

The Breakdown of Capitalism and the Fight for Socialism in the United States Program of the Socialist Equality Party

Part one

The following document was adopted by the First National Congress of the Socialist Equality Party (US), held August 11-15, 2010 in Ann Arbor, Michigan. The document is being published in three parts. Below is part one. Parts two and three will follow on September 3 and September 4.

The Economic Crisis and its Social Impact

1. The world capitalist system is ensnared in its greatest crisis since the Great Depression of the 1930s. The financial turmoil that began in September 2008 with the sudden failure of Wall Street icons has metastasized into a global economic breakdown. For decades the apologists of capitalism have proclaimed that American-style "free enterprise" is the most perfect form of economic organization. They ignored the many signs of the approaching crisis, while the corporate-controlled media celebrated the reckless financial speculation and irresponsible self-enrichment that define the business activities and personal lifestyles of the ruling class. When the disaster finally struck in 2008, the US government intervened with a desperate infusion of hundreds of billions of dollars to save the banking system from collapse. The president of the United States publicly acknowledged that the survival of the capi-

talist system was at risk. The emergency bailout protected the wealth of rich investors but failed to contain the crisis.

2. The Obama administration's claim that it has "broken the back" of the recession is a self-serving lie, told by cynical politicians who are convinced that the people can be made to believe anything. The reality of growing social distress is not so easily concealed. Approximately 26 million people in the United States are jobless or unable to find full-time work. Half of those counted on the official unemployment rolls have been out of work for six months or longer. This is the highest long-term unemployment rate since the 1930s. Young people, burdened with debts that they accumulated to pay for their education, graduate from college unable to find decent-paying jobs, or any work at all.

3. Foreclosures are driving one million workers out of their homes every year. The income of American workers, which had been in decline since the early 1970s, is now plunging. There has been a wave of wage-cutting since the onset of the recession. Millions of working class families cannot make ends meet. Those unable to pay their bills on time are treated with inhuman brutality. In cities like Detroit, the utility corporations routinely cut off gas and electricity to impoverished workers, leading to the deaths of scores of people throughout the country.

4. Virtually every state and lo-

cal government is gripped by financial crisis. The response of the corporate elite is to demand austerity. The politicians who only yesterday bailed out the banks now proclaim that "there is no money" for essential social programs. Pension plans are being reneged on, schools shut down, and innumerable social services that are vital for the well-being of local communities drastically scaled back or eliminated. In the guise of "reform," access to health care is being made subject to ever greater restrictions.

5. The attacks on the working class in the United States are part of a global process. The economic breakdown that began in September 2008 is comparable to the Wall Street crash of 1929. Now, as 80 years ago, the crisis began in the United States but has spread rapidly into Europe and throughout the world. In September 2008, Wall Street banks and investment houses faced bankruptcy. By the spring of 2010, with the financial solvency of European countries in doubt, one government after another announced its determination to implement painful austerity measures.

6. In the aftermath of the 1929 collapse on Wall Street, the government and the press repeated endlessly the refrain: "Prosperity is just around the corner." But the depression that began with the stock market crash and then

spread throughout the world lasted more than a decade and led to unprecedented suffering and destruction, to military dictatorships, fascism and world war.

7. The specter of past tragedies looms ever larger. On the eve of the Second World War, Leon Trotsky, the greatest strategist of revolutionary socialism in the twentieth century, described the world crisis as the "death agony of capitalism." He warned that "a catastrophe threatens the whole culture of mankind." His words were vindicated by the horrors that followed. Capitalism survived only by plunging the world into the cataclysm of war. By the time it ended, in 1945, approximately 70 million people had perished.

8. A new warning must be raised with all necessary urgency. The present crisis will not simply go away. There is no peaceful, let alone easy, way out of the economic and social impasse into which capitalism has led mankind. The program of the Socialist Equality Party—which works in political solidarity with the International Committee of the Fourth International—is not a collection of palliatives and half-measures. The aim of this party and its co-thinkers in the Fourth International is not the reform of American and international capitalism. If anything is to be learned from the tragedies of the twentieth century, it is that the repetition of these horrors in the twenty-first century, on an even bloodier scale, can be prevented only through the revolutionary struggle of the American and international working class for socialism.

The Historic Decline of American Capitalism

9. There is one critical sense in which the present crisis differs from the Great Depression. Despite the severity of the crisis, the United States of the 1930s remained a rising global economic power. American capitalism, which had developed explosively over the previous half-century, still possessed the most powerful, technologically advanced and efficient industrial and manufacturing base in the world. By the end of World War II, the United States occupied an unchallenged position as the world's greatest industrial power and its principal creditor. This was the economic basis for the stabilization of world capitalism and the rapid rise in the living standards of American workers during the quarter-century that followed the end of the war. However, the recovery of Europe and Japan gradually undermined the dominance of US capitalism in the 1950s and 1960s. The deterioration of the balance of trade increased pressure on the US dollar, which served as the linchpin of the post-war international monetary system. The industrial and social militancy of the working class wrested concessions from the

ruling class, placing further burdens on the finances of American capitalism. The staggering costs of the reactionary and unsuccessful war waged by the United States against the Vietnamese people brought the economic difficulties that had been mounting throughout the 1960s to a head. In what amounted to an acknowledgment that the era of unchallenged US global economic dominance had come to an end, the Nixon administration on August 15, 1971 ended the international convertibility of the dollar into gold (at the rate of \$35 per ounce).

10. The last four decades have witnessed the stagnation and decay of American capitalism. Since the early 1970s, the value of the dollar, relative to the currencies of America's major capitalist competitors in Europe and Japan, has fallen drastically. The United States has become the largest debtor nation in the world. The monthly balance of trade and payments deficits run into the tens of billions of dollars. The deterioration of the industrial and manufacturing base of American capitalism—the outcome of the interaction of international competition and declining profitability—underlies the massive growth of financial parasitism. Thirty years ago, the financial industry accounted for only six percent of corporate profits. Today, more than forty percent of corporate profits are generated through money lending, stock market speculation and related forms of financial swindling. Moreover, to the extent that the financial aristocracy invests in production within the United States and internationally, it is for no other reason than to generate the greatest mass of profits and personal wealth in the shortest period of time. This is the economic source of the relentless drive to eliminate jobs, lower wages, increase productivity and slash social spending. The American financial aristocracy stands at the apex of a global system of exploitation that seeks to squeeze as much profit as possible out of the flesh, bones and sinews of every worker.

11. It is not only its money-madness and pursuit of boundless personal wealth that drive the American ruling class to intensify exploitation. The protracted economic decay of American capitalism is, in the final analysis, the principal cause of the assault on the living standards and social conditions of the working class. The United States can no longer present itself as the "land of unlimited opportunity."

In truth, this famous phrase was always a myth that concealed an uglier and harsher reality. But in the 1930s, under the leadership of Franklin Roosevelt, it was still possible for American capitalism to promise workers a "New Deal." Even then, with a reform-minded administration in power, the working class had to wage bitter struggles to translate

Roosevelt's vague and often insincere promises into reality. Today, the Obama administration has no "New Deal" to offer. The "Yes We Can" demagoguery of the campaign trail has become the "No We Can't" reality of his presidency.

The Failure of the Obama Administration

12. Millions of working people voted for Barack Obama in the hope that his administration would reverse the reactionary policies of George W. Bush. These hopes have been refuted by experience. Under the fraudulent banner of the "war on terror," the Obama administration continues to pursue the global imperialist agenda of the American ruling class. Troops remain in Iraq, and military operations in Afghanistan and Pakistan have been escalated. The use of drone missiles has made the "targeted killing" of Afghan and Pakistani civilians a daily occurrence. At the same time, the Obama administration steadily intensifies pressure against Iran, preparing the grounds, on one or another pretext, for a military attack that would have catastrophic consequences. In the final analysis, Obama, like his predecessors, believes that American military power can be used to offset the consequences of the decline in the global economic position of the United States.

13. The advances in communication and information technologies have created the material foundations for the global integration of all aspects of economic life. But the progressive features and productive potential of economic globalization are negated by the continued division of the world into nation-states. The political life of the planet is dominated by this contradiction. History has already demonstrated the horrible consequences, in World War I and World War II, of the struggle among competing capitalist nations. The danger of a new global conflagration is mounting rapidly. The United States views with anxiety the economic growth of potential rivals in any part of the world. In particular, the rapid economic development of China has provoked widespread discussion within the US political and military establishment about the possibility and implications of war with that country.

14. The result of such a war would be, without question, a disaster of unimaginable dimensions, but this does not mean it cannot happen. The logic of imperialism leads to military conflict, and the drive toward war is determined by harsh economic and geo-strategic considerations. Nor is China the only potential adversary. Conflicting interests and ambitions in Central Asia, the Black Sea region, the Balkans and Eastern Europe underlie persistent tensions be-

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