

3/230

# The Economic Crisis Reader

UNDERSTANDING DEPRESSION,  
INFLATION, UNEMPLOYMENT, ENERGY,  
FOOD, WAGE-PRICE CONTROLS,  
AND OTHER DISORDERS OF AMERICAN  
AND WORLD CAPITALISM

*Edited by David Mermelstein*



VINTAGE BOOKS

A Division of Random House, New York

# Contents

Preface	ix
<b>Part I. Background to the Economic Crisis of the 1970's</b>	
Introduction	3
A. The Crisis in Historical Perspective: An Economic Chronology	5
B. Selected Aspects of the Crisis Shown Pictorially	18
C. Basic Facts about Unemployment Data, the Consumer Price Index and Jobless Insurance	28
1. WILLIAM K. STEVENS: <i>Those Statistics on the Nation's Unemployed Do Not Come Easily</i>	28
2. BERTRAM GROSS and STANLEY MOSS: <i>Real-Unemployment Is Much Higher Than They Say</i>	32
3. DOLLARS & SENSE: <i>Controversy over the Consumer Price Index</i>	37
4. ECONOMIC NOTES: <i>Jobless Insurance Basics</i>	40
D. Then and Now: The Great Depression of the 1930's and the Current Crisis	43
5. RICHARD BOYER and HERBERT MORAIS: <i>Class War in San Francisco, 1934</i>	43
6. IRVING BERNSTEIN: <i>Akron Collapsed in the Spring of '33</i>	47
7. JULIUS DUSCHA: <i>WPA, PWA, CCC: Jobs in the Great Depression</i>	48
8. MONTHLY ECONOMIC LETTER: <i>No Great Depression Ahead: Differences Now and Then as Seen by a Leading Bank</i>	51
9. DAVID FROMKIN: <i>The Crash Worse Than '29</i>	54

**Part II. An Analysis of the Crisis**

Introduction	61
A. Economic Overview of the Crisis	63
10. ALBERT SYZMANSKI: <i>The Decline and Fall of the U.S. Eagle</i>	65
11. ARTHUR MACEWAN: <i>Changes in World Capitalism and the Current Crisis of the U.S. Economy</i>	71
12. JAMES CROTTY and RAFORD BODDY: <i>Who Will Plan the Planned Economy?</i>	80
13. DICK ROBERTS: <i>The Ripening Conditions for Worldwide Depression</i>	92
14. SIDNEY LENS: <i>The Shortage Economy: Capitalist America in Decline</i>	105
15. N. INOZEMTSEV: <i>A Soviet View of the Crisis</i>	114
B. Understanding the Specifics of the Crisis	120
16. DAVID GOLD: <i>James O'Connor's The Fiscal Crisis of the State: An Overview</i>	123
17. ROGER ALCALY: <i>The Relevance of Marxian Crisis Theory</i>	132
18. ROBERT ZEVIN: <i>The Political Economy of the American Empire, December 1974</i>	139
19. RICHARD J. BARNET and RONALD MÜLLER: <i>The Negative Effects of Multinational Corporations</i>	152
20. JOYCE KOLKO: <i>The Soviet Union, China, and the Capitalist Crisis</i>	162
21. VICTOR PERLO: <i>Economic Aspects of Military Spending</i>	170
22. BUSINESS WEEK: <i>The Debt Economy</i>	175
23. HARRY MAGDOFF and PAUL M. SWEZY: <i>Banks: Skating on Thin Ice</i>	190
24. ALFRED L. MALABRE, JR.: <i>Wages, Productivity and Profits</i>	210
25. RICHARD C. EDWARDS: <i>The Impact of Industrial Concentration on the Economic Crisis</i>	213
26. TIMOTHY NESBITT: <i>Indexing the Economy: A Brief Primer</i>	223

27.	LINDLEY M. CLARK: <i>How a World Depression Just Might Happen</i>	227
C. The Crisis in Europe and Japan		
28.	CLYDE H. FARNSWORTH: <i>France's Economy Is in Growing Difficulty</i>	235
29.	THE ECONOMIST: <i>The Deteriorating Situation in West Germany</i>	238
30.	THE ECONOMIST: <i>Can the British Muddle Through?</i>	241
31.	RAYMOND WILLIAMS: <i>Britain after the Election: The Size of the Crisis</i>	245
32.	RAY VICKER: <i>Chaos, Italian Style</i>	249
33.	BUSINESS WEEK: <i>A Japanese Giant in Trouble</i>	253
34.	ECONOMIC NOTES: <i>Inflation Not Worldwide: Price Stability in the Socialist World</i>	264
D. The "Energy Crisis"		
35.	THE OIL, CHEMICAL AND ATOMIC WORKERS: <i>The Oil Companies and Inflation</i> (advertisement)	272
36.	DAVE PUGH and MITCH ZIMMERMAN: <i>The "Energy Crisis" and the Real Crisis Behind It</i>	274
37.	RICHARD KRONISH: <i>Responding to OPEC: An Assessment of Oil Cartel Options</i>	280
38.	MICHAEL TANZER: <i>The International Oil Crisis: A Tightrope Between Depression and War</i>	291
39.	LEONARD SILK: <i>U.S. Oil Plan: High Price Is Key</i>	305
40.	ERNEST MANDEL: <i>The Emergence of Arab and Iranian Finance Capital</i>	311
41.	MICHAEL T. KLARE: <i>Petrodollars for Phantoms: The Arms Build-ups in Iran and Saudi Arabia</i>	318
E. Food Inflation		
42.	JONATHAN KWITNY: <i>The Meat Market: Free or Rigged?</i>	328

43. WALL STREET JOURNAL: <i>The Sugar Saga of '74</i>	335
44. WILLIAM ROBBINS: <i>Everything You Wanted to Know About Chiquita Banana (but were afraid to ask)</i> .	340
45. NEW REPUBLIC: <i>Those Soaring Food Prices</i>	343
46. FRED BLOCK and DAVID PLOTKE: <i>Exporting Food: Causes and Effects</i>	348
47. URPE/PEA NATIONAL FOOD COLLECTIVE: <i>The Capitalist Food System: A Framework for Understanding Food Inflation</i>	352
 <b>Part III. Corporate-Government Intervention and the Future of Capitalism</b>	
Introduction	363
48. FELIX ROHATYN: <i>A Wall Street Call for a New RFC and State Planning</i>	372
49. ROBERT SAMUELSON: <i>Why Price Controls Stopped Working . . .</i>	377
50. STEPHEN W. WELCH: <i>"Zapping" Labor: A Radical Perspective on Wage-Price Controls</i>	384
51. DAVID M. GORDON: <i>Capital vs. Labor: The Current Crisis in the Sphere of Production</i>	392
52. WILLIAM K. TABB: <i>Capitalist State Planning Is Not Socialism</i>	406
53. RICHARD H. LEVY: <i>The Crisis as Transformation</i>	412
54. STANLEY ARONOWITZ: <i>The Future of the American Dream</i>	423
 <i>Glossary</i>	 435
<i>Suggested Readings</i>	439