

# THE COMMENTATOR

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## THE ECONOMICS OF RACISM

A central feature of the present-day U.S. is that the inner-city areas of our urban centers have become huge, sprawling ghettos of black and third world people. These ghetto areas contain the worst and most dilapidated housing, the poorest services, generally higher crime rates than surrounding areas, and a higher percentage of unemployment and poverty. Very often, super highways pass right over from the suburbs to the downtown business section with hardly an exit in the blighted areas. At the edges of these ghettos white working class people either "run" gradually retreat, or in some cases fight against more black or third world families moving in. In many cities the downtown business sections are gradually drying up, as many corporation headquarters move out to the suburbs, and huge shopping centers dot the surrounding area. Many factories are also moving to the suburbs along with the jobs they imply.

That this same pattern has appeared across the country, with only minor variations from area to area, means that this is not something accidental or casual. It is a phenomenon rooted in the very structure of our economy.

### AN OLD POISON IN A NEW BOTTLE

It is often said that ours has always been a racist society. This is true. But it covers up some important differences and changes that have taken place over the last hundred or more years.

In the old South, racism had a rather clear and obvious economic foundation. This was the slave-owning plantation system. Blacks, with but few exceptions, were slaves, who worked the cotton plantations. The majority of whites were small farmers, a minority of these owning perhaps a few slaves. A small but dominant

minority were the big plantation owners with hundreds and sometimes thousands of slaves. In the slave south, there was not the same kind of residential segregation we have in the country today. Indeed, there couldn't be because the slaves lived near their masters, on the plantation



Real estate interests reap huge profits off decayed housing.

or farm. Nor was there the physical distance between black and white, nor could there be because even a slaves free time was not his own. He belonged to his master body and soul. There was no need for segregation to maintain the distance between black and white because their relationship was set down in law and custom.

But the Civil War put an end to the old slave system. For some time a majority of black people were driven into a situation little better than slavery, namely sharecropping - a form of serfdom. But capitalism, as it grew and demanded an ever growing supply of wage-labor or wage-slaves, sucked more and more of the blacks out of the South and into the Northern cities.

Because of its need for "free labor", capital took an interest in "liberating" the blacks from slavery and even the serfdom of sharecropping.

### WHY CAPITAL NEEDS RACISM

But this by no means signifies that capital was interested in

doing away with racism and the oppression of and discrimination against blacks altogether. It merely meant that the forms and content would change under this new system.

The growth of capital in the North, especially in the latter part of the 19th century, saw the growth of big capital and big combines in steel, oil, and the railroads. This meant not only a growing need for labor, it also meant that capital was more and more confronting a growing and increasingly militant working class which was organizing itself into unions and even political parties. Capital began to realize that it was in its interests to retain and revive the system of racism and discrimination against blacks. Blacks, as unorganized newcomers to the labor force, were used to break strikes, which of course helped to reinforce the racism of the white workers. The union leaders, rather than extending a hand to these newcomers, often ostracized them and drove them more firmly into the hands of the capitalists, compelling them to take work wherever they could find it. Racism and discrimination thus very early became a powerful weapon in the hands of the capitalists against the unity of the working class.

The capitalists were able to use blacks as a buffer against the worst effects of economic crises on the white working class, since a high proportion of the joblessness would fall on blacks and thereby be less likely to rouse the white workers to militancy than if they had to bear their proportionate share.

Then too, the high degree of unemployment in the black community would also be useful to the capitalist in periods of otherwise relative prosperity, since it meant that there was always someone forced to take the dirty, lowpaying jobs that the white worker would not have been desperate enough to take. In effect, there were and still are two labor markets - one black and one white.

### HOUSING-THE PROFITS OF DECAY

Just as significant as the divided market for labor is the di-

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**ECONOMICS CON'T**

vided market in housing and real estate. If there were but one market in housing, if blacks were free to buy or rent wherever they wanted, the prices for the oldest most dilapidated housing would fall rapidly. But since blacks are compelled to buy or rent precisely within certain limited areas, in the oldest most rundown neighborhoods, the real estate interests and landlords (slumlords) are able to continue making profits off property that would have otherwise become quite valueless.

Indeed it can be seen that this double market, and the system of racism and discrimination that prop it up, have heavily contributed to the decay of the inner cities. Why? Because decayed housing and neighborhoods can thus retain their profitability long after they would if they did not have a captive market.

Then too, it has been clearly shown quite recently that banking and real estate interests conspire to bring about the decay of whole neighborhoods through a device called redlining - drawing a red line around an entire neighborhood and excluding it from all further loans for self-improve-

the ghetto store. Prices are notoriously high for merchandise which is equally notorious for poor quality. But very often poor mobility plus easy but expensive credit binds the ghetto dweller to these stores.

A disproportionate number of people in the ghetto are obliged to be on welfare, given the high rate of unemployment and the low wages of many workers. The point, however, is that it is not the ghetto resident who chiefly benefits from welfare. Perhaps half or more of the welfare check is taken by the landlord. By the time the loansharks, the finance companies, utilities, and the store take their cut, there is little or nothing left. It is first and foremost the slumlords and secondarily a host of lesser parasites, all charging artificially high prices, who are the biggest recipients of welfare money.

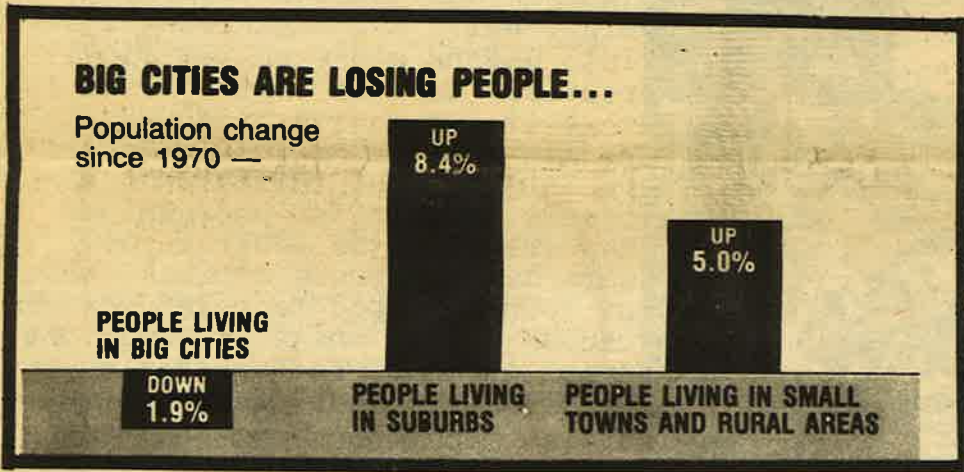
Paradoxically, the high ghetto prices do not mean low suburban prices (although they are lower than ghetto prices). The big chains all send their junk to the ghetto and charge more than they do for the better stuff out in the suburban malls. If they were not able to sluice off the second-rate surpluses to the ghettos these same goods would

kinds of petty racketeering. The same with loans and credit. Little wonder then that petty racketeering pervades the ghetto. It is but a reflection of the big time racketeering that goes on between the ghetto and the outside financial and business interests - big and small, legal and illegal - interests that make Dracula look like a fairy godmother kissing Cinderella.

**THE BEAUTY OF THE BEAST**

It can be seen from the above that the modern capitalist system of racism and discrimination against blacks differs in several respects from the old slave system. The great beauty of this entire system, from the point of view of the capitalists, is that it is self-perpetuating and self-renewing.

There is a great difference in the employment opportunities of blacks and whites, not to mention wages and salaries. But, if anything, it is in this area that there is the least distance between black and white. It is also where black and white workers are most likely to come into contact, to be friends, to unite against their employer. It is once these workers go home to their different neighborhoods that the really wide gap opens up. It is the ghettoization, the whole ghetto



**CITIES vs. SUBURBS: DIFFERENCES IN THEIR POPULATION**

	Cities	Suburbs
Median family income	\$11,343	\$14,007
Proportion of blacks	22.3%	5.0%
Proportion of families headed by women	18.9%	9.5%
High-school graduates*	59.8%	68.5%
College graduates*	13.1%	16.2%

\*Among persons aged 25 and over. Source: U.S. Bureau of the Census

ment. It has long been known, also, that cities cut back garbage collection and other services in "certain" areas, thus doing its own version of redlining. Why? Again, very simple, there's a lot of money to be made in the changing of hands in real estate, especially in changing from one market to the other.

What is not so evident is that this divided market also enables the real estate and financial interests to further exploit the white working class community also. White working class families generally are obliged to sell their property at low prices if they are near a ghetto. The real estate interests then turn around and sell the same houses at a very high price to black families, since the same house is the best in the other market. It is vital to the real estate interests that this double market in real estate exists - and also the racism and fear in the white community that keeps it working.

**THE TWO-TIER PRICE RIPOFF**

There are many other respects in which this double market operates. One well known example is

act as a dead weight pushing down on the prices of the goods in the suburban areas. Thus the suburbanites who think that the high prices in the ghettos don't affect them are sadly deluding themselves.

The higher prices in the ghettos then make possible and nec-

system which rivets blacks to the bottom, which more than anything else tends to perpetuate and renew the division between black and white and spawn even more bitter racism among the white workers. The inferior schools, inferior homes, inferior access to jobs, inferior everything that goes with the ghetto, weigh down more heavily than anything else. Even blacks with relatively good jobs find it enormously difficult to escape from the ghetto.

As the needs of capital for new labor shrink, instead of grow, as in days of yore, the populace of the inner city ghetto is left to passively rot along with the buildings and neighborhoods they occupy. New industry goes not to the inner city, as it was compelled to do in the days before our modern highways, but to the suburbs, to the industrial parks straddling the super highways that carve up the countryside. The whites, in the neighborhoods surrounding the ghetto, not understanding the true causes of their decay, blame the blacks residing in them. They see in the

**JOB MARKET IS SHRINKING IN MANY CITIES**

From 1970 to 1974, even before the wave of recession layoffs, employment was declining in major cities — at a time when jobs in U.S. as a whole increased by 9.3 per cent. Among big cities losing jobs —

	People at Work		
	1970	1974	Change
Detroit	577,000	470,000	Down 18.5%
St. Louis	224,000	183,000	Down 18.3%
Baltimore	353,000	308,000	Down 12.7%
Philadelphia	776,000	682,000	Down 12.1%
Washington	342,000	307,000	Down 10.2%
Chicago	1,364,000	1,249,000	Down 8.4%
New York	3,131,000	2,932,000	Down 6.4%
San Francisco	454,000	443,000	Down 2.4%
Los Angeles	1,282,000	1,273,000	Down 0.7%

Source: U.S. Dept. of Labor

essary an extensive black market in "hot" goods, and foster all



## FASCISM CON'T

imperialism. Recently, too, DRV leader Le Duan announced complete agreement with the Soviet foreign policy, and the DRV officially announced support of the Ghandi regime. We have only the best wishes for the Vietnamese people and acknowledge their historic struggle. We hope that their independence continues and that they don't exchange one imperialism for another.

Farfetched? Not possible with the "Socialist" Russians? Remember that Hitler was a "National Socialist". Despite the demagogic phrases, Hitler's fascist imperialism crushed the independence of Czechoslovakia in 1938. Thirty years later, history was repeated by the Social Imperialist Breshnev. Unlike Hitler, the Russians didn't even bother to coerce an endorsement from a single Czech citizen to "legitimize" the takeover.

## U.S. & SECOND WORLD

The growth of fascism has not been limited to the Soviet Union and Third World countries. Trends toward fascism can also be found within the U.S., Japan, and several of the Western European nations.

England is facing a staggering rate of inflation, and some members of the ruling bourgeois class feel that only a strongman dictator will be able to bring the situation under control.

In West Germany a dense network of fascist organizations are operating. Some are connected to the secret services organized by the former Nazi, General Gellan. The Italian Social Movement, a neofascist party, is growing. It is represented in parliament, and therefore receives state subsidies. The Italian Social Movement has links with the state apparatus, the secret services, the army and the courts. It has also been training fascist terrorist bands such as the New Order, the Rose of Perfumes, the Revolutionary Action Movement and the squads of Mussolini Action which have been responsible for a chain of anti-popular actions including murders.\* The Italian Communist Party is also growing, and may even be a major factor in the next government. However, it is a revisionist party whose main tactics are peaceful parliamentary work. In the name of parliamentary democracy they too supported the measure of giving the neofascist party state subsidies!

Setbacks in the U.S. imperialist policy have brought worsening economic conditions home to roost. With the specter of turmoil as workers resist bearing the brunt of the crisis--we have only to look as far as the pending S-1 bill to see how the U.S. bourgeoisie plans to meet resistance.

## DANGER OF WAR

Under circumstances of growing Soviet influence and aggression the world faces a new fascist menace. The Soviet Union is using the word "socialism" in the Third World the way the U.S. uses the term "democracy" and is attempting to expand wherever the U.S. is forced to retreat. The U.S. is a declining imperialist power. It has suffered defeats in South East Asia and the role of the CIA in subverting governments has been exposed to the entire world. The U.S., however, is not going to sit idly by and let the Soviet Union pick up all the pieces of the U.S.-European empire.

We recognize that there is a growing trend of anti-imperialist struggle in the Third World. At the same time, however, the anti-revisionist forces within these struggles, while growing, still remain relatively isolated and few. If the trend of Soviet expansionism is not resisted world-wide (along with U.S. imperialism) by the revolutionary movements, by the national liberation struggles, and all democratic-minded peoples, the contention between the two superpowers may only be resolved by World War III. In the meantime--fascist expansion will crush and reverse the struggles of other peoples, in the same, or even more brutal fashion than was done in India. □

## ECONOMICS CON'T

ghetto everything they fear and want to escape from. Indeed, so would the blacks like to escape, but their very attempt leads them to head on clashes with the encircling white working class communities. The whites, either in fleeing, or fighting the blacks, lend themselves to the easy manipulations of the real estate interests and their paid demagogues. The public schools decline and decay, all too often with nary a whimper, as the white families pay through the nose to get their kids into private or parochial schools. Finally, they end up selling their houses or abandoning their apartments at great loss, taking on much more expensive ones farther out.

But these days, even the ghettos are not big enough to soak up huge amounts of unemployment, nor absorb the entire attack produced by the growing economic crisis. Inevitably, much of it is spilling out into the white working class communities. In one respect, this has led to a heightening of the contradiction between black and white. Many working class whites can no longer afford to "run", can no longer afford to send their kids to private schools. Whites are now compelled to compete for jobs they used to be content to leave to blacks, or resent the competition of even a token number of blacks for the few good jobs.

And yet, in another way, it makes for the possibility of white working people realizing their common interests with black

working people. Ghetto-like conditions are coming to their neighborhoods without a black person stepping foot there, as unemployment, inflation, and cutbacks chew up whatever modest comforts the people of these communities have attained. They see their own kids hanging out on corners more and more, some getting hooked on drugs, some getting into scrapes with the law while the law enforcers are becoming more arbitrary and abusive even in white working class neighborhoods.

It is the latter possibility that all progressive and class conscious forces must strive to bring about - for that is the only hope for working people. In the other direction lies common ruin at the hands of captains of industry, high finance, and their paid politicians. □

## WHO WE ARE

The Commentator is put out by a Marxist-Leninist collective in the New York area.

In the Commentator we try to analyze current events in the country and the world from a Marxist point of view. We attach especial importance to tackling political and social issues on people's minds, as well as economic issues.

In particular, we feel that under Nixon the danger of fascism became very real in this country. We also feel that the danger has not lessened. Fascism will not come to this country in the same form it did in Germany or Italy. It decks itself out in the red, white and blue, goes under the slogan of "law and order" and uses Black people as its chief scapegoat.

We attach especial importance to exposing and educating people to this danger, in order to help build a united struggle against it. However, we believe that of all the forces that can be united to oppose the fascist danger, it is the working class which must lead.

While we believe that the main struggle of the American people right now is against encroaching fascism, the fundamental problems of our society, such as inflation, unemployment, war, racism and poverty can only be solved by the establishment of a socialist government, one which gives the ownership and control of the means of production to the majority of the people, protecting their interests rather than those of a small group of exploiters.

To achieve the above goals, we believe the working class needs a genuine Communist party, based on Marxism-Leninism and the teachings of Mao tse-Tung.

We want to make contact with progressive minded people, working people especially (but not only), who find the ideas in our paper interesting and useful. Also we want to make contact with other revolutionary groups and individuals. We want to make the Commentator as useful and interesting as possible and would appreciate your criticisms and comments.

\*Albania Today, #3, May-June 1975, "Revival of Fascism a Real Danger", pp. 61-62. (Excerpted from ZERI-POPULLIT)