

# Economic Crisis and the Third Period

By EARL BROWDER

FOR the whole capitalist world the present period, the third period of the post-war crisis of capitalism, is one of extreme sharpening of all contradictions, bringing capitalism face to face with the maturing of a revolutionary situation. It is upon this background that the cyclical economic crisis has developed. All the factors of the general crisis of capitalism serve to deepen the economic crisis. The economic crisis in turn accentuates the general crisis of the third period, and hastens its maturity. The inter-relationship of these two phases of crisis-development must be thoroughly analyzed as the basis for a clear perspective, for revolutionary strategy and tactics.

Economic crisis (general decline in production, financial upheavals, catastrophic collapse of capitalist "values," general decline in prices, etc.) is not the sum total, beginning and end, of the general crisis of capitalism. It is an inevitable and integral phase of the general crisis, *but only one phase*. It must be estimated in its historical setting of the whole process of the break-up of the capitalist system.

The whole epoch, beginning with the world war and Russian Revolution, is the epoch of the decline of capitalism, of its general crisis, an epoch of wars and revolutions leading to the breakdown of world capitalism and the world victory of the proletarian revolution. Within this epoch, there are three distinct periods: First, the period of the break in the capitalist chain, the first struggles for power of the proletariat, resulting in the victory of the proletarian revolution in the Soviet Union; second, the period of partial, shaky stabilization of capitalism in the rest of the world, the recovery of capitalist production to pre-war levels on the basis of intensified exploitation of the proletariat and increased pressure on the colonial masses; third, the period of expansion of capitalist production beyond the limits of the capitalist markets, with the simultaneous victorious advance of the proletariat of the Soviet Union against the remnants of capitalism and the successful construction of socialism, the proletarian counter-offensive against capitalism in the imperialist countries, as well as the maturing of the national revolutionary movements in the colonies. The third period, definitely recognized and established at the Sixth World Congress of

the Communist International in July-August, 1928, is the period when capitalist contradictions again come to the breaking point, the period of the resurgence of the revolutionary tide, when the decisive struggles come between dying capitalism and rising proletarian revolution.

This third period opened, however, not to the accompaniment of economic crisis, but on the contrary, of a new high point of capitalist production in the world generally, outside the Soviet Union. It is clear, therefore, that the economic crisis is not the distinguishing feature which establishes the third period. Already before the onset of the economic crisis the main characteristics of the third period are established: Sharp collision between expanding productive forces and strictly limited markets, rising revolutionary tide of the working class revolt, maturing national revolutionary struggles in the colonies, sharpening imperialist rivalries—all against the background of the unprecedentedly swift rise of socialist economy in the Soviet Union.

Under such conditions it is clear that the economic crisis, an inevitable phase of the capitalist production cycle, takes on a new significance, acquires a new depth, and releases an accumulation of forces hitherto unknown. This present economic crisis, while bearing all the characteristics of the classical "cycle" of capitalism, becomes the concentration point for *all* the world-complex of contradictions, arising from the violent collision of the tremendous productive forces generated by capitalism with the limitations of capitalist property relations, in a world-order already shattered by the world war.

Under these conditions, the economic crisis becomes a sign of, and a factor in, the deepening and maturing of the general crisis of the third period. Because it occurs in the setting of this third period, the economic crisis itself acquires an unprecedented depth and intensity.

This dialectical relationship between the economic crisis and the general crisis of capitalism must be the basis for a correct estimation of the current economic development and its political implications.

Characteristic for the third period is the accentuated unevenness of development within world capitalism. Between capitalist nations, the contrast between Britain, declining since the war, and the U. S., expanding enormously in the same period; within each country, the contrast between rising and declining industries and geographical areas, and the growing disparity between industry and agriculture; and so on, down to the most limited aspect of capitalist economy, the unevenness of development grows sharper, the fluctuations more violent, the lines of development more acutely antagonistic.

Fundamentally revolutionary in the third period is the emergence of structural unemployment, the growth of a vast army of unemployed even simultaneous with the growth of production. It is the outward sign of the inner decay of capitalism; that capitalism as a whole has come to the point where it can no longer feed the masses.

All these contradictions are enormously emphasized by the economic crisis. Each capitalist nation, each industry and area within the nations, each capitalist or corporation, has its relations with the surrounding world sharpened and made more difficult; the capitalist world as a whole against the Soviet Union and against the working class and colonies, takes up an increasingly aggressive role. The enormous added masses of unemployed serve to intensify the speed-up, so that out of the "temporary" unemployment of economic crisis grows enormous additions to the "permanent" army of unemployed.

Within the process of economic crisis development itself, there are ups and downs, with the "ups" increasing the general disorder and chaos within capitalist economy almost equally with the "downs." Thus in January and February, within the general deepening of the crisis, there was a decided recovery in steel and automobiles, two of the most important industries which had plunged to the lowest depths in the first months of the crisis. This recovery checked the tempo of the general decline (which, however, continued)—but at the same time it intensified the fundamental contradictions of the crisis. Both steel and automobiles increased production, not for an expanding market, but in anticipation of a market to be found—that is, they produced for stock or for capital construction. The effect of this is not to shorten the period of crisis, but to lengthen the period; not to lessen the depth, but to deepen it.

These examples of the steel and automobile industries are excellent examples of the "possibilities" of an "organized capitalism" overcoming and eliminating crises, competition, markets and prices. Every effort by capitalism in the direction of "planned" economy, no matter how much apparent success attends it, only further emphasizes the fundamental and inevitable planelessness, the anarchy, of capitalist economy. In the very "recovery" of certain sectors of capitalist economy, hailed so joyfully by the minnisingers of capitalist prosperity, we find the evidence of the inevitability of its downfall.