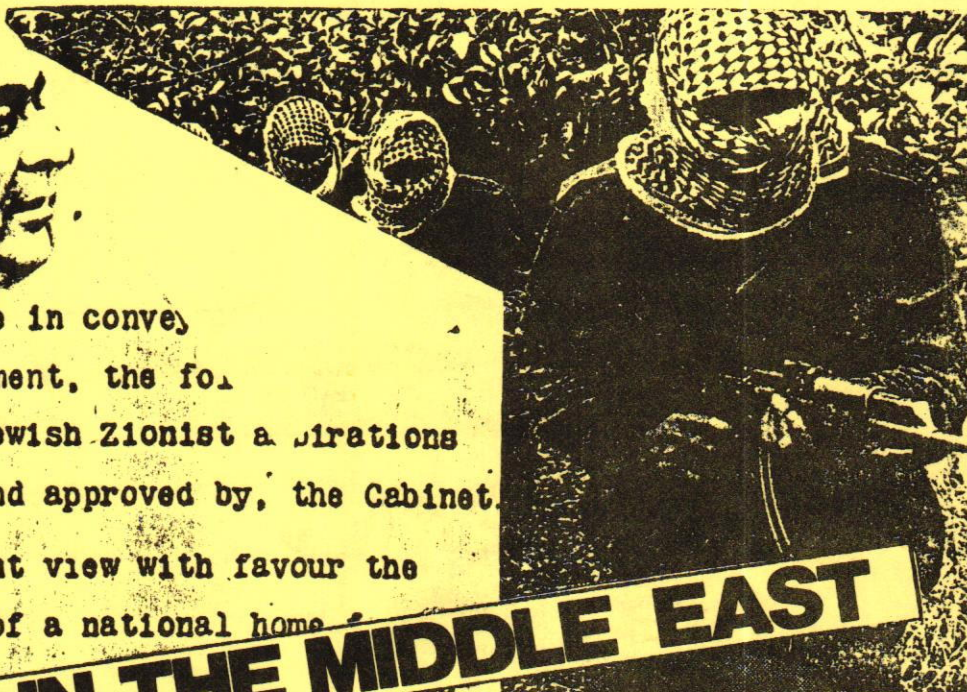


REVOLUTIONARY PERSPECTIVES 10

35p

Journal of the C.W.O.



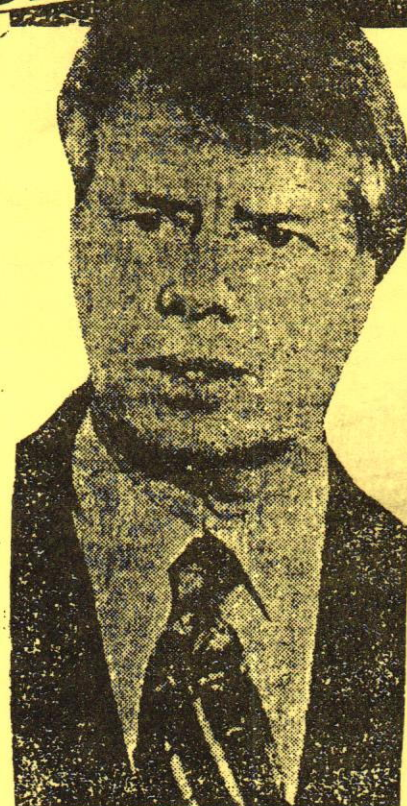
Dear Lord Rothschild,

I have much pleasure in conveying on behalf of His Majesty's Government, the following declaration of sympathy with Jewish Zionist aspirations which has been submitted to, and approved by, the Cabinet.

His Majesty's Government view with favour the establishment in Palestine of a national home for the Jewish people, and will use their best endeavours to facilitate the implementation of this object, it being

understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country"

I should be grateful if you would bring this declaration to the knowledge of the Zionist Federation.



PLUS

May '68 · U.S. · Germany · Latin America · Decadence

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SUBSCRIPTION RATES

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Erratum:

page 27, paragraph 3, "on the West Bank of the Nile" should read "on the West Bank of the Jordan".

MAY '68: 10 YEARS ON

The narcotic of electioneering has just been applied in France. For many months the attention of the French workers has been riveted to the prospect of a victory for the "Common Programme" of the unified socialist - communist opposition. The idea was peddled that "till then" it would be unwise to rock the boat. The blame for unemployment and inflation was laid at the door of the "government of the monopolies", the right-wing Gaullist-Republican regime which had controlled France for 20 years. Today little is left of the election, except for the tattered posters on the walls, and little is left of the hopes of the "left", since, contrary to expectations they came 0.5% short of winning a majority.

On examination their programme was little more than that already applied by the Social Democrats in Germany and the British Labour Party: even the demands of the Communist Party in France hardly went beyond the platform of the Labour "lefts" in Britain. The existence of governments of the "left" in Germany or Britain are simply alternative methods of making the class pay for the crisis. The French ruling class decided that the left with its programme of further statification of the economy was too much of a gamble - at a time when France's inflation rate is already higher than Britain's. The election signifies that the bourgeoisie in France have decided to "play it safe" for the time being.

The elections have obscured the anniversary of a far greater struggle by the French workers, that of May-June 1968. If this is being recalled at all, it is only to ceremoniously bury it as an inexplicable accident. In May 9 to 10 million workers came out in the biggest strike in history. The movement began with a rash of factory occupations that became a flood. Intense political discussion took place in the work places, and at first no economic demands came from the workers. Only when the unions negotiated a wage rise of 10% did the question of wage rises surface and at first the class united in a massive rejection of this offer. Eventually the movement, lacking direction, ran out of steam and the C.G.T. (C.P. dominated union) was able to get an agreement to return to work on an improved offer. Even this only happened after De Gaulle had mobilised the army for a show-down.

Despite being the first real sign that the epoch of counter-revolution was coming to an end, the proletarian movement of May-June 1968 suffered from severe weaknesses. The movement showed that the volcano of the class struggle, pronounced extinct, was indeed only dormant, and that it took only a minor spark for the new generation of workers, which had emerged since the second world war, to launch into struggle. But the movement never developed any clear political inspiration on its own, and at that time revolutionaries were too isolated and lacking in clarity to intervene in any effective way. The fact that the "spark" to the movement came from the battles of the students with the police in the Latin Quarter with their vague libertarianism and rejection of the "consumer society" is a testimony to the movement's political weakness. Though the influence of this in detonating the strike is exaggerated: 4 million days were lost in strikes in 1967, many of which resulted in occupations and clashes with the police. Clearly the workers felt a

fundamental hostility to the system, but in the face of their inability to politically articulate it, the unions soon re-established their control. The class never challenged the unions to any significant extent in May though in a few areas action committees or base committees did emerge. In 1968 the unions were still capable of delivering the goods, in the form of meaningful wage increases. The improved offers, of around 15% at a time when inflation was a third of that, succeeded when direct opposition would have failed. It is true that the straws in the wind already foretold the capitalist crisis: devaluations in Britain, U S. trade balance, slowing of economic growth and in the late 1960's the rate of increase in working class living standards began to slow down. But the crisis was very under-developed in 1968 and capital still had the leeway to make substantial concessions when faced with such a massive class movement.

Since May 1968 inflation and unemployment have put the "gains" achieved then into reverse, and the crisis has intensified. This has not met with a new upsurge of the class; quite the contrary, for the French workers the decade since May '68 has been one of relative class peace - the last five years especially. For the moment, the initiative lies firmly with the ruling class. This applies also to the international scene. The massive upsurge of class struggle of 1968-72, unleashed by the first stirrings of the crisis, achieved economic gains which soon evaporated. The deepening of the crisis has added a dimension of fear and insecurity to the pessimism registered by the failure of the early struggles to win lasting gains. But stirrings of class struggle are again being heard in the semi-industrialised peripheries of capital, and there are signs that even within the capitalist heartlands the proletariat is once again on the move. We cannot predict whether we are on the verge of another upheaval or not. We can only say that as long as capitalism exists it will be torn by class struggle until the final revolutionary conflict, of which May 1968 was the first harbinger.

APPEAL TO READERS

The Communist Workers Organisation wishes to open a political dialogue with readers who find themselves in sympathy with our political standpoint. To this end we invite observations and criticisms of our published material and will reply to all serious comments, publishing the exchanges should this be a positive contribution to the revolutionary movement.

We also invite those who find themselves in sympathy to take positive steps towards a practical demonstration of this, by a willingness to order bundles of our magazine for sale and to participate in our distribution of leaflets on issues of importance to the international class struggle. For details of these, contact the group address. Finally financial support is not just invited from sympathisers, but positively solicited!

International Strikes

In 1977 capitalism gained a valuable breathing space. Not only did the economic crisis appear to recede but the class struggle all but disappeared in the capitalist heartlands. 1978 has already been different in that we have had a small but growing number of strikes as the working class attempts to resist further cuts in living standards. The fact that, in the long term, this is impossible should not lead us to condemn these efforts. For those who say that the strike over wages has nothing to do with the struggle for communism we maintain that, though a qualitative leap from the wage struggle to the political struggle will be necessary workers unable to fight on the economic level will be incapable of graduating to a higher struggle. When Marx pointed out that the workers could not alter the general tendencies of the capitalist system through strikes he qualified his remarks by asking,

"is this saying that the working class ought to renounce their resistance against the encroachments of capital, and abandon their attempts at making the best of the occasional chances for temporary improvement? If they did, they would be degraded to one level mass of broken wretches past salvation. By cowardly giving way in their everyday conflict with capital they would certainly disqualify themselves for the initiating of any larger movement." (Wages, Prices and Profits (Pekin 1973) p 77)

The impact of the economic crisis on different national capitals naturally varies, and this will mean that the level of class struggle will also vary. A struggle that is fairly insignificant in one country, thus becomes more significant when it occurs in a capital where the working class appeared more dominated by bourgeois integration.

THE GERMAN METALWORKERS STRIKE

It is in this sense that the recent wave of strikes in West Germany by dockers, printers and metalworkers have some significance. The capitalist press have recently stopped hailing the "German economic miracle", especially since 1977 saw the halving of the overall growth rate. German capital is now leaving the country with the result that unemployment has risen steadily to 5.4% (1½ million workers - a figure almost double if we include the Turkish, Yugoslav and Iberian "guestworkers" who have been sent home).

In this context the attack on the workers has been intensified by a wage limit of 5½% (including overtime) imposed by the Social-Democratic government but German bosses have tried to get away with 4% or less. In the metal industry the unions, who have been particularly skillful in serving the capitalist state in West Germany (given the relative success of its economy over the last 20 years, they have not lost so much credibility as unions in other countries) were forced to head off the stirrings of discontent by calling out 90,000 of the 4 million metalworkers on strike. The unions claimed that they did not have enough strike funds but the bosses locked the remaining 500,000 workers in North Wurttemberg-Baden out to try to intimidate the unions to call off the strike. However, given the unanimous support of the workers for the strike, the unions realised that they could not possibly return to work until something had been won. After three weeks of "one of the longest and most costly industrial disputes in post-war German history"

(Financial Times 4.4 78), the employers, their bluff having failed, agreed to wage increases of 5%. The significance of this and other strikes in Germany lies in the occurrence rather than the nature of the strike. Apart from the unofficial strikes of 1969, the German workers have shown little tendency to dispute the rate of exploitation. Recent events show this to have been due to the relatively better position of the German economy. For the German proletariat the next stage is to understand the capitalist nature of the unions. Although the dockers rejected the first settlement negotiated by the unions, the latter generally firmly controlled all the strikes.

THE U.S. MINER'S STRIKE

The three month strike in the U.S. coal industry was not simply a strike about wages nor did it confine itself to a struggle between workers and bosses. Over the last ten years an amazing 2,000 miners have been killed at work and nearly 20% of all working days have been lost through absenteeism and unofficial strikes. The decision by Carter to make coal the backbone of "energy conservation" has led to the coal-owners wanting to force greater "productivity" out of the miners and the miners demanding that the job be made safer, the scene was set for a bitter struggle which broke into a strike on December 6th.

The struggle itself was one of the most significant strikes for years. Throughout, the union tried to sabotage the efforts of the miners at every turn. They had already allowed huge stocks of coal to build up before they were eventually pushed into calling a strike but the holding of stocks was rendered largely nugatory by the flying pickets of the miners who not only prevented the movement of coal but fought the scab labour which continued to work. Support for the miners came from various sections of the working class, including dockers on the West coast. On February 10th hundreds of miners seized the union H.Q. to prevent the union agreeing to a contract with the coal owners which would have outlawed wildcat strikes and forced the miners to pay \$700 a year for their own medical treatment. The union, which in the past had not been adverse to using its own goon squads against workers, was of course happy to agree to outlawing wildcat (unofficial) strikes since this would have further enhanced their ability to contain the class struggle.

Armed police and National Guard then were sent to protect scabs and attempted to get through picket lines resulting in brutal confrontation. Finally the Taft-Hartley Act ordered the miners back to work. Their answer was unequivocal - only 100 out of 160,000 returned to work on March 14th. In the end further concessions were made in that the \$700 medical charge was reduced, pensions were increased and the attempts to outlaw absenteeism and wildcats were abandoned.

CONCLUSION

Superficially then it would appear that the strikes in Germany and the U.S.A. were successful. However, the paltry gains made will soon be taken back by capitalism and the workers will find that however militantly they fight, the "gains" will be only temporary. Such strikes are light skirmishes which, taken individually by capitalism, can be easily dealt with. However, in a situation of acute international crisis, with an accumulation of simultaneous strikes we have the pre-condition for a qualitative change in the struggle. Though this in itself is only a pre-condition for the necessary revolutionary consciousness to arise (a further manifestation of which will be the existence and growth of a class party), the class struggle will be revealed for what it really is - an attempt by workers to destroy the basis of exploitation altogether.

The Meaning of Decadence

INTRODUCTION

Repeatedly, the C.W.O. has asserted that the basis of our political positions and tactical orientation, is the idea that capitalism is a decadent mode of production, one that is in decline or decay. Although we have explained the economic foundations of the "decadence" of capitalism, and their implications, several times, we have only incidentally explained what we mean by the general concept of decadence itself (1). This is unfortunate, as it has allowed many misconceptions as to what we mean by decadence to flourish. As an example of these misconceptions, we recently received a criticism of our politics from the group C.O.B.I., the Communist Organization in the British Isles. Since this text epitomises many widely held misconceptions of and objections to decadence as a political theory, we will use it as a starting point for our explanation of the concept. Since a proposal to publish this and other exchanges between the C.W.O. and C.O.B.I. in our respective journals was turned down by C.O.B.I., we are of necessity limiting our references to specific points in their text.

C.O.B.I. defends many political positions which the C.W.O. regards as stemming from the counter-revolution which followed on the defeat of the revolutionary wave of 1917-21. But despite this, their politics show certain advances compared with those held by the bulk of the leftist milieu, eg on parliamentarism. They have also shown a willingness to consider the views of certain strands in the historical communist movements, eg the Italian Left, and to debate with groups claiming continuity with such currents today. Therefore, when seriously addressed by them, we seriously, and politically respond—unlike the "non-sectarians" of the International Communist Current who, when they received a critique from C.O.B.I., responded with a brief and vitriolic denunciation of the group and a refusal to debate with such a counter-revolutionary organization, (see World Revolution No 14). Though severely critical of many of C.O.B.I.'s views, and disappointed by their refusal to publish our exchanges, we will continue to strive in a political manner to convince them—and similar groups—that the idea of decadence is the central one for revolutionary politics today, and indeed from it stem all our political differences.

Many of C.O.B.I.'s attempts to criticise the idea of decadence, stem from relating to it as it has been defined and used by the I.C.C., for example in their pamphlet The Decadence of Capitalism. Many of the accusations which they level at the C.W.O., should in reality be directed at the I.C.C., whose moralism and journalism has brought the concept into disrepute.

MODES OF PRODUCTION: "FORMS" AND "FETTERS"

A basic concept of historical materialism, is that the various modes of production were at one time forms of, and at another time fetters on the development of the forces of production. This is not limited to the development of capitalism, and examples abound from the pre-capitalist epoch. The emergence of a rudimentary technology and population

(1) For an analysis of the economic reasons for the decay of capital see the article "Economic Foundations of Capitalist Decadence" in R.P.2.

increase led to the communal relations of production under tribalism becoming a "fetter" of the most productive use of that technology, which was via the utilisation of slave labour. Slavery itself was to become a fetter on the productive forces, exhausting both the soil and the slave, and ruining small scale production in the cities of the ancient Mediterranean (2). "Progress" is not always unilinear, as can be seen in the replacement of slavery by serfdom in the early period of feudalism; here trade declined sharply with the decay of towns, and production itself declined though to a much lesser extent. However this was a momentarily necessary decline which allowed, at a cost, the emergence of freer and more productive production relations, facilitating a later growth of the productive forces impossible under slavery. Thus in the classical feudal period of 1000-1300 levels of material production had in quantity and in geographical dispersal surpassed those of ancient Rome.

Capitalism, the mode of production which replaced feudalism, is one based on the generalised production of commodities, via the exploitation of "free" wage labour. As capitalism emerged within feudal society the property relations-and production relations- of that society formed a "fetter" on the development of capitalism, and hence on the optimum utilisation of the then existing productive technology. For example, limitations on the use of land as a commodity, or on the utilisation of wage-labour, as well as feudal fiscal policy with its multiplicity of unproductive tolls and taxes, were harsh "fettters" on the development of capitalism. As Marx observed,

"At a certain stage of its development (feudalism) brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society; but the old social organization fetters them and holds them down. It must be annihilated; it is annihilated." (3)

Capitalism was, at this time and in the ensuing period (especially the 18th and 19th centuries), a "progressive" social system, one which was ascendant. Capitalism was a system which liberated the productive forces and allowed for their unprecedented development; no other mode of production could have led to such an expansion given the prevailing level of technology. Feudalism, not to mention the remaining tribal and "Asiatic" societies could develop no further, and socialism was not yet a material possibility. Thus, there was no other way for society to emerge out of feudalism (or those tribal or Asiatic formations which had not developed as far as feudalism) than through the via dolorosa of capitalism. But once capital has destroyed all antecedent modes of production (though fragments of them persist, over which capital reigns in "formal" domination), and has created the material basis for socialism on a world scale (not in each isolated national capital, but in the world economy taken globally), its historical task is accomplished. Such an achievement allows for the first time for an alternative form of development for the productive forces, ie, associated labour and a socialist society. Capitalism has now produced the "agencies of its own dissolution", a world economy and a proletariat who are its grave diggers. Capitalism is no longer a progressive social system, since the further development of the productive forces which it carries out takes place in a context of a productive technology which could be utilised by associated labour for a far faster and more beneficial development. Additionally, the material costs of continued expansion on a capitalist basis threaten to be prohibitive. This we will now strive to demonstrate

(2). For a more detailed analysis, see G. Childe What Happened in History (Pelican). (2) Marx Capital, 1 ChXXXII.

In the "Preface" to the Critique of Political Economy, Marx says the following,

"At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production, or-what is but a legal expression for the same thing- with the property relations within which they have been at work hitherto. From forms of development of the productive forces, these relations turn into their fetters. Then begins an epoch of social revolution... new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself". (4)

Today capitalism is just such a "fetter", and has been since the beginning of the century, and has opened an "epoch of social revolution", which began with the revolutionary upheavals after World War One. Since the beginning of the century, we have witnessed a massive arrestation of the growth of the productive forces, compared with what is objectively possible, given the level of scientific knowledge, technical progress and level of proletarianisation in society. But "objectively" possible is not possible for capital; consider only the arrestation of the productive forces caused by non productive use of labour and fixed capital, by economic crisis and by imperialist wars. Objective needs now imply the socialisation of the productive forces, and their planning on a world scale, ie, socialism

The argument that capitalism is a fetter on the productive forces does not rest, as the I.C.C. imply (5) on the argument that the rate of growth after 1914 has been slower than that achieved by capitalism before that date. Such an argument would be extremely difficult to sustain empirically, even if the near stagnation of 1919-39 was taken together with the growth of the period 1948-68, which surpassed all growth levels of the 19th century. The real failing of such an argument is however conceptual; we compare the growth of capitalism in the 20th century not with capitalism in the nineteenth, but with what would have occurred if the existing productive forces had been liberated from their capitalist integument. The case for capitalism as a "fetter" here is unanswerable.

Returning to C.O.B.I., it can be seen from what we have said above, that the crucial criticism, on which they rest their refutation of the idea of the decadence of capitalism, is basically irrelevant. According to them, the idea of decadence means "that capitalism can no longer develop the productive forces". (6). But in no way do we, or have we ever asserted such a view. Only economic theories such as those of Rosa Luxemburg, which seek a geographical explanation for the crisis of capitalism, in the exhaustion of pre-capitalist areas through which surplus value can be realised, and which therefore envisage a definite ceiling on economic growth, could hold such a view. And it is possibly from Luxemburg, or her contemporary epigones in the I.C.C. that C.O.B.I. have absorbed such a view as that given above (7). But in actual fact it is difficult to conceive of a capitalism that ceased permanently to grow; the years 1919-39 when capitalism experienced

(1). In Selected Works Vol 1 p363.

(5) See, Decadence of Capitalism p 23-4

(6) C.O.B.I. Text to C.W.O. (3.12 77) pl.

(7) Just as the I.C.C. fly in the face of Luxemburg's views by asserting the non productive nature of arms production for capital, so they also dissociate themselves from the view-logical to Luxemburgism- of a ceiling to growth by capitalism. However, they remain incapable of explaining this continued growth or its contradictions

virtual "zero growth" is a specific exception, rather than typical of decadent capitalism. Even in the decay of previous modes of production, total arrestation or absolute decline in the productive forces was the exception (ancient society), rather than the rule; for example the decay of both tribal and feudal societies was associated, for specific historical reasons, with growth.

Marx's conception of the dynamic of capitalism leaves little room for any idea of a total halt to economic growth. The counter-tendencies to the falling rate of profit can be activated to such a point where the threatened disaccumulation due to the growing mass of profit being insufficient to replace and expand the still faster-growing mass of capital, would be negated, though at the cost of untold social convulsions. (8). While it is necessary to abstract and grasp the logic of capital, and its innermost tendencies from empirical reality, we must never simply identify the logic of capital with the historical movement of capital, since the latter consists of the former mediated through many complex intermediary stages. The logic of capital is self suspension when the rate of profit is so low that disaccumulation threatens. The historical movement of capitalism however is the complex of social conditions brought about by this inner logic. Long before the rate of profit falls to zero, the third imperialist war (caused by the tensions unleashed by the falling rate of profit) will have delivered to capitalism- and the bulk of the planet's inhabitants-its coup de grace. Until that time, albeit interrupted by stagnation and slow down, the productive forces will grow. When we say that capitalism "fetters" the productive forces we don't imply that it has confined them in a straitjacket; a man in fetters or chains, has his movements restricted, but he can still move. For the use of such a metaphorical parallel, we quote a reputable authority. "Forbid me not the use of metaphor, or I could not speak at all" (Marx).

Capitalism still does develop the productive forces, although at a much lower rate than is objectively possible, but we must also look at the costs of this "development". To some extent a continuing spur to growth has been the cannibalisation of capitalism in economic crises, and the devaluation of capital these implied. But in the 20th century, this development is purchased far more at the price of apparently "non-economic" solutions to capitals' contradictions, i.e., the devaluation of capital by means of war. Since 1914 an infernal round of such wars, the two main ones having claimed 70 million lives, has occurred. These are unlike previous wars in the history of capitalism, since they are caused by imperialist contradictions, or by the logic of the capitalist economy in crisis. War is no longer an adjunct of politics, but the very basis of continued capital accumulation in the present epoch. The business cycle has become a cycle of world wars.

Even in peacetime, the costs or accompaniments to capitals' continued reign are more and more horrendous. The massive incidence of disease, man made famines and undernourishment of the majority of the worlds' population, in a situation where enough food is physically produced to satisfy the worlds needs, are accompanied by capitalisms threat to the very biological basis of life, posed by its rape of the planet.

(8). For a detailed elaboration of these points, which would be out of place here, see the "Economics of Capitalist Decadence" in R P 2, and our other economic writings.

The capitalist system was the form of development of the productive forces till around 1900, by which time imperialism had created a real world economy, and by which time the material basis for socialism existed. Since that time it has been a fetter on the productive forces, massively arresting their growth. With the creation of the material basis for socialism, capitalism is no longer the necessary, inevitable form for the growth of the productive forces, neither are the costs of development in its capitalist form unavoidable; indeed they perpetuate unnecessary human misery.

One simple point should be clear by now; the idea of the decadence of capitalism is in no way based on "outraged moralism" (C O B.I text, p9). The term decadence is perhaps unfortunate, in that it might imply to some that we are horrified at the bourgeoisie having taken to the fleshpots and vomitoria, as did the ruling class at the time of the decadence of the Roman Empire. But the concept of capitalism as decadent, or a fetter on the productive forces, though it obviously has implications at a superstructural level (ideas, beliefs, morals etc), is firmly rooted in our understanding of the economic development of capitalism as a mode of production with determinate contradictions. In certain societies decadence may result in human sacrifices and sexual excesses (eg Rome), in others it may result in an increase in monasticism (eg christian feudalism); in each case the specific reasons for these developments need to be explained by the specific conditions of each society. As a much more complex mode of production and social organization than any hitherto, capitalism will express its decline at the cultural and moral level in a multiformity of ways, depending on all manner of circumstances in different social strata and different national capitals. These are, if you like, the variable expressions of decay, while the economic reasons for the decay is the constant, common factor.

Thus, we can only reject as supra-historical vulgarising, the attempt by the I.C.C. to draw up a list of common factors at the superstructural level which are supposed to characterise the decadence of all societies (9). There are no such things as "principal manifestations of periods of decadence", such as the alleged strengthening of the state by the ruling class, or the decomposition of ideology. (Feudal ideology, for example was perfected in 16th century Burgundy when the system was already in decay.) Although all modes of production go through periods of decay, we cannot project the specific features of capitalist decay onto previous societies.

It should also be clear from what we have said, that our critique of capitalism shares nothing in common with those 19th century feudal reactionaries, who pointed out the horrors perpetrated by capitalism in its onward march. Despite the fact that the proletarian movement fought for the limiting of the excesses of capitalism at that time, the development of the 18th and 19th centuries was progressive-contrary to what the reactionaries asserted- since it was associated with an ascendant mode of production. Our opposition to the horrors of capitalism today is in no way the moral opposition of romantic reactionaries in the last century. We cannot simply state that a system is decadent because it leads to brutal exploitation, wars and environmental destruction. For example, the growth of industrial capitalism in the European heartlands after 1780 lead to the spread

(9) See their Decadence pamphlet, Op. Cit p 7-8. For a more developed critique of the I.C.C.'s supra-historical view of the state, and its implications, see "Some Questions for the I.C.C." in International Review 12.

of slavery in the West Indies and the U.S. south, without this meaning that the industrialisation was reactionary. Neither does the existence of many wars in the 19th century condemn capitalism at that time as historically obsolete. Indeed many of the wars at this time were historically progressive (Napoleonic wars destroying feudalism, Crimean war leading to the end of Russian serfdom, U.S. Civil War abolishing slavery, and the Franco-Prussian war leading to a united Germany). Similarly, the environmental damage done by capitalism in the last century in no way robbed it of the mantle of a progressive social formation. But capitalism does not remain progressive simply if it continues to develop the productive forces. Slavery, war and pollution do not mark a social system as decadent in themselves. But in a situation where capitalism reverts to slavery (eg Nazi Germany or Stalin's Russia in the 1930's) where there is no objective necessity for such a reversal, or where it continues to destroy the environment or to lead to a cycle of wars so serious as to threaten life on the planet, then that social system is decadent.

To summarise, and express, in as far as is possible, a "definition" of what we mean by decadence;

Capitalism is a decadent mode of production, because the level of development attained globally by the productive forces means that a much faster, alternative method for their development, ie socialism, is objectively possible. The costs at which capitalism continues to develop the productive forces are no longer materially inevitable. Additionally, these costs have reached such a scale that they threaten the destruction of civilized life, in the short (environmental decay, deepening crises), and long (spread of local wars, and eventually generalised imperialist nuclear war) terms.

Many would admit that Marx talked about "ascendant" modes of production, but would deny that he used the concept of "decadence". This is in effect a futile nominalist argument, for the content of what the C W O. means by decadence was often expressed by Marx himself, and nowhere more clearly than in the following passage,

"..hence it is evident that the material productive power already present, already worked out, existing in the form of fixed capital, together with the population, etc., in short all conditions of wealth that the development of the productive forces brought about by the historical development of capitalism itself, when it reaches a certain point, suspends the self realisation of capital, instead of positing it. Beyond a certain point, the development of the powers of production becomes a barrier for capital. When it has reached this point, capital, ie wage labour, enters into the same relation towards the development of social wealth and of the forces of production as the guild system, serfdom, slavery, and is necessarily stripped off as a fetter. The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms. The violent destruction of capital, not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given it to be gone and give room to a higher state of social production. These contradictions lead to explosions, cataclysms, crises in which by momentaneous suspension of labour and annihilation of a great portion of capital, the latter is violently reduced to the point where it can go on... Yet these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow." (10)

DECADENCE AND THE WORLD ECONOMY

Decadence only has meaning at the level of the world economy; it is not our view that capitalism is decadent in some areas of the globe, but not in others; nor is it our view that there are any non decadent non capitalist states anywhere in the world.

Once it had attained maturity in its European birthplace, capitalism impinged on other modes of production to a far greater extent than had its predecessors,

"The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian nations, into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls." (11).

Throughout most of the 19th century, two independent dialectics were at work in most non capitalist societies; the logic of their own evolution, and the logic of their integration into capital. While being slowly penetrated by capital, these societies were also exhibiting some of the internal features of the development of tribal, feudal or Asiatic societies. Even the industrial countries shared in each others' cycle of boom and slump to a limited extent. The world was still to some extent a collection of autonomous economies which "overlapped" in the world market. However, with the entry of capitalism into its period of imperialist expansion from about 1885, it gradually became clear to Marxists that capitalism was creating, albeit in a limited and contradictory way, a world economy. A world economy is not simply another term for the world market, nor is it synonymous with a world capitalism

True to their emphasis on the circulation of commodities, today's epigones of Luxemburg claim that it is the historical task of capitalism to create a world market and hence the material basis for socialism. But a world market of sorts had been created in the era of mercantile capitalism, and a real world market was in existence at the latest by 1850. A small number of dynamic mercantile economies created some form of world market by engaging in commodity exchange with non-European societies from the 16th century onwards; indeed rather than it being the task of capitalism to create such a market, its prior existence was one of the pre-requisites for the development of capitalism. But this is not a world economy.

Neither do we mean by a world economy, that capitalism had created, or was moving towards the creation of, a unified bourgeois economy as envisaged by Hilferding, or others who believed that capitalism can unify its mode of production on a world scale, and abolish national boundaries. Nor does the term "world economy" mean that capitalism had, or could, industrialise the world, or turned the majority of its population into wage labourers and capitalists. Indeed, it is an error of logical Luxemburgism to believe that capitalism could ever integrate the bulk of pre-capitalist sectors into its relations of production. (12). Thus C O B.I. are Quixotically tilting at windmills when they inform us that "The world market is not synonymous with the capitalist mode of production" (C O B.I. text, p5). To assert that capital is now a global system is not synonymous with an assertion that the whole world is capitalist.

(11) Communist Manifesto in Selected Works Vol 1 p38.

(12) For a developed critique of the economics of Rosa Luxemburg, see R P 6 "The Accumulation of Contradictions; or, the Economic Consequences of Rosa Luxemburg".

The emergence of a world economy, as opposed to a world market of autonomous modes of production or capitals, "exchanging" their "surplus" products, was noted above all by Bukharin, in works such as Imperialism and World Economy (1915)

The existence of a world economy, implies the intensification of the international division of labour and commodity exchange to the point where whatever happens at one point in the economic chain directly influences all the other points. International competition levels prices and conditions of production, and tends towards the equalisation of the rate of profit at an international level, (though of course this is always modified by the existence of capitalism in its nation-state form). The industrialised countries are now so inter-dependent in terms of trade and investments, that crises are a phenomenon that spreads like wildfire from one to another. As for the under developed areas, they have now no internal dynamic, and are totally circumscribed by the formal domination imposed on them by capitalism (13). The existence of a world economy doesn't mitigate, rather it intensifies imperialist antagonisms, and its consequences are world economic crises and world wars.

The conception of world, or global, capitalism, means that we are no longer in an era of "national autonomy", where each nation emerges through a series of set stages, slowly climbing the ladder of social modes of production, finally emerging at capitalism. Then and only then in C.O.B.I.'s view can we talk about proletarian revolution, since, as they put it,

"Social revolutions take place in determinate societies... and thus revolutions are nation-specific... There has never been and never will be a 'global' revolution.... (14)

Such mechanical Marxism belongs to the dustbin of history, and echoes the views of Plekhanov and Kautsky who argued that since Russia was a backward country, only a bourgeois revolution was on the agenda, or of Stalin, who argued that since the material basis for socialism existed in Russia, "socialism in one country" was a possibility. Despite their different conclusions, both these trends of Centrists and Stalinists start from the same standpoint of the "nation-specific" characteristics of Russia, against Lenin and the Bolsheviks who saw the Russian revolution as the beginning of the European and ultimately world socialist revolution.

In content the struggle of the proletariat has always been international. As Marx said of the tasks of communists,

"In the national struggles of the proletariat of the different countries, they point out and bring to the front the common interests of the entire proletariat, independent of nationality." (15)

Now the development of capitalism has made this struggle international in form also. Capitalism in this century has been torn by world wars, where for the vast majority of the world proletariat the question of "National defence or revolutionary defeatism?" has been concretely posed simultaneously. Were these questions "nation-specific" in Britain, Germany and Russia in 1914? The

(13) We cannot enter into an explanation of these points here; for elaboration, see "Capitalism in Black Africa" in R P 6.

(14). C O.B.I. text p5.

(15) Communist Manifesto in Selected Works Vol 1 p46.

impact of the economic crisis in this century is also global, for example in the 1930's and again today, and not linked to the "specific" features of national capitals. The class struggle which imperialist wars and economic crises lead to in this century, also shows much more homogeneity than in the 19th century. Then struggles took place largely within national boundaries, and assumed widely differing forms. But can we seriously argue that this is "national-specific" characteristics which have led to the emergence of soviets of councils in every major working class upheaval in this century. Did they emerge for specific reasons in Russia in 1917, Germany in 1919 and Hungary in 1956? Today the same forces of world imperialism, crisis and class struggle are everywhere operative, and instead of applying the first rule of scientific method, ie that "As far as possible, for common effects we ascribe common causes" (Newton), C.O.B.I. "explain" events in terms of the internal contradictions of specific societies, as if they existed in a vacuum.

A world capitalism does not exist; but a world economy does, dominated by the advanced capitals, and this renders impossible any independent economic development of the vast non-capitalist periphery. Convinced that this is not the case, in true empirical form, C.O.B.I. present us with tables of figures which claim to prove the contrary, ie that industrial growth is occurring on a world-wide scale, and that the proletariat is growing enormously. Certainly, the proletariat is growing in absolute terms on a world scale, even if we limit the proletariat to those workers actually productive of surplus value, this is the case. But the whole picture changes if we look at the relative growth of the proletariat, compared with that of the world's population. This is actually growing at a much faster rate. Capitalism is no longer in the process of qualitatively proletarianising society on a world scale (though it is creating more proletarians), in fact it cannot even maintain present levels of proletarianisation. Lumpenisation is the dominant trend on a world scale.

And it is precisely in the third world that the massive growth of population has led to relative deproletarianisation in the most acute form; here the destruction of pre-capitalist economies, and the integration of only enclaves into the capitalist economy, leaves a situation of millions of people in the countryside unable to feed themselves, and yet more millions in huge cities, almost devoid of any industry. C.O.B.I. argues that it is quite a simple matter for such countries to launch on the road to development, even given the dominance of the world economy by the advanced powers,

"Why should emerging countries compete on the world market? They always (correctly) begin with import substitution, build up domestic industry behind tariff barriers, and, subsequently, this secured begin to 'compete on the world market'. (16)

Certain advanced mercantile countries like the U.S.A. and Germany could, in the 19th century, against British competition, raise tariff barriers and industrialise. In a world where only one country was industrialised and where technology was fairly simple and cheap this was a possibility. But today emerging countries face a world where a multitude of capitalist powers and a superfluity of capital exist. Additionally the leap facing emerging countries today is not that from the hand-loom to the

steam-driven loom, but from the hand-loom to the nuclear reactor. Thus, any development which does occur is via imperialist hegemony, and the injection of foreign capital, eg China's development in the 1950's based on Russian aid. (17) C O B I admits that the withdrawal of this aid is a "setback"- so much so that it requires the integration of China into the orbit of American imperialism to overcome it! So much for import substitution, and so much indeed for "national liberation". Peripheral industrial developments in the third world pale into insignificance beside lumpenisation and general stagnation, and even these developments take place overwhelmingly via, and in the interests of, imperialist capital. The Zambesi dam cannot be undone, that is true, but neither does it prevent the "Marxist" rulers of Mozambique being forced to sell the electricity (which they cannot use) to south Africa, or indeed to depend for their economic survival on the export of human labour power to the apartheid state. In the face of the economic crisis many countries which had tried to industrialise, are beginning "back to the land" campaigns for their unemployed proletarians, eg Tunisia and Zambia. Today the share of world trade and world industrial production of the "third world" is lower than it was in 1950. This is the real answer to the arguments of supporters of "national liberation".

The situation in Europe in the years of imperialist wars, eg 1939-45, or of the "third world" today, is a vivid prefiguration of the alternatives facing the working class and all other social strata; socialism or barbarism. In common with the rest of the critique of our politics, C.O.B.I. rejects the possibility of barbarism, and denies that it is a Marxist concept. By barbarism we don't mean, as C.O.B.I. trivially imply, that humanity will revert to a culture based on tribalism and an iron age level of technology (the 19th century anthropological definition). By "barbarism" as the logical outcome of capitalism's innate tendencies- if unchecked- we mean; ever worsening crises, leading to ever more destructive wars, and eventual annihilation of the bulk of humanity, culture and the productive forces, throwing society back hundreds of years, and also the possibility for socialism. Decadent capitalism is not barbarism, but it gives us a foretaste of what "the annihilation of the productive forces and the destruction of all culture" will mean. It was Engels himself who first posed the alternatives facing humanity, many decades ago, when he asserted "Capitalist society faces a dilemma, either an advance to socialism or a reversion to barbarism".

Our position has nothing to do with pacifism or moralism, but only with an obligation to show the working class what the alternative is if they fail to destroy capitalism. War, from being the pursuit of politics by other means, has become in our era, the "solution" to capitalism's insuperable contradictions and crises, by means of the massive devaluation and destruction which it entails. C.O.B.I.'s quibbles on the subject of barbarism are more than mere pedantry, but express a wish to avoid confronting the basic necessity for socialism; the threat of barbarism, as defined above, which the continuation of capitalism implies.

We will return to this point later when we deal with decadence and the question of perspectives for revolutionary change.

(17). For China's economic development, see Workers Voice No18. Our basic framework for the national question is explained in "Marxism and the Irish Question" in R P 2.

DECADENCE AND REVOLUTION.

Objections to the idea of the decadence of capitalism often draw support from the post war boom of capitalism. This has caused many to argue that although capitalism appeared to be decadent up to 1939, it has since tapped unsuspected reserves of strength, and by the application of new economic policies, experienced a rejuvenation. Therefore, it is argued, capitalism is not yet a decadent social formation. We cannot go into the economic arguments here, but elsewhere we have shown that this is not the case. Policies such as those of Keynesianism express, not the rejuvenation of capitalism, but its historical senility.

The massive development of capitalism after W W II was due less to the inherent strength of capitalism, than to;

- 1) The massive devaluation and destruction of capital in the war, far exceeding that of W.W I. This allowed for a new round of accumulation to begin at a lower organic composition of capital.
- 2) The continuation of a war economy well into the period of reconstruction, "justified" by the threat of another imperialist war.
- 3) An assumption by the state of control of the credit mechanism and systematic devaluation of the currencies of the major capitals, leading to the postponement of cyclical crisis, at the cost of an inflationary spiral, and the threat of the collapse of the credit mechanism.

The fact that this boom was but a brief interruption in the decay of capitalism is shown by its disappearance, and the relapse of capitalism for the past decade into its "normal" state-that of crisis. (18)

The decay of capital implies the view that a viable, long term movement of working class reformism is impossible. This doesn't mean, as is often implied by those to whom decadence is a rigid syllogism, that the conditions of the class cannot improve at times, or that certain sectors cannot win specific gains. Rather, we are in a historical period where these gains are limited in scope, limited in durability, and more vitally where the costs of achieving such gains outweighs the benefits they bring to the class. Like the seemingly impressive capitalist growth since W.W II, the "improvement" in working-class living standards since that time is;

- 1) Limited in time, to the post war rebuilding of a devalued capital, that is c1948-c1968; a maximum of 20 years!
- 2) Limited in area to the advanced capitals, and within these to certain sectors of the class. Where are the great gains for the Indian, Spanish or Latin American workers, or indeed for those of Clydeside or Merseyside?
- 3) Limited as such; Much of the increase in volume of use-values, which can be exchanged against the current market price of labour power, stems from a deterioration in their quality.

(18) Naturally, we do not expect readers to take the above assertions on trust, but hope they will study the texts which validate them, eg.,

"Economic Foundations of Capitalist Decadence" in R.P. 2

"Money, Credit and Crisis" in R.P. 8

Plastic shoes and artificial fibres in clothes, accompany chipboard in furniture for the working class. Certain diseases have been reduced, to be replaced with near epidemics of others like cancer and neuroses, due to pollution and the pressures of life under decadence. Many other much vaunted reforms cited by C O B I are simply frauds; for example, a recent survey estimated that the average male manual worker could expect to live long enough to collect one year of his retirement pension. Similarly, the average length of the working week-44hours- has hardly declined in the past 60 years, despite technical progress, compared with its massive reduction in the course of the class struggles in the nineteenth century.

It would be impossible to deny that the absolute living standard of the working class (with the reservations made above) has increased even under conditions of decadence. But as Marxists, we have to measure this, not against conditions as they were in the 19th century, but against what is objectively possible, given the present productive capacity of the planet. Considered in this light, any improvements are trifling. But more importantly, in addition to grasping the limited nature of these improvements, we always have to take a global and historical view, and ask at what cost these have been achieved. The answer is; by massive devaluation of capital via wars, by militarisation, and the threat of yet another world war, ie., any improvement in working class living standards was paid for at the cost of the 50 million killed off so that the post war boom could take place. To claim that the crumbs since dropped from the rich man's table are significant (or indeed permanent) is myopic, and also a mystification. Questions like the "standard of living" are, in any case, not definitive criteria on which to base an analysis of the decadence of any mode of production. The proles of ancient Rome were never better off than in the period of bread and circuses which characterised its decay, while the living standards of the European peasantry reached a peak in the 15th century (the period of feudal decay), not again achieved for 300 years. This peak occurred after the killing off of one third of Europe's population in the Black Death. Capitalism's post war boom bears some resemblances to that at the end of the feudal period, being based on the wiping out of millions of people.

Reformism was a political movement of the working class in a certain historical period, and is not synonymous with the tinkering with capitalism that have occurred since 1945. Reformism in the 19th century helped to define the class as a class, through unions and parties, and to separate it from its own heterogeneous origins, and from other social strata through struggle. This expressed itself through historically significant struggles, such as that for the 10 hour day, the franchise, right to unionisation etc. Through these struggles the class defined itself, and expressed itself as the negation of capital. But today's "reforms" are not gained through such a politically meaningful anti capitalist struggle, but are expressions of the defeat of the class, and efforts to integrate it into capitalism. The right to female suffrage, for example, instanced by C.O.B.I., was gained as a result of bourgeois manoeuvrings in an effort to better wage the first imperialist war (and by this time the vote was becoming meaningless anyway). The much vaunted welfare state itself was the expression of the triumph of the counter revolution in W.W.2. It is in no way progressive that such minor gains-which are anyway transient historically- are purchased at such a cost.

Thus the post war boom as a rebuttal of decadence fades away as we

approach it closer. If, however, capitalism is still developing the productive forces in a progressive manner, and is capable of granting meaningful reforms on a long term basis, then it is difficult to see how we are in the era of proletarian revolution. If indeed capitalism will never be decadent- as C.O.B.I. implies by **stating** that decadence isn't a Marxist concept, then it is impossible to have a materialist explanation of how the class struggle will ever reach a revolutionary level.

The original decision of revolutionaries to separate themselves from the Second International, and to construct a Third, Communist International was based on the assumption- denied by C O B I - that the epoch of imperialist wars and capitalist disintegration opened the era of proletarian revolution on a world scale. On what basis do we, as communists distance ourselves from the old (social democratic) workers' movement today? Is it because we "want" a revolution, and have realised that the old movement is merely reformist? Lenin, Bordiga, Pannekoek and Luxemburg all realised the opportunism of social democracy before W.W.I without separating from it; why? In the period of capitalist ascendancy, the place for an intransigent revolutionary minority was inside social democracy, since revolution was not yet objectively possible. The entry of capitalism into its decadence, revealed in historical shorthand by the First World War, renders this framework obsolete. Despite its claims to Bolshevik orthodoxy, C.O.B.I., and other opponents of decadence, reveal themselves as fierce opponents of the Bolsheviks' perspectives in setting up the Comintern,

"A new epoch is born! The epoch of the dissolution of capitalism, of its inner disintegration. The epoch of the communist revolution of the proletariat. Humanity, whose entire civilization now lies in ruins, is threatened with complete annihilation. There is only one force that can save it, and that is the proletariat!" (19)
(Platform of the Communist International)

How will the working class come to oppose capitalism on a revolutionary basis, unless the system enters into a period of "Krisen, Kriegen, Katastrophen" (Crises, Wars, Catastrophes)? The daily existence of the class, in production and society, does not create the basis for the emergence of a revolutionary consciousness. Nor does it create the basis on which this consciousness can be brought to the class "from the outside". The obsession of the Trotskyists with schemes of "transitional demands", and of the libertarians with "organizational forms", or the insistence that there are finer things in life than base material needs, none of these will lead to revolution, if the capitalist system is capable of long-term progressive growth, and granting of meaningful reforms. Only the "exceptional" moments in the development of the system (eg wars and crises) create the potential for communist intervention, capable of gaining mass support.

Marxists take a global and historical view of the working class and of capitalism, which raises them above empiricism and "nation-specific" localism. Such a view allows us to assert that capitalism is a fetter on the forces of production, which threatens to destroy all civilized life, and the bulk of humanity, ie., it is a decadent social

(19) Quoted in J. Degras (ed) Documents of the Communist International Vol 1, p18

system. Hence we live in the period of international proletarian revolution. Opponents of decadence, such as C O B I, are vivid examples of the kind of analyst portrayed by Marx, when he wrote to Kugelmann on the subject of the criticisms which had been aimed at the concept of "value" (for value read decadence),

"In fact he, (the vulgar economist) holds fast to appearance, and takes it for the last word. Why then is science necessary. at all?

Even if there were no chapter on "value" in my book the analysis of the real relations which I give would contain the proof and the demonstration of the real value relation. The nonsense about proving the law of value arises from complete ignorance of the method of science. The science consists in working out how the law of value operates. So if one wanted to explain all the phenomena which apparently contradict that law, one would have to give the science before the science " (20)

This text has been an explanation, possibly overdue, of what we mean by the assertion that capitalism is a decadent mode of production. It is naturally, not a "proof" of decadence, since such a proof exists in the "analysis of the real relations" which we have carried out in our historical, political and economic texts, which show how decadence "operates", and which explain "all the phenomena which apparently contradict" the theory. We hope this text will tie together many threads for people familiar with our previous texts, and stimulate those who are not, to go and consider them. The widest possible debate on the issue of decadence can only serve to clarify the tasks facing communists and the working class internationally.

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IMPERIALISM IN THE MIDDLE EAST

The invasion of the Lebanon by Israeli troops in March has once more brought the Middle East to the forefront of world news and appeared to have marked the end of the recent moves towards peace initiated by Sadat, President of Egypt, and backed by the United States. It is in America's interest that a peace settlement be concluded between its new ally Egypt and its old satellite Israel. But obviously both the Palestinians and the Israelis have reasons to oppose this peace. The Israelis think they have been betrayed by the U.S., and the Palestinians have reason to believe that the peace moves are the beginnings of a sell-out by the Arabs. Therefore, it is in the interests of both Israelis and Palestinians to disrupt the peace.

The attack in March by Palestinian terrorists on a bus carrying Israeli civilians gave Begin and the Israeli military forces the excuse to make an aggressive attack on the Palestinian bases in the Southern Lebanon and extend the protective buffer zone round Israeli territory. From the very beginning the Israelis have tried to resist the peace moves and the rapprochement with the Arab world the result of which would necessitate their recognition of a Palestinian homeland on existing Israeli territory. As they are wholly dependent on America for military and economic aid, there is a limit to the resistance the Israelis can make and as long as the U.S. remains on friendly terms with the Egyptians, as long as rapprochement is in the interests of American imperialism, then Israel must eventually succumb to American demands. There can be no doubt that the attack on the Lebanon was made by Israel in the hope that the Egyptians would be forced by Arab pressure to take a militant stand against the Israelis and the Americans who supplied the Israeli arms. However, this has not been the case: Sadat has calmly watched the massacre of Palestinians and has reiterated his hopes for a peace settlement with Israel, while the Americans have denounced Israeli aggression and urged their retreat from Lebanese territory. As Begin is becoming increasingly isolated within Israel, with demonstrations calling for peace and his dismissal, the peace moves can only gain momentum.

A peace settlement, however, is not a foregone conclusion. Though, despite recent events, it is still the most likely outcome. American interests also have to contend with those of Russian imperialism which will try to resist American hegemony over the Middle East. Unless the Americans can quickly come up with an acceptable settlement for the Palestinians the Russians will be able to make some capital out of Arab discontent by arming the Palestinian Liberation Organisation (P.L.O.) and opposition movements to Sadat. But whatever the outcome one thing is certain: as long as the capitalist system continues imperialism will continue to wreak havoc in the Middle East as it has done in the past.

Many of the conflicts in the Middle East today can be traced back to the imperialist struggles of the past. By looking at the history of the Middle East and the role of imperialism we shall see that the misery and bloodshed today are not due to any "natural" causes but are wholly the result of conflicting imperialist interests.

THE HISTORICAL BACKGROUND.

Ever since the decline of the Ottoman Empire gathered pace in the nineteenth century, the Middle East has been a playground for the rival imperialist powers. In the nineteenth century, the area was dominated by Britain who posed as the "protector" of the Turks, thus securing its route to India via the Suez Canal. As Britain moved into an alliance with Russia, the Turk's traditional enemy, the Turks swung to Germany, whose penetration of the area was symbolised by the building of the Berlin-Baghdad railway from 1899. During the First World War Britain aroused the fires of "national liberation" in the Turkish Empire. By encouraging the growing anti-Turkish sentiment among the Arab nationalists in these Middle East areas traditionally ruled by Turkey, Britain hoped to weaken Germany's war ally, and when Turkey collapsed, stepped into the breach establishing a series of mandates in the area to add to its already existing colony in Egypt. By this time interest in strategic areas had been added to by economic ones, and British oil companies developed the oil fields of the Persian Gulf.

In order to gain allies against Germany Britain did not stop with the wooing of the Arabs. In Palestine at this time were a growing number of Jewish settlers many of whom were the followers of Theodor Herzl who in his book A Jewish State, published in 1896, had called for the creation of a Jewish state preferably in the ancient homeland of Palestine. A deliberate attempt then was made by Zionists to colonise Palestine, and political alliance was promised to nations supporting the Jewish cause. Herzl wrote of the advantages of an alliance with a Jewish state in the Middle East: "We should there form a portion of the rampart of Europe against Asia, an outpost of civilisation as opposed to barbarism." (1) The British, realising that the Arabs might not prove to be dependable allies, and seeing the advantage of securing an ally which flanked the Suez Canal and the route to India, promised, in the Balfour Declaration of 1917, a Jewish homeland in Palestine.

In 1918 Britain and France emerged as the two victorious powers in the area and proceeded to divide up the Middle East between them, conveniently forgetting or generally finding unreconcilable the promises made to the Jews and the Arabs during the war. Syria and the Lebanon became mandates of France, Iraq and Palestine of Britain. Between the wars France and Britain retained their control of the area through a system of "divide and rule", making the most of the ethnic and religious differences dividing the people of the Middle East. Thus, Moslem was set against Jew and Christian, Arab against Kurd, differences which are still being used today by the imperialist powers to divide and control the Middle East.

During the Second World War the cry of "national liberation" again served imperialist ends; this time it was Hitler and the Nazis who raised the cry against the British, and thus enlisted Arab support against British imperialism: "The Arab Freedom Movement is our natural ally in the Middle East against England... I have decided therefore to encourage developments in the Middle East by supporting Iraq." (2). Sympathy for Nazism was widespread amongst the Arab intelligentsia and military at this time, but once again British imperialism was victorious, and for a short period its domination continued. But the interests of the old imperialism were on the

(1) Quoted in Rodinson, Israel and the Arabs p. 14.

(2) Hitler quoted in Bullock, A Study in Tyranny p.639.

wane, and the struggle in the area was soon to change to one between the two powers who had emerged as the dominant ones after World War II, the U.S.A. and U.S.S.R. The first sign that things were changing came with the support both these powers gave to the creation of the Israeli state, against the wishes of the British, who still ruled Palestine. The Russians were looking for a power base in the area, and felt that the Israelis, rather than the Arabs, with their former Nazi sympathies, would provide this. The Irgun terrorists who fought the British were armed by the Russians; prominent amongst these terrorists was Begin, now Israeli prime minister. In the years that followed, however, the U.S. gradually established a firm hold over Israel, while Russia made great advances in wooing the emerging military dictatorships in those areas which freed themselves from direct British/French control, eg in Egypt where Nasser, an ex Nazi sympathiser, led a coup against the British puppet Farouk in 1952. Nasser proceeded to nationalize the Suez canal, which led to the invasion of Egypt by Britain and France in 1956. But in reality this war marked the end of their role as independent imperialisms; the Americans wished to see them rebuffed and stood aside as Russian pressure forced British and French withdrawal. The wars which followed in 1967 and 1973 took the classic pattern, of America arming the Israelis, while the U.S.S.R. backed the Arabs.

NATIONAL LIBERATION

The situation in Egypt was typical of the situation in many of the Arab states after 1945, where reactionary and monarchical puppet regimes were overthrown by military coups, which proclaimed their aims as freeing their countries from the stranglehold of British or French imperialism. However, for a nation to be 'independent' it must be able to control its own economic and military destiny, without aid from more powerful states; once aid is received the recipient becomes obligated to the donor of aid. And the Arab states which freed themselves from the British or the French, were soon to come under the jurisdiction of the U.S.A. or the U.S.S.R. But would it not have been possible for Egypt, or any other of the new Arab nations to have become truly independent, by progressing under their own steam, and developing the productive forces? As we have tried to show elsewhere (1), national liberation today is impossible precisely because these new nations cannot themselves develop the productive forces that would ensure independence. The industrial nations today are those which underwent their industrial revolution in the nineteenth century (Britain, Germany, U.S.A., Russia and Japan). These nations were able to industrialise when technology was cheap, and without being faced with advanced competitors. New nations today cannot possibly make the enormous leap from primitive technology to that which is in general use in the advanced capitals. By looking at the economy of Egypt since 1952 it will be seen that there has been little success in the attempt to develop the productive forces, and that the economy has only been able to limp on through the massive injection of aid from Russia and America.

EGYPT SINCE "NATIONAL LIBERATION"

One thing which is obvious when looking at the Egyptian economy since 1952 is its complete dependence on foreign aid from the very beginning. During the 1950's Nasser tried to keep a foot in both imperialist camps, and succeeded in receiving loans from both Russia and America. Gradually, however, Russia came into a

(1) See for example the articles on "Capitalism in Black Africa" (R P 6) and on "China; myth and reality" in W.V. 18.

dominant position, mainly due to its willingness to supply unlimited military aid, which the Americans felt would be used against Israel. By 1961, Egypt was firmly in the Russian camp, supporting Russian foreign policy in Africa and the Middle East. Along with this political alliance went moves towards "socialism" and a statified economy. The Russians, and others, hailed these moves as those of a progressive third world country freeing itself from imperialism. But in reality, Nasser chose to statify his economy, not through any desire to build socialism, but because only through state direction of capitalism can any accumulation at all take place in such backward capitals as Egypt. In addition to massive infusions of foreign aid and statification, accumulation required the massive exploitation of the working class, and cut backs in public spending.

The statification of the Egyptian economy took place swiftly, and occurred without the liquidation of the old private bourgeoisie and landlord class, most of whom simply joined the ruling party-the Arab Socialist Union (A.S.U.)- and proceeded to operate as the state bureaucracy. By 1961, 85% of the economy had been nationalised,

"Outside agriculture, private enterprise is dominant only in handicrafts, retail trade and personal services; it is excluded from large and medium sized industry, from transport, finance and import trade... furthermore the public sector is responsible for practically all new investment (94% in 1963-4), and even in agriculture the state directly controls about 1/6 th of the land and is responsible for all land reclamation and settlement." (1).

But in spite of this massive switch to state capitalism, attempts to create native industry met with little success. £30 millions was invested in a car plant, which was closed in 1960; this shows that it is impossible, even with cheap labour, for new nations to compete on the world market for manufactured goods. The Egyptian car industry, lacking a skilled workforce, readily available markets and a sophisticated infrastructure, just could not make cars as cheaply as the advanced capitals.

In agriculture the picture is also bleak; any increased production is constantly being outstripped by an increase in population. Agricultural production is concentrated on the cotton crop, Egypt being dependent on imports and foreign aid for most of her wheat and other food crops. Once again the vicious circle of capitalist monoculture is demonstrated. The cotton crop brings foreign currency earnings, but more earnings are needed to pay for imports of food and manufactured goods, so more land once given over to food production is changed to cotton growing. With monoculture comes lessening of fertility, needing increased imports of fertilizers, and also diseases, necessitating increased imports of pesticides (between 1961 and 1963 33% of the cotton crop, and 20% of the cereal crop was lost through pests and disease.)

For a long time the Aswan Dam, financed by Russia, was seen as the key to the economic development of Egypt; all year round irrigation would facilitate the extension of the area under crop production, and the dam would provide cheap power for the industrial development of the country. But the cheap energy has failed to materialise (and anyway, there would be nothing to use

(1) G. Amin The Egyptian Economy since the Revolution in Vatikiosis (ed) Egypt since the Revolution. p42.

the power for). Agriculturally the project has also been a disaster. The dam prevents the alluvium which used to fertilise the land, from reaching the lower river, and the use of fertilizers has killed off the rivers fish. Bilharzia, caused by a parasite previously killed off in the dry season, is now an epidemic in Egypt. The Aswan dam illustrates the absurdities of capitalism. Egypt is next door to the world's richest deposits of oil, but to provide its own energy must erect such a costly white elephant.

The failure of the Egyptian economy to develop the productive forces to any meaningful extent has been summed up by an observer,

" To judge from the totals, the increase of productivity of labour has been dangerously low. G.D.P. has increased by 5.5% p.a. while employment has increased by 4.1%, which indicates that the productivity of labour has risen by 1.1% per year." (1).

What is more, these figures concern the early sixties, which were the most prosperous for Egypt. Since then it has been hit by the world depression, and growth rates have declined. Even during the more "prosperous" period the condition of the working class underwent little improvement. From 1960-65 the wages of industrial workers rose by 22%, but prices rose in the same period by 23%.

It is clear that there has been little development of the productive forces in Egypt since "liberation". And these feeble results have not been achieved by the country attempting to "go it alone". On the contrary, what little development has occurred has been due to the massive injections of aid since Nasser took control, from the imperialist powers Russia and America. From the latter Egypt received shipments of grain in the 1950s when Nasser was attempting his balancing act; the Russians on the other hand, provided the bulk of the finance for the Aswan Dam (2,000 million dollars, at an interest rate of 2½%) and Russia provided the finance for Egypt's iron and steel complex, oil refinery and power stations. Altogether total economic aid apart from the Aswan dam was 740 million dollars between 1954 and 1967. But even this massive infusion of capital failed to lead to more than a minimal growth of the productive forces. Egypt was only able to service this debt to a limited extent; less than 10% was repaid in cash, while some of the rest was made up by the export of the bulk of the Egyptian cotton crop to the U.S.S.R. in the 1960's. The Russians were forced to write off many of Egypt's debts, and the realisation that Russia was becoming reluctant to continue indefinitely subsidising the Egyptian economy on such a scale was one of the reasons behind Sadat's decision to re-orient his country towards the U.S.A.

IMPERIALISM IN THE MIDDLE EAST

The economic aid which Egypt received from Russia (or which Israel received from America) has been a drop in the ocean, compared with the military aid which each has received. Altogether it has been estimated that military aid was about 80% of the total aid which Nasser got from Russia. According to Nasser, the military aid was cheap,

" We have so far paid not one penny for the arms we ob-

(1). Hansen Planning and Economic Growth in the UAR in, Vatikiosis (ed) Egypt since the Revolution p32.

tained from the Soviet Union to equip our armed forces.
 Actually, were it a question, we have no money to buy arms " (1)

Certainly, Egypt was an expensive (and frequently ungrateful) ally. Is this economically backward area, with its poverty stricken population really worth it? To answer this, we need to realise that imperialism does not operate with shopkeepers logic; in many cases imperialism will operate at an economic "loss" in order to protect the overall interests of the bloc which it dominates, or with a view to future gain. The two rival imperialist powers, Russia and the United States, are competing in the Middle East with the realisation that the control of the area is vital to the interests of their respective blocs. And thus both powers must give massive loans at low interest to their satellites.

The Middle East being the most strategically vital area in the world is the centre of the bitter struggle for supremacy being fought out between the two super powers. Control of the area, which lies in the Eastern Mediterranean at the junction of three continents, and surrounding the Suez Canal, is a great weapon in the global imperialist power struggle. One reason for the Russians being prepared to lose money on Egypt was that they had a valuable naval base there - their only base on the Mediterranean. (That base was lost when the Russians were expelled from Egypt by President Sadat.) Secondly, the area contains rich and readily exploitable oil fields which are vital to the interests of both blocs. America and Russia need to concern themselves, not only with their "own" interests, but with the interests of the member countries of their bloc who might otherwise defect from it. Aside from the vast amount of American capital invested in the Middle East oil fields, it is in the interests of America to ensure that Western European capital is safeguarded. Europe, an American military bulwark against Russia, and prime area of economic domination by the U.S., is dependent on Middle East oil, importing from there about 80% of its requirements. As for the Comecon countries, they at present receive their oil from the U.S.S.R., but for the first time it is on the cards that Russia will no longer be able to supply its own domestic requirements. (2). Future economic planning in Russia is based on the assumption of ever-increasing oil imports, and most of these will have to come from the Middle East. Since the loss of Egypt to the Americans Gadhafi's "socialist" Libya has become the most important ally of Russia in the Middle East. Oil from the Libya oil fields has been exchanged for weapons. Obviously it is hoped in Moscow that these weapons will bring about the overthrow of Sadat in Egypt.

Egypt, then, was a vital spearhead for the advancement of Russian interest. Egyptian armies equipped with Russian weapons marched into the Yemen to aid the republicans against the monarchists, who in turn were supported by the Saudi Arabians who were equipped by the Americans. By supporting one side in the civil war the Russians hoped to gain access to the oil fields of Saudi Arabia. Russian policy in the Middle East has been to move into an area where conflict is likely to take place and support one of the sides. By backing the military dictatorships in Libya, Syria, Tunisia and the Yemen, Russia has been able to make valuable inroads in the Middle East.

(1) Quoted in Laqueur, The Struggle for the Middle East p.102.

(2) According to Laqueur (op cit), "The Soviet Union will not have sufficient oil to cover its own needs, let alone a certain surplus for export." p.157.

However, it is a mistake to see the relationship between Egypt and Russia purely in terms of economic loss for the U.S.S.R. Apart from its strategic importance Egypt's cotton crop was important to the Soviet economy. In return for the loans almost the entire cotton crop went to Comecon between 1967 and 1973. It is most likely that when Russia felt the alliance with Egypt was secure, more pressure was used for repayment. The fact that Egypt's main source of income was already mortgaged meant that the economy had little chance of paying off other debts: and once more the vicious circle goes into operation. In order to pay off existing debts, Egypt had to borrow more... By the early 1970's the Egyptian economy was in an impossible position: total foreign currency reserves were only equivalent to 8% of foreign debts and 300 million dollars was owed to the International Monetary Fund. Furthermore it appeared likely that the I.M.F. would withhold further credit. A temporary respite was open to Egypt by a changing over of imperialist partners. After the war with Israel in 1973 relations with Russia were distinctly cool. Russia, no doubt convinced that the Egyptian army had little chance of success, refused Egypt the extra military aid which was requested. And so for Egypt there was little more to gain from the Soviet alliance - by "falling out" with the Russians and by moving towards the American camp, the Egyptian economy was spared the necessity of repaying its debts to Comecon. It is a mistake, however, to see such moves as a manifestation of Egyptian "independence". As there are only two blocs to choose between obviously such a move can not be made too frequently.

Constant realignments have in fact been a feature of political life in the Middle East. In the 1950's Nasser tried to keep Egypt with a foot in both camps. In 1948 Russia was Israel's main ally being among the first nations to recognise the new Jewish state. The possible reason for this welcoming of Israel was the knowledge that the dispossession of the Palestinians and the creation of a Jewish homeland would create a state of political fermentation in the Middle East which would open up the area to Russian imperialism. It was not till the 50's that the Russians became more involved in the Arab cause.

Ideology plays a minor part when it comes to the U.S. and the U.S.S.R. choosing their allies; there is no honour among thieves when it comes to imperialism. When it became obvious to the U.S. that they were backing a loser in Israel they began moving in favour of the Arabs. Now the Americans can happily support "socialist" Egypt as well as "reactionary" Iran and Saudi Arabia. Russia supported Nasser who filled his jails and concentration camps with Communist Party members. In 1965 the Egyptian C.P. was dissolved on orders from Moscow - so as not to embarrass relations between Nasser and the Soviet Union - and its former members were ordered to join the A.S.U. (Egypt's State Party). Moscow realised that it was useless backing a Communist Party which had little chance of coming to power; more useful was the infiltration of state parties.

Moreover, the label "socialist" is meaningless in the context of the Middle East. In the words of General Gaddafi of Libya, Russia's latest ally in the Middle East (and supported in Britain by the Workers Revolutionary Party), Arab socialism owes more to the teachings of Islam than to Marx:

"Our socialism is really of an Arab and Islamic nature... Our socialism is against the abolition of private ownership, against domination by one class, against atheism and (against) destruction of the principle of nationalism." (Qu in Pennar, The U.S.S.R. and the Arabs p. 128-9)

O.P.E.C. - AN INDEPENDENT ROLE?

The Middle East, with such a vital commodity as oil below its soil, might have appeared at one time to be emerging as a powerful independent imperialist bloc, able to go it alone, or even arbitrate between the two main imperialisms. The formation of O.P.E.C. in 1973 by the world's main oil producers was seen by many as a step in such a direction. But in reality such prospects are pure fantasy. The sharp increase in oil prices in 1973-74 had, for a brief period, a big effect on the economies of the Western European powers. However, it has become obvious that not only does O.P.E.C. not dictate to the Western powers, but that they dictate to it, and the organisation is now in chaos since the decision of Saudi Arabia, its most powerful member, to "take heed" of the needs of the industrialised countries. Since 1974, income from oil for all these states has declined in real terms as inflation has gathered pace, and prices of imported goods rose faster than oil prices. The nations belonging to O.P.E.C. do not face the problem predicted in 1973 of "recycling their surpluses", but are themselves being forced once again onto the international credit market. According to World Banking Saudi Arabia is the only O.P.E.C. country to show a balance of payment surplus, and its circumstances are exceptional: gigantic resources of oil and a very small population. Even Iran is now once again in debt to the banks of the advanced capitals. In the future, as alternative sources of power are developed by the advanced capitals, it is certain that the "oil weapon" will be blunted even further.

The idea that the oil states will be able to develop industry has also proved to be unrealistic. Attempts to construct industrial plant have been failures, and only massive subsidies have enabled those industries already built which are making losses to continue in the face of lack of skilled labour, lack of an infra-structure, environmental drawbacks, and low world demand. As one commentator put it recently,

"...in practice the odds on heavy industry fulfilling the role intended for it are highly speculative...Most of the heavy industries that have already been brought on stream in the Arabian Peninsula have performed disastrously... Even if they were to run at full capacity, the revenues generated by these heavy industries are not much compared with the revenues from crude oil exports." (Financial Times 17/4/78)

ISRAEL: YESTERDAY AND TODAY

As yet little has been said about Israel. With economic aid pouring in from the United States and a high-skilled Western trained personnel, the position of Israel did at one time look insuperable. According to some yet another "powerful independent imperialism" was emerging. However, reality once again fails to measure up to the myths. It is clear that from its inception the Israeli economy (or what there was of one) was entirely dependent on foreign aid. According to Rodinson in Israel and the Arabs, "In 1952 exports were only 11% of the value of imports." (p44)(1) And since the unexpected defeat at the hands of the Arabs in 1973 and the loss of the revenues from the Suez Canal prospects have been looking even less rosy. The economy has been affected by the world crisis with all its classic manifestations of an inflation rate of over 25%, exports deficit and currency devaluation the result of which has been government public spending cuts. And these cuts have meant for the Israeli working class a reduction in their living standards.

(1) American aid makes up the remaining 89%. Thus Israel can be viewed as an American military outpost which happens to grow some oranges rather than as a national capital in any real sense.

Much has been made by the leftists of the coming to power of the right in the 1977 elections, seeing the advent of the Zionist Begin as the beginning of a more aggressive anti-Arab foreign policy. However, for the Israelis it matters little whether their rulers are liberals or intransigent Zionists. The future of the Middle East, the future of the Jews and of the Palestinians, will ultimately be decided in Washington or Moscow, not in Cairo or Tel Aviv. The greatest blow of all to the Israelis was the "betrayal" by the Americans. For the Americans the chance to make inroads into the Arab world after 1973 was just too good to miss, and their recognition of the Palestinians rights to a homeland and the recognition by the Egyptians of the existence of a Jewish state in the Middle East have helped to overcome the remaining barriers to Egyptian/American entente.

The tragic events in the Middle East in the Twentieth Century are a direct result of the absurd nature of capitalism. State boundaries were drawn up round conference tables often thousands of miles away. The creation of a Jewish state itself was absurd; a Jewish state had not existed for thousands of years and to give a homeland to one religious minority another group had to be uprooted. Now the scheme of the imperialist map-makers has back fired on them as the Palestinian terrorists bomb the cities and hi-jack the aeroplanes of the Western world. Ironically, the Palestinians are using the same tactics the Jewish nationalists used thirty years ago to achieve their similar demand for a state.

A FUTURE FOR THE MIDDLE EAST?

As long as capitalism exists imperialism will continue to devastate the Middle East. For the immediate future America has the edge in the imperialist battle. Russian imperialism has sustained enormous losses in the area recently due to the fact that America, being the stronger imperialism, can provide more economic aid. And as long as the U.S. has the upper hand in the area political stability will be sought after. The Americans are looking for a compromise from the Egyptians and Israelis resulting in a settlement for the Palestinians (probably a "homeland" on the West Bank of the Nile). They are still some distance from achieving this settlement. At the moment there is a state of stalemate, which is still to the advantage of the Americans.

The Russians now recognise that unlike the Americans their influence can not be extended via trade - they are only the sixth trading nation in the world and recently their share in world trade has declined. Instead, Russian prestige has advanced in areas undergoing fermentation where they can supply military aid. Thus we have seen Russian imperialism making inroads in areas in times of war only to have their influence curtailed by the Americans who can exert their superior economic position in the aftermath of the peace settlement. (1) The Russian role in the future will be one which will try to keep the hostilities simmering: by supplying Gadafi with the arms to attack Egypt, or by arming an opposition to Sadat within Egypt and encouraging Palestinian attacks on Israel. Whatever happens, the immediate perspective for the Middle East was perhaps best summed up by Yassar Arafat, leader of the P.L.O.: "America holds all the cards."

There is no "solution" to the Middle East crisis within capitalism. Only when national boundaries no longer exist, when production is

(1) See our article on Angola in Workers Voice 17.

determined not by the needs of imperialism but by the needs of the producers themselves, will the problems of this devastated area be solved. This will only come about when the workers in the heartlands of capitalism overthrow the system. Severe cracks have already appeared in the system in the more peripheral areas of capitalism; in the Argentine, in Poland, in Spain, and in Cairo and Tel Aviv the workers have taken to the streets.

The strikes which have been shaking Egypt and Israel are part of a response to the economic crisis which has caused workers all over the world since the late sixties to struggle to maintain their living standards and in some instances to challenge the authority of the state itself. The first wave of Egyptian strikes broke out in the industrial areas of Alexandria, Port Said and Cairo in early 1975 as a protest against price increases which had far outstretched wages. Attempts were made by the workers to co-ordinate strike action by setting up workers committees. Factory occupations were organised and a march on the National Assembly which was brutally crushed by the military forces. The Egyptian unions played the role traditional of unions throughout the world and tried to get the strikers back to work. Although the strikes had many positive features, it was also, as can be expected at this immature stage of the crisis and proletarian consciousness, permeated with nationalist ideology. Since 1975 strikes have taken a similar pattern with the workers demanding wage rises to keep in line with the ever increasing cost of living

In Israel workers have followed a similar course. In 1975 simultaneously with the Egyptian workers the Israeli workers struck demanding pay increases. In November of last year after the devaluation of the currency which in effect lowered spending power, the workers in Israel went on strike to defend their standard of living. And once again the unions played the role of controlling and containing the strikes by getting the workers to accept the government's offer and return to work. Recent weeks have seen wild cat strikes by postal workers and airport maintenance men while the merchant seamen have been out on strike for several weeks.

Such action by the proletariat of Egypt and Israel, although it never made big headlines in the Western newsreels unlike the wheelings and dealings of the bourgeoisie, is perhaps the most hopeful of all events to emerge from the Middle East in recent years. The only future for the Jewish, Arab and Palestinian workers lies not with "their" nationalist leaders, but with uniting with the workers throughout the world in overthrowing the capitalist system.

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FORTHCOMING: IN ISSUES 11 AND 12 OF R.P.

Debate with the International Communist Current on Luxemburgism
Trade Unions: Yesterday and Today
Texts of the K.A.I.
The Italian Revolution

Latin America:

On the road to barbarism

In the last few years, Latin America has slipped from the headlines of the world's bourgeois and leftist press. From the Castro take-over in Cuba in 1959, through Guevara's Bolivian adventures in the mid sixties to the coming to power of Allende in Chile in 1971, the area was one of the main focal points of so-called "national liberation" struggles. Today only Castro's Cuba survives outside the orbit of American imperialism. Recently there have been signs that conflict is re-emerging, but on a new level. In certain countries, notably Argentina, the class struggle (as opposed to the acts of Guevarist desperados) has reached high levels in recent years. The working class has begun on the road that will lead beyond the present barbaric existence of the majority of the continent's inhabitants, and also beyond the psuedo-alternatives presented by the state capitalist followers of such as Castro and Allende.

The present impasse of capitalism in Latin America can only be understood from a Marxist standpoint, which grasps how the economy of the sub-continent has "developed" since its initial sixteenth century colonisation.

THE MODE OF PRODUCTION.

The chequered history of capitalism has bequeathed many bizarre social formations amongst which those of Latin America must be considered the most complex. In fact so complex have the various spokesmen of the "left" found the Latin American economy that they have been unable to give us more than a superficial characterisation of its nature.

The crudest and most simplistic theory is that put forward by the Communist Parties of Latin America. In general these Stalinists claim that the dominant mode of production in Latin America is feudalism and they claim that their main task is to carry the bourgeois revolution out by overthrowing the "venderstria"(1) aristocratic elite. This outlook is also remarkably similar to that of Kautsky and the Mensheviks at the time of the Russian Revolution in that it sees each nation having to go through every historic stage in mechanical imitation of the European states. It follows that they thus see the socialist revolution as being a long way off. Working for a bourgeois revolution, it is not surprising that they have managed to recruit a number of South American millionaires to their ranks!

The success of the Castro coup spurred many so-called "marxists" and "socialists" in Latin America to leap to the offensive by trying to find a "marxist" theory which would prove the marxist legitimacy of the Cuban Revolution.

(1) Loosely translated "those who sell out the fatherland".

The most notable of these theories is the one put forward by A. G. Frank (1). He argues that capitalism has always been the mode of exploitation in Latin America, that capitalism has led to a progressive underdevelopment of the area; the basis for this view being that capitalism has always dominated Latin America via commodity exchange (its trade relations) with Europe. In Frank's view, therefore, the continent is "ripe" for a 'socialist revolution' on the Cuban model. Two further points can be made from Frank's theory, both of which reveal it to be another version of bourgeois mystification. In the first place, "socialism" for him is equivalent to state capitalism so he is incapable of recognising that Castro's Cuba is capitalist and that there are two imperialisms operating in the world. Secondly, he looks only at the relationship of Latin America and the world from the inside out. For him capitalism has deformed the Latin American economy and what is needed is a revolt of the Latin American "people" against imperialism to achieve "national liberation".

It is wrong to maintain that Latin America has always been exploited by capitalism. In the sixteenth century Spain itself could not be considered a capitalist nation (nor could most other European countries) since feudal relations and urban handicrafts were the dominant forms. This is illustrated by the inability of the early Spaniards to exploit their finds in Latin America properly due to a feudal attempt to use the labour of the Indians. Spain's economic aims were to get mercantile capital but this is not capitalism as it is not based on the exploitation of wage labour. It is the mode of production, not the system of exchange of commodities which defines the economic system:

"Hitherto we have considered merchant's capital merely from the standpoint, and within the limits of the capitalist mode of production. However, not commerce alone, but also merchant's capital, is older than the capitalist mode of production, is, in fact historically the oldest free state of existence of capital..."

Since merchant's capital is penned in the sphere of circulation, and since its function consists exclusively of promoting the exchange of commodities, it requires no other conditions for its existence - outside those necessary for the simple circulation of commodities and money... No matter what the basis on which products are produced, whether the basis of the primitive community, of slave production, of small peasant and petty bourgeois, or the capitalist basis..." (Marx, Capital Vol. III p.325).

But after 1820 when Latin America does enter the capitalist world market and comes under the formal domination of capital it begins to develop towards capitalism. It is only after 1850 that Latin America can be considered to be a predominantly a capitalist mode of production and at this time Latin America was receiving some benefits from the growth of capitalism.

One further implication of Frank's view is that if Latin America has been underdeveloped by capitalism then there must have been a period of relative development before capitalism arrived.

This idea leads to the glorification of the pre-Colombian civilisation of the Incas made by Mariategui in the 1930's who claimed

(1) In numerous books, the most famous being Capitalism and Under-Development in Latin America (Penguin 1967)

that, as the Incas had a welfare state then early Peru must have been socialist. This had a racial basis and attempted to assert the superior dignity of the Indian as against the whites in Peru. But scientifically it is nonsense. The Inca civilisation was of an oriental despotic type with the Inca as despot and his bureaucratic caste ruling a peasantry who worked the land on a communal basis but two thirds of the produce went to the Inca and his priests. These in turn returned some of the land to be tilled by the peasants in order to maintain the elderly. But this was hardly the good life that has been portrayed by the populists. Inca society, whilst having finer roads than contemporary Europe had a stagnant technology (it did not even possess the wheel), barbaric despotism, no system of writing and occasionally practised human sacrifice. (Though not on the scale of the Aztecs who were in a more advanced state of decay when the Spaniards arrived.) Having reached the physical limits of expansion, its society had begun to break down into commodity production. According to Katz (1) 25,000 human sacrifices were made in one day at Tenochtitlan by Aztec priests towards the end of the Empire)

Inca and Aztec society was capable of offering a more consistent subsistence existence to the vast majority of the population on the basis of their irrigation than has been true of any regime in the Andean region since. But, like Marx, we do not gauge our attitude to progress on the basis of immediatist and localist concerns, but on the long term and global effects of any movement. Capitalism needed child labour and slavery to exist in its early development and almost certainly lowered the standard of living of the working class in its early years, yet Marx always pointed beyond these necessary evils to the fact that capitalism was laying the material basis for a socialist society. Similarly, in Latin America the development of capitalism in the nineteenth century particularly led to a loss of communal lands, to a decline in subsistence agriculture, to genocide and ruthless exploitation of Indians, but it all helped capitalism to develop much more rapidly and thus globally has been part of the creation of the material basis for socialism.

Both Stalinists and Castroists look at the Latin American economy "in itself". The former look at it in isolation from world capitalism, and the latter see it as "deformed" by capitalism. Neither base their views on revolution on the global level of the productive forces of the world economy, of which Latin America is a part. The bourgeois revolution is not on the agenda in Latin America: neither does the material basis for socialism exist in Cuba (or in Latin America as a whole). The material basis for socialism exists only in the world economy (2). How did Latin America become integrated into this world economy?

THE RISE OF CAPITALISM AND LATIN AMERICA

"The discoveries of gold and silver in America; the extirpation of the indigens in some instances, their enslavement and entombment in the mines in others; the beginnings of the lootings and conquests of the East Indies; the transformations of Africa into a precinct for the supply of the negroes who were the raw material of the slave trade - these were the incidents that characterised the rosy dawn of the era of capitalist production." (Marx, Capital Vol 1 p.832)

(1) F.Katz Early American Civilisations

(2) For a detailed exposition of these points see the accompanying text on Decadence.

The Spanish discovery of America might have been an accident but the motives which led to the voyages of exploration can be entirely understood within the laws of the growing mercantile system in Europe. The search for a new route to the Indies was simply to procure sources of two commodities, gold and spices. The reasons for this can be partly understood with the following table:

PRICE MOVEMENTS IN FIFTEENTH CENTURY ARAGON

	<u>Nominal prices</u> (in local currency)	<u>Gold equivalent</u>
1401-5	104.7	105.9
1446-50	79.7	77.8
1466-70	96.2	70.4
1496-1500	78.5	50.3

(1421-30 = 100)

Source: P. Vilar A History of Gold and Money

Anyone holding gold or spices (whose purchasing power also increased) was able to purchase more commodities than if purchasing via local coin. Thus Spanish interest was not at first in agriculture but solely in mining. At first the Spaniards regarded "labour as freely given to them, like air or water" and in production "was scarcely counted in the calculation of the costs" (Vilar p.113). This led to a failure to calculate the subsistence cost (i.e. the minimum necessary for reproduction of the labourer) of labour and to the near extinction of the Indian population. It was only when labour became scarce and when easy opportunities for cheap plunder disappeared that the Spaniards turned to more scientific methods of exploiting labour. The result was that by the end of the sixteenth century Latin America already consisted of a strange amalgam of different forms of exploitation. For example, at Potosi labour exploitation took four forms - slavery, encomienda labour (a semi-feudal grant of labour of those who lived on the land given by the Spanish crown to individual conquistadores), forced labour (the mita) and after 1570, some free wage labour. This potpourri of forms of exploitation refutes Frank's analysis that Spanish America was capitalist though there can be little doubt that the influx of precious metals into Europe contributed to the development of capitalism there.

But Spain could not go beyond the stage of mercantile capital. Fixated by the money commodity, it mistook this for real wealth. Soon the gold found its way into the hands of the capitalists of Northern Europe in return for the commodities Spain did not produce herself. The feudal restrictions on Spanish industry hindered its development and the plentiful existence of gold so inflated its costs that it was all but wiped out

By the eighteenth century the development of the New World had hardly begun. Precious metals still constituted over 80% of exports (by value) from the New World to Spain and Spain itself found that the chronic inflation brought about by the import of precious metals (400% in the 16th century alone) led to the virtual stagnation of key industries (e.g. shipbuilding). With the stagnation of the economy came the decline of Spanish power

The moribund mercantile hold Spain had over Latin America gradually evaporated during the nineteenth century. With the rise of a more vigorous capitalism in Northern Europe and North America there were plenty of merchants interested in supplying cheaper and better goods than Spain could supply. Thus,

"The Indies were dependent on Spain for their supplies only to the extent that the Spanish government, by regulation, could keep foreign traders out. It was in the Creole* interest to let foreign traders in." (1)

The local territorially based Creole aristocracy seem unlikely protagonists for the bourgeois revolution. The only genuine popular revolts of the period, those of Tupac Amaru in the 1770's, of the Comuneros in 1781, and of Hedalgo in 1810-11, were all put down with their aid. Despite this, despite the fact that the new social order was based on an unholy trinity of Army (which came into existence in the fight against Spain), Church, and landed aristocracy, the revolutions, by breaking from the dead hand of Spanish colonial restrictions, brought Latin America into the capitalist world market. The Creoles, tired of being charged high and uncompetitive prices by the Seville monopolists now hastened to adopt the latest fashion of economic liberalism. The main beneficiaries of this were the U.S.A. and Britain, both of whom had assisted ideologically and materially in the break with Spain. Britain in particular, with its more advanced form of capitalist production, could benefit most from free trade (2), as the British Foreign Secretary, Canning recognised:

"Spanish America is free and if we do not mismanage our affairs sadly, she is English "

On balance the Wars of Liberation were progressive. By providing cheap raw materials the opening up of Latin America provided an enormous boost to global capitalist production. In the same vein, the introduction of more advanced capitalist techniques also speeded up the supply of precious metals. This was not without its drawbacks for certain classes in Latin America. The adoption of free trade and subsequent import of cheap British goods by Latin American governments destroyed local artisan production but this had only been able to grow feebly even though protected by the Spanish monopoly. The nature of capitalist exploitation of Latin America quickly led to the establishment of monocultural economies because,

"The avid, continued demand for manufactured goods could be met only by continued concentration of the production and export of a few primary commodities..." (3).

Even in the first half of the nineteenth century when a real world economy had not come into existence the latifundist aristocrats found themselves further **tied up** in the capitalist world market - not only as merchants of their own products but also in the processing side of their agricultural products. For example, the dictator Rosas in Argentina made his fortune as a "saladero" (salting beef) for export to North America.

But it was in the second half of the nineteenth century that the relationship between the larger Latin American republics and British capitalism was to prove mutually beneficial.

"From the 1850's onwards a large part of Spanish America underwent an economic transformation. This was achieved in spite of the

(1) Parry, The Spanish Seaborne Empire p.345

* Native of Latin America of Spanish descent.

(2) "Free trade" here means the right of Spanish and Portuguese America to trade with whomsoever they liked. It should be noted that Brazil signed a treaty with Britain in 1810 which prevented the imposition of protective tariffs.

(3) Parry op. cit.

inability of the local people to supply more than a fraction of the the necessary capital, the absence of coal (except in Southern Chile), and the lack of technical skill. Such deficiencies were overcome because at the crucial moment Western Europe - and Great Britain in particular - happened to be equipped to supply just what was needed and happened to need what Spanish America could provide in exchange." (1).

What Latin America could provide as exchange were still the primary products of the colonial period (coffee, sugar, tobacco, rubber, silver, tin) but in greater quantities and variety.

It was in this period leading up to the First World War that Latin America went through its golden age. Aided by the influx of foreign capital (2), railways, the invention of barbed wire and refrigeration, the greatest exploitation of the continent began. In this period accumulated capital began to be turned to industry, though mainly ones processing raw materials. This led to the development of a working class in certain areas. The proletariat of Sao Paulo, for example, expanded from 1500 in 1853 to 146,000 in 1915. With the advent of this wage labouring class and the beginning of real industrial development Latin America appeared to be heading on a parallel course to Europe in the early nineteenth century. So successful was this development that some countries, like Uruguay were able to surpass Europe in social terms by setting up far more advanced welfare states than were then in operation in Europe. (e.g. retirement for workers at 50!). The colonial architecture of Spain was replaced by the building of fine cities on European lines. Buenos Aires became the Paris of the South, whilst Manaus, 1,000 miles into the Brazilian jungle could even boast, at the height of the rubber boom, an international opera house. Whilst these early beginnings could easily be exaggerated it is clear that a radical economic transformation took place in the larger South American Republics in the years 1850-1920 which began to slowly affect areas of the hinterland, to the extent that even primitive tribes of the Brazilian jungle were coerced into producing rubber for the world market. (2)

Latin America, thanks to her earlier break with colonialism, thanks to the existence of a local bourgeoisie, however invertebrate and however dependent on the world economy, cannot be compared to Black Africa or parts of Asia. These areas had only been peripherally exploited by 1914 and had not reached anything like the level of development which early association with the world market had brought Latin America. It is this comparison which reveals the fundamentally progressive nature of the Wars of Independence of the early nineteenth century. Had she remained tied to the colonial economy of a declining power like Spain, Latin America would also have remained a dark continent and never reached the level of development that she did in the 19th century. Given this significant economic transformation it is to be expected that a dramatic social revolution would have taken place as well. The old oligarchy of Army, Church and landowners, the comprador bourgeoisie, however, soon appropriated the rising middle class. After a brief struggle in some countries these nouveaux riches, who had founded mass parties like the Radicals in Argentina, were quickly (i.e. by the 1920's/1930's) integrated into the Latin American state apparatus. The fundamental character of an elite of comprador bourgeoisie allied to foreign capital and tied to the world economy did not change.

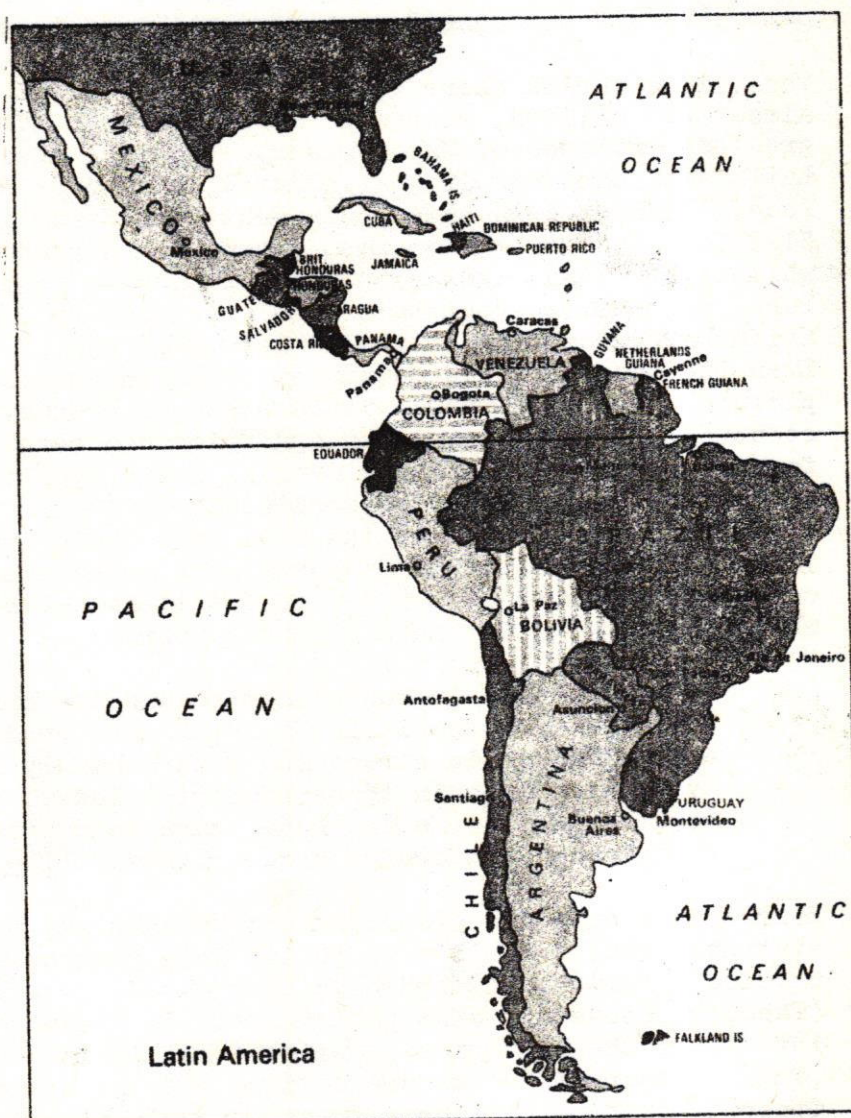
(1) Pendle, A History of Latin America p.138.

(2) Britain's investment in Argentina rose from £15 millions to £190 millions between 1890 and 1900. Brazil alone extended her railway network from nine miles in 1854 to 16,400 by 1914. See Leff, "Economic Retardation in 19th Century Brazil" Economic History Review August 1970.

CAPITALIST DECADENCE IN LATIN AMERICA.

Since its discovery, Latin America has always been the object of first the mercantile economy and the world market, then the capitalist world economy. As long as capitalism itself was a progressive force then it was able to both exploit Latin America and to pass on the benefits to the region in the form of a slow but steady economic development. However, the end to the progressive period of capitalism came with the First World War and though Latin America experienced for a brief period a short boom because of the war, its meaningful economic progress began to collapse in the 1920's. (1).

Given the political astuteness of the Latin American ruling classes (in maintaining the oligarchy in power until the final quarter of the twentieth century) it would seem something of a mystery as to why the small, but promising beginnings to economic development made in the period 1880-1920 were not maintained. The explanation for this lies in the role of imperialism. Although manufacturing industry and an infrastructure did develop, this was in the main directed towards the extraction and processing of raw materials for use in the imperialist heartlands. The vast bulk of surplus value produced in these activities was repatriated to Europe and the U.S., since the imperialist bourgeoisies had no interest in developing manufacturing industry in Latin America which might compete with that of Europe. The comprador bourgeoisie on the other hand, depended for its profits on the maximisation of raw material extraction, and could not fight imperialist domination and develop industry: this of necessity would mean replacing cheap European goods with expensive, protected, locally produced ones. At a time when it might have been objectively possible to break from imperialist domination and begin generalised economic development, there was no class in Latin American society which had a material interest in such a development.



(1) For the theoretical basis of this view see R.P.2 and the article in this issue on the meaning of decadence.

By the time when social strata calling for such a move had emerged, its objective possibility had evaporated. Not only had the gap between Latin America and the capitalist heartlands widened, but the need of capitalism for the primary products of the region - and their prices - had dropped. Replacement of many products by synthetic ones, as well as the declining profitability of monoculture, had ensured this. Even were regimes committed to economic development to gain power in Latin America today, the receipts from raw material exports would be incapable of funding development. The height of the raw material boom came during World War One when commodity prices rose dramatically (for example, sugar rose from 2.16 cents per pound in 1913 to 11.35 cents per pound in 1920; the figures for coffee and copper show an identical pattern) only to collapse equally dramatically in the early 1920's, bringing ruin to the primary producers. The Wall Street crash of 1929 further added to the economic depression in Latin America by restricting world trade and apart from the economic heights again achieved when workers in other parts of the world were slaughtering each other at the behest of capitalism (World War Two, Korea) commodity prices have been low enough to discourage further development of the ancillary interests and have left little capital for diversification. In the temporary booms when prices were high the capitalists naturally did not consider it worthwhile to invest in other industries.

Thus, in a period where the population of Latin America has grown by almost 200 million, economic growth has been minimal, producing the greatest extremes of human misery. (1) The absolute majority of Latin Americans now live at a level which does not give them enough food, clothing or shelter. In Central America it is calculated that \$125 per annum is the minimum income for a properly balanced diet whilst the actual average per capita income is \$43 in this area. In Peru, 60.7% of the mountain population and 26.2% of the urban population have a calorie intake of less than 75% of the required minimum. Even the most advanced countries of Latin America face a similar picture. The ambitious welfare state of Uruguay has collapsed, the economic growth of Argentina and Chile has been less than 0.5% p.a. for nearly twenty years and overall Latin America's exports as a percentage of world trade has declined from 10% in 1950 to 3.8% in 1975. (The Times 13.12.77). At the same time Latin America has become the land of hyperinflation. Not only have price rises for the whole continent averaged over 50% p.a. but it is a long term problem which has existed for nearly thirty years.

"Hyperinflation in South America had its origins in the 1930's. The countries specialising in primary production for export created economic structures with a highly inflationary bias. Cyclical crises in those countries led to a fall in the export volume, poor terms of trade, massive capital outflows and the restriction of foreign credit lines " (The Times 13.12.77)

Bourgeois economists are unable to explain why Latin America has consistently failed to live up to its late nineteenth century economic promise. Various factors have been cited, from the absurdly racial (Theodore Roosevelt once called Latin Americans "that cheating manana lot"!) to the hysterically naive (that it is all the fault of the comprador bourgeoisie who are selling out the "patria" to "Yanqui imperialists"). All these types of explanations overlook one thing. The political and economic structure of the region has not changed

(1) It has been calculated that a 9% growth in capital investment is required to sustain a 3% population growth. With a 6% growth rate (only achieved by Mexico and Venezuela in the 20th century) unemployment will still increase by 2%

from the golden age (1880-1920) until the present day. The comprador bourgeoisie are still as invertebrate as in the nineteenth century but then they managed to achieve development which today they cannot. In short, it is not Latin America that has changed but world capitalism. In many ways Latin America has simply experienced more acutely the symptoms of a mode of production which has become a fetter on the growth of the productive forces. Hyperinflation which has only hit the world economy in the last ten years, has been with Latin America longer and its slow down in growth rates to virtually zero also preceded those of the advanced capitalist countries.

Latin America also provides further evidence against the Luxemburgist view that capitalism has entered its period of senility due to the fact that it has exhausted pre-capitalist modes of production. In Latin America there are still large regions of such formations yet capitalism has been unable to make any more use of them than it has anywhere else. Capitalist decay can in fact only be understood by an analysis of its operation WITHIN THE HEARTLANDS THEMSELVES. (1)

The main features of capitalist decadence have manifested themselves in Latin America in the forms of imperialism and state capitalism. The two are not unconnected.

IMPERIALISM

It is ahistorical to assume that imperialism has always assumed precisely the same form or even played the same role as it does today. Nowhere is this clearer than in Latin America. Basically there have been three phases of foreign exploitation of Latin America, each consistent with a specific historical stage in the development of the forces of production, and neatly enough, each can be virtually identified with a single power.

In the first phase Spanish colonialism was based on the mercantile principle of exclusion of all other would-be competitors in order that the produce of Latin America (i.e. the money material so dear to the mercantilists) could be obtained. This collapsed due to Spain's inability to go beyond a mercantile basis for her economy with the result that her colonies revolted in order to enter the world market. Naturally the most advanced capitalist power, at this time Britain, gained the greatest advantage from this. U.S. attempts via Monroe's Doctrine in 1823 to get Europe to "lay her hands off" Latin America were brushed aside; both Britain and France, in direct contradiction to Monroe, used armed forces where necessary in Latin America in the nineteenth century. Latin America was in fact an "Open Door" through which each power could settle matters with its clients without this necessarily leading to armed rivalry. In this phase, imperialism played a progressive role in Latin America (2) as it expanded the forces of production on a global scale and formed a world economy. Though Latin America always received a return below the real value of her products, this period also saw the beginnings of a manufacturing industry in Latin America itself.

(1) See R.P.6 for a more extended critique of Luxemburg's economics.

(2) The apparent contradiction of saying that something is progressive in the long term despite specific, unpleasant features, is consistent with Marx's view of capitalism. Whilst "capital comes into the world soiled with mire from top to toe, and oozing blood from every pore" (Capital 1 p.843), Marx never ceased to affirm its progressive role in developing the forces of production without which socialism would be impossible.

But by the end of the nineteenth century this period was drawing to a close, coinciding with the emergence of the U.S. as a world power and signalled by its ability to actually enforce the Monroe Doctrine in 1895 when it came to the aid of Venezuela against a German-British attempt to force the latter to pay its debts. This new phase of imperialism was no longer the natural extension of the capitalist world economy (and the capitalist mode of production) but the desperate drive of capitalism in permanent crisis. The continual fall in the rate of profit (1) due to the rising organic composition of capital (the relation of the value of constant capital (machines and raw materials) to variable capital (labour power) had compelled capitalism to seek new ways of cheapening constant capital as against variable capital. The easiest way of doing this was by finding cheaper sources of raw materials but the attempt to make capital more productive by developing activities with a high rate of profit was a further reason for the imperialist imperative. As capitalism had reached such a level of concentration competition was now between nation states and military intervention became part of the imperialist economy. (2). In this situation the U.S. sought to establish its own empire in what Monroe had declared was its own back door.

Spain's last foothold in Latin America was destroyed in the Spanish American War of 1898 which saw the U.S. occupy both Cuba and Puerto Rico. In 1903 a secessionist movement was fermented and defended in Colombia to create Panama whose government immediately allowed the building of a canal with the right of the U.S. to invade the country whenever its interests were threatened. And the U.S. took the right seriously. Before 1933 U.S. troops intervened in Republics and the Caribbean at least ten times because it was claimed that U.S. interests were threatened. The lack of Latin American involvement in the wars of the twentieth century, or of wars between states of the continent, stems quite simply from the fact of the overwhelming dominance of one imperialism (i.e. the U.S.) in the region. Indeed, according to the charter of the Organisation of American States (O.A.S.), the political vehicle of U.S. imperialism in Latin America, countries in the continent are not allowed to have wars with each other! If they do, the charter legitimises U.S. military intervention to halt these wars. But since the Second World War, Russia has been trying to make political advances in Latin America and the intensification of imperialist competition in a world divided between two imperialist giants has led to further direct U.S. interference and military intervention in any state that it thought was "going Communist". The most famous examples of this were in Guatemala in 1954, in Cuba in 1961, in the Dominican Republic in 1965 and in Chile in 1974. Despite odd Russian gains, Latin America remains a private fief of U.S. imperialism and a profitable one at that. The rate of return on U.S. investment in Latin America has been estimated at 15% between 1951-55, 10.9% (1956-60), 11.9% (1961-65) and 12.4% (1966-68) compared with returns nearer 5% on domestic investment.

For all the talk of "aid" and investment in Latin America, the 20th century has seen a vast net drain of surplus value to the U.S. For example, according to the U.S. Department of Commerce's own figures, the seven largest Latin American republics received \$2962 million in aid between 1950 and 1961 but in the same period they remitted \$6875 million to the U.S. in the form of interest and profits. (3)

(1) See R.P.2 for a clear explanation of these basic terms of Marxist economics.

(2) We will deal more fully with imperialism in general in a future edition of R.P.

(3) Figures from "Imperialism and Underdevelopment ed. R. Rhodes p.90

In the period 1960-67 alone the leading Latin American countries (excluding oil-rich Venezuela) had to pay \$13 billion to the leading capitalist powers (a sum equivalent to their export total) in interest on state debts and on agreed levels of profit. (1) Gradually the 20th century has seen the Latin American republics become overwhelmed in debts as the following table shows.

BORROWING FROM COMMERCIAL BANKS (end-1976 \$bn.)				
	Argentina	Brazil	Chile	Mexico
ALL BANKS*				
Borrowing	3.4	21.2	1.1	17.8
Deposits	3.1	6.8	0.7	4.4
Net borrowing	0.3	14.4	0.4	2.4
LOANS BOOKED WITH				
U.S. BANKS	1.8	10.4	0.6	10.7
As % of all borrowing	52.9	49.1	54.5	60.1
Maturity distribution				
% of total				
(a) maturing in 1977	57.0	35.0	70.0	47.0
(b) maturing in 1978/9	13.7	15.5	15.3	12.5
(c) maturing 1979 onwards	29.7	49.1	14.7	40.1
LOANS BOOKED IN				
U.K. % due in 1977	51.2	22.5	80.9	41.2

* Banks in Group of Ten countries and Switzerland plus U.S. bank branches in major offshore centre.

The beginning of the generalised capitalist crisis saw Peru's debt increase from \$10 million to \$100 million between 1918-29 until today it stands at \$7171 million and debt servicing alone takes 46% of the export income of the country. (2) (Peru is not alone in this. Brazil, for example, takes 47% of export earnings.) In Peru this has had political consequences in the rise of a leftist military leadership which has attempted to play off the imperialist powers. At present it has settled for an economic policy which will gain it further loans from the I.M.F. (and has rescheduled other debts in order to pay her present debt interest). On the other hand, the U.S.S.R. has offered easier terms for the purchase of arms (which is the main lever for its imperialist competition with the U.S.A. - hence its vested interest in seeing local wars in various parts of the world). Peru's latest loans are not for development but simply to pay off interest on past loans and to ward off the threat of bankruptcy. In fact this was so real in the summer of 1977 that the I.M.F. had to produce financial assistance. If it had not done so the options open to the Peruvian ruling class would have been limited to that which faced Castro in 1962, to renege on debts, nationalise all foreign capital holdings and go for fully integral state capitalism and total absorption into the Russian imperialist bloc. A second Cuba would be a major disaster for U.S. imperialism. Cuba brings us on to the second major feature of decadent capitalism - state capitalism

STATE CAPITALISM

"The rise of global capital means the end of laissez-faire or classical capitalism. The accumulation of capital after World War One could only take place on the basis of constant and growing state intervention in each national economy and the gradual absorption of civil society by the state - hence the existence of the permanent tendency towards state capitalism throughout the world." (R.P. 2 p 42)

(1) According to The Widening Gap ed. Ward Runnalls, D'Anjou p 217

(2) Financial Times 17.1.78

Throughout the 20th century all Latin American governments, whether of "Right" or "Left" have increasingly attempted to control the local economy to reach the chimeric goal of "national independence". Since the Castro takeover in Cuba and his subsequent break with the U.S., Cuba has been regarded by Leftists as the model to follow and the Cuban Revolution is seen, according to its own mythology, as having broken from imperialism and to be "building socialism". In fact, Cuba is not socialist but state capitalist and represents the logical outcome of a tendency towards increasing state control in Latin America. "National liberation" is impossible under decadent capitalism and the existence of the Castro regime has only been possible by exchanging one imperialism for another. Indeed, Cuba has recently shown signs of wanting to draw closer to the more powerful imperialism, and seek a rapprochement with the United States.

Cuba's particular monoculture, sugar, was faced with a situation after 1920 of low prices. In 1926 Machado, the Cuban president, limited the harvest to 4½ million tons in order to prevent the collapse of the native industry. This was the beginning of state intervention which gradually increased until in 1950 the World Bank described the situation in Cuban industry as having "perhaps one of the most elaborate patterns of government control ever imposed on an industry short of actual nationalisation." (Report on Cuba, p.177) A similar picture can be painted in Argentina, Chile and Brazil where between 1930-55 the Peron, Popular Front and Vargas regimes all saw massive strides forward in state control. Lazaro Cardenas, the Mexican president was accused of being a "communist" for nationalising U.S. oil companies in 1938.

In Chile under Allende (the most extreme example outside Cuba) nationalisation proceeded to the point where 80% of industrial output and 75% of land were held in the state sector. More typical are Peru, Brazil and Argentina where the armed forces, still carrying out their 19th century role as the "saviours of the nation" have also become the managers of the national capital. In 1973 in Uruguay the military gained the right to representation on the boards of major state companies whilst most of Argentina's main industries are not only run but also owned by the Army. But the ownership and management of the means of production have not been the only state capitalist measures introduced.

"In the later 1960's military rulers in Latin America - with a few brief lapses - appointed civilian economists to draw up the kind of stabilisation programmes, that were then fashionable in Europe and approved of by the United States. To an ever greater extent, decisions on wages and prices were made by governments; and the development of commercial enterprise was increasingly subject to government sanction. (Cuba, in spite of its special ideological emphasis, and its odd connexion with the regimes of the East, fitted into the general pattern)" (G. Pendle op.cit. p.237.)

Currently there has been a temporary reversal in the inexorable tendency towards state capitalism. In Peru, Velasco Alvarado has been replaced by Morales Bermudez since it was discovered by the Peruvian ruling class that Russia could not afford the \$500 million in aid they requested and Peru has turned to begging off the I.M.F. and making more concessions to foreign capital. (1) In Brazil, Argentina and Chile the heavy inflation caused by excessive use of the printing press has led to such a severe monetarist reaction that it has brought them to the brink of barbarism.

In Chile under Pinochet there has been a reduction of 25% in state

(1) Even denationalising the "important fishmeal industry" (The Times 13.12.77)

employees, reduction in subsidies on food and deficit financing has been abandoned. This reversal, directly supervised by Friedmann's Chicago gangsters, is similar to the policies being pursued in Brazil and Argentina. While the Western bourgeoisie talk glowingly of Chile's budget producing a surplus of 4% or its balance of payments surplus being \$455 million in 1976, the costs in human misery have been enormous.

Whilst in the 19th century Chile was a net exporter of food, by 1970 25% of foreign exchange earnings had to be spent on food imports. Pinochet did not waste much money on this.

"The main price has been paid by the poorer sections of Chilean society, such as the shantytowns on the edge of Santiago, where unemployment is far above the national average and there is widespread malnutrition." (The Times 13 12 77)

The same picture is to be found in Argentina. And in these circumstances naked terror, through torture, "disappearance" of individuals, murder, all carried out by the state are the only ways to maintain social control over an increasingly lumpenised economy. In their barbarism the three formerly most "advanced" South American economies have reached depths of depravity equalled only by the regimes in Cambodia and Uganda.

This monetarist aberration cannot last and represents in no way a reversal of the general tendency towards state capitalism (even Pinochet has maintained nationalisation of the copper industry). However, it has provided real grist to the mill of the Leftists who have not only a new martyr to applaud in Allende but can point to the "success" of the humanitarian regime in Cuba.

The U.S. has been able to physically prevent all the efforts of Latin American states to break out of its camp except in the case of Cuba. However, Cuba is an illustration of the failure not the success of "national liberation". Castro was forced into a situation by 1961 in which he had to make a clear economic choice. Despite the fact that his Land Reform Law was mild, the U.S. government immediately refused to buy Cuban sugar. In the past this was enough to ensure that the Cuban government would bow to U.S. demands. However in 1960 the U.S.S.R. was beginning to buy up world sugar crops and Castro saw it as a secure market which would support him in further state capitalist measures and even protect Cuba from foreign invasion. By December 1962 Castro had committed himself to the Eastern bloc and had carried out so much nationalisation that Cuba had become even more state capitalist than Russia itself. However, Castro soon found that economic development was not as easy as he had first thought and the Cuban economy soon began to grind to a halt - it has only been able to keep going by a subsidy of 1 million dollars a day from the U.S.S.R. Today, Cuba's debts to Russia amount to over 2 billion dollars. Every economic plan has failed and the economy suffers from acute shortages of food and other consumer necessities.

Castro's only success has been the fact that no Cuban today starves but this has only been possible through the subsidies of Russian imperialism. And the stagnant Cuban economy has not been able to raise overall living standards after twenty years of "national liberation". Castro found in 1962 that the U.S.S.R. fixed the terms of their relationship when they withdrew missiles against his will. Russian control of Cuba in its global power-struggle was shown by intervention by troops from Cuba in the civil wars in Angola and the Horn of Africa. Castro's debts to Moscow are being repaid in the blood of the Cuban proletariat.

The dramatic success of Castro's intervention in Africa contrasts with the total failure of those he made in Latin America itself. The Guevarist escapades in Peru, Bolivia and Venezuela launched by Cuba all failed, and Castro lent no military support to the regime of Allende in Chile. This merely emphasises the total domination of the continent by U.S. imperialism, which would never tolerate an "Angola" style intervention by Castro in Latin America itself. Not only is Castro's economy "bankrupt" but so is his strategy, popularised by scores of pamphleteers from Guevara to Debray, for the "liberation" of Latin America.

THE WORKING CLASS AND THE FUTURE OF LATIN AMERICA

A further feature of state capitalism in the 20th century has been the integration of trade unions with the state apparatus. Either, as in the so-called "socialist" countries the unions are openly part of the state's system of control or, as in the "free enterprise" capitalist states the unions act as a safety valve in containing class conflict within the bounds of the wage labour nexus and usually prevent conflicts from becoming challenges to the capitalist state. As with other features of capitalist decadence, this is seen in more extreme fashion in Latin America.

Although unions were established in Latin America before 1870 they only really began to flourish with the influx of immigrants from Europe after that date. The First International had French, German, Spanish and Italian sections in Argentina, Uruguay and Brazil and the workers themselves were divided between socialists and anarcho-syndicalists. In this period it was possible for the labour movement to win meaningful reforms.

"Until World War One, the labour movement was characterised by frequent and bloody strikes, persecution, terrorism, deportation, and assassination, and by the struggle between socialists and anarchists. The passage of the first social legislation (shorter working hours, the prohibition of night work for women and children) was obtained not only through the parliamentary activity of the socialists, but also thanks to the psychological pressure of direct action, often terrorist, of the anarchist groups." (V. Alba, The Latin Americans p 147)

After the First World War there was a wave of strikes and near insurrections in many countries, especially Argentina. Here, in the so-called tragic week in 1919 a general strike led to near insurrection and street fighting which was only put down at the cost of 1,000 workers killed. The Russian Revolution was a stimulus to the workers of Argentina, but they still remained under the general influence of syndicalism, and made no attempt to seize power in 1919. Similar struggles took place in Brazil, Uruguay and Peru under syndicalist inspiration. Being numerically weak and facing isolation from the rest of the world working class, the movements were defeated. Now unions were not formed under the aegis of any form of class conscious party but were the organs of the various populist movements which grew up in most countries and (apart from a period during the Second World War when Stalinist influence increased) they have remained under their influence to this day.

In Latin America, with its huge lumpenproletariat (comprising at least 25% of all city dwellers, 50% in the case of Lima) it has been the tactic for union bureaucracies to point to the "threat from below" in order to dragoon the proletariat into accepting austerity measures. The degree to which the state has seen the usefulness of unions for containing the class struggle is indicated by the fact that the state

has often had to create them itself. In the 1940's the first thing that Peron did as Secretary of Labour was to introduce unions into the meat packing industry. For Peron,

"The working masses who are not organised are dangerous because they are not integrated." (Speech to Buenos Aires Chamber of Commerce 1944)

Nor is this picture merely confined to Argentina. Unions everywhere are controlled by the state so that whenever there is a change of government then the union leaders are replaced. State control of unions is complete in Latin America.

"This is affected by means of state intervention in union affairs, the establishment of requirements with which unions must comply if they want legal recognition (without which they could not take part in collective bargaining) and through the establishment generally of compulsory arbitration by the State in labour conflicts, which by definition, falsifies the nature of collective bargaining and converts it into a judicial process " (Alba, op. cit. p.147)

This is not just the case in supposedly "reactionary" states like Argentina. In Chile under the "socialist" Allende the leader of the Chilean equivalent of the T.U.C. was made Minister of Labour. He developed a novel approach to the strike of Chilean copper workers of El Teniente. As well as ordering the Army in against them (as Minister of Labour) he also called all other workers out on strike in support of the government (as boss of the unions)! Thus tragically have these organisations been able to divide the working class.

In spite of labouring under all these disadvantages, Latin American workers have carried out significant struggles which have gone outside the unions and directly confronted the capitalist state. In Argentina in 1969 and 1976 workers went on strikes which for a brief time threatened the whole social edifice. In 1976 the strike was specifically aimed at the Argentine C.G.T. which had agreed to wage limits of 25% of the inflation rate. (1) In Peru the "leftist" military regime supported "critically" by Trotskyists and uncritically by the Peruvian Communist Party, has repeatedly fired on demonstrators and strikers since it came into existence in 1968, the most bloody occasion being the shooting of untold hundreds of Lima slum dwellers in 1975. On July 19th, 1977 "an unprecedented general strike" broke out in Peru which the unions, so long the passive defenders of the military Junta, tried to seize control of and defuse,

"However, C.G.T.P (the Communist Party led union - CWO) support for the strike was only forthcoming once pressure from the rank and file could no longer be contained by the leadership." (Financial Times Sept 1977)

The strike cost the lives of dozens of workers and ended when some of the 50% price rises in consumer basics which the government was trying to impose were withdrawn. (2) However, this short term victory will be eroded by continuing inflation and government austerity measures.

- (1) See Workers Voice 16 "Argentina - June Days". Copies available from C.W.O. (10p) This article examines in detail the ideology of Peronism in Argentina and its relationship to the working class, as well as the history of the class struggle in Argentina
- (2) But 3,000 workers were sacked for "fomenting the strike".

Like the Argentinian workers in 1976 who won a 100% wage increase only to find the cost of living being increased by nearly 200% in the following year. It is clear that the workers of Latin America have advanced along a similar path towards class consciousness as workers in more advanced countries. Like them they have still to come to a real critique of the capitalist state and to realise that wage struggles are in fact a dead end.

CONCLUSION

We have only been able to point to some of the indices of the increasing economic and social decay which capitalism presents in Latin America. In an age when agronomy is a developed science it is the technology of war which interests the Latin American ruling classes. Between 25-30% on average of their budgets is spent annually on arms by Latin American governments - a far greater sum than is ever spent on social services. And this expenditure is not to fight an enemy without (Latin America has only had four serious wars since 1820) but to control the enemy within

Efforts by Carter to "improve the image" of his imperialist clients (i.e. in the long term to try to make them as stable as Venezuela) by handing the canal back to Panama and refusing arms supplies to the more bloody of the South American regimes has led to Brazil starting its own arms industry to sell to Chile and Argentina. It is perfectly fitting that the instruments of death should be the only growth industry in the stagnant economies of Latin America. Even Brazil's opening up of its hinterland in Amazonas has a military tinge. It is being done by firebrands and defoliants like Tordon. So big have the jungle fires been that they have been picked up by orbiting U.S. satellites and led to accusations that Brazil is destroying the jungle (which provides a quarter of the world's oxygen) on a vast scale.

Even Venezuela, the biggest oil exporter in the world, is no exception to the general picture of stagnation and decay. Whilst it does not yet suffer from the barbaric practices general further South it has not been able to halt the growth of the lumpenproletarian shanty towns nor has its policy of "sowing the petrol" led to economic development. Venezuela lacks not only the skilled workers but also the necessary capital for investment. The cost of importing modern technology is so prohibitive that even with oil revenue Venezuela is seeking \$4.5 billion of foreign loans.

Probably nowhere else in the world can the contrasts between the inherent technical capacity which capitalism has developed and the actual reality which it offers appear so starkly. The fetters which everywhere bind the forces of production appear like a chain around its throat. One thing is clear. The solution to capitalism's problems can only be posed on a global basis, and there is only one class which is capable of providing a global solution. The Latin American working class might as yet appear relatively isolated but it is not as small as the working class in most of the so-called Third World. As such they represent an important part of the one solution to the area's problems - the world proletarian revolution!

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