

# WORKERS VOICE

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## SOUTH AFRICA : ANC WAITS IN THE WINGS

As the death toll continues to mount in the black townships South Africa is moving daily closer to outright civil war. The sjamboks and the bullets have failed to quell the desperate heroism of a people driven to revolt by conditions of exploitation and oppression which have seen three and a half millions of people forcibly removed from their homes in the last fifteen years and has left three million children permanently undernourished. Unlike earlier crises like Sharpeville in 1960 the apartheid regime has found that a few deaths have not been enough to restore order this time. The white laager has begun to break up with the bosses of the multi-nationals, the leaders of South African industry, and even the Dutch Reform Church (which used to provide the religious justification for apartheid) having all crossed the border to discuss a new order of things with Oliver Tambo, leader of the African National Congress (ANC). Whilst Botha has been denouncing his former allies as traitors there are other signs that the old order is changing more rapidly than he can control. Whilst on his liberal wing there are calls for a more rapid "reform" of apartheid the right wing splinters from the ruling National Party have been making election gains from the failure of Botha's efforts to restore order. Equally disturbing for the South African government has been the signs that whites in some areas already recognise that the game is up. Whilst the only growth area of the South African economy is in the sector of the security firms who hire out armed guards to protect white homes there has been a dramatic rise in the numbers of whites failing to report for military service (from 1500 for the whole of last year to nearly 8000 for the first nine months of this year). Those who fled the collapse of the Smith regime in Rhodesia a few years ago are now selling up (if they can get anyone to buy their property) to return to Mugabe's Zimbabwe on the grounds that he has managed to make it safer for whites to live there.

### BOTHA'S FRIENDS

Botha is however not yet completely alone. Despite the campaigns of recent converts to anti-apartheid ideas in the USA and despite the shift in investment away from South Africa this still is the key to international support. In fact it is not surprising that the louder any government is in its condemnation of apartheid the smaller its investment in South Africa. This explains why Reagan tried to pretend that conditions in South Africa were not really all that bad for black workers or why Mrs Thatcher should "bat for Botha" at the farce in Barbados known as the Commonwealth Conference. Both countries have something like £6 billions of investments in South Africa and the job of extricating them is a delicate one. Both Reagan and Thatcher want Botha to reform apartheid in order to create a more stable environment to protect their capital but they recognise that this will be very difficult for Botha to achieve given the determination of the South African masses to fight and die in the growing civil war on the one hand, and the widespread belief among the whites that he is some kind of clown who created the present revolt by his attempt at reforming the more petty aspects of the apartheid system. All this seems to point to more and more violent confrontations since the struggle of the black population is no longer confined to this or that township or area, despite Botha's restrictions on the reporting of the struggle by the world press.

### IMPERIALISM IN SOUTH AFRICA

However it is not the world's press which has put the South African state in the position of pariah but the fact that apartheid has now outlived its usefulness for global capitalism. In many ways apartheid is the last form of old-style colonialism which was itself a form of imperialism in which physical domination of an area to control its workforce and raw materials was thought to be essential. Since the end of the Second World War imperialism has discovered that it is not only cheaper not to occupy an area (since you don't have to pay police costs) but that it is easier to allow the local bourgeoisie to take political control since the imperialists can continue to dominate the area's economy. The multi-nationals of the West have now seen enough of nationalist movements in Africa and elsewhere to know that they will not take their countries into the Russian bloc but will continue to keep those areas safe for the Western capital that they require. Thus Mugabe's Zimbabwe is now paradoxically seen as a haven for ex-Rhodesians in strife-torn South Africa.

This is why the leaders of the South African multinationals are seeking a deal with the ANC. After the recent meeting between Oliver Tambo of the ANC and Gavin Relly of the Anglo American Corporation there was clearly an

attempt by both sides to reach agreement. Whilst Relly's aides made concessions to the ANC's state capitalist, nationalist ideology Tambo is reputed to have agreed that large sections of the economy would be "left open to private enterprise". The nationalists thus represent the best hope for capitalism. In our last issue we pointed to the fact that the capitalist leaders were "ending apartheid to save capitalism". Even the bourgeois press have recognised since that

"Capitalism in South Africa has now entered its fight for survival. It faces the risk that, unless it can distance itself from apartheid, it will go down the drain with it."

[Guardian 25.9.85]

This is why the struggle against apartheid is not in itself enough. It has to be widened into a struggle against all aspects of capitalist exploitation; against multinational firms as well as Afrikaner nationalists and also against the nationalist black bourgeoisie that is waiting in the wings. Although the workers of South Africa have not yet created their own independent weapon of emancipation - i.e. a communist party, the present struggle is furnishing the conditions which can lead to the creation of communist nuclei within the working class. It is our task as communists to provide the political critique of all the capitalist factions in South Africa and not to succumb to the prevailing current of anti-apartheid activism. Only in this way will we forge the essential basis for the liberation of all the world's workers - the communist programme.

## IN BRITAIN: FIGHTING FOR A FUTURE

Pierce fighting between police and unemployed youths has again erupted in six of Britain's inner cities, sparked off by police harassment and violence. Large scale unrest occurred in Handsworth and Brixton, and in Tottenham local people took over the area for two hours before police could regain control. Police stations were bombed and riot police pelted with stones, bombs and bullets. Journalists and politicians either came under attack or were chased out of the area.

### CLASS STRUGGLE NOT RACE RIOT

As in 1981 the press have done their best to distort the reasons behind the revolts. None were race riots. Handsworth youths were not rioting against Asians. On the contrary, the revolt was sparked off when black youths came to the aid of an Asian man being arrested by police. Most of the shops looted were Asian owned simply because most of the shops in the area belonging to Asians. But black and white owned shops were also looted and white, black and Asian youths were doing the looting. The Asian temple near the centre of the revolt was left untouched.

It is clear who the anger was directed against. When Home Secretary Douglas Hurd arrived on the scene he was showered with bricks and abuse by an angry crowd. His arrival sparked off further "unrest". When he tried to interview white householders he and the camera

crew with him were told where to go.

By the time Brixton and Tottenham erupted, claims of racial tension were wearing thin. Even the black community leaders in Brixton couldn't control the situation for the police, and people reacted angrily to their attempts to calm them down. On Sunday (29th) the arrival of the Home Office's race relations consultant, Trevor Hall (who is black) caused more anger and he had to hastily retreat in a taxi. During the Saturday nights' events, 1,500 had taken to the streets. 30% of them were white. Half of those arrested were also white.

As the intensity of the revolts became clearer, especially when battles in Tottenham left 220 police injured and 1 dead, the police, politicians, the press and mand trades union and black "community leaders" eagerly joined each other in denouncing the "riots" as criminal. All conveniently forgot that the original violence was by the police at the home of Cynthia Jarrett or that the Brixton events were started by the forces of the state shooting Cheryl Groce.

The press attempted to explain the revolts as having been caused by "criminally-minded" people who had lost control of themselves on drink and drugs. The Times suggested the Handsworth riots had occurred because the police wanted to clear the streets of cannabis. But it couldn't explain why the police used the Rastafarians to patrol the streets of

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# WELFARE STATE : WHERE NEXT?

The term "Welfare state" was originally coined to contrast Britain's so-called "peace-loving democracy" with Hitler's "warfare state". The decisive influence in the evolution of the welfare state was the 2nd World War. The ruling class wanted to ensure that post-war capitalist society would never be threatened by working class revolution. In Britain, where the working class had been better off under war-time rationing, the seminal document was the Beveridge Plan of 1942. After the depredations of the Thirties Beveridge emerged like the hero of a morality play. He determined to do battle with the "four giants" - disease, want, squalor, ignorance. The biggest giant of them all - unemployment, termed "idleness" by Beveridge, would be overcome by Keynesian economic policies of state-induced demand.

## ORIGINS AND POST-WAR DEVELOPMENT

Following the defeats of the European working class, rearmament and the 2nd World War itself gradually revived the process of capital accumulation and the rate of profit and the rate of surplus value began to increase in the 1940s. Moreover the war had demonstrated to the bourgeoisie the value of a healthy, disciplined, reasonably educated working class, one capable of handling the new technology required for a period of reconstruction and economic expansion.

With the Labour Party in the wartime coalition, the trade unions under Bevin delivered up a series of corporatist agreements. The quid pro quo for this class collaboration was to be full employment and welfare reforms. This formed the basis for the post-war "settlement" between capital and labour in the late 40s under the Labour Government. Expenditure on state social services rose from 10.9% of GNP in 1937 to 28.8% in 1975. By the mid 1960s, however, large cracks were appearing in the economic orthodoxy which oversaw the post-war boom. The rate of profit began to fall sharply and Keynesian remedies gradually gave way to direct attempts to limit wage increases by way of incomes policies. The mid 60s also saw the "rediscovery of poverty" under a Labour government in various exposes of the time; this added to pressures for more welfare expenditure which continued to grow as a proportion of GNP until the mid 1970s.

Having suffered no major defeat since 1926, with relatively full employment, the introduction of the post-war welfare reforms did lead to an overall improvement in the living conditions of British workers. However, under decadent capitalism's infernal spiral of crisis - war - reconstruction, these palliatives were bound to be temporary and short lived, in effect limited to one gener-

ation. The fundamental purpose for the ruling class had been to create a labour force that was both physically fit and ideologically integrated, one capable of expending its life force for the greater good of profitability on an increasingly competitive world market. Here too their success is of an historically brief duration.

## THE MYTH OF THE NEUTRALITY OF THE WELFARE STATE

The capitalist state is neither a relatively autonomous political institution as bourgeois ideology suggests, nor is it merely the economic result of the action of many capitals. It serves to produce and reproduce the conditions for capital accumulation to occur and at different periods assumes different forms according to the historically specific demands of the law of value. Thus the "welfare state" was discovered to be essential to the survival of capitalist society, not least because it serves to integrate the proletariat of the capitalist heartlands and at the same time prevents the destruction of the labour force by capitalist competition. The state maintains an appearance of class neutrality in this process of the domination of capital whilst guaranteeing (as far as it is able) and regulating the conditions for capitalism's survival.

The welfare state is a crucial apparatus, though incomplete, for putting individual citizenship and the unity of the nation before class loyalty and organisation. This is the predominant political ideology within the capitalist Labour Party which seeks to promote class harmony through welfare reform. Titmuss, the bourgeois welfare state expert, discussing the 1945 reforms, summed up their position, "reforms... connected with the demand for one society; for services which would deepen and enlarge self respect; .. which would manifestly encourage social integration."

## THATCHER'S CHANGE OF ATTACK

For the duration of the post-war boom and into the 1970s the social democratic ideology of welfare was the prevailing, across-party consensus within the dominant echelons of the bourgeoisie. The advent of monetarist "Thatcherism" and its programme of reduced public expenditure, privatisation and price stability through control of the money supply, displaced the old conservatism in an effort to respond to the increasing social tensions of the crisis and the growing masses of the unemployed.

Although Britain has one of the lowest welfare spending budgets per head of population in Europe the social security budget is by far the largest state spending programme, making up 30% of all public expenditure. Topping £40bn, it is larger than defence, health and housing put together. In the decade '69-79, non-contributory benefit payments increased from £967m to £6,118m. An estimated 20 million people in Britain are in one way or another dependent on it. Modelled on the same principles as a private insurance scheme, the Beveridge calculations were based on a projected maximum of 8½% unemployment rate. The growing army of irreversible unemployment (15% official rate), of old age pensioners, of those in receipt of child and housing benefits - the very existence of these dispossessed masses constantly threatens to call the bluff on the bourgeoisie's actuarial fiction.

Thus, although there is no doubt that a section of the ruling class would like to dismantle the Welfare State altogether (As early as 1978 an ogre like Rhodes Boyson is reported to have said "Conservatives must actively work for the Welfare State to wither away as personal freedom and independent provision takes its place".) and while the present Government is doing its best to reduce spending by cutting welfare provision, what we have been seeing is not so much the dismantling of the Welfare State as its restructuring. In other words the adaptation of social policy to serve the continuing needs of capital. For example, the movement away from "liberal" and

"progressive" methods in education towards a purely vocational training of the labour force for the market and in social security the use of administrative work enforcement schemes with an increasing emphasis on maintaining the work ethic.

Of course the present needs of capital in crisis are to reduce state spending but in the face of a still undefeated and restive working class, the Tory approach on the welfare state front continues to be cautious, Fowler's Green Paper being more of a damp squib than an onslaught of fireworks. Although certain backward layers have become susceptible to the Tories ideological conditioning (there is no alternative), the main concentrations of the class remain immune, sceptical if not actively hostile to the utopian carrot of a "property owning democracy". The deep implantation in the popular consciousness of the mass of workers that the welfare state, particularly the NHS, represents a protective bulwark against capital's anarchy, is a formidable obstacle in the Tories' attempt at a more fundamental attack on welfare benefits and services than the piecemeal cuts which have eroded working class living standards since the Seventies. In short the Government fears the social consequences of such a move and the latest wave of inner city revolts of the unemployed only increases its fears.

## CONCLUSION

Ruling class ideology of the Welfare State as an historic act of collective altruism disguises both its origins in the class struggle and the pressure on advanced capital to maintain a healthy labour force. In contrast to the left wing of the bourgeoisie who masquerade as socialist: the Labour Party and the so-called Communist Party who say that the state can be transformed in the interests of the proletariat, brought under "democratic" control etc, and in contrast to the various Trotskyist and quasi-Trotskyist groups who promote a state capitalist variant of this line, we reiterate that the capitalist state cannot guarantee the welfare of its "citizens". The capitalist state must be smashed, consigned to historical dross. A gargantuan task but ultimately the only road to a truly universal human welfare.

## Platforms



Political Platform  
50p  
post paid

All three  
platforms  
75p  
post paid

of the C.W.O.

## BRITAIN Fighting for a future

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Handsworth to prevent a 3rd night of rioting in return for the police keeping a low profile in the area.

One former Brixton "community leader" called the revolts "a pretext for people to rob and go looting". Gerald Kaufman spoke for the whole Labour Party when he denounced the events in Tottenham as an "inexcusable crime". Yet all attempts to denounce these revolts as the acts of criminals don't tally with crime figures for the areas before the "riots" began. Handsworth and its surrounding area, for example, has a population of 250,000 but comparatively low crime figures.

The fact is, the ruling class sees all class struggle as criminal. It outlawed secondary and mass picketing and used the utmost rigour of the law at every opportunity as a weapon against striking miners 1984/5. The more frightened it is the more "criminal" is the working class.

Since the police took a hammering at Tottenham and lost control of the streets once again Hurd has promised to widen their powers. A new law and order bill is in the pipeline to make "disorderly conduct" a new offence. The police are to be armed with CS gas and plastic bullets and the use of water cannon hasn't been ruled out. The ruling class wants to stamp out "serious public disorder" quickly because it knows it has the potential to become something else - a potent threat to the whole system.

And the ruling class isn't just the Tories.



# LIVERPOOL SWP AND LABOUR LEFT

The attack by the Labour Party leadership on the Militants of Liverpool Council is seen by such groups as the SWP as part of a systematic attack on "anyone who stands up for socialist principles within the Labour Party" (Lindsay German, Socialist Worker). That the SWP considers the Liverpool Militants to be standing up for socialist principles says much about both groups.

The Militant-dominated council began in Liverpool an ambitious programme of public spending on such necessary things as housing. But under capitalism, everything must be paid for. The floundering of the Militants since the money ran out shows exactly how socialist they are, and more importantly, the impossibility of using elected bodies such as councils or parliament to run the state or sections of the state in the workers' interests. This has become increasingly clear as the council directly attacks the workers.

At first the council tried to make its workers take strike action, "to save jobs", but in reality to save the council the expense of paying their wages. That this is the case is shown by the council's subsequent proposal to make its workforce redundant and re-hire it after three months, saving a quarter's pay and, after that had been rejected as it was too damaging to Labour's popularity, its idea of laying its workers off for January, locking them out for only one month instead of three!

In short, Militant and its fellow assassins are "knifing" the council workforce. Moreover, Militant's anti-working class actions are accompanied by anti-socialist theory.

Firstly, they spread the idea that the capitalist state can be run in the interests of the working class. Any attempt to do this is doomed to fail, precisely because capitalism's state is organised to defend the capitalists' interests against those of the workers. This truth becomes more apparent as the capitalist crisis deepens, because then the administrators of the capitalist state, whoever they are, are forced to cut the living standards of their workers. This is because the costs of the state are paid for out of profits, and the cause of the crisis is the fall in the rate of profit. Socialists stand for the "smashing" [Lenin] of the capitalist state. Militant rejects this in practice. In a word, it is reformist.

Secondly, and more importantly, Militant is state capitalist. It propagates the ideology

It also includes Her Majesty's Opposition - Labour. The Labour Party and the trades unions are just as scared of the working class as the Tories and police. When Harringay's leader - Bernie Grant said that the police had received a "bloody good hiding" he was immediately denounced by Kinnock and Hattersley. he quickly took his words back since the last a budding MP like him wanted was a conflict with Kinnock. A resolution by the Council's Labour Group was passed with Grant's full approval, condemning the violence.

Mr Grant's initial anti-police sentiments had however enraged the T&GWU and the National Union of Public Employees [NUPE]. They called their members out (without a ballot!) on a 1 day strike and demonstration. The National & Local Government Officers Association urged members to vote for a resolution "unreservedly condemning the violence".

Although the ruling class has tried very hard to deny any link between these "riots" and those of 1981, it is clear that the difference is one of intensity only. As we said in 1981, the main reasons behind the revolts were unemployment and police harassment of the unemployed. Today, unemployment is worse than ever. Official unemployment in the Lozells Road area of Birmingham is 60%. Fewer than 5 out of 100 black youths leaving Handsworth schools this summer had found jobs 4 months later. Brixton is the same. Lambeth has male unemployment at 27% whilst on Broadwater

that nationalisations represent steps towards socialism, instead of recognising that they are merely a formalisation of the relations already existing between the capitalist state and industrial and financial concerns. There is no need for the conscious activity of the working class in this vision of "socialism", and Militant's present activity reflects this. It sees working class activity as being switched on and off like a tap, and the class' political role is restricted to supporting Militant.

Communists, on the other hand, fight for a politically conscious and active working class. Starting in the here and now, the CWO works to build communist factory groups (see our Factory Group Platform - available from the group address) to provide a link between the class and its political expression, and we argue for mass meetings to organise the class' struggles. These mass meetings, and committees elected by them, prefigure the Soviet State and its central organs in many ways. Both the mass meetings and the Soviets elect recallable delegates to their central bodies. Both have to involve the widest possible section of the workers in order to be effective in conducting the class struggle and increasing working class consciousness, which is really an aspect of the same thing. And the attitude of the CWO and our comrades in the International Bureau for the Revolutionary Party to both is the same: they constitute an arena for class struggle as well as being a weapon in that struggle; unless communists win the political fight within them their effectiveness in the class struggle will be impaired. In the case of the Soviets, they will be unable to fulfil their potential for forming a proletarian state, as the example of the German soviets shows.

## MILITANT AND THE SWP

Militant's reformism and state capitalism poses the following question: Why does the Socialist Workers Party, which claims to reject reformism ["The present system cannot be patched up or reformed ... It has to be overthrown." - Where We Stand column inside every Socialist Worker] and to be able to distinguish between state capitalism and socialism ["Russia, China and Eastern Europe are not socialist but capitalist"], want to form a joint organisation with Militant?

An answer can be found in the SWP's Central Committee's letter to its members. Replying to the rhetorical question, "Are we serious about wanting a joint organisation?", the

Farm Estate in Tottenham 67% of adults and 90% of youth are out of work.

Unemployment isn't just Tory inflicted. Under the last Labour Government unemployment tripled. Unemployment is the product of capitalism's need to solve its crisis by cutting wages. A large "reserve army of labour" [Marx] is the best way to threaten those in work into accepting wage cuts and worsening working conditions. To hammer this home dole cuts and harsher Social Security conditions are being introduced in order to make life on the dole even grimmer. But as the state isn't facing a defeated and passive class it knows it will need to strengthen its apparatus of repression. The Home Secretary has no illusions about getting rid of the causes of unrest. he has rejected all calls for an inquiry. As he pointed out, "Inquiries don't stop riots".

The capitalists are clearly preparing themselves for future battles with the unemployed. We also need to be prepared. Unemployed youths learned a lot about tactics in street warfare. They were able to use their knowledge of their own neighbourhoods to attack police and use petrol stations as a source of fuel for bombs. But in the end, the ruling class has to be attacked politically.

Unlike the revolts of the last few weeks, this isn't a short-term response but it is a surer road to future success. Looting and

SWP's CC says "We are serious about wanting such an organisation because the needs of the working class struggle demand that as many socialists as possible refuse to knuckle under to Kinnock, and the best way to ensure this would be a united organisation. Were this to exist, it would not only combine the existing membership of Militant and the SWP, it would also provide a fighting pole of attraction to many other socialists(!) ... So the call for unity is not just a manoeuvre, if by that is meant a simple opportunist trick." [Our emphasis] Aside from the absurdity of thinking that socialists could "knuckle under to Kinnock", what is striking about this is the absence of any discussion of politics - would the joint organisation combine the existing politics of Militant and the SWP? The rest of the letter does not answer this question. In fact it specifically refuses to answer it. In answer to, "Members of the Labour left ask how such a united organisation would function, what its policies [our emphasis] would be, and so on. What is our reply?" - we read: "It would be absurd (!) to get involved in long arguments about an organisation which the Militant leadership are opposed to forming". This refusal to discuss "policies" in the context of "left unity" with a reformist, state capitalist organisation can only lead to the conclusion that the SWP's opposition to reformism and state capitalism boils down to "just a manoeuvre", the effect of which is to draw potential socialists into reformist campaigns for state capitalism.

## "SOCIALIST" REDUNDANCIES

As we go to press the manoeuvring amongst Labour Party factions continues. What is certain is that all factions have nothing to offer but another attack on working class living standards. No job with Militant or higher rents and rates with Kinnock are all Labour has to offer. The working class in Liverpool can fight these attacks only to the extent that they see through the "socialism" of the council and overcome the divisions between council workers and workers employed in private and nationalised firms in Liverpool and elsewhere. That is, they should strike against the council as well as the government and seek to spread the strike to workers confronting different capitalists or capitalist agencies, but who are confronting the same capitalism. This is what communists fight for in Liverpool, as elsewhere, not unity with the administrators of the capitalist state.

spontaneous revolts won't in themselves change anything. They must be linked with the struggles of other workers. Some unemployed workers have already shown the way here by joining picket lines during the miners' strike. This needs to be repeated everywhere, especially in situations where the bosses are trying to recruit blacklegs directly from the dole queues as they tried to do in the British Rail guards' strike in the summer.

But this is not the only area of activity. Unemployed workers don't have money but they do have time. As we stated in a recent leaflet:

"We can use this time to form Unemployed Workers Groups which can become centres of debate and education about the capitalist crisis and the revolutionary alternative."

In the immediate term such groups can organise opposition to the state's attempts to cut dole and benefit payments by, for example, mass occupations of Social Security offices and they can organise support for victims of evictions and fuel cut-offs. Such campaigns are essential to break the isolation and feeling of powerlessness which many on the dole feel. But this activity won't be really meaningful until it is part of a wider political education and a movement to form an international workers' party which will give to all workers, employed and unemployed, a programme for the future.



# 1945 : A NEW IMPERIAL

## PART ONE

## THE RISE AI

As Gorbachov and Reagan prepare to meet next month to arbitrate on the fate of the world the political hacks whose job it is to whip up our enthusiasm for gatherings of the great are noticeably unenthusiastic. Having seen the failure of the "peaceful co-existence" and detente eras they know that what has driven the superpowers to the negotiating table is the world economic crisis. Unlike previous discussions this meeting does not even pretend to be about preserving peace, it is more about how to preserve capitalist rule, both East and West. In both cases the need to reduce arms expenditure which is crippling their economies (the USSR badly needs investment in agriculture, the USA has to attempt to cut its budget deficit) has been a powerful incentive to talk.

On the fortieth anniversary of imperialism's divisions of the spoils of war we are beginning a two part article which analyses the nature of imperialist domination either side of the Iron Curtain, showing how the forces that enabled the superpowers to maintain an uneasy peace are neither immutable nor everlasting. In this first part we look at how Western bloc hopes of abolishing capitalist crises and wars forever by waving the magic Keynesian wand have collapsed.

### THE NEW INTERNATIONAL ECONOMIC ORDER

Forty years ago, on 27th December 1945, representatives from thirty countries attended a signing ceremony in Washington to mark the formal establishment of the International Monetary Fund [IMF] and the World Bank. The existence of these now-familiar international economic institutions was the result of the 1944 agreement at Bretton Woods between the US and her allies, principally Britain, to eliminate what Keynes and other like-minded economists saw as the underlying cause of capitalist war. Bretton Woods was to inaugurate a new international economic order: an era of stable and peaceful capitalist development which would proceed until, in the words of Keynes, "the last Hottentot owns a Rolls-Royce car". With this vision of a golden future came the Bretton Woods watchword of "Never Again". "Never again would there be mass unemployment. "Never again would international trade be restricted by protectionist "beggar-my-neighbour" policies on the part of individual states. "Never again" would the world economy (at least in the Western-dominated part) be allowed to slide into a recession of 1929 proportions. Instead an international fund of quotas from members' currencies would be established. When any particular government found itself with "balance of payments problems" (i.e. unable to pay for imports) it would be able to draw on the currency required from the fund. All currencies would be fully convertible with each other in order to avoid the erratic exchange rates of the inter-war years created by attempts to maintain preferential trading areas. In Keynes' original vision the IMF was to create its own currency to ease the flow of international trade and avoid any one national currency gaining the power of a world currency.

From the outset the glossy ideals of Bretton Woods were in marked contrast to reality. In December 1945 that reality was a world ruined and devastated by war in which the USA had emerged as by far the strongest imperialism. By the end of the war the US controlled 70% of the world's financial assets; more than half the world's manufactured goods and third of all the world's goods were produced in the USA. During the war total merchant shipping tonnage had increased and by 1945 the US owned half of it (compared with 14% in 1939). In 1947 one third of world exports came from the US which itself only imported one tenth of global imports. From this situation it was inevitable that the dollar would

become the universal currency in which all international trade was done.

The first post-war economic crisis sprang from the inability of states bankrupted by war to pay for goods from the USA - the main source of supply. Economists euphemistically called this the "dollar shortage". In this "dollar shortage" lay the material roots of the "Cold War". Whilst the USSR was looting East Germany, Austria and Manchuria to restore its war-shattered economy\* the USA was faced with the prospect that its share of the spoils was so devastated by war that it would not only fail to supply the market the unscathed US productive capacity needed, but would even "go Communist". Bitter class struggles raged throughout Western Europe and Japan in the immediate aftermath of the war. In Western Europe the beneficiaries were the Italian and French pro-Russian, so-called Communist Parties. If Italy, Greece and France went the way of Eastern Europe then even more markets would disappear behind the Iron Curtain of non-convertible currencies. Marshall Aid was thus not the product of philanthropic desire as US propaganda at the time made out. It was a crying need of the US economy itself. This affected the subsequent history of the USA and Europe more than any other factor and explains its military commitment to that area today.

As far as Britain was concerned the process of its replacement as the leading imperialist power was further accelerated by the war. In the early war years, for instance, the USA replaced Britain as the major investor in Argentina and raised its ownership of Iranian oil to one-third of its Anglo-Saxon ally. During the war the British balance of payments deficit was left in abeyance while the debts to the USA piled up. After the war, even before the signing of the Bretton Woods agreement, a further Anglo-American Loan was agreed and added to Britain's existing debts to the USA.

When the IMF was formed it was thus far from a society of equals helping to tide one another over through periods of trade imbalances. From the start it was controlled by the US while its other members were obliged to go cap in hand for dollars in order to survive. (After only one year it had lent \$544 million.) The West European states were in much the same position vis-a-vis the US as some of the "least developed nations" today - they not only had no alternative but to borrow but at the same time the frenetic attempt to earn dollars via exports (to pay for much-needed "reconstruction" goods as well as to pay back loans and avoid further loans) meant lowering the living standards of the local working class. In Britain, for example, rationing increased after the war (e.g. bread was rationed for the first time) while, despite the Labour Government's pledge to reduce working hours, the 48 hour week remained in force. And just as today, US loans were not made for humanitarian motives. They came with economic and political strings attached. In the case of Britain those strings always involved further steps towards wiping out any preferential trade with the colonies and the abandonment of the sterling area through convertible currency agreements. As our comrades of the International Communist Party [PCInt] in Italy wrote at the time:

"The war ... has accentuated the process of industrialisation of colonial and semi-colonial countries, many of which moreover are being pushed into the economic orbit of the US, thus putting Britain even more in debt to the USA. It has forced Britain to submit to the demands of political economy such as the recent huge loan agreed with Wall Street which served excellently to blackmail the British into renouncing their system of imperial preference within the sterling area. This now allows the members of the latter the freedom to spend their dollars and pounds where they think best rather than being blocked by London." [Prometeo Year 1 #2 August 1946: p.76]

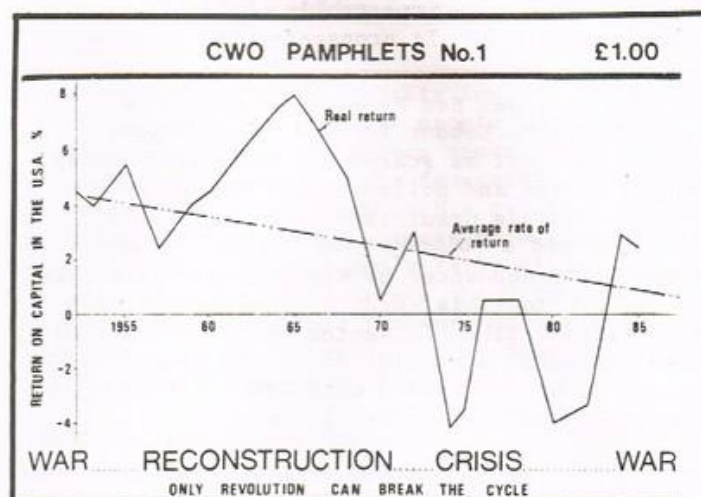
As the strongest imperialist power, worldwide free trade was in the interests of the US and went in parallel with its hypocritical championing of "the end of Empire" and decolonisation - i.e. the opening up of the old European empires to US monopoly capitalism. And just as today US political and strategic interests influence its economic policy, so in the late 1940's they were the impetus to the setting up of Marshall Aid and the "European Recovery Programme" (1948-52). By April 1948 the IMF had all but run out of funds but US dismay at the economic weakness of Europe, the danger of rising class struggle and the growing strength of local pro-Russian parties prompted Truman to ask for immediate \$400 worth of "aid" for Greece and Turkey and Congress to pass the "Foreign Assistance Act" in the same month. Naturally the ERP was accompanied by measures to extend "free" trade and currency convertibility. The IMF retired from the scene while the US proceeded to eliminate imperial preference and work for full convertibility of West European currencies against the dollar.

### THE POST-WAR BOOM AND THE HIGH SUMMER OF BRETTON WOODS

By 1948-50 production in the economies of Western Europe had gone beyond that of 1939. Capital's accumulation cycle was once more underway. For the world economy 1955-64 was the fastest period of economic growth in history.

With the outbreak of the Korean War the US extended its aid policy beyond Europe and to include military "assistance" to countries in strategic positions. Thus, the ERP gave way to the Mutual Security Programme which, between 1952-59, directed \$9.1 billion to Middle East and Far East countries flanking Russia or China. As one bourgeois economist explained:

"The determination that after 1952 the United States should withdraw from the aid field was abandoned for non-economic reasons - the realisation that American political and military alliances would have to be cemented by liberal applications of dollars and that uncommitted countries would have to be wooed by this means lest they succumb to Soviet blandishments." [W.M. Scammell *The International Economy Since 1945*]



## THE ECONOMIC FOUNDATIONS OF CAPITALIST DECADENCE & MONEY, CREDIT AND CRISIS

COMMUNIST WORKERS ORGANISATION



# ALIST WORLD ORDER

## D FALL OF BRETTON WOODS

Between 1945 and 1960 over sixty ex-colonial countries achieved formal independence. The cost of US military and financial "wooing" of these and its established allies led to a US balance of payments deficit by the end of the 50's: a deficit which has kept on growing ever since. In 1960, however, profit rates were still expanding and the US deficit was not seen as a problem but rather as helping to overcome "the dollar shortage" in Europe.

The recovery of Europe and the opening up of the "newly industrialising countries" to foreign capital allowed US and Western firms in general to expand their capital base and reap extra-profits from areas with a lower organic composition (i.e. more labour intensive areas) where labour is cheap and plentiful. By 1970 direct foreign investment by firms in the leading countries of the Western bloc accounted for 75% of their capital exports. US investment accounts for about 60% of the total today, with just over a quarter invested in the "developing" areas. The growth of the multi-nationals in the post-war cycle is testimony to the enormous growth in the organic composition of capital and the underlying reason for the decline in profit rates which must eventually accompany such growth.

In the 50's and early 60's however, the rate of profit was still increasing while imperialism looked to the "developing countries" as a source of further capital accumulation. By 1959 the Bretton Woods' aim of full currency convertibility was reached. The US dollar was now the key currency in the world economy against which the value of all other goods was measured. The exchange rate of each currency was fixed in relation to the dollar (and thereby to each other). The value of the dollar itself was fixed against gold (35\$ per ounce). The financial mechanisms envisaged at Bretton Woods could now come into their own. Although the IMF still lent to the metropolitan states (e.g. Britain 1962, 64, 68 and the US itself in 1964) the greater part of its activity was directed to the "under-developed" states. While the World Bank offered loans for long-term infrastructure projects the IMF's role was to provide short-term finance to ease balance of payments deficits. The conditions attached to loans from both these and other similar agencies ensured that they operated firmly to the advantage of Western imperialism. For example, Agency for International Development (AID) loans are tied to purchases of goods in the US. The conditions attached to IMF loans became notorious. The Fund's invariable solution to balance of payments problems was (and is) to demand a reduction in domestic demand (i.e. in the consumption of the local working population) and devaluation of local currencies (thus increasing the cost of living via higher prices for imported goods). Also, IMF agreements always conclude with the stipulation that the government in question must not introduce new exchange or import controls. Unlike old-style European colonialism, US imperialism's domination under the banner of "free trade" means that the "3rd World" countries have no chance to develop their industries behind the closed doors of tariffs. and in fact the carving up of the world economy between the two imperialist blocs meant that even at the height of the post-war boom there was no possibility of an "under-developed" state escaping imperialist domination. On the contrary, during the late 50's and 60's - the period of great growth in the heartlands of imperialism - the relative position of the "newly industrialising countries" worsened. By 1960 two-thirds of world trade was in the hands of the metropolitan countries; the cost of servicing debts for the peripheral states rose by 17% from 1957-67 while the gap between the per capita income of these states and the metropolises widened dramatically. But while bourgeois economists refused to contemplate the possibility of future crisis for the world economy and instead discussed the elements necessary for "under-developed" states

to reach take-off point for full industrialisation, the seeds of future crisis were already sprouting.

Throughout the Sixties, the US balance of payments deficit grew and with it the US experienced a drain on its gold reserves. By the end of the Sixties the rising cost of the Vietnam War emphasised that the cost of US capital and military outlays abroad could not be met by her current account surplus - in other words there was not enough surplus value to provide for the demands of US imperialism. The growing dearth of surplus value was reflected in the fortunes of the IMF and its constant search to improve "international liquidity". In 1961 the General Agreements to Borrow (GAB) enabled the IMF itself to borrow from banks the currencies of its ten strongest members. In effect this meant spreading the burden of financing Western imperialism as well as consolidating the hold of the richest states over the periphery through their increased voting rights in the IMF. In 1966 the quotas allocated to all members were increased but still the "liquidity shortage" persisted. In 1967 (the year sterling was devalued by 14%) the IMF resorted to printing its own money and Special Drawing Rights (SDRs) were issued for the first time. In true Keynesian spirit the IMF sought to print its way out of crisis: the SDRs in fact are the nearest thing to the "bancor" units envisaged in Keynes' scheme for an international currency. When such money is printed without an equivalent increase in available surplus value the result can only be increased inflation.

By the mid-60's capitalism's post-war boom had reached its peak and the rate of profit (roughly the ratio of business returns to the cost of capital outlay) began to decline, just as it had in previous cycles. Capitalism was about to enter another period of global crisis as an ever-higher portion of profits (i.e. surplus value produced by the working class) was needed for new investments in expensive machinery and plant. For US capital, with huge overseas military and financial commitments, this contributed to the growing balance of payments deficit which reached crisis proportions with the Vietnam War. Even though the dollar was the most important currency in the world economy, US capital was not generating enough surplus value to finance its non-productive spending, especially its military spending. In 1967 sterling had collapsed, adding to the lack of confidence in the dollar. The age-old response of capitalists to a weak currency is to demand payment in gold. Throughout the Sixties US gold reserves drained away. By 1967 it was no longer possible for the US to manipulate international financial mechanisms to maintain the official price of gold. By 1971 that price had risen and US gold reserves were less than enough to last five years. In that year Nixon severed the official dollar link with gold as a way of preventing a further drain on US reserves. (The dollar price of gold went up and the dollar was in effect devalued by 8%.) By this arbitrary act, totally against the founding principles of Bretton Woods, the whole basis of the Bretton Woods fixed exchange system crumbled. Once the dollar was no longer convertible at a fixed rate to gold the linking of other currencies to the dollar only meant their being linked to the fluctuations of the dollar. By devaluing the dollar, the principle unit of international financial transactions, the US was signalling its intention that before the US would face austerity and cuts the Western bloc would have to pay for the crisis. Bretton Woods went by the board as soon as the US economy was threatened. Under the threat of a trade war (the US placed a 10% surcharge on imports from "certain countries") the US "persuaded" its Group of Ten allies to realign their currencies in accordance with the newly valued dollar. In 1973 the dollar was further devalued and this "adjustable peg" system was abandoned for floating exchange rates. Today the Group

of Ten are thrashing about, trying to put some order into this monetary chaos by finding some other way of getting fixed rates.

### ONCE AGAIN IN CRISIS

But the era of apparent stability has gone. 1971 marked a watershed in post-war history. Not only did it end the Cold War as first Nixon and then Carter tried to solve the West's accumulation problems by going behind the Iron Curtain, but it also brought havoc for the international currency system. The breakdown of currency convertibility was in fact the financial consequence of a deeper crisis: the crisis of the falling rate of profit and subsequent lack of a sufficient mass of surplus value which has inevitably followed the boom and from which there is no escape for imperialism without another world war. The full currency convertibility envisaged by Bretton Woods as a guarantee of international economic stability lasted little more than ten years (1959-71). Much less a means of overcoming economic crisis, one of the central tenets of Bretton Woods has proved to be possible only in periods of rapid growth. But what of other Bretton Woods ideals and institutions?

The IMF. In the face of the unimaginable amount of "3rd World" debts (\$800 billion last year) the resources of the IMF - not for the first time - are proving unequal to the task of bailing out bankrupt states. Increasing members' quotas, creating more SDRs are not enough. This year, for the first time since 1977, the IMF is in arrears by 30m SDRs. But 1985 is not 1948 when the US stepped in with Marshall Aid to Europe. The system of drawing surplus value from the strongest economies to help the weak doesn't work when the strongest state is the world's biggest debtor (\$130 billion in 1984). As a creditor the IMF is notorious for imposing harsh conditions which only worsen the lot of the local populations. During the Seventies the IMF took a background role as many governments sought to avoid the strict terms of IMF loans by borrowing from private banks (who generously "recycled" OPEC oil surpluses). But the debts still piled up and the banks themselves faced collapse. Now they are reluctant to lend without IMF or World Bank backing. So once again the IMF tries to do the impossible: impose currency regulations and austerity measures which will allow the countries hardest hit by the crisis to "balance their books" without hurting the interests of US imperialism. As one writer for that stalwart of Western imperialism, the *Financial Times*, put it:

"The USA is one debtor which the Fund seems powerless to influence: hence the IMF is increasingly seen ... not as an adjustment agency, but as a debt collector for Western and predominantly American banks." [25.9.85]

Today's IMF loan conditions are even more fierce, often involving removal of state subsidies on staple foodstuffs. For countries like Egypt, Tunisia and in Latin America the Eighties have become the decade of IMF continued on p.7

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# DECEMBER 1905 A WORKERS RISING IN RUSSIA

The events of the 1905 Revolution in Russia are rightly noted for one of the most significant products of a workers revolution in history - the formation of the St. Petersburg Soviet (or workers council). Formed as a result of the need to coordinate the workers forces in the heat of a printworkers strike, it soon grew to represent 200,000 of the half million workers in the city. In all it lasted fifty days and was soon imitated in other Russian cities, most importantly in Moscow. Here the Soviet of Workers Deputies represented 100,000 workers. Like all the other soviets it was a directly elected body in which the workers who were delegated to it were also instantly recallable by the workers who elected them. This enormous political advance however was not to be the only gain to emerge from the experience of 1905.

When the Tsarist state moved against the Soviet in St Petersburg (on Dec. 3rd) the Moscow workers refused to be cowed by the appearance of 15,000 troops and proclaimed a political general strike. A strike in St. Petersburg at the same time soon collapsed because "this time it was not a matter of a strike demonstration but of a life or death struggle" (Trotsky). The Moscow workers however took up the challenge. Not least amongst the reasons for the greater combativity of the workers in Moscow at this time was the fact that, unlike Petersburg, they supported the Bolsheviks. December 1905, more than any other event was to demonstrate the essentially bourgeois nature of Menshevism as well as the revolutionary temper of Bolshevism.

Whilst all other European Social Democratic Parties considered insurrection to be only an ultimate threat to be shaken at the bourgeoisie, the Bolsheviks owed their very existence to the insistence on the absolute need for armed overthrow of the ruling class. Even before Bolshevism existed Lenin had written of the need for the political vanguard to arm itself and to "develop the ability to select the proper moment for the uprising." As soon as news of "Bloody Sunday" (the shooting of hundreds of peaceful demonstrators in January, 1905) reached Lenin he began to study the military writings of Von Clausewitz, Cluseret (the General of the Paris Commune) and Engels. Soon he was flooding his comrades with advice on the arming of the class and the formation of armed detachments. Whilst a Bolshevik May Day leaflet of the time called for workers to "form fighting



Moscow - December 1905

squads, get what weapons you can", Lenin was soon announcing that the lack of concrete preparation "horrified" him.

That had been in October 1905 but when the insurrection was finally called on December 10th only a few workers had been armed. At first the Soviet ordered the building of the traditional barricades but like bourgeois generals they were fighting previous battles of the class war rather than the battle of 1905. Barricades simply provided targets for modern artillery and the proletariat was forced into adopting new tactics. The struggle changed into an urban guerrilla war in which small detachments of 2 or 3 *druzhinniki* sniped at the troops (aiming always at the officers) and then melted away into the working class district of Presnya. In this way 800 armed socialists kept 15,000 troops at bay for over a week. During this time the attempts by workers to fraternise with the troops were on the point of success. Many regiments (including the Cossacks) refused to fire on demonstrators and Dubasov, their commander telegraphed Petersburg that two-thirds of his men were unreliable. However the slow start to the railwaymen's strike allowed the Government to send in fresh, loyal troops to reconquer the city. By the 19th the Moscow Soviet was forced to call off the struggle which had only been echoed in Kharkov. A thousand workers had died.

## "LESSONS OF THE MOSCOW UPRISING"

"The proletariat sensed sooner than its leaders the change in the objective condition of the struggle and the need for a transition from the strike to the uprising. As is always the case practice marched ahead of theory. As peaceful strikes and demonstrations immediately ceased to satisfy the workers they asked: What is to be done next? And they demanded more resolute action...we, the leaders of the Social-Democratic proletariat were like a commander-in-chief who has deployed his troops in such a way that most of them took no active part in the battle." (Collected Works 11)

Like Marx, Lenin recognised that the military preparations of the proletariat must be at least as political as technical. He called for the formation of Combat Committees whose functions would not only be to form small detachments but also to propagandise as widely as possible "a clear, brief, direct and simple plan" which could be carried out by as many workers as possible. In this he recognised the need for local initiative telling his supporters "do not wait for our help" and condemning "the senile fear of initiative".

Lenin also advocated the winning over of the troops but not simply in the passive way the Mensheviks wanted, by simple persuasion. He recognised that the struggle to demoralise the troops into fraternisation was a physical one which would involve both armed struggle and mass propaganda. However the most serious issue which showed the different directions which Bolshevism and Menshevism were already taking was over the fundamental nature of the 1905 insurrection itself. Although the Moscow Mensheviks had supported the call for the uprising in 1905 after the event they had second thoughts. Whilst Plekhanov was arguing that the Moscow Soviet "should not have taken to arms" Lenin repeated his view that the only mistake the workers made was in not being well enough prepared and in not going on the offensive soon enough. For Plekhanov and the Mensheviks "political strikes" were in themselves enough to win victory but for Lenin they were only another stage on the road to direct confrontation with the state. Ultimately he argued

"We would be deceiving both ourselves and the people if we concealed from the masses the necessity of a desperate, bloody war of extermination, as the immediate task of the coming revolutionary action."

Eighty years later it may be difficult to foresee when the "coming revolutionary action" will occur but as no ruling class in history has yet yielded up power without a struggle the lessons of the Moscow rising remain equally relevant today.

## Review KLEBANOV AND NIKITIN

A miner himself, John Cunningham wrote this pamphlet for two reasons. The first was because in

"cases of persecution ... an internationally known scientist or writer has more chance of getting his or her case publicised ... than does a street cleaner or a miner.

The story of the heroism of Klebanov and Nikitin is a depressing one but it needs to be told. Both are miners who tried to improve working conditions inside "Soviet" Russia. Klebanov has been struggling since 1959 but nothing has been heard of him since 1982 whilst Nikitin has died as a result of the barbaric treatment he received in psychiatric hospitals over a decade and a half of struggle. The booklet is valuable for the picture it gives of the vast arsenal of techniques at the disposal of the state to instil labour discipline (e.g. denying them housing as well as jobs) which only underlines the heroism of the struggles of Klebanov and Nikitin, and other workers like them.

But John Cunningham's booklet is also a response to the experience he had in campaigning for the two men in Britain. He not only discovered that "The TUC simply accepted the Soviet version of events..." (i.e. that the two men were indeed mad) but found that the officials of his own union accused him of being (by implication) an agent of US imperialism. Arthur Scargill wrote to him that he did not show any concern "about the tragedy in El Salvador and Nicaragua where more people are dying in a day than have been killed in the Soviet Union in the last ten years".

Cunningham puts all this political dishonesty down to "sheer bureaucratic inertia" on the one hand and to "the legacy of Stalinism still clinging to the Labour Movement" on the other. From his booklet (half of which is his correspondence with leading Labourites) we get the impression that many in the so-called Labour Movement would like to give him the same treatment as Nikitin and Klebanov. He poignantly puts into the words the fear of isolation felt by many workers when faced with the smear tactics of Scargill et al.

"Many people, quite rightly, do not want to be identified, or even risk identification, with the likes of Reagan and Thatcher, so they do not take up the question of repression in the USSR..."

### RUSSIA IS CAPITALIST

Cunningham's dilemma is not strange to communists. To argue in the present situation for a genuinely socialist political programme invites jibes from those who are "socialist" in name only about being mad. But as he says the working class can only be armed in the struggle for socialism if it recognises that, despite the workers revolution of 1917, Russia and the Eastern bloc countries are today not socialist. Where he is wrong is to suppose that Scargill or any other trades union leader has any other conception of socialism than one where huge state organs direct the working class. Far from seeing communism as a "society of freely-associated producers" run by the workers themselves Russia is their conception of a socialist state. This is also a problem for John Cunningham who sees that Russia is not socialist but cannot say what it is.

Nowhere in his pamphlet does Cunningham show that the law of value also determines the production and distribution of the social product in the USSR just as it does in the West. What Klebanov faced was not just "oppression" like the other dissidents of the Sakharov mould but the universal capitalist evil of exploitation in its crudest and cruelest form.

### "FREE" TRADE UNIONS OR POLITICAL STRUGGLE

His other error regards trades unions. Whilst he correctly states that "The Soviet trades unions play the role of the Ministry of Labour" he doesn't recognise that in the East its obvious whose side the unions are on but here the problem is more complicated. Unions were created by workers in the last century to defend their immediate, economic interests. They were never revolutionary. However we have reached a situation where capitalism has nothing left to offer the working class in terms of lasting reforms and thus the unions have no role to

play other than to obstruct the struggle against capitalism itself by keeping the workers locked up in separate, sectional struggles rather than uniting against the state. Because unions exist to negotiate the price of wage-labour they are bound up with the continued existence of the wage-labour system, capitalism. Today they cannot even defend the immediate interests of the workers as the recent events in the mining, steel and railway industries dramatically show. What is required today is a struggle of the whole class against the full power of the capitalist state. Unions are still arguing for a bigger share of crumbs but it is now time to take over the bakery. But the problem of the unions is also beginning to affect workers in the Eastern bloc. Nikitin and Klebanov each wanted a "free" trades union but found that to raise such a question in Russia becomes immediately a political question. But free trades unions as a demand in the Polish events of August 1980 was shown to be a new form of stabilisation for the Polish state. When Polish workers were developing new forms of struggle and coordinating their activities via country-wide strike committees they posed a real threat to the Polish state but once Solidarnosc was formed on a nationalist platform the movement lost its impetus and today Solidarnosc has not only given the Polish state the chance to recover but has become another Catholic and nationalist barrier to the creation of a genuinely socialist state in Poland. The lesson is thus the same East and West. The massive attacks of a capitalism in crisis cannot be fought at an economic level where unions can negotiate away the gains of the struggle but, as John Cunningham found in practice there is no such thing as a "trades union matter" any more since every struggle assumes a political aspect. It is just as Marx said over a hundred years ago. We now have to replace the trades union motto "A fair days pay for a fair days work" with the communist slogan "Abolition of the wages system". This can only come about if those like John Cunningham who came to recognise the anti-working class nature of the USSR also recognise the vested interests the so-called present-day Labour movement has in capitalism and joins us in the fight for an international party of the working class.

Booklet available from J Cunningham c/o 12 Chalfont Road, Oxford. (£1 plus postage)



"hunger" riots. Some countries, like Vietnam and Guyana have been declared ineligible to use the Fund's general resources. So much for the IMF as an agent of "international equilibrium".

**The World Bank:** the sister of the IMF. In the face of mounting hostility by debtor states to IMF conditions, US imperialism is now turning to the World Bank - which lends out for longer term projects and whose loan terms involve less immediate demands on the state in question. This new emphasis on the World Bank shows that Western imperialism now recognises that the IMF conditions are impossible to fulfil. It hopes that World Bank "backing" will encourage private banks to lend to solve what it now regards as a long-term problem. But for countries already crippled by interest rates, more loans are simply like throwing water on a drowning man.

**Free Trade and an End to Protection.** While the spectre of 1930's trade wars impels the leading members of the Western bloc to curb their natural instinct to impose tariff barriers and the like (e.g. Reagan's recent opposition to Congress's protectionist moves to offset the loss of US export markets), the GATT [General Agreement on Trade and Tariffs] is seen by the weaker states for what it is: a "rich man's club". In terms of the relationship between the imperialist heartlands and the peripheral states there is a steady increase in protectionism. Throughout the whole post-war period the metropolitan countries have never allowed free entry of food or the majority of manufactured goods from the "developing" countries. The extent to which GATT operates as a tool of imperialism was revealed in this year's UNCTAD [United Nations Committee on Trade and Development] Report which explains that one-third of the exports of "poor countries" are subjected to protection. If protectionism were abandoned by the metropolises no less than 65% of the weaker states' most important manufactured goods would increase their earnings by as much as 85% of the total world debt (\$700 billion). - A simple, but for imperialism, unthinkable way of reducing the debt burden. The Bretton Woods pretence of free trade is in fact a cynical weapon of imperialism.

**The Ideal of Full Employment** to which all Bretton Woods signatories are committed. Whatever happened to this? With over 20 million officially unemployed in Western Europe alone the Bretton Woods ideal is seen to be nothing but a myth.

**Prosperity and Economic Development.** The formal political independence which came with the end of colonialism has neither led to economic development nor allowed the former colonies to escape the thrall of imperialism. The per capita income of the populations of these countries continues to decline (for the poorest countries by 20% from 1980) and the world's starving are now counted in millions. The sight of a pop singer dishing out "aid" to starving Africans is a far cry from Keynes' crass vision of every Hottentot with a Rolls Royce but it is much more symbolic of the reality of the post-war "development".

But in the imperialist heartlands too prosperity is a thing of the past. Since the beginning of the Seventies living standards in Europe and even in the US have been falling. Today capitalism's financial experts talk openly of the recession (it cannot be denied). Ten years ago they said it was impossible. At Bretton Woods they said "Never again".

**World War.** Keynes was right to see economic crisis as the cause of war. What he and others at Bretton Woods could never see was that it is impossible to create financial mechanisms which will overcome something which is endemic to the system: periodic crisis leading, in our epoch, to global war.

[to be continued]

\* An analysis of the USSR's role in Eastern Europe will appear in the second half of this article - in WV25.

\*\* See also the follow up to this article for the political economy of "detente".

# CWO AGM REPORT

In September the CWO held its annual national meeting in London, on the occasion of the 10th. anniversary of its foundation, and we are here making public some of the themes of the discussion, which are of more general interest.

The report of the Executive Committee of the organisation noted that our economic perspectives, outlined in Communist Review 2 were being confirmed by the slow down in the US economy, supposed locomotive of recovery for the entire western capitalist bloc. Our analysis was that the US "recovery" was based on high budget deficits, which led to high interest rates, and a tax on the rest of the world economy, none of which could continue indefinitely. A grisly counterpoint to the chorus of hosannas on the capitalist "recovery" was the famine in Africa, and semi-famine conditions in parts of South America, which gave the lie to the myths of better days ahead. There will be no generalised capitalist economic recovery, but neither is the collapse of capitalism immanent; the pattern for the immediate future is of recessionary slumps, punctuated by increasingly weak mini-booms.

If the economic crisis still has some way to go, the same is true for the class struggle. In parallel with the end of economic "recovery", the curve of class struggle has continued to rise. The continuing upheavals in the semi-developed peripheral areas, such as India and the Philippines, is being increasingly matched by intensification of struggle in the capitalist heartlands, viz., the miners strike in Britain, and the mass strikes in the low countries and Scandinavia, hitherto oases of class peace. But the EC cautioned against any euphoria; these movements remain limited by sectional, nationalist and trades unionist perspectives, and the class has yet to fight on its own real terrain. We are not on the verge of decisive class confrontations, or in a pre-revolutionary situation. This recognition marks an awareness that the strikes of the later 1960s (France, Italy etc.) were not qualitative breaks from the class struggles since 1945, but rather intensifications of the existing struggles on a quantitative basis.

The discussion on the group's press led to certain important decisions being taken. In keeping with a modest increase in its forces, the CWO now feels it has the capacity to increase the periodicity of its publication, Workers Voice, from its present 6, to 8 or 9 issues per year, from 1986. It was also decided that, while maintaining its theoretical and international slant, the paper would function better as an organiser for the group if it devoted proportionately more space to aspects of the crisis and class struggle in Britain, and this will be the case in the coming issues.

It was also decided that, with the approximation of our positions to those of the comrades of the Internationalist Communist Party (P.C.Int.), in future the organ of the International Bureau for the Revolutionary Party, Communist Review would function as the theoretical journal of the CWO, and that, after the forthcoming issue, Revolutionary Perspectives, would be discontinued. The latter had been our theoretical organ for a decade, and had overseen our development from our origins in the politics of the German Left, to our present identification with those of the Italian Left; in that sense it had fulfilled its purpose, and the existence of two theoretical papers was a luxury. To supplement the work of C.R. the organisation intends to continue the pamphlet series begun with the appearance of our first, on economics. A further proposal of the E.C., to change the name of the organisation was defeated, since the members felt that the resultant confusion would outweigh any political advantages in deleting our last, semantic, link with the German Left; our politics were not in our name, but in what we published.

The meeting also addressed itself to the production of a balance sheet on our interventions in the miners strike, the biggest moment in the class struggle in Britain since 1926, and our biggest test as an organisation. On a practical level, the EC and the group as a whole, felt there was room for some satisfaction. Our tiny organisation had intervened over the whole strike with a steady stream of leaflets, averaging one a fortnight, stepped

up W.V. sales (up 50%), organised public meetings in many strike areas, and taken physical part in picketing, demonstrations, etc. Though we didn't recruit any miners, our activity during the strike helped to bring closer to us contacts convinced of the importance of our interventions.

The meeting re-affirmed the general analysis made of the strike by the organisation, viz. our criticism of the Labour party and NUM role, our appreciation of the significance of the class violence during the strike, and in our demands and strategies for extending the strike, which evaded the vagaries of abstract generalisations, by linking the concrete situation of moments in the strike, to the general needs of extension. But as the dust settles, it was also felt that, in the heat of the struggle, the organisation had overstressed the historical significance of the British miners' strike. While correctly rejecting the idea that this was "just another strike", and realising its importance in the evolution of the balance of forces, our analysis went too much the other way. This was not a defeat for the whole working class of historical proportions, since the whole working class was not engaged, and neither was the struggle fought on the class' own terrain. Neither was the outcome of the strike an unmitigated disaster for the miners - though it WAS a defeat - witness the continuing ability of certain sections to put up a rearguard fight, which indicates a lack of abject demoralisation.

On a general level, it was felt that our over estimation of the significance of the strike stemmed from residual conceptions that the strikes since 1968 were the beginnings of revolutionary confrontations. The rooting out of this error should prevent the repetition of any similar mistakes in the future.

The educational work of the organisation continued, with the presentation of texts on the formation of the Bolshevik Party and its activities till 1917, and on the relations between Party, Class and State in the Russian Revolution as a continuation of the debate published in Revolutionary Perspectives, 20. Space prevents further elaboration here, but we hope in due course to share with our readers the content of this discussion.

## OPEN MEETINGS

The CWO will be holding a series of open meetings on the theme of

INNER CITIES: FROM RESISTANCE TO REVOLUTION

At the following times and places:

**LONDON** Sat. November 30th 7.00p.m.  
Conway Hall, Red Lion Sq. WC1

**LEEDS** Wed. November 20th 8.00p.m.  
Trades Club, Savile Mt. Leeds 7.

**GLASGOW** WED. November 13th 7.30p.m.  
Woodside Halls, ST GEORGES CROSS.

All Welcome.

## PUBLICATIONS

The CWO publishes an annual theoretical review Revolutionary Perspectives. The current issue contains articles on the Italian Left, Trotskyism, and the lessons of the Miners Strike. (£1 p & p)  
The CWO also produces for the International Bureau for the Revolutionary Party, Communist Review, central organ of the Bureau. The next issue will be mainly concerned with the tasks of communists in the peripheral countries. It will appear in December.



# CLASS STRUGGLE V. THE 'ECONOMIC MIRACLE'

## INTRODUCTION

In the last issue of *Workers Voice* the article "Eire: A State of Dependence" explained the impasse of the Irish economy in its historical context. It exposed the myth of 'national independence' and pointed out that Ireland's increased linkage into the crisis-ridden world economy inevitably leads any government to impose greater exploitation and austerity on the working class. But the workers' response to these attacks also has a history, and this is charted in the text below, along with the lessons for the proletariat in general, and its' revolutionary minorities in particular.

Until recent decades the relatively undeveloped state of the class in Ireland has led to it being viewed as the 'poor relation' in terms of class struggle, in comparison with its more mature counterparts in Britain, and even in Ulster. The history books are dominated by nationalism and only occasionally do isolated elements find a voice and fight on their own class terrain.

However, the era since the early sixties, which has seen industry and the working class develop to an unprecedented degree, has also witnessed conflict which today makes the proletariat in Ireland one of the most strike-prone in western Europe. Needless to say however the period also exhibits a whole series of illusions within the class which cripple any chance of an effective fight against capitalist attacks.

## UPHEAVAL IN THE SIXTIES

This decade of rapid industrialisation and restructuring of the Irish economy saw the class come of age in a series of big disputes, with more and more workers becoming directly involved (annual figures show that on average three times as many workers were taking strike action in the sixties, as opposed to the fifties).

Significantly, most of the strikes occurred in large scale industries and were often connected with state enterprises (e.g.: the 1962 busmen's strikes, and the struggles in the Electricity Supply Board 1968-69). This contrasted with earlier periods when disputes were not only on a smaller scale, but generally had much more localist concerns. The main cause of the sixties conflicts was wages, but engagement and dismissal of fellow workers provoked relatively more strikes in Eire than elsewhere in Europe.

Particularly important was the development at an early stage of a high degree of white collar militancy, shattering the old images of conformist 'respectability' in a series of protracted class actions. Conflict in the banks simmered throughout the decade and culminated in the

longest banking stoppage in history (six months in 1970). Previously conservative teachers also found a class voice as the erosion of their living standards exposed the lie of their 'privileged' position. In fact, in seven of the fifteen years between 1961 and 1975 more days were lost due to disputes in services than in industry.

One aspect of the struggles worth mentioning, because of its lasting significance, was the enormous success of picketing, which characterised many of the major disputes. As one exasperated government report put it,

"The devil has no need to tempt the Irish, he has only to put a picket on the gates of Heaven and none of them will go in."

But unfortunately this basic solidarity was not matched by any tendency towards the generalisation of disputes across sectional divisions, and strikes remained within union frameworks, if not always within the control of the leadership. Unlike Britain spontaneous or wildcat conflict was not a feature of the Irish scene.

Even more than their British counterparts, Irish unions are both sectional and localist, providing them with ample opportunity to derail the class struggle with any number of 'demarcation' and inter-union disputes. 1970 saw the introduction of the infamous two-tier picketing policy of the ICTU (the Irish TUC) which distinguished between the 'limited' and 'all out' picket (the latter reserved for congress alone to sanction). On several occasions since this has been the smokescreen behind which unions have initiated and/or blessed scabbing.

Their counter-revolutionary nature has been compounded by their close association with state economic planning and corporatist bodies, especially since the sixties.

## THE STATE RESPONDS TO MILITANCY

1970 was also a watershed for government policy, as inflation and increasing debt, as well as the abundance of strikes forced it on to the offensive. The ideological crusade against 'irresponsible action' will be familiar to most British workers, but the main arm of the states' attack was initiated in the creation of the National Pay Agreement in that year.

The system, which has dominated 'industrial relations' ever since, provides a tri-partite framework for the adjustment of all working class wages more or less annually, and is binding on both unions and bosses. It provides an excellent platform for unions to present each Agreement as a 'negotiating triumph', while at the same time tying them to a convenient no-strike pledge when workers push for action. Ideologically the unions can cast themselves as the guardians of orderliness (sic) in industry against troublemakers, who would return the nation to the chaos of the sixties.

This is not to say that the unions do not make allusions to militancy and resistance to austerity etc. Indeed the formal link with the state has been under stress for sometime, and especially since the effects of the recession and debt have hit the Irish economy. With all three main political parties in the Republic espousing (and carrying out) greater austerity programmes the ICTU have found it necessary to distance themselves from the political superstructure. But no amount of leftist phrasemongering can disguise their role in bringing about a decline in living standards for industrial workers of over 12% by the start of the eighties, compared to a real increase in the sixties. National unemployment stands at 17%, but in certain areas the actual figure is as high as 40%.

## THE REAL STRUGGLE

The lull in the class struggle brought about by 're-alignment' of the unions towards social contracts with the state proved to be only temporary, and from the mid-seventies to the present, statistics have soared. The incidence of unofficial action has of course shot up as the Irish working class begins to ignore the unions in order to fight back and defend its living standards. Strikes among tanker drivers, power workers, and RTE staff (the Irish BBC)

are only the most famous of these militant class actions to break out in recent years. Added to these have been massive disputes in the public sector over government pay policy and the burden of PAYE contributions (still unresolved at present).



Like British unions, Irish unions use leftist campaigns to hide their role in capitalist austerity.

But it would be over optimistic however, to see even the most bitter of these conflicts as making significant headway in resolving the problems which beset the strikes of the sixties. Firstly, if they are not union initiated actions to begin with then they are quickly controlled by the union at some level and led to defeat. More importantly, but of course inter-related, is that solidarity action and generalisation to other sections of the class in struggle remain rare. In Eire, the central problem crippling an effective fightback world-wide is particularly acute. Strike action remains the business of strikers, rather than a part of a class resistance movement, and passive solidarity like picket observance is still the highest expression of class unity.

Thus it is clear that the situation in Eire demands of communists a determined and coherent revolutionary strategy. As the whole experience of the last two decades has demonstrated, to fight effectively Irish workers must organise outside union control. This means electing strike committees of revocable delegates, and through these committees uniting the different strikes which are taking place, and calling on other workers to join them. As such, the central lesson of the British miners' strike that generalisation and unification are the only way of avoiding union sabotage, is particularly relevant here. And since political independence is essential to preventing workers' struggles being led into dead-ends, this poses concretely the urgent task of creating a communist vanguard in Ireland and winning over the most advanced workers to its' politics.

As a vital part of this, communists must fight for an established presence in the class; revolutionary kernels in the factories to undermine the reactionary influence of the trade unions and their partners in the Irish 'Labour' and 'Communist' Parties, and offer the class a cogent communist perspective. As we emphasised in *Workers Voice* no.17:

"Only a strategy of building anti-union groups in the workplace can keep alive the insights learned in one struggle for the next, as a stage in building a communist party with a real life in the working class."  
[CWO introduction to the text "Communist Intervention in Italy"]

More generally, the isolation of the Eire workers from their class comrades in Ulster and Britain, and the rest of Europe needs to be overcome. By taking a leading role in organising international solidarity between workers across capitalist boundaries, and combatting the divisive policies of the 'left', communists can create the basis for a truly militant response to the continuing convulsions of the Irish economy, and further exacerbate the tears in the already delicate fabric of Irish society.

# C.W.O.

I would like to find out more about the CWO ☐

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