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**November 7th
I.C.C. Manifesto**

**Imperialists Focus
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**A REPORT FROM GERMANY--
MINERS' STRIKE VICTORY
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JOIN WITH RED FRONT**

**War Economy and
Social Crisis**

Theoretical Organ of the
International Contact Commission

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November 7th I.C.C. Manifesto

We celebrate the 23rd anniversary of the Russian Revolution under difficult circumstances. The failure of the imperialists to solve their insolvable contradictions, on the one hand, and the failure of the proletariat to extend the most glorious revolution in history on the other, have created a stalemate in international class relation which permits the capitalist masters again to resume their bloody struggle for markets, profits, and spheres of influence.

The October Revolution and both the first, and now the second world war are linked together. Without the degeneration of the first Workers State, under Stalinism, and the throttling of the world revolution (which this degeneration implied), there could not have been another imperialist carnage of the present proportions; millions of the world's best youth would have been spared their lives, millions of people would have been spared the intolerable misery of capitalism in its worst, most barbaric period.

PROOF OF MARXISM

The success of the Russian proletariat in 1917 and the maintenance of power for a period of 23 years has proven the theories of Marx, Engels and Lenin beyond even the shadow of dispute, it has given life and breath to the science of Marxism. The gigantic achievements of the productive forces in Russia — **ACHIEVEMENTS WHICH HAD TO BE MADE WITHOUT CAPITALIST CREDITS IN THE FIRST STAGES AND AGAINST THE HOSTILE IMPERIALIST WORLD** — stand out in history as the greatest step forward, relatively, the world has ever known. In its best days capitalism has never even approached the rate of increase in product-

ivity illustrated by the Soviet Union.

But this is the positive side of the picture. The danger that this **FIRST, ELEMENTARY** step in the direction of human liberation, is about to come to an end has been imminent ever since Stalinism took the helm and subverted the interests of the world revolution to its own cliquist interests, liquidated all semblance of independent working class action both within and outside of Russia.

STALINISM HELPS IMPERIALISM

The noose is being drawn tight. The warring imperialists — on both sides of the trenches — are preparing to finish what they couldn't do in 1918-21. Hitler's legions face Soviet troops from Finland down to the Black Sea. The two main gateways into the Soviet Union are falling increasingly into Hitler's hands: the Dardanelles - Black Sea region, and Finland. The necessity of the Soviet Union to extend the revolution to parts of Finland, Poland, Rumania, and to Baltic nations in an effort to forestall the inevitable invasion of the Workers State, should now be evident even to the blind. But the complete falseness of the **methods**, of the purely capitalist methods by which these areas were taken in spite of the economic change is a blight against the world revolution. Stalinism has gained tactical military advantages, but by its support of the German Imperialist war policy (no matter whether it goes over to the "Democratic" camp again very soon or not) it has disoriented further, has extended the demoralization of its only ally, the world working class. Stalinism must meet the Hitler threat by force of arms alone. For Stalinism there is no future.

For the Soviet Union the future lies only in the extension of October, in capitalist countries, and the political revolution against Stalinism and for genuine Workers Democracy in the Soviet Union. must take cold stock of events.

The twenty-third anniversary of October is thus not a period in which to exult or rejoice blindly.

This is not the first time in history that a revolution has degenerated. To all the defeatists of our time we must point out that the revolutionary period of the proletariat is only six or seven decades old. To accomplish the same tasks it took the bourgeois four or five centuries. Only the unscientific phrase-mongers see in the present events, the war and the degeneration of October the deepest gloom and unsolvable pessimism.

REPEAT ERRORS

Under the impact of events all the old errors are being repeated:

After the first Russian Revolution there were the "god-builders" — who went back to religion. After the present series of defeats we have, our same "god-builders" Muste, Schmidt, and dozens of others.

During the first world war, the opportunists used the Czar's brutality (or the Kaiser's) as the "excuse" for their support of "democracy" — of one side of the imperialist camp. During the second war the opportunist are for "all aid to Britain", because of the brutality of Hitler.

M. Pivert is willing even to do business with DeGaulle, and the London Bureau gives its left-hand blessing to Mr. Churchill.

After the defeat of the 1905 revolution the opportunists started by questioning dialectical materialism and ended by supporting capitalism (in its "democratic" form). Now the opportunists (the bourgeois intellectuals who crept into our ranks like Borkennau, Burnham, Corey, and Company) start by questioning the character of the Workers State and end by supporting the capitalist state (again the so-called democracies).

Confusion and defeatism (not REVOLUTIONARY defeatism permeates the

whole ranks of the opportunists. Here lies the greatest danger for the proletariat, that this confusion will seep through our ranks, will poison the system into the deepest inactivity. And that precisely is the service that the world bourgeoisie expects out of the reformists and centrists of every stripe.

URGENT TASKS

A few words of caution on this 23rd anniversary of October:

The uppermost question in the minds of all revolutionists must be theoretical clarity. This lesson is tragically written in a story of blood that runs from the German defeat of 1919, through the Spanish defeat of 1938. Without this clarity BY THE MARXISTS mankind is doomed to something worse than barbarism.

We must not submit to the fatalism of the petty-bourgeois centrists and reformists who are "re-evaluating" Marxism — in other words, tossing it aside.

In the darkness of the present period several tasks stand out as our most urgent work:

BUILD MARXIST PARTY

1—The building of a new international party of Marxism, a New Communist (4th) International is the MAIN task of the revolutionists. Twenty-four or more defeats have illustrated more than aptly in the last 23 years that victory was easily within our reach, EXCEPT that there was no Marxist Party on the scene. We must not repeat the treacherous errors of the past. No more hodge-podge unity with centrist currents on centrist programs (or worse still, reformist programs) in order to gain a few more members. (The latest tragedy in this list was the Nin-Andrade group). No more "organization" committees, such as Trotsky organized during the last war against Marxism — a committee with all sorts of tendencies.

Our path lies along the road of ORGANIZATIONAL and POLITICAL independence of the revolutionary Marxian organization from all other tendencies. No more treacherous unities with social-democracy (the famous Trotskyite "French turn"). The main road ahead is the hard road, in-

dependent action in the class struggle, with unity on a MARXIAN program as auxiliary.

The support of the Peoples Front (labor parties) or "left" bourgeois "Workers" governments is the logical road of betrayal by the groups that stand for unity at any price or unity on a minimum program; the centrist basis of unity.

This left support of bourgeois democracy helps pave the way for Fascism.

REVOLUTIONARY DEFEATISM

2—The class struggle must be carried on in war time AND INTENSIFIED BECAUSE THE WAR REPRESENTS CAPITALISM'S DEEPEST CRISIS. Beware of the centrist cover ups to throttle such action. Beware of the Kautskyites of 1940, who like the Kautskyites of 1917 call for a "socialist peace", instead of CIVIL WAR. Peace is possible only through revolution. It is significant that those who call for a "socialist peace" — the London Bureau — also call (in one way or another) for aid to Britain against Hitler.

Beware of those who call for the policy of "revolutionary defeatism" and give it the meaning of the old Trotsky concept of 1914 — neither victory nor defeat, we ourselves will defeat the bourgeoisie. This is empty phrasemongering. We will defeat our bourgeoisie ONLY if we wish AND WORK FOR the MILITARY (please note, military) defeat of our own capitalists. Class struggle in war time means work for the defeat of our capitalist masters — both in industry and on the battlefield. International class solidarity consists in the workers of all countries working for the military defeat of their own masters. Anything else is pure phrasemongering; it deceives and confuses the proletariat. Those who are not clear WITH THE UTMOST PRECISION on the question of revolutionary defeatism are merely repeating the role of Kautsky, Parvus, Kamenev, Stalin and Trotsky in the First World War.

DEFEND SOVIET UNION

And finally, 3—Those who do not understand the character of the Soviet Union and how to fight for its defense sooner or later end up by the support of capitalism. Those who cannot recognize a Transition Economy when they see it (degenerated though it may be) obviously cannot fight to establish such an economy. Not to understand the character of the Soviet Union DESPITE STALINISM is to ignore the basic facts of history and of Marxism.

The defense of the Soviet Union calls for:

No support, material or political, to Stalinism at any time. Realize that Stalinism can only play a reactionary role.

For independent working class action inside the Soviet Union as well as on a world scale.

For defeatism against any capitalist "ally" of the Soviet Union.

For the defense of the Soviet Union and the Red Army against capitalism and its Stalinist and other agents.

For a political revolution against Stalinism.

HISTORY IS ON OUR SIDE

On this 23rd anniversary of October we record the following:

History is in OUR favor. With seven league boots capitalism is being torn asunder, its inescapable contradictions cause an erosion which can never be repaired. The Marxists of 1940, like the Marxists of 1914 are isolated from the mass of proletarians.

Theoretical clarity of these and other questions are the life blood of our movement. Upon this basis action to build a party, action to defeat capitalism, action to defend the Soviet Union will lead to victory. Action in the day to day class struggles, against national unity will move the masses of the oppressed for the overthrow of capitalism.

Join with the International Contact Commission in the struggle against war and capitalism. Break with the reformist and centrist social - patriotic internationals. Fight in the interest of the working class!

Imperialists Focus On Asia

After one year of imperialist war, Europe is heading into a winter of disease and starvation with increased military action by the Axis powers against England in the British Isles and in the Mediterranean. Although Hitler has obtained important military victories in the first year, he is by no means master of Europe; nor has a decisive stage of the war in Europe been reached. This decisive phase of the war can be reached only by the defeat of one side or the other, or the outbreak of revolution against capitalism.

Moreover, even before Hitler can attempt to consolidate Europe, the Asiatic phase of the imperialist war is now looming up as a major development, overshadowing the Balkans and the Near East crisis, which itself is by no means unimportant. The struggle for Asia is so important because its conquest is the aim and object of all six imperialist powers.

UNITED STATES AND JAPAN GAIN

In the first year of the war the United States and Japan made forward strides while the four European powers were involved in their death combat. The United States and Japan were outside the European orbit of the struggle and could afford to wait their time, hoping that an exhausted Europe would enable them to grab the choice areas in the redivision of the earth.

Precisely because the war in Europe after one year has not yet decisively settled anything, the Asiatic phase takes on even greater importance. On this basis Japan is able to extract larger concessions. Hitler's concessions to Japan are based on his inability to bring Britain to terms by the fall of the year. On the other hand on the basis of the precarious position of England and what is left of the Dutch and French empires, the United States is also able to extract greater concessions from England and the colonies of France and Holland.

THE SOVIET UNION UNDER STALINISM

While the six robber nations are extending the war for the redivision of the earth to Asia, the Soviet Union under Stalinism is bargaining with both sides, ready to become a tail to one or another group. The new axis pact tightens the encirclement of the Soviet Union, while it only begins the process against American Imperialism and the Dollar. Instead of independent working class position, Stalinism is capitulating to the highest bidder. A Japanese-Soviet treaty would signify further capitulation to the Axis powers, but in spite of Stalinism the Soviet Union will play a very important role, not only in the new development in the Near East, but above all in Asia.

CHANGED CONDITIONS IN ASIA

France is defeated, and England is at death grips with Germany. This change brought about by the war has altered the relationship of forces in Asia. Although these alterations are not yet decisive the new alignment is of importance. Yesterday, England, United States and Japan were the antagonistic points of the Asiatic triangle. Today, the war conditions have brought to the fore a new triangle: Japan with the axis backing; United States with the British reluctantly going along; and the Soviet Union.

The U.S. seeks to extend its "protection" to the French and Dutch colonies in Asia. Now, more than ever, the British possessions are being drawn closer to Wall Street. China needs the Dollar more than ever and can promise more in return than before. Naval bases from England, raw material from French and Dutch colonies, and an increased sphere of influence for the Dollar against the Pound are the American concessions obtained. Larger quantities of raw material and the basis to break down the British monopoly on these are in the making for American Imperialism — providing she can keep Japanese imperialism at bay.

In 1931 the United States desired British aid in Manchuria against Japan, but did not obtain it. Now the British aid to American imperialism is based on a new relation of forces, relation that favors the Dollar.

Japan realizes that the four powers in Europe are to busy with their own troubles at present to stop the conquest. Her only danger is American Imperialism and the Soviet Union. If Stalin can be bought out today, then only United States stands in the way. Any victor in Europe must first organize Europe before effective opposition to Japan in Asia can be rendered. Therefore to a greater degree than ever the role of the Soviet Union and United States, since the Axis pact, will decide the fate of Japan.

THE UNITED STATES CHALLENGES JAPAN

Prior to the outbreak of the war England was free to checkmate every American attempt to push forward in Asia. This Anglo-American antagonism enabled the third power, Japan to gain at the expense of both. Now Japan is in a much better position. Germany and Italy cannot stop Japan, even if they wanted to. Therefore, they hope to use Japan against England, America and the Soviet Union today, and to settle with her later. Likewise England cannot stop Japan now. Nor could the Soviet Union under the Stalinist policy.

The only power capable of effective opposition to Japanese plans in Asia is the United States. But at the present stage, the United States by itself is also not capable of this task even though she is far stronger than the others. United States needs developed rearmaments, needs the British air and naval bases, needs Russian aid or Russian neutrality at least, needs Chinese and other Asiatic manpower and bases of operation for the theatre of war, to keep the Japanese army busy. Above all United States needs strategic raw materials of the East Indies.

At the present juncture of the war Japan becomes the main rival of the U. S. in Asia. It is a juncture of unsettled relations. Another sharp turn in Europe and the relation of forces in Asia will again change. If Japan does not act swiftly and obtain her imperialist needs in Asia, then American imperialism will stop her. However, United States' military and financial experts are ready for a show-down now. If Japan does not retreat momentarily, as she now shows signs of doing, war is sure to develop quickly in the Pacific. At best it can only be delayed.

The contradictory nature of the imperialist war places the United States on the side of the British Empire as a power which gives material aid against the have-nots; but at the same time subordinates Great Britain to the world needs of American Imperialism. The long range aim of the American Imperialists is to break up the British Empire; to prevent the other imperialists from obtaining the largest share; to prevent this break-up from strengthening other imperialists too much; to prevent this break-up from leading to a successful revolution — to obtain a lion's share for herself; and to make England second cousin in a new world empire under the Dollar.

Even though part of this perspective is being realized, "thanks" to German imperialism and Stalinism, the fulfillment of the perspective is at its most critical stage. Yes, American imperialism is at crossroads, because world capitalism is at crossroads.

UNITED STATES PREPARES FOR WAR.

If a war between United States and Japan develops before the European phase is completed, the Axis partners can give Japan no effective aid; while England's aid to United States through its Asiatic bases and rights to raw material is all that Wall Street needs for immediate needs there. If such a variant develops within the next weeks, or months, the role of the Soviet Union will become even a

hundred-fold more important. This is the reason on both sides of the imperialists are working overtime, hoping to win Stalinism to a further compromise of the Soviet Union.

A growing group of American imperialists argue that the scrap-iron embargo is only a protest with no positive material weight but with lots of negative value in stirring up the "hornets' nest". They argue that the United States must strike fast, while Japan is in a difficult position with China and before she starts in on Indo-China and the East Indies, and above all, while Europe is locked in war. They argue that the United States must settle the Asiatic dispute with Japan before the social revolution will settle the dispute for all.

UNITED STATES NEEDS ASIA.

American Imperialism has a corner on Latin America and is increasing it at the expense of both Britain and Germany; but although it is an increasingly important part of the world pattern of the Dollar and its industrial machine, the competitive nature of Latin America's raw materials, present difficulties which the U. S.

can only ameliorate but cannot solve. For this reason the importance of Asia to the potential needs of industrial America, both for raw materials and the possibility of capital export, is accelerated.

It is true that Japan is the largest American market in Asia. But it will also be true that a defeated Japan will make an even larger market for American imperialism, if Wall Street's plans are carried out.

United States is ready to fight for her world empire. She will do this on the basis of a conscription army of wage slaves and millions in profits for finance-capital. She will do this on the basis of the most ruthless oppression of the class struggle element, on the basis of national unity. But the United States along with the other imperialists will reap the whirlwind they started. Before the war aims are realized, colonial and proletarian revolutions will play havoc with Hitler's plans as well as Roosevelt's. History is on the side of the oppressed masses.

October 7, 1940.

A REPORT FROM GERMANY-- MINERS' STRIKE VICTORY

Graz, end of July, 1940. — The strike of the mineworkers of Koeflach has stimulated tremendous admiration and courage of example far beyond the district of Koeflach and Styria. The strict Nazi censorship could not prevent the news of the strike from spreading by word of mouth and by illegal leaflets in a very short time; many a proletarian who had long lost hope and confidence in class actions gained new courage and fighting spirit.

In the small village of Koeflach there is a coal mine which normally employs three hundred workers. Because of the big demands of the munitions industries, eight hundred work there now. Though they work hard all year, they don't earn enough to support their families owing to the taxes and scarcity of everything; besides there is not enough food on the market since the war started. Over seventy-five percent of the workers have to get "winter-aid" all year long. Sanitary conveniences and safety measures are very primitive and are grossly inadequate for so large a number of workers. Some of the mines had not been operated for years and are full of water. No repairs can be made because of the shortage of wood and workers. It was very difficult to approach this group of workers, which had a few SA men and thirty or forty members of the Nazi union. There were only a few members of the illegal unions; the Stalinist cell is very weak, and we had only two comrades there who somehow or other got illegal material from Graz (the capital of Styria).

WORKERS UNITY — SPONTANEOUS STRIKE

The group started a sudden, spontaneous strike on July 18th. The South mine was filled with water which it was feared would go to the other mines in the vicinity. The workers refused to work in the vicinity of this mine. The management which had to carry out orders threatened wholesale firing. At shift-changing time, exciting scenes took place. The first shift refused to go up, waited for the second shift to come down, and held a joint meeting attended also by the third shift. A ten point program was worked out and sent to the man-

agement. It was decided not to leave the mine until these ten points were fulfilled. At twelve o'clock no one was working and more than ninety-five per cent of the shifts had joined the strike.

Up above, the workers' wives began furious demonstrations. They marched to the Town Hall and shouted: "We are hungry, give us bread for ourselves and our children." "Down with this regime of war and hunger" — thus they supported their husbands' strike. The magistrate had only three police on hand and could do nothing. The SA men who were not in the mines did not dare interfere.

The strikers shouted political slogans, and some groups sang old fighting songs of the proletariat. It was the first time in six years that Koeflach had heard the "Internationale" and the "Song of the Vienna Workers". Meantime the news spread through the whole district of Styria; the workers of Veitscher Magnesitwerk also decided to strike, and in the other factories of the "Alpine" the workers eagerly discussed affairs.

STRIKE VICTORY RESTORES CLASS INITIATIVE

The Nazi regime saw the need for stopping the strike as quickly as possible, to avoid strikes in other factories and declines of production. To be sure, they could have stopped the strike with bloody terror, but they gave in, fulfilling most of the demands and trying to blame the whole thing on the management. Strikes in Germany today are punished with death, but this strike ended in victory for the workers. It is a sign of the Government's weakness, and should restore to every worker confidence in his own class actions. After a twenty-four hour strike, the miners went back to work proud of their success. We too can be satisfied because since the strike we have a small but very active Red Front cell there. This cell is resolved to take the leadership in the next fight of the Koeflach workers, and to struggle together with the German revolutionary Marxists until we have overthrown the Hitler regime and capitalism.

Austrian Trade Union Group Joins With Red Front of I.C.C.

We have just received a report of the Extraordinary Session of the Revolutionary Trade Union Committee of Austria. Meeting under illegality, these revolutionary workers have affirmed the necessity for a revolutionary struggle against capitalism, and war.

The Resolution of this conference was distributed by the thousands, printed in fine type on small paper. Following is a complete translation of the Resolution:

RESOLUTION OF THE EXTRAORDINARY SESSION OF THE REVOLUTIONARY TRADE UNION COMMITTEE OF AUSTRIA

We, the representatives of the revolutionary workers from the Austrian shops, gathered together despite the most crushing terror and illegality, see it as our clear duty to summon the working class anew to battle, in these days when fascism, terror and slavery threaten to destroy Europe and seem to have triumphed over all the hopes and ideals of the proletariat. We who toil in the shops see most clearly how empty and meaningless the fascist victories really are, and we are today more than ever convinced that the working class must succeed in smashing its chains, if they only have the will, and if they understand how they must carry on the struggle.

We have long been aware that the fight must be conducted differently that it has been heretofore. But never was this so crystal-clear as it is today. Never has it been so easy for the working class to un-

derstand the role of the Party, and to understand which party is truly the vanguard to lead it in battle. The Second International and its Austrian organization, the Revolutionary Socialists (to which almost all of us belonged a short time ago) today supports the bourgeois-democratic imperialist powers. The Stalinists, despised by every thinking worker as friends and lackeys of our main oppressor, stand in a single front with Hitler. These parties are not in a position to lead the struggle of the proletariat for its liberation, for socialism, since they have allied themselves with one or the other camp, at any event, with a camp of the oppressors of the working class.

We the revolutionary proletariat are interested neither in the victory of the democratic front, nor in the victory of the fascist front. We fight on the third front in our own interests, in the Red Front for Socialism. Therefore, comrades, we have decided to unite with the only organization which is carrying on the struggle of the third front independently and with no alliance with the imperialist camps: with the organization of the Red Front; and we appeal jointly with the Red Front for all revolutionary workers to support us in the struggle. Fight together with us in town and country for our ultimate goal, for Socialism.

FOR A SOVIET AUSTRIA IN A SOVIET GERMANY!

**FOR THE WORLD REVOLUTION!
FORWARD, COMRADES!**

War Economy and Social Crisis

While the United States is gearing up its productive forces to meet the war requirements, all of the contradictions that were brought to the surface following the 1929 crisis, and then salvaged over by the New Deal subsidies of billions to the exploiters, are again bobbing up in more acute form. Many people thought that the war production would repeat the cycle of the last war, but they are now disappointed to find an entirely different and more complex situation.

INCREASED PRODUCTION

A developing, expanding mode of production is based upon an increase of the productive structure. Since before the last world war, when this phase of capitalist development came to a close, decay set in which its contradiction of the productive forces. But within this world framework, the United States, owing to its relatively late emergence as a world power and the economic strength thereof, was able to postpone its decay longer than the other nations. However, events finally caught up with the United States' conditions with the "new" stage ushered in after the 1929 crisis, paralleling the decay developments of the other powers).

Now, once again the productive forces of the United States have risen. This is due to the war production and war needs for DESTRUCTION; and it is not due to increased production based upon an EXPANDING MARKET and capitalist CONSTRUCTION. On the contrary, it is based on a CONTRACTING world market.

Therefore this "increased" production is entirely different from the expanding productive forces and markets of capitalism in its developing stage. Any markets now obtained by one victor is at the expense of another imperialist nation through REDIVISION of markets and it carries with it a contraction of the productive forces of the defeated nation, thus constantly lessening the world total of productive forces.

Let us consider a few of the outstanding contradictions that increased war production in the United States has brought to the surface:

THE GOLD HOARD

The most gigantic log-jam of liquid capital in the form of gold holdings (over 20 billion dollars) has been piled up in the United States due to the inability to find PROFITABLE investments for this capital. This clearly reveals the crisis in the turn-over of capitalist production, the slowing down of the process of expanding production. Surplus gold beyond that part necessary for stabilizing the currency is one of the indications.— along with the actual surplus goods, excess credits and surpluses and idle means of production — of overproduction. If these four factors are added together in the U.S., the resulting figure would prove that the United States has an overproduction surplus equivalent to at least two full years produce.

ITS REFLECTION IN THE SECURITY MARKET

The National City Bank of New York, in its September Bulletin, in dealing with the stock market, states: "The causes of this greater instability of the market are, of course, to a considerable extent, a matter of opinion..." Which means that they either don't know or are deliberately covering up evidence. They continue: "The volume of trading is considerably smaller than it was. In recent years, it has been about half as large as during the late 20's. Measuring trading in proportion to shares listed, it will be found that total sales on the New York stock Exchange in 1939 were only 18% of the total listing, the lowest rate of turn-over for many decades."

This is another barometer of the absolute contraction of the means of production. Despite all the liquid capital extant, there are little investments in securities. Since the war this has improved — through production for DESTRUCTION — but this in no way solves the problem. Loans for securities by banks and other lenders have shrunk from over 15 billion in 1929 to 2 billion today. A turn-over in securities and speculation can only result from a turn-over in the capital cycle, whereby greater created value in the liquid state of gold is again transformed into investments for capitalist profits. Stated simply, this means that when no new means of production are necessary, gold and credits remain bottled up and the market for investments is "quiet".

In the end the war will make this condition even worse than at present, even though the war will act as a temporary hypodermic.

PRODUCTION LAGS

In the first three decades of this century production increased and kept ahead of the population but since 1929 production has lagged even behind normal population increases to say nothing about world markets. The National Bureau of Economic Research reveals that the per capita output in 1937 was less than in 1929, and per capita output has declined at the yearly rate of nearly 1% since 1929.

This subnormal production is not caused by government regulations, high taxes, "high" wage levels, trade union regulations, etc. It is caused by the deep economic contradiction listed above, overproduction within the framework of contracting markets. The spurt of war production will not solve this problem because war production, although negatively increasing production and plant capacity DOES NOT CREATE NEW MARKETS, NEW PURCHASING POWER, unless the war production leads to a military victory and a redivision of the markets — markets that have such value. But right here the war economy is revealed as part of the stage of decay because if United States as a "have power" with more than the three "have-nots" does not have enough markets to take care of even her DECLINING productive

forces, than what can remain for Germany, Italy and Japan? Furthermore, what markets are to take care of an "expanding" productive structure in the United States, of the constant rationalization of industry and overproduction? Furthermore, the conquered markets, after the war, will be useless, unless the conqueror first invests billions to reconstruct and reorganize the whole structure. This only means a further fall in the rate of profit—and a decline in absolute profit in the present period.

A FOOL'S PARADISE

But the war production has its bright side for a small section of the exploiters at the top. At the expense of further undermining the whole social structure, fabulous profits are again being reaped under the Roosevelt administration even now when the war is only one year old. Fifteen billion dollars, as a war subsidy is being spent by the government. Out of this the financialists obtain first, interest for loans, and then industrial profits, etc. The financial page reveals big dividends on all war industries already. Compared to the profits of yesterday there is a jump, not by 10 and 20 percent, but by 100 and 1000%.

The exploiters wrap a flag around themselves and call for patriotism in these trying days. They call for national unity so they can make more profits. They will give their country all they have. All the production they can turn out — AT A PROFIT.

GREATEST CRISIS YET TO COME

But the system is moribund. The lopsidedness of war economy — warned against even by capitalist economists — can never be repaired. The present increase in the capital goods industries must INEVITABLY bring on the greatest depression of all times, the greatest deterioration of the forces of production in all history, when an armistice (when and if it should come) puts an end to this production. The complete breakdown in Germany in 1923 will be like a picnic compared to the crises that are coming.

To summarize then, American war production is already intensifying all the contradictions of capitalism and in a worse degree

than in any other period.

This is manifested by the continued and increased accumulation of idle gold, idle credits, the continued lethargy of the stock market, etc. — all indications of overproduction and the retirement rather than renewal and increasing, of the means of production.

Thirdly, even with war production there has been a decrease in per capita production.

Finally, the dislocation of the economy by

the overemphasis of capital goods industries can only bring in its wake, whether Uncle Sam is victorious or not, the most profound capitalist crisis AND THE MOST DEVELOPED SOCIAL REVOLUTION in all history.

Only on the basis of the social revolution can any of the present contradictions be solved.

October 12, 1940.