

Audit of the Crisis

The "energy crisis", capital's response to the crisis imposed by class struggle internationally, planned a re-composition of terrestrial accumulation based upon a re-shaping of the hierarchy of labor powers. The oil price hikes enabled an increase in the surplus share of value (brought about by a reduction in the class wage of US workers in particular) and a shift in who obtained the surplus (the energy multi-nationals, the banks and the oil-export states). The accumulation materialized largely as modernized and expanded production capacity in four locales: in Eastern Europe, particularly Poland; in the Middle East, most importantly Iran; in the Far East export states, Taiwan, South Korea, Singapore, Hong Kong; and in selected Latin American nations, both oil exporters (Venezuela, Mexico) and manufacturing export states, particularly Brazil with its large (though relatively underdeveloped) domestic market. In this circulation of productive value, debts began to escalate rapidly to fuel a "development" boom. With the increase of commodity and capital imports in Third

World states and the expansion of their exports, trade with the US, Western Europe and Japan increased all around, pushing interdependency among nation states as capital itself became more international on a wider and deeper level. The flows of money capital sped up and their mirror image, expressed in large-scale immigration, intensified, especially in movements within the Third World, e.g., Southeast Asian workers being drawn into the oil fields of the Persian Gulf.

However, this plan for a new cycle of development collapsed in 1979. This report, written on the eve of the tenth anniversary of "The Crisis", will give an accounting of the consequences of the 1979 collapse and the prospects of a capitalist "recovery". Our examinations were made in accordance with generally accepted struggle auditing standards and, accordingly, included such tests of the struggle records and such other auditing procedures as we considered necessary in the circumstances.

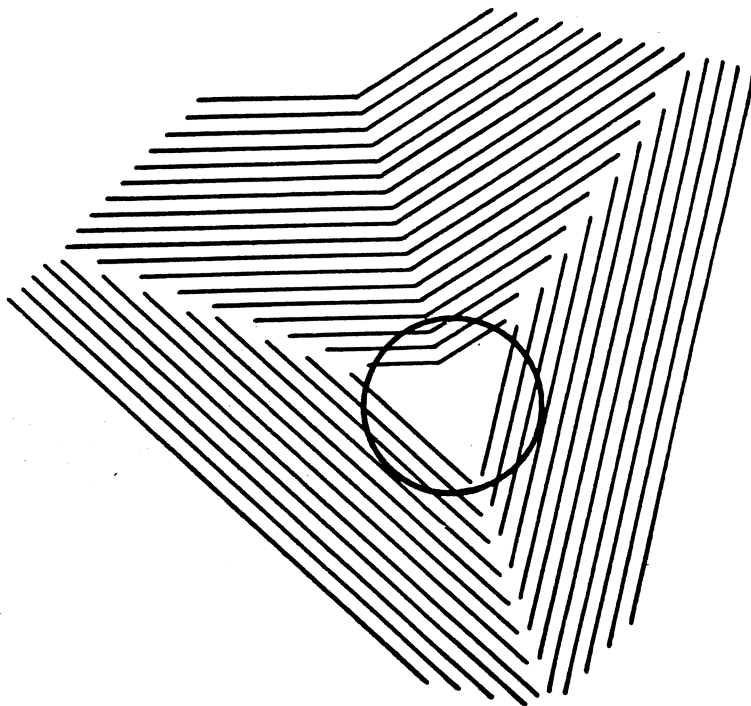


Fig. 1: Diagrammatic analysis of statistical principles.

Balance Sheet, 1979

In the first phase of "The Crisis", between 1973 and 1979, the US working class appeared to be the "weak link" in the international struggle cycle. But even in the US, wage demands re-escalated after the "oil price induced" recession of 1974-1975, revealing that the "inflationary wage pressures" had not been sufficiently tamed, both in its old strongholds in assembly-line manufacturing and mining and in the social struggles of women, gays, anti-nukers, etc. European and Japanese wages, on a class level, had reached rough parity with the US. All through this period a persistent wage struggle continued across Europe, despite some sharp defeats in Italy, imposing a developing profits crisis. Thus, in this period the hoped for positive shift in the profits/wage ratio was at best marginal.

Thus, capital became increasingly dependent upon the success of its plans for accumulation in Eastern Europe, Asia, Africa and Latin America. But it was exactly in these areas that capital discovered its greatest liabilities:

--Iran was the most important. This focal point of capitalist strategy exploded in its face, removing not only billions of dollars of investments but, more importantly, revealing a deep "refusal of development" by the Third World proletariat that had been most prized. That the revolution of technicians, industrial workers, "lumpen" city dwellers and peasants turned on each other, and all attacked women and gays, was certainly a great relief to capital. Khomeini's counter-revolution revealed quickly that Islamic fundamentalism did not threaten capitalism even on a regional scale and, if anything, blocked and repressed insurrectionary pressures throughout the Middle East, e.g., the Israeli obliteration of Beirut presupposed the massacre of the Iranian revolutionary youth and the Iran-Iraq war. On balance, the revolution of February 1979 was, as we accountants say, a "mutual destruction of classes" but it definitively showed that "oil crisis" model of world accumulation could not go ahead as planned.

--The plan, jointly held by east European state capital and western international capital, to use presumably disciplined, low-waged east European workers for accumulation on a more "modern" basis was destroyed by the Polish workers revolt of 1980. Again religion, in this case Catholicism, helped stalemate the revolt while the Western banks and the immediate threat of Soviet "tanks" confined it; but Poland deepens in its non-profitability as the Polish workers demand and get seemingly perpetual subsidies from western and eastern capital. Certainly, the Gdansk revolt spilled over into Russia and has put "development" possibilities in question there for all of Andropov's raids on the Turkish baths at 10 AM.

--Events of 1978 and 1979 upset both sides of capital's plan in Africa and Latin America as well. The victory of the Sandinistas in Nicaragua overcame the terror left by the Chilean coup that began "The Crisis" and created a momentum that threatened to ignite a region-wide civil war which, if started, would not necessarily be kept south of Mexico's oil fields and north of Panama's canal. While across the South Atlantic, the successful war in Zimbabwe deepened the threat to the one major center of accumulation and high profits in the continent, South Africa.

These revolts and civil wars were crucial for The Crisis not only because of their temporal coincidence and their spatial dispersion. They destroyed the very hierarchy of labor powers that the "energy crisis" was to produce: the integration of socialist labor was blocked (Poland); the creation of oil money based export economies was aborted (Iran); the repression of "basket case" countries was overturned (Nicaragua, Zimbabwe). The balance sheet of 1979 was definitely in the red. Combining these defeats with the lack of definitive halts of wage increases in Europe, Japan and the US, forced capital to end the tactic of "oil crisis". True, the working class internationally has not been powerful enough to use these assets to generalize and escalate the level of struggle, for these victories were partially blocked even in locales of highest immediate success (e.g., the very Iran, Poland, Zimbabwe of our inventory). Indeed, capital had to deepen the crisis in order to attack the working class where it showed strength to prevent the "spread of insolvency". Capital's solution was the "global slowdown".

TABLE B-109.—Growth rates in real gross national product, 1960-82
(Percent change)

Area and country	1960-73 annual average	1974-81 annual average	1978	1979	1980	1981	1982 ¹	U.S. dollar value in 1981 (billions) ²
Developed countries ³	5.1	2.7	4.1	3.5	1.2	1.4	-5	7,020
United States	4.1	2.7	4.8	3.2	-2	2.0	-1.8	2,926
Canada	5.6	2.6	3.7	3.0	0	3.0	-5.0	280
Japan	10.4	4.4	5.1	5.6	4.2	2.9	2.5	1,150
European Community ⁴	4.7	1.9	3.1	3.4	1.3	-4	3	2,420
France	5.8	2.5	3.7	3.5	1.6	-3	1.5	577
West Germany	4.7	2.2	3.6	4.3	1.8	-3	-1.3	687
Italy	5.2	2.1	2.7	4.9	4.0	-2	8	299
United Kingdom	3.1	9	3.3	1.4	-1.7	-8	5	502
Other developed countries	5.1	1.9	2.1	-1.7	4.0	5.2	(*)	245
Developing countries	5.8	4.4	4.3	4.1	4.5	2.7	8	1,965
Oil exporting countries ⁵	3.7	6.7	3.2	2.0	-5	1.2	1.2	540
Other	4.6	3.3	4.5	5.6	3.1	7	7	1,425
Communist countries ⁶	5.2	2.7	4.2	1.6	1.9	1.2	1.4	2,740
U.S.S.R.	5.2	2.3	3.4	8	1.5	1.8	1.6	1,587
Eastern Europe	4.1	1.8	3.0	1.3	4	-1.0	-7	671
China	6.5	5.9	12.3	6.9	6.9	3.0	5.0	328
TOTAL	5.2	2.9	3.8	2.8	1.8	1.8	2	11,725

¹ Preliminary estimates.
² Estimates based on conversion at average rates of exchange for 1980, except for those of the Communist countries, which were converted at U.S. purchasing power equivalents.
³ Includes the OECD countries, South Africa, and non-OECD Europe.
⁴ Includes Belgium-Luxembourg, Denmark, Greece, Ireland, and the Netherlands, not shown separately.
⁵ Not available.
⁶ Includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.
⁷ Includes North Korea, Vietnam, Albania, Cuba, Mongolia, and Yugoslavia, not shown separately.
 Sources: Department of Commerce, International Monetary Fund, Organization for Economic Cooperation and Development (OECD), and Council of Economic Advisors.

The Global Slowdown

Send Lawyers, Guns and Money, The Shit Has Hit the Fan

The Depression of 1980-1983 was capital's answer to the failure of the "oil crisis" to reshape world organic composition and the hierarchy of labor powers. It was quite consciously induced by Carter's appointee to the Fed, Paul Volker, beginning in the fall of 1979 with the steep climb of interest rates. All this was done with the blessings of international capital to accomplish several aims:

--Capital saw the necessity to conclusively write-off the old power centers of the US working class while lowering the class wage bill still further; particularly for the lowest categories, women and children on "welfare". The object: "austerity". The meaning: an indefinitely lowering "standard of living" in exchange for the intensification of work and social discipline, deepening the divisions and competition within the working class.

--The "slowdown" was to be a mechanism to slow and reverse the wages spiral in Western Europe where social struggles had rapidly escalated reaching a peak with the post-1968 generation's increasing "refusal of work". The strategy also sought to pit "native" against "immigrant" workers, often succeeding with the complicity of the Left (e.g., the French C.P.'s anti-Algerian actions). Japan, too, "needed" a wages slowdown.

--Since Iran had revealed that oil-price-fueled capitalist transformation could be massively subverted, that type of transformation had to slow. Depression in the US and UK, recession in Japan and Europe curtailed the flow of value to the oil producers. Oil company profits were lowered, but so was the risk. This strategy also enable the intensification of divisions within African and Middle Eastern regions, e.g., the Nigerian expulsion and slaughter of Ghanaian "guest workers".

--The acceptance of defeat by the US working class expressed itself, in part, as increased chauvinism (against Iran, for example) and an inability to go beyond the coat-tails of the liberal bourgeoisie. This smoothed the way for increased militarism including a vast expansion of military aid to El Salvador, Guatemala, and Honduras, supporting South Africa against SWAPO in Nambibia, openly organizing counter-revolution in Nicaragua and Angola.

The problem, however, had been that capital had not been able to solve its problems militarily. The US could not "send in the Marines" to Iran, Zimbabwe or Nicaragua. The power of such intervention is its concentration, its targeted repression. If the US could have responded to the Latin American or African situations militarily its plans would not have been so undermined on a world scale. Though

surely the US had the technical means to attack these struggles, it was politically blocked both domestically and regionally. Thus the tool of attack became money. The combination of high interest and global slowdown created a different form of repression, however. Money is unlike military intervention since its very universality and abstractness make it difficult to confine geographically. As a consequence, the money squeeze not only attacked the trouble centers but also the Latin American, Asian and African export centers which were relatively under control, trouble-free and profitable. The form of the crisis, instead of becoming a global war, has been a "debt crisis".

CORPORATE PROFITS AND FINANCE

TABLE B-82.—Corporate profits with inventory valuation and capital consumption adjustments.
(Billions of dollars; quarterly data at seasonally adjusted annual rates)

	Corporate profits with inventory valuation and capital consumption adjustments	Corporate profits tax liability	Profits after tax with inventory valuation and capital consumption adjustments		
			Total	Dividends	Undistributed profits with inventory valuation and capital consumption adjustments
1929	90	14	7.7	5.8	1.9
1933	-1.7	.5	2.3	2.0	4.3
1939	53	14	3.9	3.8	1
1940	8.6	2.8	5.8	4.0	1.8
1941	14.1	7.6	6.5	4.4	2.1
1942	19.3	11.4	7.9	4.3	3.6
1943	23.5	14.1	9.5	4.4	5.0
1944	23.6	12.9	10.7	4.6	6.1
1945	19.0	10.7	8.4	4.6	3.8
1946	16.6	9.1	7.5	5.6	1.9
1947	22.3	11.3	11.0	6.3	4.7
1948	29.4	12.4	17.0	7.0	10.0
1949	27.1	10.2	16.9	7.2	9.7
1950	33.9	17.9	16.0	8.8	7.2
1951	38.7	22.6	16.1	8.5	7.6
1952	36.1	19.4	16.7	8.5	8.2
1953	36.3	20.3	16.0	8.8	7.2
1954	35.2	17.6	17.5	9.1	8.4
1955	45.5	22.0	23.4	10.3	13.1
1956	43.7	22.0	21.8	11.1	10.7
1957	43.3	21.4	21.8	11.5	10.3
1958	38.5	19.0	19.5	11.3	8.2
1959	49.6	23.6	26.0	12.2	13.8
1960	47.6	22.7	24.9	12.9	12.1
1961	48.6	22.8	25.8	13.3	12.5
1962	56.6	24.0	32.6	14.4	18.2
1963	62.1	26.2	35.9	15.5	20.4
1964	69.2	28.0	41.2	17.3	23.9
1965	80.0	30.9	49.1	19.1	30.0
1966	85.1	33.7	51.4	19.4	32.0
1967	82.4	32.5	49.9	20.2	29.7
1968	89.1	39.2	50.0	22.0	27.9
1969	85.1	39.5	45.6	22.5	23.1
1970	71.4	34.2	37.2	22.5	14.8
1971	83.2	37.5	45.7	22.9	22.8
1972	96.6	41.6	55.0	24.4	30.5
1973	108.3	49.0	59.3	27.0	32.3
1974	94.9	51.6	43.3	29.9	13.4
1975	110.5	50.6	59.9	30.8	29.1
1976	138.1	63.8	74.3	37.4	36.9
1977	167.3	72.7	94.6	40.8	53.7
1978	192.4	83.2	109.1	47.0	62.2
1979	194.8	87.6	107.2	52.7	54.5
1980	181.6	84.7	97.0	58.1	38.9
1981	190.6	81.2	105.5	65.1	44.4
1982	161.1	58.8	102.3	70.3	32.1

Source: Department of Commerce, Bureau of Economic Analysis.

ments (directly or via agencies such as the IMF and the World Bank), and perhaps tying the payments to a fixed percentage (24-35%) of a nation's export earnings. What these proposals mean is that the share of the debt to be paid by the working classes and capitals of these debtor nations is to decline (though still remain exorbitant, intensifying struggle over who is to pay what portion of this share). The banks, and behind them the Arab rentier states,

are to accept lower profits (especially the rentier states). The balance is to be paid by governments of the west, which will throw the payment question into a struggle between workers and capital in the creditor nations and between the creditor nations as to which are to try to extract the most from their workers. The "negotiations" will obviously be quite delicate, for lawyers always follow the guns and money.

On the Very Thought of Solvency

Even a "successful" re-structuring of debt would not deal with the real reasons for the crisis; at most, such an accounting "solution" would postpone the moment of reckoning. However, the very existence of a "debt crisis" does reflect the fact that the "slowdown" has reached its limits and its opposite, "recovery" has to be called forth. But the very thought of recovery brings forth a myriad of questions. Has capital obtained sufficient control of the international proletariat to begin to re-accelerate accumulation? Has a "climate that is better for international business" really been established, as S.S. Ramphal, the Secretary General of the Commonwealth (sic) nations, claims?

On the other side, perhaps capital is being too greedily hasty to claim renewed profitability, perhaps "the world has to be prepared to suffer through four or five years of adjustment," as Togo Gyohten, the Executive Director of the Bank of Japan, stated? Will recovery only create increased wage demands and social strife in the US and Europe? Will hastened accumulation via recovery produce the "Iran" problem in yet more locales? Can a wage-rise ("Keynesian") solution in countries like Brazil be successful, or will it lead directly to the crisis of Keynesianism imposed by workers of the US and Europe -- more wage, less work? Can social order be maintained when women seize the opening space created by a wage-based economy to attack wage slavery?

As the answer to these questions turns on the intensity and extensivity of international working class response, we turn again to audit the strengths and weaknesses of the "entity".

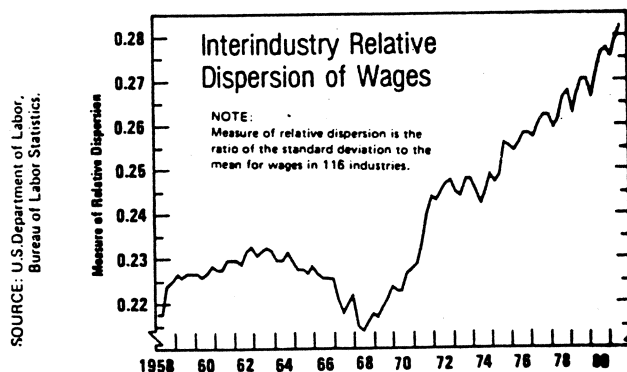
Audit: US and Europe

--The reponse of the US working class to the attack of the past three years does not provide room for optimism about the ability of the class to block capital's plans to launch recovery based on more low-waged work and a higher order division of workers. Nonetheless, capital continues to express caution about the US. Reagan is planning for a "recovery" which will re-expand production while maintaining a 10% unemployment rate. Increasingly, the US is to become an export center for primary products and some manufactures as well as a world center of technology. Recovery is

to hasten the bifurcated economy of the "post-industrializers". But Reagan's plans are subject to serious problems, as the debates around "re-industrialization" continue. Further, struggles around so-called "social issues" (in particular, race and sex) have not completely evaporated. For example, Business Week, among others, thinks basic industry workers will quickly escalate wage demands. While the US does not provide optimism, perhaps the working class can become a "loss center" again.

--Europe is another story. Only in the past year has the wage bill begun to decline, having risen through the Depression, unlike in the US. European capital now "realizes that it, too, must reduce the cost of production," sermonized Business Week. However, in France, immigrant Renault workers have forced wage hikes which have broken guidelines imposed by the Socialist government. Britain remains a "mess" despite the glorious victory in the Malvinas. Germany is in recession under a Christian austerity program, facing explosions against capitalistic "life-styles" and US missiles. In Italy, the state's efforts against the workers, aided by the union leadership, have been met by a "hot winter". In sum, western European growth seems slow, with a wage struggle and social struggle against work looming should a recovery develop.

Thus a plan to accelerate the world economy by re-expansion in the US and Europe remains problematic. A US recovery will remain short-lived unless it reveals that the working class has accepted the re-structuring and wage-lowering capital has imposed and will not use the recovery



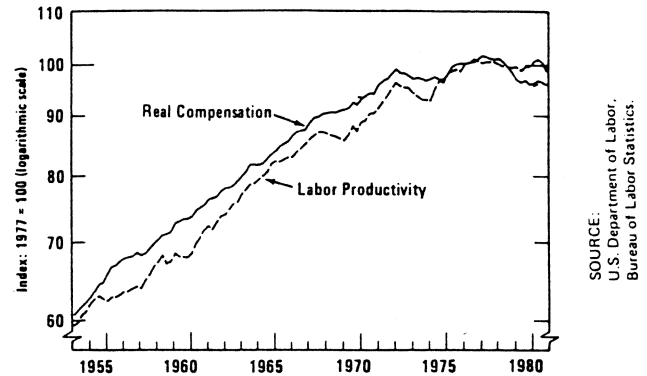
to mount a new attack. If the US is to be a market for the rest of the world, however, 10% unemployment and lowered wages will not help. Certainly no "consumer-led" recovery would be in the offing. Recovery in Europe at this time will clearly be on the basis of a working class that has not had to compromise dramatically and so it could threaten profitability (though providing a "good market").

Audit: The Rest of the Planet

While the US and Europe may be problematic, the rest of the world definitely is. For expansion to occur in Latin America, Africa and Asia, both local markets and markets in the US and Europe must expand. This process is two-way, as the Third World now accounts for 40% of US exports and 28% of all OECD exports. The proposal to stabilize debt repayment at one-quarter to one-third of export income, leaving a surplus for expansion, is one element of a planned expansion in which the state would play a major role and the working class would not face the "need for austerity" to repay the loans. However, though it is from an accounting point of view possible for there to be expansion outside of the OECD, it presupposes a definitive change in class relations.

This imperative for new relations between ruling class and working class is a most questionable presupposition. Historically, the forms of defeat of working people in the Third World did not utilize working class struggle as a "motor of development", but rather generally sought to stifle class energies and to simply re-assert older patterns of class domination; there were few experiments in trying to dynamically alter the patterns while retaining the essence. The military juntas, the succession of petty tyrants, liberal wimps; flimsy coalition governments collapsing into military juntas is just an institutional expression of this capitalistically primitive form of class relation. But this must change. As the US and European working class has blocked a level of accumulation deemed "necessary" by capital, a larger share of the materialization of accumulation must shift to the Third World. This can only be done if the institutional structure, both economic and political, be radically transformed.

The essential task in such a shift would be for capital to accept the working class outside of Europe and the US as a new dynamic of development; but to do so would require accepting working class struggle and turning it into a basis of increasing social production. This approach has been flirted with a number of times (e.g., the "Alliance for Progress" in the 1960s) but at the slightest sign of trouble is was abandoned (e.g., with the rise of a Chilean insurgency). But now the flirtation must become serious, for if the



Real Hourly Compensation and Output per Hour (Labor Productivity)

SOURCE:
U.S. Department of Labor,
Bureau of Labor Statistics.

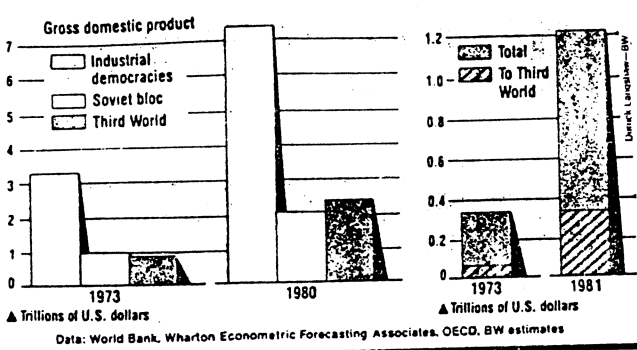
rest of the planet is to be integrated into commodity production, a modified Keynesianism will be required.

Immediately, however, obstacles arise. First, to take the "lid off" struggle escalates the risk that it will become uncontrollable. Chile remains the classic example, as struggle, which capital sought to turn into production, intensified under Frei, then still more under Allende, until it "got out of hand" and the military, the CIA and Milton Friedman stepped in. However, the result has not created a situation conducive to the needed model of development...it has produced its dismal opposite. Some Chile's may be necessary, even useful as "exemplars", but generally such a form of repression cannot any longer be widespread. Corpses and starving workers are not serious incentives for the creation of a high level of production and consumption. The trick for capital will be to somehow turn class struggle into reformism and work.

The second obstacle is the nature of the local ruling classes. In Latin America, what we might call the "consumptionist" character of the ruling classes will have to change. For example, the President of Mexico could no longer build palaces for his family with state funds, not only because of the "waste", but more importantly because such waste reflects class relations of personal dominance incompatible with the needed formal egalitarianism of a social democracy integrating the working class into government and society. The rural relations of the latifundia must be abolished to allow for agricultural development (as "basic needs" theorists and socialists alike have argued). An increasing part of the masses in the barrios and the favelas must be viewed as potential productivity to be integrated into the market and large-scale production, not simply seen as a reserve army to keep domestic and international wages down. Such a process implies deep struggle within the ruling classes themselves. In Latin America, such struggles have consistently produced military coups which, in turn, have almost universally rejected land reform or

The Third World's growing economic weight

It has boosted its share of global GDP... ...and of industrial countries' total exports



integration of the urban masses into any "development" project. Peru's Velasco stands out as a recent exception, and his reformism too got "out of hand" and led to a counter-coup.

Just as the creation of the "New South" required a strange coalition of "outside" capital and working class struggle in the 1950s and 1960s, so too must that experience be repeated in the Third World. Yet two major contradictions face such action. One, capital has moved to these locales precisely because of low wages. The existence of a vast reserve army/subsistence sector does not impel capital to raise wages and so "development" possibilities are easily thwarted. Two, the nation with the world's largest economy and most powerful military, the US, is currently governed by a regime which sees the repression of the working class as the only solution to all problems. This will be a major force to keep Third World reformism at the mildest level.

The third obstacle lies in the nature of capitalist development itself. We have noted the movement of capital to the rest of the planet to take advantage of "cheap" labor, contradicting the "need for market expansion". Additionally, most of the development done by the multinationals is capital intensive, "providing" relatively few jobs. This is not because different productive machinery adapted to local needs and local labor-force characteristics cannot be profitably produced, but that the capital intensive mode is still more profitable on a global level, despite the cheapness of labor, for most mass produced goods. How, then, can the "urban masses" be exploited? One proposed solution

is the Chinese model, although at least in Latin America the proportion of people living in urban areas is much higher, and, more important, these people have shown that they refuse to return to "hot sun" even on "their own" subsidized and supported farms.

Capitalistically, the problems outlined come down to the need for a drastic re-organization of the distribution of income and of the relation of income to production. But could an effort to accomplish this by a radical reformism be limited to reformism? Capital would require a ruling class creativity (and working class docility) in Latin America it has not previously demonstrated if development and accumulation are to occur there on a grand scale.

Let us consider each region specifically in relation to its potential contribution to world capitalistic recovery. Sub-Sahara Africa (with the exception of South Africa) is still too marginal to make a difference. The more export oriented small nations of South and East Asia are too small to have a major effect. If they are to expand their exports to other Third World nations, these other nations must develop so as to become markets themselves. But this only introduces all the problems discussed above. The larger nations such as India, containing much capital intensive industry within its borders, seem no more likely and probably less likely to leap to a new capitalistic organization of accumulation than is Latin America.

Thus on a world scale, our balance sheet of debits and credits implies that recovery presumes the abandonment of a Keynesian organization of accumulation in US and Europe and the adoption of a "semi"-Keynesianism for the rest of the planet (except, of course, for the "basket cases"); The word "semi" here refers to a fundamental problem that capital faces with the Third World mass worker in the making, s/he/they know the world is round and that the desires and disgests of the factory worker in Detroit will be perfectly understandable to a similar worker in Sao Paulo. I.e., the Brazilian worker in the 1980's will not be reacting like a Ford worker in the 1920's.

On the contrary, capital faces all throughout the Third World workers who have been "around". So the notion that capital can just simply put the clock back by "industrializing" Latin America, Asia and Africa is wishful thinking.

Totals, Balances and Red Ink

Now we, as certified struggle accountants, have the responsibility to sum up the columns and give a balanced judgement to our clients as to their viability. Capital will be able to survive until the end of the century if the working class acquiesces to a bi-polar economy in the US, Europe and Japan and a revival

of Keynesianism in selected parts of the Third World (with endemic starvation, genocide and despair to the areas not "chosen for development"). If not, however, the current world system will be hard-pressed to survive. But will the working class' "acquiescence" be forthcoming? Will a new "social contract" on a world-scale

NO. 1535. LABOR FORCE PARTICIPATION RATES, BY SEX, AND FEMALES AS PERCENT OF TOTAL LABOR FORCE FOR SELECTED COUNTRIES, 1960 TO 1980

COUNTRY	LABOR FORCE PARTICIPATION RATES								FEMALES AS PERCENT OF TOTAL LABOR FORCE			
	Female				Male							
	1960	1970	1975	1980	1960	1970	1975	1980	1960	1970	1975	1980
United States	42.6	48.9	53.1	57.7	91.7	87.1	85.3	85.4	32.3	36.7	39.1	41.9
Australia	33.1	45.1	49.3	52.9	97.6	92.5	90.2	87.9	21.4	31.9	34.5	36.6
Canada	32.3	43.1	50.2	57.9	91.7	88.2	86.2	86.4	25.4	32.4	36.9	38.8
France	46.4	47.7	50.2	52.1	93.8	92.2	91.4	82.5	31.4	35.4	37.1	38.5
Germany Fed. Rep. of	49.2	48.1	48.1	49.3	94.4	92.2	85.7	81.1	37.3	35.3	37.2	38.1
Italy	37.1	49.5	51.1	58.8	92.2	89.1	81.2	82.7	29.5	26.8	28.0	31.3
Japan	21.3	35.2	41.1	54.9	92.2	89.3	89.6	89.1	40.7	39.3	37.4	38.7
Sweden	52.0	55.4	57.5	64.9	93.6	88.8	82.7	(NA)	36.9	39.5	42.5	45.2
United Kingdom	46.1	50.5	45.3	49.2	98.3	94.8	91.5	89.9	32.7	35.3	37.7	39.1

NA: Not available. Labor force of an age as percent of population, 15-64 years old. 1979 data.
Source: Organisation for Economic Co-operation and Development, Paris, France; unpublished data. Data compiled from national sources.

which includes the former "wretched of the earth" be acceptable? The international complexity of class and national struggle, ranging from armed struggle in El Salvador to reactionary chauvinistic manifestations in Nigeria and India, renders a reading of the situation very problematic, of course.

With this "acquiescence" capital will be able to pull itself slowly, bit by bit, out of its grave over the next decade, perhaps. In the end, several factors would have to be in place:

--New relations with the USSR and its satellites and the beginning of the integration of China into the world economy will be needed. The Soviet bloc is, after all, now ready for a "new leap" in its mode of accumulation.

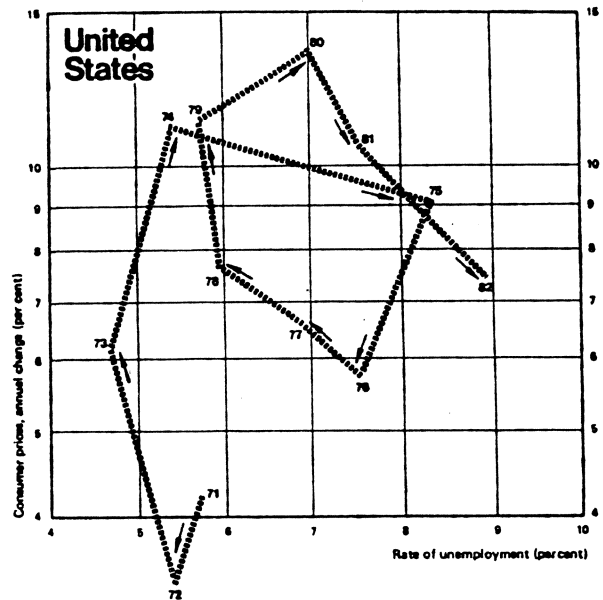
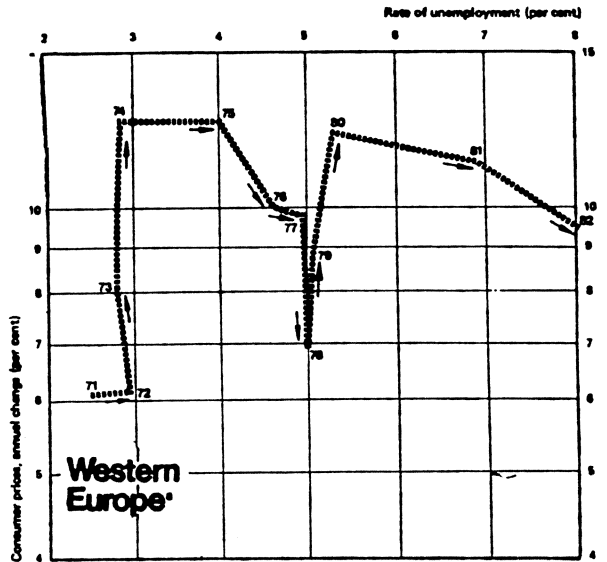
--In Latin America and a number of other Third World locales, capital will have to intensify industrialization and create a strong movement to integrate the working class into the economy and polity, a movement that must include the rural proletariat. The Green Revolution will have to produce a new generation of species that would be both nutritious and require fewer expensive inputs and machinery, thus paving the way for some agrarian reform and the development of a rural, conservative small-farmer class.

--In the US, Europe and Japan, new technologies emerging from what are now only early stages of bio-genetic and computer/information industries will become the leading edge in production in a much larger way than now projected...leading to a totally new mode of growth and repression.

All of these considerations define a "best case" scenario for capital, depending on the simultaneous defeat of the two poles of the world's working class and, with that, a technological breakthrough using working class energy, channeling the defeat into new productive patterns. On the other side, the inability of capital to adequately defeat the working class leaves capital very vulnerable at this point of transition. Though the defeat of the working class by capital can by no means assume the proportions of Chile 1973, much less our "apocalyptic, genocidal" colleague's visions, we must warn our clients that the defeat of capital must always assume drastic, total pro-

portions if it is not simply to be a temporary "reformist" victory. Nonetheless, in this critical stage, temporary setbacks to capital could attain huge significance as capital tries to resurrect itself from its crisis. For in a crisis, small acts amplify far beyond their intentions.

Inflation and unemployment in Western Europe and the United States



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