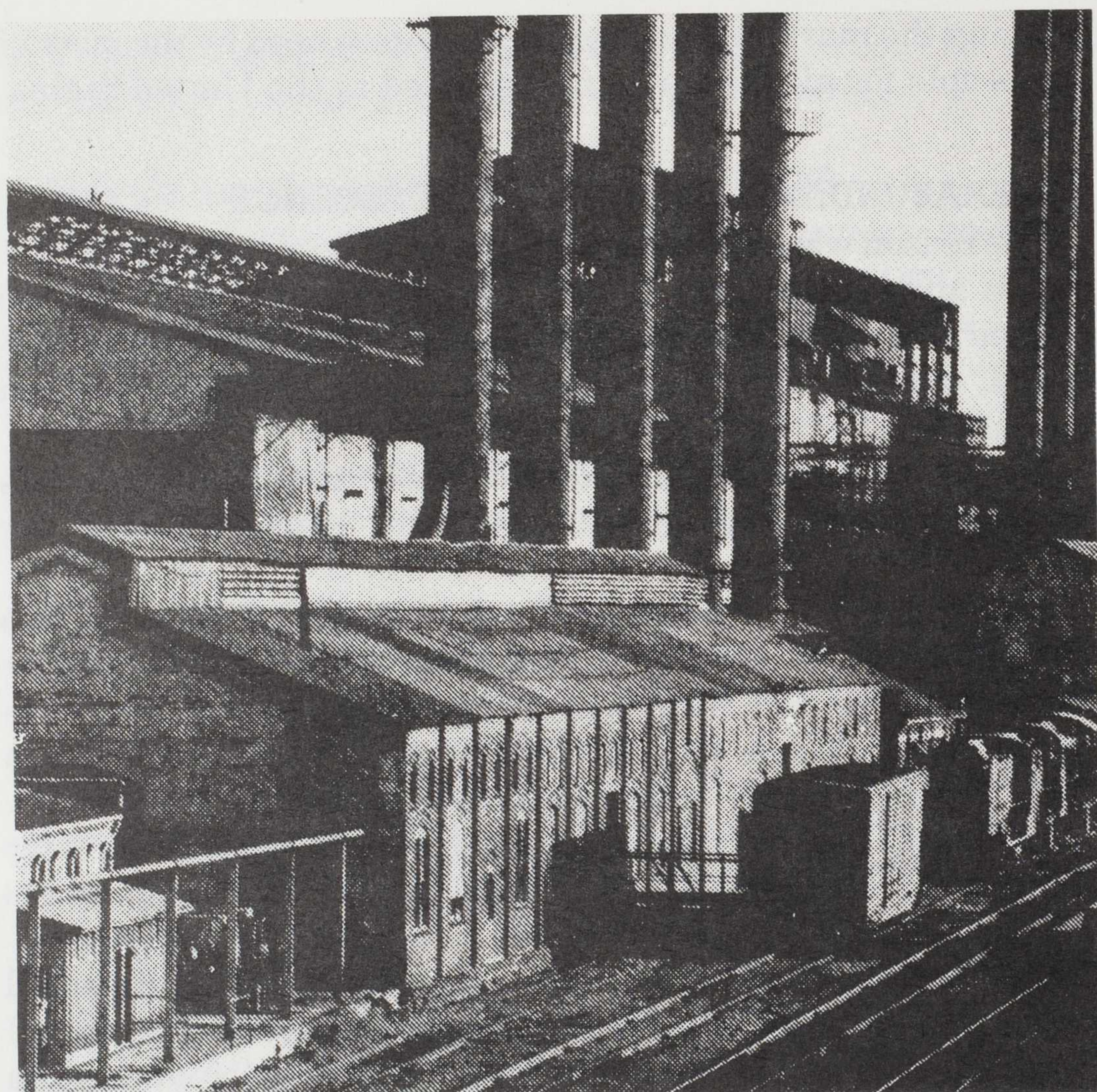




Above, an Alabama plant which still uses steam power. The obsolescence of U.S. industrial equipment is due in large measure to neglect by the industrial barons and manufacturing magnates. Much of the resources for research and development, as well as for capital investment, were diverted into military-industrial channels.

ownership of the means of production and the reconstruction of society on a socialist basis.

Their effort to confuse the capitalist cyclical crisis with their competitive crisis abroad leads them to focus completely on the retooling and modernizing of their entire industrial structure. They hope to do this by presenting such persuasive arguments as to lead the working class to accept their solution, which calls for the most devastating attack on the living standards of the masses and unprecedented unemployment.

Focusing in on the plight of the obsolescence of plants and

equipment in the industrial structure of the U.S. is one aim of this new ideological attack by the ruling class. The other aim, of course, is to reestablish U.S. military supremacy, which entails not only a further modernization of the military equipment of the U.S., including its most sophisticated weapons systems. It also entails a massive diversion of capital from the civilian to the military sector.

INDUSTRIAL NEGLECT FROM WARS ABROAD

The obsolescence of U.S. manufacturing and industrial equipment, which is not confined just to steel, auto, or shipbuilding, is due in large measure to the neglect by the industrial barons and manufacturing magnates in this country which began immediately after the Second World War.

The neglect arises from the fact that during the entire period from 1945 to the present day, the U.S. ruling class precipitated two major wars conducted by American finance capital in Korea and Viet Nam and dozens of counter-revolutionary military and paramilitary clandestine operations, which include the overthrow of governments in Chile, Guatemala, the Congo, Brazil, Argentina, and Indonesia, just to name a few.

During this period, the U.S. became a virtual garrison state. Much of the research and development as well as capital investments were diverted into military-industrial channels. Thus, some of the most highly industrialized plants and equipment centers in the U.S., where rapid development is most essential, became dependent on cost-plus, fixed-fee contracts. This, in turn, rather than stimulate innovation, new inventions, and general inventiveness, only retarded them.

STIFLES COMPETITION

There is usually no bidding in cost-plus, fixed-fee contracts between the government and a defense contractor. The cost is what the contractor estimates it to be. The fee for the services is the one that is agreed to by the government and the contractor.

Competition for prime defense contracts usually takes place in closed door sessions. Contracts are shared out between a small group of the most powerful defense corporations, most of which are intimately allied with the big banks. There are laws