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INSIDE

WEST GERMANY

IRAN-IRAQ WAR

BRAZIL RIOTS

EAST GERMANY

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20p

UNIONS ACT TO DIVIDE WORKERS

May Day began in 1889 as an attempt to mark the foundation of a new workers' International, by calling out millions of workers from Chicago to Berlin, in an attempt to win the 8-hour day. For a quarter of a century it remained the symbol of international working class unity, until in 1914 the parties of the workers passed over to the camp of the exploiters, by supporting their fatherlands in the First World War.

Today, May Day demonstrations are a symbol, not of working class internationalism, but of the domination of capitalism over the working class. In Russia and China, workers are mobilised to sing the praises of their state capitalist exploiters. In Europe the unions dragoon the class into the support of "socialist" austerity in France and Spain, or call for an alternative to right wing austerity in Britain and West Germany. In calling for nationalisations, import controls etc, they express the demand to protect the 'national economy', the very opposite of workers' internationalism, and show their anti-working class nature. In Britain, May Day will be the start of a campaign by the T.U.C. for the return of a Labour Government, which, as in 1974-9, and in every occasion beforehand, will impose cuts in social spending, wage freezes and higher unemployment on the working class.

In the run up to another election, it is vital to repeat that none of the capitalist parties can solve the economic crisis, and that the answer to electoral fever is to raise the class struggle to fever pitch. This is the only way for the workers to defend their interests in the short term, and prepare for the overthrow of capitalism in the long term.

SINCE THE FALKLANDS

The class struggle in Britain, as in most parts of the world at the moment, is at a fairly low ebb. Unemployment and a series of defeats have eaten into the will of many workers to fight, and the trades unions have largely managed to derail those struggles which were exceptions to this. After the Falklands war, there was a large upsurge in strikes, centering on the nurses' strike (See W.V.8 "From the Falklands War to the Class War"), but these struggles generally petered out, exhausted and isolated by union sabotage, and by their failure to unite and generalise. Now, after six of the quietest months in the British class struggle since the last war, there is new evidence that sections of the working class are beginning to reject the argument of the bosses, that if you don't struggle, you will keep a job. But there is

also increasing evidence of the subtle union tactics employed, to ensure that strikes do not generalise, or successfully throw back the plans of the bosses.

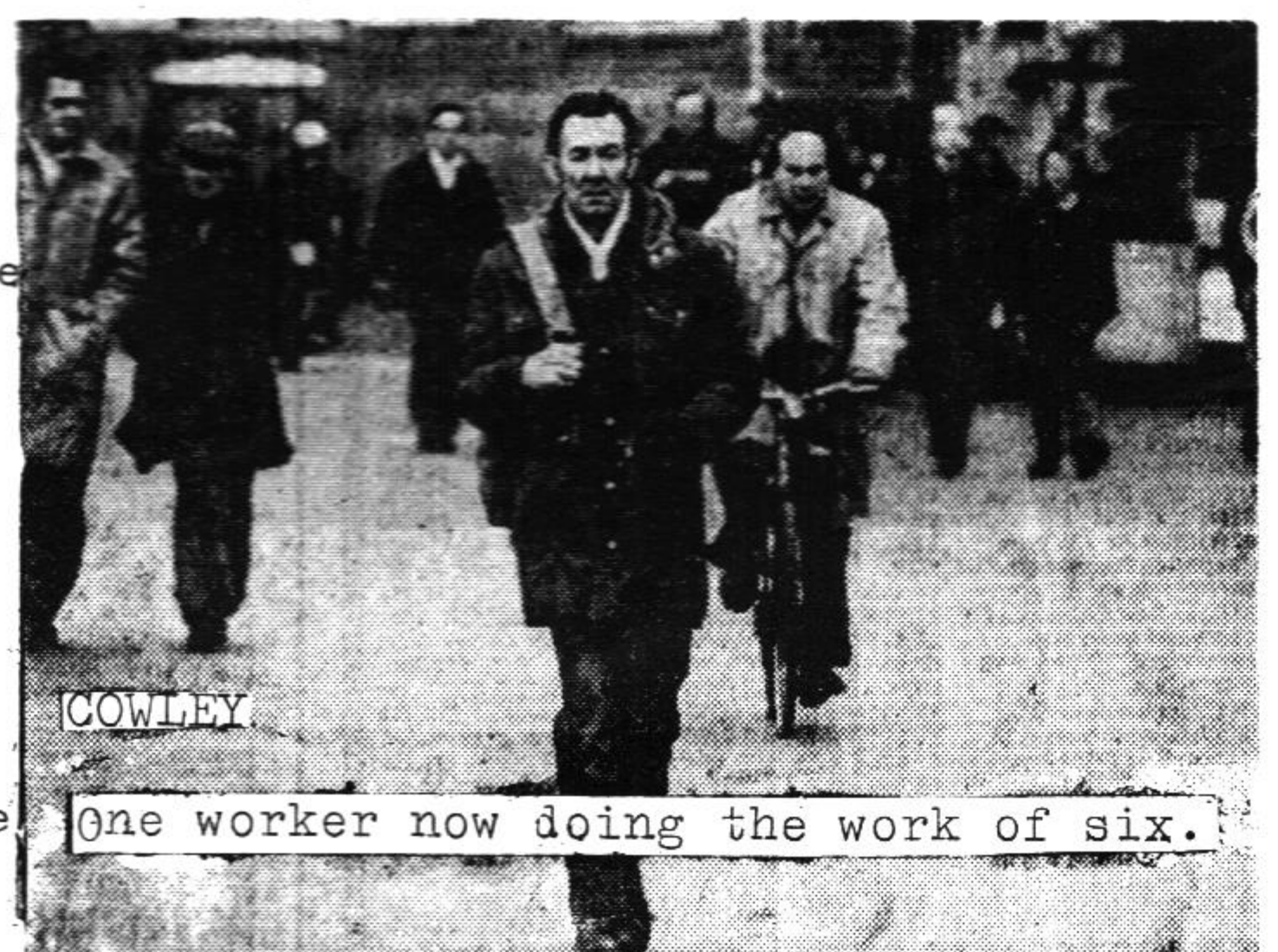
UNION TACTICS

Many workers now realise that their backs are to the wall and there is no further room for retreat. At the TIMEX factory in Dundee, after the bosses enforced 1,900 redundancies with union co-operation, the demand for another 200 led to an occupation and seizure of £40m. of machinery destined for shipment to France. Though encouraging, the workers failure to spread their struggle was a serious mistake; they have relied on publicity rather than on solidarity action to spread their strike. And the union has succeeded in locking up the workers in the plant while they organise phoney support, and tell the workers that if they behave, the Norwegian millionaire Fred Olsen might buy the works.

Another example of union tactics could be seen in the dispute over Labour Party millionaire Maxwell's plans to close his Park Royal print works, and transfer production to East Kilbride with the loss of 250 jobs. When the East Kilbride workers struck against the plan, Maxwell sacked them. SOGAT persuaded Maxwell to re-employ them and re-open negotiations, to end the strike. There should have been no return to work till all redundancies were cancelled, and appeals to Maxwell's other plants should have been made. Intense union-management pressure after the strike secured Maxwell's original objectives, and production was transferred to East Kilbride.

The steel workers in Sheffield came out in April, in the first real challenge to the BSC's slaughter of jobs, which has reduced the industry from 225,000 to 85,000 men since 1980, while productivity levels are reaching all-time records. BSC's plans to sack 1,080 men in the special steels division began with 80 men being made redundant. This led to over 10,000 men coming out on strike. The ISTC acted quickly, declared the strike official, and "held the line" (Sirs), that is, prevented the strike spreading. Meanwhile the 80 men were pressurised by BSC and the ISTC to accept redundancy money. When they mostly had done so, and BSC promised to 'consult' the ISTC about future redundancies, the strike was called off and the way cleared to the sacking of the other 1,000 men. The failure of the steelmen to learn from ISTC sabotage in 1980 was revealed in this struggle. Only workers keeping control of the strike in their own hands, and generalising to other workers could have given BSC's plans "cold steel".

In the car industry, the increase in exploitation has led to explosions. At Ford's Halewood plant, 10,000 men struck when a worker was sacked for alleged vandalism, and a month long strike followed. Productivity at Halewood has been increased dramatically, and manning levels reduced, eg. relief workers for the track have been cut to the bone. But still the bosses call for more, and threaten to close the plant if the workers object. "To hell with it", was how one worker described the managements closure threats, and he spoke for the whole workforce. However, instead of spreading the strike to other Ford plants, the men allowed the union to call it off, with the promise of an ACAS inquiry into the case of the sacked worker, and to return to work without first securing his re-instatement. It will be difficult for the men to come out again, and the green light will have been given to the bosses to weed out further 'troublemakers'.



The reduction in the B.L. workforce from 200,000 to 100,000 under Edwardes did not go unopposed (See W.V.6 BL Strike) but it was mainly successful, and at the same time productivity rose by 200%. At Cowley, where the new Maestro is made, the management called for an abolition of the 2 daily 3 min. washing up periods, saying that this would allow them to produce 100 more cars a week. The result was a mass walk out, which the union again quickly made official, keeping the strike a "Cowley issue", and isolating it from other B.L. plants. The management have offered to increase guaranteed bonus in return for an abolition of wash breaks, and also threatened to sack all 5,000 workers if the strike goes on. At the moment of writing the strike is continuing, but unless it spreads, it will be defeated.

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2 WEST GERMANY AS CRISIS DEEPENS - A NEW GOVERNMENT TO ATTACK WORKERS

Since the last issue of *Workers Voice*, the general election in West Germany has seen the return to power of the conservative C.D.U. under Kohl after almost a decade and a half of government dominated by the Social Democratic Party (SPD). What is the significance of this event for the working class, and what is the broader strategy of the ruling class at this point in the development of the economic crisis?

The election has been hailed as a "swing to the right", but was it? The CDU gained about 5% in electoral strength, almost exclusively at the expense of the small 'liberal' FDP, while the SPD lost about 6% of its votes, almost exclusively to the new ecological 'Green' Party. The overall left/right balance remains as before: what caused the change in government was the switch of the FDP from supporting the SPD to supporting the CDU. This had been decided before the election, indeed had caused the election and represents a belief by the German bosses that the SPD cannot resolve the economic crisis facing the power-house of European capitalism, or impose austerity fast enough on the workers.

The 'economic miracle' that turned West Germany into the strongest economy in Europe is over. Growth rates have plummeted, last year the GNP fell by 1%, inflation has risen from negligible levels to a rate higher than Britain's (6%), and unemployment, even with the repatriation of foreign workers, has reached 2½ millions officially. Financial crises and bank failures have multiplied. Closely linked to the crisis-ridden Eastern European economies, the West German economy faces a rough ride ahead. In this situation the West German ruling class feels the need for a government which will adopt a head-on attack on the living standards of the workers, rather than the slow erosion of wages and jobs practised by the SPD in the 1970s.

Does this mean that the election in Germany is the 'green light' for the ruling class worldwide to bring a series of right-wing regimes to power? The factors which govern the electoral shifts of the bosses are the product of many factors: their common element is that elections are a means to confuse the workers with false alternatives about the 'solution' to the crisis, to cause them to abandon their class struggle in the hope of a magic solution in the form of a change in the government and to dissolve their sense of class identity into being a collection of 'individuals' at the ballot box. Elections are not simply an irrelevant diversion, they are a direct attack on the working class.

In general there are three factors governing the choice by the bosses of their government, or the "executive committee of the ruling class" as Marx called it, and these vary in importance according to the stage the crisis is at.

THE CRISIS

Any generalisation is only broadly true, and allows for exceptions, but how the ruling class sees the economic crisis and its possible solutions is a major factor in its electoral strategy. Here we have to remember that the bosses do not believe that the capitalist system cannot overcome its economic crisis. In the early years of the present economic crisis, from the mid 1960s, the bosses swung slightly 'leftwards', believing that the crisis demanded more of the same old Keynesian expansionist policies to get it out of crisis. This period to the mid 1970s saw the election of Labour and Social Democratic Parties to power in Britain, Germany, Portugal and elsewhere. As the crisis was as yet mild, the political reaction was mild, and the movement leftwards not dramatic, or even without exceptions (e.g. Britain in 1970-74). Many countries (Sweden and Austria) retained the left governments they had had for decades and others (Italy and France) did the same with right wing regimes.

In the second period of the crisis, the failure of inflationary policies to spirit recession away generally led to a swing towards monetarism, and deflation, which is usually represented by the parties of the 'right'. Naturally, the switch to the right varied in time from country to country, depending on the stage of the crisis and class struggle in that area, but this second phase saw the fall of left governments in Britain (with Thatcher's victory), Sweden, Portugal, Australia and elsewhere. There were electoral victories for the right in France, Italy, Spain etc and left governments like the SPD in Germany were becoming increasingly precarious. At the time the CWO examined and explained the economic basis of these changes in ruling class policy in our press, based on a Marxist view of the evolution of the crisis. More recently left-wing regimes have come to power in Spain, France, Greece, Australia, Sweden and elsewhere. The fact is clear that given the general failure of monetarism, certain sections of the bourgeoisie are re-discovering a (as we know, hopeless) belief in expansionist economic policies. We assert

that the development of the crisis is the key to the governmental policy of the bosses, and to the development of the class struggle.

WAR PREPARATIONS

Another factor which influences the choice of governments by the ruling class is the imperialist conflicts between blocs. In the early days of the crisis this was a minor factor. In this period, the US and USSR dominated blocs were aiming at 'co-existence'

or 'detente' in an attempt to cut their unproductive arms bills and devote more to productive investment, since it was felt that this would help overcome the crisis. This period is now over. Increasing hostility between the blocs and re-armament is under way.

It did not matter too much to the policemen of Western imperialism, the US, who was in power in the early period of the crisis, since war was not on the agenda. (There were exceptions, such as Kissinger's campaign against the Italian CP entering the government in 1976.) But as the crisis has developed, the tightening up of bloc discipline has become necessary, in order to get agreement on weapons deployment, economic policy and so forth. The current conflicts between the US and Western European countries (over Cruise and trade boycott of Russia) are the 'growing pains' in this process. In this situation, the election of clearly pro-US regimes is vital. This does not necessarily mean right wing governments - although this was the case in West Germany. In France, for example, the 'left' Mitterand is actually more pro US than the old Gaullist right. The specific conditions in each country, the political traditions and the level of crisis and class struggle all come into play in the electoral stakes. For the French ruling class and the US bloc, Mitterand was the right man at that time. Similarly, in Spain, entry to NATO will only 'stick' if it is carried out by the left, and not the relics of the old Fascist right. While in Greece a re-negotiation of the terms for renting US bases can only be carried out by the left and not the relics of the monarchists and fascists. Many complex and contradictory processes, then, are at work in the election of governments. And the question of the class struggle is the most complex of all.

THE WORKING CLASS, THE LEFT & THE RIGHT

If we look at the last revolutionary wave in the period after the First World War we can see that, even at the same period, the ruling class in different countries could resort to different strategies in order to derail the class struggle. In Germany from 1918 to 1924, at a time of high revolutionary activity, the German bourgeoisie brought the left, the SPD, to power to prevent a shift of the working class to the communists and convince them that socialism had been achieved. The left in power did this job admirably. Meanwhile, in Italy the much more 'radical' PSI (Socialist Party of Italy) remained in opposition, to mislead, rather than physically crush, the upsurges of working class struggle, which was left to the centrist parties and later the fascists.

In the present crisis, we see the same differing effect of the class struggle and threat posed by the working class on the plans of the ruling class. For the past fifteen years the left SPD has succeeded in disorienting and demoralising the working class

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THE MINERS' STRUGGLE.

For the past 15 years, the miners have acted as the barometer of the British class struggle and were at the heart of the strike waves of 1972-4 and 1978-79. The Coal Board's plans for the closure of up to 60 pits, with the loss of thousands of jobs, has been skilfully handled by the bosses, with NUM collaboration, and opposition to closure has been disoriented and temporarily defeated.

The general strike of south Wales miners in response to the proposed closure of a local pit was magnificent with over 20,000 coming out against this "thin end of the wedge". But again the local NUM made the strike official, and largely took control of it, assuring the miners that they would organise solidarity. Although some Welsh miners did send pickets to other areas, and brought out some pockets of support, largely the struggle was left in the hands of the NUM. Sensing that the mood of many miners was against a strike at a time when coal stocks are at 50% of annual production, the NUM posed militant, and called out Yorkshire miners to 'support' south Wales. This led to a patchy response, and to

fighting amongst miners at pitheads. The strike was then called off and a ballot held, framed in the narrow terms of support for the south Wales men. Predictably the ballot went over 60% against strike action, and the south Wales men had to accept defeat. The road is now open for the NCB to pick off 'uneconomic' pits one by one, as it did with Kinneil and Snowdon. Union containment actually meant that the miners' strike was defeated long before the ballot was organised; that was just the NUM death blow to the Welsh miners. At the very beginning of the strike the task of the miners was to spread the struggle directly to other pits, posing it as a struggle against any pit closures. More importantly, appeals to power and transport workers should have been made at the very beginning, since coal stock levels meant a miners' strike would have little impact for months. The radical posturing of the NUM allowed it to isolate the strike, and demoralise the miners, but they are not yet defeated. In fact, a YES vote in the ballot would have led to a union organised massacre, like the 1980 steel strike, and the miners will live to fight another day, as they surely will.

THE UNIONS AND THE ELECTION.

The unions will continue to play their role as defenders of bosses interests in the run up to the election. They will try to prevent the outbreak of any strike wave, in order to ensure a Labour victory, and in the event of one, will sell this as a "gain" to the workers in return for wage restraint and no strikes. But if the Tories win again, the unions will re-furbish their image with a period of phoney militancy and "campaigns" against Tory legislation etc, in order to fruitlessly exhaust workers' energies.

The outcome of the forthcoming election is uncertain, and the likelihood of a period of coalition government, with the "centre" holding the balance, is a real possibility. What is certain is that at the crunch, all those masquerading as socialists will call upon the working class to vote Labour as the lesser evil, or because of its supposed left turn. Against all such false prophets communists say: Neither Labour nor Tory can solve the crisis; both attack the workers. The answer to elections is CLASS STRUGGLE, outside of and AGAINST the unions.

THE IRAN~IRAQ WAR

INTRODUCTION

As the world economy slides inexorably towards collapse and the prospect of a 3rd World War is more and more imminent, the key issues which distinguish revolutionaries from all other self-professed "socialists" or "Communists" are internationalism and the defence of the independence of the working class. Both in the build-up to war and when war breaks out, it is our task to call on workers to continue to fight for their own interests; to remind them that "the workers have no country", that they have no interest in killing each other; and to lead the fight against the government and bosses at home, since these are the real enemy. This is the essence of revolutionary defeatism - a policy which is based on the knowledge that the working class is the only truly international class and that the path of class struggle, not class collaboration, is the only way the international working class can overthrow world capitalism with its global economic crises and imperialist wars, and establish a world community of associated producers.

Yet such a community cannot come into existence if the world's working class and the dispossessed masses in the backward capitalist areas don't have a clear idea of what this genuine alternative to capitalist barbarism is, and if they have no guide as to how to reach this historic goal. Today's small revolutionary minorities are working to understand the lessons of previous struggles. We are debating and discussing in order to deepen our understanding and reach agreement so that an international working class party can be formed with a clear communist programme to put before the working class.

The Imperialist Context of the War

All communists are agreed that the independence of the working class is central to any communist programme. Unlike the myriad of groups and parties who pose as friends of the working class, at the same time as urging workers to defend this or that capitalist faction, we communists urge workers to defend only their own interests. Thus, for example, the Stalinists and Trotskyists showed how they really stand against the working class when they took up the anti-fascist banner before the 2nd World War and called on workers to unite and fight with the democratic wing of the capitalist class to defeat the "greater evil" of fascism. While workers in the West served the interests of imperialism when they died for the sake of "democracy" and "anti-fascism", Russian workers followed the interests of Russian imperialism when they died for the "socialist fatherland". Internationalism and the independence of the working class had all but disappeared under the weight of the myths of the counter-revolution:

1. The "lesser evil" myth that it is worth the working class defending one faction of capital against another (and its accompanying policy of united fronts with other "democratic" capitalist parties).
2. The myth that Russia is today socialist or communist (with the accompanying myth that it is possible to have socialism in one country).

After the 2nd World War these two myths increased their hold over the masses in the economically backward areas of the world which are dominated by imperialism. The two came together in China and Vietnam to create the myth that the creation of a "democratic people's republic" - based on an all-class alliance, would lead to socialism in one country. Instead of basing itself on the defence of

workers' interests - the basis for a struggle against capitalism, which is the only way to end imperialist domination - the struggle against imperialism in capitalism's backward areas has been subsumed under the banners of nationalism and democracy, resulting in the creation, not of "democratic republics" (1) but of state capitalist countries, like Vietnam and Cuba, which are still unable to escape from imperialist domination. Millions of workers, of landless and jobless, have died believing that nationalism is compatible with socialism; that imperialism can be fought by joining forces with local capitalist parties.

In Iran the rise of Khomeini's regime out of the mass turmoil which led to the fall of the Shah has created another anti-imperialist myth - the Islamic Republic. This has served the interests of Iranian capitalism by diverting the urban working class and the poor agricultural workers from the struggle to defend their own class interests. The ideology of Islamic fundamentalism is a thin cloak for nationalism and capitalist reaction. Readers of Workers Voice will know that the Iranian group, the Unity of Communist Militants (UCM) has always been clear that the Islamic Republic is capitalist. Nevertheless, we believe the UCM is very dangerously mistaken in its view that the overthrow of the Shah constituted a revolution from which the Iranian working class has achieved some gains which can be defended. Mistaking events which occurred between the Shah's downfall and the consolidation of the present regime (e.g. the collapse of press censorship, the fact that workers kicked out managers from many factories) as gains which could still be defended under the Islamic Republic, the UCM has found itself following the lesser evil argument on the question of the Iran/Iraq war.

On at least one occasion the UCM has called on Iranian workers to "defend the revolution" against the Iraqi invasion. This is an abandonment of internationalism. Instead of firmly stating that the interests of the Iranian and Iraqi workers are the same - i.e. to overthrow their own capitalist governments - the UCM it seems has capitulated to Iranian nationalism by calling on workers to

fight against the Iraqi invasion - as if Iraqi soldiers were not also workers.

In the letter from the SUCM, printed here, they deny our charges and inform us that we have "gravely misrepresented" the UCM's positions. For example, the SUCM appear to be saying that we are wrong to suggest that the UCM's position on the war has changed. All we can say here is that at the beginning of the war the UCM issued a manifesto entitled "The Invasion of the Iraqi Regime and our Tasks" which, despite its reference to the Iraqi "invasion", recognised that "the revolutionary workers of Iran have no animosity or difference of interests with the workers and toilers of Iraq". (In About the Manifesto: The Invasion of the Iraqi Regime and our Tasks p.3). The UCM itself tell us that they later criticised their own draft leaflets based on this manifesto for "vacillations" and "ambiguities". All subsequent UCM publications on the war that we have seen translated have failed to mention the unity of interest between Iraqi and Iranian workers.

The SUCM point out that the UCM have criticised the "social chauvinism" of those who defend the present government and their letter quotes extensively from the UCM pamphlet, Social-Chauvinism: Razmandegan under the Banner of KAR 59. What the SUCM fail to realise is that this alone is not enough to avoid the charge of defencism - as communists we must denounce all forms of patriotism and nationalism. In Iran this means recognising that "social chauvinism" isn't confined to those who support the Islamic Republic directly. As Lenin wrote in August 1917, communists only become "defencists" when the working class is in power.

This is the opposite of what even the best UCM leaflet, "Communists and the Invasion of the Capitalist Regime of Iraq" (28.9.80) says. This leaflet which the SUCM claims undermines our criticism of them calls on workers to fight against Iraq "for the defence of the revolution" as well as taking sides in the war by calling it an "Iraqi invasion". Both these statements represent an enormous concession to the idea of national defence. This letter reveals another reason for the UCM's position. They tell us we must "take account of the mentality of the masses". This can only mean that they will be bolstering chauvinist prejudices of the masses. We invite the SUCM to re-read Lenin's reply to Kamenev on just this point. Kamenev also called for support for the war in defence of the revolution and said that the Bolsheviks would become a party of propagandists if they did not attempt to follow the masses.

"Comrade Kamenev contraposes to a party of masses a 'group of propagandists'. But the 'masses' have now succumbed to the craze of revolutionary defencism. Is it not more becoming for internationalists at this moment to show that they can resist 'mass' intoxication rather than wish to remain with the masses, i.e. to succumb to the general epidemic? Have we not seen how in all the belligerent countries of Europe the chauvinists tried to justify themselves on the grounds that they wished to remain 'with the masses'? Must we not be able to remain for a time in the minority against the 'mass' intoxication?" (April Theses Coll. Works Vol. 24 p.54)

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EAST GERMANY 1953-83

REPRESSION

THE EVENTS OF 1953

Thirty years ago, in June 1953, occurred the largest and most significant movement of the German working class since 1923. In response to declining real wages, food shortages and finally, an increase in work norms (productivity) by 10%, discontent led to the outbreak of a massive strike wave in East Germany. Sporadic incidents culminated in construction workers in the Stalin Allee building project striking against the new norms, and marching on the trades union (FDGB) offices in the city centre. Ulbricht, head of the government and the Socialist Unity Party (SED) commented, "It is raining. People will go home." However the next day, the 17th, the strike was general throughout Berlin, and large crowds marched to the centre and set siege to government buildings. By midnight the Soviet Army had restored order by massive arrests and the imposition of martial law.

The movement then spread to the rest of East Germany. In Jena workers at the Zeiss factory struck, 25,000 stopped work at the Leuna Chemical Works in Halle. The railways were paralysed, and the strike spread to Dresden, Leipzig, Rostock and elsewhere. But Soviet troops quickly spread repression, and the movement was crushed, with 25,000 arrested and 42 killed or executed. The movement was unambiguously proletarian in its class composition, with little support from the intelligentsia and demonstrates in practise the existence of a class struggle, ie classes and the capitalist mode of production in the so called 'socialist' part of Germany. The workers showed great courage in fighting with crowsbars and cobblestones against Soviet tanks, and soldiers with orders to fire. Government offices were stormed and sacked, prisoners freed from jails. Yet the failure of the movement to rise to greater heights was not only due to Soviet repression, but to its own internal weaknesses.

Spontaneous action by individual workers played a great role in the struggle; the small group of building workers who discussed the possibility of a strike on a secret boat outing prior to 16 June, the building workers who toured central Berlin that day in a truck calling for a general strike. But the workers failed to organise themselves in order to generalise the struggle. One worker later described how the building workers actually ran out of steam and returned to work on the afternoon of the 16th!

"From the start the construction workers lacked leadership, for no strike committees had been chosen on the two construction sites...a worker called for a general strike...this was greeted with loud applause. But without organisation and leadership no concerted action was possible. After only five minutes more the workers started to drift back to their work sites, to Stalin Allee." (Arnulf Baring Der 17 Juni 1953 p58,62.)

As a result the building workers went back, while others came out. The movement was actually defeated in Berlin before it had spread to the other industrial regions like Saxony. And the strike was far from general; out of a proletariat of over 4 millions, only 300,000 actually struck. Had communists been active in the movement, the call for the election of strike committees, and their centralisation into workers councils would have been made, and could have found an echo.

But the working class needs not only organisation to struggle, but also consciousness. Here too the movement thirty years ago was permeated by limitations on class consciousness, stemming from the traditions of the German proletariat, and its domination by social democracy. The aims of the strikers, where they were not simply for a reduction in work norms tended to be nationalistic and social democratic. "Free and secret elections in all Germany", was one of the more prominent demands, and demonstrators waved red, black and gold flags (the German flag). Red flags were torn down, as were pictures of SED

dignitaries, Stalin and Lenin (though not of Karl Marx!). No demands were made during the movement for a return to 'private' capitalism. All these factors are consistent with a social democratic consciousness; indeed railway workers in Magdeburg chanted, "Neither Ulbricht nor Adenauer, but Ollenhauer" (the SPD leader). Limited by such perspectives, the fate of the uprising was sealed. The anniversary of this movement offers the chance to survey developments in East Germany since 1953, and to assess the prospects for the class struggle there today.

THE BIRTH OF THE GERMAN DEMOCRATIC REPUBLIC (G.D.R)

The establishment of a pro-Soviet regime in East Germany came about almost by accident. The imperialist carve-up of the world between the USA and USSR at Tehran and Yalta left the German question 'open', and the division of the defeated Germany at Potsdam into zones of occupation was seen as a temporary solution. Stalin's policy was to neutralise Germany, and demilitarise it, to prevent its incorporation into the US bloc. But the US decided that Europe was only safe for American imperialism, if Germany was integrated into the N.A.T.O. bloc, and this meant the unification of the western zones in 1947 into the Federal Republic (F.D.R.).

Stalin's creation of the GDR followed in 1949, after the forced unification of the KPD and SPD in the Soviet zone into the SED. But Stalin's policy remained the same, and the GDR was a pawn that could be abandoned to achieve this; as late as 1952 Stalin offered free elections and reunification if Germany were demilitarised, and kept out of NATO. Meanwhile, true to its imperialist nature, Russia continued to plunder East Germany, (compared to a loss of 15% of industrial production by war damage, 26% was lost via reparations to the USSR. And till 1953 15% of current production was yearly transferred to Russia by the occupation of 200 key industrial units.) Only with West German entry into NATO in 1954 was the continued existence of the GDR, and the prevention of its re-incorporation into a pro-western Germany, seen as vital to Soviet interests. The GDR was then integrated fully into the Russian bloc via COMECON and the Warsaw Pact. Hailed by its Berlin agents as a shining example of "proletarian internationalism", Russian intervention in 1953 was a brutal and cynical move to keep its bargaining counter for imperialist manoeuvres, and a fall back source of plunder should these schemes fail.

Once up for sacrifice, today the GDR is a vital cornerstone of Soviet imperialism. It is no exaggeration to say that with the continued instability in Poland, the loss of the GDR to the western bloc would lead to the undermining of the whole Soviet bloc; without the GDR, Russia's whole northern flank is indefensible. The 400,000 Soviet troops in the GDR are an insurance policy against such a risk, which in effect can only become reality via a world war. The GDR bureaucracy is the most slavishly pro-Russian in East Europe. The only suspicion of disloyalty is that Ulbricht provoked the events of 1953, to prompt Soviet intervention and make any withdrawal more difficult! Since then GDR clocks have been set by Moscow time-supporting the intervention in Hungary, backing Russia against China, and taking part in the invasion of Czechoslovakia in 1968. There is little doubt that, had the Russians gone into Poland to maintain Jaruzelski, the GDR would also have invaded. The GDR also supplies surrogate military technical advisers to many Soviet clients, such as Ethiopia, Angola and Mozambique,

where there are 3,000 GDR 'advisers'. Under Honecker as under Ulbricht, the GDR remains Russia's most loyal ally.

But the importance of the GDR to Russia is not simply political and military, but also economic. The GDR is COMECON's most sophisticated industrial economy, and it supplies Russia and the Warsaw pact with much of their vital technology, at well below world market prices; COMECON takes 65-70% of all GDR trade. The GDR is Russia's largest source of machinery imports, amounting to 25% of goods in this field. The USSR is the GDR's largest trading partner, accounting for 36% of all trade, and taking 45% of GDR exports of plant and machinery. The cost of replacing these sources of chemicals, microelectronics and electrical equipment would be astronomical for the USSR.

The USSR also, in return for supplying oil and other materials to the GDR, procures funds for raw material extraction, and the supply of skilled labour, eg for the Siberian gas pipeline, at lower than 'world market' prices. In the period 1980-85, the USSR obtained 100bn dollars of investment from COMECON, interest free, and although no break-down was given, a large part must have come from the GDR. The USSR also has a large balance of trade surplus with its COMECON partners, and especially with the GDR, which now only publishes figures for total trade with the USSR, rather than imports and exports. Clearly, a large part of the surplus value created by the GDR proletariat is creamed off by the USSR ruling class. While its nature has changed from one of direct plunder, to one operating via economic mechanisms, the relation of the USSR to the GDR remains one of imperialist domination. But the GDR workers must avoid the trap of nationalism and anti-Russianism, and in future struggles, hold out their hand to their Russian class brothers.

THE ECONOMIC DEVELOPMENT OF THE G.D.R

Since 1953 the GDR has undergone phenomenal economic expansion; it is the 'Wirtschaftswunder' (economic miracle) of the eastern bloc. Growth has given the GDR today, with its 17m. people, and industrial output greater than that of the entire German Reich in 1939, and made it the 9th. industrial power in the world. Both per capita GNP (at \$6,803 in comparison with Britain's \$5,895) and labour productivity are higher than Britain's, though

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THEORIES OF STATE CAPITALISM



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AND RECESSION

only 70-75% of West Germany's. If these facts disprove any idea that there is a ceiling to growth under decadent capitalism, they do not disprove the idea that this accumulation has been of a capitalist nature; other countries, eg. Japan have accumulated even faster, without becoming non-capitalist, neither has this accumulation been crisis-free.

Growth rates have been far from uniform, as the apologists of a crisis free accumulation would have us believe. Originally huge rates of 20% declined to 8% in 1953 (the year of political as well as economic crisis), rose to over 10% for most of the rest of the 50s, to fall to 2% in 1961-the economic crisis that led to the closing of the border with West Berlin to stem the flow of refugees to West Germany.

This crisis was resolved by economic reforms which eventually led to the establishment of the industrial Kombinati, more oriented to market forces, which pushed up the sluggish growth rates of the 1960s (average 3.2%) to an average of 4.8% in the 1970s (compared with 3.3% in West Germany). At the same time, agriculture was collectivised in the 1960s to free labour for industry, after the exodus of 2.5 million refugees 1949-61. Collectivisation also allowed the state to obtain the surplus value of the exploitation of rural proletarians, rather than the peasantry.

So clearly economic growth in the GDR is cyclical, rather than steady, a factor along with the exploitation of wage labour, production for the market rather than needs, and huge social differentials it shares with western capitalism. In the latter case, the ratio of earnings in the GDR is as follows, taking a skilled worker as 100; factory manager 453, government minister 596. But this economic growth has given the GDR the highest standard of living in COMECON, higher for example than Britain, Italy or Austria, and even a consumerist illusion; ownership of consumer goods (eg. cars) reaches western levels. These factors, along with repression and regimentation, are the material basis for the absence of social movements in the GDR similar to those seen in Poland and Roumania, as well as Russia itself.

But although there are no food queues as yet, and although unemployment and inflation are still negligible, the crisis is finally hitting the GDR, just as it is hitting even the most favoured of western capitalist economies. As yet however, the crisis is undeveloped, in contrast to Poland for example, and on the surface the GDR is still booming. Growth rates are still steady, (in%):

	1978	1979	1980
Net material product	4.0	4.0	4.8
Industrial Production	5.4	4.8	4.7
Foreign trade	5.6	12.4	12.0

This was followed by a 5% growth in NMP in 1981, a figure echoed in 1982, which also saw a record harvest in the GDR. Labour is in short supply, and the GDR imports unemployed Polish and Yugoslav workers. But behind all the statistics of optimism, even the most successful of the state capitalist economies is heading for the shock of overt crisis.

The GDR's growth has been the result, not of socialist planning, but of foreign borrowing. In the 1970s huge loans were taken out from western banks to fund accumulation. At approx 14 bn. dollars today, the GDR's debt per capita. is equivalent to Poland's. Most were taken out in the heady days of Ostpolitik, and used to purchase western capital goods, eg a 1.1 bn mark Hoechst PVC plant, a \$40m. GKN forge for lorries,

etc. Like other east European rulers, the 'marxists' of the GDR didn't realise the western economies were in crisis, and hoped to pay off their capital borrowings by an export drive into western markets. The only success of the GDR has been in penetrating the west German market (where its goods pay no tariffs), which takes 50% of its non COMECON trade and with which it recorded its first surplus in 1982. Otherwise, the GDR's export drive has failed to cover its import bill, and its trade balance with OECD areas is deteriorating; (in bn. dollars)

1977	1978	1979
-54.0	-82.8	-780

The GDR's cumulative foreign debt from 1976 to 1980 was 28 bn. marks. This clearly leads to pressure on its ability to pay its debts, and for the first time ever the GDR is negotiating debt rescheduling for 1983/4.

Further problems loom on the horizon, even allowing that renewed deliveries, and payments from Poland are a godsend at this time, following Jaruzelski's restoration of normal exploitation. The USSR supplies the GDR with 90% of its oil, on a 5-year moving average of world market prices; as the price of oil falls, the price paid by the GDR and other COMECON countries will rise in real terms, further blunting the GDR's competitive edge on the world market. In this context the GDR's rulers will be forced to do what they have feared to do since 1953; to attack directly the living standards of the working class.

Already the regime has announced a series of price 'reforms', where essentials will remain the same, but luxuries such as consumer goods will rise in price, thus reducing domestic consumption and freeing goods for the export market. Industrial productivity (ie exploitation) has been increasing sharply; 5% in 1978, 4.4% in 1979 4.5% in 1980, which averages about half as high again as the growth in wages. Further productivity gains are planned in the coming years, to be largely achieved not by new investment, but by re-organising existing labour practises, ie absolute exploitation. Although as yet at an early state, the economic crisis of state capitalism is coming into operation even in the GDR. (For a fuller account of the nature of state capitalism, and of its crisis, see "Theories of State Capitalism", in Revolutionary Perspectives 19.)

THE WORKING CLASS IN THE G.D.R.

The working class in the GDR is one of the most skilled, and highly concentrated in the world; 77% of all industrial workers work in units employing over 1,000. It is a proletariat which can see daily the effects of the crisis of state capitalism via. FDR television, and the crisis in the FDR via. its own; they know about the food queues in Warsaw and the dole queues in the Ruhr. It is also a proletariat that, in the heart of Europe can see clearly what the economic crisis is leading to- re-armament and world war. When the GDR workers move into action again the 30 years development since 1953 should ensure that they do so without many of the illusions of that epoch.

In those 30 years reported incidents of class struggle in the GDR have been few. Reports of strikes have emerged in the western press, to be denied by the GDR bosses, though one at the Narva works in Berlin was confirmed by Robert Havemann a leading GDR dissident, in January 1978. Others, among Rostock dockworkers in 1980, remain unconfirmed. What is clear is that these have been isolated incidents, other-

wise they would have been visible; no ruling class can hide a mass strike. What the GDR workers can expect when they do move into action was shown when 3,700 West Berlin railway workers (employed by the East German state railway) struck in September 1980. Denounced as 'terrorists' by the GDR authorities, the strikers were isolated from the East Berlin railway workers, and the strikes broken by the police. This was a dress rehearsal for the GDR authorities for their own class battles tomorrow.

... AND OTHERS

If the economic crisis and class struggle is still underdeveloped in the GDR, so is the political crisis. The SED is, and has always been, the most monolithic of the East European ruling parties; there have been no Titoist or Dubcekist factions, indeed no factions at all. The development of dissidence has been an individual affair, with Havemann (shouted down by the workers in '53) as the main advocate of state capitalism with a human face till his death in 1982.

A new factor has emerged in the early 1980s, with the emergence of the Protestant Church into the political arena, calling for general disarmament. This has resulted in huge, unofficial demonstrations, which have undoubtedly attracted large layers of GDR youth. The regime, fearing a Polish situation, has responded by courting the Church, and preparing massive commemorations of the anniversary of Luther's birth. Meanwhile for the middle class and bureaucracy the regime has been rehabilitating the 'Prussian' past with its traditions, and for the proletariat there is the constant spectacle of the GDR's sporting achievements.

When we today recall the struggle of the German workers in 1953, we do so not to worship spontaneity, but to assess the strength and weaknesses of the movement, so as to contribute to its victory next time. This means working towards the construction of an underground communist movement in the GDR; the failure of such an organisation to exist in the Polish mass strikes proved fatal.

In many ways the construction of such a network in the GDR could be easier than in other east European countries. And from the minority who could be induced to break from the flotsam and jetsam of dissidence and pacifism, and move from the idea of reforming state capitalism, to that of its overthrow, the core of this future organisation could be built. Its message would be to destroy the imperialist blocs and reach out the hand of solidarity, in the first instance, to the proletariat of west Germany, and raise the red banner of civil war in central Europe against the war preparations of the bourgeoisie.



Sources;
The statistical material for this text was provided by the following sources;

"The DDR's Frozen Revolution" G. Minnerup
New Left Review, 132, 1982.

"German Democratic Republic" Economic
Report, Lloyd's Bank 1980.

World View 1983 (Pluto/Maspero) 1982



in Germany. Now the ruling class in that country believes that the right wing CDU will be able to impose savage austerity measures, while the SPD will provide a pseudo-opposition which will attempt to divert the workers' reactions into electoral 'democratic' channels. But at the same time in France the crisis is being blamed on 35 years of right wing rule, and the left brought in to impose austerity and denounce strikes (as was done in France in 1945-7) as 'weapons of the bosses'. In Britain the evolution in the past 15 years has been affected more by a simple change of horses in midstream to derail the class struggle. In 1974, the new Labour government successfully brought to a halt the wave of class struggle of 1972-4 by its 'social contract' and other measures. In 1979 the massive strike wave, or 'winter of discontent' brought Thatcher to power to attack the working class more directly by greatly increased unemployment.

Just as the election of the left brought dangers for the workers in France, so the CDU victory brings problems for the German working class. At the beginning of the present crisis, in 1969, there was a widespread outbreak of unofficial strikes in Germany amongst over 300,000 workers which was a great inspiration to communists everywhere. Attempts to break out of the SPD grip came with the strike wave of 1975-6 amongst dockers, printers and steelworkers, when over 2 million days were lost in strikes. Recently there have been signs that the sleeping giant of the German working class is again stirring. Illusions in social democracy and trades unions are still, however, a problem. The Kohl victory will lead to a speed-up in redundancies and cuts in the 'social wage'. As yet untried in class battle, the German workers will have enormous reserves of strength to call upon in order to answer the challenge from the bosses. Communists must therefore strive to prevent the social democrats from derailing the struggle. For the fate of socialist revolution in Europe Germany remains decisive.



IRAN-IRAQ WAR

(continued from page 3)

In short, much less than proving we have distorted the UCM's positions, the SUCM's evidence here only highlights their own confusion on this crucial issue and their failure to understand what revolutionary defeatism means. In fact, it is only as a result of constant pressure from the CWO to discuss the question of revolutionary defeatism in the context of the Iran/Iraq war that the SUCM has eventually felt "obliged" even to attempt to deal with the issue. In practice the UCM and its supporters have tried to ignore the war; to deny that it has any special significance for the working class and the practice of communists in Iran. To this extent we think the Centrist label is justified for the UCM: like that classical Centrist party during World War One, the Italian Socialist Party (PSI), the UCM have fallen into the trap of "neither support nor sabotage" for the Iranian regime's war policies. As evidence that the "UCM's positions truly represent the principles of revolutionary defeatism" (sic) the SUCM's letter would have needed to show us: a positive affirmation of the desirability of the defeat of one's own government (including abandoning such fixations as the "Iraqi invasion"); calls for workers to defend their living standards against the privation of war; attempts to link up the economic struggle with the political struggle against war (i.e. extend strikes to anti-war struggles); propaganda for the disintegration of the army. Yet UCM have failed (as far as we can ascertain) even to report in their paper (Communist Worker) the anti-war activities of the Iraqi working class.

In addition to all this we are seriously concerned that not only does the UCM position on the war not

seem to be advancing, but on other issues they appear to be going backwards. We don't wish to develop a long statement here, but we note that the new "programme of the Communist Party" which they have published jointly with the Toilers Revolutionary Organisation of Iranian Kurdistan (KOMALA) takes a step backwards on the question of internationalism. UCM, in their own programme, had previously recognised that "one of the fundamental tasks of all communist ... forces ... is to endeavour to establish ... the new Communist International" (p.9) and that "The workers have no country" (p.3). Yet these basic principles are omitted in the new Programme which includes a statement that "oppressed nations" struggles to achieve national liberation is a "component part of the world socialist revolution of the proletariat" (p.12 of Programme of the Communist Party). This betrays an abandonment of internationalism and an enormous capitulation to nationalism, of the same type as the UCM's position on the war. Even more disturbing is the bald statement in the pamphlet ICC: Opportunism Behind Left Phraseology that KOMALA conducts "temporary military actions ... with the Kurdish Democratic Party" (p.52 CWO emphasis). The KDP is a reactionary servant of Russian imperialism in alliance with the Bani-Sadr capitalist faction in Iran. These are crucial issues. We are not interested in scoring debating points. We are concerned to prevent the UCM and its supporters from entering the camp of counter-revolution. That is why we can say "it is no exaggeration to claim" that UCM/SUCM must seriously re-examine their positions. We sincerely hope that the pressure of events inside Iran as well as our own attempts to clarify what internationalism and revolutionary defeatism mean, will force UCM to firmly adopt the tradition of Lenin and the Bolsheviks who in 1915 called for the imperialist war to be turned into a civil war and in 1917 called for fraternisation of German and Russian workers; the tradition which led those revolutionary minorities in the Twenties and Thirties to oppose popular fronts and anti-fascism; the tradition of the PCInter in Italy which opposed both sides in the imperialist war and called on Italian workers in occupied Italy to resist all capitalist bosses, whether German, Allied or Italian.



(1) See 'The Democratic Revolution' in Revolutionary Perspectives 20

LETTER FROM SUCM

Dear Comrades,

Workers Voice numbers 9 and 10 carry articles on the question of Iran-Iraq war with particular reference to the positions of the UCM on this matter. The articles gravely misrepresent the positions of the UCM on this question and this obliges us to make a few brief comments on your articles.

The articles when considered together present the following outline on the positions of the UCM on the question of Iran-Iraq war: initially the UCM hold a revolutionary position that belonged to "the early days of the war and represented a line that the Unity of Communist Militants in Iran later abandoned as having 'deviations to the left'" (WV10). However, that position "without ever implying support for the Islamic Republic do side-step the issue of revolutionary defeatism" (WV9), and was "but a centrist position which could, under pressure, slide into a 'defencist' one"* (WV9).

Later on (that in your view means after being under pressure), the UCM "rejected their earlier position for a more defencist one". (WV10) And so came true the CWO's prophecy in two month time!

Such a view seems to be upheld rigidly by the CWO, indeed so much so that even when in a recent CWO's public meeting our comrades read the content of a leaflet which is a popular version of the UCM's positions, and which severely discredited your claims in WV9, the CWO apologetically get round of it by an eclectic quotation from one of the UCM's work in order to incorrectly claim that the content of the leaflet, though revolutionary, but belonged to a period when the UCM "had deviations to the left". In fact the full quotation is this: "A number of leaflets were written, but for various reasons and mainly because of defects and deviations in the formulation of question and inclination into the left and right they did not reach the stage of publication." ("About the Manifesto....", English version, p.9, our emphasis). Only a hasty forteller or a sectarian "theoretician" who wants to preserve the "coherency" of its group's position by every means, could overlook such a salient remark! The CWO rather than quoting in full at least the main propositions of the UCM's articles, and exhaustively criticising the methodology and the internal logic of its positions to the extent of examining possible programmatic errors that have led to such positions, resorts to such grave misrepresentations in order to support its claim on the "centrism" or "defeatism" of the UCM. At best the CWO can say that "by becoming a prisoner of the 'democratic revolution' strategy..." the UCM "had failed to draw the connection between the class struggle against the Islamic regime and the fight against the war." (WV10, p.2) Though the CWO has even forgotten that Lenin too was "a prisoner of the 'democratic revolution'" for many years (over 12 years) before the war, during it and even after the war, and that did not prevent him "to draw" an international position at the outbreak of the WW1. Let us mention in the UCM's own words, what it said at the outbreak of the war, three years ago:

"We considered the entirety of the war and the effects and consequences arising out of it, an attack on the revolution and its gains and hence, we in particular dealt with the anti-democratic and suppressive measures of the Islamic Republic regime under the cover of the war. We meant the 'defence of the revolution' in its real sense against the war of the capitalists, a war which 'in its consequence serves the suppression and prevention of the escalation of Iranian revolution'. We have witnessed before how the Islamic Republic regime makes use of every political question, especially questions which endanger its existence by its rivals, in the service of anti-communist agitation and measures and the suppression to the workers' and revolutionary movements. What we said in the manifesto of 'The Invasion...' on the moves of the regime, has already been borne out, repeatedly, and in the experience of many people. Every one can witness and observe how in practice conditions of martial law rule over the country (at least unofficially and on the basis of religious decrees and state orders). The defence of the revolution against the Islamic Republic regime's new, and still newer, assault on the gains of the revolution, carried out under whatever pretext and whatever

whatsoever known THINK they are doing the reality is that they are defending a "progressive" Iran against a "reactionary" Iran which also defends the 'yous' against the 'reaction' in the Iran. i.e. active defence state cap - democratic measures in Iran against what was.
i.e. practically the defence one using capitalism against another!

circumstances, including under the cover of the law, is the continuation of the policy of the proletariat in the post-uprising period. What becomes determining in the present circumstances, is the acuteness of the question, and those particular forms which the regime resorts to, for the suppression of the revolution and the wresting of its gains; and our definite tactics too, must determine how to defend these gains and how to extend them under these specific conditions.

the proletariat and for preparing the necessary objective and subjective conditions so as to begin to adopt the policy of offensive with the aim of seizing the political power.

state by becoming aligned with the policy of the bourgeoisie in the war - and this must be borne out by those who recklessly use the word "defencism". As a matter of fact the UCM had this to say to the very organisations who did adopt a defencist position:

Razmandegan, Rah-e-Kargar and the "Majority", by putting forward "the political independence of Iran" and by fobbing off the liberal demand of "independent bourgeois state" as a proletarian demand, call the workers in this war, to refrain from class struggle against the Islamic Republic government and to defend this government."
(Social Chauvinism: Razmandegan under the banner of Kar 59 p.17)

The events after the outbreak of the war and the development of the proletarian alternative - both ideologically and organisationally - have vindicated the solidity and correctness of the assessment of the UCM of the war and the policy which it pursued. That is why it is no exaggeration to claim that the UCM's positions truly represent the principles of revolutionary defeatism in the attitude towards this reactionary war of capitalists.

Finally, the debate on this matter can only be pursued seriously if the principal programmatic differences that exist between the stands of the UCM and the CWO are discussed and resolved. Since that will be the only correct and purposeful way to achieve a common understanding on the question of the Iran-Iraq War and which will undoubtedly contribute to the elaboration of the programme and tactics of communists with regard to the question of class struggle in Iran and worldwide.

Communist greetings,
SUCM, Britain.

*The CWO has misrepresented the UCM by failing to quote from it fully. It has supported its claim on the centrism of the UCM's position by quoting: "Communists in Iran must struggle against tendencies which propagandise exhaustively for a war against the present regime, and ignore Iraq's war and the policies served by it." Whilst the full quotation is:
"1) The communists of Iran must resolutely struggle against the tendencies and trends which:

- a) on the attitude towards the present war, invite the proletariat to support the Islamic Republic regime or a faction of it;
 - b) advocate indifference and pacifism on the attitude towards this war under the pretext that this war is not related to the proletariat.
 - c) merely advocate the struggle against the present regime and overlook the Iraqi war and the politics served by it."
- (About the Manifesto p.5)
Quote from a centrist who could hold similar positions! Moreover, where does this "centrism" come from?

For reasons of space we had to cut the final quotation in the letter of the SUCM but we hope our readers will study all the texts of the SUCM which can be obtained by writing to;
Box 99,
164-6 Corn Exchange Buildings,
Hanging Ditch,
Manchester M4 3BN.

We also were forced to omit from this issue information on the class struggle in Iran supplied by SUCM. This will appear in WV12.

IRAN/IRAQ WAR POSTER

Send £1 to group address for 5 copies of the poster on the Iran/Iraq war produced by the CWO and the PCInt (Battaglia Comunista).

It is obvious that this transitional tactical policy (since the Uprising up to now) cannot be deduced from the analysis of the Iran-Iraq war. "Defencism" (if this is defencism!) is placed on the agenda of the communist movement and the revolutionary proletariat by the necessity of preparing the subjective and objective conditions of the workers movement (and thereby the mass movement) for an insurrection; conditions which are yet to be realised; and (it is also determined) by the fact that these conditions can be created only by preserving and extending the gains of the revolution, i.e. through the adoption of the policy of "defence of the revolution". The Iran-Iraq war has not altered the tactical policy of the proletariat, but has merely created new conditions which necessitate definite tactics for pursuing this tactical policy. In other words, the question is not whether we must defend the revolution against the war or not, but one of how we must defend the revolution in the new conditions created by the war.

It is clear that if we regard the tactic of the defence of the revolution against the war, the continuation of the tactical policy of defending the revolution as a whole, then we have not opened any loophole for the creation of this illusion (or accusation) that this tactic serves the Islamic Republic regime. The defence of the revolution is as much different from and contradictory to the defence of the Islamic Republic regime, both in theory and practice, as the revolution is from the Islamic Republic regime."
(About the Manifesto pp.17-20 English translation)

To fight against the two components of the bourgeois-imperialist counter-revolution is not "centrism" nor is it "defencism" since the latter means to defend your own bourgeois fantasy at that - defending - producing - building - fantasy!

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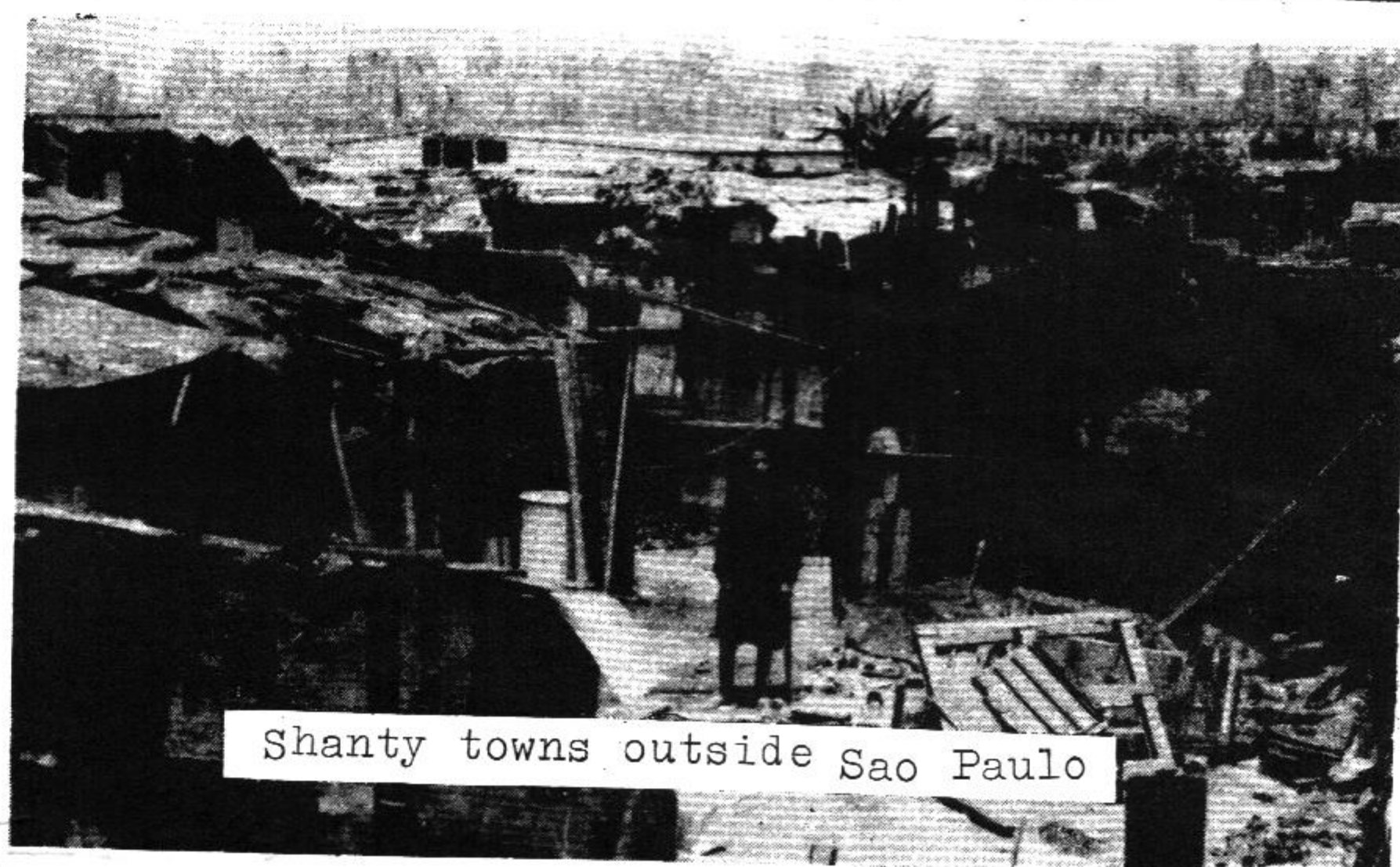
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WORKERS VOICE

BRAZIL. THE CARNIVAL IS OVER



Shanty towns outside Sao Paulo

In WORKERS VOICE 1, Autumn 1980, we described how the so-called economic miracle in Brazil had come to an end as a result of the world economic crisis. The strikes that broke out that year were the Brazilian workers' first response to the crisis. Since then, the crisis has bitten deeper into the economy and the riots of the Brazilian unemployed, like the riots in Britain 2 years ago, show once again that capitalism's crisis creates the same problems for the working class worldwide as well as for its revolutionary leadership.

The riots of the Sao Paulo unemployed began on April 4th when unemployed workers, following a small street meeting which demanded food and jobs, attacked over a dozen shops including bakeries and supermarkets. This became an attack on the local police station after some workers were arrested. On April 5th 3,000 workers attacked hundreds of shops whilst a further 2,000 marched on the governor's palace demanding jobs and food. Police with tear gas attacked both groups and the Army had to be put on standby alert.

'The enemies of democracy'

The main target of the rioters' anger was Montoro, the new liberal governor of Sao Paulo. He said the riots were fomented by the extreme right, in order to prevent the return of democracy, and called the workers the 'enemies of democracy'. This is just like the left-wing Allende government in Chile in the early 70's, who told workers not to strike, as this would endanger democracy. By attacking Montoro, the workers have rejected democratic capitalism - the crisis is teaching them that all factions of the bourgeoisie are equally anti-working class.

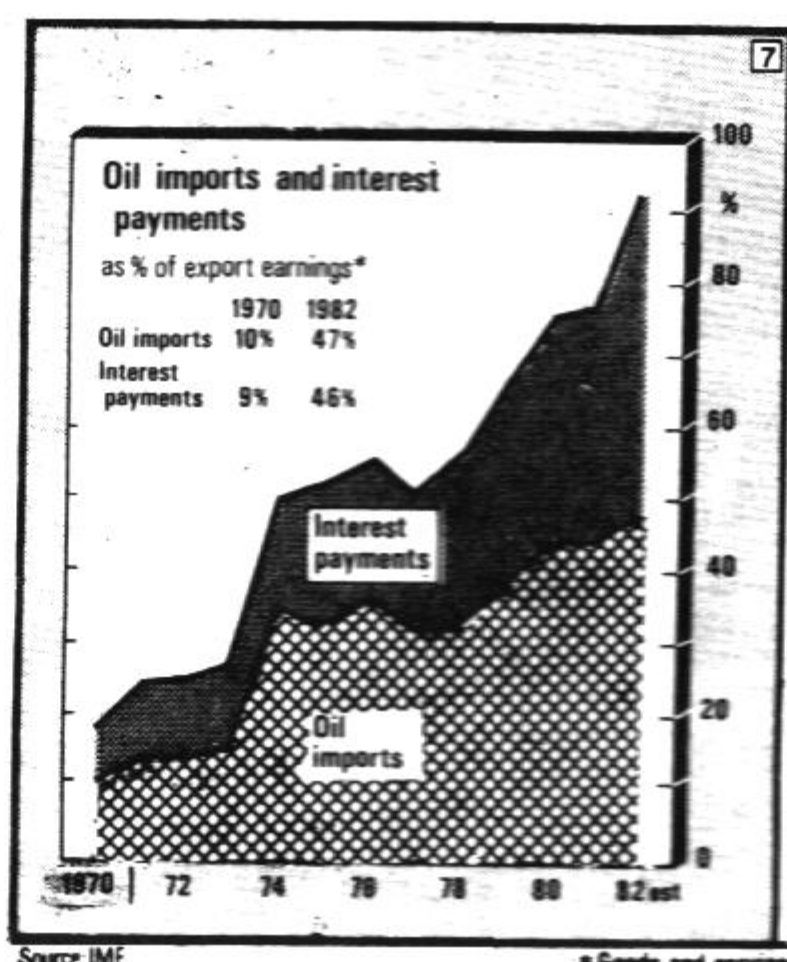
The background to the riots is simple. The rapid growth of the Brazilian economy from the mid 1960's to the early 1970's was based on foreign loans and investment attracted to the country by its low labour costs. These made Brazil a very profitable country to invest in. As profitability fell in Europe and the USA the bosses there searched for areas of lower costs in order to remain both competitive and profitable. Brazil seemed an easy answer for the likes of Fiat and Volkswagen as the contribution of labour costs to a factory-made item in Brazil is less than 20%, sometimes even half this. So money flowed into Brazil based on the need for profits - profits to be made on the backs of the low wages of the Brazilian workers.

By 1975, economic growth was averaging 10% a year. Since then, as the crisis has spread throughout the whole world, growth in Brazil has slowed down rapidly to a situation where, by 1981 the country's GNP had fallen by 20%. By 1982 it had stagnated and for 1983 estimates are that it will decline again.

The IMF, fearing the effects a Brazilian default would have on the world banking system and in particular on American banks, agreed. But as with all IMF loans, it attached certain political conditions, and it was these which led directly to the riots in Sao Paulo.

Brazil has been forced to relax price controls, and the cruzeiro has been devalued some 23% against the \$US. This was done to cut the cost of Brazil's exports in order to increase foreign trade. This would cut the trade deficit and through an influx of foreign currency would help to service its foreign debt.

At the same time, Brazil has discovered, the more you borrow, the more you need to borrow, to keep up the interest payments. The profits being squeezed out of the Brazilian working class didn't pay the debts because these profits were exported to help prop up the shaky economies of Europe and the USA. Brazil also had to keep on borrowing to help pay for the rising cost of imported oil, especially in the last few years. But as the crisis deepened in the leading capitalist countries it has been harder and harder for Brazil to raise more loans and those that can be raised are at a very high rate of interest. As a result, oil and interest have gobbled up Brazil's export earnings over the past few years. (See table below)



By the end of November 1982, Brazil's foreign debt amounted to \$80 billion, the largest in the world. At the same time, new loans became almost non-existent as foreign banks began to fear the possibility of a Brazilian default on its already existing debts. As a result, the Brazilian government was forced to go cap-in-hand to the IMF because its central bank not only already had pawned its gold reserves but had also run out of foreign exchange! The following month, it announced that it would not be able to repay its debts which fell due in 1983 without

"an extra \$44 billion in new money plus the maintenance of credit lines to Brazil's importers and the foreign branches of Brazilian banks".

(The Economist 12.3.83)

Just as the Brazilian bosses have made the working class pay for the 'economic miracle' with low wages, they now expect it to pay for economic collapse. The rapid rise in unemployment in the towns and cities, due to the decline in economic growth, is one attack by the bosses on the working class. Estimates of urban unemployment vary between 13 and 20%; precise figures are not kept as there is no unemployment pay in Brazil. Workers recently sucked into the industrial conurbations like Sao Paulo have been thrown on the scrapheap. As a reserve army of unemployed they are used to try to keep wages down and discipline among the employed workers.

The riots were the first response by the Brazilian working class to unemployment and rising food prices (as a result of the relaxation of price controls). Their demands for food and jobs cannot be met by an economy deep in crisis. As elsewhere, what lies ahead is socialism or barbarism. For socialism to be achieved, the unemployed in Brazil and the rest of the world will have to link up with the employed. The key question now in Brazil is whether the social explosion in Sao Paulo's streets will be translated into organised action in the factories where Brazil's 12 million workers have the real power. And it is here that another condition of the IMF loan is already beginning to attack the working class head-on. The indexation system which has protected the majority of the Brazilian working class against the country's rampant inflation over the past few years has been relaxed due to IMF pressure. Thus workers living standards will be unprotected. This situation of impoverishment for both employed and unemployed offers the possibility of united action.

For revolutionaries, organisation of the unemployed is vital. As we state in our Platform of Unemployed Workers Groups (available from group address, 20p post paid):

"...so long as the response of the unemployed remains one of instinctive and unorganised reaction, without political direction, the state will

always win in the end. The formation of Unemployed Workers' Groups is paramount for the development of the struggle of the unemployed... Riots always demonstrate the awesome power of class anger and, in spontaneous fashion, the extraordinary creativity of our class. But such spontaneous actions cannot lead to a real revolution without a consciousness of a greater goal."

Each revolt, such as that in Sao Paulo, is a step towards the acquisition of such a consciousness.

