

is confirmed. The publishing of clear terms of reference for such industries also creates the basis on which political action can be deployed to fight out the role of each industry. They would enable the struggle to push the role of such industries towards socially sound policies to take place around a clear axis.

Finally, worker organisations must exert maximum pressure to maintain or improve real wages. Beyond that, they must increasingly understand the nature of capitalism and its crisis, broaden and widen the struggle against it in all socio-economic fields, maintain a fully independent political-industrial position and put their weight behind a programme of very deep cutting, anti-capitalist reform. For the rest, if the crisis continues to deepen, and British capitalism collapses, other questions would come on to the order of the day. Then we might see workers seize hold of their country's economic resources and emerge into a crisis-free, new system, replacing completely the instability and economic chaos of a capitalism winding towards its end.

ECONOMIC DEVELOPMENTS IN THE IMPERIALIST COUNTRIES— 1974 BALANCE, 1975 FORECAST

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IN last year's survey of the economy of the capitalist world we said (*Horizont*, No 4, 1974): 'For the first time since the end of the second world war we observe a unified downward movement of the economy in the imperialist countries. They have all been hit by a cyclical crisis of overproduction. For the first time since the second world war we can talk of a cyclical world-wide economic crisis of monopoly capitalism. It is not yet possible to assess how serious the crisis will be. But it is already obvious today that it has hit all imperialist countries.'

Now, a year later, the governments of the Western world talk about the worst crisis since the second world war, and make frightening comparisons with the biggest crisis in the whole history of capitalism, that of 1929-33. The Christmas number of the *Economist*

* This article is taken from a longer contribution which appeared in the Berlin journal, *Horizont*, No 4, 1975.

begins its leader, not with 'good tidings', as has been the custom at this season for almost 2,000 years, but like this :

For a generation the world has enjoyed its greatest boom. It is now suffering its greatest inflation and could shortly be struggling with its greatest slump. It does not want to believe this. The club representing the world's 24 richest capitalist economies, the Organisation for Economic Co-operation and Development, said this week that these countries 'face a test which is probably unprecedented outside time of war,' but then produced forecasts for 1975 that are less than horrific.

This is the latest tactic of monopoly capital: on the one hand they predict the worst for the future, so as to be able to explain to the working people that their only salvation is to tighten their belts, in other words to accept a fall in real wages; on the other hand they forecast an upswing of the economy in the second half of 1975, so as to provide capitalism and themselves with some sort of Dutch courage to make more profits.

According to a compilation by the West Berlin Institute of Economic Research (*Quarterly*, No 4, Berlin 1974) and the latest estimates of the OECD, the gross national product (GNP) in the world of monopoly capitalism developed as follows in 1973 and 1974:

Real Gross National Product (Percentage Change)			
	1973	1974	1974 (OECD)
West Germany	+5.3	+1	+1
France	+6.0	+4½	+4¾
Great Britain	+5.7	-1	-½
Italy	+5.9	+3	+4¾
European Economic Community	+5.6	+2	—
European Industrial Countries	+5.3	+2	—
Japan	+10.5	0	-3¼
USA	+5.9	-½	-1¾
Non-European Industrial Countries	+6.8	0	—
Total—All Industrial Countries	+6.3	+1	+¼

According to the estimates of the West Berlin Institute, the GNP of the developed capitalist countries in 1974 rose by 1 per cent compared with a growth of 6 per cent in 1973. A month later than the West Berlin Institute, the OECD estimates a growth of only ¼ per cent for 1974. It appears more likely that, on the basis of the most recent figures, 1974 already shows a decline in the real gross capitalist world product compared with 1973.

Two factors in particular contributed to the deterioration of the situation of the workers in 1974: increasing intensity of inflation and growing unemployment. Inflation developed as follows:

Increase in the Cost of Living Compared with Previous Year

	1973	1974*
West Germany	7.2	6.5
France	7.3	14.9
Great Britain	9.2	18.3
Italy	10.8	26.2
Japan	11.7	25.8
USA	6.2	12.1

* Most recently published figures.

In all imperialist countries—with the exception of West Germany—the rate of inflation measured by the cost of living is today about double what it was in 1973. Before looking more closely at the situation in the German Federal Republic, we have a table which appeared in the West German paper, *Die Welt*, December 18, 1974, on unemployment.

Country and Month	Number Unemployed (in thousands)		Percentage Increase
	1973	1974	
West Germany, November	332	799	141
France, October	452	630	39
Italy, September	951	1,003	5
Great Britain, November	494	630	26

And now back to the inflation league table. Prices in West Germany went up in 1974 compared with 1973, though not quite so rapidly as in the year before—but in 1974 unemployment in the Federal Republic rose $3\frac{1}{2}$ times as fast as in France, $5\frac{1}{2}$ times as fast as in Britain, and 28 times as fast as in Italy. The fact is that monopoly capital is able in its own way to slow down the rate of inflation slightly—but only at the expense of a ruthless increase in unemployment, as the case of the Federal Republic proves.

The government of the Federal Republic has boasted for over a year now that they, in contrast to other imperialist countries, have 'mastered' inflation. All that this amounts to is that prices are still rising but not faster than in the previous year. Indeed, other imperialist countries have now decided to follow the West German example, and the OECD actually envisages a replica of the Federal Republic's programme for all monopoly capitalist countries. The OECD forecasts that from the fourth quarter of 1974 to the fourth

quarter of 1975 the rate of inflation will be slowed down from about 16 per cent to about 11 per cent—and that the number of unemployed will increase by 40 per cent. In other words monopoly capital ‘plans’ a renewed rising of prices by 11 per cent for 1975, and a simultaneous growth in the number of unemployed by 40 per cent. But it also ‘plans’ a reduction in the rate of inflation, and each percentage point of the reduction, not of prices, but in the rate of price increases, will be bought with an increase in the number of unemployed by 8 per cent.

Under conditions of monopoly capitalism, there is no inherent connection between the development of inflation and unemployment. Thus, for example, the cost of living and the percentage of unemployment among German trade unionists in 1920-23 (the period of the highest inflation ever experienced anywhere in the world) was as follows:

Year	Cost of Living (1913=100)	Percentage Unemployed
1920	1,044	3.8
1921	1,337	2.8
1922	15,036	1.5
1923	159,000 million	10.2

In the past we saw that prices fell during cyclical crises of overproduction, i.e. deflation rather than inflation was the order of the day, while unemployment rose. The present cyclical crisis of overproduction is an exception. In 1974 prices further increased and the cost of living went up more than in 1973, while at the same time unemployment increased.

In all previous cyclical overproduction crises, prices fell because the stocks of unsold goods piled up as a consequence of a diminishing purchasing power of the workers, and the capitalists consequently lowered their prices in severe mutual competition to get rid of their goods. In the present crisis, stocks are also piling up and the purchasing power of workers is diminishing. But why are prices not reduced? Because the state (or state monopoly capitalism) has supplied the monopolies with colossal subsidies, and by this method has (1) allowed the monopolies to demand ever-higher prices, without having to get rid of their stocks, and (2) increased its own colossal borrowing for reasons of financing subsidies to the monopolies by printing more money, i.e. by stoking up inflation.

But it is by no means imperative that during the present cyclical crisis of overproduction the long-term inflationary tendency always

outweighs the short-term deflationary tendency. At the start of 1975, prices on the world market for raw materials are on an average already lower than at the beginning of 1974, because, in the wake of a slowing down of world industrial production, fewer raw materials are needed and the stock of raw materials is growing. It is quite on the cards that in 1975 the rate of the increase of inflation measured by the cost of living may slow down in 'some' countries compared with 1974, while in others it might increase even more rapidly. It is therefore not improbable that the unevenness in the development of inflation in the imperialist countries already observed in 1974 will become quite extraordinary in 1975.

An increase in the gross national product in 1975, according to OECD forecasts, will become a non-event. OECD calculations tell us what has happened and what is likely to happen:

Real Gross National Product Increases

1973	6 per cent
1974	$\frac{1}{3}$ per cent
1975	$\frac{1}{2}$ per cent

Obviously the estimate for 1975 makes nonsense. This is not because it could not happen as tabulated, but because no responsible economist can possibly make such an exact forecast. Let us assume first of all that the estimate is correct. Let us further assume that labour productivity, because of further rationalisation and other technical progress will increase by 3 per cent. This would mean that, with an increase of GNP by $\frac{1}{3}$ per cent in 1975, $2\frac{2}{3}$ per cent fewer workers would be needed than in 1974 to produce the GNP. But, as the work force in the imperialist countries (on the basis of higher births in the relevant years) will increase in 1975, and because the percentage of unemployed in the imperialist countries in 1974 reached about 3 per cent, we must count on a doubling of unemployment in 1975 compared with 1974. This assumption of a doubling of unemployment accepts the OECD estimate of a GNP rise of $\frac{1}{3}$ per cent, and accepts the thesis that the crisis will not deteriorate.

But, as the OECD forecast of the GNP for 1975 will prove far too optimistic, we must reckon with more than a doubled unemployment in 1975 compared with 1974.

In the US unemployment has already reached its highest peak since 1940, and in the Federal Republic its highest since 1958. Throughout the imperialist countries, 1975 will without doubt be the year of highest unemployment since 1939. The Federal Republic alone among all the others may be able to boast that they had fewer

unemployed in 1975 than in 1945 and 1946, i.e. the years after the complete collapse of the fascist economy.

At the last Nato meeting it was pointed out that the imperialist governments represented had each changed their head of government within the previous year. At the last EEC meeting it was also noticeable that almost all heads of government had altered their economic policies during the last half-year, inasmuch as that they no longer considered galloping inflation to be the crucial problem in their economic crisis, but increasing unemployment.

At the same time, it is well known that in all these governments there exist minority wings—in one or two it is the majority wing—who represent those sections of monopoly capitalism who have no objections to a further increase in unemployment, so as to be able to depress real wages all the more effectively. It is a fact that in all imperialist countries, in most of which real wages in spite of inflation still increased in 1973, the purchasing power of the working people decreased in 1974, and monopoly capitalism seeks to hasten this decline even more in 1975.

At the same time it cannot be denied that in some industrial branches of the monopoly capitalist world real wages increased in 1974, and particularly in those where successful strikes or strike threats occurred. In general, strike activities under monopoly capitalism have increased in 1974 as compared with 1973, and these strikes often largely prevented the monopolists from shifting the burdens of the crisis on to the shoulders of their workers.

Workers today, under the leadership of communist and workers' parties, demand a general price freeze in their fight against inflation. Can such demands be realised without the downfall of monopoly capital? We believe it can be done, and there have been occasions when workers have achieved a temporary price freeze which has at least slowed down the rate of inflation. In their fight against unemployment, workers today demand take-over bids and continued working of plants and factories, which would otherwise have closed down, by the state. Under monopoly capitalism, such demands are very realistic indeed, and such take-over bids by the state, or government participation incidents, have already occurred in a number of cases.

Such successes by the workers mean by their very nature a restraint on the freedom of action by the monopoly capitalists, and are therefore of great political significance. They provide, at the same time, a relative easing of the situation for the workers in the midst of an economic crisis.

WOMEN'S HUNGER MARCHES



Burnley to London, Hunger March—1932

Maud Brown was the organiser of the Women's Hunger Marches in 1932, 1934 and 1936, and of the National Unemployed Workers' Movement in Wal Hannington's absence from about 1929 onwards. She writes:

'When I look back on old days and struggles, I realise that the conditions of life for working women have improved but little in my time. I was a member of the Edmonton Board of Guardians at a time when unemployment often meant separation of husband and wife in the workhouse, and the Relieving Officer would insist on the sale of any article of furniture before he gave an unemployed man a food voucher.

'In the twenties and thirties, hunger marches were aided by contingents of women from many parts led by such women as Emmie Lawther from Durham, Mrs Chater from Newcastle, Laura Johnson from Nottinghamshire and Fanny Deakin from Staffordshire. Harried by police and workhouse staff, these demonstrations had some hard-won success. They encouraged the fight against the means test and resisted Margaret Bondfield's efforts to force single women into domestic service.

'The means test still exists, however. Housing, it seems, is now in a worse condition than it was then. The fight for school meals still goes on. The children's milk has been taken away. Those women who are young now must not fail to remember that what has been won has to be kept. During this International Women's Year our old struggles should be kept constantly before all militant women.'