

Has World Capitalism Become Stabilized?*

By William Z. Foster

WORLD MONOPOLY capitalist economic and political leaders do not subscribe to the Marxist-Leninist conception of the general crisis of capitalism; nevertheless, since the end of World War II, they have been very deeply concerned as to the condition and general future of their whole social system. A strong note of pessimism and alarm has permeated their whole outlook and general progress. Never were they so afraid of Communism as in this post-war period, and never was there a greater need than now for the policy of the peaceful co-existence of all nations.

During the past couple of years or so, however, the soothsayers and ideologists of capitalism have perked up a bit. They have been developing the propaganda, in substance, that the advance of Communism has been stopped and that world capitalism has been saved. Concretely, they maintain that Communism has been beaten in Western Europe; that the countries in that area have been stabilized politically; that the forces of capitalism are mastering the situation in the colonial world; that world capitalism

possesses the dominant military forces, and especially that the industrial system throughout the capitalist world is back on its feet again and in a healthy and stable condition.

This type of optimistic propaganda is to be found widely in capitalist circles, interspersed in the maze of pessimism which basically saturates capitalist ideology in this post-war period. Such Pollyannaism was, for example, the general sentiment of the New Year's period conference in New York of the Columbia Broadcasting System's political experts, who were called in from all over the world to report on general economic and political conditions. They definitely struck a note of confidence regarding the future of capitalism. However, there is no sound basis in the realities of the world situation for such an optimistic capitalist viewpoint. Only in the rarest instances, wherever Communism had become a real factor, has it been defeated; basically it is continuing its advance. One would have to abstract all the meaning from the term "stabilization" in order to conclude that this is the

* This article was submitted for publication on Feb. 3, 1956—ed.

present status of the world capitalist system.

THE SHAKY CAPITALIST WORLD ECONOMY

At the present time, most of the important capitalist countries are experiencing an industrial "boom." *International Affairs* (September 1955), taking 1950 at 100, the period when most of the West European countries reached their pre-war levels of production, shows output increases, in Great Britain 15 percent, France 20 percent, and West Germany 49 percent, for the last half of 1954. Since then, the "boom" has continued at an accelerated pace. Military production is a big factor in this. Japan, Canada, Brazil, and other capitalist countries are experiencing a similar upswing. Substantial production increases have likewise taken place in the United States.

Industrial production here, according to the Federal Reserve Board index, was about 6 percent higher at the end of 1955 than at its peak point in 1953. The "boom" in Europe, as well as in the United States, is accompanied by record profit-making, especially on the part of the big monopoly corporations. Preliminary estimates in February *Economic Notes* of Labor Research Association put total corporate profits in the U.S. at around \$44 billion (before taxes) for the full year 1955, or nearly 30 percent above those

of the previous year. Meanwhile, although in the United States the most strongly unionized workers in manufacturing have won some increases in real wages, it is certain that in the capitalist world as a whole the workers have been unable to show any gains.

It is upon this international economic "boom" that the capitalist spokesmen are basing their main hopes for the defeat of world Communism and the stabilization of world capitalism. The C.B.S. commentators harped constantly upon this string. They were very sure, for example, that the "good times" in France and Italy were deeply disintegrating the Communist parties of these two countries. What red faces they must have had, however, after the recent French elections, in which the victory of the Communist Party shocked the bourgeois world!

The present capitalist industrial upsurge is the characteristic boom phase of the recurrent cyclical economic crisis. One factor in it is the rapid increase in population that has recently taken place in various capitalist countries, including the United States. But there are also in it various unsound elements of decisive importance. First, there is the repairing of the war damages and commodity shortages caused by World War II—they are still rebuilding war-ravaged Europe, which helps to make world business "good." Second, there is the enormous pro-

duction of armaments in preparation for a third world war, which is another powerful stimulant to industry. Europe got some \$50 billion of this strong medicine from the United States, and during the post-war years, at least \$310 billion of government money has been injected into American industry on the same basis. The present rate of \$40 billion a year for armaments is 30 times greater than before the war. Third, there has been also the powerful industrial shot-in-the-arm from increased installment buying and other cultivated debt. The combined gross private and public debt of the United States, now at nearly \$750 billion, is 45 percent higher than in 1950 and many times higher than before the second world war.

Obviously, this is a basically unhealthy economic situation. The capitalist economic world, with its artificial cold war economy, narrowed and split world markets, impoverished workers, and sharpening capitalist world trade competition, is manifestly operating on a very shaky basis. To call it a stabilized system, in any sense, would be to extract from the word all real significance. The system is limping along in the face of mounting external and internal difficulties, bred of the deepening general crisis of world capitalism.

The Keynesian expedient of bolstering up the basically sick capitalist economy with armaments production, excessive installment buying,

and the like, are, at most, only quack remedies. *New Times* (December, 1955), in speaking of the perspectives of the American economy, touched the heart of the question when it said: "The huge military contracts have enlarged the physical volume of production but have been unable to halt its cyclical fluctuations or to do away with the fact that this increased production of capital goods *postpones* the conflict between production and consumption, but *does not eliminate* it." The one thing certain about the general capitalist economy of today is that, sooner or later, the Keynesian so-called "managed economies" in the major capitalist countries will sink into economic crisis, even as did their forerunner, the "new capitalism" of the 1920's.

Theoretically, there are several avenues open along which the world capitalist economy could gain a new, temporary, lease on life. That is, it could cultivate a strong trade with the rapidly growing countries of Socialism; it could stimulate financially the industrialization of the undeveloped countries, and it could make substantial concessions to the real wages of the workers and to the incomes of the poorer farmers. But to do such things willingly would be foreign to the nature of monopoly capital, especially in the United States, and it will have to be forced by the workers to take such measures. Monopoly hates the Socialist countries and it wants, not to build

them up, but to strangle them. It is opposed on principle to building heavy industry in colonial or semi-colonial countries. And to make any real concessions to the workers and farmers is to give of its own life blood, capitalist profits. Such factors as those mentioned above, it is the task of the workers and farmers to bring about in the world economy.

The present industrial spurt in the United States seems to have about reached its summit. *Business Week* (January 14, 1956) says: "It may be that we have passed the peak of this boom, without knowing it, late last year." *U.S. News and World Report* (January 27, 1956) forecasts a drop of 18 percent in automobile production this year, and somewhat later it reports a drop already of 19 percent, a decline of six percent in housing, and something also of a let-down in steel output. During the post-war period there have been three minor depressions—in 1945, 1949, and 1954—and now another slump seems in prospect for this year. When a major international economic crisis will develop is, however, a matter of speculation; but signs are multiplying to the effect that it is in the making. In *Questions of Economics* (September 1955, Moscow), A. Bechin states that "the prerequisites have matured for the first world economic crisis of over-production in the second stage of the general crisis of capitalism."

In contrast with the precarious

condition of the world capitalist economy and the feverish character of its current "boom," is the sound, healthy, and rapidly developing economy of the Socialist sector of the world. The stupendous economic advances of the U.S.S.R. are not a "boom," but are permanent, and they have no parallel in the history of world capitalism, not even in its most favored countries under "boom" conditions. Its perspectives in this respect, contained in the new five-year plan, recently announced, far surpass any economic achievements in the past. The *New York Times* (January 20), learning from past experience not to underestimate Soviet industry, does not doubt that the tremendous plans will be realized. People's China and the people's democracies of Europe and Asia are also going ahead very rapidly industrially. Whereas France, Belgium, Austria, Denmark, Greece, and Luxemburg have, between 1937 and 1954 advanced on the average only from 100 to 139 in industrial production, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and Albania, have made an average increase from 100 to 345 (*International Affairs*, July 1955, page 52). And while West Germany, with huge American subsidies and a feverish "boom," has increased its industrial output by 75 percent over 1939, that of East Germany has doubled in the same period. The basic thing about the vast production advances in the countries of Socialism is that

they are lasting and represent a steady growth, in contrast to the unhealthy and uncertain capitalist industrial development.

CAPITALIST INTERNATIONAL POLITICAL INSTABILITY

In the political sphere, too, capitalism has little or no stability to report, despite the would-be prophets of C.B.S. Communism has not been beaten in Europe, nor has capitalist rule been stabilized there. It is a fact, of course, that, at the end of World War II, a combination of the American and British armed forces, the national capitalist classes, the Vatican, and the Right-wing Social Democrats prevented the workers and their allies in France, Italy, Belgium, and West Germany from possibly taking the path to people's democracy, such as was taken by the people of several states to the East—Poland, Czechoslovakia, East Germany, Hungary, Yugoslavia, Bulgaria, Rumania, and Albania. They also forced the Communists out of the cabinets in Italy, France, and Belgium. This does not mean, however, that anything more than a lull in the march of the workers towards Socialism has taken place in these countries. It is not capitalist political stability. Indeed, recent developments plainly indicate that the people's front is again on the agenda in France, and that in this respect Italy will probably be not far behind.

France has by no means become stabilized on a capitalist basis. This is indicated by the fact that it has had a rapid succession of impotent governments, and that its empire is being torn to pieces by the peoples of Indo-China in Asia and of Algeria, Tunisia, and Morocco in Africa. Italy is also in anything but a stable position politically. As for Germany, it would be absurd to consider that divided country as being stable. The British empire also cannot be called stable, as it is still shuddering from the shock of losing its vital colonies, India, Burma, and Ceylon. Moreover, only a year or so ago, it also lost the vital Suez Canal; and its recent loss of imperialist influence in the Middle East generally has been catastrophic. Britain's African colonies are also stirring with revolt, and now little Cyprus is valiantly striving to break the British colonial bonds. The colonial possessions of Portugal in India, and of Belgium and Spain in Africa, are also in jeopardy. Instead of being stabilized, the West European countries are finding themselves in real difficulty, because of the continued collapse of their empires, which were formerly veritable foundations of the stability of their capitalist systems in general.

The colonial, semi-colonial, and erstwhile colonial lands of Asia, Africa, and Latin America are also in far from a stabilized condition, so far as the capitalist system is concerned. It is idle to say that the im-

perialists are "mastering" the rebellious general colonial situation in any respect. The great Chinese Revolution, in its victory, is only six years old and Asia is still shaking from its earthshaking effects. The African colonial world, from one end of that continent to the other, is also feeling the tremendous revolutionary urge to fight for national liberation. The historic Bandung Conference was not a stabilizing force for imperialism, but a sign of its further decay and growing instability. And signs are multiplying to the effect that soon similar movements will appear in Latin America—Guatemala and British Guiana being only preliminary to the still greater upheavals to come.

Those capitalist spokesmen who believe that once the colonies have secured some degree of national independence they will "settle down" and that will be the end of the matter with the whole situation stabilized again on this new capitalist level, are in for a big surprise in this respect. Instead of "settling down," half freed from imperialist bondage, these countries will seek actively to industrialize themselves and this they can do only in opposition to the imperialists and in increasing economic and political collaboration with the countries of Socialism. Their ultimate general orientation will be in the direction of Socialism, rather than of classical capitalism. In all this situation one has to look very sharp indeed to find any traces what-

ever of real capitalist stabilization.

On the international scale, capitalism is also exhibiting a high degree, not of stability, but of instability. The cold war, the child of aggressive American imperialism, is, with its monstrous armaments, shaky military alliances, and expansionist policies, anything but an indication of capitalist stability. During the post-war years the United States has been trying to "stabilize" the whole world, Socialist as well as capitalist, under its imperialist domination; but this grandiose scheme, especially after Geneva, has obviously gone bankrupt. Although in the past 40 years world imperialism has caused two great world wars, in which it lost one-third of the world to Socialism, its American monopolist leaders were getting ready for a third one even before the second one was over.

Internationally, the capitalist world, increasingly a prey to imperialist antagonisms, expansionist wars, and dog-eat-dog competition over markets, is also unstable ideologically. It has no stable, sound philosophy. Its main spokesmen and analysts have no idea as to where world capitalism is going or how it is going to get there.

AN UNDEFEATED WORKING CLASS

In March 1925, the Communist International characterized the general situation of world capitalism at

that time as constituting a "partial, relative, and temporary" stabilization. In making this generalization, among the major facts of decisive importance was that international capitalism had begun to enter the long post-war economic upswing of the 1920's. The capitalists were also in political command of all the major countries of the world, except the Soviet Union, and their general colonial system was still virtually intact and stable. Important, too, in arriving at the general conclusion regarding stabilization, was the reality that, in the preceding years, the monopolists had succeeded in heavily defeating the international working class. On the basis of these several factors, the Comintern made its famous formulation about the very limited capitalist stabilization then existing. At the same time, it warned that this stabilization was preparing the ground for new capitalist crises and war. This forecast was fully borne out a few years later in the tremendous economic crisis of 1929-33, and the Second World War, which, between them, blew the "partial, relative, and temporary" capitalist stabilization to smithereens.

Having examined briefly the current world economic and political situation, let us come back now to the question of the position of the working class, which was such a vital element in the Comintern stabilization analysis of 1925. By that time, the international monopolists,

recovering somewhat after the great blow of the Russian Revolution, had launched a vicious and, for the time being, very successful counter-offensive against the workers. With the help of the Right-wing Social Democrats, they had smashed the Socialist Revolutions in Germany, Italy, Hungary, Poland, Austria, and Finland, with catastrophic effects upon the organizations and living standards of the workers and peasants. They had also succeeded in establishing fascism in Italy, and they were busily organizing similar reactionary regimes in the Balkan and Baltic states.

In other capitalist countries the monopolists had also administered heavy blows upon the workers. Hardly a country in Western Europe had escaped the attack. In France, the general strikes of the immediate post-war years were brutally crushed, the trade unions especially suffering very heavy losses. In the United States, during 1919-22, a whole series of great strikes raged; in coal, steel, railroad, lumber, meat-packing, textile, building, needle and various other industries. All of these strikes were either wholly or partly lost, and the trade-union movement, suffering the worst set-back in its history, lost about 1,500,000 members. In Great Britain the big capitalist attack did not hit until 1926, when the workers lost their general strike of 5,000,000 workers.

Altogether, the world capitalist

reactionary offensive beginning in 1919 was the worst ever experienced by the international working class. This offensive, taking on more and more ferocity and malignancy in its later stages, was eventually to culminate in the Hitler fascization of Europe and the outbreak of World War II. The heavy defeats suffered by the workers in the earlier phases of this tremendous reactionary offensive gave the capitalists a new grip on political stability in Europe and it was a major factor in leading to the "partial, relative and temporary" stabilization conclusion of the Comintern in 1925.

At the present time, as we consider this stabilization problem afresh, the position of the world's working class is incomparably a more favorable one. The monopolists, with a much weaker capitalist system as their base, have not been able to get under way a heavy offensive against the labor movement as such. In no country, therefore, despite the reactionary misleadership of Right Social Democrats, has the broad labor movement been defeated, even partially, in open struggle. In consequence, the world's labor movement in the capitalist countries is now practically at its peak strength, with the added factor that its Left wing is generally much stronger than it was in 1925.

Indeed, far from being defeated, the world's working class and allied forces—including the Socialist countries, workers' political parties, trade

unions, cooperatives, women's movements, youth bodies, peace movements and many others—have just dealt a staggering blow to world monopoly capital, especially American imperialism, at the Geneva conference of July 1955, by compelling the imperialist warmakers to back up in their attempts to organize a great atomic world war. This was a major victory for peace and for the peoples of the world. The vastly improved strength of the broad world labor movement over what it was 30 years ago obviously lends no stability to capitalism. It is another basic reason why one cannot speak of any serious capitalist stabilization at this time.

SWIFTLY ADVANCING SOCIALISM

The most basic reason, however, why world capitalism cannot now correctly be designated as stabilized, even in the very limited sense of the 1925 formulation, is the tremendous and continuing progress that world Socialism has made since that time. In the Revolution of 1917 and in the succeeding years the Russian workers and peasants were the only ones who victoriously withstood the heavy capitalist counteroffensive of the early post-World War I period. With unparalleled heroism, they smashed the counter-revolution in Russia, which was financed by foreign capitalists, and they also drove the many imperialist interventionist armies, including that of the United

States, out beyond their borders. They smashed the terrible *cordon sanitaire*, or economic blockade, that had been built by the imperialist powers to encircle and starve them out, and they also were breaking through the imperialist diplomatic blockade. In 1924, Great Britain, France, Japan, and Italy found it the part of wisdom to restore diplomatic relations with the Soviet Government.

In 1925, the Soviet Union was also making tremendous efforts to reconstruct the nation's economy, after the huge devastation wrought by seven years of imperialist and civil war; to lay the organic economic basis of a Socialist system of industry and agriculture; and to create, literally from the ground up, whole new armies of engineers, technicians, and skilled workers. The country was still living under the New Economic Policy; the first five-year plan was several years off in the future; and the regime was struggling to get up to the 1913 pre-war level of production. Of the general economic situation, the *History of the Communist Party of the Soviet Union* says (p. 27): "In the fiscal year 1924-25, agricultural output had already approached the pre-war level, amounting to 87 percent of the pre-war output. In 1925, the large-scale industries of the U.S.S.R. were already producing about three-quarters of the pre-war industrial output." Despite these weaknesses, however, the very existence of the

USSR was a decisive factor in limiting the degree of capitalist stabilization at that time.

In 1956, however, the economic and political position of the U.S.S.R., and with it, that of the whole new Socialist world, has become immensely stronger than it was in 1925. This makes all the more against capitalist stabilization. Seventeen countries, embracing about one-third of the territory and population of the earth, are now either already far advanced in Socialism and are approaching Communism, or are laying the foundations of their Socialist systems. This enormous and continuing growth of world Socialism during the past generation has been a developing catastrophe for world capitalism, basically undermining the latter's strength and stability in every direction.

Actually, also, this real strength of world Socialism is very much greater than appears on the surface. According to the current bourgeois statistics, it would seem that capitalist and Socialist strength, in territory, population, and production are about in the ratio of two-to-one respectively. But any such purely statistical estimation grossly underestimates the actual resources and relative power of the Socialist world. This question we analyzed in *Political Affairs* for February, 1956.

In summary, here, we need but state that the Socialist world is far stronger than the bourgeois two-to-one formula indicates. Obviously,

its economic system, with its planned production, elimination of cyclical crises, abolition of mass unemployment, and great speed of development, is intrinsically stronger than that of the chaotic capitalist system. Its production, for basic use, is also essentially more effective than capitalist production, all cluttered up as it is with luxury production for the bourgeoisie and petty bourgeoisie.

The Socialist regimes also have in Marxism-Leninism a far more powerful ideology than have the capitalist countries, with their theoretical confusion, obscurantism and pessimism. The tremendous defensive military strength of the Socialist lands, the Wall Street warmongers also know and fear. In the broad fields of science, of industrial techniques, and of general culture, Socialism likewise stands in the very front line of human progress.

Far more than is realized, the Socialist countries are making rapid progress in realizing Lenin's famous slogan of "overtaking and surpassing" the capitalist world. This great fact even the world bourgeoisie (who are constitutionally blind to Socialist progress) are beginning to grasp. This was particularly evident upon the occasion of the announcement in Moscow recently of the new five-year plan, under which, at a speed never approached by capitalism anywhere, it is planned to raise Soviet production 65 percent by 1960. Foreign Minister Molotov of the

U.S.S.R., in a speech he made early last year (*Pravda*, February 9th) hit the nail on the head when he declared that "the Soviet Union is not weaker than the United States." The powerful Socialist world of today is incomparably a stronger counterforce against capitalist stability than was the comparatively weak Soviet Union of 1925.

GENERAL CONCLUSIONS

What is meant concretely by capitalist "stabilization"? Briefly, it may be considered as consisting of at least four major conditions: a) the capitalist economy, although it is hampered by the basic internal contradictions of cyclical crises and other strains, must be able automatically to overcome its internal and other difficulties and to proceed upon a general upward spiral of development; b) the capitalists must have political control of the most important countries in the world, controlling directly the industrialized nations and indirectly the more feudalistic and undeveloped lands through imperialist domination; c) the capitalist wars must not yet have developed such disruption and devastation, and so provoked revolutionary action by the masses, as to threaten the very structure of the capitalist system itself; and d) the capitalists must be the political masters of the world and not seriously challenged by Socialism. This, in outline, may be said to have been the "stabilized"

condition of world capitalism just prior to the outbreak of World War I in 1914.

During the four decades that have elapsed since then, however, obviously the four points of capitalist stabilization enumerated above have all been drastically undermined. Today, capitalist industry follows a most unsound and uncertain course, its present activity is heavily influenced by war demands, past, present, and future, and by the heavy governmental subsidization of the cold war economy and by various Keynesian devices. Then there is the loss of many countries by capitalism directly to Socialism, and the loss of many more specifically by imperialism through the current huge colonial revolts. Stalin has declared, too, that the splitting of the world market into two segments, which is highly detrimental to capitalism, has been the most important economic consequence of World War II. There is the cold war, too, which, following after two devastating world wars, has produced mountainous military expenditures, and far-reaching impoverishment of the masses, with recurring international crises. There is, too, the enormous growth of trade unions and other democratic organizations in the capitalist countries. And above all, there has been the birth and tremendous development of world Socialism, which, at every point, is successfully challenging the erstwhile capitalist masters of the world.

By 1925, as we have seen, the capitalist international economic and political situations had run down so far that even during the "boom" of the 1920's its stabilization had to be characterized only as "partial, relative, and temporary." During the thirty years since then, the position of capitalism has deteriorated still further, as noted above. Its general crisis, which began with World War I and the Russian Revolution, has now intensified and deepened to such an extent that, in estimating the current degree of stability of capitalism, it would be incorrect to use even the skimpy and limited terms of "partial, relative, and temporary" that were applied in the 1925 analysis.

What now exists in the world is, on the one hand, a capitalist system which continues to sink deeper and deeper into its world-wide general crisis, and on the other hand, a soaring world Socialism. The latter is advancing and the former is decaying. Such a situation basically prevents any real and spontaneous stabilization of capitalism, even in a limited sense.

Neither the rise of Socialism nor the decline of capitalism has been even and continuous. The whole historical process has gone ahead with a mixture of spurts and lulls and changes of route. Capitalism, in fact, as we now see, may even have temporary periods of considerable industrial activity and expansion. But this is not real stability. It can

also have seeming exceptions, like the United States, which, on the surface seems as yet but little affected by the capitalist general crisis. But the central fact to realize is that the two-phased process of the rise of Socialism and the decline of capitalism is going ahead irresistibly. And in the future its general tempo will almost certainly be increased. All this is not by any means to imply that capitalism is about to collapse. On the contrary, it still possesses great strength and tenacity, particularly in the United States, and it is struggling desperately to survive. Its remaining great strength must not be underestimated. The workers of the world still have before them many long and difficult struggles before they can finally relegate ill-fated world capitalism to the limbo of history.

The current world situation of a rising Socialism and a declining capitalism also does not imply that the two systems must inevitably collide. It is a gross slander, the bourgeois contention that Socialism can expand only during war or in its aftermath. On the contrary, despite the swift growth of Socialism after the two world wars, the maintenance of peace is today a basic condition for the rapid growth of Socialism. At present, for example, the capitalist spokesmen idly believe that world Communism has been "stopped"; whereas, it is, in reality,

making progress by the industrialization of its peoples, by the expansion of its cooperative relations with the colonial and former colonial nations, and by the general expansion of its world economic and political influence.

In the complex period now standing ahead of the world, the key strategy of the world's workers and their multiplying allies is to realize the peaceful coexistence of all nations, regardless of their internal regimes. This becomes more and more urgent as Socialism expands and capitalism declines. Peaceful coexistence of the nations, the policy of the peoples everywhere, will create greater stability in world relations, despite the warlike tendencies of decaying capitalism. It is imperative for the world, the key need of our times. And it will literally be up to the workers to lead in enforcing peaceful co-existence with their huge democratic strength. For the war-minded big monopolists of Wall Street are still hoping to accomplish their insane plan of world domination through a great war. In the development of peace and the orderly development of the world, under the aegis of peaceful coexistence, a large share of the workers' tasks will be precisely to save humanity from the destructive effects of the basic instabilities of the sick capitalist system—its wars, economic crises, and fascism.