

## Miners--The Struggle Ahead

By JON MYERS

They say in Harlan County,  
There are no neutrals there.  
You'll either be a union man  
Or a scab for J.H. Blair.  
Which side are you on, boys?  
Which side are you on?

(miners song from the 1930's)

Negotiations between the United Mine Workers and the coal companies began on September 4th in preparation for the expiration of the national contract on November 12th. This was a few days after the announcement of the union's victory in Harlan County, Kentucky. The victory -- recognition of the UMW and the national contract for the 180 miners at Duke Power's Brookside mine -- is testimony to the tremendous devotion and courage of the miners and workers of eastern

Kentucky who fought the nation's sixth largest electrical utility for over thirteen months.

It took the threat of civil war to break the resistance of Duke Power. A young miner, twenty-two year-old Lawrence Jones, was murdered on a picket line by a company foreman. This began the arming of all the miners in Eastern Kentucky. The settlement was reached two days later.

Harlan County was a victory for the rank and file. It opens up the possibility for the organization of the 14,000 unorganized miners in Eastern Kentucky. It has also imparted new hopes for miners around the country; it is a symbol of their dedication and determination. It is also a victory against the reactionary coal companies and their lackeys in the government of Kentucky, who resorted to the most vicious police methods in an attempt to smash the union.

### BETRAYAL

It was also a victory against the UMW bureaucracy, which performed the work of the companies inside the union during the strike. Harlan County was a victory DESPITE Arnold Miller's sabotage. He refused to call a national coal strike to defend the organizing drive, he refused to enlist the aid of the rest of the US labor movement (placing ads in the WALL STREET JOURNAL instead) and he refused to arm the miners, thus allowing for Lawrence Jones' murder. The settlement with Duke Power contains one more stab in the back for the miners of Kentucky. Miller agreed not to strike the Brookside mine in the event of a national coal strike on November 12th.

THIS BETRAYAL IS THE LAST STRAW. It takes those miners who have proven themselves for thirteen months to be among the most resolute fighters in the union out of the action in the event of a national strike. They should be in the leadership of a national strike, not be forced to stand aside from and even serve to oppose the union they have shed their blood for.

### TAKE CONTROL OF THE STRIKE

Miller's betrayal in Kentucky should make it clear what he will try to do in November. Last year, the rank and file won the right to ratify the contract for the first time in UMW history. It is not too late to demand and win RANK-AND-FILE CONTROL OF THE NEGOTIATIONS in order to throw Miller and his clique off the bargaining table. Already, Miller has had to put forty "rank-and-file" members on the negotiating team. The whole union must directly elect the people who set the framework of the contract. And these delegates must be directly responsible to the membership, informing them daily of the

The miners already have a basis on which to select a winning leadership in November. The leadership must be opposed to any collaboration with the state which attempted to break the strike in Kentucky and will do so nationally as well. This means no collaboration with Ford's summits which are a colossal insult to working people.

Miller again showed how far removed he is from the coalfields when he attended the summit and then complained when Ford left to play golf when Miller's turn came to speak. Arnold Miller knew where the door was. This crybaby is going to lead a strike in November? Fat chance!

### WHAT IS NEEDED

A Congress of Labor and the oppressed to discuss a plan for the economic situation is the alternative to capitalist schemes. The support of the rest of the labor movement must be sought for the miner's cause.

A sliding scale of wages, full cost-of-living protection, must be a major demand for the contract. A leadership that has grasped the lessons of the victory in Kentucky will also prepare for the strike by forming squads to protect the picket lines and to prevent scabbing. These squads were instrumental in the victory of the British miners last winter.

The bosses have countered the union demands with complaints about absenteeism and productivity. Their solution is to make the same miners work seven days a week and to destroy union seniority provisions. Productivity for the companies means one thing -- profits, while mine fatalities increase and union rights are destroyed. There is absenteeism and a large number of wildcats (873 reported between January and May of this year) because miners have to survive.

The character of these wildcats is pointed out even in US Government statistics. Thus, in 1972, in industries other than coal mining, only 42.5% of strike actions were "noneconomic" (working conditions, safety, union rights, etc.), while in coal this category accounted for 93.1%! The same figures hold true for the numbers of workers involved and for the time occupied by strikes. And, in the same year, work stoppages during the life of a contract totaled, in non-coal industries, only 25.6% of the strikes that happened overall, while in coal (again with other figures to match) these "in-term" stoppages made up 99.3% of all those occurring.

Productivity and safety standards must be decided by the most productive force in society -- the workers themselves. The coal owners sit in

CONTINUED ON PAGE 2



BRITISH MINERS IN 1973 STRIKE. NOW AMERICAN COAL MINERS ARE FOCUS OF THE CLASS STRUGGLE

## Danger in Britain

by JON MYERS

As we go to press, the General Election in Britain called for October 10th is taking place. The election will solve none of the problems confronting British society. The British Labor Party has called the elections to give credibility to its claim that, because it has only a minority in Parliament, it cannot keep its promises to the working class. The British workers should call the LP's bluff and give it a majority, thus demonstrating conclusively that it is not its lack of members of Parliament, but its reformist program, that makes the Labor Party unable to solve Britain's problems.

While the Labor Party is worrying about its electoral strategy, the ruling class is exploring possibilities for a military takeover. Right-wing leaders have issued a call for an "army of strike-breakers" and the CIA is trying to repeat its actions in Chile, while the Trades Union Council (British AFL-CIO) urged its workers to accept a "social contract" with capitalism.

### LABOR PARTY BETRAYALS

This is just the latest example of the paralysis of the working class leadership in the face of a deepening social crisis. Unemployment is the highest since World War II and inflation rages at over 17% a year. The stock market plunges lower every day, with more and more factory closures and bankruptcies. The Labor Party has betrayed the offensive of the

workers which brought it to power. The reactionary Industrial Relations Act has actually been strengthened under Prime Minister Wilson. The promises of nationalization have not been carried through. Now the bureaucrats, with the cooperation of the Communist Party, have pledged "voluntary restraint on wages." The British miners have already demonstrated that they won't stomach this latest pledge of "cooperation."

### RIGHT-WING MOVES

The capitalists aren't pledging "cooperation" either. Taking advantage of the deep unrest of the British petty bourgeoisie and middle classes and the vacillation of the Labor Party, the ruling class is openly organizing anti-working class opinion.

A group called the Monday Club has called for a volunteer force of strikebreakers. Two groups, organized by former military officers, Col. David Stirling and Gen. Sir Walter Walker, have stated their intention to "save Britain" during "industrial chaos."

These men aren't lunatics or Colonel Blimps. Walker is a former NATO commander and Stirling is a former leader of the guerilla forces that operated behind German lines in Africa during World War II. The TV show, "Rat Patrol," was modeled loosely on his activities.

An article by Lord Chalfont, a former Foreign

CONTINUED ON PAGE 2



## NOTES

### Grave Robbers

The long sickening slide of the Socialist Workers Party into utter corruption continues unabated. The latest proof is the creation of a "Memorial Fund" to "publish Cannon's works." This cynical scheme to grease the palm of the SWP apparatus has already separated a number of fools from their money.

But this party, which seeks to claim Cannon's revolutionary mantle for its own, cannot even keep up a decent front. At his sixtieth birthday party, Cannon spoke for himself on who should attend any meeting held for him: "I don't want any enemies of our movement... or anybody else who has been opposed to the things I've fought for, coming around to give me some hypocritical personal compliments." So who does the SWP invite to a memorial in New York? Just Harry Braverman, Cochranite renegade and anti-Trotskyist, and Roger Baldwin, doddering humanitarian founder of the American Civil Liberties Union. His presence marks the abandonment by the SWP of the proletarian method of defending democratic rights, exemplified by Cannon's International Labor Defense, for bourgeois liberalism. This is a memorial not to Cannon, but to the SWP of today-- and besides, it might raise a few bucks.

### Busing

The opening of school has once again brought with it violent confrontations over interracial busing, this year in South Boston in particular.

We defend absolutely the right of minority students to attend any school they may choose. And we stand for the physical defense of these students from white racist assault, not by white racist cops, but by defense committees organized by the unions and by minority workers themselves.

Nonetheless, we oppose busing as a LIBERAL FRAUD. It is not "integration" into American society that minority workers need, but the DESTRUCTION of that society. That alone can produce real gains for them and for all workers. Only a massive program of school construction and the introduction of the most modern educational methods by the most highly developed teachers can provide "quality education." In "rich" capitalist America the "illiteracy" rate is 10%, at least. But even in the degenerated USSR it is only 2%, despite the immense backwardness

### 'Miners' cont.

New York and count their money. They don't care about safety OR real productivity. The energy crisis, the food shortage, the inflation that is worldwide, have proven that the capitalists cannot develop production and increase the standard of living of the majority of the world's population.

The leadership for the miner's strike must demand THE NATIONALIZATION OF THE COAL INDUSTRY UNDER WORKER CONTROL. Workers' committees in every mine would determine how to run the mines safely while insuring productivity as well. On a national level, miners would decide how to best satisfy the nation's energy needs. The priorities would be the needs of workers -- not Ford's heated swimming pool or Rocky's jet fleet.

This leadership must be forged to prepare miners for the November strike. The ruling class is already developing its propaganda campaign against the miners. Ford's pardon of Nixon is just a small taste of the crimes he has in store for the working class. The miners could be the first on his list this fall, since the strike will be a very important test of the response of the labor movement to Ford's economic policies. There will be no more "summits" for the labor bureaucrats if they can't deliver "labor peace."

Militancy and determination are certainly present in the coal fields. Miller and the companies may seek to wear out this militancy with a long, bitter strike. They will try to discredit and demoralize the young rebels who are leading most of the wildcat strikes. Then

The "honeymoon" is over. All the best liberals -- politicians, reporters, TV commentators -- had promised a new dawn at the White House and then Ford destroyed the whole mirage with one single action. The pardon of Nixon by itself, in its complete disregard for the wishes of the American workers, would have been enough. But the way in which it was done -- the crude feint on amnesty for "war resisters," the surreptitious timing of the announcement -- awakened the deepest feelings of outrage, of consciousness by the American working class that it had no power whatever, no control at all, over its "leaders." The latest public opinion polls indicate that the feelings of the population are just as mistrustful towards the "system" as at the peak of Watergate.

The pardon was not an isolated event. The revelations of the CIA's involvement in Chile which Ford expected to be passed over, again caused deep discontent. Even the seemingly flawless Henry Kissinger was beginning to look like a very tarnished angel. Things got so bad that a reactionary federal judge had to dismiss the charges against the Wounded Knee trial defendants, accompanying that with an attack on the Justice Department and the FBI, saying, in an obvious reference to the pardon, that it had been "a bad year for justice." The working class thought that it was perhaps a bad SYSTEM for "justice." And these feelings were not soothed by the appointment of Nelson Rockefeller as Vice President. That seemed an obvious reminder of whose government this really was, of the irrelevance of the wishes of the workers, especially since nobody had ever elected Ford or his billionaire companion to office.

This new deepening of the "credibility gap," to the point where it is now a yawning chasm, is not the result of Ford's well-renowned stupidity or of this or that "stupid" error. The stupidity of the ruling class is no character flaw. It reflects instead its incapacity to deal with the decay of its own system and reflects as well the new awakening of a working class no longer prey to anti-communist or "throw-the-rascals-out" illusions. All the "mistakes" the ruling class has made are "mistakes" NOW. Ten years ago, they would have been accepted without question. The difference is in the political situation, not in the intelligence of the capitalists.

The continuing suspicion and cynicism on the part of the proletariat place the bourgeoisie in a tight spot. They are faced with economic crisis and must place its burden on the backs of the workers. But the workers are not in the mood to bend over and carry the load. The strike wave continues and promises to become wider and deeper. The economic "summits" are already a joke. This is particularly the case because the labor bureaucracy can no longer restrain the rank and file, tie them down as they could in 1971 to wage controls. While their participation in the schemes of the bourgeoisie must be stopped, the hacks are extremely limited in their actions by their need to preserve themselves by meeting the demands of their membership.

In this situation, the feelings and emotions of the working class give an extra edge to their economic offensive. They are not going to be sweet-talked by the bureaucrats, they are not going to be "jawboned" into line by Ford. Their anger and outrage will instead give a particularly sharp and bitter character to the conflicts coming up. In the coal strike and in other strikes there exists now, because of economic pressure and the continuing hatred for the system, the possibility of major explosions in the class struggle -- and this is historically the way the American proletariat acts.

We said in our last issue that: "The future of the bourgeoisie is one of increased decay and ruin. For the working class it is one of revolutionary action." There is no room for turning back. Victory lies ahead.

of that country. Only a socialist revolution, which made possible the Russian gains, can save the working class from barbarism.

Busing and "community control" are both designed to hurl the white and minority workers at each others' throats. These policies drive workers into the hands of racist demagogues, the street runners for the big gangsters of the ruling class. Only a program which promises gains for the whole proletariat can unite workers and keep them from fighting over slices of an ever-smaller pie.

### Soviet Artists

On September 15th, the Kremlin bureaucrats demonstrated their contempt for the struggle of the working class for culture by bulldozing an exhibition by Soviet artists. The artists were protesting the ban by Russian authorities on any art that is not "Socialist Realism." According to INTERCONTINENTAL PRESS, the artists represented included Surrealists, abstract expressionists, formalists, and practitioners of "pop" art.

We defend the artists against this attack by the ruling caste. "Socialist Realism," like "socialism in one country," is a cynical fraud reflecting the arrogance of a privileged layer in the USSR opposed to any independence of action on the part of the rest of Soviet society.

The struggle of the artists represents a threat to the stranglehold that the bureaucracy maintains over the access of the working class to culture. The breakdown of the isolation and cultural backwardness of Russian workers is one more sign of the rising level of class struggle in the USSR. After the bureaucrats were forced to allow the artists to exhibit their work a week later, over 8,000 people attended.

A revolutionary party does not "command" art. As Trotsky wrote: "Art will only be a strong ally of the revolution only to the extent that it remains truthful to itself, finding its own approach and method." Unacceptable to the Stalinists, this policy is equally unacceptable to Western Capitalism. It prefers slow strangulation and crass commercialism to the bureaucrats' bulldozers. Not the capitalists, not the Stalinists, but only the revolutionary movement of the proletariat will open new possibilities for art.

Miller (or Ford, if the ruling class decides to discredit Miller as well) will step in and "settle" the matter.

Whether or not a new leadership can be forged in time to prevent this strategy of betrayal by the UMW bureaucracy is an open question. But there can be no doubt that the process of cohering a layer of dedicated fighters will continue in the mines. The memories of the Depression are still present in the coal fields and there is a new generation present as well that is ready and able to fight. This fight will be an important part of the process of building a revolutionary working-class leadership in this country.

### 'Britain' cont.

Office official, in the London TIMES made the plots "respectable." He wrote: "More and more people in this country, many of them men and women of IMPECCABLY LIBERAL INSTINCTS, are beginning to contemplate seriously, and not without some satisfaction, the possibility of a period of authoritarian rule in Britain." Impeccably liberal instincts, indeed!

Roy Mason, the Labor government's Minister of Defense, has denounced the groups as reflecting a "near-fascist groundswell." Yet naturally he has refused to do anything. These groups cannot be tolerated. The TUC must immediately organize armed detachments to protect strikers against the right wing, to treat these groups like the scabs they are.

It is no coincidence that these right-wingers are former military officers. The army is an important training ground for the ruling class. Only by training

and educating military cadres in their own army, run by the TUC and financed by the British government, can the workers beat the Stirlings at their own game.

In addition, the working class must demand the election of officers in the British army. This will help break down the rigidly authoritarian atmosphere and strict discipline in this "volunteer" force, which pulls in working-class youth at age fourteen for a six-year term. Thus workers will be able to choose officers loyal only to them and to weed out reactionaries like Stirling and Walker.

The spectre of military intervention has been raised in the US as well. It would be misleading to imply that the crisis is at the same level here, but US workers must also be prepared. There was a state of alert in the Defense Department during the days immediately preceding the Nixon resignation. The press suddenly has the courage to "notice" the presence of General Alexander Haig, who, it is now "revealed," ran the country for the last twelve months. And we shall soon see the strategy the AMERICAN ruling class has in store for ITS miners this November.

The crisis of capitalism and the expendability of bourgeois democracy is now a reality for even the ADVANCED capitalist nations. While those impeccable liberals are "contemplating" smashing the working class, the right wing is preparing to do it. The actions of the British working class can have a decisive impact on the consciousness of the international proletariat. The Labor Party and the labor bureaucracy offer only demoralization and defeat. A working-class offensive can decisively turn back the right wing. Now is the time to do it.

# 'CAMPAIGN REFORMS'

## Attack on Labor

By ANN RUSSELL and R. SELLERS

The Watergate scandal has spurred bourgeois politicians into making "honesty in government" a part of their program. To demonstrate their sincerity, liberals in Congress and in State legislatures are pushing to "reform" election laws. The bills that have been passed and the ones that are proposed are not reforms in any sense. The history of the working class in the United States has demonstrated many times that real reforms, like the eight-hour day, were not "granted" by the bourgeoisie but were won as concessions to a fighting class. In reality the new "campaign reform" bills are a political attack on the working class, and now because of Watergate, the liberals have the cover of "democracy" for their not-so-liberal intentions.

Congress is now at work on an Election Reform Act that is billed as a measure to end the kind of payoffs and secret funding that Watergate established as "business as usual." Of course, anyone who takes this seriously would probably think that you can straighten out a snake by painting a stripe down its back. This "reform" is not just another silly scheme to stop corruption, but is actually designed to strengthen the capitalists monopoly on political power. By passing this legislation, the government apparatus for enforcing the rule of the banks and monopolies is trying to make sure in advance that there will be no Party of the workers and the oppressed to challenge it.

The final version of the law will probably contain provisions that:

- limit self-financing by a party or individual
- require detailed records of campaign contributions and spending
- require listing of contributors of over \$50 or \$100
- limit contributions by organizations and individuals, especially unions

One of the most reactionary provisions of the bill is the financing of Presidential campaigns by the government -- out of the tax money extorted from the working class, that is. After Watergate, and after the feelings of American workers about politicians have been demonstrated in the miserable failure of the "voluntary" tax allotment, this bill constitutes a slap in the face to the working class. These arrogant capitalist agents have no shame.

Rising inflation and the sharpening class struggle have led to a general attack on the political rights of the working class. All the political representatives of the ruling class agree that the trade unions must be restricted. One indication of the stepped-up attack is the widespread favorable publicity a book called **THE HUNDRED MILLION DOLLAR PAYOFF** is getting. This right-wing "expose" of union contributions to the Democratic Party is being built up as a "serious work." In some states there have been laws passed against unions employing political lobbyists. Others have placed restrictions on the amount of time labor unions can donate to political campaigns, as well as funds.

The bourgeoisie would like to rechannel workers' sentiment against "politics" into the Democratic Party. What is the real interpretation of election "reform" today? Intimidate would-be contributors to minority parties by threatening to publish their names, restrict contributions of cash and time to independent parties, with the full knowledge that the courts will help you prosecute them but will not prosecute you. The bourgeoisie would thus subordinate any independent political workers formation to itself. They want campaign "reforms" in their arsenal.

The labor bureaucracy has steadfastly refused to do anything to oppose these steps. Instead, it has talked even more about a veto-proof

Congress, that is one with an immense majority of the liberal Democratic "friends of labor." But Labor's "friends" don't want to be put in that position, which would instantly expose their anti-labor essence, presently shown in the "reform" bills themselves. So the bureaucrats have simply stopped talking about the "veto-proof" Congress, and are still doing nothing about these laws designed to strip labor of whatever political influence it already has, as well as to make sure that the labor movement never launches its own political movement.

We stand for a Labor Party. The blows now being directed at the living standards and political rights of the working class prove again that a political weapon is needed to fight back. The struggle to turn the trade unions into the weapons of the masses of workers and oppressed can only be accomplished by building a Labor Party based on the trade unions. The struggle for this party will show that only the socialist program and the revolutionary leadership can answer the attack of the capitalists and take the fight forward.

But the Labor Party will never come into existence if it is left up to the labor bureaucracy. They will do everything they can to maintain the hegemony of the bourgeois parties over the working class. It is in their response to these "reform" bills that their cowardly prostration before the ruling class becomes most evident. Committees for a Labor Party must be built in the trade unions and in the working class generally. These organizations will not only educate and prepare for the formation of a Labor Party, but they will also organize the fight against these reactionary election law bills. The fight for the one and against the other means a fight against the trade union bureaucracy, a fight which the workers must win if they are every to become free of the stranglehold of the "Republicans," the two-faced monster of ruling class politics.

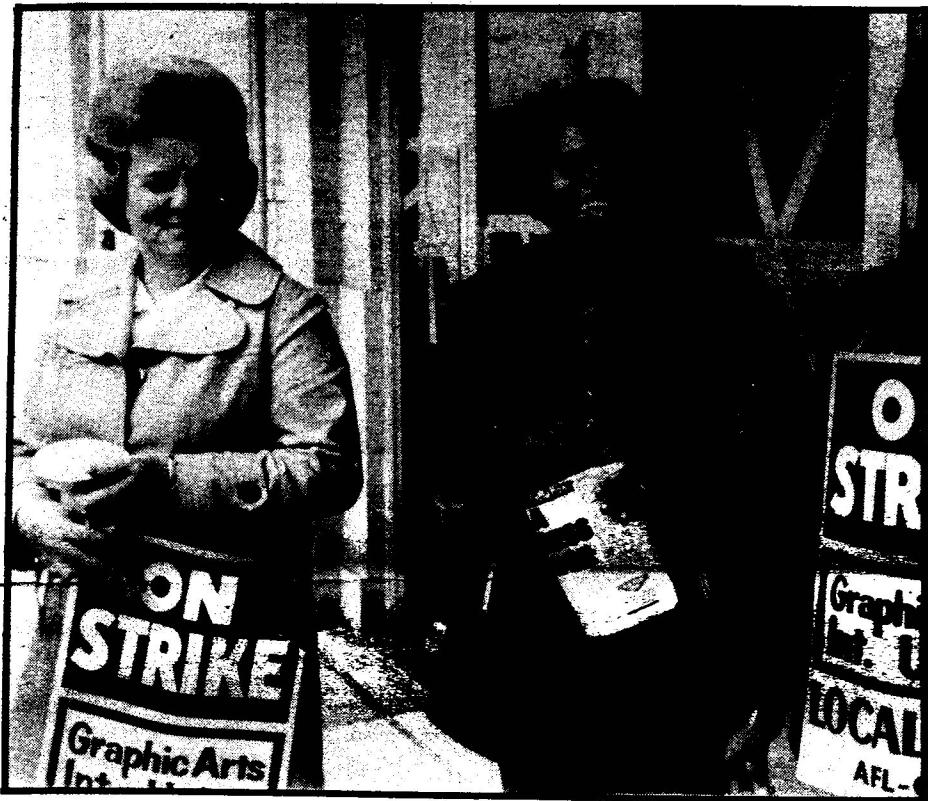
## Smart Guy

Once upon a time B.J. (Bert) Widick thought that he was a Trotskyist. But he also thought that getting ahead was more important than the socialist revolution. As an Abernite cliquist, as a Shachtmanite revisionist, and as a servant of the late, unlamented redbaiting sellout artist Walter Reuther, he seemed to prove that he was being "realistic" and "smart," not a dopey idealistic socialist.

But Bert doesn't seem so "smart" these days. He's got a soft job as a PROFESSOR at the Columbia University Graduate School of Business, where he does his best to help out the ruling class. But just last Spring he gave them a bum steer. He announced that there wasn't going to be any labor trouble in the US this year. (NEW YORK TIMES, May 2, 1974) Now, in the middle of a massive strike wave, he looks pretty STUPID. But then, what can you expect? He sold out a long time ago, in the period of postwar boom and reaction. All his "inside dope" on the workers comes from then. Nowadays, however, the situation is different and Bert doesn't know a thing about it. Surprise, Widick! The working class is awake and fighting -- the only "inside dope" still around is you.



"STOP!...POLICE!"



STRIKE WAVE HAS INVOLVED MOST OPPRESSED

# strike wave deepens

The strike wave in the United States shows no signs of slowing down, but instead is growing stronger.

The first major NATIONAL STRIKE occurred at American Motors (AMC), where the United Auto Workers were out for three weeks, much longer than during the sellout Chrysler strike of last year's big contract round. Also, as part of a company surrender, it was agreed that the AMC contract will be for only two years, expiring in 1976 at the same time as the "Big Three" contracts. This sets up a situation in which ALL domestic auto production can be shut down.

In addition, the auto giants have been hard hit by two other strikes. GM's Delco-Remy division, which makes electrical parts, was on strike in late September. While this strike was settled, Arvin Industries, which also makes auto parts, was closed down by the Carpenters Union (!), with the workers there twice rejecting a proposed offer. Both these strikes threatened to shut down new car production.

The latest statistics (from July) also indicate that the

strike wave is far from over. Eighty more strikes were going on in July than in June, with new strikes in July exceeding new ones in June by ninety. The total of 1130 strikes was the highest number for this month since 1971, just before Nixon's freeze. Things were so big that even Archie Bunker was on strike. There were no important decreases in the figures, but two important ones were up. In July nineteen large strikes accounted for 45% of the stoppages. Again, most of these were construction-related, where the workers are on a real offensive. Also, real wages held steady and even increased, instead of falling continuously as they had over the last few years.

The months ahead will see a continued broadening and deepening of the working class offensive. First with the major coal contract in November and then with the turn of those unions which were robbed of their increases three years ago by Phases I and II. These workers are due and overdue for gains and they are ready to fight for them.

# Resolution on the Russian Question

(Last month, an article evaluating Tim Wohlforth's theory of "structural assimilation" was announced for this issue of TRUTH. However, in order to place such a critique in the proper context, it is necessary to first publish an exposition of our own views. Therefore, we have decided to postpone the Wohlforth article until our next issue and to publish in this issue our group's basic document on the Russian Question, "In Defense of October," the resolution presented by the Soviet Defensist Minority of the Revolutionary Socialist League Political Committee to the Central Committee of that organization. At that same April meeting this CC expelled our minority.)

In addition, the publication of this article serves to complement the analysis in the last centerfold of our newspaper, which dealt with the evolution of our tendency within the RSL. This is especially so because in the September issue of the RSL's TORCH, that group published a statement on our expulsion -- only five months late! -- which included, in its hysterical distortion of reality, an attack on this document as being "hurriedly concocted" to cover our "entrism clique." We leave it to the working-class and socialist movement to decide just what is "hurriedly concocted" -- and why. THE EDITORIAL BOARD)

And so the Russian Question is with us once again. In it are involved all the fundamental questions of our program: the reality of socialist revolution, the character of the epoch, the nature of capitalism, the importance of the party and the scientific truth of the communist future of the human race. Without a correct understanding of the fundamental nature of the Russian Question and the complex interrelations of all the questions that find their concrete expression in it, no revolutionary tendency can expect to survive.

## THE WORKERS STATE

To begin with, before we can determine whether or not the Soviet Union remains a workers' state, however degenerated, eroded, or abraded, we must first determine what a workers' state is, how it functions and what its internal laws are.

The workers' state is a synonym for the dictatorship of the proletariat; that is, a state which represents the proletariat as the ruling class. This is possible only when the proletariat has expropriated the bourgeoisie from its control of the wealth of society and has installed itself as the controller, through its state, through its dictatorship, of the means of production. This takes the form of the institution of proletarian relations of production to replace capitalist relations of production. The new production relations consist fundamentally of the nationalization of the means of production, the monopoly of foreign trade and, what flows from them, an economic plan.

These new relations of production express most clearly the increasingly socialized nature of production. Socialism is made possible by the development of the material forces of production. These new relations of production reflect and are peculiarly appropriate to the given level of the growth of the productive forces. They reflect the inability of the old complex of production-relations, capitalism, to any longer be progressive. Thus, what Engels was saying about bourgeois nationalizations speaks in fact for the Soviet Defensist viewpoint. These nationalizations and other steps were not, in Engels' view, reflective of the strength of capitalism, as the state-capitalist theory has it, but of its increasingly outmoded character. In his words: "The rebellion of the productive forces, as they grow more and more powerful, AGAINST THEIR QUALITY AS CAPITAL, this stronger and stronger demand that their social character shall be recognized, forces the capitalist class itself to treat them more and more as

productive forces, so far as that is possible under capitalist conditions." (SOCIALISM: UTOPIAN AND SCIENTIFIC, p. 65; Emphasis added.) The workers' state reflects no partial concession to the outmodedness of capitalist property relations, but is precisely the negation of these property relations--establishing in full what could only be distorted under capitalism. The workers' state and the new relations of production constitute exactly, in regard to the forces of production, what Engels said was demanded: "...PRACTICAL RECOGNITION OF THEIR CHARACTER AS SOCIAL PRODUCTIVE FORCES," (LOC. CIT.)

Further, as Marx points out, this development of capitalism towards greater and greater centralization leads to the socialist revolution: "This expropriation of the capitalists is accomplished by the action of the immanent laws of capitalist production itself, by the centralization of capital... The monopoly of capital becomes a fetter on the mode of production... centralization of the means of production and socialization of labor at last reach a point where they become incompatible with the capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated." (CAPITAL, Vol. I, p. 763.)

We see, therefore, that the state monopoly on foreign trade, the nationalization of the means of production, the plan, the statization of the credit and banking system are not mere forms, which "turn into their opposite" depending on who controls the state, but are the suitable expressions of the economic content of the proletarian state.

And this economic content, these relations of production, express themselves in terms of law, just as those of capitalism do. Preobrazhensky, the major economist of the Left Opposition, in his book THE NEW ECONOMICS, calls this law "the law of preliminary (or primitive) socialist accumulation." This law expresses in the clearest way the dynamic of the workers' state and its production relations towards socialism. "Reproduction on an expanded scale of these relations [collective production] demands above all the accumulation of the material resources for this reproduction. This is a question of self-preservation for the system. It... conditions a different distribution of labor from that which is formed under the free working of the law of value." (Preobrazhensky, THE NEW ECONOMICS, p. 25.)

This is the key to understanding why a workers' state's policy cannot coexist with capitalism, why its planned economy serves a totally different function than that of capitalism. As Preobrazhensky pointed out: "Suppose that commodity-capitalist relations were to prevail in our economy, which in politics would inevitably mean a liquidation of the dictatorship of the proletariat and... free development for... the law of value. The distribution of social labor and means of production would then take shape... in the rearrangement that would best of all spontaneously reproduce capitalist-commodity relations." (IBID., pp. 64-65.)

In the bluntest terms this is expressed by Preobrazhensky: "In socializing large-scale production the proletarian state by that very act changes from the start the system of ownership of the means of production; it adapts the system of ownership to its future steps in the matter of socialist reconstruction of the whole economy." (IBID., pp. 80-81) Thus he also speaks of nationalization of industry as "the first act of socialist accumulation."

But, unfortunately, the law of preliminary socialist accumulation is not the only law that operates in the Soviet Union. Precisely because the development of the productive forces has not reached the level necessary for socialism, which is after all the reason for the necessity of preliminary socialist accumulation, commodity production cannot die out. Therefore, the law of value also functions in the workers' state. This conflict between the law of value and the law of preliminary socialist accumulation is what gives the workers' state its character as a transitional economy, what Preobrazhensky called a "commodity-socialist system of economy."

## EITHER CAPITALISM OR SOCIALISM?

Herein is expressed a fundamental problem for the state-capitalist theory--its inability to understand the difference between socialism and the workers' state. This difficulty is the root of all the mistaken "evidence" that allegedly "proves"

that the Soviet Union is capitalist. Thus, because there are wages instead of labor certificates, because the bureaucrats "cannot escape the law of value" (And who could? Not the Bolsheviks and not we, for certain. The law of value is not some ordinance passed by the Dutch Republic, but is, as Preobrazhensky put it: "The spontaneous regulator under the commodity and commodity-capitalist system of production, that is the historically-transient form assumed in exchange society by the regulation of the economy by labor-expenditure." (IBID., p. 95), that the production of the means of production exceeds production of the means of consumption, or even, that there are bosses and workers in the USSR, what exists in the Soviet Union is capitalism--because it sure isn't socialism.

This profundity illustrates the theoretical backwardness of the state-capitalist theory. The actual nature of the proletarian dictatorship, its economic content, diverges rather sharply from the anticipations of the great Marxists on this question. It is clear from THE STATE AND REVOLUTION and THE CRITIQUE OF THE GOtha PROGRAMME that Lenin and Marx expected that the dictatorship as a political form would at least roughly overlap with "the lower stage of communism," that is, socialism. Thus Lenin speaks of the "mere conversion of the means of production into the common property of the whole society (\*Socialism\* in the generally accepted sense of the word)..." (STATE AND REVOLUTION, p. 77) This was not a monstrous error. It was simply an anticipation of the revolution's not being confined to one backward, isolated, peasant country, but rather of its being sustained almost immediately or, in the case of Marx, following upon the revolutions in the advanced countries. Thus, it is not a question of revision in definitions, but of a revision in timing. Had the European Revolution followed closely upon the Russian Revolution, then the question of the nature of the transitional economy as distinct from socialism might never have had to be posed along with that of the existence of the law of preliminary socialist accumulation. Instead the reality turned out differently. The "bourgeois norms of distribution" and the "bourgeois state without the bourgeoisie" approximated capitalism even more closely than was originally expected. Thus Lenin could speak, in "Five Years of the Russian Revolution," of how the old state apparatus, "down below," foiled the plans of the Bolsheviks at "the top;" that the apparatus itself almost completely represented the OLD order.

The reality had turned out differently and the Marxists have adapted their theories to it. So Lenin wrote, two years after STATE AND REVOLUTION, in "Economics and Politics in the Era of the Dictatorship of the Proletariat," that: "...there can be no doubt that between capitalism and communism there lies a definite period of transition. It cannot but combine the features and properties of both these forms of economy." (QUESTIONS OF THE SOCIALIST ORGANIZATION OF THE ECONOMY, p. 228) Further, he speaks of "the necessity for a whole historical era distinguished by these transitional features." (LOC. CIT.) This brief article is not only a PRACTICAL correction of STATE AND REVOLUTION, but shows that Lenin, in contrast to the myths of the state-capitalist theory, was in full accord with Preobrazhensky, Trotsky and the rest of the Left Opposition in regard to the fundamental nature of the Soviet economy.

This conflict between the law of value and the law of preliminary socialist accumulation forms the basis for the political evolution of the workers' state, for the answer to the question--"towards capitalism or socialism?" As Preobrazhensky explained: "The only thing that can be regarded as a unity is each definite RESULTANT of the two contending forces." (IBID., p. 64). This is what the history, fundamentally, of the last fifty years of the Russian Revolution has been.

## "THE REVOLUTION BETRAYED"

The backwardness and isolation of the Soviet Union--the gift of capitalism in its past influence; the devastation wrought by civil war and the crushing of the revolutionary wave after the First World War--gave an unavoidable weight to the law of value. Petty-commodity production and the necessary adaptation of the Soviet economy, if it were to survive, to the world market, created an increasingly broad base for capitalist tendencies to reassert themselves in the Soviet Union.

In the face of this backwardness, in the face of the premature attempt under War Communism to abrogate the law of value, the workers' state had to retreat--to make concessions to the law of value. The establishment of the NEP was precisely an expression of the conflict between the law of value and the law of preliminary socialist accumulation--resolved in this case in the favor of capitalism. Naturally, this setback for the planning principle resulted in exactly those type of economic relations appropriate to "traditional" capitalism--the market, private ownership of the means of production, class differentiation among the peasantry. This confirms, from the other direction, the law of preliminary socialist accumulation's immanently collectivist character.

On the basis of the development of these capitalist tendencies in the country, the Bukharinist wing of the party came under their influence. Bukharin had been the greatest advocate of War Communism, of the immediate transition to socialism, of socialist norms of distribution, of revolutionary war--in sum, of a PARODY of the Permanent Revolution. When the reality clearly did not correspond to this schema, he capitulated to the seeming permanence of this reality and advocated "riding into socialism on a peasant nag." But the "peasant nag" is not a beast socialistically inclined. The growth of the NEPmen, the kulaks (those peasants who had followed Bukharin's adjuration to enrich themselves), was an overhead cost on the retreat necessary to keep the workers' state alive. As long as the law of value was utilized to PREPARE the triumph of the opposing law, the NEP was correct. Increasingly however, the overhead was beginning to cancel out the advantages of the NEP. To the extent that Bukharin represented the interests of this latent bourgeoisie, he represented a capitalist tendency in the party. In addition, since this social layer was restricted in its growth by the existence of the proletarian relations, its drive was increasingly towards the overthrow of the workers' state. In this sense, it became a material base for world imperialism and for a capitalist restoration. The Bukharinists thus represented world imperialism in the party as well. It is not surprising that they denied the existence of the law of preliminary socialist accumulation and fought against tendencies which would strengthen it.

The similarities between the state-capitalist theory and the views of Bukharin--in both their ultraleftist "impossibilism" and in their rejection of the actual dynamic of socialist construction, we note here only in passing. Thus, until just recently, it was stated that the Bukharinists did not represent capitalism and that the Left Opposition should have formed a bloc with them against the REAL capitalists--the Stalinists. This policy, one of alliance with a bourgeois tendency, still is advocated by those who have not heard better.

On another front, the law of value found its expression in the bureaucracy, the Stalinists. Under conditions of "generalized want," this bureaucracy performed the function of "gendarme"--allocating available goods and raking-off a good part of the take for its own consumption. As Trotsky pointed out, the bureaucracy's material base was the BACKWARDNESS OF THE WORKERS' STATE. This unity is unbreakable. The bureaucracy's narrow interests shun the extension of the revolution internally or internationally. "Socialism in one country," that is, a distorted nationalistic development, is its natural and ultimately, only, program. At the same time, however, its existence is completely tied up with that of the workers' state--the relationship of the parasite to the host. And just as with this phenomenon, it fattens on its life while preparing its death.

Thus, both the Stalinists and the Bukharinists opposed the program of industrialization, of struggle against the capitalist tendencies in society. Any step in the collectivist direction, towards the triumph of the law of preliminary socialist accumulation, must mean a reduction in the strength of the material base for their existence. But since they represented the old society, the workings of the law of value, in different ways, their "unity" was only temporary and led ultimately to the most bitter conflict.

The policy of the Left Opposition was for a rounded economic development, an

economic plan for the rapid industrialization of the economy and for certain agricultural transformations that would accompany this. This plan, however, was not conceived merely as a "good idea." It was the policy, advocated domestically by the proletarian wing of the party, which would enable the workers' state to survive most easily until the international complement of the Bolshevik-Leninist program--revolution in the advanced countries--could relieve the vanguard country of its burden. And it was in connection with this program (which the state-capitalists claim to support), and basically as its theoretical underpinning, that Preobrazhensky developed the idea of the law of preliminary socialist accumulation. The acceptance of the validity of this law, because of certain assumptions that it makes about the transitional regime, about the socialist tendencies in its economy, and about the specifically proletarian character of the relations of production, is inseparable from agreement with the Left Opposition's program. There is no way to sentimentally favor the Trotskyists and at the same time to reject their theory.

#### THE REAL CAPITALISTS?

Nonetheless, the Stalinists did carry out industrialization, and smashed both the Bukharinists and the Trotskyists. This "fact" is supposed to prove that the Stalinists actually constituted a new capitalist ruling class which based itself on state ownership of the means of production. The relations of production are only FORMS which can be filled with any content--new bottles for old wine. And thus, since the Left Opposition did not warn against this, it, and Trotsky in particular, are responsible for the fate of the Russian proletariat, the world revolution and the capitulators. The fact that this idea originates in the camp of deserters from our movement, as do so many of the "breakthroughs" of the theory, illustrates the fundamentally anti-Trotskyist character of the theory of state-capitalism and the dangers posed to us by the continued influence of the eclectic rehash of revisionist ideas over the last half-century which is represented as a "theory" by the leadership of the majority bloc.

What actually happened was that, consequent upon the failure of the world revolution to eventuate, particularly in Germany and China, the law of value found its political expression in the defeat of the Left Opposition. Seemingly, the Bukharinists were in the saddle. But it was not so. The October Revolution yet had vitality.

Shortly after the final crushing of the Left Opposition, the kulaks staged what was embryonically an attempt at social revolution--they refused to sell grain to the state. This attempt represented the conjuncture of the bold self-confidence of the kulaks internally after years of NEP and of the pressure of world imperialism, now facing a world economic crisis. Through the kulaks' attempt to starve out the workers' state reconquest of the USSR was posed.

The Stalinists had prepared this whole situation. It was their act that had permitted Bukharin to carry out his triumph. They had broken the cadres most devoted to the revolution, reduced them to the status of criminals. They had placed the workers' state on the chopping block of capital. This shows the basic nature of the Stalinist bureaucracy--its personification of the old society and the law of value--as a fundamentally pro-capitalist layer.

Nonetheless, the bureaucracy's further existence was inconceivable without the continued existence of the Soviet Union. Similarly, the trade union bureaucracy cannot exist without the trade unions. The Social Democrats can offer collaboration to Hitler until the very end, but when the trade unions are smashed so are the bureaucrats. The inability of the state-capitalist theory to see the Stalinists as a labor bureaucracy is tied directly to the fact that a significant number of state-capitalist tendencies have regarded the trade unions, too, as capitalist institutions and have rejected them in favor of "new forms of organization."

Thus the Stalinists were forced, empirically and hurriedly, to implement not only the Left Opposition's goals in regard to industry and agriculture, but ludicrously excessive growth rates and the liquidation of the kulaks as a class, together with the crushing of the Bukharinists as the political expression of the counterrevolution in the party. Because industrialization and collectivization were in harmony with the law of preliminary socialist accumulation, it meant that their implementation imparted a distinctly anti-capitalist dynamic to the economic structure of the USSR. It meant a setback for the law of value and the removal of the material base for capitalist restoration. Thus, objectively, regardless of the desire of the bureaucracy to protect its own privileges, the USSR was preserved and took a step away from capitalism.

But the economic chaos which accompanied the Stalinist turn, particularly the assault on the living standards of the working class and the destruction of agriculture, weakened the Soviet Union immensely and does to this day. We are thus hardly required to say "yes, yes; progressive," pure and simple, to a policy which had disastrous roots and nearly disastrous consequences, because, almost accidentally, the USSR was preserved.

Similarly, the Stalinists' course internationally put the workers' state in the greatest danger. These actions are well known and flow from the bureaucracy's knowledge that world revolution spells its doom. But the results of this narrow policy -- the betrayal in Germany -- compels the bureaucracy, now faced with a super-Wrangel, to defend itself by siding with democratic imperialism. This is what lies behind the Moscow Trials, the Stalin Constitution, the policy in Spain -- to prove to the capitalists how non-revolutionary the USSR is (and simultaneously to behave the discontent arising in the USSR). But this policy in fact makes fascism stronger -- as is clearest from the wiping out of the staff of the Red Army and the strength Hitler gained from Franco's victory. This leads to the Stalin-Hitler pact (which has as one of its sidelights the structural assimilation of the Balkan states and Eastern Poland, purely for reasons of bureaucratic self-preservation) which again leads nearly to the ruin of the Soviet Union.

The vacillations are clear and explainable as being purely self-preservation instincts (which, moreover, owe their necessity to the policy of the bureaucracy in the first place), but the overall tendency is clear -- the retardation of socialist progress and the continuous and intensified imperiling of the very existence of the USSR. The bureaucracy, leeching off the great oak of October, must eventually topple it to the ground. The parasite must be cut out, the organism restored to health and set on the course of increasing development.

#### WHAT WE WISH TO DEFEND AND HOW WE WISH TO DEFEND IT

This understanding of the laws of the transitional economy, of the degeneration of the Russian Revolution and of the nature and growth of the bureaucratic caste, provides us with two programmatic points that remain a sealed book to supporters of the state capitalist theory -- defense of the Soviet Union and political revolution.

What we are defending in the Soviet Union is its character as a step toward socialism, as a partial negation of commodity production. This character is expressed in the relations of production established by the October Revolution and the economic law which expresses their dynamic. For us, nationalization, the plan, the monopoly on foreign trade are not CRITERIA for the workers' state; they are, as Morris Stein put it, in speaking against the Pabloite views of Hansen and Cochran in 1949 on the SWP PC, ALL THAT IS LEFT OF THE WORKERS' STATE. But as long as they are preserved, capitalism and its laws of motion cannot triumph -- they are incompatible.

Furthermore, as Trotsky points out: "The defense of the USSR is related to the world socialist revolution as a tactical task is related to a strategic one." (IN DEFENSE OF MARXISM, pp. 17-18) The October Revolution signaled that the epoch of socialist revolution had come. The USSR still represents, in a degraded form, this reality. Imperialism is deprived of GREAT sources of wealth by expropriations carried out in the Stalinist states. The reconquest of the workers' states would not be merely a "political revolution", capitalist variety, but would represent a definitive triumph of capitalism over socialism for this whole historical period. And this is in no way a moral judgement. The opening up of Eastern Europe, China, and the USSR to capitalist plunder and imperialist exploitation would result, not in a mere rearrangement of ownership, but in a new boom which would be unprecedented in capitalism's history, a boom not of an artificial character, but one based on the accumulation of real values, one which would give imperialism a complete new lease on life. This would mean the impossibility of socialist revolution for a whole new epoch. It would simply be off the agenda

as a material possibility. The Russian Revolution would then appear as no more than a new Commune -- a gallant gesture from which we can learn much, but historically premature. Defeatism in regard to the USSR means the abandonment of socialist revolution in our time. This shows in the clearest way that the state-capitalist theory ignores and denies the revolutionary character of this epoch.

#### DESPITE STALIN, AGAINST STALIN

The greatest peril to the preservation of the relations of production established by October was and remains the Soviet bureaucracy. FUNDAMENTALLY, these relations can be preserved only by being expanded on an international basis through the socialist revolution and the breaking up of the national boundaries, a new international division of labor; and, on a national basis, by the conscious allocation of resources in accord with the dynamic law of the workers' state. The bureaucracy as a nationalist phenomenon which feeds on backwardness, as we have outlined above, stands in contradiction to both these requirements. Thus it represents the greatest menace to the preservation of the proletarian regime. And this is no logical schema. The manner in which it carried out collectivization and industrialization, the beheading of the Red Army on the eve of World War II, the betrayals of the international revolution, the creation of a backward layer in the working class and in society at large which looks to "democracy" for salvation from "Communism," have all posed the destruction of the USSR. This is clearest, for example, in regard to the capitulation to the Nazis. This character of the bureaucracy, not merely as an objectively anti-proletarian layer, but as one which poses imminently the destruction of the Soviet state, means the task of its removal is not merely one of a gradual process of erosion of its privileges and reactionary ways -- since this is impossible as long as it rules -- but of its SURGICAL REMOVAL from the economic body of the workers' state. In political terms, this revolution, since it involves only the superstructural excretion of the workers' state and serves in fact to bring the superstructure into harmony with the base, we call POLITICAL and not social. As Marx pointed out: "Every revolution dissolves the old society and in so far as it does this it is social. Every revolution overthrows the old power and in so far as it does this it is political." (Mehring, KARL MARX, p. 83) Thus, it is clear that not only is a political revolution theoretically conceivable, but that its content has been understood for a long time. To "overthrow the old power" and NOT "dissolve the old society" is precisely what we are after.

In fact, because of our understanding of the bureaucracy as a force which poses the greatest peril to the workers' state, the political revolution becomes the greatest means, not only for making progress towards socialism in general, but even for making that progress possible. Without it, the Soviet Union will not survive. It is the best means, despite the seeming contradiction, of defending the USSR. We are for, as Trotsky put it, illustrating the relationship between preservation of the base and overturn of the superstructure, the defense of the USSR -- "despite and against Stalinism." The two form an indivisible whole.

Our program for the political revolution, which some think is a program for social revolution with a wrong nametag attached, is exactly appropriate for the tasks WE are posing. It is not appropriate for the tasks posed by defeatists. That is why Carter and Burnham opposed the slogan: "drive the bureaucracy and the new aristocracy out of the Soviets." That is why James could write: "the programme of political democracy does no more than reintroduce the arena for the reintroduction of a new bureaucracy when the old one is driven out." (STATE CAPITALISM AND WORLD REVOLUTION, p. 49) These rejections of the Transitional Program's approach are logical consequences of the class basis of each tendency. Those who so lightly dismiss the political revolution -- in content or in name -- would do well to consider their antecedents.

Naturally, this political revolution applies equally to those states which owe their existence and character to the hegemonic influence of the USSR and to the internal dynamic which governs it.

#### HAS TROTSKY'S PREDICTION REVEALED A FUNDAMENTAL ERROR?

The killer to the Soviet Defensist theory is supposed to be the expansion of Stalinism after World War II. Far from damaging our perspective, however, these developments, and the economic dynamic on the basis of which they developed, confirm and vindicate our point of view.

We are told that because the USSR survived the war its bureaucracy must be granted the stability of a class, in contradiction to Trotsky's prediction that because the bureaucracy was historically unviable, it would fall -- either through revolution or counterrevolution.

But this prediction was based on and included the prediction that capitalism too would be overturned. The fate of the bureaucracy ran parallel to that of imperialism. Only the revisionists -- James, Cliff, Shachtman, and inversely, the Pabloites -- have drawn the conclusion that the incorrect prediction on the fate of capitalism invalidates the basic conceptions of Trotsky in regard to the epoch. Both predictions counted on what must be counted on -- the revolutionary party. Its absence permitted the betrayals of the revolutionary upsurge after World War II. On this basis capitalism consolidated itself. Similarly, the economic reconstruction of the USSR -- the "red phoenix" -- provided a means of lessening social tensions in the USSR. Just as in the west, the political and economic bases for revolution were removed.

This allowed the bureaucracy to escape overturn by the proletariat. Its resistance to the attempts of the bourgeoisie to overthrow it and its base are reflected in the developments in Eastern Europe and Asia in the late 1940's and early 1950's.

In the period immediately following the war the Soviet Union established a "sphere of influence" in Eastern Europe, which by no means resulted in the establishment of either state capitalism or workers' states. What did occur was the recreation of the bourgeois state apparatus and the renewal of capitalist production.

Although there was a significant degree of nationalization and state control in this early period, it was of a purely bourgeois character. Thus, the nationalization decree in Poland, in 1946, actually resulted in a lessening of the amount of production under state control, since it permitted new owners to take over industry previously run on a state basis solely because there WERE no owners -- it had been German or collaborators' property, etc. Thus, the next set of laws in Poland specifically exempted new industries from the provisions of the nationalization law of 1946. This was clearly designed to strengthen bourgeois development. In addition, although the state did control, DE FACTO, a good degree of trade, private trade was not restricted. There were also repeated denials that agriculture would ever be collectivized.

The political premise for this economic view was the theory of People's Democracy (called in other circumstances, New Democracy), a new version of the old Comintern line which Trotsky described: "When the Comintern of the epigones tried to revive the formula buried by history of the 'democratic dictatorship of the proletariat and the peasantry,' it gave to the formula of the 'workers' and peasants' government' a completely different purely 'democratic,' i.e., bourgeois content, COUNTERPOSING it to the dictatorship of the proletariat." This is precisely the policy that the Stalinists followed in Eastern Europe. Thus Gomulka could say, in a rather lucid explanation: "The Polish Workers Party established the conception of the Polish way of development toward socialism. This conception eliminates the necessity of the dictatorship of the proletariat." (Douglas, TRANSITIONAL ECONOMIC SYSTEMS, p. 46) And further: "At the time of the liberation of Poland, state power was simply lying on the street. It was picked up by democracy . . ." (IBID., p. 47)

These facts give us a clearer understanding of what was to happen in Eastern Europe and why it would. Fundamentally, the People's Democracies were popular-front regimes, counting on the "peaceful road to socialism." The fact that from them came deformed workers' states is not at all a matter of logical continuity, but of a decisive break. The Vern-Ryan/RCP theory, that held that these countries became workers' states immediately following the entry of the Red Army, assumes that which cannot be proved. In fact, it can be disproved. Eastern Austria and Finland had exactly the same occupation, nationalizations, looting, etc. and yet today they are both part of the capitalist system. It would seem that workers' states do not depend for their existence on fundamental social transformations, but on the shifting lines of strategic maps. It is a fundamentally reformist theory and it explains why its creators all wound up in the Social Democracy.

CONTINUED ON PAGE 7

# AGAINST THE IMPERIALISTS

# SELF-DETERMINATION ON CYPRUS

By AN OBSERVER

The imperialist fiction of an "independent Cyprus" has blown up under the strains of world capitalist decline. This is the story of the last few months on that island. In the aftermath of that explosion it is clear that the only correct policy for socialists to advance -- both to thwart the schemes of the capitalists and to move forward the struggle of the peoples of Cyprus -- is to call for the right of national self-determination (whether by separation, federation with each other, or with the two major "homelands" concerned) for the Greek and, especially, for the oppressed Turkish Cypriots.

## HISTORY AND SIGNIFICANCE

The island of Cyprus has historically been Greek. The ties to Greece were ancient and permanent; the residents of the island considered themselves as Greek as any mainland. But as the Turks advanced on the remnants of the Byzantine Empire, culminating in the capture of Constantinople (now Istanbul), many Greek areas fell under Turkish sway. Among them was Cyprus. The only significant change on Cyprus was that a small number of Turks, mostly poor peasants and craftsmen today, settled there.

But the Ottoman Empire grew old; the "sick man of Europe" it was called. And when it could no longer take care of itself greater powers came and nibbled off its possessions. Thus British imperialism took Cyprus away, not because of the island's wealth but because of its location. It controls the whole Eastern half of the Mediterranean, the access to the strategic straits that lead into the Black Sea (the Bosphorus and the Dardanelles), the coastline of Palestine and Syria and thus, access to the Middle East, and, especially, it controls the access to the Suez Canal and Egypt, the gateway to the East and a trade and military site of tremendous importance, particularly for imperialist Britain in the days when it "ruled the waves."

On Cyprus, Britain followed its traditional policy of "divide and rule," just as in India it set Moslems and Hindus at each other and, in Ireland, Catholics and Protestants. In each case tensions were exacerbated and hatreds were artificially inflamed or even totally made up in order to insure continued imperialist rule. On Cyprus, the Turks and Greeks were used in this way.

## "INDEPENDENT" CYPRUS

After World War II, mass movements for independence from Britain sprang up all over the world, as part of a general colonial revolt. Not in the first wave of this movement, but only much later, after the Greek Revolution had been betrayed by the Stalinists and had been defeated by US and British imperialism, did such a movement develop on Cyprus. This movement, called EOKA, did not have even the left-wing rhetoric of other nationalist movements. It was openly reactionary, favoring union with reactionary Greece ("enosis"), and was overtly racist and oppressive towards the Turkish minority. This movement, which represented the prosperous Greek section of the population, was headed by General Grivas, a notorious right-winger, and Archbishop Makarios, of that bulwark of liberty, the Greek Orthodox Church. After a long and bloody guerrilla war, the British made a deal with Makarios and pulled out. In many ways this result is similar to the Zionist victory in Palestine, another former British possession, or to the "Free State" agreement in Ireland.

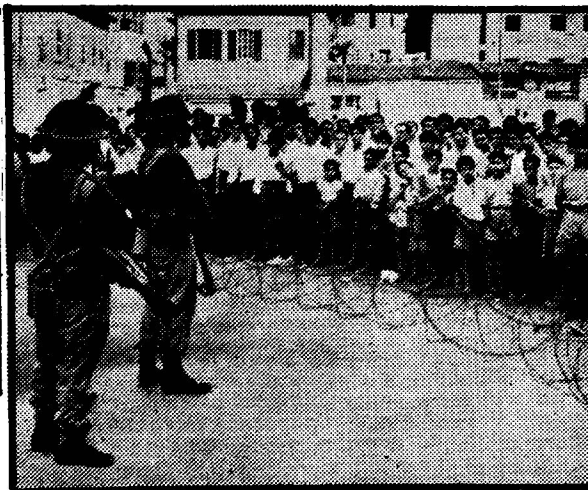
The deal the British made with Makarios was the origin of the "independent Cyprus" fraud. This policy was designed to insure, while Cyprus could not unite with Greece since this would infuriate Turkey and perhaps ruin the situation in NATO, that Greek dominance and



MAKARIOS AND KISSINGER SMILE -- THEN



STRATEGIC LOCATION



BRITISH TROOPS DURING CIVIL WAR

oppression over the Turkish minority would be assured. Primarily this would ensure the continued maintenance of strategic British bases, facilities for the US fleet, etc. And, as a pledge of the continued devotion of the imperialists, the "truce" between Turks and Greeks would be maintained by troops of the UN, thus symbolically representing the world imperialists.

Thus, even the national rights of the Greeks, who wished to unite with their "motherland," and more particularly those of the Turks, were cynically bargained away in the interests of the major powers. And Turkey and Greece, in order to prove their loyalty to imperialism, and to maintain the "crucial" NATO pact, were perfectly willing to let their compatriots on Cyprus rot. This is especially true of the Turkish government, since the Greeks were at least running things.

At any rate, for a long time things went along. The formal rights of the Turks were increasingly eroded in practice and the Greek majority increasingly had things its own way. Nonetheless, the promises Makarios had made about EVENTUALLY uniting with Greece faded further and further into the background. This was because the interests of NATO still demanded this formal independence and because Makarios had fashioned himself a semi-Bonapartist regime which suited him very nicely. In response to this "betrayal," Grivas returned from Greece and organized EOKA-B, a hard-core right-wing, pro-junta group which waged guerrilla warfare against Makarios.

Because of Makarios' fantasies of "independence," he had taken to acting like a "nonaligned" leader, taking aid and making deals with anyone, including Stalinists, who would give him something in return. For his wheeling-and-dealing ways he earned the rather comic title of the "Castro of the Mediterranean." Nonetheless, the US and Britain were worried about the future of their bases on Cyprus and about Makarios' attitude to the Russian fleet, newly operating in the Mediterranean. What if they should be replaced by the Russians? What a menace! Thus, when the Greek junta started making noises about doing something to support its cointerthinkers on Cyprus, the imperialists thought that was not a bad idea -- get rid of Makarios, replace him with the reliable junta, assuage the junta, and keep those bases in their own hands and out of those of the Russians.

And of course the Turks wouldn't interfere.

## TURKISH INVASION

But the Turks did interfere. A "leftist" government, anxious to demonstrate to the Turkish workers and peasants its concern for their Cypriot brethren by fighting against "reaction" (the junta) and even against "imperialism," invaded the island and quickly wiped up the junta's stooges. The invasion was also designed to deal a blow against the ancient Greek enemy and to prove to American imperialism who was really reliable on the Southern Front of NATO. The Turks' army, one of the best for its size in the world, demonstrated its strength and utility to the Americans by reducing the boastful Greek generals to whining crybabies.

The coup and the invasion revealed

a great deal. First, it showed how Makarios represented nothing in actuality, that his power was based only on a balancing act between Turks and Greeks, minor powers and imperialism, and that when one of the props was removed he could no longer stand. In addition, the Turkish invasion completely smashed the fantasies and bluster of the junta. As a direct result of their coup in Cyprus, which precipitated the invasion, the junta was dismissed by the Greek capitalists and "democracy" was reinstalled. (Of course, this also left "democracy" holding the bag.) And finally, the Cyprus events caused the mild official US "tilt" towards Turkey. This was because Greece had shown its military incompetence, because of the necessity to maintain the Cyprus bases (which now meant bargaining with Turkey) and also to demonstrate to "democratic" Greece that it was not so satisfactory to the Americans as was the junta.

But most of all these events illustrated the completely farcical nature of the "independent" Cyprus scheme of the imperialists. The inability of Makarios to do anything demonstrated the lack of support for this scheme. Inversely, the open warfare between Greeks and Turks, the warm welcome extended to the Turkish army by the Cypriot Turks, when taken together with the long and openly expressed desire for "enosis" on the part of the Greeks, showed that there was only one slogan possible for that country. Both minorities must be allowed to separate, to choose their own form of government, and their own ways of relating to each other and to Greece and Turkey. To support an "independent" Cyprus means to capitulate to the plans of the imperialists, it means to doom the Turkish population to oppression and it means to divert the anger of the Greek and Turkish masses, on and off Cyprus, away from imperialism, the real enemy, and into the deadly channels of hysterical national chauvinism which can again only play into the hands of capitalism.

## GREEK CHAUVINISM

Supporting the right to Turkish Cypriot self-determination will be a real test for Greek parties, as well as for groups which exist in Britain and the US, where a relatively large Greek population lives. It is only by standing firmly against the fanatic chauvinism now rampant among Greeks (although, especially in Greece itself, it is mixed with anti-imperialist sentiments), and by pointing out that the call for an "independent" Cyprus means only the continuation of the capitulationist policies of the Greek capitalist class towards imperialism and of the presence of imperialism itself in the Mediterranean, that the Greek proletariat can be broken from its own ruling class. In this context, the call for Greek self-determination, as a subordinate slogan, can serve to sharpen the exposure of the Greek bourgeoisie, since it will oppose this demand in its eagerness to meet imperialism's desires for a "unified" Cyprus. To do anything else means to capitulate to those racists who call Turks "Anatolian apes," and to prepare, not the triumph of the working class, but the triumph of the Greek right wing and of EOKA-C, already preparing reactionary terror on Cyprus.

## THE SLOGAN AND THE TURKS

Nor can Turkish capitalism accept the slogan of Turkish Cypriot self-determination. Revolutionaries in Turkey must expose the plans of the Turkish bourgeoisie to come to an imperialist settlement (which will ensure a better deal for Turkish capitalism and the continued role of imperialism on Cyprus and in NATO etc.) over the heads of the Turkish Cypriots. Sharp questions can be posed to the workers and peasants of Turkey about the long-standing connivance of Turkey in the suppression of the Turkish Cypriots through the "independent Cyprus" shell game. The presence of the Turkish army on Cyprus can itself be turned against the ruling class. What will the attitudes of the Turkish soldiers, who believe they are liberating their countrymen, be when they see the situation in which Turkish capitalism has left their kinsmen and when they see the way in which the Turkish government treats, in its political dealings and in its everyday actions, those whom it is allegedly "saving?" The aspirations and illusions of the Turkish masses and soldiers can be used against Turkish capitalism. In the present situation the call for workers' control of the army, for the election of officers, for the participation of the Turkish Cypriots in the events which determine their fate, can have a deeply disintegrating effect on the ability of Turkish capitalism to carry out its plans.

## PERMANENT REVOLUTION

In no way, however, does the slogan of self-determination mean only a formal procedural change. This policy can be carried out only in the perspective of the socialist revolution. The Turkish Cypriots, the Greeks and Greek Cypriots, the Turkish people, can gain these "democratic" and "national" objectives only through a resolute struggle against national capitalism and imperialism, in whose interests the present situation was created. This is the program of the Permanent Revolution made real.

Consequently, our policy stands counterposed to that of Stalinism. The role of the Soviet Union, and of the Communist parties which carry out its wishes, has been to make deals with imperialism, to support Makarios, the Turkish government, even the new conservative Caramanlis government in Greece, anyone in fact, who might be willing to aid the Soviet Union's purely military-strategic goals in the Mediterranean. In the past and today, this policy has meant the subordination of the interests of the oppressed and workers to the desires of the capitalist rulers with whom the Kremlin sought an accommodation. The Stalinists will be exposed only by our policy.

The REAL unity of the Turkish and Greek Cypriots, and of all the peoples who live on the shores of the Mediterranean, is possible only on the basis of EQUALITY, not by a phony "unification" imposed from the outside by the oppressors. Cyprus should be only the first step towards the ultimate defeat of imperialism in this area and only the first step towards the socialist unification of the whole region.

## ... NOW ON THE PROLETARIAT, NOW ON THE BOURGEOISIE

In fact, what existed in Eastern Europe after the war was analogous to the Menshevik regime between February and October. The proletarian institutions (soviets, Red Army) are propping up a bourgeois regime. Making the connection with the democratic dictatorship once again, we can see the point that Lenin was making when he said that the democratic dictatorship was realized to the extent that it could be under the dual power. This is the kind of popular front regime, as under the Mensheviks, that existed in the People's Democracy version of the democratic dictatorship. These regimes represented the dual power -- the native bourgeoisie and world imperialism on the one hand and the USSR and its economic structure on the other. This could not continue indefinitely.

After the capitalists had settled accounts with the western workers, they turned their attention once again to the East. Point-4, the Marshall Plan, the IMF, were all aimed at penetrating the "buffer states" and turning them into points of attack on the USSR. Once again, the same situation arose as with the kulaks. In order to preserve themselves from a situation which they had created, the survival of capitalism, the bureaucrats are forced, willy-nilly, to establish relations of production which are incompatible with the existence of a threat to the workers' state -- on the survival of which hung their survival. This introduction of new relations of production, proletarian intrinsically, LAWFULLY, as we have demonstrated, transforms the superstructure. The society now functions in a different way, its resources allocated not according to the law of value, but according to the law of preliminary socialist accumulation.

The Stalinists, unlike the Mensheviks, can transform the relations of production and hence the state, because their function is as a bureaucracy on an economic system which has certain laws, laws which function independently of their will, just as the law of value functions independently of the will of the capitalists. These "Mensheviks in power" do make the social revolution -- but to the minimum extent possible. It is not the way which results in any general progress for the proletariat or in any real motion towards socialism. It is only as one isolated action, as part of an overall REACTIONARY perspective, that the word PROGRESSIVE can be used. Similarly, the Lewis wing of the bureaucracy stepped in and organized industrial unionism under its control. Is the CIO good or bad, yes or no? No single answer can be given. Certainly, we are for industrial unionism and we fight for its maintenance to the death. Nonetheless, the fact that it was the reactionaries who "led" the creation of the CIO, as it was, meant that it would become what it is today -- one of the greatest barriers to the working class. The CIO was progressive -- but. The social overturns in Eastern Europe were progressive -- but. As Trotsky wrote: "The sovietizing of the Western Ukraine and White Russia (Eastern Poland), like the present attempt to sovietize Finland -- are they not acts of socialist revolution? Yes and no. More no than yes." (WRITINGS 39-40, p. 122) More over, as he pointed out earlier: "It is true that in the occupied regions the Kromelin is proceeding to expropriate the large proprietors. But this is not a revolution by the masses but an administrative reform designed to extend the regime of the USSR into new territories." (IBID., p. 96) A similar analysis is found in the famous passage from IN DEFENSE OF MARXISM where Trotsky states: "This measure, revolutionary in character -- 'the expropriation of the expropriators' -- is in this case achieved in a military-bureaucratic fashion." (p. 18)

## BY MILITARY-BUREAUCRATIC MEANS

Thus, what happened in Eastern Europe and North Korea after 1947 -- "the expropriation of the expropriators," the People's Democracies' becoming the dictatorship of the proletariat in official proclamations, the removal of the old leaders and the substitution of new ones, the introduction of production relations incompatible with capitalism -- does represent social revolution, although of a type we might expect from the degenerated USSR. The question is not the means. The Bolsheviks carried the revolution into Georgia and Poland AGAINST the wishes of the proletariat of those countries. It was still the revolution. To understand otherwise is to sink into middle-class moralism. And, similarly, the joint-stock companies, the looting, etc., represent, by themselves, nothing fundamental. It is necessary to prove first that Russia is capitalist and that these actions are thus "imperialist," not the other way around. Once again, the question of "Stalinism," of "state-capitalism," becomes the Russian Question.

The case is likewise with China, Vietnam, and Cuba.

In China, we have a Stalinist party, once again picking up the power that "was lying on the street" and installing a dual power regime -- New Democracy -- which preserves, explicitly, capitalism. In the midst of an imperialist war (the state-capitalist line on the Korean War is also another sign of its capitulation to western imperialism, just as is Cde. O'Shaughnessy's line on no support to the NLF, which reflects the new emphasis on state-capitalism), faced with the possible invasion of China, the Soviet bureaucrats pushed through a policy designed to eliminate any social base for support to US imperialism -- thus removing the possibility of a capitalist China on their flank. This was facilitated by the devotedly Stalinist CP, which carried out this line implicitly, although these very changes, a new "socialism in one country," would eventually lead to its separation from the domination of the USSR.

A similar situation arises in North Vietnam, but with the addition of the new Chinese influence. South Vietnam will become a deformed workers' state only to the degree that it becomes part of a unified Vietnam. Short of this, the PRG victory will represent nothing but another period of "New Democracy."

In Cuba, the irrelevance of the nature -- Stalinist or not -- of the petty-bourgeois leaderships became clearer. Castro and Co. BECAME Stalinists, just as their economy was transformed to match that of the USSR. Cuba's very survival is inconceivable without the USSR. At each step, as the Soviet Union increasingly replaced the US as the dominant force in Cuba, the relations of production increasingly HAD TO BE transformed to match those of the USSR. The bureaucracy could follow no other course. Otherwise, it would be permitting the development and export of capitalism into its very own infrastructure. Furthermore, it needed an international counterbalance to the offensive undertaken by US imperialism in the same period in Asia, Africa and Latin America. The period of transition between 1959 and 1961 again resembles in the clearest way the "New Democracy/People's Democracy"

type of government.

By way of negative example in proving our case, we have Algeria where a petty-bourgeois leadership -- the FLN -- similar in every way to the 26th of July Movement, took power. Nonetheless, it never transformed anything fundamentally, never proceeded any farther, before the Boumedienne coup, than a "radical" bourgeois nationalism. No one has called Ben Bella's regime either a state-capitalist government or a workers' state. Castro's Cuba became a deformed workers' state through the hegemonic influence of the USSR and the economic law which preserves its proletarian character. Short of this, it would have followed the pattern of Algeria, Ghana, Indonesia, and so on.

In conclusion, all the deformed workers' states owe their existence not to the Red Army, PER SE, or the "revolutionary" petty bourgeoisie, but to the continued existence of the workers' state, to the relations of production, to the economic law, established by the Russian Revolution. Here too, despite everything, "The strangled and desecrated October Revolution served notice that it was still alive."

## TOWARDS CAPITALISM OR SOCIALISM?

The developments in the last quarter century and more do not contradict the Defensist analysis, they instead confirm it at every step.

The boom period internationally gave the degenerated and deformed workers' states a certain timespan and room in which to maneuver that would never have been permitted otherwise. But precisely because their "development" was towards socialism in only the most rudimentary sense -- the minimum necessary to preserve the bureaucracy's social base -- the laws of capitalist production increasingly direct the economy of these states. This is why we find no reduction in nationalism in economic life -- international planning, a new division of labor on a continental scale, the breaking-down of the national boundaries as one more step to the complete abolition of capitalist property relations -- but its intensification. EACH national bureaucracy now had "socialism in one country" and increasingly sought to expand its own economy. This attempt at autarchy blended naturally with the steps necessary to accomplish this into one pattern of pro-capitalist development.

Thus the "break-up of the Stalinist monolith" is not fundamentally progressive, precisely because it reflects progress, not toward socialism but toward capitalism. Tito, Ceausescu, and Co., are paving the way, not for "socialism with a human face," but for capitalism with its old grim visage.

In precisely those countries where the political separation from the Soviet Union has proceeded the farthest, we find the introduction of the "economic reforms" to the greatest degree. These economic policies represent a conscious retreat away from the planning principle, away from the lawful dynamic of the transitional society towards socialism and directly toward the hegemony of the law of value. This must and will lead in its turn to the abolition of the proletarian relations of production. In Yugoslavia, where both the economic and political developments have gone the furthest, the society increasingly resembles "traditional," "shareholding" capitalism.

Two matters appear in a clearer light in regard to the economic reforms.

In the first place, we can see how hollow is the question posed to the Soviet Defensists: what would state capitalism look like if not like the Stalinist states? The reality of the economic evolution of Eastern Europe has posed the answer. Each passing day makes it clearer that the logic of the Stalinist bureaucracy policies is not toward greater and greater statification -- but away from it. The theory of state-capitalism cannot explain how state capitalism each day becomes more and more like traditional capitalism, each day statification weakens, each day the "ruling class" prepares its own demise. What kind of situation is this? The answer to the question is: not like Yugoslavia and Tito, not like Czechoslovakia and Sik, not like the USSR and Liberman. The resemblances of old between the USSR and the statist model were purely formal, and the different dynamic of each, now revealing itself in the clearest way, shows the ludicrousness of the state-capitalist theory.

Secondly, the growth of technocratic and managerial strata, on the basis provided by the economic reforms, enables us to see they way in which capitalist restoration will be posed and the way in which political revolution will concretely present itself.

Increasingly as the economic policies of the regime tend toward capitalist goals, profitability on a plant and national basis, this will direct itself against the working class. It is in the MATERIAL, proto-class, interests of the managers to drive the workers to higher production, to do away with all the restrictions on their ability to do this which are represented by nationalized property and so on. The working class and its institutions must come into conflict with the embryonic capitalists and their needs. Indeed, it already has. This is what lies behind the upsurges in Poland, Yugoslavia, Czechoslovakia, and even in the USSR itself.

Left to itself the managerial stratum cannot overturn the workers' state. But world imperialism, now searching for ways to expand its sources of wealth, can prepare and carry through the capitalist restoration, in which the managerial layer would become a comprador bourgeoisie. In this context, not at all unrealistic, the tasks of political revolution and defense of the workers' state become telescoped. The bureaucrats, whose policies have created the incipient capitalist class, will side with it initially and eventually will prove incapable of opposing it -- and since the forces let loose by such a struggle would destroy them as well -- and must oppose any defense of the proletariat's living standards, and, hence the social structure which represents its interests. Thus the urgency of the removal of the bureaucracy in order to preserve the dictatorship will be posed. As well, the preservation of the workers' state will be posed in terms of its military defense -- to stop the capitalists from aborting the political, precisely to facilitate a new social, revolution. In this context, the task of the international Trotskyist movement becomes one of devoting every energy to opposing the capitalist intervention -- that is, revolutionary defense of the workers' state. This will be its PRACTICAL contribution to the work of the political revolution.

In such a situation, those who persist in viewing the Stalinist states as capitalist will be siding objectively, and in many cases, subjectively, with the policies of world imperialism. We have been asked when the process of degeneration will reach its culmination. That time is soon upon us. The survival, not only of the deformed and degenerated workers' states, but of the proletariat as a revolutionary force is at stake. There will be only two sides -- that of the proletariat and its organizations and that of the bourgeoisie and its agents. Which side will this organization be on?

## ON THE 57th ANNIVERSARY OF THE RUSSIAN REVOLUTION

On October 25, 1917, the workers, soldiers and peasants of Russia, led by the Bolshevik Party, the most revolutionary party in human history, put the socialist revolution on the order of the day throughout the world. The Russian proletariat, through its October Revolution, sounded the death knell for capitalism and made the workers' revolution a living reality for the oppressed masses of the world. Today, on its fifty-seventh anniversary, the memory and reality of the October Revolution remain a fighting inspiration for the class-conscious workers of the world.

By its victory -- the expropriation of the capitalist class and the establishment of the first workers' state -- the October Revolution proved for all time the superiority of nationalized property and planned economy over capitalist private property and anarchy of production.

Over a half-century later these gains survive. They survive despite the desperate attempts of world imperialism to restore capitalism in the USSR. October survives despite the stranglehold of the Stalinist bureaucracy -- the gravediggers of the revolution -- who have isolated the October Revolution and sabotaged proletarian revolution throughout the world.

The vitality of the October Revolution is the living proof that we are in the epoch of the transition from capitalism to socialism. This is confirmed every day by the growing upsurge of the international working class. Proletarian revolution is on the order of the day in the advanced capitalist countries. The offensive on the part of the British working class, the growth of the workers' movement in France, Japan, Italy, the strike wave in the US, will provide for the defense and regeneration of the gains of October.

The proletarian revolution in the West will enable the working class of the Stalinist states to sweep aside the bureaucracy. The greatest fear of the Stalinists is the proletarian revolution, and their immense treachery throughout the world is proof not of the bureaucracy's strength, but of its desperate attempts to forestall its coming doom.

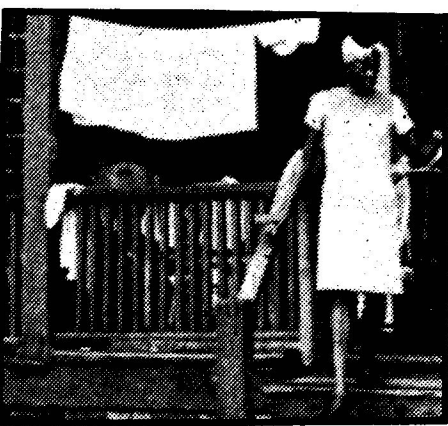
Today we pay tribute to the proletarian fighters of the USSR who sustained and defended the October Revolution in its darkest hours. History has proven those who proclaimed the October Revolution dead to be liars and traitors. The tradition and struggle of Bolshevism survived. As Trotsky wrote:

The Marxist program and the great revolutionary tradition cannot be rooted out by means of police measures. To be sure, in the USSR, the Bolsheviks find it harder to work today than in any other country in the world. Nevertheless, the functioning of the revolutionary mind is not suspended for a single day. If not as a doctrine, then as a mood, as a tradition, as a banner, our tendency has a mass character in the USSR and today it is obviously drawing to itself new and fresh forces. "On the Soviet Section of the Fourth International," WRITINGS, 1935-1936.

The INDESTRUCTIBLE force of Trotskyism, the inheritor of the tradition of October, was again proven in the strikes in the Vorkuta prison camps, in the Polish and Hungarian uprisings in the 50's and in the rebirth of the revolutionary movement in the Stalinist countries today.

In memory of the proletarian defenders of the October Revolution -- past, present, and future -- the banner and program of the Fourth International will lead the world proletariat to victory. Join us in this task.

# IS A DEPRESSION COMING?



By KEVIN TRACEY

The capitalist system now stands on the brink of a world depression far worse than that of the 1930's. The long postwar "boom," which was supposed to deliver a crisis-free economy, has ended in a greater crisis than ever. If the bourgeoisie is allowed to continue its rule, it will plunge the world proletariat into the depths of misery and reduce it to a status below that of its ancestors. Hunger, war and fascism are the alternatives of the capitalists. Socialist revolution must be the answer of the workers.

## CAPITALISM'S ORGANIC PROBLEMS

The capitalist class exists for one purpose: to accumulate capital, money that makes money, in the form of the means of production. Machines and more machines are the only way of making more capital and more machines if the process is not to stop dead in its tracks. But with each new "generation" of machines the profit, the capital, which they produce is a smaller and smaller margin of the investment made in the machinery. Just like Alice in Wonderland, the capitalist system has to run as fast as it can in order to stay in the same place.

This "tendency of the rate of profit to fall" is what lies behind inflation. Prices must continually rise in order to cover the ever-increasing costs of production and still insure a "profit". Thus prices increasingly depart from actual value. This is the CAUSE, not the RESULT, of a fantastic increase in the supply of currency, which, IN TURN, further exacerbates the situation. Besides inflation, this tendency is responsible for every aspect of today's reactionary social system, from the "energy crisis" to imperialist war, and the heightening effect they have on inflation.

Such a process cannot go on endlessly. Periodically, the system breaks down, it "crashes." The pattern of capital investment dictates when these crises will occur. When one generation of machinery is used up and must be replaced, the needs of the bourgeoisie for new capital result in a recession or depression. By destroying value and by cutting production, this gives the most important capitalists the chance to accumulate enough capital, through wiping out weak competitors, and the centralization and concentration that accompanies this, as well as by extorting extra capital from the workers through wage cuts, etc., to start the process all over again. The capitalist system in our time moves "forward" through cannibalization.

In the good old days of capitalism, these breakdowns occurred approximately every ten years. But since World War II and the end of the Great Depression the cycle has been roughly four years long. This is not an indication of "moderation" at all (the reason for the "boom" lies in the postwar investment in a destroyed Europe and Japan, along with the monetary arrangements that were set

up at that time), but of an increase in the pace of the profit rate's tendency to fall. Capitalism's decay is accelerating, not slowing down.

## THE PATTERN OF RECESSION

Thus, even in 1966-67, in the middle of a war "boom", this tendency manifested itself in a sharp decline in the stock market and in other less obvious ways. The fact that this recession was artificially restricted meant only that the next recession would carry a double load. This was true with the 1970 recession, the sharpest since 1958, and the second sharpest since the war. In this recession everything that had made America "prosperous" fell apart-- trade balances, the dollar, the international monetary system, its competitive advantages internationally. And even though there was a "recovery," as there HAD to be short of a major depression, this recovery was extremely limited. Unemployment at the peak of this upturn (4.6%) was higher than at the peak of the last upturn (3.4%), the monetary system was only patched together, no real breakthroughs were made in world trade, etc. In addition, during the recession itself, inflation did not decline substantially. Thus the economy had the worst of both worlds at the same time.

The extremely limited character of that recovery indicated that the next recession, due in 1974, would be sharper yet. There was simply not as much margin to coast on from the last time. That recession came on schedule and fulfilled all the promises. It is now being spoken of as the worst since World War II. Inflation did not subside, but even increased astronomically. Unemployment is steadily rising and now stands at 5.8% and will soon rise to a peak higher than the high point of the previous recession (6.1%). The balance of payments once again went into deficit figures. The balance of trade has already sustained four consecutive months of loss, with the August figure, a negative 1.13 BILLION dollars, the highest ever in the history of the U.S. And the housing and construction fields, one of the major elements of the boom, are in a deep slump.

## THE WORLD SITUATION

It used to be that the effects of the recessions in the U.S. could be softened by the prosperity of the European and Japanese economies. Even when these economies slowed down, they did it at a time when the U.S. was in a period of expansion, thus softening their setback. But all the economies of the capitalist world, just as the various private businesses function in a national economy, are now "in synch." Japan is suffering a major recession, its worst since the war. Britain and Italy are literally on the ropes. And even in France and Germany there is a noticeable slowdown. Everywhere there is worse inflation even than in the U.S. All this means that there is nowhere to pass the buck, that recession if anything becomes even sharper because of the difficulties in other countries.

The boom of the European and Japanese economies is definitely over. They have now become just as ripe as the U.S. for recession. The beneficial effects of the completely new capital investment in technique and plant, which for a long time meant they were spared the weaknesses of an old economy, have now completely run their course.

The capitalist classes of all these nations must now seek a way to ensure their own survival and growth at the expense of others. At the expense of the backward countries, through increased imperialist exploitation, at the expense of the deformed workers' states through "detente" and the economic investment which accompanies it, at the expense of other capitalist countries through cutting into their markets and seizing sources of surplus value. As a result, the fantasies of the Common Market, etc., are rapidly crumbling. And most of all they must seek to increase the exploitation of their own working classes, so that they can accumulate in the first place the capital necessary to take advantage of the opportunities in the other areas.

## PROSPECTS FOR DEPRESSION

At the present time, the situation is not drastic for these ruling classes. The economy in the US and in the other major powers, while not yet on the upturn, is no longer decisively turning downwards. There is a prospect of recovery, which reduces the urgency of all these measures. The upturn, however, is likely to be so slow and mild that it will have to be far advanced before it can even be decisively stated that it exists. Thus, the situation will not improve to any marked degree until early next year.

It is almost positively ruled out that the present recession will turn into a depression. But events do not stop in 1974. We can expect that, early in 1978, the economies of the capitalist nations will again start to decline. And this time, after a "recovery" which will be even more shallow and feeble than was the case after 1970. An economic downturn then, when the capitalist classes have accumulated even less of a "cushion," will force the bourgeoisies into actions which they are now only considering and talking about.

The international monetary system is now a patchwork. Just as it was a major element of the postwar "boom," so it may also be a major element of the postwar crash. The economies of the nations now find their sharpest expression in the exchange rates of their currency. Actions in the future by threatened economies, or by economies menaced by the weakness of other capitalist nations, may result in a complete breakdown of the world monetary system. This is not only a possibility, it is a strong probability. This, and a connected recent development, the danger of the failure of major banks, which have speculated in the currency market, give a clear indication of the nature of the potential depression. Such developments pose trade war and the complete breakdown of world trade -- and the collapse of domestic production as a result.

## WHICH WAY OUT

The only way out of this situation for the capitalists is to fight their way out. That means fascism, to destroy the independent workers movement and to turn the economy into a war machine: it means war between the great powers for a new redivision of the world, especially directed against the deformed workers' states. And it means a crushing "depression" of the living standards of the working class.

That is a gloomy future even for the bourgeoisie. They are by no means pleased with that prospect. The significance of the recent Kissinger-Ford attack on the oil-producing countries lies not only in the future. The capitalists want concessions made now that will forestall major and drastic necessities later. They want the working class to accept wage cuts, unemployment, speed-up and productivity drives so that the depression will exist ONLY for the workers. This is the real significance of the recent attack on the budget deficit. They want budgets cut -- but only in the areas of "social welfare," already paltry enough, so that the working class will be shouldering the burden of the capitalist class' salvation.

If only the workers will "sacrifice," they promise that depression will never come; better half a loaf than none at all. The working class cannot allow itself to be reduced to the levels of fifty years ago, at the very least, so that capitalism can survive and start the whole process all over again. The socialist revolution, the transitional program, are the only response which the working class can give. Not inflation and unemployment, but a full cost-of-living clause and full employment; not arms, but public works programs under workers' control; not capitalist speculation and anarchy, but the nationalization of the means of production and the planning of the economy on a world scale. Not Depression and reaction, but Socialism!

Subscribe !!

# TRUTH

\$1.00 FOR TWELVE ISSUES -- U.S. AND NORTH AMERICA  
\$2.00 FOR TWELVE ISSUES OVERSEAS

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TRUTH  
P.O. BOX 2099  
901 LAKE STREET  
OAK PARK, IL 60303