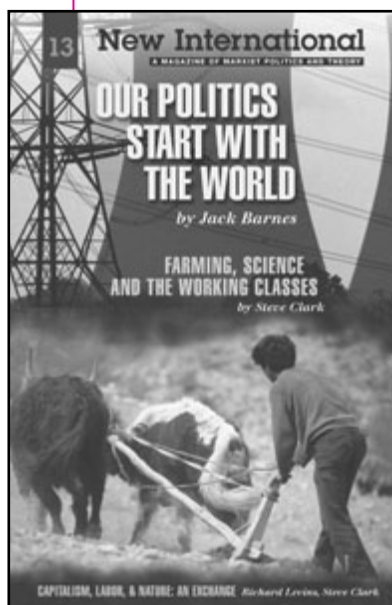
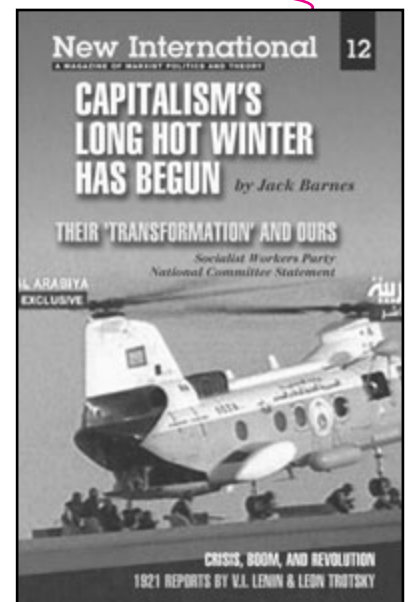
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New International no. 13

OUR POLITICS START WITH THE WORLD

by Jack Barnes

"Our job is to make a revolution in the country where we live and work. To do so we must understand—and understand thoroughly—politics and the class struggle within those national boundaries. But we can do that only as part of an international class that has no homeland—the working class. As part of an international alliance with exploited and oppressed toilers throughout the world. That's not a slogan. That's not the result of an act of will. It is the class reality of life in the imperialist epoch."

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¹ Notes appear at the end of article, on back page.

Continued from front page

1962. Neither the assault by U.S.-backed mercenaries at the Bay of Pigs in April 1961, nor the U.S.-provoked "missile crisis" of October 1962 was an act of "self-defense." Vietnam did not hurl weapons against American cities or territories, provoking a massive escalation of U.S. bombing and troop deployments in the mid- and late 1960s. These actions that defined the "American Century" were all "preemptive" assaults by the U.S. rulers.

So, too, were the bloody twentieth century wars among the imperialist powers—World War I and World War II. In the years leading up to both of these slaughters, the rival powers instigated incidents and provocations they knew would inevitably hand them a pretext to declare war and advance their national interests.

At least as early as President Franklin D. Roosevelt's "Quarantine the Aggressor" speech in October 1937, for example, the Democratic administration had set a course toward building up U.S. military power in order to take on Japan in the Pacific, establish itself as a dominant imperial power in Europe, and hopefully preside over the subordination if not the destruction of the Soviet workers state in the process. According to the history we're taught in school and see in the big-business dailies and on TV, it was Tokyo's "preemptive" bombardment of Pearl Harbor on December 7, 1941, that drew the United States into World War II. Since that "unprovoked and dastardly attack by Japan," Roosevelt told Congress the very next day, "a state of war has existed between the United States and the Japanese empire."

What usually goes conveniently unmentioned by apologists for the allied powers is the Roosevelt administration's "preemptive" act against Japan six months earlier imposing a total embargo on Japanese oil imports (as well as an embargo on scrap metal imports and the freezing of all Japanese assets in the United States). Washington knew that act of economic war, designed to starve Japan and stop the wheels of industry from turning, would force Tokyo to respond militarily. The only surprises were the unexpected audacity of the Pearl Harbor attack, the reach of Japan's naval fleet, and the skill and boldness of "the little yellow" pilots from Asia.

In reality, what was noteworthy for class-conscious workers about Bush's West Point talk was not his comment about "preemptive action" but the ease with which he slid back



Photo courtesy José Ramón Fernández (right)

"All military assaults by Washington have been 'preemptive,'" Barnes says. "The U.S. armed forces weren't under attack by Korea in 1945 when Washington ordered them to occupy the southern part of the country. Cuba did not threaten or invade the United States in 1961 or 1962. Vietnam did not hurl weapons against American cities, provoking a massive escalation of U.S. bombing and troop deployments in the 1960s." Above: U.S. Marines land at Inchon, Korea, 1950, at start of Korean War. Right: Cuban revolutionary troops at Bay of Pigs, April 19, 1961, after defeating U.S.-organized mercenary invasion.



such as these in the colonial world, as well as their "friends," the fickleness of one or two of whom might be revealed in an ever-changing future.²

We must act on the assumption that the Pentagon plans for a multifront invasion and war against Iraq "leaked" earlier this month are the initial steps to prepare a massive U.S.-organized military assault. Within days [British prime minister Anthony] Blair weighed in, pledging complete support and participation. "Leaked" documents detailed the use of depots for war matériel in Uzbekistan and plans for air, sea, and land operations staged from bases in Kuwait, Qatar, Bahrain, Turkey, Diego Garcia, and elsewhere. There are great hopes among sections of the Turkish bourgeoisie that in return for their cooperation imperialism will offer some relief from the growing debt burden and economic crisis gripping that country. And the U.S. rulers will make sure their royal highnesses in Saudi Arabia and Jordan also come around before the shooting starts.

Washington is determined to accomplish what it could not try to do as part of the "Free Kuwait" coalition during the 1990-91 war. The U.S. rulers aim to fight a major war to the finish—and are gathering a coalition accordingly. With one foot in Tel Aviv and another in Baghdad—and new military bases to the north, east, and south of Iran—they believe, U.S. imperialism will then be able to recoup some of what it lost with the revolutionary overthrow of the U.S.-backed shah of Iran in 1979. Above all, Washington is confident it can redivide military and political influence over the region at the expense of its rivals in Europe and Japan and assert its domination over oil and other resources. Some 65 percent of the world's oil reserves are in that region—more than 10 percent in Iraq, and a quarter in Saudi Arabia alone.

U.S. spreads military deployments

The United States is bolstering its military presence elsewhere as well. It used the war in Afghanistan to establish bases not only there but across former Soviet Central Asia, in Uzbekistan, Tajikistan, and Kyrgyzstan. Last December Congress approved the so-called Andean Initiative, which builds on the existing "Plan Colombia" to expand the presence of U.S. armed forces across Latin America in the guise of "fighting drug trafficking." The 1,200 U.S. military "trainers" in the Philippines, scheduled to complete their mission there in a few days, may prove to have been just a foot in the door, as indicated by talks already under way between Washington and Manila about reestablishing permanent U.S. military storage facilities there. At least it will be the opening wedge in stepped-up Filipino-American cooperation in the war against "terrorism" and Islamic extremism in the Pacific region.

Two processes are taking place unevenly but in tandem: U.S. imperialism's war preparations abroad and ongoing militarization on the home front, anticipating increased resistance by workers and farmers down the road. The Bush administration and Congress are advancing along the bipartisan trail blazed by the Clinton administration and Congress during the previous eight years. Reinforcement of the so-called homeland defense command structure; centralization of intelligence operations; use of "secret evidence," "preventive detentions," and curtailment of review and appeal rights, targeting noncitizens and prisoners first and foremost; bolstering of commando and SWAT-style squads on the federal, state, and local levels—none of this began in the closing months of 2001.

A 'homeland' command

The Northern Command will formally stand up later this year. The prototype for this homeland command was established in October 1999, tagged with the Clintonian Pentagonese euphemism "Joint Task Force Civil Support." It is undergoing a slight metamorphosis, to emerge as the (more Rumsfeldian) Northern Command on October 1. Under the banner of combating "terrorism," this new military command will be charged with maintaining "law and order" as needed within the boundaries of the United States when there is a threat of civil disorder.

Currently, the U.S. military command structure consists of nine Unified Combat Commands—the European Command, Pacific Command, Southern Command, Central Command, and so on. The chain of command goes directly to each of them from the president of the United States, through the secretary of defense. The new Northern Command will be headquartered at Peterson Air Force Base in Colorado and will be headed by Air Force Gen. Ralph Eberhart, currently commander of the U.S. Space Command. NORTHCOM, as it will be called for short, will encompass NORAD—the North American Aerospace Defense Command—whose U.S. commander has the ultimate power by treaty, without prior consultation, to put the Royal Canadian Air Force under his command. When NORTHCOM stands up a few months from now, Mexico, in the eyes of Washington, will for the first time fall under the responsibility of a U.S. combat command.

If you simply add up figures on economic output, arms budgets, and conventional and strategic weaponry, then U.S. imperialism is the strongest power in world history, towering above its closest rivals on every front. But that's a snapshot lifted out of time as well as political and economic context and direction of development. The course we've been describing here is that of an imperialist power that is *weakening* vis-à-vis its ability to stabilize a world in which the lives of hundreds of millions of restive toilers in semi-colonial countries are marked by the increasing turmoil,



U.S. Air Force/Tim Vining

U.S. troops at Karshi-Khan airfield, Uzbekistan, February 2. "Washington is moving to bolster its military presence elsewhere in the world," Barnes says. "It used war in Afghanistan to establish bases not only there but across former Soviet Central Asia, in Uzbekistan, Tajikistan, and Kyrgyzstan."

and forth between proposals for strikes against "enemies" at home and "enemies" abroad. "Our security," Bush said, "will require the best intelligence to reveal threats hidden in caves and growing in laboratories. Our security will require modernizing domestic agencies such as the FBI, so they're prepared to act, and act quickly, against danger."

Washington's 'axis of evil'

More important than the West Point talk was Bush's "axis of evil" speech to Congress four months earlier—his State of the Union address in late January 2002. We take seriously the threats issued in that talk. The White House did not simply pick Iraq, Iran, and the Democratic People's Republic of Korea out of a hat as a representative sample of Clinton's many "rogue states." And the "axis of evil" is not simply three oppressed countries whose governments the U.S. rulers would like to overturn. They are three such governments that have the economic, engineering, and technical capacities to someday soon place weapons—including nuclear warheads—on ballistic missiles whose range could at least prevent Washington from attacking those countries with impunity. In fact, the most immediate aim of the U.S. rulers' drive for an Anti-Ballistic Missile System, reinitiated during the Reagan administration, resumed during the later Clinton years, and now being pressed forward by Bush, is to restore Washington's ability to use its massive nuclear arsenal to blackmail governments

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want, and disease produced by the world capitalist system itself. An imperialist power less and less able to handle the political challenges it cannot but create, because it is a power that cannot stabilize the global capitalist economy, the effects of which keep coming down on workers and farmers worldwide. A power that must bear a disproportionate load in policing the planet for imperialism in one crisis of its own making after another, from the Balkans to every corner of the semicolonial world. One that has not achieved its goals in a single major war since 1945. One that now, after supposedly winning the cold war "without firing a shot," is no longer exempt from attacks on its home soil.

An imperialist power in its heyday is able to bend regimes to its will. To order "allies" to turn to. To crush resistance by toilers in the colonial world. It has the economic reserves to stabilize its international currency. That is not the situation of U.S. imperialism today, however, and has been less and less so since the mid-1970s. Instead, the moves we are witnessing are part of the decline of the world's final empire, which today faces the political and military consequences of its imperialist course at the same time it is entering its greatest economic crisis since the 1930s....

Curve of capitalist development

None of these trends—none of the underlying contradictions of world capitalism that are pushing toward depression and war—began with the September 11 assault on the World Trade Center and its consequences. Some were accelerated by those events, but all have their roots in the downward turn in the curve of capitalist development a quarter century ago and the interrelated collapse of the Stalinist apparatuses in the Soviet Union and across Eastern and Central Europe at the opening of the 1990s. We have followed these trends over that entire period: in *The Changing Face of U.S. Politics*, in feature articles in several issues of *New Internationalist* magazine—"What the 1987 Stock Market Crash Foretold," "The Opening Guns of World War III," "Imperialism's March toward Fascism and War," and "U.S. Imperialism Has Lost the Cold War"—in *Capitalism's World Disorder*, and in *Cuba and the Coming American Revolution*.

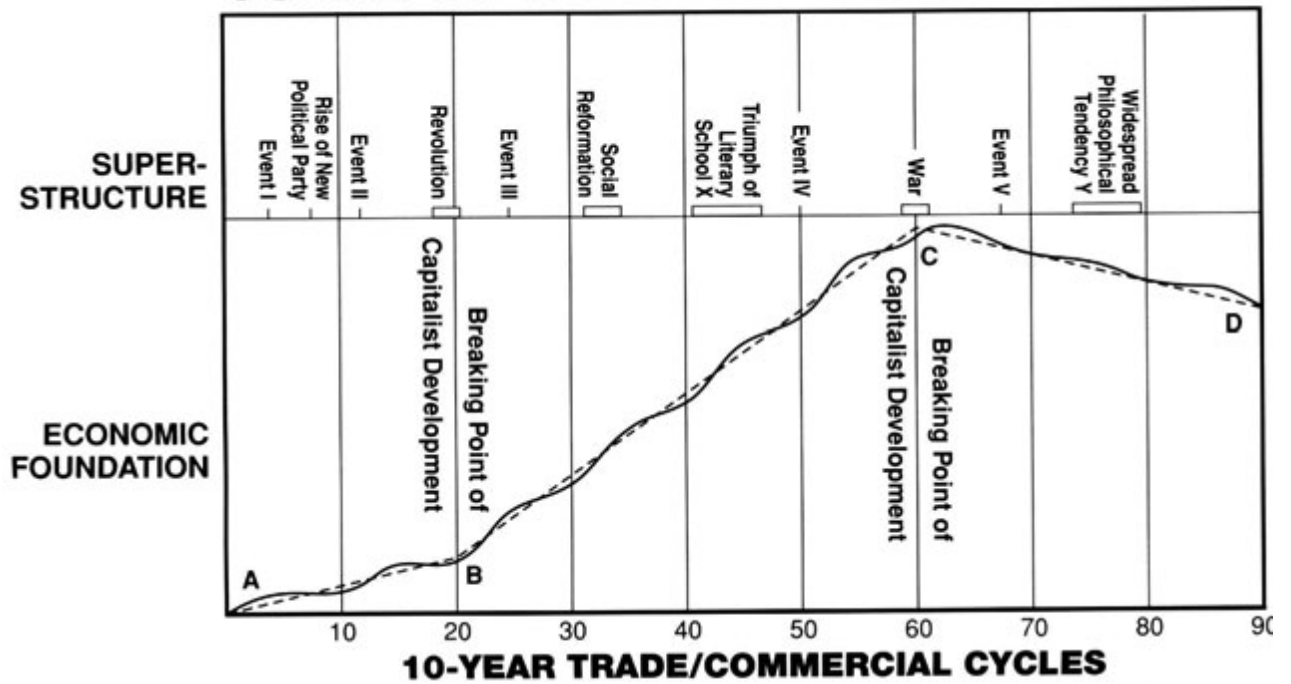
It's useful now to go back to *Capitalism's World Disorder* and reread "So Far From God, So Close to Orange County: The Deflationary Drag of Finance Capital," a talk given to a regional socialist conference in Los Angeles at the opening of 1995. The rudiments of the unexpected and violent credit contraction we are threatened with once again today could be seen in late 1994 in the collapse of the Mexican peso and in the bond default—chosen in preference to raising taxes—by the government of a wealthy county in southern California. We said at the time:

With returns on investments in capacity-expanding plant and equipment under pressure since the mid-1970s, owners of capital have not only been cost cutting; the holders of paper have been borrowing larger and larger amounts to buy and sell various forms of paper securities at a profit. They blew up a giant balloon of debt in Orange County over a period of years [betting on interest rates continuing to go down in the early '90s was an insight only greedy county administrators and Merrill Lynch bond salesmen were given by God; going massively short and uncovered was protected by the alignment of the stars!]; the bondholders thought they had died and gone to heaven.... When the balloon international bankers had inflated in Mexico in the 1980s began to collapse, the bondholders stepped in and blew it back up for a while. But in Orange County, the more local officials borrowed to make a killing using public funds to gamble [in collusion with] bond merchants, the greater their vulnerability became....

Now the capitalists and their public representatives—and not just in Mexico or Orange County—have been given another warning of the long-run possibilities of an uncontrollable deflation. Over the past couple of decades, upturns in the business cycle have relied on floating large amounts of fictitious capital—ballooning debt and other paper values. The capitalists are now paying the piper for the lack of sufficient economic growth during that period to keep rolling over the loans.³

The capitalists pushed off the crisis for another half decade after the mid-1990s by inventing and inflating more credit instruments and paper assets. The stock market, as measured by the Dow Jones Industrial Average and the S&P 500, more than tripled. Corporate borrowing more than quadrupled in the United States over that five-year period—not to expand productive capacity, but often to buy back their own bloated shares, bloat them further, and sit on what more and more becomes a cash hoard.⁴ Between 1995 and 2000, the biggest net buyers of shares in the United States were corporations, often the same corporations that had issued them. And we've already discussed

CURVE OF CAPITALIST DEVELOPMENT



In a 1923 letter, Russian revolutionary leader Leon Trotsky said that unlike trade and commercial cycles of recession and recovery, there is no "rigidly lawful rhythm" to long-term capitalist development. Trotsky included the above chart of a hypothetical 90-year period—a "pictorial juxtaposition" of major political and social events and the economic ups and downs of the curve of capitalist development.

the explosion in Wall Street leveraging of casino chips called derivatives.

That's why, at this early stage in the onset of a world depression, we need to keep our eyes on the unfolding financial crisis of the bourgeoisie. In the history of modern capitalism, and in the imperialist epoch above all, the first giant shocks that begin shattering the confidence of sections of the rulers themselves are centered in financial institutions—in the banks and markets for currencies, debt, and equity—not in factories, mines, and mills. The devastation of production and employment follows afterwards, and with a lag....

Sometime in the mid-1970s we entered a downward segment in the curve of capitalist development, and that's the period we're still living through today. Lenin and Trotsky provided us with the necessary political tools to analyze these long-range trends in the history of capitalism and their consequences for communist strategy and party building. Some of the most useful were their reports and writings

around the time of the third and fourth congresses of the Communist International in 1921–22.⁵ Trotsky summarized these conclusions in a brief 1923 letter that we published in *New Internationalist* magazine under the title, "The Curve of Capitalist Development."⁶

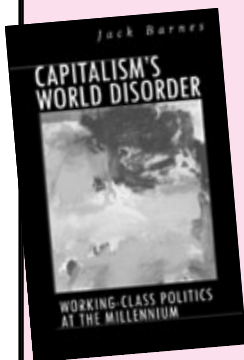
Unlike capitalist business cycles of recession and recovery with their chartable, and recurring, patterns, Trotsky said, there is no "rigidly lawful rhythm" to the long-term development of world capitalism. In the 1923 letter, Trotsky contrasted this conclusion to that of a Soviet academic named Nikolai Kondratiev. Pretending to formalize what could not be formalized—the materialist dialectic of modern history—Kondratiev bourgeoisified the work Lenin and Trotsky had presented at the third and fourth Comintern congresses. He argued that in addition to shorter trade and inventory cycles, there were also regular cycles of roughly fifty years that could be charted over the history of capitalism since at least the opening of the industrial revolution

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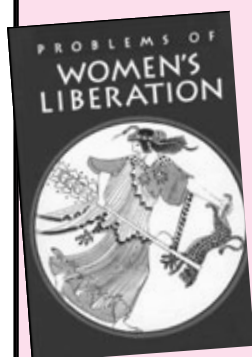
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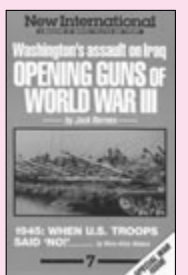
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in the latter half of the 1700s.

Kondratiev's empirical chart itself was a roughly accurate sketch of trends in capitalist development over the previous century and half, Trotsky said. But if you looked carefully at its turning points—and at the duration and steepness of its upward, downward, and flatter segments—it was clear that these corresponded to major events in politics and the class struggle, not solely “economic” factors as normally understood. There was nothing “automatic” or “cyclical” about an *upturn* in this longer curve, as there is at a certain point in the destruction of value and drawing down of inventories during a capitalist recession.

“As regards the large segments of the capitalist curve of development,” Trotsky wrote, “their character and duration are determined not by the internal interplay of capitalist forces but by those external conditions through whose channel capitalist development flows. The acquisition by capitalism of new countries and continents, the discovery of new natural resources, and, in the wake of these, such major facts of ‘superstructural’ order as wars and revolutions, determine the character and the replacement of ascending, stagnating, or declining epochs of capitalist development.”⁷

A long hot winter

Kondratiev did employ a useful metaphor in describing this long-term curve, whose character he did not understand. He, and his rediscoverers and vulgarizers today, speak of the slow beginnings of recovery as “spring”; sharply rising segments as “summer”; the stagnant opening of a downward segment as “autumn”; and the more sharply downward segment as “winter.” We’ve been in autumn since the mid-1970s; now one of capitalism’s infrequent long winters has begun. With no seeming limits on the Federal Reserve and Treasury Department’s blowing up every balloon they can find, and now the accompanying acceleration of imperialism’s drive toward war, it’s going to be a long, hot winter. Even more important, slowly but surely and explosively, it will be one that breeds a scope and depth of resistance not previously seen by revolutionary-minded militants in today’s world.

During world capitalism’s quarter-century-long “autumn,” the business cycle continued oscillating, including two long capitalist upswings—one for nearly eight years after 1982; the second stretching an entire decade from 1991 to 2001, the longest cyclical upturn in U.S. history. Both upturns, however, were fueled by a massive inflation of debt and paper values, adding little to



Militant/Paul Pederson

“In seeking to boost their profit margins, more and more employers have been unable to count on anything other than pressing to drive down wages and benefits, lengthening hours, and intensifying labor,” Barnes says. Above: Janitors who are members of the Service Employees International Union rally September 23 in New York to protests attempts by building owners to cut health-care benefits.

productive capacity in comparison to the post-World War II expansions in the United States and later in Europe and Japan. In seeking to boost their profit margins, more and more employers have been unable to count on anything other than pressing to drive down wages and benefits, lengthening hours, and intensifying labor. This stretch-out and speedup, this increase in absolute and relative surplus value, is the “secret” to the productivity growth that Greenspan exaggerates and brags about in order to reassure the capitalist class that something more is happening than a further expansion of the massive government debt-created bubble. By the U.S. government’s own figures, however, including those of the Federal Reserve, neither economic output nor labor productivity during these two most recent booms came anywhere close to increasing at the rates logged from the late 1940s through the early 1970s.

Class inequality widens

It’s worth repeating what a delegate from Washington, D.C., Sam Manuel, reminded us of during the discussion. It’s never enough just to look at government statistics, or even at how the average or median sector of the working class might be faring for a few years. We have to keep our eyes on various layers of the working class, and the differential social consequences of “booms” such as

late in 2000, the entire structure becomes increasingly unstable. Marx’s observation that “interest-bearing capital always [is] the mother of every insane form” of capital is once again being demonstrated in spades.⁹

Neither we nor anybody else has any way of predicting exactly how long it will take for these gigantic balloons—stock prices, consumer debt, real estate costs, the relative “value” of the dollar—to deflate. But since everyone can see it coming, it can seem natural to say: “Surely the capitalists will do something to stop it!”

But that’s not how the law of value works. That’s not how a market system driven by the competition of capitals—and, in the imperialist epoch, on the more and more violent competition of bigger and bigger capitals, and more and more leveraged speculation—operates. Finance capital since the mid-1970s has postponed the crisis and moderated the frequency and volatility of the swings of the trade cycle. But it did so only at the expense of inflating the debt balloons more and more, increasing their variety as they debase the purchasing power of the currency, thus making the eventual bursting of the bubble even more destructive to imperialist stability, self-confidence, and alliances.

Notes

1. V.I. Lenin, “Report on the World Political Situation and the Basic Tasks of the Communist International,” *Workers of the World and Oppressed Peoples, Unite!, Proceedings and Documents of the Second Congress, 1920* (New York: Pathfinder, 1991), vol. 1, p. 139. Also in Lenin, *Collected Works*, (Moscow: Progress Publishers, 1966), vol. 31, p. 227.
2. In July 2004 the U.S. government loaded the first ground-based Anti-Ballistic Missile interceptor into a silo in Alaska, a project begun during the Clinton administration. President Bush hailed the installation as “the beginning of a missile-defense system that was envisioned by Ronald Reagan.”
3. Jack Barnes, *Capitalism’s World Disorder: Working-Class Politics at the Millennium* (New York: Pathfinder, 1999), pp. 60–61.
4. Government figures showed declining capital investment throughout 2001 and 2002. Even the modest upswing beginning in mid-2003 focused on replacing worn-out equipment, driving labor costs down by intensifying the pace of work and lengthening the workday, not by expanding capacity and output. An article in the July 19, 2004, *Business Week* magazine, headlined “Corporate Coffers Are Stuffed With Dough,” pointed out that “so far at least, instead of putting all this firepower to work—by pumping up capital budgets, upping the pace of hiring, restocking inventories, or passing out bigger dividends—companies are keeping much of their powder dry.” Companies, *Business Week* said, are putting their cash into money market funds and stock buybacks of their own shares.
5. These reports can be found in the two-volume collection of Leon Trotsky’s writings entitled *The First Five Years of the Communist International* (New York: Pathfinder, 1972) and in Lenin, *Collected Works*, vols. 32 and 33.
6. Trotsky, “The Curve of Capitalist Development,” in *New International* no. 10 (New York, 1994), pp. 209–10.
7. *Ibid.*, p. 210.
8. In late 2003, according to the Wall Street investment bank Goldman Sachs, the annual growth rate of hourly earnings in the United States fell to “the slowest pace ever recorded.” Over the next half-year, through the middle of 2004 when this issue was going to press, real weekly earnings actually fell.
9. Karl Marx, *Capital* (London: Penguin, 1981), vol. 3, p. 596.

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