

POLITICAL SOLUTION CAUCUS
1977 L.S. CONVENTION

The EC's "ECONOMIC AND POLITICAL PERSPECTIVES"

A CRITIQUE AND AMENDMENTS

(Please disregard earlier amendments and rationale. The current changes were made necessary by the fact that a new EC draft was submitted and reached the branches only last Sunday, March 6.)

1) The EC's resolution on Economic and Political Perspectives has the virtue of projecting a modest expectation for the class struggle and for our growth in the immediate period, that is during 1977.

But because the document makes no attempt to explain past errors, it repeatedly slips back into those foolish, wish-fulfilling predictions of the past, despite the costly political consequences of those errors to the organization.

For example, (1) on page 3 we are told "by late 1977 or by some time in 1978 at the latest, this situation will change." (i. e. the working class response will drastically heighten and we can begin more rapid recruitment, etc.); (2) the rationale for this injudicious prediction is the expected double digit inflation which is "unlikely to hit... till next year" (1978). By coincidence, the same time at which the E. C. predicts our new wave of growth -- "all this (slow recruitment) will change".

In short, the basis for a new hype is already being laid similar to that of '75, with as little objective or theoretical justification. This repeated error contains the germ of a second L.S. crisis paralleling the one we are currently passing through.

2) The erroneous method of the EC has two sources (other than the dangerous subjective impatience which seems so endemic to the EC).

First is the EC's persistent attempts, in practice, to impose a crude mechanical relation between working class response and the variations in the business cycle and other short term phenomena.

Revolutionists have the right to revolutionary optimism, especially in this period. But to believe that upturns in the class struggle bear anything like a one to one relation to variations in the business cycle is a gross error. The source of our optimism must rest with the fact that here at home the U.S. has been passing through a period of social crisis (war, the black movement of the '60s, Watergate) joined by the stagflation which has replaced the post-war boom. As a result, the confidence of workers in the system has begun to recede. But it is a process which has only begun. How, and with what speed, this overall process will evolve and mature, it

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is impossible for us to predict. Attempts to do so based on narrow, short-run predictions of the economic trajectory are likely to produce only false expectations and yet another U.S. crisis.

3) A second methodological error is revealed in the repeated attempts to predict the short-run effects of Carter's Keynesian policies. To assert that we can today, with any meaningful precision, announce that "Carter's action will not have noticeable effect until the second half of '77", or that "double digit inflation in late '77 or early '78" is to give further evidence that we have not learned the lesson of '75, and the consequences of those errors. To assume in turn that we can in any way base our perspective upon these predictions only compounds the error. This method has little in common with Marxism.

We seem to have more confidence in predicting the consequences of Keynesian methods than the bourgeois economists who have learned in recent years through bitter experience to be more skeptical of these claims. The capitalist class of Europe is not at all confident that the previously "successful" techniques will pull Europe out of its crisis at this stage.

There is good reason for this decline in confidence. Keynesian mechanisms are most effective in dealing with those crises which are essentially an expression of the business cycle (those of the '50s and '60s). When it comes to other crises, structural crises, these methods reveal their severe limitations. The current recession in the U.S. is only partly a cyclical one. It is primarily structural. That is, it is an expression (1) of the decline in the rate of investment and growth of the capital goods industry (the end of the boom) and (2) the decline in economic growth of the U.S. relative to Europe/Japan.

Under such conditions, Keynesian methods, increased government expenditures, will not readily stimulate the economy into new patterns of growth. Government expenditures can and have easily increased consumption, or savings, without generating a boom in the decisive capital goods industry -- the key to capitalist recovery and prosperity. Those who seek evidence for this fact will observe the failure of the Ford administration's far greater government "stimulus" to pull the economy out of its stagnation crisis.

U.S. theoreticians should be careful about mirroring Business Week confidence in the effects of Keynesianism in this period.

Quite the contrary. The evidence of the recent past demonstrates in fact that for structural crises the capitalist class still has no choice but the classic 19th century methods. It was the classic pattern of devaluation of the dollar, and wage cuts (relative wage cuts, since U.S. wages remained stable over a decade

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while European/Japanese wages rose markedly), which were and are their only way out of a structural crisis. (No doubt, U.S. arms and food sales, and Europe's greater vulnerability to oil prices, played a role in helping pull the U.S. temporarily out of the crisis in the '70s. But these can not, more than temporarily, substitute for or undermine the fundamental elements leading to stagnation and relative U.S. decline.

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AMENDMENTS:

1) On page 1, paragraph 3, DELETE last phrase "unlikely to hit double digit inflation until next year". INSERT, after next to last sentence in paragraph, the following:

"Despite Carter's intent and hope, the effect of his Keynesian pump priming tax proposals can not be effectively prejudged. The current economic crisis is not just a typical business cycle for which Keynesian remedies have in the past demonstrated some effectiveness. The nature of the current crisis is primarily structural in character, that is, a deeply rooted long term, not just cyclical, period of stagnation. Unlike a business cycle, then, government spending in a structural crisis needs to have a direct impact on the capital goods industry, on heavy industry -- the key to economic recovery under capitalism. That this will happen today can hardly be predicted with confidence, not even by Business Week, much less by Marxists. In the absence of a real boom in 1977 or 1978, it is therefore unwise to predict that the immediate future, in '77 or '78, will be a period of double digit inflation. This is doubly unwise (a) in view of our past unfortunate predictions, and (b) because the EC has in the past used this expectation of inflation to mechanically generate illusions that inflation will necessarily create a situation in which we can qualitatively grow and definitively transform the U.S.

2) Page 3, paragraph 2 (beginning "8. "), DELETE:

"In the coming year, it will be possible for today's revolutionaries to recruit and train workers to revolutionary ideas and organization on a small scale. Revolutionary recruitment will go on, but will tend to require patient work and long term political relationships. But by late 1977 or by some time in 1978 at the latest, this situation will change."

INSERT, in place of the above:

"In the coming year it will be possible for today's revolutionaries to recruit and train workers to revolutionary ideas and organization on a small scale. Revolutionary recruitment will go on, but it will tend to require patient work and long term political relationships. This situation,

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this modest perspective for recruitment of indigenous workers, ~~is not likely~~ to change in the period immediately ahead, in the absence of a large scale working class upsurge. Under the circumstances, if the organization is to do more than hold its own numerically in the period immediately ahead, it must recognize that most recruitment for growth must come, will come from other arenas."

3) Page 4, paragraph 2, DELETE entire paragraph:

"As the 'pause' of 1976-77 gives way to recovery and even boom in 1978 and another, probably deeper, depression following that, the pressures on the working class and all of its sections will grow. Not only will real wages fall rapidly and unemployment mount over the long run, but the attack on working conditions will become more ferocious over the years. Under these pressures a working class with an increasingly growing and experienced rank and file leadership will respond in ways we have not yet seen. The presence of revolutionaries in the class will be key to that response."

INSERT, in place of the above:

"The dominant feature of the economy today is the undercurrent of long-run stagnation. It is this stagnation, and only secondarily the business cycle (whose timing is beyond our capacity to determine) which will provide the central economic basis for our expectations and our intervention both organizationally and politically. The crisis does mean intensified exploitation, speed-up, etc. But it does not follow that real wages will fall (they have been constant for a decade -- a big enough defeat), or that unemployment will qualitatively increase. What does follow is that the lag between the objective crisis of capitalism and the consciousness of the working class (as expressed by its readiness to take on the union bureaucracy) is likely to narrow. The presence of revolutionaries in the class can contribute to speeding this process (a) through providing strategies which workers need to enable them to successfully challenge the union leadership, and (b) through demonstrating our relevance, as well as the relevance of our strategies, through our participation in the daily struggles of the class.