

# The historic decline of the United States and the eruption of militarism

## Part three

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*The following is the third and final part of a report delivered by Nick Beams, national secretary of the Socialist Equality Party (Australia) and a member of the International Editorial Board of the World Socialist Web Site, to a meeting of the SEP membership from January 25 to January 27, 2007. The first part was published on February 12 and the second part on February 13.*

The *World Socialist Web Site* has often pointed out that the Bush regime is guilty of the same crime for which the Nazi regime was indicted at Nuremberg, and from which, in the words of the prosecution, all its other crimes flowed: the waging of an aggressive war. I don't want to make some kind of superficial comparison between the situation in the United States and Nazi Germany. But we can develop a more accurate assessment by focusing on the underlying processes at work.

It should be remembered, first of all, that the Hitler regime did not come to power primarily because of the efforts of the would-be dictator himself or his followers. While Hitler had a mass movement, the Nazis were never able to win a majority of the popular vote, even under the most favourable conditions in the elections of March 1933. Hitler did not seize power. Rather, he was hoisted into the office of chancellor by the German ruling classes. They recognised that the Nazis represented the only way of fulfilling their need for an authoritarian regime to crush the working class at home, and to pursue the interests and demands of German imperialism internationally. The historical contradictions of German capitalism and its political history meant that the type of regime demanded by the German ruling classes could only be realised by elevating the Nazis.

In the same way, if we are to understand the driving forces of the present world crisis, fueled by the eruption of American militarism, we must examine their historical development.

### The rise of the United States

World War I brought to an end a whole period of organic capitalist growth and development. It was, however, that very growth of the capitalist world economy which, as Trotsky explained, created an insoluble contradiction between the expansion of the productive forces on a global scale and the division of the world into competing capitalist nation states and rival great powers.

The attempt to resolve this contradiction on a capitalist basis, that is, by establishing the hegemony of one, or a group of, great powers led inexorably to war. World War I was fought out primarily on the continent of Europe, but with resources drawn from the rest of the world. It was only ended, after four years of barbarism, through the intervention of a

new world power, the United States of America.

The eruption of the war vastly accelerated economic processes that had developed over the preceding period. When it broke out in 1914, the United States was still a debtor nation. By 1918, it was the world's major financial power. This signified a major shift in the world political situation.

However, it took some time for this shift to be appreciated. In 1928, in his *Critique of the Draft Program of the Communist International*—by now under the control of Josef Stalin and his supporters—Trotsky noted that in the first draft of the document, the name of the United States of America was not even mentioned. The redraft was little better because, while recognising the crucial role of the US, it failed to examine the implications of its rise to prominence for the development of strategy and perspectives.

The draft, Trotsky explained, failed to appreciate that the relative “stabilisation” and normalisation of European affairs after 1923 and the defeat of the German revolution had only been obtained by American intervention.

“Moreover,” he declared, “it has not been shown that the inevitable further development of American expansion, the contraction of the markets of European capital, including the European market itself, entail the greatest military, economic and revolutionary convulsions, beside which all those of the past fade into the background” (Trotsky, *The Third International After Lenin*, p. 6).

In that same year, the leader of what was then a still relatively small extreme right-wing party was also examining the implications of the rise of the United States. In his unpublished *Second Book*, dictated that year, Adolf Hitler, who had barely mentioned the US in *Mein Kampf*, placed it at the centre of his world outlook.

Economic standards, he maintained, no longer derived from the possibilities of Europe but from the actual circumstances of America. While the average European took the circumstances of America as the benchmark for his own life, he did not realise that the relative situation was very different. For example, America's vast internal market enabled the development of production methods in the motor vehicle industry that would be completely impossible in Europe. What was the way out? How could the nations of Europe prevent being reduced to the status of a Holland or a Switzerland in the face of the American union?

The policy of the bourgeois nationalist politicians—restoring Germany to its 1914 borders—was completely inadequate, Hitler insisted. Such a policy “would only bring back the economic conditions of 1914.” The policy of the German bourgeois politicians, in particular the foreign minister Stresemann—that Germany should try to restore its world position through exports—was doomed. “Quite apart from the fact that in addition to all the European states that are struggling for the world market as export nations, the American union is now also the stiffest competitor in many areas. The

size and wealth of its internal market permits production levels and thus production facilities that decrease the cost of the product to such a degree that, despite the enormous wages, underselling no longer seems at all possible" (Hitler's *Second Book*, p. 107).

According to Hitler: "In future the only state that will be able to stand up to North America will be the one which had understood how, through the essence of its inner life and the meaning of its foreign policy, to raise the value of its people in racial terms and to bring them into the state-form most appropriate for this purpose. ... It is the task of the national socialist movement to strengthen and to prepare the fatherland for this mission" (Hitler's *Second Book*, p. 110).

In other words, as one major recent economic study of the Third Reich put it: "The aggression of Hitler's regime can be .. rationalized as an intelligible response to the tensions stirred up by the uneven development of global capitalism, tensions that are of course still with us today" (Adam Tooze, *The Wages of Destruction*, pp.xxiv-xxv).

Hitler's wars of aggression were a response to the situation that confronted German capitalism in the 1930s.

Likewise, the American entry into World War II was a response to the deepening economic contradictions of world capitalism. In his brilliant article, "Nationalism and Economic Life", written in 1934 and published in *Foreign Affairs*, Trotsky explained that, in the final analysis, the productivity of labour was decisive in determining the arising and passing away of social formations. It had the same significance in the sphere of human society as the law of gravitation in the sphere of mechanics.

In the United States, capitalism had reached a new stage of development, where the system of mass production based on the assembly line had taken productivity to new levels. But the old world refused to be turned over before the higher forms of production.

"Everyone defends himself against everybody else, protecting himself by a customs wall and a hedge of bayonets. Europe buys no goods, pays no debts and, in addition, arms herself. With five miserable divisions, starved Japan seizes a whole country [China]. The most advanced technique in the world suddenly seems impotent before obstacles basing themselves on a much lower technique. The law of productivity of labour seems to lose its force. But it only seems so. The basic law of human history must inevitably take revenge on derivative and secondary phenomena. Sooner or later American capitalism must open up ways for itself through the length and breadth of our entire planet. By what methods? By *all* methods. A high coefficient of productivity denotes also a high coefficient of destructive force. Am I preaching war? Not in the least. I am not preaching anything. I am only attempting to analyze the world situation and to draw conclusions from the laws of economic mechanics" (Trotsky, *Writings 1933-34*, pp. 161-162).

Trotsky's analysis was confirmed by America's entry into World War II in 1941. The American objectives were not only to sweep away Japanese dominance of the Far East and prevent German dominance of Europe but, as Roosevelt made clear to Churchill in their first meeting, to do away with the British empire as well.

The old constrictions had to be eliminated if higher forms of production were to develop. After a series of crises, a new economic order was established in the aftermath of the war which allowed the methods of American capitalism to cut a path throughout the world. This gave rise to the longest period of sustained growth in the history of world capitalism.

## **Decline of American capitalism**

But the very growth of the world economy undermined the hegemony of American capitalism upon which the stability of the global capitalist order

rested.

We can trace out the turning points in the decline. The year 1971 saw the scrapping of the Bretton Woods monetary system, as the US could no longer redeem for gold the outstanding dollars circulating in the world economy. Then, at the end of the 1980s, came the transformation of the US from the world's leading creditor nation into a debtor.

For a period, the decline of the United States was masked by the triumphalism that followed the collapse of the Soviet Union.

While others proclaimed the end of history, the International Committee of the Fourth International insisted that the demise of the USSR did not signify the opening of new vistas for capitalist development, but rather the re-emergence, at a higher level, of the fundamental contradiction between world economy and the nation-state system.

Notwithstanding its proclamations about the superiority of its free market, the relative decline of the US was underscored by the fact that it was obliged to conduct a kind of standover operation, particularly directed against Japan, to secure the financing of the Gulf War in 1990-91. It even managed to make a small profit on the side. The year 1991 remains the only one in the last period in which the US was able to record a surplus on its balance of payments.

Every day there are new indications of the decline in the global position of the United States. Let me, by way of illustration, point to the three main articles on the front page of the January 22 edition of the *Financial Times*. The first is an article explaining that China is looking to diversify its massive foreign exchange reserves and that this move may have far-reaching implications for the US dollar. Much of China's more than \$1,000 billion reserves are held in the form of US Treasury notes. The impact of such a shift would be ongoing, because China's reserves are expected, on present trends, to double over the next four years.

The second is on a plan being developed by Toyota, already set to eclipse General Motors as the world's largest car producer, to try to produce an ultra low-cost car to challenge the US "big three", which are already suffering major financial problems.

Such a development, it might be argued, does not have historical implications because the decline of US manufacturing industry has been underway for some time. Financial services now play a more important role in sustaining the position of American capitalism.

But this argument appears somewhat less convincing in the light of the third major article on the page, headlined "Threat to New York as centre of finance." This article concerns a report commissioned by Mayor Bloomberg, which found that New York could lose its position as the world's leading financial centre. According to the report, on current trends New York could lose up to seven percentage points of its market share. It pointed out that last year, for the first time, more money was raised on the London Stock Exchange than on the New York Stock Exchange and Nasdaq.

What are the implications of this decline?

In his critique of the Comintern program, Trotsky pointed to the significance of the rise of US imperialism and then made clear that its decline would be no less explosive. "In the period of crisis," he wrote, "the hegemony of the United States will operate more completely, more openly, and more ruthlessly than in the period of boom. The United States will seek to overcome and extricate herself from her difficulties and maladies primarily at the expense of Europe, regardless of whether this occurs in Asia, Canada, South America, Australia, or Europe itself, or whether this takes place peacefully or through war" (Trotsky, *The Third International After Lenin*, p. 8).

The historic crisis of US imperialism signifies a new period of economic, political and military conflicts for the division and re-division of the world. And this means that vast political struggles will erupt, the first signs of which we have started to see.

If we were to take the twentieth century as a whole, then one could

argue that the greatest objective obstacle to the socialist revolution—and one that, in the final analysis, proved to be decisive—was the strength of the United States. As we begin the twenty-first century, the objective driving force for a new period of revolution is its historic decline.

I emphasise this point because we base our perspective for social revolution on the objective contradictions of the capitalist mode of production that unfold as a result of its historical development. Social revolution does not arise from the desires or good work of socialists; nor is it some kind of punishment for the sins of capitalism. It is a product of the very development of capitalism, which gives rise to profound problems in the historical development of mankind—problems that must be resolved through the overthrow of the social relations of capitalism, based on private property and the nation-state system, if civilisation is going to continue.

### **The foundations of the work of the party**

This perspective, which forms the basis of our work, came under direct challenge in the course of the past year with the publication in May of the document “Objectivism or Marxism” by Frank Brenner and Alex Steiner. Their central thesis was that the International Committee had, in effect, given up the fight for the development of socialist consciousness because it refused to advance utopian conceptions of the future socialist society. According to Brenner and Steiner, socialist consciousness had to consist of some kind of “vision” of post-capitalist society. Only with the development of such an outlook could the masses be galvanised into action.

We insisted, on the contrary, that socialist consciousness consisted of a scientific analysis of the development of capitalism, of its social relations, of all the tendencies within it and, above all, of the objective role of all the various political formations.

Let me quote a critical portion of the reply to Brenner and Steiner’s document by David North, chairman of the WSWS: “The recognition that the emergence of the socialist movement has an objective foundation does not diminish the importance of the struggle to develop socialist consciousness. Indeed, the clarification of the objective basis of socialism is itself a critical component of the theoretical education of the working class. But the correct formulation of the socialist movement’s pedagogical tasks is possible only within the framework of an understanding that the contradictions of capitalism provide the principal and decisive impulse for the development of revolutionary consciousness.

“The problem of socialist consciousness presents itself in one manner to those who recognize the latter as the ideal reflection of a real socio-economic process, and in quite another manner to those for whom no such objective and necessary relationship exists between the economic foundations of capitalist society and the formation of social thought. For the Marxists, the fight for socialist consciousness does not consist of convincing the broad mass of workers to conduct a struggle against capitalism. Rather, proceeding from a recognition of the inevitability of such struggles, arising out of the objectively exploitative process of surplus-value extraction, intensified by the deepening economic and social crisis of the capitalist system, the Marxist movement strives to develop, within the advanced sections of the working class, a scientific understanding of history as a law-governed process, a knowledge of the capitalist mode of production and the social relations to which it gives rise, and an insight into the real nature of the present crisis and its world-historical implications. It is a matter of transforming an unconscious historical process into a conscious political movement, of anticipating and preparing for the consequences of the intensification of the world

capitalist crisis, of laying bare the logic of events, and formulating, strategically and tactically, the appropriate political response.

“But for those who see no basis for socialism in the objective conditions created by capitalism itself, who have been demoralized by the experience of defeats and setbacks, and who neither understand the nature of the capitalist crisis nor perceive the revolutionary potential of the working class, the problem of transforming consciousness is posed in essentially ideal and even psychological terms. Insofar as there does not exist a real basis for socialist consciousness, the possibility for its development must be sought elsewhere. That is precisely why you, Comrades Brenner and Steiner, believe that ‘utopia is crucial to a revival of socialist culture’” (“Marxism, History and Socialist Consciousness: a Reply by David North to Alex Steiner and Frank Brenner”).

These conceptions represent the theoretical and political foundations of the work to be undertaken by the International Committee in the coming period. The crucial question is not whether there will be a struggle against war—it has already begun—but on what perspective such a struggle must be grounded.

Above all, our work involves the clear delineation of an independent perspective for the working class, grounded on the entire historical experience of the Trotskyist movement and the lessons derived from its analysis of the strategic experiences of the twentieth century.

Of course, as the masses come into struggle, they do not immediately adopt the Marxist program. They pass through various phases; adopt centrist positions. That is one kind of centrism—a centrism, as Trotsky pointed out, with an arrow pointing to the left. Then there is another type of centrism, with an arrow pointing to the right, consisting of political forces that have either rejected or broken from Marxism, and are seeking to direct the movement back under the control of the old apparatuses. The real development of the political consciousness of the working class takes place, above all, through the exposure of the political role of these forces.

Over the past year, we have had an important experience in the US mid-term Congressional election campaign. The election itself revealed an important shift in the consciousness of broad masses. In particular, the support our campaign was able to win marked a significant development of the most politically conscious forces. But that development, which existed in a potential form, required the active intervention of the party in order to be realised.

We have passed through an extremely difficult and testing period. At the end of the 1980s, we experienced a significant upsurge in the class struggle and a certain political radicalisation over the Gulf War. Then came the collapse of the Soviet Union and the development of great political confusion. We correctly assessed that the demise of the USSR signified, not the end of socialism, but a crisis of the entire nation-state system. That was, however, by no means apparent to most people. Indeed, the very opposite conceptions were being advanced—that the demise of the USSR meant the final triumph of world capitalism, and its leading power, the United States.

Our work over the next period consisted, first of all, in a clarification of what had taken place. The collapse of the USSR, we insisted, represented the demise of all those parties and organisations based on a nationalist program. Therefore, the next upsurge of the working class would not pass through these organisations. It was necessary to develop the organisational forms of the party to meet the new situation. In 1996, we transformed our leagues into parties, and in 1998 the ICFI launched the *World Socialist Web site*, as the principal means for the construction of the world party of socialist revolution.

Now a new turn in the situation is under way. It would be a mistake not to recognise it and try to grasp the opportunities it presents. There is a sense in which the clouds of confusion are being dispersed—or, perhaps to put it more correctly, the objective conditions are being created for a development of political consciousness.

A decade and a half ago, it would have been very difficult for young people to understand how it was that members of earlier generations had joined and participated in the socialist movement, motivated not least by the drive to war and the horrors unleashed by capitalism in the first decades of the twentieth century. That is not so difficult to understand today.

The political situation is being transformed, above all by the historical crisis of US imperialism and its drive to war, which is transforming the political situation all over the world. In this region, we have seen the eruption of Australian militarism and colonialism in the South Pacific, as Australian imperialism seeks to defend its own immediate interests and function as a kind of proxy for the United States.

At the same time, the decay and disintegration of the established parties proceeds at an accelerating rate. I do not often find anything of value in the observations of Kim Beazley, the former leader of the Labor Party. But I would draw your attention to an important comment he made in a recent interview with the *Sydney Morning Herald*.

Beazley pointed out that whichever party lost the upcoming federal election could face political extinction in a very short period. In other words, the two parties—Labor and Liberal—which have formed the central mainstay of the political framework of the Australian capitalist order, are in an advanced state of decay. They have no real social base of support, and are only sustained by the support they receive from the state. Cut off from that, they will collapse.

We have an important period of work ahead of us, particularly among young people and student youth in the building of the International Students for Social Equality. We will be intervening into the New South Wales state election, to be held in March, and the federal election later this year. The reports and discussion at this meeting—the clarification of our analysis and perspectives—will lay the firmest foundations for these vital initiatives.

*Concluded*



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