



Aspects of the international situation and our tasks
..... draft amended by Organising Committee
The Economic Situation Kinnell

Notes:

a) A table on page 2 of the 'Economic Situation' document is difficult to read. It is as follows:

	1960-70	1970-80
W.Germany	5.4	2.1 (1970-9)
US	5.3	2.9
Japan	11.0	6.4
UK	3.3	0.1
Spain	n.a.	6.0
Mexico	9.0	5.9
Iran	12.0	n.a.
Brazil	n.a.	10.3
Algeria	7.8	11.4
Malaysia	n.a.	11.8
S.Korea	17.6	16.6
Turkey	10.9	6.1
Nigeria	9.1	12.0

b) By mistake two bulletins have both been numbered 22. One contains 'The Crisis of the FI and our tasks' and November 1982 NC minutes; the other contains Carolan on the LP and Parkinson/Fraser on women.

c) Several other articles have been submitted for the Internal Bulletin already, and will be got out as soon as possible.
Send material to the centre, typed A4 on Roneo stencils if possible.

ASPECTS OF THE INTERNATIONAL SITUATION AND OUR TASKS

(Draft presented by WSL Executive to TILC, Dec 1980)

The Political Situation

CENTRAL AMERICA

US imperialism today finds itself hard-pressed by the political aftermath of its Vietnam defeat; by increased inter-imperialist rivalry in a situation where its domination has been eroded; and by internal economic crisis.

In Central America, an area of central strategic importance, it now faces a spreading revolt by the people against the old system of rule by military-landlord oligarchies in alliance with US corporations. The failure of wavering tactics to save anything for the US in Iran and in Nicaragua has decided the Reagan administration to adopt a hard line in El Salvador, Guatemala and Honduras.

This battle has more than local significance. It is part of an attempt by the US to restore its world authority, and regain the associated economic advantages.

Yet the problems of staging a direct military intervention in El Salvador anything like the British Malvinas adventure is a daunting prospect for US strategists, who are faced not with barren islands but with a people in revolt, with the probability that any US invasion would trigger off an escalation of anti-imperialist struggle not only in Salvador but throughout Central America. In addition, the aftermath of the Vietnam war has seen a lingering mass domestic opposition to any further US military adventures which even Reagan and Carter's cold war campaigning have not reversed.

As a result, the US effort in Central America has been a combination of supplying cash, arms and 'advisors' to the dictators, together with covert CIA operations, jointly with former Somocista National Guard Forces, across the Honduran border into Nicaragua, with hopes of harassing and even toppling the Sandinistas.

It is a strategy that has run into substantial problems, with the military, political and economic weakness of the Salvadoran junta exposed to strengthened attacks from the guerrilla forces. The US offensive against Nicaragua, too, has so far failed to dent the popular support achieved by the Sandinistas, while driving them to seek economic and military backing from Cuba and the USSR.

Concerned at these developments the Mexican bourgeoisie, jointly with the European leadership of the Second International, have canvassed an alternative strategy designed to stabilise the region through a process of negotiation and class collaboration rather than the risky course of confrontation. Key to this is the reformist leadership of the Salvadoran opposition front, the FDR, which has offered unconditional talks with the imperialists and with the junta, and whose political programme is one limited to reforms within capitalism. Such a strategy threatens not the immediate physical liquidation of the fighting masses, but their political strangulation with the consolidation of petty bourgeois governments tied hand and foot to the imperialist banks and markets - and thus forced to restrict the democratic rights and economic conditions of the workers and peasants.

The Cuban bureaucracy now acts on practically all issues as an agent (with whatever reservations) of the Kremlin, without whose massive economic and military support it would be unable to sustain its present line of policy. The Cuban leadership, like its Moscow patrons, seeks not socialist revolution but diplomatic and military advantage - but under conditions where it faces a hostile and aggressive imperialist enemy just 50 miles from its own shores. In relation to Central America, therefore, behind the well-publicised "radical" and "revolutionary" rhetoric, the Cuban leadership has in practice pursued a course pretty similar to that of the Mexican bourgeoisie (whose leaders it warmly applauds). Repeated US

attempts by the CIA to "prove" massive military aid and arms supplies from Cuba to the Salvadoran guerrillas have failed to produce convincing evidence, while time and again reporters and guerrilla leaders themselves have pointed to the significant absence of Soviet weaponry and the fact that the FMLN are forced to buy their guns on the open market.

The different tone of Cuban and Soviet pronouncements on Central America (Brezhnev failed even to mention Salvador in his last major international summary at the CPSU Congress) reflects the different geographical and military pressures they are under, and the very different mood amongst the Cuban masses in relation to revolutionary struggles in their immediate vicinity. While Castro's objective of establishing a more favourable balance of forces in his "peaceful coexistence" with US imperialism means that he would favour the establishment of a cross-class, Sandinista-style regime in El Salvador, a decisive setback for the revolutionary struggles in Central America would be both a blow to Castro's political prestige and a weakening of the balance of forces upon which the Cuban regime itself depends. The level of judicious Cuban and Soviet support to Central American struggles and petty bourgeois leaderships is thus adjusted at each point to create the best conditions to secure their dependence upon Havana and Moscow in place of dependence upon the imperialists.

As Trotskyists we reject such a perspective, both for El Salvador and for the other countries of Central America. We have too many recent examples of "independent" petty bourgeois regimes which after an initial period of populist rhetoric and "leftist" gestures, embark upon repressive attacks upon the independent organisations of the working class as part of a new "peace" with imperialism. The masses of Nicaragua can only defend their revolutionary gains by fighting side by side with the workers and peasants of El Salvador, Guatemala and Honduras to defeat the puppet régimes of imperialism and establish a socialist united states of Central America. This means there must be open Sandinista support for the guerrilla struggle of the FMLN, and demands for arms and aid to that fight from Cuba, the USSR and the international working class. By their failure to advance such a perspective the Sandanistas show their limitations and confirm that a revolutionary proletarian leadership - a Trotskyist party - is needed in Nicaragua.

In El Salvador the armed struggle proceeds even while the petty bourgeois leaders of the FDR seek their accommodation with imperialism. The Salvadoran left, influenced by Stalinism, has pledged itself to a programmatic platform which sets aside socialism "in the short term", and lends itself to incorporation into a cross-class alliance which would firmly oppose socialist revolution. The necessity for a new leadership based upon the grasp of the need to carry through the struggle to the establishment of a revolutionary workers' and peasants' government can only be met by the development of a Trotskyist programme and party.

In Guatemala the repression from the bloody regime of Rios Montt has inflicted setbacks on the growing guerrilla movement and drawn warm applause from Reagan, while in Honduras the situation has not yet reached the point of armed conflict on a national scale. But in all the struggles of Central America the example of the cross class Sandinista front has been widely echoed - producing a new form of the crisis of revolutionary leadership.

In the cross-class front, beneath all the slogans of "unity" there is a constant and bitter struggle between on the one hand the bourgeois and petty bourgeois opposition and on the other the more radical petty bourgeois leaderships based upon the workers and peasants. But a full victory of the struggle - through a socialist revolution subsuming the development presupposes the break-up of the existing fronts and the winning of the workers, peasants and other oppressed forces from these fronts to proletarian leadership.

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The forces to construct such a proletarian vanguard are largely already organised in the left wings of the existing cross-class fronts. Trotskyists must take this reality into account in developing their tactics.

SOUTH AMERICA

Further south from Central America, the more advanced economics of Chile, Argentina and Brazil reflect a more developed level of proletarian struggle which forms the main challenges to the varied authoritarian regimes. The establishment of modern industrial plants and complexes during the later phase of the capitalist boom period has had the combined effect of plunging the economies of Latin America into crippling debt to the imperialist banks, establishing the multinationals in dominant positions in their manufacturing industry, and consolidating powerful and militant working class which now faces a new barrage of attacks driven on by the world-wide recession and the debts crisis.

In Chile, the Pinochet coup of 1973 successfully halted the radicalisation of the workers' movement. The dictatorship has since then been able to contain outbreaks of militant resistance by a systematic and sustained repression, similar brutal methods of police control have provided a period of stable repressive rule in Uruguay, though there are signs of emerging political opposition.

But in Argentina, despite massive arrests, the probable murder of some 25,000 "disappeared" political prisoners, and six years of military rule, the Videla coup of 1976 failed to procure a Pinochet-style defeat for the workers' movement. The continuously re-emerging strength of the Argentine unions, though shackled politically by their bourgeois Peronist leaders, has posed a major problem for the junta in implementing its economic plans. It was the upsurge of mass opposition - of General Strike proportions - against the Galtieri junta which drove the military rulers into the desperate diversion of the Malvinas war. But the catastrophic defeat they suffered in that war, the hollowness of the junta's "anti-imperialist" rhetoric and the inescapable contradictions of the country's huge burden of debt have left the revamped military regime with the unresolved problem of confronting a militant workers' movement whose most recent General Strike, 90% supported, left the army chiefs powerless.

While the generals have toyed publicly with the idea of drawing bourgeois politicians from the Peronist opposition into some sort of civilian government, or even some limited return to "democracy", the balance of power between the working class and the military is too precarious for any serious moves to relax repression and restore the trappings of democracy. Having allowed the Argentine workers a little leeway to organise and express their opposition to imperialism, the junta is now seeking the best means to clamp down again. Yet the generals are themselves deeply divided on the best course of action, united only in their fears of the consequences to themselves of any real restoration of democracy which could bring enquiries and retribution for the vast number of crimes committed under military rule.

The key to the development of the struggle against the Argentine dictatorship rests in exposing the populist pretensions of the Peronist politicians and trade union leaders, and the struggle for a workers' Party which will offer an independent road of struggle to the Argentine workers. As in the cross-class fronts of Central America, the various "democratic" blocs involving bourgeois parties opposed to the junta exist as blocs only insofar as their programme and perspective is consistent with that of the bourgeoisie. While socialists are the best and most consistent fighters for democratic rights,

we must combat any illusion that there is a peaceful democratic "stage" in the Argentine revolution: the struggle for democratic rights, the struggle against imperialist exploitation, the struggle for the basic economic demands of the working class all demand the ousting of the junta and the establishment of a revolutionary workers' government, based on the mass strength and independent organisations of the proletariat.

IN Brazil, the belated but rapid development of a workers' party with mass support has been the main feature of the country's first General Election since the military coup of 1964 which installed the dictatorship. The 18 years since then has seen a massive growth in industrialisation in Brazil and a near quadrupling of the industrial working class.

The Workers Party (PT) that has emerged under the leadership of metalworkers' leader Luis Inacio de Silva - "Lula" - reflects in its programme both the influence of left wing and centrist organisations and awareness of the need to put forward radical policies if the enthusiasm of the working class is to be mobilised.

The PT stood candidates at all levels, local and national, practically throughout Brazil - being one of only three parties to do so. It calls for the overthrow of the dictatorship: "In the struggle for a society where power will be exercised by the workers we defend right now full trade union and political freedom for the people". The PT proposes preparation for a general strike as the weapon to achieve these aims. Its economic programme includes a minimum wage with an inflation-protection clause; the shorter work week without loss of pay; land reform and cheap credit for the peasants; a free state health service; nationalisation under workers' control of the financial institutions; abolition of business secrecy; workers' control & free public education. The PT election platform also called for gay rights, for equal rights for the Black and Indian populations and equality for women. It pledges solidarity with workers and oppressed peoples world-wide, especially in Central America, Southern Africa, Palestine and Poland. And it promised that if the PT won power in any municipality or state it would set up popular assemblies, neighbourhood councils or workers' councils to take decisions. "Lula" rejected any idea of coalition administrations with bourgeois parties.

Both in its programme and in its history, the PT is something new not only in Brazil but in Latin America. It was founded in 1979, coming out of tremendous strike movements in the Sao Paulo industrial area. In a continent where nationalism and populism dominate much of the working class and where those sizable workers' parties that do exist are mostly Stalinist, the PT is a party which bases its politics clearly on the industrial working class and is anti-Stalinist. The contrast is sharp with the Brazilian Communist Party and most of the numerous Maoist groups - which have joined the bourgeois opposition party the PMDB.

Of course experience since the 1930s confirms that the readiness of the Stalinist parties of Latin America to join such reactionary alliances - or even, as in the case of Argentina, actively support the Videla dictatorship - is nothing new; nor is it now special to Brazil.

Indeed in Bolivia the insoluble crisis of the contending factions of the military government has led to a surprise hand-over of power to the "Popular Unity" coalition government, headed by Siles Zuazo, leader of the main bourgeois opposition party the MIR, which derailed the 1952 revolution. Included in this ramshackle body of capitalists, careerists, reformists and collaborators are two ministers from the Communist Party.

Siles has taken the réing of government at a point where the country's ruinous \$4 billion external debts can only be renegotiated in exchange for further attacks on the living standards of the powerful and combative Bolivian workers' movement. This attack, for which successive military regimes have lacked the will or cohesiveness to undertake, will be decorated by Siles with populist gestures towards "workers' control"; nevertheless the brief honeymoon period is already all but over, and it is only a matter of time before his ministers - with their Stalinist colleagues in tow - come into conflict with the COB union confederation.

Once again the economic and political reality of the Bolivian crisis underlines the fact that the achievement of genuine democratic rights and the satisfaction of the basic economic demands of the Bolivian workers and peasants are possible only through independent class action to establish a revolutionary workers and peasants government which will disband the armed forces which stand as an ever-present threat behind Siles and his "Popular Unity" regime.

SOUTHERN AFRICA

The near-total impotence of even the most left-talking petty bourgeois regimes to carry through policies which do not lead to attacks upon the working class has been vividly displayed in Zimbabwe. The Mugabe government elected on an 80% landslide vote in the teeth of an international press witch-hunt, was painted up as a "Marxist" regime, hell-bent upon sweeping socialist policies and the eradication of the old racist settler state.

Yet the reality facing Zimbabwe's workers and peasants has been the establishment of a new bosses' government which has simply taken over most aspects of the state machine and continued to utilise it in order to protect private property and contain mass struggle. Mugabe's government sends out Smith's police and uses anti-union laws left over from the Smith regime to combat strikers, and sends the army out to drive peasants off occupied farmland. Mugabe has done nothing to confront falling living standards, while unemployment rises and inflation runs at over 20%. His promise of land redistribution - central to his success in rallying the support of the rural poor - have not been carried out. Two years after his election only 6,500 families out of 200,000 had been settled on land bought from the capitalists.

Cap-in-hand to international bankers, Mugabe has maintained a firm face against his own militant supporters. He has disarmed the guerrillas constantly renewed the state of emergency brought in by Smith, and banned all meetings and demonstrations held without government permission.

As a diversion from his own failure to deliver on his promises, Mugabe has staged periodic and highly publicised attacks on his political opponents, including the fading figure of Ian Smith and, most conspicuously Mugabe's former ally Nkomo. But while Mugabe's warnings of the danger of right wing reaction are potentially well-founded, the reality is that the only defence against such moves, sponsored by the South African government, is the mobilisation of the working masses of Zimbabwe; and yet it is against these same workers and peasants that the repression has been applied.

The need for a fighting worker/peasant alliance, based on a programme of democratic, economic and transitional demands, and politically independent of Mugabe and his politics of class collaboration, is central to the struggle for socialism in Zimbabwe. The fight for such a perspective requires the building of a Trotskyist leadership.

While Mugabe remains under heavy pressure from the remnants of the racist regime and from the apartheid state in South Africa, the neighbouring petty bourgeois regimes of Angola and Mozambique face virtually constant military raids, partial occupation, and Pretoria-sponsored guerilla movements designed to install pliable pro-imperialist governments.

The MPLA regime in Angola and Machel's FRELINO government in Mozambique have proved as impotent as Mugabe in satisfying the needs of their working class and peasantry. They have attempted to balance between the pressures of South African and imperialist capital on the one hand and the demands of the masses and the economic and military support offered by the Kremlin and its fellow Stalinist bureaucracies on the other. But as long as these regimes fail to take the necessary bold steps to meet the needs of the peasantry, and mobilise their arms in hand to combat the invading reactionary forces, they will remain unstable victims of external aggression.

Yet neither the Angolan nor the Mozambique regimes, nor their Moscow patrons would countenance such a revolutionary answer to the reactionary offensive: that would destabilise the balance of forces throughout Southern Africa and possibly throughout the continent. For this reason these regimes fail to take the necessary bold steps to meet the needs of the peasantry, and mobilise their arms in hand to combat the invading reactionary forces.

An additional reason for the South African operations in Angola is the refuge it provides for the SWAPO guerrillas fighting for the liberation of Namibia against a 100,000-strong South African army of occupation. This struggle for political independence of the "fifth province of South Africa" has drawn the attention of the "Gang of Five" imperialist powers, four of which are eager to see a negotiated settlement which would open up the "legal" exploitation of Namibia's strategically important mineral reserves. But the stubborn stance of the South African government, in effect refusing seriously to discuss the issue without a prior withdrawal of Cuban troops from Angola, has drawn a guarded welcome and endorsement from the Reagan administration. Additional support to the South African stance has come in more subtle form from France and from Portugal, the old colonial rulers, whose governments have both offered to supply troops for a so-called "peace-keeping" force to replace the withdrawn Cuban forces - which currently buttress the Angolan regime against the South African offensive.

But at present - much though all of the petty bourgeois "front line" regimes and even the leaders of SWAPO itself would like to see a negotiated settlement offer them a basis for peaceful coexistence with imperialism and the apartheid rulers - there is no prospect for a diplomatic solution in Namibia. The UN negotiating team is being disbanded.

Yet the strain of sustaining the vast military effort in Namibia and the offensive raids into neighbouring states is one of the factors shaping the struggle in South Africa itself. The economy, though not exactly in phase with the world economy as a whole, has also begun to run aground as part of the world capitalist recession. Unemployment has risen to an estimated 3.3 million (32%), wage increases lag way behind 13-15% inflation, and now short-time and layoffs in the motor industry and other basic industries are working their way through hundreds of smaller supply and other firms. Hit by the slump and by the fall in the price of gold, the South African economy as a whole has run into deficit, and been forced to seek an IMF loan of \$1 billion.

It is under these same conditions that the dramatic struggle for black trade unions and the economic demands of the black working class continue to confront the power of the capitalist class and its apartheid state machine. Since the Soweto uprising of 1976 and in particular since 1978-9 strikes and struggles for the building and defence of union organisation have emerged and grown in almost every section of the black working class - now penetrating even to the agricultural sector.

The reason from the state has been a combination of partial concessions to stem the most powerful movements, and brute repression - arrest and torture of union leaders, victimisations, mass sackings, police harassment and violence against strikers and militants. Yet none of these tactics has served to defeat or halt the drive for unionisation and the economic demands of the working class. Indeed the sheer scale of the repression, and the inability of the apartheid state to offer serious reforms or stable rights to organise to the black trade unions has hampered the development of an established bureaucratic layer in the leadership of the black proletariat capable of consistently containing the strength of the rank and file.

Though banks, monopolies and imperialist governments outside South Africa almost unanimously profess their moral opposition to apartheid, they recognise that in comparison to the development of a mass, organised proletariat capable of waging struggles for its basic rights and living standards, apartheid is without doubt the "lesser evil".

What is posed is the perspective of permanent revolution in Southern Africa, indeed in all sub-Saharan Africa. The immediate struggles are against the most brutal institutionalised racial oppression, for the most elementary democratic rights of trade unionists and the development of a politically independent labour movement, for a living wage, for decent housing, and for the most elementary democratic rights; for the national liberation of Namibia and for the defence of Mozambique and Angola against South African invasions. Yet the force that can lead those struggles in a strong and increasingly well-organised black proletariat. This proletariat can fuse the democratic revolution against the apartheid state with the socialist revolution, and both with the liberation of the masses of black Africa.

The countries of sub-Saharan Africa, excepting Zimbabwe and partly Nigeria, are among the poorest and least developed of the world. Balkanised by the legacies of colonialism, their people live in often increasing poverty, prey to post-colonial bureaucratic states run by bourgeois demagogues. The black workers' revolution in South Africa can and should begin the social reconstruction of the whole continent, realising the ideal of pan-Africanism on a socialist basis.

One of the most dangerous obstacles to this is the Kremlin bureaucracy which in recent years has built up strong diplomatic relations with many African governments, and its local political reflections, notably the ANC. Clear opposition is necessary to the Stalinist "two-stage" politics and guerrillaist diversions peddled by the leadership of the ANC and permeating SACTU and many of the solidarity organisations internationally.

The guerillaism of the ANC, much vaunted by it as a token of revolutionary militancy, actually reflects its determination to direct the struggle away from independent working class politics. The armed defence of workers' struggles, the development for this purpose of armed workers' detachments capable of conducting a civil war and mobilising the unemployed and the agricultural workers, must arise out of the mobilisation of the working class itself. Armed

struggle - however heroic the comrades who train and undertake armed exploits - cannot substitute in South Africa for mass strike action and the mobilisation of the masses of the black communities and townships.

In our solidarity work we have a responsibility to direct the attention of South African militants not towards illusory hopes that "progressive" capitalists will pressurise Pretoria into reforms, but on the struggle for international action by the working class, through trade union trade boycotts, sympathy strikes, the opening of the books of banks and multinationals to expose their exploitation of the black workers of South Africa, and the building of direct links between rank and file trade unionists and their counterparts in South Africa.

MIDDLE EAST

Upon the mangled bodies and shattered ruins created by Israel's invasion of Lebanon, the Reagan administration is attempting with barely disguised satisfaction to construct a new, reactionary "peace" in the Middle East at the expense of the Palestinian and Arab masses. The US warmongers believe that the heavy military defeats inflicted by the Israelis upon the PLO, the Lebanese left militias and the Syrian forces inside the Lebanon now create favourable conditions to force humiliating concessions from the conservative leaders of the Arab regimes and thus the PLO.

With brazen arrogance, one State Department official has summed up the administration's attitude to the new balance of forces in the Middle East: "We believe that the time has come to stop talking about talking about peace, and start sitting down at the table, directly negotiating between Israelis and Arabs and the United States." (Newsweek 1.11.82)

It is clear from the outset that each of these three components of Reagan's proposed peace talks have different immediate objectives and material interests - and that in the present phase of developments the most decisive of the three is the USA.

It was hand in glove with US strategists that Israel's Zionist rulers embarked upon their bloody invasion of Lebanon with the combined objective of inflicting a blow on the PLO, smashing its armed alliance with the Lebanese left, and thus opening the way to a stable right wing regime and the reconstruction of the armed forces in Lebanon.

Reagan's men are delighted at the way Amin Gemayel has turned towards the USA and at his skilfully judged displays of apparent independence from Israel, which are designed to endear him to Arab rulers and secure their financial and political support. But even his displays of "independence" fit in neatly with the US objective of restoring a strong state apparatus in Lebanon. Gemayel has called for the withdrawal of Israel as well as Syrian and PLO troops from Lebanon - but has combined this with an appeal for a long-term presence of a vast multi-national "peace-keeping" force of upwards of 30,000 troops. His visit to Washington brought detailed discussion on a rapid build-up of American arms supplies, and a possible expansion of its present 1,800-strong US contingent in the multi-national force in Beirut. The idea of a large-scale build-up would be to enable this force to carry out operations elsewhere in Lebanon. Already in Beirut French troops have assisted the Lebanese army in massive raids and arrests on Palestinians and Lebanese left-wingers - while of course mounting no attack on the Phalangist right wing.

This is the kind of "peace" that Gemayel and his US sponsors want to see in Lebanon. And to get it, they are prepared to talk of US and other troops remaining stationed in the country for two years or more. There is no contradiction between such plans and also discussing formulae for withdrawal of Israeli, Syrian and PLO forces from Lebanon. The Zionists themselves have put forward a 3-point plan which begins with the evacuation of the 8,000 PLO guerillas still in the country (including many evacuated from Beirut who have reentered in the North or through the Bekaa's valley) and envisages a two-step withdrawal of Syrian and Israeli forces. In exchange the Israelis want a guarantee of security of the border with Israel and permanent exclusion of Syrian troops and PLO guerillas from Lebanon.

But this same immediate objective is also tacitly supported by the right wing Arab regimes, who saw the powerful fighting alliance between the PLO and the Lebanese left as a greater threat to their political stability than the Phalangist right wing.

The wealthy Saudi and Kuwaiti and other Arab League regimes financially sponsored the 30,000 strong Syrian presence as a move to control this situation in Lebanon. They can now be expected, if the imperialists and Zionists play their cards sensibly, to channel hefty sums into the begging bowl held out by Gemayel for the reconstruction of the Lebanese army to do the same job.

Yet despite this strong likelihood that they will fully co-operate with imperialist plans for Lebanon, and despite their obvious efforts to contain the Palestinian struggle, Arab leaders who might have expected a friendly reception for their latest "peace plan" from Ronald Reagan in Washington and Thatcher in Britain have trailed back with their olive branch in tatters.

Reagan has reportedly followed up the military and political defeats inflicted during the Israeli invasion of Lebanon by posing a new, stern ultimatum to the Arab rulers. Either they must hand over negotiating rights for the Palestinians to King Hussein of Jordan, or face the prospect of Israeli annexation of the West Bank and Gaza strip. As if to underline this threat, Reagan's administration ostentatiously issued a complaint at the most recent Zionist settlements on the West Bank - effectively warning that the savage Israeli state machine could at any moment lurch out of Washington's control.

With this as a lever, Reagan is attempting to force the conservative Arab rulers - and through them the PLO - into de facto recognition of the state of Israel. King Hussein himself has publicly urged the PLO to recognise the Zionist state. But to begin any negotiations from such a standpoint is effectively to renounce the demands for the right of Palestinians to return to their homeland, & for a democratic secular state of Palestine with equal rights for both Arab and Jew - both of which require the destruction of the viciously discriminatory state of Israel as it exists.

There is every indication that many arab bourgeois leaders would themselves be more than ready to contemplate such a sell-out - were they not fearful of the hostility of the working class and peasantry of their own countries. The defeat inflicted upon the PLO in Lebanon, however, has now weakened their political influence and thrown the Arafat leadership more into the arms of their wealthy Saudi sponsors. It is this opportunity to force home crucial concessions which Reagan has been so obviously eager to seize.

In each of these aspects of the wheeling and dealing of Middle East politics, the chief victims are the oppressed and exploited, the working class and peasantry of the Arab states and the dispossessed Palestinian people. Only the struggle for the revolutionary socialist overthrow of the Arab regimes and the destruction of the apparatus of the Zionist state can open the door for the establishment of

democratic rights, peace and decent living standards for the peoples of the Middle East.

The Zionist state was established by dispossessing the Palestinian Arabs. Its establishment and continued existence have only been possible with imperialist support - a support given because Israel is the watchdog of imperialism in the Middle East, the servant of its interests, in particular those of the dominant imperialism, the United States.

Although this support gives rise on occasion to complications for imperialism in its attempts to relate to the Arab bourgeoisies and feudal-bourgeois regimes, Israel remains the primary military instrument for maintaining imperialist order and imperialist interests in the Middle East. Imperialism's reliance upon Israel is qualitatively different from its reliance on other agencies.

Having expelled the Palestinians, and being a weapon against any Arab initiatives opposed to the interests of imperialism, the Zionist state is compelled to try to impose its will over, and sometimes to occupy, over wider surrounding territories either for its own security or to do the bidding of imperialism. The Palestinian people are the direct victims of the Zionist settlement. We are for the destruction of the Zionist state and unconditionally in support of the struggle of the oppressed nation, the Palestinians, against the oppressor, Israel.

We are in favour of the destruction of the Zionist state and the creation in its place of a democratic and secular state in all of Palestine, that is a unified state respecting the right of all of those who presently live there to live side-by-side with the returning Palestinians as citizens. But while the PLO leadership - because of its own class interests and because of pressure from Arab regimes and the Soviet Union - struggles in reality for a bourgeois state, and develops consequent strategic and tactical positions, we affirm that the destruction of the Zionist state will necessarily be the task of the oppressed masses under the leadership of the working class, and is practically inconceivable without the Arab working class having established its class rule in at least a substantial part of the Arab East, and without the detachment from Zionism of a section of the Israeli Jewish working class.

We advocate and would fight for the maximum cultural and communal rights for Jews within such a state that are compatible with its existence, and oppose any bi-national or confessional arrangement opposed to the wishes of the Palestinian people. For us, therefore, the "democratic secular state" can be none other than a socialist state, a part of the soviet-socialist federative state of the Arab East. The establishment of a Palestinian sovereign state on the West Bank or West Bank and Gaza strip would not constitute a just solution to the Palestinian question. There can be no just solution without the right of the Palestinian people to return to all of pre-partition Palestine as citizens.

The fact that a section of the PLO leadership has for some time been pressing for such a state, and the fact that this leadership would - in return for the establishment of such a state - guarantee the borders of Israel (if necessary by militarily suppressing those wanting to continue the struggle against the Zionist settlement) does not change the fact that the Palestinian nation has a right to return to all of Palestine; nor does it legitimate the existence of a Jewish state based on the expropriation of the Arab lands. Clearly, any arrangement by which a caricature of "self-determination" were offered that falls far short of even this Palestinian state on a reduced territory, would constitute only another means for perpetuating the denial of Palestinian national rights.

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No such agreement resulting from the murderous attacks of Zionism or any other forces can be considered to have the slightest legitimacy.

IRAN

When Iran was invaded in September 1980, Saddam Hussein had planned for a quick victory which would secure a place for Iraq as the strong state of the Gulf. Against all expectations the war has dragged out, and brought a dramatic turnabout in Iran's fortunes. Instead of the toppling of Khomeini, what has been demonstrated is the extent to which the Iranian regime has consolidated itself and its repressive apparatus over the recent period. The army, which at the outset of the war was a fragmented force reflecting the different elements within the political scene, has been systematically purged, and a new leadership loyal to Khomeini has emerged. Rivalry and mistrust which existed previously between the army and the pasdarans (revolutionary guards) has been overcome - many of the new breed of army officers are drawn from a similar background to that of the Pasdarans. A bloody purge of the opposition through arrests, torture and executions has succeeded for the time being in driving the organisations underground. A major opposition force the Mujahedin e Khalq estimate that 10,000 people have been executed. Severe blows have been suffered by all left organisations. And even the Tudeh Party and the Fedayeen Majority who, with slavish adherence to the regime (in the name of "anti-imperialist" struggle) condoned the attack on the opposition, are now themselves the victims of this attack. Where Iran lacks military hardware, it has compensated by the regime's cold blooded ability to sacrifice huge numbers of the population for the "cause of Islam". Families have willingly handed over their sons to be trained by the local mullahs to die for the faith. To date well over 60,000 people have been killed in the war with as many wounded. Tributes to these martyrs of Islam adorn the walls and streets of Tehran and other cities. The more conservative elements in the government around President Khomeini are now less concerned with Saddam's downfall than to ensure that the devastating effects of the war do not spark off mass discontent. In addition a hasty attempt to rebuild the economy is being made. Food and raw materials are badly needed. Factories have been running at only 30% of capacity. Whatever the outcome of the war the people of Iran and Iraq will have paid a heavy price for it. A defeat for Iraq will be a severe blow to Saddam and could open up the way for a struggle to remove him. A victory for Iran will further strengthen the regime, at least temporarily. For the Iranian left it may seem that they have been thrust back into the same position as they were under the Shah. But the grievances of the working class, the peasantry, of the national minorities and of women can no more be answered by this regime than they could by the Shah's. The mass discontent which brought down the Shah will yet remove this regime. Forced back to a clandestine situation it is vital that the left take stock of their struggle over the last three years. The sham anti-imperialism which for so long fooled the present opposition into continued support for Khomeini has in practice been exposed many times over. The sale of oil to the US through an intermediary in Switzerland is just one more example. For the Iranian working class the next period will be a test of their ability to forge a path independent of the Islamic regime.

TURKEY

Over two years after the coup which put the Evren junta in power and instituted intensified state repression of the left wing and trade union movement Turkey is if anything more tightly in the grip of military dictatorship.

The spurious laurels of "democracy", stolen by the junta as a result of the recent referendum, were based partly on ballot-rigging, partly upon the prostration of the main political parties (the Justice Party switched to recommend a last-minute "yes" vote so as not to be isolated!), but chiefly upon the near-total suppression of any political campaign against the proposals put forward by Evren.

To campaign seriously for a "no" vote was to invite the full brunt of repression, under conditions where even the tamest bourgeois advocates of pacifist politics and democratic rights have suffered arrests and face serious charges. Show trials are still proceeding against the leadership of the outlawed DISK trade union confederation, and against Kurdish leaders and left wing activists; tens of thousands of political prisoners still languish in Turkish jails. Now under the draconian provisions of the "Constitution" steamrollered through by Evren's referendum, all political parties and their leaders remain banned from activity for ten years, while Evren himself takes on almost unlimited powers as President for 7 years.

Behind this wafer-thin facade of "democracy", the junta has continued to show increasing leniency to extreme right wing and fascist forces, while the main fire is directed towards the crushing of the Turkish workers' resistance to the brutal economic policies designed to bail out the crisis-ridden bourgeoisie. The bankruptcy in the Summer of Turkey's leading brokerage house, with a deficit of \$1 billion, has dealt a heavy blow to the junta's monetarist strategy and to its prestige in the middle classes - the bulk of whom lost savings as a result of the collapse. The devaluation of the currency by over 200% has failed to do much more than raise inflation to 50-60% while chronic poverty and unemployment are the daily reality for the Turkish masses.

Yet without a political leadership capable of breaking decisively with the bourgeois liberal RPP of Bulent Ecevit and offering a clear programme of struggle on which to mobilise the working class and give a lead to the peasantry, the potentially powerful Turkish proletariat continues to suffer blows and defeats.

Addition to "The international situation & our tasks" (prop. Levy)

Turkey:

Insert as first para:

In many respects Turkey represents for NATO and the EEC what Poland is for the Warsaw Pact and Comecon - examples of the worst effects of the economic and social crisis and the lengths to which both imperialism and stalinism will go to secure their strategic positions.

Insert after 3rd para;

A feature of the repression over the last period has been a marked social broadening of the regime's attacks. In particular the last year has seen the arrest of the leadership of the Turkish Peace Association along with large numbers of writers and intellectuals. Reaction to these moves, together with the junta's continued use of systematic torture of prisoners, has been mounting criticism about human rights within European capitalist states and strained relations, in some cases leading to a freeze on credits badly needed by the regime.

(addition, cont.)

The plebiscite result has been fraudulently used by the dictatorship as representing a step towards its post-coup pledge to "return to democracy" and justify the restoration of these relations. It will also lead inevitably to a stepping-up of the harassment of exiles involved in anti-junta activities.

Unlike the previous military take-overs in 1960 and 1971, the conditions this time ruled out the possibility of anything other than a long-term, structural strategy for the military rulers. The junta's delay over the trial of the DISK leaders, already a year old, reflects this and a cautious and deliberate approach that is the other side of their summary violence.

(addition end)

CENTRAL AND SOUTHERN ASIA

With the repressive Zia dictatorship in Pakistan buttressed with lavish US military aid, and the authoritarian right wing Jayawardene government in Sri Lanka (now seeking a referendum vote to prolong its rule and policies until 1983) the multi-millions of the Indian sub-continent face further attacks upon their rights and their already pitiful living standards.

Less than six years after the end of Indira Gandhi's dictatorial "Emergency Rule" the Indian ruling class is once again attempting to smash the organisations of the working class and make them pay for the chronic economic crisis.

The Congress (I) government of Indira Gandhi, faced with a \$25 billion national debt, has negotiated a massive loan from the IMF. To satisfy its international financial backers that it means business, the Congress (I) government has introduced draconian anti-labour legislation.

Whilst the Indian bourgeoisie has had powers to delay and stop certain strike actions ever since independence (with the 1947 Industrial Disputes Act) the new measures greatly increase the powers of the ruling class at both state and national levels.

The National Security Ordinance passed on September 23, 1980 after Gandhi's return to power allows the state to arrest people without specific charges and imprison them without trial for a period of up to one year. Even these powers were increased by the Essential Services Maintenance Act passed at the end of 1981. This made any strikes in the vaguely defined "essential services" illegal; and threatened any workers taking industrial action with suspension, dismissal and arrest. The Act also gave the government more powers to persecute national minorities and low caste "Harijans". To further increase the arsenal of the ruling class following the failure of its "anti-inflationary" economic package, new anti-labour "Black Bills" have been introduced such as the Industrial Disputes (Amendments Bill). And over and above the anti-union legislation the ruling class has introduced legislation denying the right to criticise the government.

But resistance to the ruling class offensive has been strong in numbers if weak in political leadership. Remembering that the Janata government of 1977-80 was forced to abandon its anti-labour Industrial Relations Bill by mass working class resistance, Indian workers have shown their defiance of the new Congress (I) regime's measures too. Millions of workers all over India took part in the one-day General Strike held on January 18 1982. The Congress regime responded by arresting 25,000 of the strikers and killing 12 others. The General Strike started the heroic Bombay textile workers strike. 250,000 of them struck for wage increases, rights for temporary workers, recognition of the union of their choice and against local anti-union legislation.

However the militancy of the workers has been undermined by the bankrupt leadership of the Indian labour movement;

The Stalinist Communist Party of India, with its squalid record of support for Gandhi and the Congress Party leadership today offers no lead to the strikers - but seeks only negotiations. The rival Stalinist party, the CPI(M), which supported the bourgeois Janata coalition against Gandhi, is equally bereft of policies to meet the needs of the Indian proletariat.

A revolutionary proletarian leadership and a programme including a series of democratic demands addressing the problems of women, national minorities and the most downtrodden and oppressed in Indian society, are needed to unite the diverse sections of the working class and peasantry in the struggle against Gandhi's regime and the system of capitalism and imperialist exploitation which it defends. In Pakistan, under conditions of increasingly stern repression from Zia, the task is to build the basis for a political break from the various parties and factions of the bourgeoisie, and from Stalinism of both the Moscow and Peking varieties.

The long history of army rule, interspersed with the populist opportunism of Zulfikar Ali Bhutto's Pakistan People's Party, has restricted the ability of the Pakistani proletariat to establish mass organisations through which to struggle for its independent needs.

Bhutto spearheaded a nationalistic opposition to the Ayub Khan regime, drawing in the support of the urban masses with demands for an end to military rule and promises to restore civil liberties and democracy.

Against the extremists of the Islamic right wing, Bhutto counterposed his own scheme for "Islamic socialism" in Pakistan, promising nationalisations and land reform. But he also urged the feudal landlord to join his party. The promises of land reform were abandoned and the PPP, which rose to power in opposition to military rule on a wave of massive urban unrest and working class militancy became the party of big landowners and rich peasants, invoking army repression to contain the struggles of the workers.

Thus it was Bhutto who first opened the door to the vicious Islamic laws since implemented by General Zia in his attempts to build strengthened support amongst the extreme right wing. And it was Bhutto's repression of the labour movement, with the mass arrests of political opponents, which laid the basis for Zia's subsequent authoritarian rule.

Only the building of a party of the urban and agricultural proletariat making its appeal for joint action with the peasantry on the basis of a programme on anti-feudal and anti-capitalist demands, can the militant Pakistani proletariat break from this situation. There is no existing mass formation offering a ready-made arena for political activity. The building of political independence means the building of a proletarian organisation under extremely harsh conditions.

Demands, including the revolutionary expropriation of the landlords, cheap credit and guaranteed markets to the poor peasantry, along with the national rights of the oppressed Baluchi, Punjabi and other minorities in Pakistan and for the release of political prisoners must play a vital role in the development of a programme of revolutionary action for the proletariat and poor peasantry of Pakistan.

CAPITALIST EUROPE

In the struggle against the imperialist governments of capitalist Europe, the working class finds itself confronted both with the stern face of monetarist reaction (above all in Britain, but also emerging in new right wing governments in Germany and Denmark) and by a renewed lease of life for the bankrupt politics of social democracy in countries - France, Spain, Greece - where it has not been discredited.

ted in government for many years or decades.

The election of the Mitterrand government in France set the keynote for this resurgence of social democracy, which has also seen the ousting of a monetarist government and restoration of social democratic rule in Sweden.

Despite three years of bitter bickering between the main workers' parties - the Socialist and Communists - and despite a deep and sharp divide between the trade union bureaucracies, French workers overwhelmingly expressed their confidence in a Socialist government elected on a bold programme: nationalisation of major monopolies and banks, reflation of the economy, injection of vast resources into social services, etc.

A year later, wracked by an ever-deepening economic crisis, the Mitterrand and Mauroy government has put its election manifesto in abeyance and has undertaken to resolve the crisis with capitalist measures which smack of Thatcherism. "Austerity", "rigour" and "sacrifice" have become the keywords of every government speech and statement.

The CP, the Socialists' senior partner in the government, quietly approves this new turn. Mitterrand's economic strategy started from a two-pronged objective: to reflate the economy and to satisfy the basic economic demands of the workers. But the appointment of bourgeois ministers such as Gaullist Michel Jobert signalled that the government would not implement even its own programme.

The legal minimum wage was increased by a mere 10% - far short of the 30% demanded by the unions to compensate for the fall in living standards. Plans for the nationalisation of major monopolies looked quite impressive on paper; the public sector was set to include 50% of all industrial investments, a quarter of the French industrial workforce and 80% of the output of all the monopolies. That proved too much for the bosses, and Mitterrand soon buckled under the pressures and screams from the bourgeoisie. Some firms due for nationalisation were abandoned to the private sector; 3 million shareholders were generously compensated; managements were retained or selected in line with the bosses' organisation the CNPF.

With the capitalist structures left largely intact, there has been little hope of achieving Mitterrand's election pledges. Unemployment has passed the 2 million mark, while government schemes have so far created 17,000 jobs - far short of the 150,000 per year, at a cost of 28 billion francs.

The massive and steady increase in unemployment has taken its toll of social security funds. UNEDIC, the biggest unemployment benefit fund has run deep into deficit. Measures to stabilise or reduce this deficit are typical of attacks on claimants in Britain and elsewhere - reduction of payments, crackdown on "scroungers", etc.

The reduction of the working week to 39 hours took place amid massive industrial unrest and was forced through in many cases by strike action: but it has hardly dented unemployment, and Mauroy says that the legal reduction of the working week to 35 hours will be considered only in 1984!

Faced with a budget deficit of 80 billion francs, the Mitterrand government has taken a number of desperate measures including a substantial devaluation of the franc, and a cosmetic price freeze linked to a four-month freeze on wages and salaries.

And on the question of the reactionary state institutions inherited from the Gaullist Fifth Republic, Mitterrand has made only the most token gestures. He has dissolved the State Security Court and the Armed Forces Permanent Tribunal: but the police hierarchy has been left undisturbed - with its 1982 budget increased by 19.7% to cover the recruitment of 14,000 extra police and the purchase of new repressive equipment.

The record of class collaboration and retreat from initially promised reforms is a miserable repetition of the experiences of the British labour movement with Labour governments since 1964. Yet Mitterrand's is the first Socialist Party government in France since the 1950s; and similarly "reborn" Socialist Parties have now taken the governmental stage in Spain and Greece with equally dismal prospects of fulfilling even their own extremely limited election pledges. To a large extent the resurgence or recent emergence of support to these bankrupt reformist organisations must be attributed to the failure of revolutionary organisations to make substantial inroads into the working class of Europe and combat spontaneous reformist consciousness. Another factor however is the waning mass support to the Stalinist parties, particularly in France and Spain, as workers seek an avenue to express their demands. The history and class composition of the social democratic parties vary enormously: Spain's PSOE was miniscule only a few years ago; Portugal's SP emerged from complete obscurity in a rapid development after the fall of fascist rule; in France Mitterrand's SP received a miserable 4% of the vote in the 1969 Presidential election; in Greece, PASOK is very different from almost all other social democratic formations - and has no history either as a mass party or even as a part of the workers' movement, drawing a vital part of its support from sections of the bourgeoisie. In each case, however, the hostility of the working class to the existing government has been channelled successfully by the bourgeois leaders of the reformist parties. And only as and when practical experience of the necessity and possibility of breaking from such leaderships is coupled with the construction of a clear political alternative will substantial sections of workers move beyond the present level of development.

The current British Labour Party crisis shows that the most advanced sections of the workers' movement can respond to the betrayals of social democracy by seeking to establish the accountability of their leadership to the movement and policies which will challenge rather than reinforce capitalism. Yet the right wing leaders remain doggedly committed to the same politics that have previously slashed workers' living standards and brought electoral catastrophe, while the mainstream "left" remains bogged down in the quick sand of Parliamentarism, electoralism and nationalism. Thus the economic strategy now advocated by the British Labour leadership embodies all of the most disastrous aspects of the Wilson/Callaghan and the Mitterrand experiences, discarding even the pretence of a socialist approach. Under the impact of the economic crisis, in which the whole pressure of the capitalist class is towards intensified austerity in place of even limited reforms, the social democrats and the mass CPs are forced to choose between reforms, the social democrats and the mass CPs are forced to choose between a radical break from their established politics and a turn to the mass of the labour movement or a turn to the right in line with the demands of the ruling class. In the case of the main leaders, there is no doubt on the outcome of that choice.

But as with the British Labour governments, such a rightward turn by the leaders by no means signifies automatic acceptance of such policies by rank and file workers. Struggles have already challenged Mitterrand's foot-dragging over the shorter working week and his attempts to hold down wages. Further such confrontations can be expected both against Mitterrand and his "comrades" of the Second International in government elsewhere.

The task for Trotskyists therefore remains one of organising and mobilising within the mass movement of the working class - the trade unions and to fight for our programme of transitional and democratic demands, and fight to expose the existing leaderships in the course of the fight to build an alternative. Indeed even in West Germany, where a prolonged period of SPD rule has drawn to a chaotic close with the Kohl government taking over amid rising unemployment and economic crisis, it is plain that at least the initial struggles towards a political alternative for the workers will be fought out in and around the SPD itself. It is vital that in offering an alternative programme and perspective for the struggle, Trotskyists do not prematurely or artificially turn their backs upon existing mass organisations of the working class, which retains its conservative attachments even to old discredited formations until experience confirms the need for a break.

BRITAIN

In Britain the present crisis of social democracy is particularly acute. Already the most overtly pro-capitalist and anti-union segment of the Labour Party has split off to form the SDP and an alliance with the Liberals. But with the remainder of the Labour Party civil war continues. The witch-hunting right wing of the trade union bureaucracy has joined with parliamentary and local government careerists and those reactionaries who saw their best chance as a purge of the existing Labour Party, to form an unholy alliance aimed initially against the revolutionary left but in essence against any consistent fighters for Labour democracy. The background to this crisis is the acute economic crisis facing British capitalism - exacerbated by the problems arising from 3½ years of Thatcher government. The plight of the economy is such that none of the traditional reformist remedies carries the slightest credibility as a solution to soaring unemployment and a record-breaking slump which has permanently closed large sections of manufacturing industry.

Thatcher's government with its single-minded course of self-proclaimed "counter-revolution" has proved an international pace-setter for the capitalist class, proceeding resolutely to implement a monetarist strategy for the restoration of profitability to surviving sectors of industry by waging an all-out war on jobs, wages and working conditions, the public services and the nationalised industries. Every item of the Tory programme has been geared to these objectives from its initial tax handouts to the rich and pay rises to the police through its wholesale axing of jobs in steel, BL and other major nationalised industries, to the "hiving off" of vastly profitable state-owned corporations covering oil, telecommunications and aviation.

Alongside the daily war of attrition on jobs has run the Tory attacks on the basic organisation of the working class - the trade union movement. The Prior Act and now the Tebbit Act have established a new framework of legislation which turns back the clock of trade union rights to those prevailing at the turn of the century. Whether or not the full provisions of such legislation are implemented in practice at any given moment remains still course a matter of tactical judgement on the readiness of the working class to resist - as the Summer confrontation over solidarity strike action alongside the health workers demonstrated. But the employers now have in their hands a formidable array of anti-union laws which is the more potent for the fact that it rests upon a prostrate and reactionary TUC leadership that has done nothing at all to resist the legislation - but everything in its power to prevent the working class confrontation

with the Thatcher government. Now Tebbit is debating the next steps in tightening the legal straitjacket around the unions - probably including moves to change the trade union political levy to contracting in.

The impact of this attack upon the working class as a whole has been traumatic. Record levels of chronic mass unemployment combined with repeated blatant betrayals by the TUC leaders have increasingly had the desired impact of demoralising and weakening the resistance on wages and speed-up, while those few struggles that have challenged the slaughter of jobs in the public or private sectors have, with the sole exception of the miners and the Liverpool dockers in 1981, been deliberately isolated and sold out by the union leaders.

With over 4 million now out of work, the brunt of misery and poverty falls upon the most oppressed layers of society - upon black people, women and youth. Women have suffered the double blow of the axing of public services: not only is it predominantly female jobs - whether full or part-time - which have been scrapped, but it is women in the home who have been forced to work harder to make up for the closure of public services for the care of children, the old and the sick. Women workers have been in the vanguard both of industrial resistance to the Tory offensive and the political struggle to transform the politics and structure of the Labour Party.

On an international level, Thatcher's commitment to the politics of Cold War and the reinforcement of imperialist control has provided a valuable European ally to the aggressive stance of first Carter and now Reagan. The Malvinas war, though in many respects an exception to the main lines of political development, proved once again that British imperialism has teeth and the ability to deal heavy blows against its enemies on a world scale.

But this has not meant that the Thatcher government, any more than its Labour and Tory predecessors, has been able to resolve the problem of imposing political stability in the occupied six counties of Northern Ireland.

(ADD SECTIONS ON DENMARK, ITALY, IRELAND)

THE WAR DRIVE AND THE PEACE MOVEMENT

The massive build-up of nuclear armaments by the Pentagon and by the Thatcher government has given a new impetus to the anti-war and disarmament movement in the imperialist countries - a movement now on a sufficient scale to cause considerable concern to the chief warmongers.

While the domestic US opposition to Reagan's planned MX missile is an extremely confused mish-mash of economic criticism from the Democrats "somewhere else but not here" attitudes in the possible base areas and more genuine anti-war agitation, the massive expansion of US nuclear armaments based in Europe - the Pershing and Cruise missiles targeted on the Soviet Union - has triggered a massive opposition in the workers' movement and middle classes of Europe.

Despite the Thatcher government's consistent barrage of Cold War propaganda, an opinion poll commissioned by the Campaign for Nuclear Disarmament in Britain has shown a 58% rejection of Cruise missiles and 56% against Thatcher's plans to purchase US Trident missiles - with opposition the strongest amongst the women and youth. Huge demonstrations in Britain and throughout the destined "base" countries of Europe where the missiles will be sited have in fact shown only the tip of the iceberg of mass opposition: in Britain the 30,000 strong protest by women at the Greenham Common base was the biggest mobilisation of women for a decade, and has prompted concern in the White House.

INTERNATIONAL/19

Yet the anti-war movement, for all the imperialist scare stories of "communist" infiltration, remains for the most part dominated by the pacifist petty bourgeoisie, and in general opposed simply to the most barbaric weaponry of imperialism rather than to imperialism itself - though the potential to raise for instance the question of imperialist violence in El Salvador or the six counties of Ireland is considerable.

While we should cherish no illusions that the anti-war movement as a whole can be won over to revolutionary politics - the class composition of its activist layer is not favourable to any such attempt - Marxists should recognise the importance of this mass challenge to the plans and actions of the imperialists, should seek ways and means to intervene and reach the best sections of the youth and adult workers drawn into and around these campaigns.

THE USA

Trotsky in the pamphlet "Through what stage are we passing" dwells on the contradiction between the political backwardness of the working class in the advanced imperialist economy of Britain, compared to the explosive development of revolutionary consciousness in backward Russia. While British workers remained saddled with bourgeois reformist leaders and the trappings of Church, aristocracy and monarchy, the Russian workers by 1917 had toppled these institutions. The British workers' movement has still failed to break through these obstacles to its development: but in today's USA, locked in the vice of a recession which has slashed output by 11.4% and sent unemployment rocketing over the 10% mark for the first time since the 1930s, the political paradox is equally acute. In the most advanced and powerful capitalist nation on earth, the proletariat remains almost completely bound politically to the twin parties of the bourgeoisie, with not even the short term prospect of a reformist mass party based upon the trade unions.

Faced with a choice between the Republican Tweedledee Party and the Democratic Tweedledums, American voters in November handed out what amounted to a gesture of no confidence in both - but were offered no serious alternatives. The outcome was that leading Democrat Tip O'Neill forecast a turn to more "bi-partisan policies". The Democrats, even offered the sitting target of Reagan's catastrophic economic policies, failed to score any dramatic successes in the polls. Voters (largely drawn from the middle classes, since numbers of workers, alienated by the twin parties of big business, are not even registered to vote) were plainly unconvinced that the Democrats had any alternative to "Reaganomics". Reagan may now have to trim his sails somewhat in order to get his policies through Congress. Some aspects of his vast arms programme in particular could fall victim to this. But he can count upon the evident and total disarray of the Democrats, who have in any case wound up supporting most of Reagan's controversial policies. The elections showed neither a swing to Kennedy-style "liberal" capitalist policies (obviously a major factor in Kennedy's withdrawal from the Presidential race) nor towards right wing conservatism. This leaves the Democrats still lacking any plausible central figure to challenge for the candidacy. But as Reaganomics continues to take its toll of jobs and welfare services, the American working class faces an even bigger quandary.

Lacking any independent party to represent their interests, they are up against a trade union leadership largely tied to the coat-tails of the Democratic Party and resolutely opposed to the building of a Labour Party.

Even the ousting of United Mine Workers leader Sam Church and the election of an opposition slate headed by Richard Trumka offers little in the way of a political breakthrough in the unions. Trumka, a trained lawyer, certainly ran on a platform of opposition to "takeaway contracts" and militant demands. But as a staunch defender of protectionism, as a leader who bases his militant demands on the current profitability of the coal industry rather than the needs of the miners, and committed as he is to continue the UNMW's traditional support to Democratic and Republican candidates, there is little to suggest that Trumka will provide any more effective a political leadership than the discredited Sam Church. The fact that the miners have ousted a wretched and spineless bureaucrat, and in doing so flexed their trade union muscles must however encourage militants in the coal and other industries. But the lack of any serious political alternative remains the key obstacle to development.

Only a thoroughgoing break from the capitalist parties and their policies can offer a means to channel the demands of the American working class - and in particular the blacks, unemployed and women workers who have suffered most at the hands of the two capitalist parties in recent years.

This is why the demand for the trade union movement to make this break and struggle within every campaign of the exploited and oppressed for them to break politically from the bosses' parties and fight for a Labour Party is not a mere propaganda point, but must be central to the work of Marxists in the USA.

THE DEFORMED WORKERS' STATES

Developments in the Stalinist states, always overshadowed by the Soviet bureaucracy, will now be influenced by the consolidation of the new regime in the Kremlin following the death of Brezhnev and the accession of Andropov. The speed with which the Andropov has moved to place his stamp upon the Party leadership indicates his determination - and that of the whole bureaucracy - to ensure that there is no period of confusion or uncertainty in the unaccustomed business of the transfer of power. It also appears that a limited clear-out of Brezhnev's cronies and supporters is underway as the "new bromm" from the KGB brings in his chosen allies.

To be certain of his position Andropov must not only pack the Politburo with sufficient supporters, he must win and hold friends in the armed forces by echoing Brezhnev's recent promise that the generals shall have the best equipment that money can buy. This now may well mean agreeing to produce a Soviet equivalent of Reagan's MX missiles. To do this, Andropov must confront the huge unresolved economic crisis bequeathed to him by Brezhnev - problems both within the USSR itself and, perhaps worse, also rampant in the bureaucratised economies of Eastern Europe, whose combined external debts now total \$90 billion.

There is no prospect in this situation of the bureaucrats being able to make significant economic concessions to the working classes of the Stalinist states: still less of the slightest political concessions by a bureaucracy which has seen in Poland a further example of the ways in which retreats in the face of mass pressure endanger the very bureaucratic power and privilege their totalitarian regimes exist to protect.

But while the Kremlin leadership will make no concessions to its real enemies - the international proletariat - it is quite conceivable that Andropov will seize the occasion of a transfer of power

to readjust relations with the Kremlin's Chinese rivals - and even (though less likely because of the US stance) the US imperialists.

An accommodation with the Peking Stalinists would make excellent sense for Andropov if it could be accomplished. The main issues in contention are themselves major liabilities to the Kremlin: in particular the border dispute with China ties down a Soviet army of 500,000 men plus valuable arms and equipment; but Chinese support for the Afghan guerillas is also tying down an occupying army of 80-100,000 Soviet troops in an apparently unwinnable war. A settlement of these issues could only be of benefit to the Kremlin both militarily and financially, over and above the political gains of neutralising a potential Peking/Washington alliance.

Yet both bureaucracies are likely to keep open their options for bilateral wheeling and dealing with the US warmongers, given any hint that economic benefits can be secured. The Chinese leaders, beginning to experience some of the contradictions and disadvantages of expanding their trade links and indebtedness to the West at a time of worldwide recession, plainly also have much to gain by turning towards the Soviet economy for alternative means of support.

CHINA

Six years after the death of Mao the Chinese CP held its 12th Congress. In those six years the Gang of 4 has been ousted from power and all key remnant Maoists in the Politburo have been removed. The last to go was Mao's hand-picked successor Hua Guofeng.

Earlier publicity emphasised that the Congress would rejuvenate the party leadership by retiring veterans, point to policy changes to modernise China and repudiate once and for all the Maoist excesses of the past 25 years.

As for policy pronouncements, the Congress in fact did little more than confirm recent decisions such as encouraging peasants to enrich themselves and stimulating economic growth in light industries by methods including investment from overseas. And at the end of the Congress, some prominent 70 year-olds, far from retiring, came onto the newly-created Advisory Council. Deng has replaced only political opponents like Hua and the genuinely senile, and kept himself and other equally old co-thinkers on the 7-strong politburo standing committee and 25-strong Politburo.

All this indicates that the purge of oppositionists is not yet over. Indeed the Congress decided that all party cadres will be "re-registered" shortly. The 39 million strong CCP is swollen with petty bureaucrats used to decades of corruption and privilege; the Cultural Revolution gave a younger generation of careerists the chance to oust older cadres, but most of these old "capitalist readers" have been restored.

What both groups have in common is graft and incompetence, with no interest in raising productivity through modernisation. The top leaders have tried to rectify this - but reforming the Party from the top while stamping out dissent outside of the Party has proved to be a near impossible task.

While they have imprisoned dozens of democratic movement activists and removed Hua & other remaining oppositionists from the top ranks of the Party, they cannot reverse the irretrievable loss of the prestige and confidence that the CCP had in the early 1950s.

The seeds of dissent and disaffection have long been sown and the "wild lilies and poisonous weeds" of political revolution against the bureaucracy will grow & flourish in time. In this struggle to come, the construction of a conscious revolutionary leadership, equipped with the programme of political revolution, will be essential.

THE ECONOMIC SITUATION

We are now in the midst of the third major recession within a period of stagnation and crisis for world capitalism which opened in the late 1960s. This period was overshadowed by a longer-term decline of profits. But other factors combine with this decline to determine the period. The world economic system established after world war 2 — a relatively free trade system, with the US as dominant power and the dollar as the basis of the world financial system — was in crisis by the late '60s, with the relative decline of the US. Industries like cars which were central to the post-war capitalist boom are now stagnant. The system can be restructured on a capitalist basis only through crisis.

Capitalism has continued to grow overall since the late 1960s, though more slowly. National income per head in the advanced countries increases.

ed about 4 per cent per year on average between 1950 and 1973, about 1.7% per year between 1973 and 1980. Many basic industries have declined, especially in formerly leading countries.

Drop in steel consumption, 1972-82

UK	37%
US	7%
W. Germany	16%
France	21%
Belgium	15% (including Luxembourg)
Italy	9% increase.

Experts predict only 1/2% per year growth in steel demand in 1982-8 — and that concentrated in newly industrialising countries. Unemployment has increased more or less steadily in the advanced countries. Only Japan has maintained a relatively low rate. Youth un-

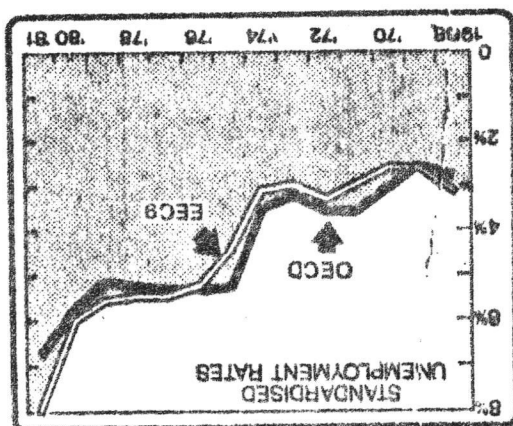
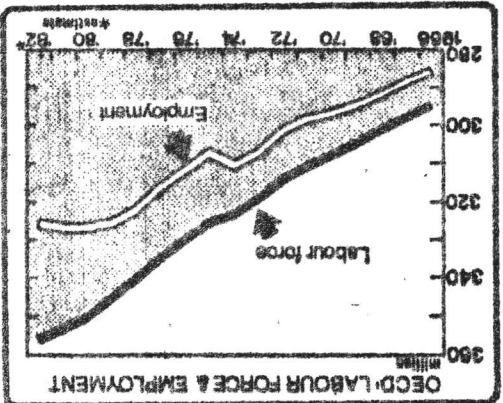
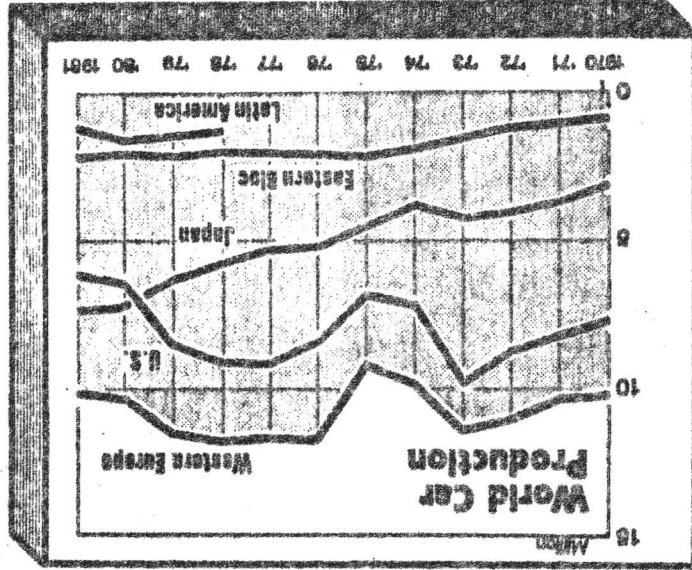
PROFIT RATIOS IN MANUFACTURING*

U.S. W Germany UK

Year	U.S.	W Germany	UK
1965-66	28	28	17
1966-67	27	29	18
1967-68	26	21	14
1968-69	26	23	11
1969-70	21	18	8
1970-71	22	17	6

* Operating surplus as % of fixed assets

Source: OECD



employment has increased particularly fast: it is about 25% in Britain, despite the figure being reduced by various government cheap labour schemes, and even higher in many other advanced countries. In Britain, employment in manufacturing has fallen from a peak of over 9 million in 1965 to 5.6 million in summer 1982.

The relative decline of the US was partially reversed in 1973-4 by the oil price rise, but has continued since. In 1963 the US share of the advanced countries' GNP was 69%; in 1982 it was 36%. West Germany has considerably outstripped the US as an exporter of manufactured goods; Japan has outstripped it in production of cars and of steel.

Through the 1970s, while the advanced capitalist countries experienced a marked slowdown, a number of less developed capitalist economies continued to grow quite rapidly.

**Rate of growth of manufacturing production:
selected countries (% per year).**

	1960-70	1970-80
W. Germany	5.4	2.1 (1970-9)
US	5.3	2.9
Japan	11.0	6.4
UK	3.3	0.1
Spain	n.a.	6.0
Mexico	9.0	3.9
Iran	12.0	n.a.
Brazil	n.a.	10.3
Algeria	7.8	11.4
Malaysia	n.a.	11.3
S. Korea	17.6	16.6
Turkey	10.9	6.1
Nigeria	9.1	12.0

This growth has had some effect on the balance of the world economy: Brazil, for example, is now a serious exporter of manufactured goods to the US, and a bigger steel producer than the UK. It has had more dramatic effects on the internal structure of the countries concerned, with a rapid growth of the urban working class.

**Percentage of labour force in agriculture:
selected countries**

	1960	1980
Spain	42	15
Mexico	55	36
Iran	54	39
Brazil	52	30
Algeria	67	25
Malaysia	63	50
S. Korea	66	34
Turkey	78	54
Nigeria	71	54

This social upheaval has already contributed to political upheavals in Spain, Iran and Turkey. In Central America, too, part of the background to the present struggles was the beginnings of industrialisation in the '60s and '70s. Even more explosive consequences of the social upheavals can be expected in coming years, as many of these fast-growing countries have been drawn brutally and drastically into the world recession.

Another politically explosive economic trend of a different sort has been the stagnation or actual decline, over a long period, of national income per head in many of the world's poorest countries. This trend is made worse by the current recession.

**Annual average growth [%] of GNP per head,
selected countries 1960-80**

Chad	-1.8
Bangladesh	0
Upper Volta	0.1
Zaire	0.2
Mozambique	-0.1
Uganda	-0.7
Niger	-1.6
Ghana	-1.0
Angola	-2.3

2. THE CURRENT RECESSION

The current recession started early in 1979, in the US. Many previous trends have continued and sharpened: for example, between 1979 and 1982 steel consumption has declined 30% in the US, 16% in the EEC, and 10% in Japan.

But it is also different from the 1974-5 recession in some important ways. The economic downturn in the advanced capitalist countries has been shallower (so far, at least), but much longer-lasting. In 1975 the advanced capitalist states — crucially the US — used 'reflationary' policies to force a quick though limited recovery (in Britain so limited as to be barely noticeable). This time the capitalist states are resolved to 'sweat it out'.

Also, this crisis, while originating in the advanced capitalist countries, has hit the 'South' and the 'East' much more than 1974-5.

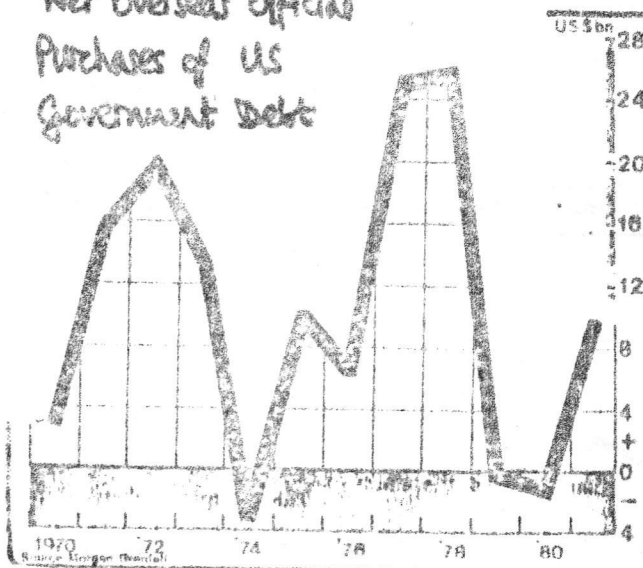
3. SWEATING IT OUT: MONETARISM

On one level monetarism is an economic theory. But this quack ideology has become the new religion of the bourgeoisie for reasons which are far from theoretical. It is the rationale for cuts, use of mass unemployment, and union-bashing.

In principle the capitalist states have another option: that of 'reflation', or latter-day New Dealism. But this is not a very likely option at present, for various reasons.

In conditions of stagnation like the present, the

**Net Overseas Official
Purchases of US
Government Debt**



pursuit of such policies by a single advanced capitalist state is likely to produce an inrush of imports, a crisis in the balance of payments, and rising inflation. That is precisely what has happened in France, where the Mitterrand government came to power in May 1981 committed to a reflationist strategy.

France's current account deficit in the first three quarters of 1982 was \$10 billion, over double the \$4.8 billion chalked up for the whole of 1981. Its inflation rate is 10.2%, higher than any other major advanced capitalist economy except Italy.

The Mitterrand government has abandoned its reformist promises, shifting to more orthodox monetarist-type policies. It has imposed some trade restrictions — like channelling all Japanese videotape recorder imports through a tiny inland customs post — but such protectionist moves have grave limits, for if multiplied on all sides they could devastate world trade and turn the crisis into a Great Depression.

Hypothetically, an agreement by all the advanced capitalist states to reflate simultaneously, with provisos to deal with balance-of-payments or exchange-rate problems in the process, could work (though almost certainly it would go with serious state controls on the economy, including on wages). Such an agreement is, however, in the present situation of rising inter-capitalist tensions and acute domestic problems on all sides, extremely unlikely.

The US probably could undertake a reflationist policy without running into the same problems as France. It is less dependent on trade (which accounts for only about 10% of its income/output, as against over 20% for West European countries). It has far greater strength and weight.

Some important capitalist voices are being raised in the US for a reflationist/protectionist policy. But, aside from the general problems of protectionism, such a course would run into problems because of the role of the US dollar as the basic currency of world trade.

'Reflation' in 1975-9 produced growth in the US — and also a virtual doubling of US liquid liabilities abroad. As Anthony Harris commented in the Financial Times, "Excessive US credit expansion, in short, was causing world-wide inflation".

It also caused a deterioration of the position of the dollar, and eventually a run on the dollar in September-October 1978. Since 1979 the US has turned to 'tight money' policies; it has gradually redressed the position of the dollar, and "The Fed has thus disinflated the whole world".

Exchange rate: US dollar against Deutschmark

1977 average	2.32 DM
1978 average	2.01 DM
1979 average	1.83 DM

1980 average	1.82 DM
1981 average	2.26 DM
1982 November	2.56 DM approx.

4. THE RECESSION IN THE SOUTH AND THE EAST: SUMMARY

The 1974-5 crisis hit the South and the East relatively little.

Real GDP growth

	1973-5	1981-2 estimate
OECD (adv. cap. states)	0.3	0.7
LDCs ('South')	4.8	2.5
NICs ('new ly indus.')	4.9	1.6
Comecon	5.6	3.2

(All figures % per year. The estimates for 1981-2 — from the Financial Times — look like being overestimates).

The present recession has worsened the position of the world's poorer countries in world trade, thrown several of them into serious foreign debt crises, and faced them with serious threats through the growth of protectionism.

5. TRADE AND DEBTS

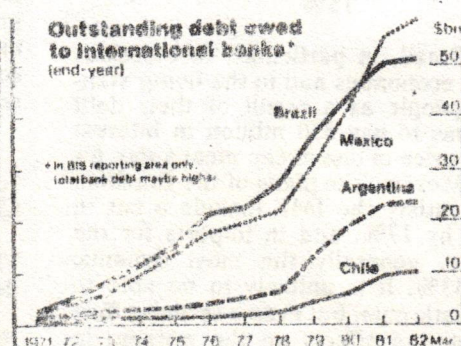
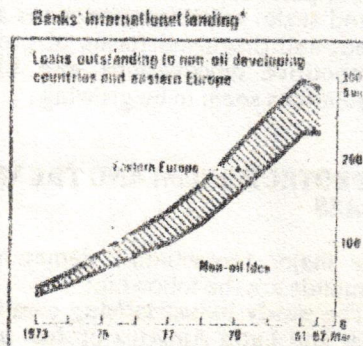
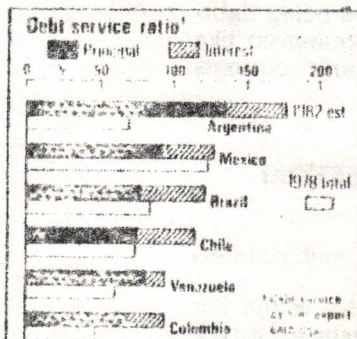
The sustained slump in the advanced capitalist countries has hit hard at the export markets of the 'South' and 'East'. Commodity prices were down 14% in dollar terms between October 1981 and October 1982.

This — together with the rise in interest rates and the strengthening of the dollar — has led several countries into crisis with foreign debt.

In the 1970s there was a massive expansion of lending to countries of the 'East' and 'South', particularly to the more industrialised countries in Latin America. The proportion of lending done by banks (as opposed to governments and international agencies) also increased — from 20% in 1974 to 36% in 1980 for all the 'Third World', and from 21% to 56% for Latin America.

In the earlier '70s, the fact that money was on offer from the banks because of the 'recycled' OPEC oil surpluses, and the rapid growth of the borrowing countries, seemed to dovetail neatly. But in recent years the borrowing has been more and more to finance problems, not to finance expansion. Short-term debt (loans for less than a year) was nearly 40% of total Third World debt to banks by 1981, as against less than 25% in 1978.

To be in debt is not necessarily to have problems. In terms of net liabilities to banks Japan is the third biggest debtor country in the world. Foreign debts are currently a factor of crisis for certain countries of the 'South' and 'East' which simply cannot make the payments due, and



therefore are forced to meet the bankers' conditions for rescheduling, and for a few advanced countries which are being forced into austerity policies in a less abrupt manner.

Figures compiled by the Bank of International Settlements give a partial picture of the world debtor/creditor situation. It must be borne in mind that these figures cover only debts to banks, and moreover only debts to banks in the BIS reporting area (which covers 14 major advanced capitalist countries). The figures are for net liabilities of the countries (i.e. for assets minus liabilities in those countries of the banks), whereas those in the graphs above are for gross liabilities.

Major creditor and debtor countries according to BIS figures, June 1982

Creditors

Switzerland	\$127.2 billion
US	121.2
Kuwait, UAE, Saudi Arabia,	
Libya	80.8
UK	55.6
Netherlands	20.1

Debtors

Other advanced countries (of which over half accounted for by Japan, West Germany, and France)	177.1
Latin America (of which \$115.9 billion account- ed for by Argentina, Brazil and Mexico)	138.7
Eastern Europe	42.3
Offshore banking centres	19.7
Australia/New Zealand/South Africa	23.2
Non-oil states in Africa and Asia	20.4

Major debtor countries, June 1982: net debt as percentage of national income

Ecuador	30%
Mexico	30%
Argentina	28%
South Korea	24%
S. Ireland	22%
Brazil	20%
Belgium/Luxemburg	19%
Denmark	15%
South Africa	15%

Mexico and Brazil, in particular, face serious damage to their economies and to the living standards of their people as a result of their debt crisis. Mexico has to pay \$35 million in interest each day — the price of one cheap meal a day for every citizen of Mexico. The plans of the Brazilian government to satisfy the IMF include a cut in imports overall by 17%, and in imports for the state sector (i.e. generally the most dynamic industries) by 33%. It is unlikely to be able to achieve such drastic cuts, but even a serious effort will have devastating effects on the workers in Brazil's already hard-hit industries. To Latin America the current recession has come somewhat later than to the US and Western Europe, but more sharply.

Argentina is something of a special case. Apart from a mini-boom in 1979, national income has been stagnant or falling since 1977, and has declined dramatically in 1981 and 1982.

6. PROTECTIONISM

The post world war 2 world trade system, based on the absolute dominance of the US, the dollar as basic international currency, and fixed exchange rates, broke down in the late '60s. Or rather, the pillars that maintained it crumbled.

The amount of debt in the world is vastly greater (not only in absolute size, but in relation to production and income) than at any other moment in the history of capitalism. There is no guarantee against the whole structure of credit collapsing in an international Great Crash. The Economist magazine put it like this:

"But if Brazil, Mexico and South Korea all decided in the same year not to pay back their loans to western banks (a not totally inconceivable event) then 100% of the capital and reserves of America's nine biggest banks would be wiped out. They would be technically bust and that would be the end of the international financial system as it is now known".

Even without such a drama, the international financial system could easily be ruined if some disaster or another in the US led to a run on the dollar sufficiently sustained that no-one would any longer accept dollars as means of payment.

Tremendous amounts of ingenuity and skill are deployed by the operators of what is, after all, a sophisticated and flexible system, to avoid such catastrophes. For the consequences could be even more devastating than those of the collapse of world trade in the 1930s. Then, the world split up into trading blocs, each based on a particular currency and usually on a colonial/semi-colonial empire. No such blocs would easily emerge today. The world would be reduced to bilateral trading arrangements.

The increasing drift towards protectionism is to be expected, given the depth of recession (which, of course, the protectionism in turn makes worse) and the decay of the conditions which allowed world trade to expand so rapidly in the '50s and '60s. The catastrophic nature of the possible results of protectionism explain why the drift towards it has been so restrained.

The recent ministerial conference of GATT was only able to avoid deadlock by issuing an empty and ambiguous communique. Even if new tariffs and import controls are not yet being erected on a grand scale, existing restrictions are being tightened, and disguised forms of protectionism like competitive devaluations and bizarre customs regulations seem to be growing.

7. PROTECTIONISM AND THE WORKING CLASS

The major protectionist demands and counter-demands are the following:

The newly industrialising countries of the Far East and Latin America protest against the constantly tightening restrictions placed on their exports by the advanced countries. In return they face demands from the advanced countries that they dismantle the often highly protectionist sys-

tems that they have established to permit their infant industries to develop.

Japan faces constant demands from the US and the EEC to restrict its exports. Its usual response is to make voluntary agreements for such restrictions, and then to break them. The US and the EEC also complain about the network of minor restrictions which makes it extremely difficult for them to establish sales in Japan.

The government of the USA faces strong internal demands for protection for drastically crisis-hit sectors like steel, cars and agriculture. It has recently concluded an agreement to limit EEC steel exports to the US. Currently it is engaged in heated negotiations with the EEC over trade in farm products, and threatening to flood the world market by dumping its surpluses. (The US and the EEC are by far the world's biggest agricultural exporters, accounting respectively for 19% and 12% of total world exports. The figures are for 1980, and for the EEC without Greece).

The EEC is by far the biggest force in world trade, 2½ times bigger than the US, 3 times bigger than the big Middle East oil exporters combined, and 4½ times bigger than Japan. Internally it is a customs union — that is, all goods having entered one EEC country are then, or at least should be, free to pass through the EEC. Externally it is highly protectionist in agricultural products and other items like textiles.

It is increasing those protectionist restrictions and fighting the trade 'cold wars' with the US mentioned above. Informal trade barriers inside the EEC seem also to be increasing. Examples of such barriers are the fact that a Dutch lorry driver must get 300 stamps on his documents to bring a load of Edam cheese into France, and that Dutch beer cannot be sold in West Germany because it fails to comply with brewing regulations dating back to 1516.

Logically the alternatives posed to the EEC by the increasing pressures towards protectionism are to fly apart or to integrate fully. So far it has muddled along making small steps first in one direction, then in the other: today the European Monetary System and direct elections to the EEC Parliament, tomorrow rows over the budget contributions.

Such developments confirm that the national frontiers are an outdated obstacle to the development of the productive forces. The bureaucracies of the labour movement, however, drawing their privileges from the committee rooms and the patronage of the nation states, are more blindly dominated by the capitalist competition of nation states than are the capitalists themselves. In many countries they are at the forefront of protectionist demands.

In truth, however, no serious social progress is possible, almost none of the major present-day problems can be solved, within the framework of single states such as those of present-day Europe. This fact should not, of course, be used as ground for postponing any revolutionary struggle until simultaneous international action is possible. But the rising protectionist pressure calls for working class political counter-offensives around such policies as a Socialist United States of Europe and a massive transfer of resources to the poor countries.

The protectionist measures of Third World countries generally have an objectively progressive function in developing the productive forces

(which is not to say that every such measure is wise). But there too the national framework needs to be superseded. In Latin America, Africa, and the Middle East, especially, the national frontiers are legacies of colonialism, often highly artificial. The policies of a Socialist United States of South and Central America, of a united Africa on a socialist basis, of a Socialist United States of the Middle East — in each case recognising the rights of national minorities — point the way for a struggle against imperialism which avoids the blind alleys of narrow nationalism and autarchy.

8. THE STALINIST STATES

In the course of the 1970s the East European states became much more closely integrated with the capitalist world economy. As they became more developed, exports to the West and imports of technology became more important to them. In 1970-75, their exports to the advanced capitalist countries grew 23.5 per cent per year; their imports from them grew 31.2% per year. Poland and Hungary applied in November 1981 to join the IMF, Hungary joined in May 1982, Yugoslavia was already a member, and Rumania has even accepted an IMF austerity plan.

In broad outline Eastern Europe's relation to the current world recession is fairly similar to that of Latin America, though the internal expressions of it are different.

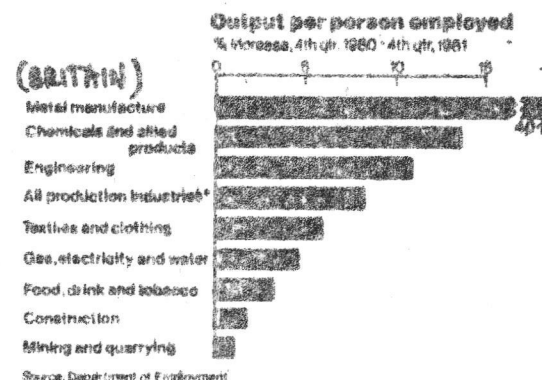
In the late 1970s, China started to break its previous isolation from the capitalist world economy. It is however nowhere remotely near being as integrated as the East European states; more important for its economic situation than the general world recession are probably the disappointments and blunderings of the bureaucracy's attempts at 'modernisation'. It is reported that the struggles of Solidarnosc have had a serious impact among Chinese workers.

9. THE CLASS STRUGGLE IN THE CRISIS

Capitalist crisis is not just a mechanical, automatic process, but a matter of class struggle.

In the advanced capitalist countries, common features are:

- Rundown of industries such as cars and steel;
- Use of mass unemployment to intimidate those in work, and especially to impose speed-up. The British capitalist class has been especially effective in this.
- Cuts in welfare provision.
- Pressure to reduce real wages, and specifically



in some countries (Italy, Denmark) to remove sliding-scale-of-wages agreements.

In those 'Third World' countries where welfare provision exists, it is likewise being cut. Routinely 40 or 50% of the workforce is unemployed or only casually or marginally employed, even in the most developed Third World countries: this percentage, and thus also the percentage of the population which is left largely untouched by the benefits of these countries' development, will increase as the austerity programmes prescribed by the banks are enforced.

In Brazil the system of six-monthly wage increases in line with a (rigged) cost of living index is under threat. In many Third World countries the cost of living will be raised by reduction of state subsidies on basic goods, on fares, etc. This has already happened in Mexico and Bolivia, for example.

In the least-developed Third World countries, the effects of the world recession are likely to be smaller, inasmuch as these economies still operate to a considerable extent on a subsistence basis and are more affected by the weather than by world economic movements.

In Poland the bureaucrats responded to the crisis by attempting to raise the government-prescribed prices. That sparked the development of Solidarnosc. Now, as well as raising prices, they are militarising labour in a (probably vain) attempt to secure speed-up, and threatening to impose forced labour.

A Great Crash — or, more likely though less dramatic, a serious but limited worsening of the situation — cannot be ruled out in the coming period. The most favourable prediction possible is a very slow and weak recovery. Such a recovery would mean unemployment continuing to rise in the major capitalist countries.

10. BRITAIN

A survey by the Financial Times shows that most economic forecasters predict a slight growth of output in 1983. The average figure is 1.7 per cent growth.

Not much store can be placed by this. Such forecasts are essentially only sophisticated and refined versions of the method of looking at a graph and guessing that the curve will continue in the future much the same way as it has fluctuated in the past. For 1982 too slight growth was predicted both in the world and in the British economy: the outcome looks like having been about ½% decline in overall output for the seven biggest advanced capitalist economies, and about ½% increase for Britain. A major international financial crisis would throw all forecasts out of gear.

However, the forecasters predict that even if the 1.7% growth is achieved, unemployment will continue to rise. Inflation is also expected to rise slightly by most forecasters.

The failure of Thatcherism

So how do the Tories stand? Has Thatcher's policy been successful? Is it rational in capitalist terms?

Insofar as any capitalist policy is rational, the

main lines — not every step! — of Thatcher's policy are so. As argued above, monetarism is a deliberate class-struggle policy of the major bourgeoisies, and it is difficult for a single capitalist state to step out of line even if it wishes to.

But essentially the Tories' policy has not been successful.

a) Its proclaimed aims — which are not truly the basic ones — have not been achieved. Inflation is down somewhat — thanks more to slumping primary product prices, US monetary policy, and the general effects of recession than to the Tory policies supposed to create this result — but is likely to rise again or remain stable. Taxes have not been cut.

b) Industry is still in full decline. An average of about 30 companies a day — a record — went into liquidation in 1982. For the first time since the Industrial Revolution, Britain has become a net importer of manufactured goods. The Bank of England reports: 'In the first half of (1982), industrial and commercial companies' profits are estimated to have risen by 17½% from the very low level of a year earlier. Excluding North Sea operations, where a lower oil price affected receipts, profits rose by 22%, and the real rate of return rose from about 3% to 4%. Nevertheless, this is still an extremely depressed rate by earlier standards; in the 1960s profitability was over 10%...'.

c) On the face of it, the Tories have had more success with their true central aim — shifting the balance of forces against the organised working class. Productivity has been increased massively (see figures above), union membership has been sent into decline, and shopfloor organisation has been battered out of shape in many industries (example: BL).

But these developments must be seen in perspective. A slump of the scope suffered by Britain since 1979 will always severely curtail the possibility of a successful economic struggle. Unless the working class is able to respond to the crisis with a generalised political offensive, we will lose ground. But the Tories need more than that. They need to break the organisation and the will of the working class sufficiently that an economic revival can take place with a big upsurge of profits and without any big revival of workers' militancy.

They have not done so. The NHS dispute, the Grangitly affair, the continued struggle against productivity measures on the railways, show that.

The bourgeoisie and the Tories

Will the Tories' lack of success lead to serious political splits in the bourgeoisie — perhaps to the growth of the SDP/Liberal Alliance as a major alternative bourgeois party? Probably not.

From all indications (statements of bodies like the CBI and EEF, and commentary in papers like the Financial Times and the Economist), the majority of the big bourgeoisie stands closest to the Tory 'wets'. A number of individual capitalists have supported the Alliance. But the bulk of the bourgeoisie will not lightly abandon the Tory party, an instrument of long historic standing and great power and flexibility. Moreover, the SDP/Liberal alternatives to Tory policy are not very convincing.

This could change in the event of a major defeat of the Tory government by the working class.