

The Real Facts About the SWP's Role in Washington

Bulletin

OF INTERNATIONAL SOCIALISM

Vol. 2, No. 22

Dec. 27, 1965

Ten Cents

NEW TRENDS IN THE NEGRO STRUGGLE

Watts Report



Southern Justice



**Black Panther
Party**



The Real Facts About the SWP's Role in Washington

Bulletin

OF INTERNATIONAL SOCIALISM

Vol. 2, No. 22

Dec. 27, 1965

Ten Cents

NEW TRENDS IN THE NEGRO STRUGGLE

Watts Report



Southern Justice



**Black Panther
Party**



NEW TRENDS IN THE NEGRO STRUGGLE:

I. THE WATTS REPORT

It hardly needed the experience of a former director of the CIA to discover that the situation in Watts is still explosive, yet it took John A. McCone's "blue-ribbon commission" eight months of study to provide that analysis. With the discernment that we have come to expect from our Central Intelligence Agency, McCone made the following "revolutionary" recommendations: a massive "emergency literacy program" for schools in "disadvantaged areas" including pre-school training; a large-scale job training and placement center; a new mechanism for processing complaints against the police to be headed by an "independent" Police Inspector General; greatly increased transit facilities to enable Negroes to commute to other parts of the city.

Not to be too radical in its suggestions, however, the commission warned: "No amount of money, no amount of training will raise the disadvantaged Negro to the position he seeks unless he himself shoulders a full share of the responsibility for his own well-being." Anyone taken in by the pretensions of this "blue-ribbon commission" will do well to be warned.

In an effort to pay the bill in Vietnam, Johnson has recently called upon department heads to reduce their requests for appropriations. More specifically Texas Democrat Mahon has called for a slow down on anti-poverty programs. Under the circumstances it is doubtful that funds will be available even to carry out McCone's meager proposals. As it is the fate of existing projects is not a happy one.

"The President wants the budget to balance but also wants the Great Society," said an official of Project Head Start recently. This nation-wide program to educate pre-school children is in fact facing possible bankruptcy. After all the hurrahing only 45,000 at most out of a projected 350,000 children will participate in this school year.

The seasonally adjusted level of unemployment is the lowest --at 4.2% of the work force--since mid-August of 1957 according to government figures. But the rate of unemployment for non-whites during the month of November rose from 7.9% to 8.2%. Undoubtedly a draft of 40,200 contributes to the rosy picture.

Funds for Haryou Act, one of the major anti-poverty anti-delinquency agencies for youth in our new great society, have been frozen by the government since October. An independent accounting firm which is attempting to audit Haryou books has found "missing records, overdrawn bank accounts, unpaid vouchers....The daily atmosphere in the organization is one of confusion created by one crisis after another." The possibility of fraud is being investigated. Extreme pressure is being brought to bear upon Livingston Wingate, Haryou Executive Director now on leave-of-absence, to resign.

Sargent Shriver, director of the Office of Economic Opportunity addressed a meeting in Chicago December 1. The Woodlawn Organization, a Negro political action group which has received some anti-poverty funds, picketed outside. They circulated an 11-page "black paper" damning the anti-poverty program as "a war against the poor" and accusing it of treating Negroes "like animals in a zoo."

At the same time in Syracuse, New York, funds have been virtually cut off from a two-year university program to demonstrate that low-income people could be organized and then resolve their own community problems. The university will now have to apply for funds to the Syracuse Community Action Agency.

The Community Action Agency is under the control of Republican Mayor William F. Walsh. The issue is aptly put in the New York Times, 12/2/65: "Citizens in a neighborhood who organize and learn their rights as to garbage collection, police protection and related matters are considered likely to become petitioners or lobbyists, perhaps pickets at City Hall if their demands are not met."

The Administration is caught on the horns of a dilemma. Faced with the mounting frustration and anger of the ghetto, as expressed in Watts, it seeks to offer the people the delusive hope of a new Great Society. But for programs such as Haryou or Project Head Start to have any real appeal in the ghetto, they must bypass the traditional social-work and political institutions. They must engage the active support and participation of the masses themselves. However not only is the Administration not in a position to offend the local political machines; but quite rightly it recognized the threat inherent in real grass-roots organization of the ghetto community. Out of such organization a leadership might emerge capable of carrying the discontent in Watts beyond the stage of desperate but essentially aimless protest.

The Woodlawn Organization's Black Paper offers a fitting commentary on the Watts report as well as the anti-poverty programs now in existence: "We are sick unto despair of having rich whites and their carefully chosen black flunkies tell us what our problems are, make decisions for us, and set our children's future. We insist that we be in on the decision-making...from beginning to end. That is what we mean by self-determination."

What the Woodlawn Organization and the people in Watts, in Harlem and in slums throughout the country must come to understand finally is that self-determination and an end to poverty for them will only come as a result of a really "revolutionary" confrontation with the Administration. They must face the fact finally that every capitalist government must by its very nature fight a war against the poor here at home as well as in Vietnam.

II. SOUTHERN JUSTICE

On December 2, President Johnson declared that "The whole nation can take heart from the fact that there are those in the South who believe in justice in racial matters and who are determined not to stand for acts of violence and terror."

He referred to the conviction by a Montgomery jury of three Ku Klux Klan members on conspiracy charges stemming from the murder of Viola Gregg Liuzzo. They were given ten-year sentences and will be eligible for parole in three and a third years.

Just two days previously in Anniston, Alabama an all-white jury in a state court convicted a white man of second-degree murder in the killing of a Negro. He too was sentenced to ten years. John Doar, head of the Justice Department's civil rights division, echoed the jubilation: "The court and the jury did their duty. I'm very proud of the system of justice in the country." He went on to state that he was "proud to be an American and proud to be a lawyer."

On December 9, despite eye-witness testimony by two ministers, the three defendants accused of killing the Rev. James Reeb were acquitted.

After a three-month boycott of white stores, Negroes in Natchez, Miss. appear to have won significant victories: the hiring of Negroes by the city; integration of schools and hospitals; appointment of a Negro to the school board; courteous treatment of Negroes by the police; a new building code designed to eliminate slums; an equal voice for Negroes in the county's anti-poverty program; appointment of a biracial committee to advise the City Council; beautification of Negro residential sections.

Most impressive about the boycott was the self-policing of the Negro community to enforce the boycott. It remains to be seen how many of these remain paper victories; and how great a section of the Negro population in Natchez participates in the gains.

III. THE BLACK PANTHER PARTY

The formation of a new all-Negro political party has been announced by the Student Nonviolent Coordinating Committee. Its first campaign will be a pilot project run in Lowndes County, Ala. Negroes here outnumber whites by four to one.

"Voting in the Democratic primaries, particularly on the local level, would just be a farce," said Courtland Cox, Committee field secretary. Over the past year two civil rights workers have been killed and a third seriously wounded in Lowndes County.

This new party represents an important step forward for the Negro movement. In breaking with the conception, underlying the Mississippi Freedom Democratic Party, of a bloc with "liberal" Democrats and the Administration, SNCC is giving political form to the growing disillusionment with the Great Society.

Civil rights workers who devoted themselves to the voter registration drive have come face to face with the realities of the new much-hailed Voter Rights Act. According to a recent report by the United States Civil Rights Commission, fewer than 80,000 of Mississippi's more than 400,000 Negro adults are registered voters.

The reasons: Negro tenant farmers who have tried to register have been evicted from plantations. The acquittal of a white man accused of killing Jonathan Daniels in Lowndes County in August was followed by a reduction of Negro applicants to vote. The Act has no provision for providing protection for Negroes who wish to register. The Justice Department rejected as "inappropriate procedure" preparations by the Civil Service Commission to mail notices to residents of affected areas of the opening of examiners' offices by the Federal Government; therefore many Negroes are not even aware that they now have the opportunity to register. Offices will be open only one day a month in seven Mississippi counties "because of declining registration."

The majority of Negroes to whom the law applies are indicating that they are unwilling to risk jobs, homes and lives for the right to vote for Democrats and Republicans, the right to vote for the war in Vietnam and phony concessions like the Voter Rights Act. For the Lowndes County Freedom Organization to succeed it must offer the Negro people a program worth struggling for, and it must go beyond electoral action. It must become the electoral expression of movements such as the Mississippi Freedom Labor Union and the Deacons for Defense and Justice.

THE REAL FACTS ABOUT THE SWP'S ROLE IN WASHINGTON

The controversy over events at the Thanksgiving weekend Convention of the National Coordinating Committee to End the War in Vietnam continues. Articles assessing the peace movement have appeared in the New Republic and the New Yorker magazines, in addition to radical publications. It is noteworthy that most attention has been focused on the convention, rather than the SANE-sponsored march. Although far fewer people were involved, the convention's importance was potentially much greater because its aim was to chart the future course of the anti-war movement.

The Socialist Workers Party and the Young Socialist Alliance are at the center of this continuing controversy. What is their assessment of the Washington conference? The December 6 issue of the Militant gives an account of the events in Washington. We are informed that the dispute at the Convention was over whether or not to form a separate organization of those independent committees which favored immediate withdrawal of U.S. troops, an organization which would be a part of the NCC (National Coordinating Committee). This proposal, put forth by the SWP and YSA, met with a great deal of opposition and was termed an attempt to set up a rival organization to the NCC. It was defeated by a two-and-a-half to one margin. A Caucus to Constitute a National Organization of Local Independent Antiwar Committees for the Withdrawal of U.S. troops was formed instead.

In the Dec. 13 Militant we are given an analysis of "The Real Issues in Dispute." Here we are told in more unmistakable terms that the whole dispute was in reality one between those, led (we assume) by the SWP and YSA, who favored immediate withdrawal of

U.S. troops, and those who opposed this and favored a negotiated truce.

What really happened? What is the record of the SWP-YSA in the antiwar movement and at the convention? The fact is that the Militant reports are not truthful, that they are distorted accounts which it is hoped will excuse and explain the SWP's tactics in Washington and afterwards.

Here are the Facts

The SWP-YSA role at the Convention itself was in direct contradiction to what the Militant would now like to have us believe. The original call for the formation of a caucus says, "Delegates and members of independent Committees to End the War in Vietnam and the Vietnam Day Committee, who want to discuss the formation of a national organization of such committees will meet in the basement of Lincoln Memorial Temple at 2:30 P.M. Thursday," The call said nothing about the immediate withdrawal of U.S. troops.

The "independent" caucus, led by the SWP and YSA, issued a statement on Friday, after the original furor over the proposal to form a separate organization. This statement included the following: "The question of a national organization based on and controlled by the local antiwar committees, was raised on the first day of the convention by a number of committees." Again, there is no mention about the immediate withdrawal of U.S. troops.

Finally the SWP-YSA led caucus introduced a resolution entitled, "A Motion for Structure of the National Coordinating Committee," against the majority statement of the NCC. It lost by 110 to 45 votes. A clause advocating that U.S. troops be withdrawn now was removed from an earlier draft, and in its place was substituted, "The National Coordinating Committee is a body coordinating the activities of groups opposed to the Vietnam war regardless of their view as how best to end the war."

The only time the programmatic point of immediate withdrawal came up on the floor of the convention was when some of the Mississippi Freedom Democratic Party delegates proposed that the

SDS IN WASHINGTON

SDS also shares a major responsibility for the failure of the Washington Conference -- and a failure is putting it mildly. In New York City SDS had played a major role in seeking to link up the mass movement with the struggle against the war. It has also fought for unilateral withdrawal of U.S. troops.

In Washington it became part of the majority bloc which included the right wing DuBois Clubs and the pacifists. It fought for no political line and in no way did it independently intervene in the picketing of the White House (though Carl Ogelsby gave the only decent speech at the Mall.) When the MFDP people spoke up at the convention with the line that SDS had fought for elsewhere, SDS joined with the majority and the SWP in squelching this voice of Negro militancy.

SDS must make an accounting of this experience in Washington and make a firm resolve that it will not be repeated again.

convention join the SANE march on Saturday with the slogan of Withdraw Now - Freedom Now. This was quickly rejected, and was opposed by the SWP as well as by the majority coalition on the same old grounds that the NCC is just a coordinating committee and cannot narrow its base by taking positions. Thus the SWP and YSA never fought for the immediate withdrawal of U.S. troops or any other programmatic point at the convention. Their intervention was solely organizational.

If the SWP and YSA had really fought on the political level around the issue of immediate withdrawal of U.S. troops, they could have accomplished something. They could have enabled the conference to take a step forward. This is what other groups such as the Youth Against War and Fascism attempted, and if the SWP and YSA had added their support to this, instead of fighting an organizational battle, something would have been gained.

A Single Issue is Not Enough

Even the slogan of immediate withdrawal which the SWP and YSA are now advancing is being kept within a reformist context. The SWP and YSA project it as analogous to the bring the troops home movement following World War II, overlooking the fact that the movement followed the end of a war in which American capitalism had been victorious.

The slogan of immediate withdrawal must be linked to a revolutionary transitional program which will show the workers and the Negroes and other minorities, as well as the intellectuals who have started the movement, that this is not their war. A single-issue peace movement is not enough. The Vietnam war shows even more starkly than previous conflicts that the fight against war must be a class fight. A political confrontation is necessary.

We must begin now to qualitatively transform the movement. Only a new kind of movement can stop Johnson. The key to the situation is organizing against the war among those who have nothing to gain from it, those who have the same enemy as the Vietnamese revolutionaries. We must understand and support the Vietnamese revolution, and we must also be able to explain to the American working class why they should oppose the war. Our short range and long range strategy must be connected.

The SWP and YSA have tried to excuse their behavior by pointing to their opponents. The right wing or centrist opponents of the SWP, who may have played a rotten role themselves or who may simply be gloating over the SWP's difficulties, are no excuse for the SWP's mistakes.

The majority coalition which formed at the NCC convention played the same game as the SWP and YSA: organizational struggle substituted for politics. There was plenty of demagogy, unprincipled behavior, and just plain opportunism on the side of the NCC majority. This coalition, which included the DuBois clubs, put forward the

most right wing line represented at the convention. Supporters of the Progressive Labor Party played little part at the Convention, and the coverage in Challenge indicates that PLP is simply getting on the majority anti-SWP bandwagon, eager to gain factional advantage against the SWP, but not eager to discuss or clarify the political issues. Many militant opponents of the war were completely disoriented and disgusted by the organizational squabble.

The SWP and YSA, however, bear major responsibility for disorienting and wrecking the NCC convention. Among the various political tendencies, they appeared to be a left wing, and were looked to for leadership, at least by their own young members. Not only did they not offer political leadership, they did actual harm to the movement by making the whole convention revolve around an organizational dispute, and by helping to keep politics out. They prematurely split the movement on organizational grounds. This was a double disaster. Not only was the SWP isolated, it was isolated without having raised any political issue which could have at least given this isolation some slight justification. This is why they are now trying to say that the struggle was really programmatic. But even if the split had been on this basis it would have been premature and sectarian. The SWP-YSA's organizational split is the worst kind; it is not surprising that they have been left talking only to themselves.

Why Such Fo'ly?

How can the downright stupidity of the SWP's tactics be explained? What has driven them to such folly? Surely some SWP and YSA members must be wondering about this.

The answer lies in the development of the SWP itself. Its behavior in Washington is no accident, but a direct result of its betrayal of Marxism and of Trotskyism. Although it suits many of the opponents of Trotskyism and of the SWP to lump the two together, nothing could be further from Trotskyism than the SWP's behavior in Washington.

Notwithstanding all the SWP's efforts for the past several years to make itself politically similar to the broader middle-class radical circles, the SWP still meets with a certain amount of disdain from those whom it courts. For instance, many other groups, such as the DuBois Clubs and the May 2nd Movement, can rate inclusion in a list of antiwar groups, whether this list is compiled by the SDS or NCC or by a national magazine. The YSA finds it more difficult for several reasons to achieve this.

Instead of trying to reach the newly radicalized youth politically they try to create a position of influence for themselves through organizational maneuvers. This is a direct consequence of their lack of theory and politics, their complete loss of revolutionary perspective and confidence in the ideas and method of Marxism.

STATEMENT ON UNIFICATION BETWEEN SPARTACIST AND
THE AMERICAN COMMITTEE FOR THE FOURTH INTERNATIONAL

The Spartacist and the American Committee for the Fourth International agree with the International Committee of the Fourth International that the fusion of the two groups into a unified Trotskyist organization is the urgent need of the day. The two organizations have established a Joint Unity Committee whose task it is to lay the basis for this unification as soon as possible.

The two organizations stand together politically with the International Committee and are in principled agreement with the I.C.'s International Resolution prepared for its coming International Conference. On the basis of this document and on the basis of the Transitional programme, the Joint Unity Committee has been empowered to draft an American Perspectives document for the future fused organization. This document will lay out a perspective for the building of a revolutionary party in the United States. The Joint Unity Committee is also working to further the comradely collaboration of the two organizations in furthering revolutionary work in the interim until unification is consummated.

We feel that this unification will bring us an important step forward along the road to building a revolutionary Marxist party of the working class, a world movement based on the ideas of Marx, Engels, Lenin and Trotsky. We urge all serious Marxists who stand with us on the basis of the Transitional Program to join in this common effort.

Spartacist and American Committee for the
Fourth International

THE EPTON TRIAL

Behind the Government's Witchhunt

As we go to press, the trial of Bill Epton, Harlem Progressive Labor Party Chairman, continues. The Prosecution has rested and the defense is calling witnesses on behalf of Epton. Although the charge of "participation" in the Harlem riot of July 1964 has been dismissed, Epton is still being tried for "conspiring to riot" and on two counts of "criminal anarchy".

The dismissal of this charge by Judge Markevich can by no means be construed as a sign that this judge is trying to be fair or that Epton will be exonerated on the other charges. The charge of "participation" in the actual rioting was the weakest leg of the prosecutions efforts to put Epton (and many other PLP leaders) behind bars. It was not possible to prove that Epton committed any acts of violence or that he was even out of his home during the uprising.

The dismissal of an inessential charge makes it look like

the judge is not biased, thus making it a little easier for him to cover up his real bias against Epton which has shown itself throughout the trial. The dismissal does not bother the government because Epton is really not being tried for anything he may have done, but for his beliefs--his militant defense of the rights of black workers and his consistent public advocacy of socialism. On this basis the government is borrowing a page from the thought control Smith Act trials of the Trotskyists in 1941 and the Communist Party in 1948. The constitutional right to "freedom of speech" is protected the same way as the black man in Harlem is "protected" from police brutality.

The facts behind the Epton trial and the crude witch hunt of the PLP are readily available in Challenge, the National Guardian and in the reprint from the Nov. 15 Nation. Let us just say that Hitler and the gestapo would be quite proud of the leader of this operation, Fritz Behr, head of the New York City "red squad." Behind the witchhunt and trial is what Frank Donner, in the Nation article, calls "Yortyism". This is a reference to the "analysis" put forward by mayor Yorty of Los Angeles (and supported to one degree or another by all the pundits from liberal to reactionary). This theory holds that communists, agitators, criminal elements, etc., are to blame for the so-called riots that have erupted across the country from Harlem to Watts.

The government of the US, whether on the federal, state or local level cannot produce any consistent reforms or amelioration of the basic problems of racism, unemployment, poverty. The best they can do is tokenism--a phoney "war on poverty" and a real war against the peasants and workers of Vietnam. While a small, small number of the relatively privileged Negroes become "intergated" and Reverend King is accepted and glorified, the people of Harlem and Watts get clubbed and shot down as soon as they show that they can't be bought with tokenism. While the bourgeoisie buys the docility of the Meany's and Reuthers, they bring out a club against revolutionaries like Epton and attempt to silence anyone who is drawn to a revolutionary socialist movement. While people like Norman Thomas are acknowledged by the likes of Secretary McNamara to be o.k., just slightly "misguided"--Epton becomes "public enemy no. 1". Underneath the liberal facade of the Johnson-Rockefeller-Wagner government we see the reality--repression, thoughtcontrol, witchhunt, police terror.

There is no place for hesitation, or half-hearted defense of Epton by socialists because of political differences with the Progressive Labor Party. Whole hearted support of Epton against the government persecution is a principled duty for anyone who is concerned with the defense of civil liberties. It is a principled duty for all socialists who must realize that the witchhunt is directed against the entire revolutionary movement and is a prelude to the more direct attack against the American working class itself. Support of Epton means above all, turning the frameup "trial" of Epton into a real trial of the capitalist system and its government.

NOTE: Due to the Holidays, the next issue of the BULLETIN will be out one week later, under the date Jan. 17, 1966.

BANKERS SLAP DOWN LBJ

The Federal Reserve's Action and the Vietnam War Economy

U.S. bankers gave LBJ a lesson in real politics this Dec. 5 as the Federal Reserve Board of Governors acted to do something about Johnson's fumbling with the present monetary situation, raising the official basic interest rate in the economy an additional quarter of a per cent. Johnson hollered as though his ears had been pulled; as it turned out he would have looked much, much better had he the sense to keep his mouth shut.

Legally, there was nothing LBJ could do for the moment. The Fed is set up by Act of Congress as a "fourth arm of government, as independent of the Executive in some respects as the Supreme Court. It is Wall Street's most direct arm of national government, designed to act, when necessary in direct opposition to the whims of presidents.

Worse for Johnson, the Fed's action had the overwhelming support of the powers in the banking and business community. This was evident in the press treatment of the issue, which in many instances bordered on snickering at the discomfited LBJ. Support for the "other man" in the case, Fed Chairman William McChesney Martin, was typified by the enthusiastic reception he found in New York during his address before the Life Insurance Association of America (representing one of the big financier groups of the economy.) Martin was introduced to the applauding assembly by LIAA chairman Burnet: "If you were ever 100% in a group of friends, it's now."

Behind the move: the growing inflationary dangers arising out of the Vietnam war-economy. As noted in the Dec 13 BULLETIN ("A Look at the Vietnam War Boom"), the present inflationary expansion threatens to trigger the accumulated balance of payments and other problems into a major financial crisis. Such a threat immediately raises the question whether the Administration and banking system will or can act soon enough to prevent the present inflation from becoming the fuse to a general economic powder-keg. Martin underscored this question of timing in his address: Were inflationary pressures permitted to build up, a dangerous rate of credit-expansion could develop; a cut-back in growth at such a belated point might not be in time to prevent a recession--or worse.

Martin and Johnson have repeatedly emphasized that there is no fundameenal difference between the Administration and Fed on basic economic policy and perspectives. There are, however, very sharp differences on particular points within that agreement. Leading financiers, like Martin, imply that the Administration is dragging its feet on certain urgent actions because of Tammany-Hall politicking pressures within the Johnson machine. Martin, in his New York address, stated that the regime's anti-inflation measures, aluminum price-cuts and investment roll-back, do not go far enough toward getting at the immediate causes of the inflationary danger. This confirms the "wisdom"--from Wall Street's point of view--of the power of the Fed to act independently: to permit Wall Street to directly change national policy in its own interest when Executive and Congress are mired in a fit of "parliamentary cretinism."

There are two factors behind the united front of bankers and business leaders in support of the Fed's actions. First, there are those few leaders who actually understand the monetary interests of US Imperialism--of which the typical banker and corporate bureaucrat understands very little. These few were able to get a united front of the financial community because of the effects of the present money-situation on banking and corporate profits. Under the present money-squeeze in Wall Street, bankers' profits are threatened as well as the profits of corporations holding massive quantities of government, banking and other paper. The quarter-per-cent interest rise is a real shot-in-the-arm to the profits of both. On this count, the Fed's action simply legalized what bankers have been attempting to bring about by selective upgrading of interest rates over the past six months. The quarter-per-cent increase in interest to be paid by the Federal Government was an already established fact of the New York market during the preceding weeks.

The Objective Behind the Action

Fed policy in the current action is that laid down by former chairman Marriner Eccles during the Korean War period: "The Federal Reserve System must not be turned into an engine of inflation." Under war-economy pressure for additional credit- and printing-press money, the Fed can meet the monetary needs of the economy only by buying US Government Bonds in the open market, the means by which the US today created more printing-press money. The only ways in which the Fed can prevent this are to either refuse to buy additional government bonds or to raise the interest rate to slow down the use of credit. To shut off the money-supply would cripple the Vietnam war-economy and possibly set off a recession--or worse. Therefore the rise in interest rates.

This is the same general policy followed under the Coolidge and Hoover administrations, just before the 1929 crash.

What the interest-rate rise does is threefold. It selectively reduces the use of credit in the economy. It encourages corporations and individuals to invest their capital in higher-interest time deposits, to the effect that more of the lendable bank capital in the economy comes from private sources and less is therefore required from the printing-press. Finally, it increases the rate of which funds flow back into the banking system from the economy, both through increased deposits and higher bank-interest earnings by the banking system itself.

This has obvious merits as a "built-in-stabilizer." In fact, the Fed is the most important of the "built-in-stabilizers" of this kind. However, as 1929 shows, such "stabilizers" cannot prevent a collapse; they merely slow down the tendency toward collapse. They give the US Imperialists a little more time to seek a solution to the impending world financial crisis.

How the Rise Will Affect You

US government bonds are now worth less; a bigger portion of your taxes will go as interest to Wall Street. At the same time,

the real estate market is beginning to take a well-deserved beating-- but this will be taken out of your hides in higher rents, more expensive home-owners' mortgages and an increase in the cost of new housing.

A very important effect will be seen in crisis-stricken New York City and in other state governments and municipalities in similar predicaments. State and Local taxes are galloping ahead in the economy as a whole. One of the biggest elements in state and municipal budgets is the mushrooming item of debt service--interest and debt-amortization payments to financiers. The Lindsay regime in New York City, for example, will show its true colors on the issue of whom to tax--a real estate tax or a city individual income tax? Guess which! The rich can afford to avoid it; the middle-income workers and professionals can take to the suburbs, and the poor will get it in the neck.

The effect of the increase in Federal Government costs is explained by another Texas Democrat, George H. Mahon, who demands a slowdown in government spending on non-war programs "which can be safely slowed down, postponed or eliminated." He spelled out that this is necessary "for the war effort and from the standpoint of the threat of inflation." Again, the poor get it in the neck.

What is the Cause of War-Inflation?

Since US government planners were brought up to date in 1940 by Soviet-trained US economist Wassily Leontief, they, like Marxists, know that the industrial sector of the economy is divided into two Departments. Department II, which produces consumer goods, and Department I, which produces materials of production, machinery and other things used in building and maintaining the means of production. War-economy goods are produced mainly in Department I, tanks, planes, and related impedimenta.

Normally, without war production, the capitalist economy functions this way. (We considerably simplify this for present purposes of illustration). The workers in Department II get substantially less in wages than the contribution to the price of what they produce. The difference, profit, is thus represented by a quantity of commodities, which are sold mainly on the basis of wages paid in Department I.

A war-economy, however, increases the total cost of everything produced in the economy without producing an increase in usable commodities for Department II. The inevitable result is inflation, in one way or another. Since war production takes place mainly in Department I, the result is not only an increase in the cost of living, but a reduction in the supply of machine-tools and critical materials for increasing productivity in Department II. So, a war economy means that workers must get less of the total value of production than before, and must also suffer a devaluation of their paychecks in terms of the money-cost of the necessities of life.

This situation is complicated by the fact that the industries of Department I engaged in war-production realize a profit

which they are impelled to invest for more profit, either in the growth of war-industries and/or in the expansion of consumer industries. Either expansion further strains the existing means of production, aggravating the inflation, deepening the real wage cut, and raising prices of things put in short supply. To meet this demand of war-expansion, low-productivity facilities, as long-unused plants and machines during World War II, are put into service, further increasing the average cost of production of everything.

That is by no means the end of the problem. In the present world economic situation, in which reduced West European and Japanese expansion means less and less demand for US exports, every rise in the cost of US goods sets off a chain-reaction in international trade and balance of payments. First, every rise in US goods undermines the present favorable US balance of trade, with the result that the unfavorable balance of payments situation is worsened. Further, European and Japanese holders of dollars and claims against dollars are impelled to trade these claims into gold instead of US goods! Such a development threatens to bring about a devaluation of the US dollar and an ensuing worldwide collapse far more devastating than that of 1929-31.

The rise in US interest rates does tend to ameliorate this threat. By pegging US interest rates at a high level, foreign dollar holders are induced to invest their claims in US Government bonds and other paper instead of demanding immediate settlement in gold. This, again, only postpones the problem, since a glut of US bonds on the world market can be turned into something like the 1929 stock market crash; since there is a direct interdependency between US bonds and US printing press money (US bonds are the main guarantee of US Federal Reserve Note issues above the gold stock value), a significant devaluation in U.S. bonds means a collapse of the dollar and the whole capitalist world market.

But, a quarter-percent rise in the basic interest rate means a slight devaluation in every outstanding US government (as well as state and municipal) bond. In other words, the Fed's action cushions the threat of massive devaluation of the dollar by negotiating a slight devaluation of the same dollar. Since further such devaluations are the only measure open to the Fed in this aspect of the problem, the Fed's action to postpone the crisis is actually a step toward creating that crisis.

This means that Wall Street must intensify its efforts to find another solution to its growing problems. Although Johnson's machine is reluctant to do so, it must soon find itself impelled to take on the US working-class and the Viet Cong at the same time. That is the real meaning of the Fed's action on Dec. 5.

* * *

IMPERIALISM'S PROGRESSIVE??!! ROLE IN RHODESIA

(The following article is excerpted from an article in the Dec. 4, 1965 issue of THE NEWSLETTER, the weekly publication of the Socialist Labor League of Great Britain. It was written by their SOUTH AFRICAN CORRESPONDENT.)

Appeals to Imperialism

The African nationalists are saying that the liberation of the Rhodesian sector of Southern Africa is bound up, not only with the retention of British imperialism, but indeed its forcible intervention on the side of the black majority against Smith's white supremacists. The African leaders insist on Britain's responsibility for Rhodesia, demanding that she should forthwith restore 'legal' government in the colony and place herself at the head of the movement for the peaceful and constitutional transition to majority rule--in short, that imperialism must liquidate colonialism and secure national independence for the oppressed.

One would have expected them to perceive the hollowness of Britain's socialist pretensions when Wilson capitulated to color prejudice at home by instituting immigration controls. It is a capitulation that was foreshadowed by the Labor government's acquiescence in America's intervention in the Vietnamese revolution, their suppression of the Arabs in Aden, and of the national struggle in Borneo.

Far from being revolutionary socialists, the Labor government is more effective than the Tories in saving what is left of the British Empire, and doing so at a time when imperialism generally, and British imperialism more particularly, is facing grave economic difficulties.

It is true that the African states and the Rhodesian nationalist movement are warning that they have decided on the use of force to dislodge Smith from the political saddle. But this is being held only as a threat over the British government so that Wilson would intervene in good time and in this way forestall a sustained revolutionary struggle for national independence. The two major African political organizations in Rhodesia--The Zimbabwe African People's Union and The Zimbabwe African National Union--have no perspective of independent mass struggle aimed at the root and branch expropriation of imperialism. On the contrary, both parties have repeatedly assured Britain that her investments in Rhodesia would be protected and advanced under majority rule.

In a word, the nationalist movement in Rhodesia is begging for a neo-colonialist solution. The current African nationalist leadership in Rhodesia is merely following in the wake of those African states who had secured their independence on a neo-colonialist basis.

The Neo-Colonialist "Solution"

It is now commonplace that with the granting of formal independence imperialism stabilises its position at a higher level and proceeds to strengthen its financial, commercial and military connections with these states. In any event, political independence does not come about as a result of a long, bloody and protracted struggle involving the workers and poor peasants. On the contrary, it comes as a result of bargaining and horse deals, behind the backs of the masses, between imperialism and the embryonic national middle class that is seeking a place in the capitalist sun.

This class, characterised by vulgar greed, fear of and con-

tempt for their masses, agree to protect the interests of imperialism under independence, in return for which they become the junior partners in the continued plunder by the former mother country of the independent state. But this national bourgeoisie is too weak and appears on the historical scene too belatedly to consummate its own bourgeois democratic revolution. It consists for the most part of small businessmen, bureaucratic officials in the government, petty traders, professional men and landed proprietors who take the place of the white settlers. Without capital and technical know-how, inventiveness and cultural traditions, this class is already senile at birth. It cannot transform the static social relations in its country by establishing large-scale industries and becomes obsessed with cornering part of the plunder of the foreign companies.

Unable to effect the national unification of its country and aware of its economic weakness and dependence on imperialism, this class cannot create a sophisticated society and endow it with elementary democratic institutions. This class expresses its fear of the masses in a one-party system which is a caricature of the dictatorship of the bourgeoisie. This regime is Bonapartist in that, by balancing itself among and above the classes, it gains some political independence from them. On the one hand, it promotes the avarice of the national middle class within certain bounds, keeping it in check by invoking from time to time the claims of the masses. On the other hand, it uses its influence in the country to bargain from strength with imperialism for concessions. But in the final resort its country remains the client state of imperialism. The weakness and corruption of the national middle class once again confirms the theory of the permanent revolution, that, in the period of monopoly capitalism, the middle class is an unprogressive force that cannot achieve genuine national liberation from imperialism. This task falls to the working class that draws behind it the poor peasants who constitute the majority of the people in backward countries.

As a result of the closer economic and financial association between imperialism and the African states, the latter are becoming weaker. This results from the unequal exchange of low-priced colonial raw materials and minerals for high-priced manufactured and capital goods of the metropolitan countries. This weakness expresses itself in the extreme caution the African leaders display in the colonial struggles.

Masses Need Revolutionary Party

The Rhodesian masses will have to rely on their own strength and sustained revolutionary struggle if they wish to gain complete liberation, not only from white supremacy but also from imperialism. The Rhodesian masses must be armed so that they may transform both themselves and their environment in the crucible of revolution. The construction of a revolutionary Marxist Party in Southern Africa that wages a resolute struggle against the vacillating and opportunistic liberal and petty-bourgeois forces in the liberation movement is now the unpostponable demand of the political situation.

Enclosed is 50¢ for a ten issue introductory subscription. ---

Enclosed is \$2.00 for a full year's subscription.

Name..... Address.....
Send to: BULLETIN OF INTERNATIONAL SOCIALISM, Rm. 305, 339 Lafayette St.
New York, N.Y. 10012. Make checks payable to "Bulletin of International
Socialism."