

POLITICS FOR 1992 AND AFTER - An
Outline by Seymour Melman 1/23/92

1.0 A political/economic crisis of unprecedented quality is now visible in the United States. The crisis condition has two components: conventional features of business capitalist fluctuation; system decay that features a breakdown of competence for production.

1.1 Conventional malfunctions of capitalism include overexpansion of consumer credit and business investment, especially in commercial real estate, and major inflation of security values — with prices that are unrelated to profitability. These features of business are accompanied by fluctuation in output and employment and have been present throughout the long history of industrial capitalism. But their presence does not explain the special qualities of the present political/economic crisis. For this it is necessary to take into account the features of system decay that have become acute.

1.2 During the last 40 years American managers have been progressively abdicating the function of organizing work: production has either been consigned to overseas locations, or shutdown entirely by firms, or major new investment has been made in military industry whose products have the special economic quality of uselessness for consumption or further production. Abandonment of production is especially acute in the basic machinery producing industries of the United States (including: machine tools, construction machinery, electric generating machinery, textile machinery, mining machinery of all classes, etc). Failure to invest in housing within reach of the lowest one-third of income receivers has helped generate a drastic physical housing shortage and homelessness on a large scale. Associated failures of productivity growth, high interest rates induced by massive federal borrowing for military expansion, all coupled with reduced government investment in infrastructure, have produced sustained environmental and infrastructure decay, and permanent unemployment. Meanwhile, wages to American industrial workers, until 1975 the highest in the world, now rank 16th among 30 major industrial countries.

1.3 Since the second world war, the largest identifiable block of capital utilization is accounted for by the military enterprise, which has used up (1947-1989) \$8.2 trillion of resources representing fixed and working capital (1982 money values). This compares to the total money value of U.S. industry and infrastructure (again for 1982) of \$7.3 trillion. All this has been financed primarily out of tax revenue, plus federal borrowing that has resulted in a level of indebtedness that endangers the value of the currency. Severely damaged industry, infrastructure and populations are the unavoidable outcome of the permanent war economy.

1.4 This combination of conventional business crises and system decay has checkmated the ability of the federal government to operate a strategy of military Keynesianism: using the permanent war economy to regulate employment, incomes, and profitability. It became impossible to operate an economy that could deliver both guns and butter — after the brief model for World War II.

2.0 As a consequence of the long period of Cold War the mechanisms of government have been transformed. The Executive branch is dominated by the management of the military economy. The Congress has been functionally redefined, as a result of the activity of many Members as virtual marketing managers on behalf of military contracts for industry, bases and laboratories.

2.1 The end of the Cold War has created a grave crisis for this government, as the main professional competence of the Executive and Legislative branches has been made at least partly obsolete. The governing coalition of Republican and Democratic party officials in both the Executive and Legislative branches now confront a professional crisis: their main political skills, vital for the Cold War period, have been rendered partially obsolete. At the same time, the center coalition of democrats and republicans are unable to operate a traditional guns-and-butter policy. Sustained, heavy demand for resources for operating the military economy checkmates the ability of the center coalition of democrats and republicans to make income or major public works concessions on behalf of the working people left stranded by the system decay. Three policy responses are visible at this writing: the Coalition Center; the Conservative Right; and a Radical Democratic Alternative.

3.0) The Center Coalition proposes modest peace dividends and a gradual reduction of the military budget. Pentagon budget reduction is proposed in the range of \$5-15 billion a year, and is associated with varying degrees of alternative use — emphasizing reduction of federal deficits and federal indebtedness. The proposals from the democratic/republican Center Coalition hardly begin to meet the requirements for major repair of American industry and infrastructure — considering only the facilities and services that are generally acknowledged as government responsibility. If a full response is in the order of \$165 billion per year, then

clearly the proposals from the political coalition that has dominated American politics through the Cold War falls far short of requirements (see the attached article on peace dividend requirements).

4.0) The Conservative Right response affirms the character of economy and policy that has been practiced during the Cold War and accordingly affirms a continuation of a military form of state capitalism. At the same time, the rightist response features a rallying of nationalist sentiment in the United States — blaming Japan (and other foreigners) for the troubles of American economy. The rightist address to the well-being of the population features racist demagoguery (anti-Black, anti-Jewish, with links to classic propaganda on "international bankers" and "welfare queens"). By such means the American Right has been mimicking the fascist ("national socialist") political pattern of other countries.

5.0 A Radical Democratic policy alternative must address the full scope of damage done to industry, infrastructure and quality of life by the long-enduring military state capitalism under federal government management. Accordingly, the major short term components of this alternative policy must be grounded on demilitarization and economic conversion policies. For these means alone have the potential for making available resources on the scale required for major improvement in infrastructure, industry and quality of life. But a Radical Democratic alternative also requires a long term policy to address the system decay that has come to feature a growing inability of management to organize work.

5.1 For the longer term it is crucial to set in motion a sustained effort to encourage every sort of institution for organizing work that is based on non-managerial, cooperative, worker ownership forms of decision making. Managers in private firms and in government have invented ways of continuing their money making and power extension, even as economically useful work is being diminished. The working people of all occupations alone require sustained conduct of productive work, for that activity is indispensable for their lives.

5.2 These political/economic characteristics form a framework of requirements for political organizing of every sort, both toward the 1992 election and after.

Analysis: Weimar II ?

6.0 The Weimar Republic of Germany was the site of a prolonged depression from the close of World War I until 1933, when the Nazis (National Socialist German Workers Party) took power by nomination from President Hindenburg. The Nazis lost no time in declaring previous laws and constitution null and void and proceeded to install a totalitarian military form of state capitalism. The ascendancy of Hitler's party followed the unwillingness/inability of the governing Social Democratic party to make strong use of government to spur economy,

employment, and income, and the absence of an alternative radical grouping and policy. This failure of the Social Democrats opened the way for political mobilization from the Right.

6.1 The Nazis appealed to the disaffected white- and blue collar workers with a combination of "national" and "socialist" appeals. The nationalist appeal was based on ascribing a large part of Germany's economic troubles to the defeat in World War I and the penalties in territory and wealth applied by the Treaty of Versailles. The "socialist" part of the appeal included condemnation of exploitation of German workers and emphasis on "Jewish international bankers" as a prime source of Germany's woes. anti-Semitism was organized and pursued by violent methods as a way of fulfilling both the "nationalist" and "socialist" aspects of Hitler's appeal. But there was another side to the success of the Nazis in capturing popular attention.

6.2 The vigorous campaign from the Right in response to Germany's long and deep depression, strongly supported by German heavy industry managers, was bolstered by the failure of the Socialist and Communist parties to formulate and implement a radical program of reform necessary to address Germany's economic collapse.

The Social Democratic party of Germany had over a million members, based upon a trade union membership of five million. At the same time the German Communist party at the end of 1932 had about 350,000 people enrolled. These political parties both published scores of daily newspapers and other media. In the parliamentary elections prior to November 12, 1933 the combined Communist-Social Democratic vote exceeded that of the Nazis by nearly 1.5 million. Yet the Nazis won, being nominated to office by the President of Germany, General Hindenburg.

The failure of the German Left grew out of two major conditions: first, the timidity of the Social Democratic party; second, the Communist party policy of "social fascism" which designated the Social Democrats, not the Nazis, as the main enemy. "Nach Hitler kommen wir" (first the Nazis and then us) was the Communist motto. The victory of the Nazis would hasten their ascendancy to power. This remarkable formulation originated in Moscow and was an important part of Josef Stalin's continuing policy of discouraging the political victory of a West European working class, whose economy would automatically overshadow the political economy of the Soviet Union. The result of aggressive, well funded organization on the Right, coupled with failure and catastrophic division in policy and organization on the Left, opened a clear field for Hitler's party.

6.3 I recount this outline of German events because their main lesson should not be lost on Americans.

Duke and Buchanan are spearheading an American campaign to marshal unemployed and otherwise disaffected white- and blue-collar workers around nationalist and racist slogans that are proclaimed as ways of addressing economic ills. At the same time they give voice to many of the readily perceived economic and political grievances, defects and shortcomings of

American economy and government. American industrial decay is described as resulting from non-competitiveness owing to unfair Japanese competition, Japanese ultra-nationalist restrictions on U.S. imports, and the all-around activity of the Japanese government and business combines — giving subsidies and support to Japanese firms, making them unassailable.

The alternative to a fascist political campaign in the United States can only be a program of Radical Democratic economic reform that addresses the deep short term and long term problems of American working people. Formulation of such a program and unification of liberal and radical Americans behind it holds the key to a constructive rather than a disastrous outcome to the political/economic crisis of American society.

6.4 During the long Cold War period many Americans gave up hope for major change in the national politics of the United States. In place of concerted political effort, special purpose organizations were developed. These focused on particular issues: trade unions looked after the working people of their constituency industries; equal rights groupings for women, Blacks, Hispanics, Native Americans; problems of environment; healthcare; ethics in government; nuclear weapons; the condition of children; education, etc etc. From time to time temporary coalitions came into being as particular issues seemed to overwhelm the national landscape and impel concerted common action by all the groupings of the American left-of-center.

6.5 If there is to be a competent Radical Democratic policy response to the political/economic crises of American society, then the participants in all these diverse movements will have to seek and identify their common ground, and prepare to act in a unified manner. That is the importance of the short and long term policy recommendations for economic conversion, demilitarization and new ways of spurring worker ownership and control of productive enterprise. For success in these matters provides the means for — and is therefore the necessary condition for — all the rest.