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## Prospects of American capitalism

B. J. Field

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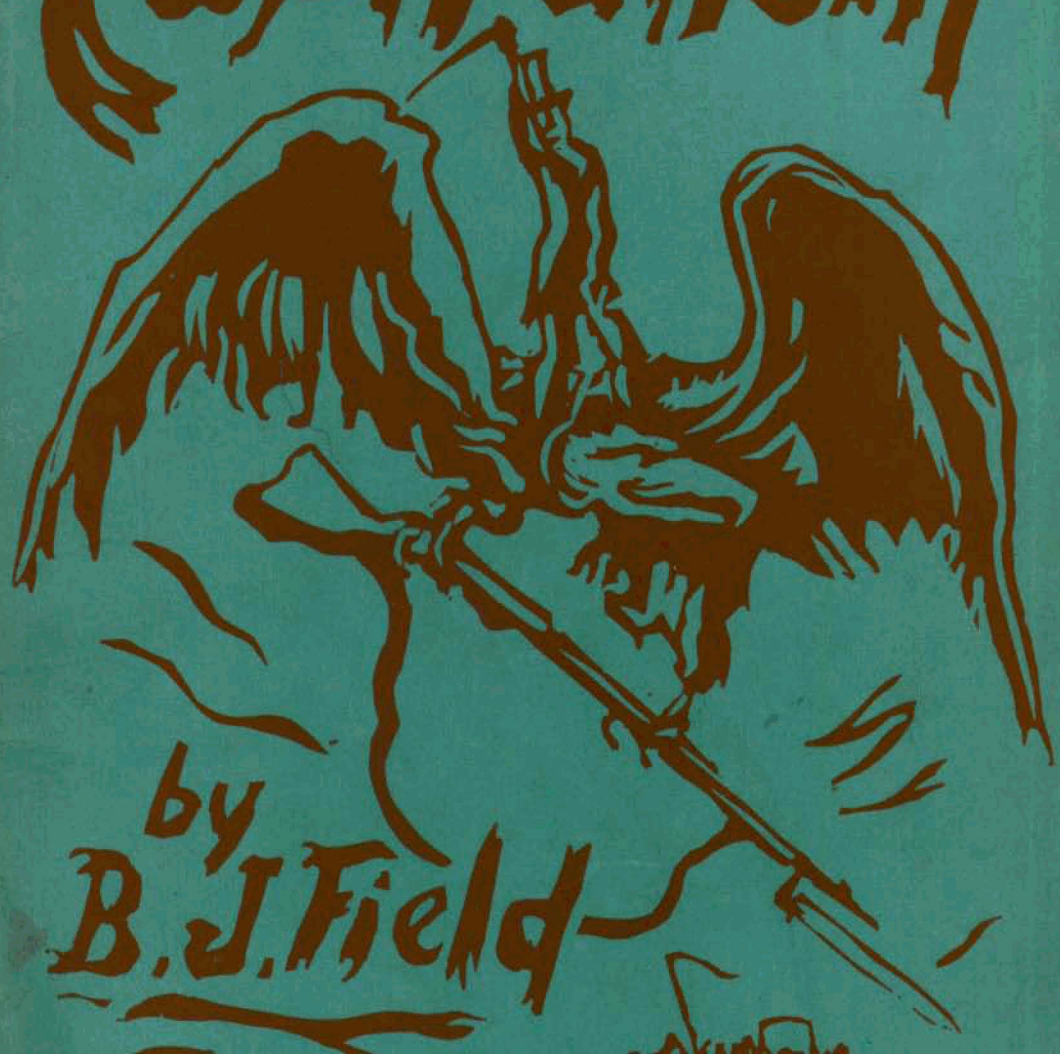
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prospects of -

# American Capitalism



by  
**B. J. Field**

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AMERICAN CAPITALISM

# **PROSPECTS OF AMERICAN CAPITALISM**

**By B. J. FIELD**

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**"PROBLEMS OF THE AMERICAN REVOLUTION" No.1**

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## P R E F A C E

This pamphlet is the outgrowth of an article written in cooperation with comrade Leon Trotsky in Prinkipo in the summer of 1932. This cooperation had, as comrade Trotsky put it, a purely personal character, since the writer had been expelled by the Trotsky organization in America for maintaining that the 1929 crisis was the first of the crises on the downward swing of American capitalism, that it was wrong to refrain from independent mass activity and limit the tasks of the organization to purely literary propaganda activities intended to influence the course of the Communist Party, and that the social and economic conditions for a powerful reformist or centrist movement in America no longer existed.

Nevertheless this article was sent by comrade Trotsky to the Left Opposition press of the various countries, and was translated into German, French and Greek. It was not printed in the United States.

Much water has passed through the Golden Horn and the Atlantic Ocean since that time. Our comrades had not only to break with the Trotsky organization, but also to express their disagreement with comrade Trotsky himself as to the Verite group joining the French Socialist Party, the blurring over of the necessity for a new party in the Soviet Union, the estimation of the Workers Party of the United States as a revolutionary party.

That we cannot see eye to eye with him on certain questions of organization is regrettable. From the beginning of his career he has sown, in theory and principle, far more than he has reaped, in organization.

But the situation is such that the questions of organization are of the most vital importance today. This pamphlet tries to prove that the objective conditions for

a revolutionary crisis are immensely favorable today. What is lacking is the revolutionary party. None such exists. It is necessary to build one; not by the expansion of any single group, but by the unification of many groups, tendencies and forces on a revolutionary platform containing the essentials of a Communist position. To agitate, propagandize, educate, and organize for this task, for the building of a new revolutionary workers' party and a new International—that is the task of our grouping, the Organization Committee for a Revolutionary Workers Party. To this end we want to cooperate with all those forces, in organizations or not, that are convinced of the bankruptcy of the Socialist and the Communist parties and realize the necessity of a new party.

One of the instruments to this end is the following pamphlet, the first of a series on "Problems of the American Revolution". We hope that many militant and class conscious workers will not only read it, think about the questions which it raises, and discuss them with other workers, but will consider how to bring their wishes and hopes into action, into realization, and will communicate with our organization to this end.

B. J. FIELD

## PROSPECTS OF AMERICAN CAPITALISM

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The conditions for a revolutionary crisis in America are today ripe and more than ripe. The prospects of American capitalism are such that the class struggle, which has existed in America, as in all other countries, in the past, but in a peculiarly blurred and masked form because of specific American conditions, must break out in sharper, more "European" forms than ever before. In other words, the objective conditions for a working class revolution, because of the changes of the last few years, are coming up to the very surface of society, and the question of the revolution is on the order of the day so far as the objective conditions are concerned. But objective conditions alone do not necessarily make a revolution; they may, as in Germany, open the way for counter-revolution. It is necessary to consider, and in the very first rank, the present condition of the working class, its degree of consciousness and organization, in short, of preparedness to assume its historic role of leading society by the road of revolution out of the crisis of dying and decaying capitalism into a communist classless society, which will carry mankind on beyond the point where capitalism has failed.

America leads the world in these two major respects; economically it is the most advanced country of the world; in the production of steel, coal, oil, wheat, cotton, copper, in mileage of railroads and highways, in number of telephones and automobiles, the United States compared with the world as a whole is far ahead in proportion to its share of the world's area or the world's population.

At the same time, the political backwardness of society as a whole, and particularly of the working class, is most pronounced in the United States. This disparity

is the outstanding feature of American social development. It is not an accidental feature; it is not due to anything in the American blood or in the American soil or climate. It has its definite social and economic roots which we must understand if we want to overcome this condition. The particular circumstances under which this tremendous economic development was accomplished account for and explain this discrepancy.

### **THE GAP BETWEEN ECONOMIC AND POLITICAL DEVELOPMENT**

We can sum up the reasons for this discrepancy between the high economic level and the backward political development of America by saying that the lateness of the appearance of American capitalism on the world arena, its enormous accumulation of productive equipment and natural resources, the vast areas open until recently to agriculture, the rapid assimilation and absorption of a great immigrant population, have resulted in two things: first, a relatively high level of wages for a substantial section of the American working class; second, an unequalled freedom of class relations, making it possible for large sections of the working class to move into the petty bourgeoisie and even in a few cases, into the big bourgeoisie. In other words, we have not had a stable, permanent proletariat in this country. In Europe, the son of a shoemaker is a shoemaker, and his son is also a shoemaker. In America, the shoemaker's son may be a lawyer and his grandson may slide all the way back into the lumpen-proletariat. In America, too, it was possible for a skilled worker to approximate a condition of living not far from that of the petty bourgeoisie.

These conditions of the worker's life in America have determined the way he thinks and also the way he acts. He has been able to solve some of his problems in some cases as an individual and not as an organized member of a class. This has held back the development of class-consciousness, which depends on the existence of stable and permanent class relations.

Now if that condition were to last indefinitely, there would be no reason to expect that the political development of the American workers would ever catch up to the high state of American economic development. But the whole result of the changes of the last twenty years, and more especially of the last five years since the crisis, has been that these roots of political backwardness, the relatively high level of wages for certain types of workers, and the ability of many individual workers to solve their problems by moving out of the working class altogether, are being eliminated by the social development of class relations under capitalism in the United States.

### CLOSING UP THE GAP

The high standards of living for any large part of the workers are being eliminated by the blows of the capitalist class; the living conditions of the workers are being made more and more uniform and separated more and more from those of the bourgeoisie. The freedom of motion of individual workers upward into the bourgeoisie is being cut off, as the big capitalists eat up the little ones, the professions become chronically overcrowded, and the farming classes find their position more and more intolerable. Therefore we see that in this respect the objective conditions for a revolutionary crisis, the sharpening of the class struggle and the closing of the various doors of escape, is putting the question of the revolution on the order of the day.

Another factor of political backwardness in the past has been that the leadership in all the large-scale politically radical American movements of the past seventy years has been in the hands, not of the workers, but of the petty bourgeoisie, especially the middle-class farmers. The struggles of the workers, with a few exceptions such as the fight for the eight-hour day, have been local, sporadic and limited. The struggles of the farmers, on the other hand, while bringing millions of discontented elements into motion, have been struggles, not against capitalism as a whole, but against certain



elements of capitalism — the bankers, the monopolies, the tax and tariff policies of the capitalistic state—in order to get a bigger slice for the farmer of the surplus values derived by capitalism. For this reason the radical movements of the farmers have been isolated from the struggles of the workers, whose position as a class, forces them into conflict with capitalism as a whole, even where a struggle begins on the basis of the humblest immediate demands.

Besides the successive waves of prosperity in the past, in which the farmers have shared, have put an end, one after another, to these movements of middle-class discontent. "The farmer will not revolt with wheat at \$2 a bushel", say the bourgeois politicians. But now we are in a period of permanent crisis in American agriculture, in which the farmer, in order to fight for his very physical existence, must join with the workers in a broad struggle against the foundations of capitalist power. This makes possible and necessary a new turn in revolutionary (working-class) policy, in which large sections of the farmers can be mobilized as a class ally for the revolution. This new situation of the American farmer in turn also powerfully stimulates the ripening of the revolutionary crisis in America.

We see then that the new conditions of the working class and of the farmers find capitalism compelled by its inner necessities and contradictions to drive forward toward expansion and imperialism. We find that the bourgeoisie, the petty bourgeoisie and the working class are very differently prepared, very differently organized, for the new conditions of the more open and broader forms of the class struggle in the period which is now opening. We conclude from this that since the objective conditions are becoming ripe for revolution, the primary question now becomes the revolutionary party, its structure, its functioning, its policy and program, which expresses the consciousness, the ideology of the working class as a whole, and in this way attempts to draw some practical conclusions from this survey of the prospects of American Capitalism.

## UNEVEN AND COMBINED DEVELOPMENT IN AMERICAN CAPITALISM

When we speak of the high level of economic development of the United States, we must realize that this high level is in itself anything but unified and consistent. There are many contradictions in that high development, between the skyscrapers of New York and the log cabins of Tennessee. In steel, copper, oil, there is a high state of technical development, and also, in capitalist terms, a high degree of concentration of production in the hands of a small number of monopolists who dominate the field and are in turn dominated by finance-capital.

But even in the industrial field, there are thousands of little capitalist enterprises in the coal mining industry, each producing a thousand or a few thousand tons a year. Even the most ancient form of capital ownership, that of one-man control, older than the corporation, older even than the partnership, is illustrated in one of the newest and technically most developed industries, the automobile industry, by Henry Ford.

The banking system in the United States, on the one hand, as in all other countries, shows an enormous concentration of power in the hands of a very few banking groups, controlling billions of dollars of resources and powerful international connections; on the other hand, there are some 20,000 hole-in-the-corner country banks, neighborhood banks, and the like, small, independent, a holdover from an earlier stage of capitalism which no longer exists in the other advanced imperialist countries. This is what we call combined development, combining earlier and later stages of capitalist development side by side. The fact that American capitalism appeared late in the world scene, after England and the important European capitalist powers had advanced far in capitalist development, shows the uneven development of world capitalism. We shall see later how powerfully both the uneven and the combined character of the development of American capitalism have sharpened its contradictions, its anarchy and chaos, and hastened the ripening of the revolutionary crisis.

## COMBINED DEVELOPMENT OF BOURGEOIS DEMOCRACY

We also speak of the political backwardness of American society, and we find that this also does not show a uniform straight-line development. On the contrary, from a very early period of American history, it has always shown these combined characteristics, placing side by side earlier and later forms of political development. In the first place, the granite Puritan foundation of Plymouth Rock represented the ideology of the rebellious petty bourgeoisie of seventeenth-century Europe, preparing for its first victories in Holland and England, and later in France, Germany, Italy and other countries.

Yet this bourgeois ideology itself began to evolve. Out of the Puritan revolt of the seventeenth century came the rationalistic, decentralizing bourgeois democracy, represented in France by Voltaire, Rousseau and the Encyclopedists, in America by Jefferson and Tom Paine. Such are the origins of the "historic traditions of the Democratic Party" in which the politicians of Tammany Hall like to drape themselves once a year.

But like many other things, the ideology of the French revolutionists, the Encyclopedists, lost much of its bite and flavor in crossing the ocean. In Europe, the bourgeoisie began by criticizing the Church and went on to criticize the Bible and all revealed religion. In America, a half-way position resulted — for the Bible, against the Church.

The roots which atheism, agnosticism and eighteenth-century French materialism struck in American soil during the period of the two wars with England withered away early. Their last anemic representatives were Thoreau, Emerson and the Brook Farm colony.

As the European bourgeoisie rapidly developed and began to feel its power, as it faced the problem of keeping hold of state power instead of trying to get it in a progressive struggle against the Catholic Church and the feudal state, it became conservative, centralistic, authoritarian — its representative expressions were Napoleon, Disraeli, Bismack. In America, they were the Federalists, George Washington, Alexander Hamilton,

James Madison. To this very day, this current is represented not only in its historical agency, the Republican Party, but through Roosevelt and the N.R.A. the big bourgeois tradition of centralizing power has won control of the Democratic Party which formerly embodied the petty bourgeois ideology of Jefferson and Andrew Jackson.

These combined and contradictory currents in the development of American bourgeois democracy — the ideology of decentralizing, anti-authoritarian petty bourgeoisie and that of the national, authoritarian, centralizing bourgeoisie — the Democratic and Republican currents, together with the basic Puritan current in American politics, have resisted for over seventy years the waves of radicalism—of Greenbackism, of Populism, the Granger movement, Free Silver, the Non-Partisan League, Bull Moose Progressive Republicanism. They have even resisted the first breakers of the proletarian revolution, the First International which Marx and Engels sent to America in 1872.

We have not a mass petty bourgeois party in the United States, nor a mass proletarian party, nor indeed any revolutionary party which has advanced beyond the stage of an embryo. The organized labor movement, in the trade union sense, finds its main stream in the American Federation of Labor, which together with the very similar Railroad Brotherhoods numbers over 90% of the organized workers of the country. Yet in proportion to the size of the American working class it is one of the smallest in the world, comprising only about a seventh of the workers. Moreover, these unions are politically among the most backward in the world. They “reward their friends and punish their enemies” — among the Democratic and Republican politicians. They refuse to participate in the reactionary Amsterdam Labor International, to which the most conservative trade unions of other countries belong. They have carried class collaboration to the lowest and frankest point conceivable, with one vice-president of the A. F. of L. an assistant Secretary of Labor, another in the openly anti-labor National Civic Federation, a flock of labor bureaucrats involved in

the administration of the N.R.A. They thus directly and openly support the bourgeoisie, not only in the day-to-day struggles but even sit side by side with them in the very centers of bourgeois power where the enemy class plans and executes its blows against the working class.

In order to justify themselves, they try to convince the workers that if they are to get higher wages, the boss must get higher profits. Both profits and wages both come out of the product of labor; the bosses' gain is the workers' loss. The lies of the A. F. of L. bureaucrats simply tend to make the workers depend on the bosses, and hold them back from asserting their independence as a class, and realizing the necessary antagonism between their interests and those of the capitalist class.

#### **WHY HIGHER WAGES AND CLASS MOBILITY IN THE PAST?**

We have stated above in general terms the reasons for the distinctively American political backwardness. There has not been a permanent proletariat in the United States; the worker has been able in many cases to find an individual solution for these problems, and therefore has not looked for a collective one, except to a very limited extent. This has found a subjective expression in the lack of class-consciousness, in the bourgeois worship of "success", the individualism, the crude empiricism and the dislike of revolutionary principle and theory. All of this reflects an economic situation marked by high wages and the rapid growth of the middle classes, recruited to a large extent from the proletariat itself.

The relatively high level of wages for certain sections of the working class in the past is to a considerable extent the expression of the greater richness of American natural resources; at bottom, a question of geography and geology. In a certain sense, this is a permanent feature of any developed American society irrespective of what form it may take. If we compare American deposits of coal, iron or petroleum, for instance, with those of England, France, Germany or other advanced capitalist nations, we find the American de-

posits larger, more prolific, nearer to the surface. Their costs of production are lower, resulting from a greater production of a given commodity in proportion to labor expended. We can conclude that an hour of labor expended in the production of basic commodities will actually produce more goods than an hour similarly expended in England, France, Germany, etc.

From the standpoint of Marxian theory, this is what we call "differential rent", on a national scale. Just as in comparing two fields, one of greater natural fertility than the other, we find that the same amount of labor produces more crops in the former, and that under capitalist agricultural methods part of this surplus value is appropriated as differential rent, so similar considerations apply on a national scale to the production of basic commodities in the United States as a whole.

But the existence of large natural resources and the relatively high levels of wages have in turn greatly stimulated the growth of the technical equipment of American economy. A machine that displaces a certain number of relatively highly-paid workers is worth more to an American capitalist than to a European. This great productive equipment has made American labor still more productive than that of European countries.

This has resulted in an enormously rapid accumulation of capital. But under capitalism, such a situation, of large natural resources plus a large accumulation of constant capital, results primarily in the employment of less workers and in the tendency to the payment of less total wages. As capitalism in America grows older, what we call its organic composition, that is, the proportion of capital represented by dead or past labor in the form of machinery and other types of constant capital in proportion to the capital represented by wages to actual workers, that is living labor, grows higher and higher. For each worker a greater and greater amount of mechanical power, a greater amount of productivity, becomes available.

But under capitalism this results in a peculiar paradox; the more highly developed the economic machinery is technically, the less able it becomes to meet human

wants. The reason is that under capitalism commodities are produced only when wage labor can be exploited to produce a profit, and no profit is realized until it is again converted into capital to produce more profits, and so on. But not indefinitely — from time to time, the capitalistic tendency to force the production of commodities results in overproduction; the accumulation of capital blocks the further circulation of profits into capital and again into profits. From time to time capitalist economy solves this contradiction by a violent economic crisis which unblocks the circulation of commodities and of capital by destroying great quantities of capital. These crises grow deeper and deeper, the remedies become more and more drastic until they finally become poisons; with the increasing “quantity” of crises comes a transformation in their quality, and a general process of capitalist decay and breakdown on a world scale sets in.

In the past, American capitalism has gone through many crises, in common with world capitalism, but each of these crises have been on the way up, crises of growth. Now we have a situation in which world capitalism as a whole for the past twenty years finds itself in a general crisis of decay. In America, the present crisis which began in 1929 proves to be the first in a series of crises on the downswing of capitalism; now for the first time American capitalism participates in the general crisis of world capitalism. This world crisis is different in kind as well as in extent from all previous crises. It reaches down and shakes the very foundations of capitalism. It is the first crisis in which capitalism has had to break up the traditional bourgeois democratic forms of its rule; the first to result from, and in, the steady choking-off of world markets; the first in which the financial and currency systems of most leading industrial nations have been disrupted; the first in which the capitalist state has had to step in openly to bolster up the shaky economic structure, because the “free play of economic forces” has failed. It is the first crisis which has lasted so long and cut so deep without showing any sign of substantial recovery. It is a crisis in which no new in-

dustries or new markets make their appearance, in which unemployment has reached and is still reaching unprecedented heights, and in which the processes of recovery can take place only in a limited, temporary and partial manner.

For the period from the end of the war to 1929, while the European countries were going through terrific convulsions and a false front of stabilization was maintained only with the help of American loans, American capitalism appeared to be going on and up regardless of what happened in the rest of the world. But in 1929, the fact which was clear to all Marxists, that the economy of one nation, whether the United States or even the Soviet Union, cannot continue to go forward indefinitely when world economy as a whole is going down, was drastically verified. The fall from 1929 levels of production, commerce, and financial activity, was proportionately greater in the United States than in any other country. There is no national wall between American economy and the world crisis, but on the contrary it is clear that America must continue to participate in, receive and transmit all the shocks and convulsions of the general crisis of world capitalism, the "epoch of wars and revolutions".

But the development of American capitalism has reached a point where it is compelled to drive ahead against all opposition, at home and abroad, and in the face of these dangers to its stability which are being brought to a head by the crisis. Its problems are those of imperialism of the highest stage of capitalist development—still further aggravated by the tenacious survival to this late date of large organic structures held over from an earlier and lower stage of development.

First, we have the intensification during the crisis of the tendency to concentration of capital in the hands of a few monopolists, in the major industries. Since the crisis, in steel, oil, railroads, and other industries, the tendency has grown ever more rapidly.

The growth of finance capital has become even more pronounced. The centralization of financial power has been accelerated by the Roosevelt program and the



closing of thousands of small banks. These powerful forces which are driving imperialism toward expansion are becoming more accentuated in the course of the crisis. Finance capital tends to become the dominant form of all capital because the rate of growth of industrial production has been far in excess of any possible increase in the production of gold, used in the form of money, to facilitate the circulation of commodities.

In order to bridge this gap, the capitalist system resorts to the increasing use of credit whose control is in the hands of the banks. The domination of the banks grows still faster than the increase in the production of goods. Under imperialism, the highest stage of capitalism, finance-capital, which results from a fusion of banking and industrial capital, controls capital as a whole. When we speak of Morgan, Mellon, Rockefeller, we cannot say primarily whether they are bankers or industrialists, because their interests are fused.

An imperialist nation is compelled to export finance capital. America went into this stage finally during 1914-1918. Up to the war, it was still importing capital. Following the war, from a debtor nation owing 10 billions of dollars, America became a creditor nation to which other countries owed 18 billions.

We must never forget that American capitalism entered the scene late, not in the manner of Victorian England, or even Bismarckian Germany. It came into a world which was already divided up. It had to find outlets for the export of capital. It could not find them as the 19th century imperialists did, by expropriating native chiefs, but had to find them in a world divided up by the leading imperialist countries. Therefore, it had to export capital, not to colonies which offer a high rate of profit and a tremendous field for expansion under the American flag, but to those very advanced countries with which it was competing, to Germany, France, Italy, England.

#### **AMERICA—RAW MATERIAL SUPPLIER, EXPORT COMPETITOR, CREDITOR.**

Unlike England, America did not merely export manufactured products and import raw materials but

on the contrary, had to carry out contradictory functions. It still exports raw materials to the extent of about 50% of all American exports. Like the industrially backward colonial countries, it exports wheat, oil, tobacco, cotton, meats, etc. The greater part of the post-war exports of capital went not so much to Latin America or Asia, as to Canada, England, France, Germany and the like. At the same time, it also acts as a banker for these advanced countries, thus it has to finance its own competitors. In the first place, it deals with them as a rival in the export of manufactured goods to those backward countries that are still more or less open to competitive world trade, the semi-colonial countries, South America, Africa, China, etc. The result is that as American imperialism develops, it comes into sharper and sharper conflict with the European countries which have the possibility to exploit masses of colored workers in the colonies. The United States lacks colonial possessions, and its drive for expansion brings it toward open conflict with those imperialist nations which control large colonial possessions, especially England, which is the greatest owner of colonies.

### **CRACKS IN THE SOLID FRONT**

American capitalist development leads toward increasing domination of finance capital and increased export of capital, as well as export of commodities, all the result of the aggressive drive towards expansion in foreign fields. It is compelled to engage in this struggle with the older imperialist countries under certain unfavorable conditions. Behind the impressive front which American capitalism puts up, we see, first of all, the agricultural crisis, the permanent crisis of agriculture. The farmers are being driven off the farm, the U. S. export of farm commodities is being displaced in the world market by the exports of newer countries. This trend is being accelerated by the Roosevelt AAA, the individual farmer being replaced to a considerable extent by the wheat factory, the huge farm corporation disposing of millions of dollars and thousands of acres.

American farming is being driven to the position

of the English weaver of the 18th century, when spinning and weaving machinery first came into use. But the difference is that he is being thrown out of his work and compelled to find a new job under a boss in a period when capitalist industry cannot absorb increasing supplies of labor. He joins the proletariat and, if he cannot find a job for a long time, the lumpen-proletariat (slum proletariat). This mass expropriation of the American farmer constitutes a tremendous explosive force, a deep crack in the solid front of American imperialism.

### **INDUSTRIAL OLD AGE**

But what is happening in agriculture is also happening in many other industries. We have a situation which may be called "industrial old age". Individual industries summarize the history of capitalism as a whole. In a new industry, production increases rapidly, and markets are easily found. The industry in such a stage consists of many small manufacturers, and the rate of profit is high, the rate of accumulation of capital is high, and the industry in such a state is very little affected by any general economic crisis. This can be illustrated by the history of the automobile industry or the electric refrigerator industry which while still in this period of expansion, continued to increase their output in the face of the crisis. But, as the industry grows older, the rate of production tends to settle down. New markets must be found and become increasingly hard to find. The accumulation of capital keeps on. The tendency towards consolidation of many small manufacturers into a few monopolists becomes very marked. Finance capital comes into the field and begins to dominate it. Finally, the rate of profit declines steadily, profits begin to disappear completely in a bad year and remain below the average in good years. Overcapacity, overcapitalization, overproduction becomes the rule. That is the situation in coal, copper, textiles and in many basic industries. That is one of the reasons why the older industries such as coal and textiles have the most strikes. That is also the situation in American farming. It is marked by overproduction, huge unemployment, overcapitalization, a lower than average rate of profit, and

is extremely sensitive to the general economic crisis in addition to its own permanent crisis.

Now this curve, which is true of the separate industries, is also true for capitalism as a whole. The industries that have fared fairly well during the present crisis, such as ice-cream, coca-cola, etc., indicate that it is the branches of light industries, the less basic branches of production that have been more or less immune from the crisis, while the major basic industries are now in a condition of industrial old age. This is nothing else than capitalist decay, a condition where the accumulated contradictions of the capitalist method of production have resulted in the defeat of the very purpose of capitalist production, which is the production of profits.

### **THE DRIVE TO IMPERIALIST EXPANSION**

But the drive for expansion, based on the hunger for profits, is only sharpened by the relentless cutting down of profits in the home market. These industries, unable to find markets at a profit in the domestic field, are thereby driven all the more to find markets abroad. They drive the bourgeois state into imperialist policy in the narrower meaning of the word, imperialist expansion through the political subjugation of industrially less developed countries as in Cuba, Mexico, and Latin America as a whole. You have the exploitation of native workers and the extraction of profits forced at the point of a bayonet. But these possibilities which are still open to American imperialism are very limited because America appeared on the scene as a capitalist power long after the leading imperialist powers had completed their divisions of the colonial areas.

A comparison of the results of the world war of 1917—1918 with the Spanish-American war, from the standpoint of colonial acquisitions is very interesting. At the same time of Spanish-American war, America had just begun to enter the period of imperialism—the steel trust, woolen trust, rubber trusts and the others were nearly all formed after the Spanish-American war. The problems of imperialism, the drive towards increasing expansion, towards increased foreign colonies, were just beginning to find political expression. The victory over

weak, feudal Spain, gave American imperialism possession of Porto Rico and the Philippines, and protectorates in Cuba, naval bases in Guam etc. and a whole string of Spanish possessions.

In the world war, 1917-18, American imperialism was forced into the war by its own desire to protect its own investments, and to maintain its markets with the allied nations. It entered under conditions where the imperialist drive to expansion was very much greater than in 1898, because monopoly capital had already eagerly exhausted the possibilities of expansion of the home market. Yet America was not able to grab any colonies from the last war, was not able to proceed to the redivision of the world. The Allies had already divided most of it among themselves, and split up among themselves the loot that they took from the Germans.

### **THE SHRINKING WORLD MARKET**

American capitalism, carrying on this aggressive policy, finds another obstacle contrasted with the older European countries. They entered the arena during the period of the upswing of capitalism. American capitalism, on the contrary, enters it at a time of general decay of world capitalism. Precisely when its appetite is greatest, and its need for outlet is greatest, it finds the rest of the capitalist world in the same condition.

The general crisis of decay of post-war capitalist economy remains the general outlook for world capitalism. The attempted stabilization of Europe from 1923 to 1929, based on American loans, broke down at the first touch of the 1929 crisis. The experiment is unlikely to be repeated. The world crisis will not again be held up by such temporary stabilizations, but will offer a background of shocks and convulsions for the efforts of American capitalism to solve its contradictions abroad.

America's own internal structure is not the most favorable for a presumably young capitalist nation to expand its forces abroad. This is because of the persistence of hangovers from the past and the combined development of American economy. In other words, a very large portion of American capitalism rooted in agriculture, in the production of war materials, and in other

industries suffering from industrial old age, will cause violent upheavals by their efforts to maintain their profits in a shrinking national and world market.

American capitalism is further involved in contradictions among its interests as a producer of raw materials, as a producer of manufactured products, and as the exporter of capital. Moreover, as a financier it deals primarily with other advanced countries, its own competitors, not with backward countries. These contradictions of the role of American capitalism as a producer, as an exporter and as creditor, will not reduce conflicts with other imperialist nations but on the contrary, will aggravate them. The long-range American crisis will result in more contradictory, violent and disruptive solutions than in the older capitalist countries. The struggle of the imperialists will be many-sided and severe, will assume a violent and spasmodic character, full of shocks and convulsions. In order to continue its imperialist development, American capitalism is already, even under the Roosevelt program of class peace, by means of the AAA and crop restrictions, preparing to sacrifice its farmer class.

Sections of capital involved in raw material production, too, may be sacrificed in order to make it possible to increase the productivity and profits of certain other sections, and increase the exports of capital. These shocks and disturbances will remove the last forces tending to relative class peace and of political backwardness, and thereby open perspectives of enormous revolutionary struggles.

### **PAST WORKING-CLASS STRUGGLE NOT GENERALIZED**

The struggle which the American working class has waged in the past has in general been local, limited, sporadic. It is true that we have seen in America great struggles waged by the workers—the struggle for the 8 hour day, the railroad strikes of the '70s, last year's textile general strike. We have seen repeatedly, time after time, tremendous movements for organization, embracing hundreds of thousands of workers, the Knights of Labor, AFL, IWW.

But the struggles of the American working class, often local, spontaneous, short and sharp bloody conflicts, such movements as the John Henry revolt, the Homestead strike, the Colorado Fuel and Iron, the general strike of San Francisco, the textile strike — have in general shown a lack of cohesion, a lack of national scope, a failure to extend beyond their original limits, which have been the weakness of the labor movement under the conditions of the past.

Second, the economic struggle for immediate demands of sections of the working class has, as a whole, not been generalized into broader struggles involving the whole class. The AFL represents like the old British trade-union movement, the limitation of the activity of the working class. It limits these struggles, by its abstention from working-class politics, by its craft organization, as well as its limitation of membership to the skilled workers in most industries. Their ideal is to control a small number of highly strategic jobs in the industry, thereupon to close the books and refuse additional members. With the important exception of the railroads, these unions are strongest in the backward industries, which require more skill of the workers, where large aggregations of capital do not exist, in other words, the backward industries which are least representative of the basic tendencies of capitalism, and are hangovers from the earliest stages of capitalism. Such are the craft industries, the strongholds of the AFL, the building trades, printing, needle trades, etc. For this reason, they are weakest in the largest basic monopoly industries such as steel and copper. In this way, the labor movement is further divided and limited.

Although political reformism has never struck deep roots in the American labor movement, the AFL basing itself on the aristocracy of labor has given expression to the need of the bourgeoisie to dominate the organized labor movement, and has provided a social basis for the bourgeoisie in the working class, in the absence of a political working class reformist party,

#### **FARMER LEADERSHIP IN RADICAL MOVEMENTS OF PAST**

But the American proletarian movement has not de-

veloped to the point where it has been able to attract the middle class into its orbit. American reformist and radical (not revolutionary) movements have based themselves in the past on the farmer, not on the worker. The middle class farmer has been the backbone of all reformist movements since the Civil War. Until not long ago, the farming population made up half of the total population of the United States. In addition to its strength of numbers, it early developed a strong consciousness of its class interests, and what is more important, a willingness to assert them against the big bourgeoisie of the East. It was able to play a decisive role in helping the bourgeoisie win the Civil War. In return for its support, it exacted from the Republican Party, the Homestead act, which opened up wide sections of the west to the farmer. The union of the progressive discontented petty bourgeoisie with the big bourgeoisie of the East, has been the basis of all the manoeuvres of the past 70 years, as a result of which the petty bourgeois discontent of the farmers has been kept within the framework of the two big bourgeois parties. Until the post-war period, the economic basis of the petty bourgeoisie was fundamentally unshaken.

There were agrarian crises before 1921, but they were temporary, and gave way to new waves of prosperity which temporarily crushed the movements of farmers' discontent. In addition, the fact that for many years large areas of free land were available, where large crops could be harvested with very little effort, the famous American frontier, gave the farmer a certain strategic advantage in the struggle with finance capital, the "Eastern bankers".

One of the peculiarities of farmers' discontent in America, is the extent to which it has concentrated so much on currency and finance, as can be seen by reading the very list of the farmers' radical movements. Precisely the fact that the farmers rapidly occupied these large areas of land, developed a marked tendency for farmers to get rich by land speculation, not by farming. The farmer expected to "clean up a pile" on the basis



of a steady increase in the value of farmlands. He would base his hopes on getting some bank or insurance company to finance him, and when his land went up, to sell it and retire to California, the typical saga of the native American farmer.

What punctured these dreams in every crisis was the threat of being driven off the farm by the banker foreclosing on the mortgages of the farmers because they were in debt, and they were in debt because they occupied more land than they could farm efficiently (the average yield of farm products in America is among the lowest in the world). The result of the borrowing was that in periods of crisis, the masses of farmers were in danger of being dispossessed, expropriated and reduced to the proletariat. Their notion of fighting back was to try to raise prices through inflation of one kind or another. Today you have many theories of inflation struggling for influence among the farmers—silver purchases, unlimited printing of paper money, central banking monopoly, etc. For price, to the American farmer is not only a question of living on a reduced income, but is a question of being thrown off the land.

But the permanent crisis in American farming was entirely different from those past crises. It meant that American farm products were being driven off the world market. In the case of wheat, there have been no net exports for the past two years; in the case of cotton, restrictions on production only emphasize the tendency for American cotton to disappear gradually off the world market.

Newer countries, like Canada, Australia, Argentina, Brazil, India, are displacing American production on the one hand. On the other hand, we have the steady penetration of capitalism into American farming, resulting in the growth of small intensively cultivated farms requiring larger capital investment, and of huge corporation farms and ranches, the increasing burden of debt, the growth of tenant farming and of share-cropping, especially among the most exploited Negro farmers, while the middle class farmer is increasingly being squeezed out of existence. As an industry, farming is

more backward than most forms of industry. But backward as it may be, much as it may resist capitalist penetration through conservatism and inertia, it is nevertheless drawn into the circle of capitalist commodity production. It is compelled to resort to capitalist methods of production and labor exploitation, and to the domination of finance-capital, thereby becoming subject to all the contradictions of capitalism. The economic law of the falling rate of profit, more violently sharpened by the permanent crisis of American agriculture since the war, hits the farm harder than most industries. The weakest sections of the farming class, the sharecroppers and tenants, including a large proportion of negroes are particularly hit by the crisis and are the classes which are driven off the farm first. However, under the conditions of the general world crisis and the intensified American crisis which is part of it, to be driven off the farm means something more and different now than it did before. It means now a mass expropriation, driving possibly millions of farmers to join the bread lines, and thus creates a tremendous factor of explosive discontent.

The expropriation of peasants and farmers in Europe has shown what a perilous matter the mass expropriation of small farmers can be. From the days of the peasant rebellions in England in the 14th century and those of Germany in the early 16th century, the Jacqueries in France, to the expropriation which furnished fuel to the Chartist movement in England, we find the dispossessed farmers and peasantry constitute an explosive social force. We can look to the farmers of America to furnish a part of the forces for revolution in the United States, on the condition that the working class itself is able to take over the leadership.

In America, as everywhere else, the petty bourgeoisie, including the farmers have proven themselves unable to carry through an independent political line. But the specific peculiarity of the American experience has been that the failure of petty bourgeois and agrarian radical movements has been due not so much to the absorption of the middle class movements of discontent by reformism or the movements of other social classes,

as in Europe, but to their isolation from other sections of the masses and thereby from the proletariat. The tactics of inflation, for instance, which mean to the worker a higher cost of living and therefore in effect a wage cut, only serve to separate the struggles of the farmers from those of the workers.

The petty bourgeois discontent has been unable to channelize itself into permanent organizational forms, still less to put itself at the head of a great progressive social movement of revolt against capitalism. The La Follette Farmer-Labor party was an attempt to overcome this isolation and mobilize the proletariat behind the petty bourgeoisie by setting up broader demands. But historically it came too late for such a purpose. The proletariat had grown too big and its need for the overthrow of capitalism too pressing for it to be harnessed to such a vehicle. The role of the farmer as a revolutionary force in the present stage of American social development must be primarily that of supporting the revolutionary proletariat.

### FACING THE CRISIS

As we have seen, the present period offers no possibility for the continuation of a period of social peace, relatively high wages for large sections of the working class, relative freedom of movement into the petty bourgeoisie. We have on the contrary a huge permanent army of unemployed, a permanent offensive campaign by the capitalist class against the wages of the workers, a permanent barrier to the movement of large numbers of workers into the bourgeoisie, a farmer class whose only hope of preserving its physical existence is by supporting the revolutionary proletariat.

These are among the objective conditions for the revolutionary crisis of which we speak. In the face of this, we find a bourgeoisie relatively well organized, more organized than ever because of the NRA and the Roosevelt program, the formation of trade associations, the organization of industries into code authorities. We find a bourgeoisie which has gone through the crisis less damaged than that of any other country, although the crisis here has cut deeper. As against the enormous

failures and bankruptcies of Germany, France or England, in America these bankruptcies have been relatively small, except for a few cases, like the Bank of United States, Insull and Kreuger and Toll. On the other hand, the bourgeoisie has only a narrow social base when fighting for itself in its own name.

The petty bourgeoisie, however, finds itself caught in the jaws of economic crisis, the professional class, overcrowded for years, offers little or no possibilities to the worker for individual escape from his problems. The farmers are being driven off the farm as well as off the world market. The same petty bourgeoisie, which formerly was a safety valve which was able to carry on its struggle with the big bourgeoisie within the safe limits of the Republican and Democratic parties is now seeking a way out along lines which are incompatible with the very existence of capitalism. They are the ones who are listening to the demagogy of Long, Coughlin, Townsend and Sinclair. They want something which the bourgeoisie cannot give them, and they constitute an enormous social force in motion, whether in the direction of revolution or that of counter-revolution. As this crisis passes through the stage of limited and partial recovery into the next and probably still deeper cyclical crisis, as the question of who is master becomes more and more sharply raised, and the working class through the very necessities of its existence is forced to challenge the power of the capitalist class, the workers will either sweep the petty bourgeoisie along behind a confident, powerful, organized working class, or find them, as in Germany or Italy, forming the main social support of the forces of counter-revolution, or fascism.

While it is very important to discuss what the tactics for a workers party should be with respect to the farmers and the petty bourgeoisie in general, in the last analysis it is not this or that specific tactic which will govern the outcome, it is primarily whether the working class shows itself powerful enough as a social force, confident enough, organized enough, to pull the petty bourgeoisie behind it as the Russian workers did in 1917.

## WORKING CLASS ORGANIZATION

Looking at the condition of the working class movement in the United States, precisely because of the political backwardness of which we have spoken, struggles of the working class have never passed beyond a limited and embryonic stage. The Communist Party and the Socialist Party in America are weak counterparts of the corresponding parties in European countries, and the movements which they represent have proven their bankruptcy as a force for revolution. We find a multiplicity of small groups, whose very number and weakness indicates even more plainly how primitive the movement is in the United States at the present time. This undeveloped state of the proletarian organizations, and even of reformist and centrist trends which try to hold the balance between the proletariat and the other classes, is balanced and made possible by the undeveloped state of the political machinery of American capitalism. In its past struggles, it has been able to rely on brute force, legal and illegal terror, the state militia, sheriff's deputies, private detectives and the like. Up till now, it has not had the necessity of consciously exercising ideological influence on the masses. Its support from the AFL organization, AFL bureaucracy, has been adequate for its purposes. It has not been necessary for it to develop a mass reformist party, or resort to mass demagoguery until Roosevelt. Now that the bourgeoisie or, at least, its most conscious elements may feel the necessity for such a party, the ground has been cut away from under it. Reformism cannot flourish in a soil constantly shaken by shocks and convulsions. It needs a condition such as existed in pre-war Germany where every year brought more members, more dollars to the treasury of the union and party institutions, where the edge of the class struggle was dulled by such concessions as capitalism could then afford. These conditions do not exist in the United States today. For the most elementary needs of the workers, for the right to organize, for the most modest concession in wages and hours, it is necessary for the workers to fight as they did in the sixteen weeks National Biscuit strike, in the San Francisco

general strike, in the textile strike of 1934. To imagine that the capitalists will be willing to grant concessions to the workers, without a struggle, through class-collaborationist unions and reformist parties, is ridiculous because under the conditions of the general crisis they have less and less margin out of which to make concessions.

Is it necessary for the working class to go through a reformist school in one stage or more before it can be won over to the revolution? We can see that the conditions exist whereby these stages can be telescoped together at a very rapid rate, as in Russia in eight months of 1917. Under other conditions we may have a slow development as in Germany, or the experience of the English working class with the Labor Party. This development can be telescoped and simplified under American conditions because the basis for reformism and social peace is not the prospect to which we look forward in this country over the next period.

#### **NRA, FASCISM AND WAR**

In America, the crisis has reached the point where the bourgeoisie has been compelled, willingly or unwillingly, to give up the liberal policies of free individual initiative, free competition in the open market and freedom from government intervention. These policies, the traditional line of capitalism in its early and progressive stage, now conflict with the interests of capital as it assumes the form of monopolistic finance-capital. In its highly-developed imperialist form, capitalism tends more and more to lean on the state, and to use the state apparatus directly, through loans, subsidies, taxation, legislation, codes of business, etc., instead of indirectly, as the "general executive committee of the capitalist class". These tendencies to "state capitalism" are intensified in the course of the crisis. But they are not enough when the crisis goes still deeper.

The danger of fascism arises under conditions when the crisis has reached such proportions that the bourgeoisie cannot give concessions, economic or political, to the workers, but instead withdraws those concessions which the working class has extracted in generations of

struggle. Then they will try to squeeze the last drop of profit out of the workers by smashing all workers' organizations which could possibly serve as centers of resistance, instead of, as before, relying upon them for social support. They will instead shift their support to the desperate petty bourgeoisie, led by demagogues under anti-capitalist slogans if necessary, such as those of Mussolini in 1919 and of Hitler from 1923 to 1933.

The bourgeoisie does not wait until the workers actually threaten its power. There is not a grain of truth in the Socialist contention that the bourgeoisie will not resort to fascism unless the workers stir them up by militant or revolutionary action. Still more stupid is the contention of the official (Stalinist) Communists that "fascism and reformism are twins" the theory of "social-fascism", which has been conveniently neglected but not repudiated.

The only real defense against fascism lies in organizing a genuine revolutionary party. That is the only force that can mobilize the workers as a whole for action, and sweep the petty bourgeois masses behind it. While the defense against fascism may in the beginning take the form of a defense of bourgeois democratic institutions, it is in the last analysis a refusal to capitalism of the only conditions under which it can exist in the epoch of general crisis. The struggle against fascism is therefore inseparable from the struggle for the overthrow of capitalism.

In the same way, the development of the general crisis, the contraction of world markets pressing against the increasing accumulation of capital and thereby of productive forces, leads to the piling-up of an explosive tension which finally breaks through the limitations of the day-to-day imperialist economic and diplomatic struggle, and into open imperialist war.

Fascism and war, then, the attempts to solve the crisis by violence, are the prospects for American capitalism so long as the working class has not yet said its decisive word.

#### **THE NEED FOR A NEW PARTY**

In America therefore the objective conditions for revolutionary crisis are mature, the possibility of a gradual,

peaceful solution of the impasse in which capitalism finds itself seems to be excluded. But instead of a revolutionary party, the working class has, for leadership, caricature "mass" organizations, like the Socialist Party and the Communist Party, and a welter of small organizations many of which are more or less close to a revolutionary position but which, in general, are isolated, sectarian, and impotent.

The revolutionary party which will serve the needs of the working class has yet to be created. The important question before the workers today is the building of this party. To us, this vital question of building the new party can best be solved by bringing together into one party, revolutionary groups and elements on a revolutionary platform of the essentials of Communism.

The policy of the American revolutionary party, as a part of a new revolutionary International, will be based on the world situation and on the concrete peculiarities of the American situation. These peculiarities can be summed up in the contradiction between the enormous economic development and the low level of political development. Under such conditions, the workers ask themselves: How does it happen that we are starving in spite of all this enormous economic development? What can we do to make use of all this productive power?

They will be compelled to ask and to answer such questions because the very excessive growth of the productive equipment is the reason why capitalism refuses to let them earn a living. Precisely because the factories are so big and so well-equipped, the American worker cannot get a job.

### **WORKERS' CONTROL AND SOVIETS**

Under these conditions the question of keeping the factories running, whether or not there is a profit for the boss, will be a question of life and death for the workers, a question of immediate necessity. That is workers' control of production. It may take on many forms; it may begin with a demand that the workers know what is going on in the plant, that they be allowed to see the books, that they share in seeing to it that the factory keeps running, and finally, the demand that it



keep running whether there is a profit or not, with or without wages, without and therefore against profits.

In this way the economic struggle for bread and butter can quickly become a struggle to decide who is boss in the factory, and therefore who is boss in the State, that is, a political struggle between the working class and the bourgeoisie as a whole.

Workers' organizations, not only the central organization, the party, the trade unions, the cooperatives, and similar organs, but also new agencies, formed especially for struggle, workers' councils or soviets, will be formed and will spread rapidly from plant to plant, from industry to industry, to put workers' control into effect. Workers' councils will spread a network over the entire country, and will be coordinated with the existing organs of the workers, with the unemployed, with the farmers, and with the broadest masses, under the guidance of a revolutionary party.

The prospects of American capitalism, however, if not checked by the action of the only revolutionary class in modern society, the working class, are — hunger, fascism, war. The alternative, the planned, purposeful, organized action of the working class, the seizure of power and the establishment of the dictatorship of the proletariat as a stage on the road to a classless communist society, is the American revolution as an integral part of the world revolution.

In order to prepare for the final conflict, and even to carry on the most elementary day-to-day struggles, to build a militant left wing in the trade unions to fight for progressive policies, to fight against fascism, to turn the imperialist war into a civil war—for all these things a revolutionary workers' party is needed. That is why the closing of the gap between the high economic development and the low political development of the United States, the preparation for a new and higher stage in human society, is in the first instance the question of forming, organizing and extending the revolutionary party.

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