

# WORKERS VOICE

COMMUNIST  
WORKERS  
ORGANISATION

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# CLASS STRUGGLE NOT ELECTIONS

The autumn budget statement from the chancellor has prompted an orgy of election fever in the capitalist press. In a reversal of previous Tory policy the chancellor announced an increase in government spending of £7.53bn for the next financial year. This increase is over and above the £140bn spent in 86-87. This increase covers the usual pre-election bribes in areas such as housing, education and health. At the same time unemployment statistics have been massaged down by a combination of fiddling the arithmetic, youth employment schemes (cheap labour), and intimidating and disqualifying claimants.

These sweeteners come at a time when the objective situation is favourable to the Tories. The restructuring of British industry, which they have carried out, has resulted in massive attacks on the workers. However, these attacks have hit the working class unevenly. Whereas it is estimated that 19 million people now live at or below the breadline, those in work have had real wage rises of 18% in the last 8 years. The crisis has divided the working class. Since the defeat of the miners strike the class struggle, which alone has the potential of uniting the working class, has been at its lowest level since 1927. Workers have accepted increased productivity, austerity and unemployment with less resistance than at any time since the war. Whereas elections at times of high class struggle lead to changes in the governing team, e.g. 1970, 74, 79, those at times of low struggle tend to return the government.

The stage appears to be set for concentrating the attention of the working class on the central mystification of capitalist society in the west, "the capitalist election."

### THE REAL PURPOSE OF ELECTIONS

The political power of the capitalist class is based on its ownership or control of society's means of production. It is on this material basis that the various political superstructures of capitalist society are erected. These political structures whether they are capitalist democracy, military dictatorship or party dictatorship simply express the power of the capitalist class over the workers and, of course, operate to preserve that power. There is no way that the fundamental inequalities of capitalist society can be challenged through these political structures simply because these structures are themselves built on the foundations of capitalist production, i.e. the exploitation of the working class by the capitalist class. In the west capitalist democracy is the bosses preferred political superstructure and general elections are the most potent weapon in mystifying the workers. These elections are a gigantic fraud to disguise the fact that present society is, at root, the dictatorship of the capitalist class over the working class. The electoral circus which is performed every so often gives the workers the choice of voting for that fraction of the capitalist class which will organise its exploitation for the next few years. e.g. tweedlethatcher or tweedlekinnock. These elections are extremely useful to the capitalists for the following reasons:-

- \* they disguise the nature of political power in present society. Instead of society appearing in its true form as the dictatorship of the capitalist class it can be presented as a consensus, the "will of the people" etc.

\* they support the lie that parliament is the arena in which all the conflicts of society should be fought out. In fact the workers can only fight for their interests in class actions such as strikes, picketting or mass meetings. When these actions are diverted into election campaigns, lobbying or petitions they are already lost.

\* they divide the working class from a class into isolated individual citizens. As individual citizens workers experience the full weight of capitalist lies propagated by the press, television etc. Elections are a measure of the intellectual domination of the capitalist class over the workers. Workers cannot express their identity and interests through elections. These interests can only be expressed in class actions such as strikes and mass assemblies of workers.

\* they allow the attacks on the workers which invariably follow the elections, to be presented as "democratic" in the interests of the majority etc.

### LABOUR/TORY - CAPITALIST FACTIONS

Capitalist parties simply represent different factions of the capitalist class. They all start from the premise that capitalism must continue. This demands profits which entails increased exploitation, increased productivity, restructuring redundancies, in a word attacks on the working class. No matter how many lies they tell, this is the fundamental policy of all the capitalist parties, and the differences between them remain in the realm of how this policy is put into action. Nowadays the Tory party likes to present itself as the guardian of private capitalism. Increased profitability is to be achieved by restructuring industry by means of privatisation and direct attack, as in the case of steel production, car manufacturing, mining etc., speed ups and wage cuts are achieved by the threat of unemployment, while unemployment itself is allowed to soar. The Labour party aims to do the same things by means of state capitalism brought about by state intervention and planning. Rationalisation is achieved by using the trade unions to sell redundancies, speed ups and "voluntary" pay freezes etc. while posing as the workers' best friends. Wages are reduced by means of inflation.

In reality these tactical differences between the parties are less important in determining their actions when in office than the demands of capitalism itself. The Heath government of 70-74, for instance, carried out more nationalisations and state intervention than the previous Labour one. The Callaghan government of 74-79 actually initiated some of the main policies of the Thatcher governments, such as slashing expenditure by closing hospitals, schools and social services and letting unemployment rocket. Unemployment rose from 600 000 to 1½ million - a relative increase that even Thatcher has not equalled in 7 years. The Callaghan government also used troops to break strikes (firemen, Glasgow dustmen) something which Labour pretends is the hallmark of the "anti worker" Tories. In fact since world war 2 for every time the Tories have used troops against the working class the Labour governments have used them six times.

Today, although the parties differ in regard to tactics, both are equally anti working class. The fundamental agreement between the parties is

expressed also in such things as nationalism and defence. In 1914 this was dramatically illustrated when the Labour party rallied to the flag and the defence of British capitalist interests. The party suspended the class struggle, policed war production and threw its weight behind the recruitment of British workers for the task of killing their fellow workers from Germany. By this fundamental betrayal of the working class the party forfeited what dubious claim it had previously had to being a party of the working class.

Of course, the party rallied to the flag again in 1939, and this time joined a coalition government. Directly after the war the Labour government set about rebuilding British capitalism with a massive austerity programme which involved maintaining rationing, and using troops to break strikes.

The Labour party has always been determined to defend the interests of British capitalism. The present arguments about the weapons used to do this should not be allowed to obscure this fact. Though today they drape themselves in the anti-nuclear symbols of liberalism yesterday they were the most enthusiastic supporters of nuclear weapons. Apart from supporting the bombing of Hiroshima the Labour government actually developed Britain's own bomb, and by 1979 all the nuclear weapons in service had been installed by Labour.

The Labour party cannot be considered a "lesser" evil than the Tories. In the present phase of capitalism, that of imperialism, all capitalist parties are equally reactionary. Today any tactical alliances with capitalist parties cannot lead to anything but defeat and massacre. The only change which can benefit the working class is the fundamental one - the overthrow of capitalism and its replacement by communism. The parties represent different strategies for rescuing capitalism from its crisis. If anything the Labour strategy is more devious since the party poses as the friend of the working class while stabbing it in the back. The nature of the Labour party is perfectly clear. This party is simply a barrier in the struggle for the freedom of the working class and must be destroyed along with the other capitalist parties.

### COMMUNISM

Communism can never be achieved through the use of parliament or capitalist elections. It can only be achieved by the military defeat of the capitalist class and the destruction of the basis of its power - namely the capitalist system of production. These battles must necessarily be fought outside of the parliamentary arena. Today the economic crisis is slowly making the material position of the capitalist class less secure, and consequently slowly exposing the lies with which they cover their rule.

Elections represent an intellectual attack on the working class. We must refuse to participate in the bosses elections and in place of capitalist elections prepare for further class struggle.

\* BOYCOTT THE ELECTIONS

\* PREPARE THE CLASS STRUGGLE.



# THE TEACHERS STRIKE: LESSONS IN THE CLASS STRUGGLE

As we had predicted, the defeat of the miners' strike of 84-5, has led to a general reflux in the level of class struggle in Britain. In fact, 1986 is well on the way to being the year with the lowest number of days lost in strike action since before the General Strike of 1926.

The level of combativity of the class is made up of two factors. The first is the general dynamic of the struggle itself; success breeds success, and failure failure. Thus the crushing of the miners, following hard on the massacre of the steelworkers, and itself followed by the isolation and defeat of the printworkers, has led to a certain malaise and resignation in general. The second factor is how the crisis hits the class. As we showed in the last issue of *Workers Voice*, in "The Crisis and Living Standards", the main brunt of the crisis has so far been felt by the unemployed, the old, the sick and the youth; poverty has been marginalised, and the hard core of the class still in employment has managed to - roughly - maintain its living standards, at the cost of productivity increases

Thus the class and its revolutionary minorities are facing a difficult period in the immediate future, which has to be recognised, in order to avoid demoralisation. The present downturn is not permanent - witness how the pacification of the class struggles which toppled the Heath government in 1974 ended with the "winter of discontent" in 1979. But while taking every opportunity for intervention we must guard against any precipitate activism in the period ahead.

## FEARS AND MISERIES OF THE LOWEST PROFESSION.

Leaving aside the ritualised confrontation at Wapping, the most serious and longest running dispute for capitalism in Britain in 1986, has been the teachers' one, itself an indication of the low level of class struggle in general. At first it may seem strange to see "professionals" adopting tactics normally associated with the struggles of manual workers. But as we said in *Revolutionary Perspectives* 23,

"The lower professional groups, like teachers and social workers are... wage labourers, whose income is not enough to function as capital, and whose "intellectual" capital does not provide the basis for entrepreneurial activity, as with lawyers, architects and so forth. By education and (aspirant) life style petty-bourgeois, their social and economic situation is proletarian"

Their ambivalent position in society, weakens teachers' perceptions of themselves, and as a consequence, of what they are fighting for. Additionally teachers are a very fragmented grouping, split between primary, secondary and further education, and between promoted and unpromoted teachers, who negotiate together, through a misplaced sense of "common professional interest". All these groups have different wages and conditions, as indeed do Scottish and English teachers, and are all divided amongst various unions, who play a skilled game of divide and deflect.

The consequence of this, is that teachers are in a very weak position to react to the crisis. The falling birth rate has weakened the position of teachers in primary and secondary schools, while the threat of "privatisation" is being held over the heads of those in further education. But despite their weak position and natural pusillanimity, teachers have been forced into action by objective circumstances.

As we noted in the last issue of *Workers Voice*, although most workers have managed to roughly maintain their living standards, certain groups have not, and these have been in the forefront of struggle. Miners for example, slipped from first to tenth in the manual wage workers league from 1974-84. But no group, white collar or manual, can have suffered such a relative and absolute

decline in their living standards as have teachers in the last 15 years or so.

It has been estimated by the unions, and not contested by either government or employers, that the real value of teachers' wages has fallen by 30% since 1974. The present average pay of an unpromoted classroom teacher is roughly equivalent to the average manual workers wage, ie less than the average skilled worker's. Though he or she labour dutifully at the chalk face till the end of their days, a teachers final salary (ie maximum) will never even equal that of a London policeman in his first year, despite the vast difference in the intellectual capital necessary for the two jobs.

In addition to pay, is the question of deteriorating conditions. Educational cuts mean little money for equipment such as books, buildings falling to bits, and ever increasing problems with youngsters who know that education is a farce, since there are no jobs available. This means increasing discipline problems, attacks on teachers, etc. So the worm finally turned.

## YE CANNAE WHACK A TEACHER?

There have been a multiplicity of separate teachers' struggles, itself reflecting their weakness, and we can only here make some general comments on their salient features.

The arguments of the various unions was that teachers had to wage a "sophisticated" and "professional" claim, appealing to some sort of supposedly independent "public opinion" in their struggle. Tactics of unification of the struggles in all sectors, still less of any attempt to generalise to other sectors were rejected with horror. As a result teachers fought a fragmented and isolated battle.

The aims of the campaign were always ill defined. Instead of going for a straightforward wage claim which would have restored their standard of living, plus an additional element for the acceptance of new educational courses (such as the YTS schemes in further education), the unions put forward schemes for independent inquiries, and sold their establishment as some kind of victory in itself.

The methods of struggle were also pathetic in the extreme. Under the argument of "a long struggle", the unions called one day strikes, or work to rules, or withdrawal of co-operation, which management soon learnt to live with. Boycotts of examinations were repeatedly threatened, but always called off at the last minute. Management and government knew that all the unions, like the Grand Old Duke of York, were simply marching their troops up the hill to march them down again.

A victim of their own social illusions, and illusions in their unions, which had not been exposed in the heat of struggle to most of their members, the bulk of the teachers were content to go along with the campaign, hoping that somehow "justice" would be done.

## THE GOVERNMENT TURNS TO THE ATTACK.

The first indication that the initiative was moving towards the bosses, was when teachers in further education settled for around 5%. The unions, which had indicated that anything less than "a substantial contribution to the restoration of living standards" would be unacceptable, now raised the threat of privatization, and held a ballot with no recommendation, ie they proposed acceptance, which they got. The school teachers were now more than ever on their own.

At the time of writing, the government has intervened, both north and south of the border and siezed the initiative in imposing a settlement. Though differing in details, the proposals offered to Scottish and English teachers are roughly similar, especially since Rifkind, the Scottish Secy. of State, intervened to water down the details of the "independent" Main report, to bring his offer into

line with what Baker was prepared to offer the English teachers. An example of the deviousness of the unions tactics, is that the Scottish EIS, which originally said Main was unacceptable, is now waging a campaign for its implementation, given the new offer!

Baker, the Education Secretary, threatened the teachers with legislation to impose a settlement on draconian terms, including a virtual no strike clause, and penal conditions of service. This allowed the management and unions to present "lesser evil" proposals to avoid legislation, which at present look like being accepted. The package has been presented with the accompaniment of a huge media barrage, that claims teachers are being offered a huge wage increase; the reality is rather different. The offer is for an average of 16% over 18 months - allowing for inflation this represents 10%, or 7½% a year, and is far short of the 30% needed to restore pay levels to the 1974 figure.). Additionally the offer is set to divide teachers even further, by giving extra pay to certain subjects, and to new "super teachers".

The strings attached to the package also erode its value. Under the guise of defining teachers duties, certain tasks, previously voluntary, would become compulsory, and the actual working hours of teachers would be increased. By these methods, the management's "concessions" on pay would virtually be self-financing in the deal, and more importantly the withdrawal of co-operation, one of the main weapons teachers have, would become impossible in further disputes. Refusal to carry on certain activities outside the class could become breach of contract, and grounds for dismissal.

The Government clearly feels that they are on to a winner in the teachers dispute, whatever happens. If they smash them down, it will pay rich rewards in electoral dividends for the rate-paying middle class vote; if the strikes continue into an election year, they could be used in a "Who runs the country?" campaign. In that event, Labour and the unions would use every effort to try and bring them to an end. The odds are stacked against them, but the dispelling of the illusions of "independent enquiries" and "free collective bargaining" may yet rebound on the government.

## THE ONLY WAY AHEAD.

Meeting after meeting, north and south of the border, has called on the unions, not to accept the proposed deal. But this is not enough. Mass meetings called against the deal have to transform themselves into mass assemblies, and elect unofficial strike committees, leading to an immediate cessation of work, and to attempts to spread this far and wide. Although they have been led up a blind alley by union/management manoeuvre it is not too late to destroy the proposed settlement. But this will require a long hard campaign, round the slogans,

IMMEDIATE RESTORATION OF LIVING STANDARDS!  
NO LESS THAN 30%!  
NO TO CHANGES IN WORKING CONDITIONS!  
NO NO STRIKE DEALS!

## COMMUNIST REVIEW

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# THIRTY YEARS AFTER SUEZ: THE BITTER FRUITS OF "ARAB SOCIALISM"

Thirty years ago the Suez crisis, which had dragged on for a month, came to a definitive end. Both Britain and France had been humiliated in their attempt to intervene militarily in Egypt, and even the Israeli troops, which had occupied the Canal Zone, were on the way to withdrawal. The prestige of Egypt's leader, Colonel Nasser, reached dizzy heights, and his image as the great anti-imperialist leader was born. We are choosing to commemorate the anniversary of the Suez crisis in order to demolish a few myths which have lost none of their potential danger, such as "Arab socialism", and "national liberation".

## ORIGINS OF SUEZ.

The origins of the Suez crisis lie in the wish of the bourgeoisie of Egypt, and of the Arab world in general, to break out of the tutelage of western, ie British and French imperialism. Though most of the Middle East had originally been ruled by the Turkish Empire, the French and more especially the British had gradually built up their influence. Often this took the form of outright military intervention, as when in 1882 the British occupied Egypt to protect its investments, loans, and of course the artery of world trade, the Suez canal.

But often extension of control took the more cynical form of encouraging Arab rebellions against the Turks, and promising "freedom" afterwards (the romance of Lawrence of Arabia represents nothing more or less than the greed of British imperialism for oil). But this freedom took the form of British and French "mandates" after WWI, and commercial exploitation.

The dominance of the Entente powers in the region was only feebly challenged by their rival German imperialism. Though the Kaiser might put himself forward as the "protector of 400 million Muslims", and later Hitler could argue that "The Arab Freedom Movement is our natural ally in the Middle East against England", neither were able to give any real support to those bourgeois factions in Iran, Iraq or indeed Egypt, which wanted to oust the British.

Though there was widespread sympathy for Fascism amongst the aspirant bourgeoisie of the Arab countries, since its nationalism and anti-semitism co-incided with their own world-views, a new protector was to appear after WWII and offer real help in throwing off British overlordship. That great ally of oppressed peoples, the Soviet Union? No, that super-imperialist power Uncle Sam.

## THE STRATEGY OF US IMPERIALISM.

The overall strategy of US imperialism after 1945, was to replace British and French domination, by that of the dollar. This meant supporting national liberation movements in the former colonies of the European powers. True, this raised the chance of gains for the new imperialism of the USSR, but at that time such chances were slight and worth taking. In the Middle East, the US tried to groom bourgeois nationalists, who would at the same time be anti-communist, and anti the European powers.

US financial pressure prevented the Attlee Labour government from intervening militarily in Iraq in 1951, when British oil interests were nationalised. Similarly the USA supported the anti British and anti communist Mossadeq in Iran (ousting him once he had broken British power and showed delusions of independence). The overthrow of the pro-British Farouk in Egypt was done with US weapons and the support of the CIA, eventually leading to the coming to power of Nasser himself.

Nasser however proved an unreliable ally to US imperialism. Although American money poured into Egypt (eg. for the funding of the giant Aswan Dam), Nasser flirted with the Russians,

and bought thence the weapons the US would not sell him, for fear they were to be used against their client state, Israel. To try and bring Nasser to heel, the US cut off the cash for Aswan. Nasser retaliated by nationalising the Suez canal, owned by Britain and France in 1956.

The British and French governments, in collusion with the Israelis, then attacked Egypt and siezed the Canal Zone, hoping to overthrow Nasser and establish some kind of pro-British regime in his stead. But Britain was too weak militarily to do what she had in 1882. The Russians declared their support for Nasser, and Bulganin threatened to bomb London. This melodrama was not however what got the British out, but the refusal of Eisenhower to support the British either militarily or economically. (the pound lost 30% of its value in a week, and the US refused to support it). Eisenhower may have wanted Nasser overthrown, but didn't feel that the British/French intervention was the best way to do it. Nor was he going to support a venture that could only restore the influence of Britain in an area the US was determined to weaken it. The subsequent drift of Egypt into the Soviet bloc, the USA blamed on the British action in Suez. However, the US could wait, feeling, like Pharaoh, "You may go from me, but you will not go far away".

## EGYPT AFTER SUEZ.

If the long term victor of the Suez crisis was to be, not Egypt, but the USA, the short-term gains were made by the USSR. But Suez was to definitively show that Britain and France were no longer independent imperialist powers, and that henceforth they could only fulfill their sub-imperialist aims, if these co-incided with those of their parent imperialism, the USA.

In Egypt the defeat of the British and French aggression at Suez, and rapid moves made by Nasser towards the Soviet bloc, were hailed as the beginnings of real national liberation and "Arab socialism". Nasser, like many others at this period, believed that state capitalism was the key to economic development, and by 1961 had statified 85% of the economy. The old private bourgeoisie was not liquidated, but transformed itself into the Arab Socialist Union (ASU), and proceeded to operate as the new state bureaucracy. In 1965 it was joined by the Communist Party, which Moscow liquidated and ordered into the ASU, to avoid disrupting relations with Nasser.

Attempts were made to develop industry. £30 millions was invested in a car plant, but this was closed in 1960, since Egypt lacked a skilled workforce, infrastructure or market. Egypt established iron and steel works, power stations and oil refineries with, largely, Russian aid, and these had to be massively subsidised to keep them in operation. And despite Russian aid-\$740 millions from 1954 to 1967, the development of Egyptian industry was minimal. In the best years of the 1960's industrial growth kept ahead of population growth; since 1973 this has no longer been the case.

Industrial failures were matched by those in agriculture. As we stated in Revolutionary Perspectives 10, in the text "Imperialism in the Middle East",

"Any increased production is constantly being outstripped by an increase in population. Agricultural production is concentrated on the cotton crop, Egypt being dependent on imports and foreign aid for most of her wheat and other food crops. Once again the vicious circle of capitalist monoculture is demonstrated. The cotton crop brings foreign currency earnings, but more earnings are needed to pay for imports of food and manufactured goods, so land once given over to food production is

changed to cotton growing. With monoculture comes loss of fertility, needing increased imports of fertilizers, and pesticides to deal with disease (between 1961 and 63 33% of the cotton crop was lost through pests and diseases).

For a long time, the Aswan Dam, financed by Russia with a loan of \$2,000 million was seen as the key to the economic development of Egypt. All year round irrigation would extend the area under cultivation, and the dam would provide cheap electric power for the industrial development of the country. But the cheap energy has failed to materialise, due to evaporation in the lake behind Aswan. Agriculturally the dam has also been a disaster, since it prevents alluvium which used to fertilise the land, from reaching the lower river. Bilharzia, caused by a parasite previously killed off in the dry season, is now endemic in Egypt. The Aswan Dam illustrates the absurdities of capitalism. Egypt is next door to the world's richest deposits of oil, but to provide its own energy is forced to erect such a costly white elephant."

In addition to economic aid, the USSR provided the bulk of Egypt's arms, amounting to 80% of all aid to the country. Though the USSR gained a military base in Egypt, and took the bulk of the country's cotton crop in the 1960's, it is estimated that only about 10% of its aid was repaid. Since Egypt was not developing economically, it could not generate the surplus value necessary for repayment. Russian niggardliness with further aid, and in particular its refusal to underwrite Egyptian military action to the hilt in the 1973 war with Israel, led Nasser's successors to feel it was time for a change.

## EGYPT CHANGES SIDES.

US imperialism's offensive in the Middle East saw a key role for Egypt after 1973. President Carter felt that if Egypt made peace with Israel, peace in the Middle East on American terms, was secure. As a price he was willing to offer almost unlimited economic aid to Egypt, which at the same time could repudiate its debts to the USSR.

Nasser's successor was Sadat, representing the wing of the Egyptian bourgeoisie which wished to change sides in the imperialist conflict. Thus began the Camp David process, whereby Egypt recognised Israel's right to exist, in return for massive infusions of capital from the International Monetary Fund (IMF). Egypt was also granted a temporary respite in the 1970's because of the increase in oil prices. Not that it has large reserves of its own, but by massively exporting workers (5 millions) to the Gulf States, Egypt both eased her own unemployment problem, and found a new source, its major one, of foreign currency earnings. Very little of this money went into industry or agriculture, but instead vanished in a speculative property boom. In the last two decades 25% of the Nile Delta, some of the world's most fertile land, has vanished under bricks and concrete. Meanwhile, the population has been growing relentlessly.

## Pharaoh's Nightmare: The Lean Years Arrive.

But the switch from Russian to American aid has not led to economic growth, nor to Egypt escaping the crisis, and the present leader, Mubarak, is faced with an economy in chaos and the threat of social turmoil. Daily workers arrive home from the oil states to add to the growing mass of unemployed and under employed, and to further reduce Egypt's scarce foreign currency earnings. Egypt's foreign debts now total \$40 billion dollars, and cost £5.5 billion a year to service.

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# JAPAN 87: ADVENT

1986 has seen Japan emerge as the world's major industrial challenger to the USA, overshadowed only by the agriculture, military and service sectors of the American economy. She enters 1987 having displaced the US and the UK as the world's biggest exporter of capital with foreign investments exceeding \$100bn. A current account surplus of \$45bn and huge trade surpluses worldwide complete the picture of Japan as the showcase image of capitalist economic success. All this has given rise to the notion in certain leftist circles - vis the RCP - that Japan is destined to become the centre of its own imperialist bloc and even that a third world war will be fought, not between the US and its allies and Russian imperialism, but between Japan and the US. What are the possibilities for an historical development of this nature? In this article we shall address ourselves to this question by examining the economic and political locus of Japanese capitalism within the framework that determines the limits of its expansion: the overall interests of Western imperialism, but particularly those of the bloc leader, the US.

## POST-WAR VASSAL OF THE US.

The outcome of World War 2 assured a rapidly developing US interest in SE Asia and the collapse of Nationalist China was to give this a greater urgency. For the entire post-war period the US was engaged in large scale military and political activities in the Far East with the aim of a) preventing the countries of this area from leaving the Western fold and b) crushing any possibility of social revolution. This required sizeable logistical support and so the US actively assisted Japan's economic resurrection, initially as an indispensable source of supplies, later as a political ally.

After 1945 the world economy was reorganised under the leadership of US capital and Japanese overseas expansion was from the outset developed in close conjunction with the world strategy of the US towards Asia. The US/Japanese alliance was to represent something new both for the West in general and Japanese imperialism specifically. After the long war of aggression against the peoples of Asia - the Pacific Wars 1931-45 - both Tokyo and Washington realised it would be advisable for Japan to stay in the background and expand in the shadows i.e. under the US umbrella of military protection and dollar investments.

In order to develop the basic infrastructure of SE Asia and facilitate the expansion of US monopoly capital, free and tied state capital exports were promoted from 1955, with the help of US 'aid', channelled through the Export-Import Bank. This was to take the form of 'reparations', but these of course never had the function of 'making amends' for the carnage of the Pacific Wars, but were a means of clearing overstocked inventories and promoting export of heavy industrial products and equipment. They were to cause an enormous increase in the profits of Japanese domestic monopoly capital by helping to create a sellers' market.

The political function of this process was the building of an 'anti-communist breakwater', to protect SE Asia from the encroachments of state-capitalist China and Vietnam and through them of the expansion of Russian imperialism. In Burma, e.g., reparations formed some 34% of her capital expenditure till 1962. As with Indonesia, this financial bind was designed initially to have them declare a policy of 'neutrality', but then with the tightening screw of ever larger balance of payments deficits, to force a gradual right turn before winning them to the camp of US imperialism.

In the prosecution of the Korean War, the Nippon co. was summonsed by American GHQ to install a series of electric power stations. In exchange for extensive non-combat aid for the US forces, a pro-Japanese regime was installed in Seoul in 1961. Later as the war in Indochina began to drain the US, Tokyo was pressured into a large-scale and long-term financial role in S.Korea, in order to ensure 'stability'. With the connection of the Pacific and American transcontinental underground cables, Nippon Telegraph and Telephone Corp. became a key link in the world military comm-

unication network of American imperialism.

Following urgent financial assistance to the S.Vietnam puppet regime in '64, Japan was to enter her full scale phase of 'economic co-operation' i.e. exploitation of the immediate periphery. In the war against Indochina, Japan served as the support base for many operations. As the Americans bombed more and more people either to their death or out of the rural areas - with the use of Japanese napalm and 'smart' bombs - survivors flooded into the towns, where the most conspicuous goods were Japanese transistors and motor-bikes. A similar role in providing the goods to consumerise a newly urbanised population took place in Taiwan and Thailand. Good for Japanese business and politically useful for the US.

Although within the US/Japan division of labour in the economic exploitation and political domination of SE Asia, Japanese interests began to assume a momentum of their own, the form of Japanese imperialism was conditioned by the over-arching interests of its senior partner. Its economic content was largely a function of trade, with investment playing a smaller role, at least up till the late 60's. In other words the surplus value which accrued to the Japanese national capital from its periphery in this period came through a process of unequal exchange, whereby the goods produced in the more centralised and concentrated capital formation were exchanged above their value for mainly raw material imports from countries whose organic composition of capital was lower.

## BREAKDOWN OF THE ACCUMULATION CYCLE.

The horrendous implication of capitalist competition in the epoch of its historic decadence i.e. that only war can create the material premises for a fresh upswing of humanity's productive forces, was fully, and tragically illustrated in the case of Japan. The American ruling class by destroying the bulk of its enemy's productive apparatus and capital values, was to lay the foundations for a modernisation and development which was to take place of course, only through an extraordinary exploitation of its working class.

Although in 1945 Japan was occupied by the US and the Japanese bourgeoisie as a whole entered a close political alliance with its US conquerors, on the economic front the Japanese bourgeoisie resisted foreign encroachment to an extent no other achieved or even attempted. Unlike Gaullist France, for example, which fought for a degree of political autonomy but built few economic defences, the Japanese accepted military and political domination while developing some real economic power.

Strong measures were taken to defend the domestic market throughout the post-war period and there were tight restrictions on foreign investment in manufacturing, distributing and banking. Up to the early 70's foreign assets accounted for 2-3% of total Japanese corporate assets and this accounted for the unique flexibility as regards investment and production decisions and hence the political cohesion of the ruling class as a whole. Low levels of foreign investment were also important in facilitating the high growth rates of the national capital as the state succeeded in blocking the realisation of the tendency towards the international equalisation of the fall in the rate of profit.

On a world level there were several factors indispensable to a sustained economic growth up to the 70's: the US's hegemonic position in world trade enabled it to spend huge amounts of dollars abroad and yet maintain the convertibility of the dollar into gold as the basis of the Bretton Woods international monetary system; cheap and elastic supplies of raw materials from the periphery, of which oil was paramount; a constant supply of labour power. As long as these factors were effective, capital accumulation in the advanced countries went on without serious depression.

These factors were especially important in realising the high level of capital accumulation in Japan till the late 60's. Japanese national income was to grow from \$39bn in 1960 to \$176bn in 1970. The fixed exchange rate of 360yen to a \$, which had acted as a barrier in the 50's, had begun to favour Japanese exports

by the middle of the 60's, as industrial technologies were developed and further refined. The balance of trade was to change from a deficit of \$480mn in '64 to a surplus of \$5,797 in '71, an important factor contributing to the collapse of Bretton Woods. By announcing that the dollar was no longer convertible the US was in effect beginning the process of unloading its crisis of profitability on to the entire W.Bloc. What was experienced as a storm in the financial markets, however, had its root cause in the problems internal to global accumulation. As Marx said "The real barrier to capitalist production is capital itself."

Despite its relative stability, competitive power and steamroller growth rates, as a dynamic within the evolution of global over-accumulation, Japanese capitalism was far from its popular image of 'crisis free' and underwent a wide range of distortions and fluctuations. Due to the sharp rise in commodity prices between 1970-74, terms of trade declined by 3% with oil alone reducing GNP by 3.8%. With the increase in real wages - doubling between '65 and '73 - the rate of profit of industrial firms fell from 22% in 1970 to 14% in '74.

There were two main factors behind the 75-79 recovery: exports and government spending. Riding on the back of the upswing in the US economy, Japanese exports increased from \$56bn in '75 to \$98bn in '78 and the trade deficit of \$2.1bn to \$18.2bn surplus. The trade of the newly industrialised countries and OPEC expanded enormously at this time, favouring key Japanese industries which had undergone an up-market specialisation in the wake of the oil shock. The Japanese working class paid for all this. Productivity increased by a staggering 56% in this period and this was achieved by a huge intensification of exploitation, not by investing on a large scale in new equipment.

After 1975 Japan attempted to spend her way out of the crisis in super Keynesian fashion, and government debt which was 13.2 trillion yen i.e. 11.3% of GNP in '73, increased to 95 trillion in 1980 (40% of GNP). Only a very high rate of individual savings channelled through the banks was able to prevent an upsurge in inflation. In spite of huge budget deficits and export surpluses, investment, in the absence of sufficient rates of return, could not be revived; overaccumulated capital in the form of idle capacity prevented this.

The 1979 140% hike in the price of oil reduced GNP by 3.3% and the deflationary policies of the advanced countries beginning with the UK reinforced the pressure. Exports fell by 8.7% in the recession of '81-82 and the Japanese ruling class began to fall in line with the austerity policies of Thatcher and Reagan. The factors behind the previous recovery could no longer arrest the decline and unemployment reached record levels, since official underestimates began in 1953. It is worth noting that the tempo of increase of Japan's share in the world export market, even in 75-78, was much slower than in the 60's and that the Japanese ratio of exports to GNP in 1982 was only 13%, much lower than the UK at 20.5%, and less than half of that of W. Germany at 26.7%.

No longer able to extract out of its own working class quantities of surplus value which can assure an accelerated expansion of capital, the only means to overcome the rising organic composition of that capital is to seek ever wider sources of additional profit abroad. That Japan could not remain immune from this underlying dynamic is graphically illustrated by the fact that from exporting tiny amounts of capital in the 50's, she is now the world's biggest exporter. How to profitably employ this overproduction of capital in the face of world competition, this is the nightmare of the Japanese ruling class.

## IMPORTS: ACHILLES HEEL OF JAPANESE CAPITALISM.

A crucial determinant in Japan's relations with its Western allies is a structural imbalance which renders it a precarious capitalism: its import requirements. In 1972, Japan imported one-quarter of the total exported volume of raw materials of the world. At the then rate of consumption it was estimated that she would have had to monopolize the total volume of the world's exportable raw materials by 1980. Fortunately the advent of 'knowledge intensive' industries has left some for the rest of us.



# OF A SUPERPOWER?

From the end of the War the US State Dept. decided to maintain a stranglehold over oil supplies to Japan. The first oil crisis of '73 was to reveal Japan's dependence not only on the producers but on the giant US and Anglo-Dutch cos which control supplies. At the end of '73 Japan was relying on the oil majors for 67% of her needs and this despite launching, four years earlier, an extensive search for independent supplies. After a few years of desperate attempts to go it alone, she was obliged to acknowledge her subordination to the Euro-American corps, moving away from the 'develop & import' formula to buying into the big consortia. Although the oil crisis and subsequent upheavals began to reveal fissures within the Japanese bourgeoisie, with a fraction wanting to shake off the American yoke, the major sectors made politico-economic options based on inextricably long-term liaisons with non-Japanese interests.

The oil experience has been repeated in other fields. Virtually everywhere Japan has envisaged trying to break from the US, she has been rapidly brought to heel. A few examples: when Japan was pondering participating in the development of Siberia, Western oil and gas firms exercised colossal and successful pressure against this; in Indonesia, in spite of intensive Japanese lobbying, the big copper resources of W.Irian were granted to US rivals; before it achieved its 'independence', Japanese big business suggested buying outright, Papua New Guinea, the largest ungrabbed area in Asia and reportedly one of the richest mineral sources in the world. After a frown from Washington this was vetoed by the Foreign Ministry. In oil, nickel, aluminium and uranium Japan has to import virtually 100% of her needs - US, Canadian and European firms have a stranglehold over world supplies. Although the level of investment in these crucial spheres has increased, Japan has been unable to match the same degree of control as her competitors and consequently her policy has moved from attempts at undercutting to long-term inter-locking with the main centres of international capital.

Although for the first 25 years after the War, Japan had a much higher % of its trade with the underdeveloped world, (45% in 1970), by the early 70's this trend was changing and Japan was sending 1/3 of her exports to the US. As soon as Japanese exports to the US became a threat, the US launched a counter-offensive. At the time, and subsequently, much play was made about Japan abusing the principles of 'free trade'. But by 1970, 20% of Japan's exports to the US were subject to restriction and since that time the US has consistently maintained higher tariff barriers than Japan, which despite protectionism in certain crucial areas is now a relatively open economy. Other pressures such as price cartels, restriction of production, unilateral shifts in the prices of materials, 'voluntary' export quotas etc are a few of the other impediments the US can and does use against the 'Yellow Peril'

Due to its autarchy in the face of its post-war guardian, and also due to its overseas' subservience to the US, Japan never had to form multi-nationals to survive. Consequently the world's second largest economy has today by far the fewest multi-nationals in comparison with its competitors, and in general the profitability of its overseas subsidiaries and their ratio of net worth to capital, are low compared to American and European equivalents. Exports are the lifeblood of Japanese capital and these demand an ever wider and more urgent search for raw materials and new markets. With the declining exploitability of the periphery as a source of additional profit, the weakness of Japan's multi-national base, in the face of the greater flexibility and resourcefulness of its competitors, can only mean a continuing subordination to their dictates on the world market. (For a discussion of multi-nationals see Workers Voice no22).

As part of America's continuing need to force the rest of the world to pay it tribute one of the objectives of its trade policy has been to attract Japanese capital into the US. Since the dollar ceased to be convertible, Japan has had little alternative and her failure to buy gold and other non-dollar currencies can only be interpreted as a further sign

of weakness and subordination to the US. Despite having double the amount of foreign currencies in its vaults than has the US, at the end of the day, because of the power of the speculative magnet of US capital, the ultimate function of these is to prop up the \$. One way out of this predicament, and a proposal mooted in various ruling class circles, would be to establish the yen as an international currency. However since the overwhelming proportion of Japan's business contracts are transacted in dollars, a 'Yen Economic Union' independent of the West, remains a non-starter.

## US GENDARME FOR FAR EAST.

Till '71-72 Japan had no independent foreign policy, and although the Nixon monetary upheavals galvanised her into multi-lateralising foreign relations, the essence of the alliance remained untouched. Despite the rapprochement with China, the post-Vietnam era has seen a relative weakening of the position of US imperialism in the Far East, with US attention coming to focus on the Middle East as the world's geo-political storm-centre. 'Pax Japonica' is being actively promoted to fill the vacuum left in the 'Pax-Americana', and Japan has willingly taken on the role of US watchdog for the Far East, not least due to her nervousness over US capacity to protect the vital sea-lanes of her merchant shipping.

1986 marks the 10th anniversary of Japan's decision to limit defence spending to 1% of GNP. It is also the year when that ceiling may be passed for the first time as the US pushes for a broader military role for Japan in Asia. Despite the mask of a low profile adopted internationally and in spite of a popular post-war anti-militarism, the pace of increase in military budgets has gone in tandem with economic growth rates i.e. has been the highest in the W.bloc. The 1986-90 budget calls for spending of \$76bn, an annual increase of 8%.

Because of a ban on exports, Japan's armaments industry depends on domestic demand, and although there are signs of this ban being breached, Japan's defence industry should be seen as a component part of the US military-industrial complex producing the most important equipment under licence. E.g. Mitsubishi is producing McDonnell Douglas F-15 fighters, Japan's mainstay, and tanks under licence and Kawasaki makes Lockheed P3C anti-submarine patrol craft. Japan will provide its main ally with advanced military technology of the kind needed for the US Strategic Defence Initiative, a reward for its public support of the American cruise missile programme for Europe.

Within the overall strategy of the W.Bloc Japan's posture is a defensive one. To have any meaningful deterrent Japan would need long and medium range missiles capable of reaching the industrial heartlands of the USSR. The resource requirements for this would be enormous and would put intolerable strains on the import bill. Despite the USSR's close proximity to the Japanese mainland with a fleet in the Sea of Okhotsk, and although much of Japanese industry and administration is highly concentrated and centralised and therefore vulnerable, there is no obvious reason why Russian imperialism would be interested in taking over a resource poor and densely populated country, other than as a base for attack on the Pacific Rim countries. The industrial capacity if left intact could be a prize but without uninterrupted supplies of raw materials and food, it would be impossible to make this work. W.Europe remains the real goal for the USSR.

What are the possibilities of a rapprochement between the USSR and Japan? For a brief period after the first OPEC oil shock, when Japan began a desperate search for non-Arab oil, there seemed the possibility of a knitting together of the two economies. Japan turned to mineral rich Siberia, built factories and sold technology in exchange for raw materials and oil. But the end of detente was followed by a world oil glut and a fall in prices. Moreover all the key incidents in the collapse of detente took place in Asia: the invasion of Afghanistan, Soviet support for Vietnamese expansion into Indochina and the shooting down of the Korean airliner in 1983. Despite initially breaking the trade embargo with Iran,

Japan's principal source of oil, as part of price she has had to pay for maintaining an economic viability, Japan has fallen into line with support for US policy on these issues; boycotts of Iran, Afghanistan and of the Moscow Olympics have been enforced, while more recently, with the re-orientation of US policy towards Iran, Japan, it has been revealed, has been a useful conduit for secret arms shipments to Iran.

Despite Gorbachov's desire to revive Siberian/Japanese trade links, to gain access to the best of Japanese technology and above all to prevent Japan becoming another UK i.e. an unsinkable aircraft carrier, Japan is too closely bound by economic, political and diplomatic links to the W.Bloc for there to be a remote chance that it might become an ally of Russia. At the same time, despite the fact it has the infrastructural capacity to produce nuclear weaponry within 6 months, it is almost certain that the US does not want to see Japan become a military superpower. It will retain the function for which it was created: as the Far Eastern arsenal of US imperialism with a military capacity to suppress revolution in its own backyard, especially e.g. in countries like Korea.

## CURRENT TRENDS

Recent IMF and World Bank talks have been taking place against a background of increasingly strident warnings from the US that 'co-ordinated action' is required to correct the huge international trade and current account imbalances, in particular the predicted \$180bn US trade deficit. Japan's exploitation of a faltering growth in certain sectors of the US market and a \$55bn trade surplus with the US represents the largest imbalance in the world economy and this has been a key factor in the build up of protectionist measures in the US. At the same time, the counterpart of that trade surplus - massive outflows of capital from Japan - is vital for the US in order to finance its budget deficit at current interest rates. While Washington wants to see a gradual run-down of its trade deficit with Tokyo - principally through faster economic growth and more open markets in Japan - it needs to ensure that there is no disruption of flow of Japanese capital into US Treasury bonds.

Japan needs to be assured that efforts will be made to stabilise the yen, the rapid appreciation of which against the dollar has hit Japan's export competitiveness and the profitability of many companies. But if anything the pressures on Japanese industry are increasing. The semi-conductor agreement forced on the Japanese in September virtually ensures that radical change will occur. At the same time the US is saying that reduction of tariff barriers are not enough and that Japan must be obliged to make specific commitments on import volumes and market shares for foreign suppliers.

The rapid rise in the yen over the past year has meant that Japanese industry is now in the eye of an unprecedentedly strong storm, with everyday bringing news of fresh factory closures. In industries with structural overcapacity, i.e. with low rates of surplus value due to amassed constant capital - steel, coal and shipbuilding - lay-offs have begun in earnest. The yen's rise also means that industrial wage levels in dollar or sterling terms are extremely high. In the steel industry e.g. they are at about \$20 an hour, close to the level that has brought the US steel industry close to the edge of collapse.

Export volumes are dropping and margins on export sales have evaporated. For example the forecast fall in the value of Japan's car exports to North America this year - \$6.25bn - is greater than the combined profits of all the Japanese car makers last year. Despite American induced 'demand stimulus', domestic demand is sluggish, enlarging the market for neither Japanese nor US goods. Neither fiscal measures nor additional investment in housing, public works and construction can subvert the law of value whereby the state sector becomes an ever larger burden on a dwindling pool of surplus value. The Japanese economy may grow less than half the official 4% forecast this year and is likely to remain weak next year.



## Statement of the International Bureau

# THE MIDDLE EAST: IMPERIALISM'S MAIN BATTLEFIELD

## US — IRAN DEAL: A VICTORY FOR THE WEST

We are printing here the Statement issued by the International Bureau for the Revolutionary Party published originally in the middle of October as part of our response to the continuing struggle in the Middle East. Since then our central contention that the moral indignation of the West against "terrorism" was simply a cover for the furtherance of its various interests in the region has been fully confirmed. Through all the humbug that "...America will never make concessions to terrorists... Once we head down that path, there will be no end to it - no end to the suffering of innocent people..." (Reagan) the US, through Reagan's National Security Council, was not only negotiating the release of US hostages in Lebanon but also sending arms to Iran (usually via Israel but sometimes directly).

At first Reagan tried to justify his deals with those that he had anathematised on humanitarian grounds but when this failed to convince (since humanitarianism has hardly been the hallmark of his rule) his advisers hastily decided to concoct a story which was as near the truth as they are likely ever to get. The negotiations with Iran were, after all, part of a grand strategy to win back US influence in this economically and strategically vital area. This was why Robert C. Macfarlane complete with fake Irish passport, Bible signed by Reagan, cake and brace of pistols for the Ayatollah took himself off to Tehran. This US longterm plan might have escaped notice had it not fallen foul of the power struggle in Tehran over who is to succeed Khomeini. This in itself is a product of Iran's failure to mount its final offensive against Iraq through lack of spare parts for its US planes.

The key to the US' plan is the speaker of the Majlis (the Iranian Parliament), Rafsanjani. He is in charge of the war effort and he is most aware of Iran's need for a deal with the US. Opposed to him are the Pasharan (the revolutionary Islamic militia) and the supporters of Khomeini's designated successor, Ayatollah Montazeri, who continue to regard the US as "the Great Satan" and have tried to discredit Rafsanjani. It was to fight off their criticisms that Rafsanjani spilled the beans about his dealings with the US in a Syrian paper (at the same time arresting Montazeri's son and son-in-law who lead the Pasharan). The red faces at 1600 Pennsylvania Avenue, Washington D.C. are not however because the hypocrisy of the great humbug has been exposed but because they have not had time to prepare the propaganda machine to play the right tune in order to sell the "new course" towards Tehran.

Most embarrassing of all for Reagan was the fact that Rafsanjani told the world about his dealings with the US just when the British had urged him to take sanctions against Syria, and whilst a vitriolic campaign against the French Government's supposed softness on terrorism was being waged in the US press. However the Western alliance is in no danger of break-up over the issue since they are now all united in minor sanctions against Syria (at British request) and in selling arms to both sides in the Gulf War - something they have all been clandestinely or openly doing since the War began six years ago. The one thing that unites them, the need to keep the Eastern bloc from a firmer foothold in the Middle East, is greater than the divisions created by their individual interests.

The fact remains that whatever embarrassment has been caused to individual western politicians by the recent revelations, (the bourgeoisie has always known how to dispense with these unfortunates if need be) the interests of Western imperialism are stronger than ever in the region since they

have managed to browbeat the USSR's only ally in the area, Syria, into negotiating on their terms. Furthermore Syrian bankruptcy is slowly paralysing its capacity to act as Russian proxy in the region. The fact that the Iranians are slowly realising that they will never win the war (except at enormous cost - see WORKERS VOICE 31) has given the West its first glimmer of hope to re-establish its influence there in seven years. What all this confirms is that there will be no peace in the Middle East or anywhere else until the working class in the metropolises can carry its struggles to the point where it paralyses the capacity of imperialism to indulge in its intrigues and adventures.

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In every corner of the globe terrorist activities, directly or indirectly linked to the chaos in the Middle East, continue at an impressive rate. The slaughter of the innocent in these actions creates fear and confusion and leads ordinary people to demand immediate solutions even if these are, as is the case with war, more violent and indiscriminate than the original terrorism. This state of mind provides the ideal pretext for the entire bourgeoisie from Reagan to the Pope to mount a campaign against "the Arab monster" with the clear aim of creating a total consensus for eventual retaliation.

First Libya, now Syria, then Iran are fingered as the possible senders of the slaughter so and they are threatened with a new crusade. The Ghadafys, the Assads and the Khomeinis are certainly no angels but to point them out as the only evil demons in a world full of angels is simply a mystificatory attempt to hide the real reasons behind the bombings and the growth of international tensions.

A glance at the history of the last hundred years shows, without a shadow of doubt, that war and strife in the Middle East have always been caused by the great imperialist powers which seek to dominate the world. Even the present precarious equilibrium is just the result of their conflicting interests.

Put another way, how can countries which are totally dependent for everything on the USSR, USA and Europe solve anything themselves without the necessary means to do so? In reality the Arab states and their governments are only puppets controlled by the superpowers and their scope for autonomous action is no longer than the string they are held by.

These terrorist attacks follow a logical pattern, and a clear strategy, showing that behind them lie the interests of the great imperialist centres. Therefore we should not look in the Middle East for answers to what is happening, or what will happen, but in the homes of those who would like to pass themselves off as innocent victims of "terrorism".

### THE STRUGGLE FOR THE MIDDLE EAST

The strategic importance of the Middle East is determined by its geographical position and the abundance of oil found in its subsoil. In the modern world oil has become the fundamental primary product as it is used, directly or indirectly, in almost every part of the productive process. Obtaining it at costs lower than competitors can mean, for those who achieve it, a position of dominance over the whole financial and economic process of the globe. Conquering areas of influence in this region has, for this reason, constituted a vital necessity for the imperialist powers.

In consequence of this, and the imperialist line-up after the Second World War, the Middle East area has continuously been a battlefield between the USA and the USSR.

The internal turbulence in the Arab countries has been the fruit of this conflict as the interests of first one, then the other prevails in the area. Since 1945 there has therefore never been peace: and a series of local wars have seen whole peoples dispersed, and states created from nothing or reduced to simple geographical expressions. This is the hell where mankind has led a desperate existence since time immemorial. But no-one has ever cared about, or been scandalised by, the massacres, attacks or bombings which kill Arab women, children and old people every day in the way they were horrified by the massacres of Rome, Vienna and Paris. Now everyone is a paladin of peace calling for a new crusade against this so-called "black death" of terrorism. Is the present moral outrage of the West the result of sudden qualms of good conscience? In modern history armies have never moved as a result of "noble sentiments" but always as a result of precise conflicts of economic interest. In the epoch of imperialism the outbreak of wars is always intimately linked to the cycle of capitalist accumulation; when this is in its ascendant period tensions tend to diminish. They become more acute as the cycle grinds to a halt. From the beginning of the Seventies the world economy has been in a serious condition. Despite the grandiose schemes for restructuring it and despite the new technology which has brought about a massive development of productivity to the detriment of the wages and living standards of workers throughout the world, from the USA on, there isn't a single industrialised country which does not suffer from this deep malaise of very high rates of unemployment. Even Japan, until now idealised as the model to be copied, is experiencing generalised unemployment and other aspects of the crisis. In a special way the USA exemplifies all the imbalances. It has a public expenditure deficit of 210 milliard dollars which alongside a \$170 milliard deficit in its balance of trade constitutes an explosive mixture of great potential. The car industry, for example, though amongst those lately renovated in terms of technology, has suffered a drop in sales of around 30% in the last year. Its agriculture (the most developed in the world) is in the grip of a colossal crisis of overproduction and is literally suffocated by the accumulation of such massive excess product that already 40% of medium-sized enterprises have failed and with them have disappeared numerous local banks. In the EEC the control of butter, meat, grain and other food mountains costs millions every year and constitutes one of the main sources of conflict amongst the member states. Moreover in all the industrialised countries unemployment is a constant running sore encompassing about 40 million people.

Whilst on the one hand there exists enough productive capacity to satisfy at least all the basic needs of all humanity, on the other, the logic of profit prevents all the goods produced, or that could be produced, from reaching the market. It is in this context of world economic crisis that the revival of conflicts in the Middle East are taking place.

The USA needs to impose its 'peace' because only in that way can it exercise complete monopolistic control over the oil market, and through this on the economies of its competitors, forcing them to give in to its blackmail. The USSR, for its part, perceives that a totally American 'peace' would mean its complete exclusion from the area and, as a consequence, the objective weakening of its position, and the reduction of its role from that of superpower to a regional sub-imperialism.

The stakes in the game are, therefore, high for everyone and in this setting of frenetic diplomatic activity and terrorism



important strategic alliances are born or aborted. But in every case the object is the same; to win a position of dominance in the area in order to be in a position to reinforce domination over the whole world. What justice or what right there is in all this is difficult to see unless it is just and legitimate that a few hold the right to exploit the whole of humanity, forcing them in many cases to live in conditions worse than that of animals.

Britain, like other European countries has traditionally tried to maintain neutrality in the Middle East simply in order to be able to be on the side of both the devils and the angels when it comes to selling arms. However the overriding economic need is to win a share of the US "star wars" programme to bolster the British defence industry (it was for this reason that Westland was handed over to Sikorsky). Thus Britain was the only NATO country to cooperate with the bombing of Tripoli by the US and, as the after effects of the Hindawi trial show, is even taking the lead in preparing the ground for further Western attacks in the Mediterranean.

#### IMPERIALIST WAR OR WORKERS STRUGGLE

Once the rhetoric of vulgar nationalism is stripped away the conflict in the Middle East can be seen, for all its drama, as the most violent manifestation of the world economic crisis. This conflict has always existed in that area, but today it could develop with a previously unforeseen intensity, because of the contradictions inherent in the process of capital accumulation.

Capitalism, inspired as it is by the logic of profit (which forces us to pay taxes in order to maintain grain and meat mountains whilst millions die of starvation) has no other "solution" to its crisis but war. The real aim of this war is to maintain this rotten system. To prevent it workers must refuse to be dragged along behind any ideological campaigns against this or that "demon". The enemy isn't the Palestinian or Syrian proletariat, who like all workers suffer exploitation and violence, but those who gain enormously from this violence and exploitation. For workers everywhere the enemy lies at home, in the factories, in the government, in the unions, in the bourgeois political parties. All of them want to keep us in the iron grip of capitalism. We must respond by rejecting their policies of sacrifices and lay-offs, and by rejecting the idea that technological development necessarily means unemployment and poverty and not reductions in hours and a better living standard for all. This is just as true for the metropolises of the Western and the Eastern bloc as for the workers in the impoverished countries linked to them both.

#### AGAINST CAPITALISM'S WARS - FOR INTERNATIONAL CLASS STRUGGLE

For the solidarity of the international working class against all nationalisms.

Imperialist war is prepared by social peace. Destroy the social peace! Smash the union cage of 'realism' and collaboration! UNLEASH THE CLASS WAR!

International Bureau for the Revolutionary Party  
Communist Workers Organisation  
(Workers Voice)

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## JAPAN Continued from p 5

The prospect of a further appreciation of the yen and wider unemployment can only mean a goad to the class struggle and a battering of the famous myths that Japanese workers enjoy a 'consensus of interests' with their employers. So far the impact of the crisis has been relatively slight - 72 bankruptcies in Japan last month, compared to an average of about 700 a month in the UK in 1981. But the US in demanding that Japan carry out a policy of 'recovery', knows it is asking the impossible when Japan has even less means to do so than her big brother.

Production expansion abroad and deals to source intermediate goods and components from foreign rather than local suppliers: these have been the main new trends in Japan's response to the new circumstances. Sony, e.g. recently announced plans to double its overseas production over the next three years, with 35% of its total sales expected to come from overseas plants by 1989. Aiwa, the consumer electronics group, is shifting most of its production to Singapore and shutting one of its three plants in Japan. Toshiba is setting up lines to make video-cassette recorders in the US and expects to be making a tenth of its US sales there. Matsushita plans to site a £6 million electronic typewriter and printer plant in Wales. Although Japan's manufacturing companies at present produce only 2% of their vast output overseas, a recent report by the spearhead of Japanese state capital, the Ministry of Trade and Industry (MITI), forecast that within ten years, a fifth of the country's manufacturers would be producing 20% of their output off-shore. One of the main motives for this is, of course, an attempt to ease trade friction with its OECD partners by circumventing import quotas.

Despite the inexorable advances onto the European market, the actual level of Japanese investment in production facilities is relatively small. More than ½ of the operations involve capital outlays of between £1 and £5 million. At the same time the focus for surplus Japanese capital has been shifting from the Third World to Europe and the US. What is significant about this is that more than half has gone into portfolio investment, 28% into bank loans and a mere 14% into direct investment; (of the direct investment it is almost wholly concentrated in the citadels of capital - 33% in the US and 19% in Europe.) In other words the bulk of Japanese investment is speculative in nature and not geared towards the development of the productive forces. In an attempt to cheat the law of value, confirming the long term tendency for capital on a world scale to become more and more parasitical, the Japanese have looked towards the service sectors, particularly banking. Japanese banks now account for about 24% of the gross banking assets in the UK, or nearly twice the share of their US counterparts.

Like OPEC in the 70s, Japan is attempting to recycle its trade surpluses elsewhere, but even the US, the fortress of world capital, now no longer has the means through the gross budgetary and commercial deficits it has accumulated to support the activity of the world economy or to go on soaking up foreign capital indefinitely. For two years, 1983-5, the US was able to soak up world overproduction Japan's included. The fall in the dollar by 35% in relation to the currencies of its principal competitors, Europe and Japan, has given a renewed competitiveness to American products on the world market, but this situation now heralds a closure of the American market to European and Japanese exports, a closure accentuated by protectionist measures. If the fall by half of the price of oil, the main raw material of world commerce, linked to the fall of the dollar, has allowed Japan to make substantial economies, at the same time it means a contraction of the markets of the producer countries notably OPEC and COMECON for whom oil is the main export and whose purchasing power has been cut by the fall in its value. This means that one fifth of Japanese exports are going to be directly hit by the contraction of these markets.

The inevitable fall in exports will mean a slowing down of production and so more factory closures, bankruptcies and redundancies. Even though for the moment, the Japanese may have locked into a relatively favourable dollar rate and the strain of any

future dollar weakness may be borne by Europe alone, fiddling with the currencies isn't going to alter the fact that a new and potentially deeper trough of recession is looming on the horizon. The brutal recession (of 1982) which pushed up unemployment by 10% is only a foretaste of what faces Japan tomorrow. When faced with the challenge of the breakdown of capitalism, we are confident that the Japanese working class will rise to the occasion.

## SUEZ Continued from p 3

Mubarak is negotiating with the IMF for a standby loan of \$1 billion; to grant it the IMF is asking for a reduction in food and fuel subsidies dating from the Nasser era. Mubarak needs the money, but knows that to accept IMF terms could mean social convulsions of the sort seen in Brazil in response to IMF imposed austerity.

Not, however, that Egypt's masses need to be inspired by events abroad, they have their own traditions of struggle to look back upon. Before the war of 1973, there had been mass strikes in many industrial areas in Egypt. In 1975, in response to the inflation attendant of relaxing price controls, the industrial areas of Port Said, Cairo and Alexandria saw strikes, which led to the establishment of co-ordinated strike committees and factory occupations. A march by workers to the National Assembly was brutally crushed by the military.

Since then, events have died down somewhat, but already this year has seen widespread mutinies in the country's security forces, outbursts of Islamic fundamentalism of the kind which led to Sadat's death, and more ominously, renewed strike agitation in the face of galloping inflation. With the prospect of renewed class struggle in Egypt and the whole of the Arab world, it is all the more essential for communist minorities to try and establish cadres amongst those in the Arab diaspora, so that we can begin the work of spreading our message in these areas. We have made a modest start, with the translation of some of our materials into Arabic, and our attempts to cover in our press developments in the region. We invite those who sympathise with the perspectives developed in this text, to solidarise with our work.

This work must have as its central objective the message that "Arab socialism" has as little to do with socialism as had its predecessor, Hitler's "national socialism", and that the main enemy of the Arab masses is their own ruling class. It must also emphasise the point that "national liberation" is a myth, and that what little development is possible today, is only so under the aegis of one or other of the imperialist blocs. The enemy of the Arab workers is not simply Zionism or imperialism, but the capitalist system worldwide, of which the above are only manifestations. And their friends are not their own bourgeoisie, whether it wraps itself in Islamic or "socialist" garb, but the workers of the whole world, including those of Israel and the capitalist metropolises.

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# WORKERS VOICE

## EIRE: THE FALSE ALTERNATIVES MULTIPLY

If there is one thing more desperate than the state of Eire's economy it is the crisis of its entire bourgeois political system in presenting any credible solution to the chaos. Seldom in recent history has the material world, in the form of the global economic crisis, imposed itself so directly and obviously upon the superstructure of politics. The last year has seen the emergence on the Irish scene of several new significant political forces, as well as the re-vamping of some of the older parties, as the worn out solutions to the crisis are increasingly abandoned. However, even the most radical of these factions cannot hope to deal with the chronic impasse of the Irish economy, both because of its sheer gravity, and the extent to which it is dominated by imperialism, most obviously in the form of multi-national capital.

In the '70s the effects of the world crisis were in many ways disguised in Eire as the influx of multi-nationals continued, sustaining "miraculous" growth rates and rising manufacturing employment. This was a result of the state's "generous" system of grants and tax holidays, supplemented after 1973 by extensive EEC grant aid. (Membership also meant tariffs could be avoided - a further incentive to multi-national location.) Projected growth allowed for massive government borrowing to finance the whole operation, and the creation of an annual budget deficit which reflects Eire's position today as the world's fourth largest per capita debtor. The crisis has caught up with successive Irish regimes as the multi-nationals have "rationalised" and "re-structured" internationally (i.e., pulled out) or have increasingly re-patriated their profits when their tax holidays have ended.

The central document of the present Fine Gael/Labour coalition government, *Building on Reality* (launched in October '84), envisaged the continuation of a policy of solution to the financial crisis through growth led development and increased employment. Through the pegging of pay below the rate of inflation, the working class could be forced to pay for the mess which the bourgeoisie had been creating for the previous twenty years.

Only a few figures are necessary to demonstrate the abject failure of this "ambitious" programme. In October '84 official unemployment stood at 16% (as in Britain this estimate is to be taken as conservative), now it is 18.3% (the table below gives a fuller picture of the growth of unemployment in recent years).

THE NUMBERS OF REGISTERED UNEMPLOYED  
1973-1986

Year	Number ('000)
1973	66.6
1974	72.0
1975	104.4
1976	112.8
1977	106.4
1978	99.2
1979	89.6
1980	101.5
1981	127.9
1982	156.6
1983	192.7
1984	214.2
1985	230.6
1986	234.2

Source: Central Statistics Office - May 1986  
seasonally adjusted.

And this is not to mention the "revival" of widespread emigration - estimated at 65,000 since the '80s began. With regard to the costs of debt and debt servicing, the situation is even more out of control. In '84 the budget deficit amounted to fl,039 million, or more than 7% of Gross National Product. The figure for '86 exceeds 8% of GNP, compared with the *Building on Reality* target of reducing the deficit to 5% of GNP by '87.

As for the 3-4% wage limits, these were pushed up by a combination of direct pressure from a working class fed on a diet of rising expectations ideology for a generation, and a political balance of power which led to the government relying on the votes of independent TDs (Irish MPs) by October '86.

### THE "ALTERNATIVES"

The failure of the no-confidence motion in October (by 83 votes to 81) means that another cannot be tabled until late April '87, although the rejection of the Finance Bill in January could equally well force the FitzGerald regime to resign. It is against this background of political limbo that permanent electioneering is now carried on, with every shade of bourgeois faction publicising its "solution".

Fianna Fail, under Haughey, were in power for most of the period when the debt was run up, and so not surprisingly they favour an extension of the current government's failed policies of encouraging growth. This is also designed to appeal to the working class, who vote for FF in almost twice the numbers they do for Labour. But with such a bankrupt economic strategy it is again predictable to see Haughey trying to divert attention by the increased use of republican rhetoric with denunciations of Anglo-Irish Agreement "sellouts" by the government. The economic poverty of FF was also the basis for a significant split in the party recently, naturally described by the bourgeois press as a "clash of personalities". The splitters, the Progressive Democrats, at least have the "virtue" of being a little more honest in stating that the working class must be attacked directly and through cuts in the social wage. Much of their refrain is already familiar to British workers who have been on the receiving end of 'thatcherite' remedies for over 7 years - their proposals of massive spending and tax cuts are justified in the austere language of "living within our means". Also mirroring Thatcher they aim at the division of the working class by massive attacks on the unemployed, old and infirm (via welfare cuts), while posing as the friend of those in work through tax concessions. Even given their projected good election performance, the PDs alone will not be able to form a government, but the extent to which the viciousness of their programme does represent the real interests of the Irish bourgeoisie should not be underestimated. As they themselves point out, the alternative to their austerity could be the intervention of "agencies from outside the state" - as with other chronic debtors the IMF is ever present in the wings.

### AND ON "THE LEFT"...

If Eire's economic crisis has thrown the more

obvious bourgeois parties into confusion and created new factions, it has also encouraged those with "socialist" pretensions. Because the financial nightmare is at the same time a profound social crisis, it creates the basis for more radical phoney solutions to gain ground within the working class. Hence we have the spectacle of a seemingly leftward shifting Labour Party forcing its leadership to promise that it will not in the near future share power with any other party. This comes after 5 years of attacks on the working class in coalition with Fine Gael, following an alliance with FF in the mid-'70s. Although the Labour leader Spring (who is also deputy PM) has reaffirmed his commitment to the present regime's "work on the economy" the assurance is seen by the left, including *Irish Militant*, as a victory. In their continued attempts to influence the party these so-called socialists only demonstrate their total incapacity to appreciate the real function of Labour. If its treacherous role whilst in power was not enough to expose the myth of it being the party of the working class, it is obvious that for over a generation the ILP has embraced the projects of the Irish bourgeoisie, seeking only to give them a "human face", i.e. make them more acceptable to the working class. Labour is unable to truly oppose the other parties not because it suffers from a middle class leadership but because it shares their fundamental priority - to make Irish capitalism more competitive on the world market.

### PERSPECTIVES

If there is one central lesson to be drawn from all this debacle it is that the attacks of the Irish bourgeoisie on the working class are likely to increase sooner rather than later. While it would be easy to dismiss the political crisis as simply a faction fight within the ruling class, it actually is the result of successive regimes' failure to impose the drastic solutions which the capitalist system demands. This may seem an unusual statement at a time when unemployment is at record levels and real wages are falling, but it is clear that much worse is to come, and that the new "resolute approach" of the PDs is only the taste of an even deeper assault on workers' conditions.

Plainly then it is more important than ever that the Irish working class break down the divisions which have so far prevented an effective fight against the results of the crisis. In particular, we can point to the fetters of trade union based struggle which keeps workers locked within their particular sector or locality, and to the failure to see strikes etc. in the North and Britain as essentially part of the same class fight and to link up with them.

But ultimately the workers in Ireland and elsewhere must outstrip the constrictions of bourgeois politics altogether by launching their own alternative to capitalism - the communist revolution. This is the only real solution to a chronic capitalist crisis which everyday moves closer to imposing its own solution to the ills of the economy and society - world war. The CWO is working actively toward the creation of the organisation that the working class will use to carry out this historic task - the international communist party; and it is in this spirit that we urge all readers sympathetic to our politics to contact us and help in this work. Eire's acute problems of unemployment and poverty are also quite clearly the main stimulus which prompted the October decision of Provisional Sinn Fein (the political wing of the IRA) to contest parliamentary seats in the South for the first time with the objective of actually taking them up in the Dail. This is a significant reversal of what was previously a point of "principle". In fact their "socialist solution" to Eire's crisis, amounts to no more than a blend of state capitalism and Keynesianism, which of course are designed to woe the young unemployed of the South in the same cynical way as it regroups them behind the "national liberation struggle" in the North. (For a more detailed critique see the text "Sinn Fein: Socialist or Capitalist?" in *Workers Voice* number 26, available from the CWO's address.)

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