

Wall Street CRASH: What does it mean?

By Sam Marcy
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When the decline in the stock market took on a really swift momentum in mid-October [1987] and the market started to drop by 50, 60 and even 100 points, the financial analysts, stockbrokers, and investment banking officials, all apologists for the capitalist system, insisted that these momentous drops were merely a "correction." They held firmly to that position even after the market crashed 508 points on that critical Monday, Oct. 19.

Even then, the apologists continued to defend their views. They feared the truth might deepen the crisis. For instance, among the networks, ABC and NBC continued to stick with the word "plunge." Only CBS dared to call it a crash, but then corrected itself and retreated back to plunge.

Rockefeller: It's a crash, but ...

Only here and there did any stock analysts mention the term crash. Finally, when the results were only too obvious, it took none other than David Rockefeller himself, appearing on CNN on Oct. 29 and 30, to legitimize it as a stock-market crash of the dimensions of 1929. But he then added, and again reiterated a week later, that it "might cause a recession" if Washington didn't institute "the right policies" (meaning, of course, deep budget cuts affecting the vital interests of the working people).

Thus, the first inclination of the apologists for the capitalist system was to deny what had actually happened - an unprecedented stock-market crash that went beyond the dimensions of the one in 1929. And even after the debacle, the ruling class economists continue to allege that the crash was unrelated to the "fundamentals," meaning the economic situation.

They persist in propagandizing the view that this global, cataclysmic phenomenon was something strictly within the framework of the stock market and did not affect the economic situation. In this way they try to divorce the stock market and the banks - that is, the nerve center of the capitalist system - from its anatomy, the entire economic and class structure on which the stock market is built.

Only slowly does it begin to come out that there may be "economic consequences," as they put it.

Can't have it both ways

For decades now the bourgeois economists have been trumpeting the glories of the stock market and its vital significance for the economic wellbeing of the country as a whole. Now their first instinct on sensing the emergence of the crash is to deny what they have been saying for years, and, in fact, to say the very opposite! They want to have it both ways.

It soon became impossible to maintain this position, so they moved away from it ever so slightly, some saying that the crash might have "marginal significance" for the economy as a whole. But they immediately qualified this with the hopeful note that a rebound is inevitable.

Yes, a rebound is inevitable, as the whole history of capitalism shows. But when? One week from now, one year, ten years? And on what historical scale? Will a rebound of the stock market alone be able to avoid the inevitable economic collapse?

What happens at the stock market is a representation of the conditions of capitalist production. Before much time passes, all this will surely become clear. But it is indispensable to say it, because capitalist propaganda shrouds in mystery the functions of the stock market and financial dealings in general. It cultivates the greatest amount of confusion and deception regarding the true nature of the capitalist economy.

Millions directly affected

How broadly does the financial crisis reach? "As of the early 1980s, three out of four men, women and children in the U.S. either owned shares of corporate stock or stock mutual funds directly in their own names or had an indirect stake through their pension funds, insurance policies, savings accounts or other forms of institutional investments." (From the Money Encyclopedia, 1984, edited by Harvey Rachlin.) Now they're trying to play it down.

The stock market, which had been an example of capitalist prosperity, now will turn out to be the instrument to facilitate the wholesale expropriation of millions of workers and middle-class people through the loss of their savings, pensions and other retirement funds, insurance funds and other institutions, all of which have played the stock market.

The onus is put on the yuppies, but their numbers have been greatly exaggerated in the capitalist media during the period of capitalist stability, so as to take the heat off the giant multinationals, banks and the stock exchanges and divest them of responsibility.

Engels on the stock exchange

Before going further, it is necessary to put in historical perspective the role of the stock market in the capitalist economy, without either embellishing it or denying its vast significance. As long ago as 1894, Frederick Engels, in supplementary notes updating Volume 3 of *Capital*, said about the stock exchange:

"The position of the stock exchange in capitalist production in general is clear from Vol. III, Part 5. ... But since 1865 when the book was written, a change has taken place which today assigns a considerably increased and constantly growing role to the stock exchange, and which, as it develops, tends to concentrate all production, industrial as well as agricultural, and all commerce, the means of communication as well as the functions of exchange, in the hands of stock exchange operators, so that the stock exchange becomes the most prominent representative of capitalist production itself."

Engels also provided valuable insight into the relation of foreign investment to the stock exchange, in England as well as the U.S. At that early stage of the imperialist epoch, when it was still on the very edge of the transformation of competitive capitalism into expansionist monopoly capitalism, Engels already discerned that colonization was "purely a subsidiary of the stock exchange"!!!

It was in the interests of the stock exchange, wrote Engels, that the European powers partitioned Black Africa and the French conquered parts of northern Africa and Vietnam. "Africa [was] leased directly to companies (Niger, South Africa, German South-West and German East Africa), and Mashonaland and Natal [were] seized by [Cecil] Rhodes for the stock exchange."

Stock exchange concentrates production

How many bourgeois historians of the colonial era ever show this connection between the stock exchanges and the exploitation and enslavement of the colonized peoples? Today the hundreds of billions in indebtedness of the oppressed countries are a continuation on an immense scale of what was merely in embryonic form when Engels noted it.

How prophetically Engels put it, almost 100 years ago!

The stock exchange even then was becoming increasingly more important. Why? Because it tends to concentrate all industry, agriculture, commerce and the means of production in the hands of stock exchange operators. They should be understood not in the narrow sense of stock exchange officials alone, but more broadly as encompassing the heads of the biggest banks (particularly the central banks such as the Federal Reserve in the U.S.), the heads of other exchanges and the governmental agencies like the Securities and Exchange Commission. All these make up the network of what is nowadays referred to as the financial industry. So that the stock exchange has indeed become the most prominent representative of capitalist production itself.

Temporary ups and downs in market

Of course, it should be stated that not every stock market plunge results in a capitalist economic crisis. Some just reflect the temporary gyrations of the moment and may be due to one or two financial disasters, such as when Lockheed or New York Central went bankrupt. An individual industrial or financial collapse, even of such a large corporation, may have only limited significance for the economy as a whole.

There have also been oscillations of this or that industry. For instance, only recently there was capitalist overproduction in microchips, followed by a moderate recovery based partly, in this case, on limiting Japanese imports. What if there were overproduction in such a key industry as lumber? This would affect construction, housing, furniture - probably most forest products. But again, it might affect only an individual industry, even though it has multiple effects on the economy.

In understanding the nature of the present crisis, it helps to examine the summary provided by Engels in *Socialism: Utopian and Scientific* that describes how a capitalist crisis develops, bearing in mind that each crisis occurs in a specific historical setting.

When a crisis does occur, says Engels, "Commerce is at a standstill, the markets are glutted, products accumulate, as multitudinous as they are unsellable, hard cash disappears, credit vanishes, factories are closed, the mass of the workers are in want of the means of subsistence, because they have produced too much of the means of subsistence; bankruptcy follows upon bankruptcy, execution upon execution.

"The stagnation lasts for years; productive forces and products are wasted and destroyed wholesale, until the accumulated mass of commodities finally filters off, more or less depreciated in value, until production and exchange gradually begin to move again. Little by little the pace quickens. It becomes a trot. The industrial trot breaks into a canter, the canter in turn grows into the headlong gallop of a perfect steeplechase of industry, commercial credit, and speculation which finally, after breakneck leaps, ends where it began - in the ditch of a crisis. And so over and over again. We have now, since the year 1825, gone through this five times, and at the present moment (1877) we are going through it for the sixth time."

Relation of stock market to capitalist economy as a whole

We challenge the innumerable bourgeois economists who have been awarded Nobel prizes for "economic science" since this was written to present a clearer exposition of the capitalist cycle of development! Don't they instead try to obscure it?

How do we relate the current historical market crash to the classical Marxist concept of an economic crisis?

The stock market is an integrated element of the entire financial services industry, as it is now called, and is intimately bound up with all the credit institutions - the pension funds, the multitude of banks, credit unions, insurance companies, mortgage associations and so on.

In the outline of a general economic crisis depicted by Engels, the financial crisis comes at the very height of the capitalist cycle. The collapse of the market brings about the period of stagnation.

The capitalist economists put the shoe on the other foot. They have been telling us that since there has been no economic collapse, the economic fundamentals, as they put it, are still sound. Only the rate of growth has slowed; therefore there cannot be an economic collapse and the Marxist criteria don't apply. According to them, what happened in the market may be only an episodic event and not the kind of sweeping one which entails an economic catastrophe.

But the stock market is an integral part of the financial industry, and its crash is a forerunner of the economic situation, not the aftermath. This is what the bourgeois economists are deliberately confusing.

Market is best indicator that capitalist cycle has reached crisis point

Of the many bourgeois economic analysts who have made pronouncements since the crash, only one of them, Alan Sinai from Shearson Lehman Brothers, in a report during congressional testimony covered on CNN, said of the stock market crash that it reflects not the past performance of the economy as much as "what the future holds in store."

How does one measure the nature of the capitalist cycle of development in the current historical context? Can it be done on a national scale where there is admittedly a global economy? Does one really know precisely when capitalist production has reached its pinnacle?

Certainly there are a mass of economic indicators, like the gross national product, but in the final analysis there is no way of knowing in advance precisely when a collapse may begin.

Credit, which was developed in order to facilitate capitalist production by expanding purchasing power, also greatly extends its bounds, so that it takes on ever-larger risks, thereby exaggerating and aggravating capitalist overproduction and its concomitant - the contraction of working class purchasing power.

Slow economic growth is a relative concept, not an absolute one. To the workers, to the millions of unemployed, there has been a recession for years now. But the crisis becomes generalized when there are too many sellers with few buyers, not just in the industrial sector but in all the sectors of the capitalist economy. The stock market is the generalizer that makes this apparent. It is not just a barometer but an economic summary, an economic resumé; it can speak of the future rather than of the past, as Engels showed.

1979-82: Concrete confirmation of Marxist analysis of crisis

We have just seen how Engels described the development of a capitalist crisis. We have a concrete example of one that happened less than a decade ago, in the period of 1979-82.

As early as 1974, a precursor of the coming downturn could be seen in the collapse of the Franklin National Bank. This event of formidable international dimensions was followed by a significant number of smaller business failures and accompanying stock market declines. However, before the economic crisis really took hold, there was a brief speculative binge in 1978.

The economic crisis of 1979-82 greatly accelerated the restructuring of capitalist industry, which had already begun in the seventies.

Capitalist economists today stress that the crisis was overcome through the "cooperation" of labor with capital, that productivity was raised on the basis of a partnership with the official labor leadership (bureaucracy). What this rise in productivity really signified was an intensification of exploitation.

This intensification of exploitation used to be called the rationalization of industry; today it is called restructuring. It entails not merely the introduction of labor-saving devices but a whole new concept known as the scientific-technological revolution, which is a quantum jump in development far surpassing all the earlier strides made by inventions and discoveries.

The period of the late 1970s and early 1980s saw the most significant advance of the scientific-technological revolution. It caused the mass displacement of millions upon millions of workers on a global scale and their replacement by lower-paid workers, particularly in the so-called service sector. This sector is by no means exempt from the ravages of the next economic crisis, as the developing layoffs in the financial area are now showing.

An article in the June 4, 1987, New York Times entitled "As Output Gains, Wages Lag" shows how restructuring works. One example given (among many) is the refinement of a computerized machine at Goodyear Tire and Rubber that used to take four hours or more to be retooled to make tires of a different size. Now, the retooling takes only three hours.

This tendency for capitalist restructuring to make labor "superfluous" was described by Engels in *Socialism: Utopian and Scientific*. "It is the compelling force of anarchy in social production that turns the limitless perfectibility of machinery under modern industry into a compulsory law by which every individual industrial capitalist must perfect his machinery more and more, under penalty of ruin."

It is no accident at all that there is such a mad race among the capitalists to develop ever smaller microchips, more perfect robots and other advanced forms of automation.

Engels referred to Marx's *Capital*: "Thus it comes about, to quote Marx, that machinery becomes the most powerful weapon in the war of capital against the working class; that the instruments of labor [computers, robots, etc.] constantly tear the means of subsistence out of the hands of the laborer; that the very product of the worker is turned into an instrument for his subjugation."

Keeping in mind the Goodyear example, we read on:

"Machinery, the most powerful instrument for shortening labor time, becomes the most unfailing means for placing every moment of the laborer's time and that of his family at the disposal of the capitalist for the purpose of expanding the value of his capital . . .

"Accumulation of wealth at one pole is, therefore, at the same time, accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole."

After crisis, what brings a revival?

The bourgeois economists tell us that the revival period since the last recession has lasted for 54 months. In this period of incredible prosperity (for them), which started as a trot, became a gallop and broke into an all-out steeplechase, they amassed tremendous super-profits.

How does capitalist production become revived? What are the forces upon which it relies?

First, it feeds on the devastating destruction wrought by the economic collapse. Many firms go bankrupt, plants close, some are completely liquidated, dismantled and sold at auction, and so on and so forth, The weaker establishments are weeded out; the larger ones swallow up the smaller, which have barely been able to survive. This is the effect of the centralization of capital, as Marx explained it.

This destruction can of course be vastly magnified by the havoc of imperialist wars and counter-revolutionary interventions.

Secondly, the work of destruction brought by the capitalist crisis, especially the huge unemployment, initially weakens the working class. The capitalists subject those who are employed to more intensified exploitation in order to retrieve more profits and continue the process of capitalist accumulation and expansion. The intensification of exploitation is absolutely indispensable in the process of capitalist revival.

If the period from 1982 to the present had been a normal revival phase like those that occurred earlier in the long evolution of capitalist development, it should have resulted in a material improvement in the condition of the working class, with a commensurate increase in wages. The facts, however, demonstrate incontestably that this lengthy period of so-called capitalist recovery was marked not by an improvement but by a drastic deterioration in the wage level of the workers, in particular the oppressed Black, Latino and undocumented workers, and in the general income of the mass of the people.

1980s 'revival' brought lower wages

Data on this is now voluminous. The most recent figures appeared in the Business section of the Sunday, Nov. 1, New York Times: "Real wages are now below 1963 levels, and 80 percent of the jobs created in the 1980s are in retail sales and miscellaneous services where average wages, adjusted for inflation, are below the national average wage in 1949." This is an astonishing admission!

A report put out on Aug. 7 by the Council on International Public Affairs confirms this, as its title makes clear: "Real Wages Drop Below 1962 Levels."

An article in the May 1987 Scientific American by economist Lester Thurow discussed a conservatively taken survey that revealed the growing polarization between the very rich and the mass of the people. "According to the U.S. Bureau of Census, the share of total income that went to the top 20% of all families was 43% in 1985. Conversely, the income share of the bottom 60% of the population declined to 32%, the lowest level ever recorded." (!)

We demonstrated a year and a half ago that the high-tech revolution signifies lower wages [*High Tech, Low Pay* by Sam Marcy, WW Publishers, 1986]. At that time we said that it had been accompanied by six long years of an anti-labor offensive. And the assault hasn't stopped yet!

There continues to be a shift to lower-paid service workers and a lowering of wages in general based on the restructuring of industry on a global scale. This objective development is deepened by the anti-labor offensive. The Reagan administration has aggravated the oppression of the working class and raised it to new heights by its policies, but Reagan is no more the cause than Hoover was the cause of the Depression or Theodore Roosevelt the cause of the 1907 panic.

The capitalist government didn't cause the crisis, but aggravated it. But crisis comes entirely independently of the will of the capitalist class or its government, which is merely its executive committee, as Marx pointed out.

Capitalist overproduction is still the outgrowth of capitalist production, notwithstanding all the research, the sophisticated data, the computerized telecommunications at the disposal of the capitalists.

Anarchy leads to overproduction

And anarchy reigns in capitalist production, as Engels explained in *Socialism: Utopian and Scientific*, because "No one knows how much of his particular article is coming on the market, nor how much of it will be wanted. No one knows whether his individual product will meet an actual demand, whether he will be able to make good his cost of production or even to sell his commodity at all."

The deep-going causes of crises arise from the contradictory nature of the capitalist system, which enshrines private ownership of the means of production and yet has developed these same productive forces to the point where they have far outgrown private ownership and are really social in character.

Bourgeois economists try to explain away this contradiction by resorting to mystical expositions on the monetary phase of the capitalist crisis or on interest rate swings. Some blame it all on unscrupulous speculators, high rollers, common thieves in high places and, more recently, on the existence of the yuppies. But they shy away entirely from the deep causes, concentrating on the symptoms of the malady rather than explaining the nature of the disease.

What fueled the hyper speculation

As for these symptoms, it is necessary to explain the significance of hyper speculation, which enthralled the ruling class and brought them to dizzying heights of optimism in their system, only to dump them in the doldrums.

No really large-scale speculation in stocks, bonds and commodities can take place without the banks. They are key and central to all of it. It's the banks that supply the loans for the speculation, that take all kinds of stock, mortgages, or whatever as collateral for their loans.

The banks are the fundamental agent of the speculation, if we understand that we are talking today about a broader concept of banking than what prevailed early in this century. Even then, the banks as the depositories for the cash were not immune to loaning it out for speculation, although their opportunities (and losses) were somewhat restricted under pain of criminal prosecution.

1930s legislation was supposed to prevent dangerous speculation

The high speculation before the 1929 crash and the devastation of the economic collapse caused the Roosevelt administration to promote massive legislation of two types. One included the well-known social reforms of the New Deal, like unemployment insurance and social security, which were calculated to create a cushion, or as it is now called a safety net, to soften the effects of the economic debacle.

The other type of legislation enacted was meant to prevent such a collapse from occurring again. Such, for instance, was the law that set up the Securities and Exchange Commission as well as the statutory provisions that regulated banking, strengthened anti-trust laws and so on.

And this was received by many in the ruling class with extreme bitterness. They regarded it as against the free enterprise system, as being anti-capitalist in nature, but in reality it was devised to defend the system against excesses, to curb not only speculation but fraud so as to dampen any crash that might take place in the future.

With the impact of the high-tech revolution, banking itself has changed, as we said earlier. "The economic currents that began in the 1970s," says the authoritative Money Encyclopedia, "permanently altered our money practices and ushered in a financial service industry which continues to evolve on an almost daily

basis. Today banking is no longer a matter of depositing savings in a regular passbook account for safekeeping and a small yield and keeping a no-interest checking account to pay bills. In the 1980s it is the investment in instruments giving the highest possible return ... that more closely defines banking."

1970s revolution in banking

In fact, there has been a revolution in world banking.

Banks are no longer confined to a single state. They've stretched their offices across the nation. Banks are no longer limited to collecting deposits and making loans. Today they act as discount stockbrokers, suppliers of credit cards, and as paid consultants in areas ranging from estate and tax planning to investing. They no longer conduct business according to banking hours, 10 a.m. to 3 p.m. Instead, they provide access around the clock through automated teller machines.

Citibank, for instance, began to diversify early in the 1980s. The purpose was to lessen its heavy dependence on international activities for its earnings, which at one point accounted for more than 80% of the company's net income. Over the years they have tried to dump these loans on other, weaker shoulders. It is truly a giant transnational corporation on which the sun never sets and precisely because of that it absorbs all the contradictions and weaknesses of the capitalist system.

The banks have become very high-risk adventurers. The retirement of Walter Wriston, the former head of Citicorp, was undoubtedly hastened because of his reputation as "an ultimate risk taker."

On June 21, 1984, the New York Times wrote: "Over the long term, the question remains whether Wriston's new world of banking will prove to be healthy, flexible and sinewy or whether it will repeat the experience of the 1920s, when extraordinary risk taking by banks and exotic financial techniques turned into the disaster of the Great Depression."

Reaganites loosen restrictions on banks

The bankers are no longer satisfied to keep idle funds in checking accounts that by law pay no interest. In the seventies, banks couldn't pay interest on deposits that matured in less than 30 days. But not now. Banks are engaged in the sale of CDs, certificates of deposit. The companies that buy them have the option of selling them at any time to other investors. For the purposes of the companies, these are similar to short-term deposits on which interest would be earned.

The virtual revolution in banking did not automatically grow out of the economic and technological developments of the earlier epoch. Much of it has been helped by either new legislation, by administrative decisions or by the Reagan administration.

For instance, one of the ways the New Deal legislation hoped to limit the excesses of capitalist speculation was to separate the underwriters from the banks, so that only underwriters would distribute and sell securities and act as advisers to corporations. Today, however, they work as part and parcel of the banks.

A great deal was made of the fact that the Roosevelt administration broke up the securities industries by narrowing the field for underwriters, insurance companies and commercial banks. The law compelled them to make financial disclosures, to make their balance sheets more detailed so as to reveal more of their real situation. Also enacted were various bank regulations that gave more power to the regulators and inspectors. Brokerage houses were restricted from letting their customers play the market on a minimal amount of margin.

Most of this massive legislation calculated to restrict speculation, to force disclosure and to curb the excesses resulting from capitalist financial dealings has to one way or another under the Reagan administration been either abolished by statute or invalidated by administrative decisions of the agencies concerned. Particularly weakened are those divisions under the regulation of the Federal Trade Commission, the Securities and Exchange Commission and other agencies which are the very ones supposed to act as guardians against speculation and fraud.

Moreover, the banks themselves have been given free rein to virtually disregard the previous protective legislation. While once banks could only operate in the states of their origin, they now have been given the green light to expand interstate and to lend to excess. By enlarging their field of operations, they have enlarged their risks as the lenders of capital.

While the banks themselves have been generating the hyper speculation, we must repeat that speculation is not the cause of the crisis itself. It is the effect, in the first place, of the enormous accumulation of capital that has been extracted from the workers, especially during the period of the capitalist recession of 1979-81. It was then driven even higher by the high-tech restructuring of industry at the expense of the workers.

A monetary crisis usually accompanies an economic crisis. They don't always go together, but certainly one of the features this time is a monetary crisis, and it concerns the U.S. more than any other country at this historical juncture.

The U.S. dollar is considered a world currency reserve. What does that mean? It means that other countries, and especially their governments, have been obligated over the years to hold a certain amount of dollars as their reserves in the same proportion as they would gold. This special position in the world monetary situation arose from the favorable position the U.S. was in economically and financially after World War II.

While the economies of Europe and Japan were battered or ground down in the military struggle, the U.S. merely served as a supplier until near the end of the war, fortifying its military positions with the atomic bomb. Its formidable economic strength in the postwar period was in sharp contrast to what prevailed in Europe, Asia and even Latin America and Africa.

Formidable though it was, however, it was not nearly strong enough to remain on the gold standard. The U.S. and the other imperialist countries had to abandon it after the 1929 crash, and have never gone back. Before that, gold backing to support paper currency had always been regarded as the key to stability in monetary affairs.

In the period immediately following the war, the dollar as a reserve currency for all of the other capitalist countries was unquestioned. And today, too, it is still a reserve currency in most of the capitalist world. Even socialist countries are obliged to hold dollar reserves, if for no other reason than to trade to the extent possible with the capitalist countries.

But the period when the stability of the dollar was unquestioned began to wither - for very material reasons. In the 1950s the U.S. gross national product constituted as much as 50% of the world's gross product. But since then the U.S. gross national product has been shrinking in relation to the rest of the world.

As late as the 1970s, it was estimated to be about 30%. Now, with so much switchover from manufacturing to service industries, with the introduction of high tech and the competition with its capitalist rivals, the U.S. gross national product in relation to the world as a whole has again significantly

shrunk, if for no other reason than that the battered capitalist countries have recuperated and in some cases, like Japan, have exceeded the U.S. in a number of industrial and technological spheres.

Moreover, the U.S. has become a debtor nation as a result of its borrowing from other capitalist countries. This has been done through the sale of bonds and stock, which earlier fueled its recovery. But as the U.S. debt has kept mounting, the fears of its capitalist rivals have become more and more pronounced.

What are these fears worldwide with respect to the U.S. as a world currency reserve? Take this example. Suppose you as a central banker for country X have in your treasury a reserve of \$100 million, which is a very, very tiny amount of dollars. If the U.S. devalues the dollar by 1/10th of 1 percent, you lose \$100,000!

Worldwide fears of U.S. devaluation

Now, supposing you have a billion dollars, which is also not an enormous amount by any means, even for one of the countries highly indebted to the U.S. A devaluation by that same 1/10th of 1% means losing \$1 million, which is a lot of money.

But there are those who hold many, many billions of dollars. For countries like Japan, England, West Germany or even Saudi Arabia, letting U.S. currency "fall," as they say, holds immeasurable consequences.

Hence, on the outbreak of the stock market crash, the Wall Street Journal and practically all the capitalist politicians, from Reagan on down, were urging a monetary conference of the Big Five (the U.S., Britain, West Germany, Japan and France) or the Big Seven (those five plus Italy and Canada) to get together and stabilize the dollar. They hoped this would help the falling stock market and prevent an economic debacle.

The U.S. ruling class has been desperately trying to reduce the value of the dollar so as to increase its exports and put a lid on imports. But if there's an economic collapse, particularly in those imperialist countries to which the U.S. wants to export, they will be unable to absorb U.S. exports. Moreover, they will become more insistent that unless the U.S. opens its markets to them, they won't be able to sustain their own economies, let alone try to help the U.S.

The prospects, then, are not just for a rerun of earlier economic collapses, but for one that could be on a profounder and deeper level even than 1929. Regardless of its dimensions, however, it will reopen the struggle of the working class and change the character of the entire international situation.