

## WSWS International Editorial Board meeting

# The social and political crisis in the United States and the 2006 SEP election campaign

## Part One

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*Published below is the first part of Patrick Martin's report to an expanded meeting of the World Socialist Web Site International Editorial Board (IEB) held in Sydney from January 22 to 27, 2006. The concluding part will be published on March 8. Martin is a member of the WSWS IEB and the Socialist Equality Party (US) central committee. WSWS IEB chairman David North's report was posted on 27 February. SEP (Australia) national secretary Nick Beams' report was posted in three parts: Part one on February 28, Part two on March 1 and Part three on March 2. James Cogan's report on Iraq was posted on March 3. Barry Grey's report was published in two parts: Part one on March 4 and Part two on March 6.*

Today's newspapers report the announcement that Ford will cut 25,000 to 30,000 jobs and close between seven and fourteen plants in North America. Five plants have been named: Wixom assembly in Michigan, the Batavia transmission plant in Ohio, the Atlanta, Georgia assembly plant, the St. Louis, Missouri assembly plant, and the casting center in Windsor, Ontario. Two more plants will be named next year, and seven more by 2012, with four of the later closures to be assembly plants. The effect will be to reduce capacity by 1.2 million units, or 26 percent.

The closure of the Atlanta Ford plant has symbolic significance in light of our earlier discussion on the significance of the rise of China. The Georgia factory is the one visited by Chinese leader Deng Xiaoping in 1979, in his famous trip to the United States where he donned a cowboy hat and pledged to transform China into an industrial power by the year 2000.

"We in China are faced with the task of transforming our backwardness and catching up promptly with the advanced countries of the world," he said. "We want to learn from you."

At the time he visited the Atlanta Ford plant, that one auto plant made more cars in a single month than China produced in a year. China manufactured only 13,000 cars in 1979; in 2004, the number exceeded 5 million.

I'd like to take note of the legal language at the end of the official statement by William Clay Ford Jr., which is a listing of the factors outside the company's control that could cause it to fail

to carry out the program it outlined yesterday. These are called Safe Harbor/Risk Factors. They include:

- \* Greater price competition resulting from industry overcapacity, currency fluctuations or other factors;
- \* A significant decline in industry sales, particularly in the United States or Europe, resulting from slowing economic growth, geo-political events or other factors;
- \* Lower-than-anticipated market acceptance of new or existing products;
- \* A market shift (or an increase in or acceleration of market shift) away from sales of trucks or sport utility vehicles, or from sales of other more profitable vehicles in the United States;
- \* Higher prices for or reduced availability of fuel;
- \* Currency or commodity price fluctuations;
- \* Economic distress of suppliers that may require us to provide financial support or take other measures to ensure supplies of materials;
- \* Work stoppages at Ford or supplier facilities or other interruptions of supplies;
- \* Labor or other constraints on our ability to restructure our business;
- \* The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- \* Increased safety, emissions, fuel economy or other regulation resulting in higher costs and/or sales restrictions;
- \* Unusual or significant litigation or governmental investigations arising out of alleged defects in our products or otherwise;
- \* A change in our requirements for parts or materials;
- \* Worse-than-assumed economic and demographic experience for our post-retirement benefit plans (e.g., investment returns, interest rates, health care cost trends, benefit improvements);
- \* Changes in interest rates;
- \* Additional credit rating downgrades;
- \* Inability to access debt or securitization markets around the world at competitive rates or in sufficient amounts;
- \* Higher-than-expected credit losses;
- \* Lower-than-anticipated residual values and/or higher-than-expected return rates for leased vehicles; and,

\* Inability to implement the Way Forward Plan.

Mr. Ford could simply have declared that the anarchy of capitalism made it impossible to be sure of anything, and he would have saved a lot of paper.

The purpose of my remarks is to carry forward the discussion begun by Comrade Barry Grey on the historical decline of American capitalism, as well as to supplement the material presented in the Socialist Equality Party election announcement that was posted on the *World Socialist Web Site* on January 12.

Barry cited several figures provided in the election statement, as well as in the article on Wall Street bonuses. We use such figures in order to support a political argument, and I quote from the statement:

"The Gross Domestic Product of the US has grown by 50 percent since 1972 in real terms. Per capita GDP has likewise risen substantially. This means that, as a society, it should be easier, not harder, to meet the basic needs of working people—good-paying jobs, health benefits, secure pensions, decent public services. Yet the real hourly wages of American workers have declined, family income has stagnated, pensions have been gutted, and vital social services such as health care and education have been starved of funds."

The bonuses distributed by Wall Street firms last month came to \$21.5 billion, a sum that represents not only gross inequality in terms of income distribution, but a gross misallocation of society's resources. It is greater than that actually spent so far on hurricane reconstruction in Louisiana or war reconstruction in Iraq.

This vast sum went into the pockets of a few thousand individuals whose collective activities produce nothing and contribute nothing to the development of society—or, to be more precise, whose activities are enormously destructive. They are more destructive, in the final analysis, than Katrina or even the war in Iraq, since they contribute to the dislocation and misdirection of the productive forces all over the world.

The enormous growth of social inequality is the most important fact of American social and political life over past quarter century. Despite this, or rather, because of it, social inequality is the great unmentionable of American political life. There is almost no discussion in official political circles and the mass media about the development which touches most deeply nearly every American.

Last night I was doing some research for this contribution, and I conducted a Google news search on the topic of social inequality. Google surveys 4,500 news sources on a regular basis. At any one time, a month or so of material from each publication is indexed. Here are some results:

Social inequality in the United States—3 hits, 2 are from the WSWS

Social inequality in the US—zero

Social inequality in America—zero

Social inequality with adjectives like increasing, growing or worsening—one, from the WSWS

Social inequality as a stand-alone—54 hits, of which only 7 refer to the US, 4 of them from the WSWS.

By comparison, from a similar search, Iraq war has over 12,000 hits, global warming records over 6,000 hits.

Alien abduction returns 93 hits. (Remember, these are news

sources.)

This, of course, is only anecdotal, but it nonetheless illustrates the point. I suspect that one could demonstrate that there is an inverse relationship between the level of social inequality and the extent of media attention devoted to it. Certainly there was far greater concern over poverty in the 1960s, when the disparities in wealth and income were far less than today.

One conclusion that should certainly be drawn from this is that we, as the leadership of the WSWS, must redouble our efforts to focus attention on, analyze and publicize the worst aspects of the growth of social inequality, in the United States and worldwide. It is simply inconceivable that such staggering levels of inequality will not evoke a political response from the masses and create enormous opportunities to increase our political influence.

Before I move on to the political dimensions of the crisis in America, I'd like to make one other observation sparked by our discussion of the impact of globalization on the social position of the American working class. I recall very well one of my earliest political experiences, one which is common among comrades of my generation, and that is the debate with the Maoists, who were quite influential among radicalized youth in the late 1960s. The Maoists declared that not only was the United States the principal imperialist power, but that the living standards of American workers made the entire US working class junior shareholders in the imperialist domination of the world.

The Maoist theory was that the peasant masses of the Third World countries of Asia, Africa and Latin America would overwhelm the imperialist countries, capitalists and workers combined, just as Mao's peasant armies had marched from the countryside into the city.

What a demonstration of the importance of a correct perspective! Today, American imperialism and the successors to Mao have worked out a hugely profitable relationship based on capitalist exploitation of the Chinese proletariat enforced by the Stalinist police state. China's peasantry has given rise to the largest section of the international working class, and the objective unity of the international working class, from America to China, is increasingly clear.

*To be continued*



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