

# Where Do We Stand? Reasons for Optimism



The Corona Crisis has been compared to the Great Depression in economic terms. As of May 21, the official unemployment rate was nearly 15%. This is the highest official rate since 1939—surpassing all the economic crises since then including the Great Recession of 2008-9. Since March, almost 40 million people have applied for Unemployment Insurance. This of course goes along with the highest death rates of any disease since the “Spanish” Flu of 1918-19, with 94,000 plus as of mid-day May 22.

There are of course many differences between the current economic crisis and the Great Depression. One is that the economic crisis has come on much quicker. It took years for the unemployment rate to reach its height during the Great Depression. Today, the unemployment rate hit its current high in less than three months.

There is another important difference as well. Going into the Great Depression, the public had very little expectation of action by the Federal government. Roosevelt won the presidency in 1932 on vague promises but also on a conservative platform of cutting the Federal budget! Laissez faire dominated economic thinking even at the grass roots level.

Why was this? U.S. politics before the 1930s was dominated by ruling class anti-reformism. The U.S. ruling class was committed to the pursuit of profit to the exclusion of everything else. Its response to the class struggle was

repression. The U.S. has one of the most violent histories of labor strife among Northern industrial countries. Between the carrot and the stick, the U.S. rulers chose the stick.

There was some private reformism. The National Civic Federation tried to negotiate with the AFL on the basis of some gains for craft workers. The AFL itself was largely against social programs. Part of its logic was that workers would not join unions if the government provided benefits to them.

There were some reforms at the local and state level. Many were struck down by the courts, which generally followed the laissez-faire line.

Class struggle was vigorous. However, given the stance of the ruling class, the most militant struggle tended to be sectional. The Industrial Workers of the World waged militant strikes, but generally not for political ends. Instead the goals were economic. There was often significant solidarity, but for the most part with other economic sectional struggles.

The laissez faire approach to economics even applied at the state and local level. The general idea was that economic distress should be handled by private charity. There was some local economic relief but this was very limited.

World War I moderated this picture a bit. For nearly two years, 1917-18, the Federal Government intervened heavily in the economy to win the war. It allowed maintenance of membership agreements with the AFL unions to be sure production continued. Wages increased, but after World War I ended, so did these agreements.

As a result of war time inflation, and the strong position workers were in, 1919 was a year of massive class struggle. In Seattle, workers had a general solidarity strike. The massive steel strike led by William Z. Foster nearly succeeded in unionizing the steel industry. Overall, 1919 was one of the

biggest strike years in U.S. history.

But these strikes did not break through. The Seattle General strike ended in a stalemate. The unionization of steel failed. Employers instituted the open shop. The Federal Government organized a massive Red Scare, driving out radicals, communists, anarchists and socialists. Many were deported.

This successful campaign laid the basis for the full return of laissez faire economics. By 1929, the expectation of no general economic support from the Federal government had fully returned.

From 1929 on, communists, socialists and anarchists campaigned on the idea that it was the responsibility of the capitalist class and its government to ensure the maintenance of the working class. They demanded economic relief, ending evictions, jobs programs, and social benefits. This at first cut against the dominant political grain. These fights often became violent in the face of intransigence by the ruling class.

What finally broke the log jam was the rise in labor struggles in 1934 led by various radical tendencies: Trotskyists in Minneapolis, Musteites in Toledo, Communists in San Francisco. These, along with earlier struggles for relief and against eviction, triggered further labor organizing resulting in the rise of the CIO.

The high level of struggle and the continued economic collapse led Roosevelt to create the National Recovery Administration. This in turn gave a small opening for union organizing, further raising the level of class struggle. This pushed the Roosevelt administration to implement the New Deal. The Federal Government for the first time implemented the 40 hour work week with overtime pay, unemployment compensation, aid to families with dependent children, and Social Security for the old and disabled along with jobs programs such as the Works

Progress Administration. The racism of the time was reflected in the limitations of these programs, but they still constituted a break through.

The Federal programs broke the back of laissez faire economics. From that point on, people expected Federal intervention in the economy and support for reforms. There was of course conservative ruling class opposition, but the dominant ruling class position was a form of liberal reformism.

This was so strong that Republican President Dwight Eisenhower in the 1950s accepted the New Deal programs and noted that any party that opposed them would be consigned to irrelevance. He presided over a top marginal income tax rate of 90+% . The struggles of the 60s and 70s brought yet new reforms both economically and on issues of oppression: The Civil Rights Act, Affirmative Action, Abortion Rights, Medicare etc.

Several factors began to undermine this consensus. In the early '70s, the U.S. faced renewed economic competition from Germany, Japan and other powers; the rate of profit fell; the level of working class struggle that forced the New Deal reforms had declined. This was due to McCarthyism, bureaucratization of unions and rising living standards.

In the face of these changes, the ruling class groped toward a new strategy. It felt it could get away with attacks on social programs. By the late 70s, initially under Gerald Ford and Jimmy Carter, it pushed neo-liberalism. It cut tax rates on the rich, de-regulated parts of the economy, increased privatization and cut social programs.

Along with this political program came a strong ideological offensive. In Britain, Margaret Thatcher said "There is no society" and "There is no alternative" to capitalist economics. Reagan said "Government is the problem." A new precarity in employment was packaged as everyone becoming

their own entrepreneur. We were entering the "ownership society".

The ideological offensive worked to a degree. Support for unions declined, though it has recently come back. Conservatism which was smashed in the defeat of Barry Goldwater in 1964 rebounded with the Moral Majority, the New Right and even the rise of militia movements from the '80s on. All of these were based on petit-bourgeois mentality, and often the petit bourgeoisie itself. They identified the domination of the large corporations with the domination of the government over the economy. This supposed Federal domination included liberal programs which raised labor costs and increased regulations which cut into profit.

However, these ideological shifts never reversed the popular support for New Deal programs and government intervention in the economy. Social Security and Medicare for example remain tremendously popular. Even during the height of Reaganism, the public opposed key aspects of Reagan's program—including increased militarism. The Democratic Party's shift to the Right was due to its accommodation to capital, not to public opinion shifting rightward.

Because no major political party was willing to forthrightly challenge the ruling class shift to the Right, many in the public thought they had no choice but to go along with it. Yet from the demise of Reaganism, there has been a marked polarization in U.S. politics. This has intensified after the Great Recession, with the rise of Occupy, Black Lives Matter, Standing Rock, the Climate Justice movement etc.

Ruling class open and soft support for conservative and even right-wing politics has not won over a majority. As Michael Moore often says "We live in a liberal country." Since the Great Recession, a majority of those under 30 have supported "socialism" with significant portions of older people agreeing.

This is explained by Marx's analysis of working class consciousness. Marx said "the ruling ideas of any age are the ideas of the ruling class." Yet, he also said that "social being determines consciousness."

The first statement often leads radicals to pessimistic conclusions. Marx did not say that the only ideas of an age are the ideas of the ruling class. Social being is contradictory. Workers must accept ruling class ideas to a degree just to get along in society. However, the oppression and exploitation they face compels opposition. Often this opposition breaks out in struggle. Class struggle in turn can push ideas to the left. One aspect of today's social being is the long term existence of federal social programs, which most people now see as part of the permanent fabric of life in the U.S.

Finally, there was another important factor in current popular consciousness. The ruling class found that it could at least temporarily get out of severe economic crisis by "Keynesian" methods. In 2008-9, it bailed out the banks that were "too big to fail." The Federal Reserve used quantitative easing to flood the economy with liquidity. This method was repeated on an even more massive scale at the start of the Corona Crisis. This shift away from neoliberal orthodoxy in both cases undermined arguments against Federal economic intervention and support for social programs.

People wanted to know why they couldn't be supported if the government supported big business with the tax payers' money. In 2008-9 a common slogan was "The banks got bailed out. We got sold out!" This populist attitude has persisted since then and re-emerged even more strongly in this Crisis.

This was the situation we faced as the Corona Crisis broke. Unlike the 1930s, the vast majority of the public expected the Federal Government to step in to address the resulting economic crisis. The fact that Congress voted \$1,200 to each

U.S. citizen adult shows this clearly. So does the enhanced unemployment compensation it also passed. Even conservatives understood that without Federal economic aid, they would face de-legitimization and unrest.

Obviously, this stimulus program is completely inadequate. It was slow. It excluded non-citizens. The bail out bill mainly helps large corporations. The paucity of the relief will create tragic choices for millions – work and risk dying or stay home and risk starving. It will also increase support for the right wing pseudo-solution of “re-opening.”

The genie cannot be put back in the bottle. A full economic re-opening will still leave the economy in severe crisis. We will never “return to normal.” In fact a dialectical understanding of history shows that there have never been a full return to normal in any period. History is one of constant change. As Marx said “All that’s solid melts into air.”

Further, we should not want to return to the normal of institutional racism and sexism, ecological destruction, concentration of wealth, military intervention around the world, inadequate medical care and extreme exploitation and homelessness. We should not normalize capitalist depravity.

However, in spite of set-backs, in spite of the recent rise of the Right, in spite of Trump’s daily tantrums of incompetence and cruelty, we have ground for hope!

Our historical comrades in the 1930s were fighting against a stronger tide of public opinion than we are. Ironically, they started out in a better organizational position than we do. We need to make good that organizational difference as quickly as possible. To do that, we need to build coalitions around specific demands, just as they did while clearly explaining the revolutionary socialist alternative to this crisis. We need to stress both a united front approach and the need to

build revolutionary organization.

We need to soberly assess the current political situation. As Antonio Gramsci said, we need "optimism of the will." However, in this situation, a sober evaluation says that a dash of optimism of the intellect is also useful!