

# *Socialist Action*

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*Review*

# The battle for Russia

**Yeltsin versus  
the October  
revolution**



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## The battle for Russia

Yeltsin's attempted coup on 20 March showed the likely political face of capitalism in Russia — dictatorship.

The coup's failure registered the fact that the Russian working class is fighting back, albeit from a desperate position. That fightback is the most encouraging development in the world since 1989 because the struggle in Russia is going to determine the shape of world history well into the twenty first century.

What exists in Russia today is a situation of dual power. On the one hand, Yeltsin is trying to restore capitalism with catastrophic consequences for living standards, industry and the very existence of Russia as a nation. On the other hand, whatever illusions subsist about capitalism in the abstract, its practical application to Russia since the beginning of 1992 is massively rejected by the vast majority of the Russian people. This is expressed on the parliamentary field in the reduction of Yeltsin to a small minority in the very Congress of Peoples' Deputies which elected him in the first place. On the electoral field, no government could win a parliamentary majority in Russia today on this economic programme. On the legal and military field the failure of the coup showed that Yeltsin is not strong enough to go outside the constitution.

What is working through into Russian politics is the historical fact that capitalism threatens the country's very national existence. That was why the 1917 revolution occurred in the first place — the alternative was the dismembering of the country, the plundering of its natural resources and the colonial enslavement of its people. The Russian working class, at the cost of tens of millions of lives, stopped that from happening in 1917-21 and again in 1941-43. What is now being decided is whether that class will be able to raise itself a third time to throw off the destruction of its society by capital.

What has come together against Yeltsin, therefore, are all the forces threatened by the IMF's economic shock therapy. Most fundamental is the inchoate rejection by the Russian working class of the economic policy which has impoverished 140 million people via 2500 per cent inflation and a 30 per cent collapse in output.

Over the past year the vast majority of the trade unions have moved from support for Yeltsin to opposition. So too have the industrial managers — the people actually running the economy — organised in the Civic Union. This stretches from those who want a specifically *Russian* capitalism, as opposed to being a colony of the west, to supporters of economic planning. Its common denominator is the determination to preserve the scientific and industrial core of the Russian economy. It has sabotaged the IMF's attempts to impose a credit policy which would bankrupt large parts of industry.

The industrial managers, regional leaders and trade unions constituted the centre in the Russian parliament, as opposed to the Yeltsinites, on the one hand, and the alliance of communist and nationalists, in the National Salvation Front, on the other. As they have moved into opposition Yeltsin has found himself in a smaller and smaller minority, with his powers being whittled away.

The declaration of presidential rule was Yeltsin's bid to end the stand-off. This was explicitly agreed in advance

with the main imperialist governments in Europe and the United States. In a tactic pioneered by Napoleon III he aimed first to take power and cow the opposition, then have this ratified in a plebiscite conducted with the media under 'presidential protection'.

The coup failed because, when it came to the crunch, the president had neither of the two instruments necessary to impose it — a substantial military force prepared to fire on the people or a mass movement powerful enough to shatter the state apparatus. The pro-Yeltsin demonstration on Sunday 28 March showed what such a movement would look like — led by men in combat fatigues, chanting slogans like 'No compromises', 'Arrest the parliament' and 'Send Khasbulatov back to Chechen' — but it was too small to do more than irritate.

In fact Yeltsin was dead in the water within hours of his TV broadcast. Vice president Rutskoi and Yuri Skokov, chair of the security council, refused to sign his decree; the chair of the constitutional court, Valeri Zorkin, the vice president and the deputy speaker went on TV within an hour to denounce the broadcast as unconstitutional and the justice minister resigned in protest.

The only reason Yeltsin was not utterly defeated — even after he made himself a laughing stock with his final, apparently drunken, speech to the Congress of Peoples' Deputies — was because the opposition failed to deliver the knockout blow.

A mistake was made in pressing for impeachment when it was already clear Yeltsin had failed. But when Khasbulatov, the speaker of the Russian parliament, tried to correct this, taking account of the real relation of forces — which permitted defeating, but not removing, Yeltsin — and instead proposed early elections with no referendum, the National Salvation Front united with the Yeltsinites to propose a vote not only on the impeachment of Yeltsin but also on the removal of Khasbulatov. As a result Yeltsin was able to retrieve something and the final result was the 25 April referendum, though on terms dictated by the Congress.

The mess was no accident. *Part* of the opposition, the Brezhnevite wing of the communists and the nationalists, was obsessed with impeachment because they see dictatorship as the only way out. That thinking led to the disastrous Brezhnevite coup attempt in August 1991 and, less fatally, by trying to impeach him, let Yeltsin off the hook at the eleventh hour on 28 March. These currents set up the choice in exactly the same way as Yeltsin, and inadvertently maximise his support — either the IMF or a return to the previous regime. The latter has a social base in the millions of petty officials who would like to get back to ordering the Russian people about. But that politics has no chance of winning a majority precisely because the great majority of the people reject *both* Yeltsin's economic programme and any return to the political regime of Brezhnev.

The crucial political task is to give expression to that majority in a concrete political and economic programme — before Capital is able to come back with its next attempt to crush its opponents. That issue is going to be settled by democratic socialists in Russia. But, given that the outcome will settle the fate of the rest of the planet for decades to come, absolutely everything that can be done to aid them from outside the country must also be contributed.

## The present stage of British politics

Sterling's exit from the ERM in September was a watershed in British politics. It inaugurated a crisis in the Tory Party whereby the Tory right outshone John Smith in opposition. It accelerated the drive to commit Labour to PR and break the trade union link. And it split the soft left — between those who maintain the bloc with the right, even against the welfare state, and those, like Bryan Gould, who have drawn the line at Maastricht and its implications. At the same time the socialist left has started to advance. *GEOFFREY*

*OWEN reports.*

A further instalment of the bill for ERM membership was announced by Norman Lamont in the budget's tax increases — with VAT on fuel and higher National Insurance contributions targeted primarily on the working class. The government's budget U-turn is only the beginning. Plans include further tax increases, dismantling the welfare state and a battle with the unions to freeze public sector pay. Imposing such policies would be difficult in any circumstances, but the Tory Party is divided and politically weakened by the collapse of its economic strategy centred on the ERM.

Rather than exploiting this situation John Smith, in line with the policy which has led the French and Italian Socialist Parties to disaster, has placed the issue of Maastricht 'above parties'.

Major was elected leader of the Tories on a platform of ending prevarication on the EEC. But within seven months of the general election the pound was forced out of the Exchange Rate Mechanism (ERM) and the parliamentary Tory Party deeply split. Six months after that Major suffered his first parliamentary defeat on Maastricht. Even if the treaty is finally ratified Britain is already consigned to the outer-circle of a two-tier Europe. Major now faces an economic and political impasse.

The goal of the high exchange rate at which the pound entered the ERM was two fold: to aid the City of London in becoming the financial capital of Europe, and, at the same time, to hold down wages, through forcing firms which could not compete out of business. The result was the longest recession since the 1930s, raising unemployment to French and Italian levels — adding a million to the dole queues within a year.

Within the ERM, Major and Smith believed that the Bundesbank would prop up the pound's exchange rate and so allow British interest rates to be cut.

In fact the opposite happened. High German interest rates, to fund unification, forced even higher *real* British interest rates, strangling domestic investment. By September last year the situation had become untenable. Rather than providing support the Bundesbank told the press it favoured devaluation. This provoked an anti-German tirade from Lamont. Major demanded reform of the ERM. But they were forced to beat a humiliating retreat when Mitterand and Kohl threatened to press on with monetary union without them.

Since then, contrary to the predictions of Major and Smith, devaluation allowed a rapid reduction in interest rates. But it remains to be seen how much this will stimulate economic growth because the rest of Europe is moving into recession.

Furthermore, while in the medium term devaluation will make exports more competitive, its *immediate* effect is that the British economy can buy less on the world market. In addition, GDP has fallen four per cent from its previous peak in 1990 and the cumulative loss of output over the last two and a half years is greater still.

As a result, the government now expects the budget deficit to rise to £50bn next year, nearly three times the Maastricht ceiling. The current account deficit was £12bn last year, two per cent of GDP — in contrast to past recessions where it was eliminated by falling demand for imports. Next year the Treasury expects the deficit to increase 50 per cent to £17.5bn. Economic growth will be choked off by the yawning trade gap before it can substantially reduce the budget deficit. Even on the Treasury's projections of 2.75 per cent growth after 1994, further tax increases or spending cuts of £11 billion annually would be needed to meet the Maastricht targets.

This shows that the British economy *cannot* maintain all of its present

commitments. It can't simultaneously privilege the international operations of the City of London, keep military spending higher than any other major European power, maintain the welfare state and a relatively high degree of trade union membership and, at the same time, raise investment to levels necessary to compete in the EEC.

This means the choices facing British capital since the end of the second world war, which Thatcher used North Sea oil and financial deregulation to avoid, are now coming to a head.

The Tory Party proposes the most reactionary possible way out of this situation — on the one hand trying to sustain the City and high military spending while increasing investment, and on the other dismantling the welfare state, holding down wages, particularly in the public sector, and increasing taxes on the working class. This requires further attacks on the trade unions because even a limited revival of economic growth will rapidly revive militancy — as we are already seeing.

This project requires greater attacks on the working class than anything achieved by Thatcher. The strain and divisions in the Tory Party reflect this and, even more fundamentally, the fact that its own stability and hegemony was established on precisely the economic orientation and priorities which British capitalism now has to abandon.

From the middle of the last century British imperialism generated the resources to make reforms, defusing the threat of a growing working class, by expanding outwards, creating the British empire. This included the repeal of the corn laws, so that cheap food imports raised working class living standards while destroying most of what remained of the British peasantry. At the same time, from 1870 to the first world war the UK regularly invested as much outside the country as it did within Britain.

*'Major requires greater attacks on the working class than anything achieved by Thatcher'*

On the eve of the first world war it was investing twice as much outside as inside the country and ten per cent of the UK's entire GNP was accounted for by repatriated profits from these foreign investments. By contrast, Germany's capital exports never reached a sixth of its domestic investment. This reflected the different class alliances on which German capital based its rule — protecting the farmers behind high tariff barriers while repressing the working class. This produced a high rate of profit within Germany which was therefore prioritised for investment.

The income from its overseas investments gave British capital a margin for domestic reform which did not exist in Germany, but at the price of steadily falling behind in its domestic manufacturing base, education, training and so on.

That entire economic orientation — the British empire — was smashed by the first and second world wars.

From 1945 British capital embarked on a new course to try to rebuild its domestic manufacturing base. But the problem was how to do this while weakening the organisationally powerful trade union and labour movement which had been built in the fight for those reforms.

At first this contradiction was masked by the post-war boom. But from the 1960s it led to permanent political instability as capital tried various ways to tackle the exceptional organisational strength of the labour movement. In the 1960s and 1970s, in conditions of high demand for labour, capital tried to hold down wages directly by incomes policies and anti union laws. In 1962 the first incomes policy was introduced. Wilson introduced another in 1966. Ted Heath's incomes policy was defeated by the miners in 1974 and Labour's incomes policies after 1975 paved the way for Thatcher's victory in 1979. These were all attempts to hold down the price of labour power without mass unemployment. They all failed and finally, in the context of Thatcher's attacks, opened a new radicalisation of the Labour left in the early 1980s — symbolised by Benn, Scargill and Livingstone, the anti-missiles movement, the Black Sections and women's self-organisation and finally the 1984/85 miners' strike. Capital responded by splitting the Labour Party with the SDP.

Thatcher's project after 1979 was to use the high price of oil and the international financial boom to fund the balance of payments whilst allowing domestic manufacturing industry to

*'Maastricht has dissolved the cement binding the right wing and soft left — the idea that the EEC would modernise Britain'*

collapse. The calculation was that the resulting unemployment would crush the labour movement. But Thatcher's strategy failed. First, because the price of oil collapsed, and then, with the 1987 stock crash, the financial services market slumped. The UK balance of payments moved into the worst deficit in British peace-time history.

At the same time, the working class was not defeated severely enough to allow the sustained rebuilding of domestic industry on a capitalist basis. From 1989 company profits plunged as the working class successfully defended its real income. Thatcher had reached a dead end and was duly sacked.

Major's leadership marked a clear choice by British capital: to try to rebuild manufacturing in an alliance with European capital.

But that strategy has fallen at the first hurdle — British capitalism could not compete within the ERM. In the context of the crisis in the Tory Party which followed, capital redoubled its efforts to ensure that the alternative is a Liberal/Labour coalition committed to essentially the same policies, enshrined in Maastricht.

For this it is necessary to commit Labour to PR and break its links with the unions. All of the proposed systems of PR have one thing in common — they would make a majority Labour government virtually impossible. The Commission on Social Justice is part of the same picture — seeking an all-party consensus against the welfare state.

But Maastricht has also unleashed a recomposition on the left. It has dissolved the cement binding the right wing and the soft left for the last decade — that is the idea that the EEC would resource the modernisation of Britain. The de-bunking of that myth since German unification has split the soft left. The LCC has moved to the right even of John Smith — signifying, with Tony Blair, the revival of SDP-type politics within the party.

On the left, Bryan Gould's resignation from the shadow cabinet, and the number of Labour MPs voting with the Campaign Group against Maastricht, mark the emergence of a new 'Keynesian left' or 'welfarist left'. Gould's low vote in the leadership election showed that this current can only advance by allying with the Campaign Group in parliament and the serious left around Labour Left Liaison in the CLPs, and the *Morning Star*, and the broad lefts in the trade unions.

When Ken Livingstone pointed this out in the *New Statesman*, *Tribune* replied editorially that there was no basis

for unity on the left. *Tribune* has consistently fought to hold the soft left/right wing alliance together, whilst intervening in recent elections in the TGWU and MSF to back the right wing.

Nonetheless, the campaign against Maastricht, organised by Socialist Forum, has established a new level of left unity. NALGO's backing is no accident given Maastricht's plans for public services. This may lead to wider agreement on economic alternatives, particularly cutting military spending as opposed to social services.

That said, this is common work of different currents, with key differences remaining, for example, on the union link.

But overall, there is potential for the left to advance and broaden its alliances, particularly in the trade unions and in united front campaigns on individual issues. Already the alliance, now formalised around Socialist Forum, initiated by Ken Livingstone and the *Morning Star*, has played a key role in the Committee to Stop War in the Gulf, which organised all the mass actions against the war; in supporting the Black Section's launch of the Anti-Racist Alliance — which has won the broadest support of all; in developing an alternative economic policy with the Labour and the Economy Group; in winning successive votes at party conference to cut military spending; and, more recently, in developing these alliances on the ground locally in the campaign against Maastricht. The Labour Women's Action Committee and the Campaign Group worked with Women Against Pit Closures to make a success of the national demonstration against pit closures on 6 February.

The currents which opposed, or boycotted, these advances of the left — socialist, *Socialist Outlook* and *Socialist Organiser*, came together to applaud the events in eastern Europe from 1989, but have now fragmented over Maastricht.

Finally, this emerging socialist left is part of an international process symbolised by the new democratic socialist left in Russia, for example. Support for Russian socialists and trade unionists' fight against Yeltsin's coup was taken up in this country's trade unions, parliament and the national press, exposing the British government's complicity.

This convergence of a new socialist left attempting to bring together wider alliances on the most important issues of the international class struggle is a political step forward in building an alternative left leadership in the labour movement and beyond.

## How the United States, Japan and Germany are crushing the EEC

In Europe imperialism is suffering its first substantial reverses since Gorbachev came to power in the Soviet Union. At the beginning of 1992 imperialism recorded an historic triumph with the installation of a capitalist government under Yeltsin in Russia. But a year later Yeltsin had lost his majority in the Congress of People's Deputies. George Bush failed to secure re-election in the United States, Japan faced financial crisis and the European Monetary System came apart at the seams. Thus the re-charged imperialist system, which delivered Washington's triumphs at the end of the 1980s, has started to exhaust itself.

Through the 1980s United States capital had imposed a specific structure on the world capitalist economy, on which Ronald Reagan's domestic political success rested. Its function was to restore US supremacy after its defeat in Vietnam and its loss of economic competitiveness relative to Japan and Germany.

The aim of Reagan's policy was to accelerate the arms race, including by the deployment of a new generation of Cruise and Pershing nuclear missiles in Europe, to such an extent that the Soviet economy would crack under the strain. This, it was hoped, would both open up Eastern Europe to capitalism and remove the principal strategic ally of every revolution since 1917 — a non-capitalist USSR. These goals naturally united the major imperialist powers who all stood to benefit from extending the field of capitalist operation.

Between 1989 and 1992 this strategy bore fruit with Gorbachev's foreign and domestic policy, the re-introduction of capitalism into Eastern Europe, the Gulf war and finally Yeltsin's attempt to bring capitalism to Russia itself.

The economic mechanism which under-pinned these successes was a vast flow of capital into the United States from Japan, East Asia and the third world peaking at more than \$150 billion in 1987. This financed Reagan's colossal military build up, without forcing the American population to foot the bill — while causing the economic dislocation that is spreading famine, disease and war, with millions of deaths, in the third world.

As the UN's 1992 world economic survey accurately observed: 'The free international flow of capital has meant that the US has been able to have an investment rate exceeding its saving rate by running a current account deficit... Because the US has such a large economy, persistent and large current account deficits can pose a

drain on world resources large enough to have a significant effect on world real interest rates...'

By the end of the 1980s it had become impossible for the rest of the world to continue to prop up the United States at the level required — the inflow of capital into the US dropped dramatically. Flows of capital from the third world had reached their limit, and the US's main imperialist financier, Japan, began to experience strain in its domestic economy, forcing it to cut back on capital flows out of the country. The dam broke with the 1987 stock market crash. Germany, and later Japan raised interest rates, and the flow of capital into the US fell sharply. (Figure 1).

This inevitably led to a collapse in American investment towards the levels of US domestic savings — the lowest of any industrialised state.

As a result US investment collapsed to the lowest level in post war history and the US economy was plunged into recession (Figure 2).

George Bush lost the presidency because he could not revive the domestic economy. His attempt to do so did however have very definite results for the world economy. Bush cut interest rates to their lowest levels since the 1960s and sharply devalued the dollar. This made US exports more competitive and improve the trade balance, with serious consequences for western Europe, but the resulting growth of exports was not remotely sufficient to compensate for the collapse in investment in the US. So Bush went down to defeat.

Bill Clinton was elected on a pledge to put the US economy first. But the problem he faces is that, other than appropriating the savings of the rest of the world, or cutting military spending to a degree that would undermine US world dominance, there is no painless way of rebuilding investment.

Without the scale of inflow of capital which sustained Reagan, US investment, its world military role and the servicing of its \$4 trillion debt will have to be paid for out of the surplus value produced by the American working class. That is the meaning of Clinton's plan to raise taxes and cut benefits. But cutting the US working class' living standards will create something Reagan was able to avoid — political instability in the United States itself, its first manifestation being the defeat of Bush.

That is why Clinton's presidency got off to such a rocky start.

Clinton will try to minimise his political problems at home by extrac-

The electoral collapse of the French and Italian Socialist Parties, signals the demise of Euro-socialism, the dominant current in the west European labour movement for the last decade. This is simply the latest symptom of the crisis of the European Community. The EEC is being ground between the external competitive pressure of the United States and Japan, and the internal dominance of the unified Germany. Rather than offering reforms Maastricht proposes to dismantle the welfare state in Western Europe. The rise of the extreme right and the collapse of Euro-socialism are logical results.  
GEOFFREY OWEN analyses the driving forces of this crisis.

ting as much as possible from Europe and Japan. Hence the sharply rising trade tensions over aircraft, agriculture, steel and so on. Hence also Washington's demands for a direct military contribution by Japan and Germany to US-led policing of the third world.

Underlying this is the relative decline of the competitive position of the United States compared to its major imperialist rivals.

The cornerstone of the new world order established by the United States after 1945 was the US's colossal economic, and therefore political, predominance — in 1945 the United States alone produced more than the rest of the world put together.

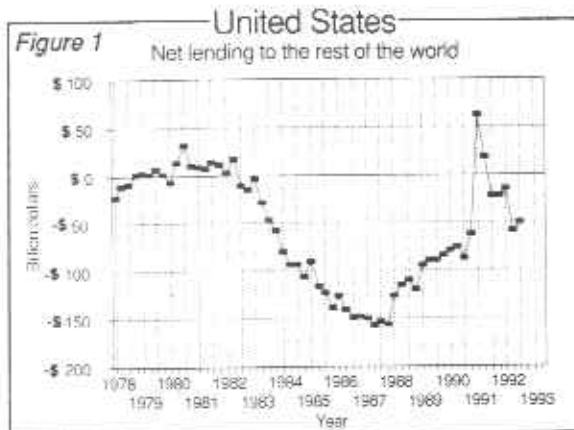
Since then, the US position in the world economy had declined on every major index. Its share of world exports declined from 22 per cent to 11 per cent between 1945 and 1980. Its share of the export of manufactures fell from 20 per cent in 1958 to 13 per cent in 1980. Its share of value added in manufacturing fell from 55 per cent in 1955 to 21 per cent in 1980.

US imperialism is no longer strong enough to organise the entire capitalist world under its hegemony in the way it did until Vietnam. But neither will any other imperialist power be able to challenge US dominance for the foreseeable future.

A typical example of what results is the recent paralysis of the Group of Seven (G7) richest countries set up to coordinate policy: 'A specific weakness sapping the G7's strength is the imbalance arising from the increased strategic and political clout of the US relative to its economic power. The US is now the world's one undisputed superpower. But its share of world output has slipped to about a quarter from a half since the second world war. A decade of deficit spending under presidents Reagan and Bush has created constraints on economic policy making... the US aspires to lead in G7. But its economic weakness results in its policy makers usually producing ideas that require others to pay the bill. The result has been acrimonious disputes over burden-sharing between Germany and the US in particular.' (Financial Times 18 January).

This is placing enormous strain on the entire imperialist system and posing a new historic process of reorganisation. The final outcome of which depends in large part on the outcome of the struggle in Russia, but some of its immediate consequences are already apparent.

The most horrific are in the third world. The massive outflow of capital from the third world to the US meant



that investment and living standards collapsed during the 1980s. According to the UN, per capita income declined in 1990 for 1,000 million people, nearly a fifth of the world's population, and the 1980s ended with third world income per capita lower than at the beginning of the decade. With falling living standards came the famine, disease, social dislocation and wars which continue to sweep Africa, the Middle East, parts of Asia and Latin America.

The political result is the new colonialism — direct imperialist military intervention in Latin America, Africa and the Middle East to prevent the resulting chaos developing into attacks on imperialist interests. Its ideological by-product is the resurgence of racism — justifying both imperialist interventions and the exclusion of those fleeing the crises. Just as the decolonisation struggles after the second world undermined racism in the US and Europe, the highest expression of this being Malcolm X, so the new colonialism has fed a new wave of racism, with daily TV and newspaper reports discovering the latest African country that can't be trusted to run its own affairs.

The second consequence is the stepped up inter-imperialist competition, given impetus by the overturns in Eastern Europe and the Soviet Union — the existence of the USSR forced

*'Per capita income declined for 1000 million people in 1990'*

the imperialists to subdue their own conflicts confronted with a more dangerous enemy, the organised military power of a state representing different class interests.

This increased inter-imperialist competition takes place in the context of immensely superior US power but, nonetheless, is reflected in the emergence of three major trading blocs — the EEC, the North American Free Trade Area (NAFTA), and Japan, the NICs and East Asia. The last of these, with China, is by far the most economically dynamic region of the world. Japanese Prime Minister Kiichi Miyazawa opened the year with his 'Look East' policy saying Asia will be 'the world's brightest spot over the next century'.

On the military level, Washington's intention is to end the economic advantage given to Japan and Germany by the US military umbrella. Now it demands that they deploy their military forces, under US leadership, against the third world in exchange for possible permanent seats on the UN Security Council. In both countries moves are afoot to change constitutions which limit their international operations. Kampuchea now has the first Japanese troops deployed outside Japan since 1945.

These moves threaten the inflated world roles of Britain and France. Hence their efforts to use their military clout to play the leading European roles in the Balkans and the Middle East.

In enforcing its demands, despite its relative decline, Washington has considerable leverage which it used throughout the 1980s to regain ground vis a vis Japan and the EEC. It remains by far the largest capitalist economy — accounting for 37.6 per cent of the output of the 24 major industrialised economies, compared to Japan's 15.2 per cent and Germany's 8 per cent.

Secondly, while Germany and Japan have been catching up on US productivity levels, particularly in manufacturing, the US remains overall leader. In certain sectors, notably agriculture, the US is far in advance of both Europe and Japan — hence Washington's campaign to open up these markets.

Most important of all, only the US can act as guarantor of the functioning of the world capitalist economy as a whole, economically, politically and militarily. You simply have to look at the location of Japan in relation to China and Russia to grasp its dependence on the US — better to be a slightly poorer capitalist than not to be a capitalist at all. Similarly, whilst the EEC

can engage in economic competition with the US, it remains militarily dependent on it — as both the Gulf war and the civil war in Yugoslavia illustrate.

There is no capitalist alternative to US leadership — whatever the price it exacts. Without it one of capitalism's greatest strengths in the post war period — its ability to avoid the scale of inter-imperialist conflict which dominated the period from 1914 to 1945 — would no longer exist. Imperialism was able to face the political crises after 1968, the economic crises after 1973, the crisis in Eastern Europe and the USSR after 1989 and the Gulf war, in a relatively united way. This ability to maintain the fundamental mechanisms of post-war imperialist collaboration intact — relatively free international trade, the international monetary system based on the dollar, NATO — rested on the supremacy of the United States but strengthened all the imperialist powers against the working class.

With the US less and less able to take the strain of organising this world capitalist system, it uses its qualitative dominance to obtain the maximum concessions from the other capitalists — every billion dollars taken from Japan or Europe is a billion dollars less that has to be screwed out of the US working class by Clinton.

The limit on this, however, is the ability of its imperialist rivals to meet its demands. This has been greatly reduced. Every concession made to the United States increases their own political problems — as, for example, in the reaction of the French and Japanese farmers to US proposals to open their agriculture markets.

Japan is facing its most serious financial crisis since the second world war. This reflects the fact that even Japanese capitalism could not take the strain of propping up the US economy in the latter half of the 1980s. Low interest rates demanded by Washington created an economic bubble of soaring stock market and property prices. At its peak at the end of 1989 the Tokyo stock market was valued at 30 per cent more than the value of all of America's listed companies. When the bubble burst property prices plummeted and the Tokyo stock market has fallen by more than half.

This undermined the banking system as the value of its property and stocks market assets collapsed. By September 1992 the top 21 Japanese banks had bad loans amounting to 18 months operating profits. This will make it more expensive for Japanese

companies to raise capital. Japan's economic growth fell to 1.5 per cent in 1992, the slowest for 18 years. Industrial output fell by more than eight per cent.

But Japan is sufficiently competitive to respond to a domestic contraction by expanding its trade surplus with the rest of the world — for the first time ever exceeding \$100bn last year.

Washington's response to Japan's growing trade surplus has been both to 'talk up' the value of the yen — making Japan's exports less competitive — and to impose bilateral agreements on key goods, like semi-conductors.

For Europe, the consequences are worse. The EEC is caught between the devaluation of the dollar and stepped up Japanese exports. But what makes the situation doubly intractable is the coincidence of these external pressures with the impact of German unification. High German interest rates, to attract capital to finance unification, have plunged the rest of the EEC into recession and strained the European Monetary System to breaking point.

Underlying this immediate situation, however, is the erosion of the EEC's competitive position since the beginning of the 1970s. From 1945 to 1973 economic growth was faster, and unemployment lower, in Western Europe than the United States. After 1973 the US struck back with the oil price increases, dollar devaluations and then Reaganomics. As a result EEC economic growth fell behind that of the US till the end of the 1980s.

Again, after gaining on the US in terms of productivity through the most of the post war period, after 1979 the EEC countries stopped catching up with the United States and also fell behind Japan.

Most fundamentally of all the EEC has been unable to match the far higher levels of investment, and resulting productivity growth, of Japan and the Asian Newly Industrialising Countries. In 1991 EEC gross domestic fixed capital formation was 20.25 per cent of GDP compared to 31.4 per cent in Japan — more than 50 per cent higher. And far from closing the gap, the EEC has been falling further behind since the mid-1970s (Figure 3).

Within the EEC, Britain is in a special category of its own. Britain never succeeded in catching up with even western Europe's post war level of investment. Each attempt to do so overstrained the economy and had to be abandoned. UK gross domestic fixed capital formation collapsed to 15 per

Figure 3 UK investment

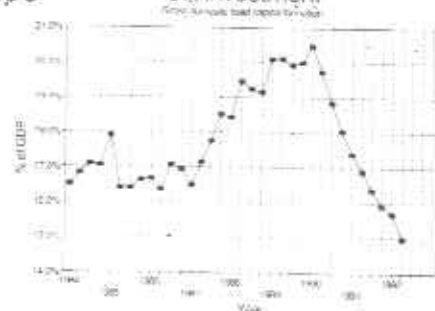
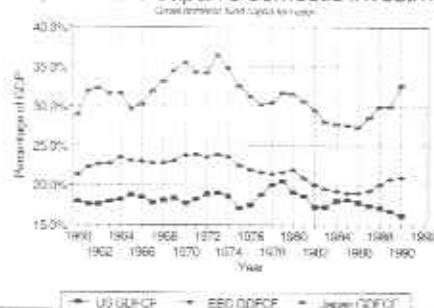


Figure 4

US, EEC and Japan's domestic investment



cent of GDP in the second quarter of 1992 — 25 per cent lower than the EEC average (Figure 4).

Since German reunification the situation of the EEC as a whole has deteriorated further. The EEC's share of world export markets for manufactured goods has fallen by a cumulative 6.3 per cent during 1990-92, according to OECD estimates. The EC's trade deficit with the rest of the world almost quadrupled to \$71bn between 1988 and 1991.

Japan's trade surplus with the EC rose 17 per cent in the first 11 months of 1992 to \$29.2bn.

Previously the deficit with Japan was balanced by a surplus with the US. But, as a result of the devaluation of the dollar, a \$16.2bn trade surplus with the US in 1987 had become a \$24.4bn deficit in 1991.

These figures reflect the basic weaknesses of European capital vis a vis Japan and the US. One aspect of this is that the relation of forces between the working class and capital is more favourable to the former in Western Europe. This was expressed in the fact that the dominant military power on the European continent after 1943 was a non-capitalist state — the Soviet Union — whilst the most powerful capitalist power, Germany, was divided. Only the US military presence could counter-balance the Soviet Union.

In line with this, to re-stabilise capitalism in Western Europe after the war, capital had to concede the welfare state — which does not exist in Japan and the United States.



Furthermore, although the EEC represents an economic space of comparable size to the United States, European capital is not organised in a single state and, as we are seeing, there are immense obstacles to it becoming so. Finally, productivity in agriculture, whilst in advance of Japan, lagged far behind the US.

Naturally, the new relationship of forces in Europe, with the re-introduction of capitalism into eastern Europe since 1989, has given European capital the opportunity to try to roll back the concessions it had to make to the working class after 1945.

The entire project codified in the Maastricht treaty is to dismantle the welfare state, to weaken the labour movement and create a more unified economic and military organisation of European capital.

Economically the attack on the welfare state is the heart of Maastricht. The figures make this clear. Final government spending in the EEC is double the level of Japan — 18.1 per cent compared to 9 per cent of GDP (1990 figures). The difference is more or less equal to their different levels of investment. Hence, the strategy of European capital, put simply, is to drive up the level of investment by dismantling the welfare state. That is the purpose of Maastricht's ceiling of three per cent of GDP on government budget deficits. Implementing this would require massive cuts in public spending in the great majority of EEC states — as well as those like Sweden seeking to join.

This will particularly hit women, who apart from losing direct benefits, will find that their unpaid labour at home is what has to substitute for the services of the welfare state.

As this policy will be resisted, key levers of economic policy are to be handed to an independent European Central Bank, with a view to preventing governments from being able to reverse Maastricht's policies.

The attack on the welfare state dovetails with the goal of driving down the real level of wages. Throughout the 1980s European capital followed a deflationary policy, enforced by the Bundesbank through the ERM, whereby wage levels were depressed by the highest levels of unemployment in the industrialised world. Cutting social security is, for capital, a way to relieve the strain on public finances imposed by the recession, and, at the same time, reinforce the downward pressure on wages. This is what the OECD calls 'active labour market policies' — such as time limits on social security to the unemployed and single parents to

force them to take work at any level of pay on offer. The effect of such policies on the trade unions is obvious — and far outweighs any supposed benefits of the Social Chapter.

The fulcrum around which this whole political and economic attack will turn is Germany — the country straddling eastern and western Europe.

German capital is constructing a low wage hinterland in eastern Europe comparable to that of Japan in East Asia. This will be used directly to drive down wages and social provision in western Europe. A study by Morgan Stanley, the US investment bank, spelled this out: 'Workers in these countries [Poland, Hungary, Czechoslovakia] receive in a month what the average skilled German worker receives in five hours. Little wonder that Mercedes Benz has indefinitely postponed its planned DM1bn truck plant in eastern Germany. German companies will increasingly shift their manufacturing investment eastward.'

Thus, the promises which Kohl made to win the east German electorate to rapid unification are now being reneged upon. Unification created a boom for West German industry as East German suppliers were eliminated. West German GNP growth reached 4.5 per cent in 1990. The corollary was the destruction of the East Germany economy. One typical estimate is that there will only be 400,000 manufacturing jobs left in a labour force of six million by the end of 1993.

*German capital is gaining by economic means what it failed to win militarily in the first and second world wars'*

Then, as the unification boom ran out of steam, the Bundesbank and government have rapidly moved to put the squeeze on wages and welfare spending in the west. Economic growth fell to 0.8 per cent in 1992 (the worst rate since 1982) and is projected to fall by at least one per cent in 1993. In 1992 German business confidence registered a greater decline than in any other post-war recession.

The engineering employers announced on 18 February that they were revoking their agreement with Germany's trade unions to raise east German pay to west German levels. Helmut Kohl has also called for the reversal of the reductions in working hours won by German trade unions in the 1980s. Other targets include ending restrictions on weekend and night-shift work.

The Bundesbank states explicitly that the precondition for cutting interest rates is agreement with the unions and the SPD on cutting social provision, holding down wages and increasing taxes — the so-called 'Solidarity pact'.

Alongside this, the chief responsibility for the outpouring of racism since unification lies with Kohl's orchestrated campaign against asylum seekers — to which the German Social Democracy rapidly capitulated.

Finally, German capital demands that its political and military role be brought into line with its economic muscle.

In both western and eastern Europe German capital is gaining by economic





means what it failed to win militarily in the first and second world wars. Its spread into Poland, Hungary, the Czech lands and Yugoslavia is the main external force promoting the disintegration of these states. A Prague joke captures this accurately: 'What will the Czech lands be called after the break up of Czechoslovakia?' 'East Germany!'

The German demand for immediate EEC recognition of Slovenia and Croatia unleashed the civil war in Yugoslavia.

Europe is being reorganised under German hegemony. One German banker put it like this: Germany after unity should be considered akin to a python that has swallowed a sheep — a little discomfort before emerging all the stronger for the meal.

The Franco-German axis, whereby French capital aimed to control Germany and dominate the EEC, has become the mechanism of German capital's ascendancy. Hence the Bundesbank's concern to keep the French Franc within the ERM while forcing devaluation on the lira, pound, peseta, escudo and punt.

The other EEC states face, therefore, both the external pressures from the US and Japan and the ability of German capital to enforce its own economic priorities irrespective of their consequences for the rest of Europe.

Hence, at the exchange rates imposed by the ERM, only Germany could compete with even the US: Germany ran a trade surplus of \$1.3bn with the US in 1991 but Spain ran a deficit of \$4.16bn, the Netherlands

5.95bn, the UK 6.13bn and France 6.82bn.

The deflationary impact of the ERM thus took effect not only in terms of the impact of high interest rates on domestic economic growth, but by blocking devaluation to offset the fall of the dollar. The high German interest rates necessary to fund German unification and the fixed exchange rate system of the ERM prevented other EEC states dropping their interest rates to avoid recession and devaluing their currencies to compete with the US, let alone Japan.

This worked through directly in the unemployment figures — EEC unemployment reached 9.5 per cent the third quarter of 1992 whilst West German unemployment was still only 4.7 per cent.

This situation is generating the tide of discontent shown by the sharp increase in opposition to the Maastricht treaty starting with the Danish referendum in June last year, the strikes and demonstrations in defence of jobs and welfare provisions in Italy, Greece, Spain, France and, in Britain, against pit closures.

By September last year the economic and political pressures imposed on the weaker EEC economies by the combination of the dollar's devaluation, Japanese competition and high German interest rates became uncontrollable. The EEC split in two — between Germany and its periphery and the rest. To date countries representing 45 per cent of EEC GDP have been forced to either devalue their currencies or leave the ERM altogether.

First, Britain and Italy, followed by Spain, Portugal and Ireland devalued their currencies. As the American magazine *International Businessweek* commented: 'Europeans expected to unveil a unified economic and political superpower to rival the US and Japan. Instead, 1992 turned into a year of fragmentation.' (11 Jan)

When it came to the crunch, with the exception of the French Franc, there was no German subsidy on offer to bail out the ERM's weaker currencies. On the contrary, the *coup de grace* was administered by judicious Bundesbank press leaks.

This was borne out in the *Financial Times*' investigation of the ERM debacle: 'Even if it is ratified by all EC member states, the Maastricht Treaty looks more like a formula for establishing a two- or multi-speed Europe than a blueprint for union. However, while others have dallied, one institution has emerged with a clear idea of what it wants from the wreckage. The Bundesbank sees a monetary future for Europe: it will be designed and largely made in Germany. In a series of speeches over the past two months, Mr Schlesinger, Mr Tietmeyer, and Mr Otmar Issing, the Bundesbank's chief economist, have spelled out a vision of Europe's future that amounts to monetary Darwinism, or survival of the fittest.' Tietmeyer 'explicitly rejected the myth that all EC nations could proceed together to union. The Bundesbank president has also attacked aspects of the ERM's operations, notably the obligation on strong currency countries to provide unlimited support for weak currencies at their lower intervention points.'

Within this framework the Bundesbank has tried to keep France on board — because the Franco-German axis is the vehicle for Germany to get its way on all decisive issues within the EEC. However, even this may not be possible. The consequence of trying to maintain the Franc's parity against the D-mark in the ERM has been a decade of austerity. France's unemployment stands at 10.4 per cent and rising. Its unemployment benefit system is nearly bankrupt. This is the basis upon which Jean Marie Le Pen was able to build the largest fascist party in Europe.

The Socialist Party government which has presided over this policy was predictably crushed in March's parliamentary elections.

The squeeze on France is magnified by the devaluations of the pound, lira, peseta, escudo and punt — which undermine French exports — hence Jacques Delors' denunciations of

'In eastern Europe social democracy has won no mass support on either the electoral or the trade union field'

'wildcat devaluations'.

But whether or not the franc can keep its parity against the D-mark, the consequences of the ERM have been even more devastating in the less competitive economies — those destined for the second or third tier in the new Europe — including Italy and Britain.

The Italian government, whose budget deficit of 11 per cent of GDP is more than three times the Maastricht maximum, has adopted the biggest attack on health and social security spending since Italy's welfare state was set up after the war, including a wage freeze for 3.5 million public sector workers. Health care and pensions are to be cut. These steps are the economic driving force of the disintegration of the Italian political party system in recent months. As the OECD's latest survey of the Italian economy put it: 'Meeting the Maastricht convergence rules implies for Italy a speed of fiscal consolidation which has no precedent among major countries.'

Britain is heading for a budget deficit three times the Maastricht limit. The government's response has been the public sector pay freeze, tax increases and the threat of massive cuts — but in circumstances where its political weakness makes it difficult to carry them out.

Major cuts in public spending are also planned in the Netherlands, Belgium and Denmark — not to mention the onslaught taking place in Sweden which is taking apart the post war model for social democracy.

Six million Italian workers took part in a general strike against such measures on 13 October. There have been general strikes in Spain, Italy and Greece against attacks on services, wages and jobs in the public sector.

This economic and social process is churning up politics in western Europe and giving birth to two qualitative shifts. In the labour movement the decade of 'Euro-socialism' — symbolised by Mitterrand, Craxi and Gonzales — is ending in disaster. At the same time, it has created the social basis, and, with Euro-socialism's failure, the political conditions, for the emergence of the racist extreme right on a scale not seen since the 1930s.

The scale of attack on the petty bourgeoisie and the welfare state is also fracturing the base of the national bourgeois parties. This is leading to anti-Maastricht currents within them — the part of the Gaullist party which led the campaign for a 'no' vote in the French referendum, the anti-Maastricht wing of the Tory Party, and so on. And, also, of course, the emer-

gence of significant new parties to their right — Le Pen's French National Front, the Republicans in Germany which polled 8.3 per cent in the March elections in Hesse, the Freedom Party in Austria, the Vlaams Blok in Belgium and the Northern Leagues in Italy (where in addition the fascist MSI continues to win 5-6 per cent of the vote). Not only are the main pro-Maastricht parties fanning the racism on which the extreme right feeds.

One of Euro-socialism's most gross crimes is the way it has capitulated to racism — in many EEC states, notably France, not even extending elementary civil liberties, such as the vote, to immigrants — thus weakening the part of the working class which has the most immediate interest in fighting the racists and fascists.

Increasingly outflanked on the left and the right, the parties of the 'Maastricht bloc', are forced into closer collaboration, remaining the largest, but now declining, combination of political forces in the major European countries.

This bloc comprises, first the pure party representatives of big European capital — such as the German Free Democrats and the British Liberals — a minority in all countries. Secondly, the largest part of the traditional national main bourgeois parties — the Tories, the Christian Democracy, the French Gaullists — with growing, right wing currents within these, opposing Maastricht or its effects, reflecting the pressure of the petty bourgeoisie and small capital.

Third, Euro-socialism — the attempt of the European Social Democracy to build a bloc of big European capital and the better off sections of the working class, against the rest of the working class and the petty bourgeoisie.

In France, Italy, Spain, Belgium, Netherlands, and most recently Ireland and Denmark, social democracy either the major or a leading government coalition partner presiding over rising unemployment and the attack on the welfare state. Elsewhere, while not in government, its support has been essential to carrying through this attack. In Germany the SPD's Solidarity Pact with the government means it shares responsibility for the key proposal in the pact — a 7.5 per cent tax increase — guaranteed to further discredit the SPD.

In Britain, Labour under John Smith, is as committed to Maastricht as John Major, and Smith has already stared his own softening up exercise against the welfare state with his Commission for Social Justice.

The rise of Euro-socialism was based on the fact that through the latter half of the 1970s and the 1980s Germany's trade surplus subsidised the EEC and particularly investment in southern Europe. This, together with the US's economic blows against its European rivals, was the material basis of Euro-socialism's eclipse of the directly Atlanticist currents within Social Democracy and of the Communist Parties outside of them.

Today, the squeeze on the EEC by US, Japanese and German capital, together with the re-introduction of capitalism in eastern Europe, is destroying the material basis of Euro-socialism. Rather than offering improvements, Euro-socialism today stands for dismantling the most important reforms of the post war period. Its electoral collapse is the logical result. In Britain, on this policy, Labour could not even win the 1992 general election

*'Britain is heading for a budget deficit three times the Maastricht limit'*





Craxi and friends pilloried at Italian carnival time

in the context of the longest recession since the 1930s.

As a result Euro-socialism's entire system of alliances is being outflanked. That is what happened in the Danish referendum, nearly happened in the French referendum and, most spectacularly of all, is now taking place in Italy. Here the entire postwar party political system is being smashed to pieces, with a quarter of the country's MPs, particularly Socialist Party members, threatened with corruption charges. As a result the right wing Northern Leagues are now the biggest party in the north of Italy and the second largest party in the whole country, while both the Christian Democrats and the Socialist Party are suffering spectacular reverses.

In the first round of the French parliamentary elections in March, the electorate passed its verdict on Mitterand's 'Franc fort' policy as the Socialist Party vote collapsed below 20 per cent, less than half that of the main bourgeois parties. Le Pen's National Front took 12.52 per cent. The Communist Party sustained 9.21 per cent and 7.7 per cent went to the Greens. That result is an eloquent balance sheet of ten years of Euro-socialism.

In Spain, Gonzales' party is likely to lose its parliamentary majority this year in spite of the extreme fragmentation of the bourgeois parties in the Spanish state. In Germany the SPD have put up no serious opposition to Chancellor Kohl since unification, responding to racist attacks by suppor-

ting restrictions on asylum seekers, associating themselves with tax increases and attacks on social provision through the 'Solidarity pact' negotiations and even discussing the issue of the deployment of German troops outside the NATO area — a proposal which only has the support of 15 per cent of the electorate. As a result, although in opposition, the SPD did even worse in the Hesse state elections, losing 8.4 per cent, whilst the Christian Democrats only fell 2.3 per cent.

In short Euro-socialism is collapsing. Its fall coincides, logically, not just with the rise of the far right, but since the middle of last year, with the first movement of the relation of forces in favour of the working class after the historic defeats of 1989.

The first sign of this was the mass movements against the Gulf war throughout the third world, and also, on a lower level, in the United States and Western Europe, where it brought together left social democrats, the left wing of the former communist parties, the Greens, peace movements and left trade union currents.

The really qualitative development, however, began in the middle of last year as the Russian working class, as always the vanguard, clearly moved onto the offensive against Yeltsin's government — whose position has deteriorated ever since. That movement has still only taken its first steps, but the defeat of capitalism in Russia would completely transform the conditions of the class struggle everywhere

in the world. For that very reason the political recomposition in Russia will shape the future of the entire international labour movement.

Finally, since the Danish referendum and then the ERM crisis in September, the crisis in the EEC has reached a level which threatens the strategic project of European capitalist integration. This is bringing together not only socialists, but those who simply want to defend the welfare state.

In line with this has been the revival, emergence or stabilisation of minority currents to the left of Euro-socialism. In eastern Europe, capitalism has no economic concessions to offer and so social democracy has established no mass support on either the electoral or the trade union fields. In all recent elections former communist parties, sometimes allied with smaller new left currents, have been dominant on the left. Similarly the main trade union organisations are the former official trade unions which, in Russia, for example, have been democratised and played a leading role in the opposition to Yeltsin's policies.

In the former USSR this trend is even more pronounced — witness the victory of the left in the Lithuanian elections — and growing strength of the left around the newly reformed Communist Party and the trade unions in Russia. In a number of these countries new left currents, former communists and trade unionists are working together. For example, the collaboration of the Party of Labour with the trade unions and Roy Medvedev's party in Russia. Boris Kagarlitsky is now political advisor to the chair of the 65 million strong Russian Federation of Trade Unions. The Left Bloc in the last elections in Czechoslovakia represented a similar alliance.

In Germany, SPD went flat out to eliminate the Party of Democratic Socialism (PDS), the successor to the east German communists, and failed. Unlike the SPD, the PDS took a clear stand in defence of refugees and Germany's black communities against racist violence. The PDS includes, in addition to former communists, other left wing currents in its leadership.

In western Europe, left currents out of the former Communist Parties have also retained a foothold and even regained some ground — most clearly in Italy's Party of Communist Reconstruction, which incorporates both the left wing of the PCI and the far left *Democratia Proletaria*, and has major influence in the trade unions.

In Britain, the *Morning Star* and left communists have worked with the La-

bour left in leading the campaigns against the Gulf war, in support of the Anti-Racist Alliance, supporting democratic socialists in the former Soviet Union and against Maastricht. This alliance has been formalised in the Socialist Forum.

The opposing pole of this recomposition — the part of the left which started by celebrating capitalism's advance into eastern Europe, whether they originated as communists, social democrats or Trotskyists — has been marginalised. In Eastern Europe currents on this line are participating in the destruction of living standards and social welfare of millions of people.

In Britain, the Socialist Movement and its paper *socialist*, which acted as a trojan horse for this line in the British left and united those, like *Socialist Organiser* and *Socialist Outlook*, who considered the post-1989 events in eastern Europe an advance, has blown apart over Maastricht.

The second major current which has consolidated its position to the left of Eurosocialism in a number of countries is the Greens — ranging from quite left currents in Germany to the more right wing Greens in France. The Green vote in France and reaching 11 per cent in the Hesse state elections in Germany in March.

In Italy, Spain and Britain the Greens have not made this kind of progress — in part because the ground to the left of Euro-socialism is occupied by the Labour left in Britain, the left Communists in Italy and the left nationalist and other currents in Spain.

Finally, there are left currents in the Socialist Parties themselves, in particular, on the Gulf war, the Maastricht treaty, against racism and now defending the welfare state, most clearly in the British Labour left, centred on the Campaign Group, which over Maastricht and the welfare state has been able to make wider alliances as with Bryan Gould. In France, Jean Pierre Chevenement led a minority of the SP in opposition to the Gulf war, and then for a No vote in the French Maastricht referendum.

Two distinct processes are involved in this political recomposition. The first is the convergence of *socialist* currents — driven together in opposition to capitalism in eastern Europe, opposing the imperialist attacks on the third world and building wider mass movements around the immediate issues confronting the labour movement in western Europe. This is part of an *international* process and is most advanced in Russia and some parts of Eastern Europe. It is developing also in

the collaboration between forces like the Cuban Communists, Central American revolutionaries and the Brazilian Workers Party, in the Latin American Sao Paulo Forum. In western Europe it was reflected in the coalitions of different currents against the Gulf war and, partially in the collaboration of different currents in the German PDS, the Italian PCR and the Socialist Forum in Britain.

This socialist recomposition is leading towards the creation of new national and international socialist currents — with its tempo determined by that of the international class struggle and, in particular, the outcome in Russia.

To this process of socialist re-alignment is added a second process. Significant left reformist forces oppose the attempt to dismantle the welfare state in western Europe, and want to fight racism, not capitulate to it. It is obligatory for the socialist left to make common cause with this wider, '*welfarist-left*' to maximise the forces which can be mobilised on these issues.

The next steps in this process are clear:

- to expose and oppose the imperialist military interventions in the third world and eastern Europe, linking up with the peace movement to campaign for the massive cuts in military spend-

ing, and, in Germany, attempting to block the new drive to deploy German forces internationally.

- to create the widest possible mass movements against racism, with the leading role in them of the black communities, and drawing in the trade union movement — the Anti-Racist Alliance is a model in this respect;

- to mobilise the labour movement in opposition to the Maastricht treaty and create the strongest possible defence of the welfare state, in particular, highlighting the disastrous consequences for women of its destruction; every major struggle of the working class, whether directly to defend welfare provision, in defence of jobs, against pay freezes and pay cuts, or in defence of trade union organisation, objectively feed into the opposition to the entire plan of European capital embodied in Maastricht.

1992 saw the tide start to turn for the working class in Europe. First the Russian working class started to hit back, shaking the imperialists' hold on developments in Russia, and secondly, in western Europe the project embodied in the Maastricht treaty began to come apart. These developments are first steps on a long and difficult road, but they have opened a crack which the labour movement must drive into, forcing it as wide as possible.



## The politics of the Anti-Racist Alliance

The Anti-Racist Alliance, in little more than a year, has both built a comprehensive alliance of forces to fight racism — including the near unanimous support of the TUC and Labour Party — and organised an impressive series of major events to begin the mobilisation of that alliance in active opposition to the growth of racism. This is a striking achievement, particularly given the deep-seated resistance to the ARA's core founding principle — black leadership of the anti-racist struggle.

SOCIALIST ACTION talked to PALMA BLACK, BENNIE BUNSEE and MARC WADSWORTH, of the Labour Party Black Section — which played the key role in establishing the ARA — about its significance and achievements in its first year.

**BENNIE:** The anti-racist struggle is not new. It has a very rich history. But the Anti-Racist Alliance (ARA) is new in bringing together this history into a broad, national alliance uniting all anti-racist forces, black and white. At the core of its success lies *Black* leadership.



This is crucial given the understanding among Black anti-racists of the way white anti-racist forces have let them down in the past.

The other side of that coin is the demand by Black people and the Black communities to define their struggle, the anti-racist struggle, on their own terms.

These two components mean that Black leadership is decisive in creating a broad national alliance.

It is extremely significant that important sections of the labour and trade union movement and part of what we call the 'white left' have accepted this, and appear on platforms enunciating this principle.

Secondly, it is the first time in history that a black minority in the West — and there are black minorities involved in anti-racist struggles in Australia, New Zealand, every part of Europe, the United States, Canada, Brazil, Colombia — has been able to form such an alliance. For me, that is *historically* significant and what is new about the ARA.

**PALMA:** It is the first time a section of the white left — though still not all of it — has shown some respect for the way black people have formed a major organisation and for the role of black organisations within it.



**MARC:** What is unprecedented in the ARA is not just the acceptance by the labour movement of a partnership with black organisations and individuals, but of the leadership role black people will play in the anti-racist struggle. The



acceptance of this is something that has not happened before, either here in Britain, in the rest of Europe or even in the United States.

The civil rights movement in the United States was a real opportunity for the labour organisations to make a historic alliance with black organisations, particularly the churches.

But the support from the labour movement tended to come from the union locals, while the national unions hardly got involved, and certainly not their equivalent of the TUC, until the very end.

There were exceptions — some automobile unions based in black areas

like Detroit, and certainly the Brotherhood of Sleeping Car Porters, were involved in a major way. But outside of that there was no collective response, essentially because the United States' unions were deeply ingrained with racism. They were part of the problem rather than part of the solution.

But that was their loss, because they could have helped build and sustain an incredible movement for change, not just for black people, but for women and for working people in general. Instead the whole momentum was lost in the States. The gains have been rolled back by Reaganism.

This is relevant as we go forward in the Anti-Racist Alliance — understanding there have been alliances before and a huge *potential* for coalition which has never really been realised, even in the United States.

The civil rights movement was a historical experience of a broad alliance, but the ARA is picking up politically not from where the civil rights movement *began*, but from where it had arrived at the end. And going beyond it.

And that is why, although it is so new, the Anti-Racist Alliance already has a tremendous reputation. Daniel Liebmann, from MRAX in Belgium said he considered the ARA a model for the rest of Europe. Manning Marable said that they had nothing like it in the United States.

Moreover, while the basis is anti-racism, the potential of this alliance



touches on every social and political issue confronted in our society. Malcolm X was beginning to come to terms with that in the last year of his life when he began to link the issues of race, gender and class. There's that famous statement he made about women...

**PALMA:** 'To educate a man is to educate an individual. To educate a woman is to educate a nation.'

**MARC:** Exactly. Even Martin Luther King was starting to radicalise in the same way. First by opposing the Vietnam war, then by taking up the dustcart workers dispute in Memphis which is what he was doing when he was assassinated. We are very much in that tradition.

**BENNIE:** The ARA is fundamentally an anti-racist movement, that is its basic minimum programme, around which we are seeking to unite. But its significance is much wider.

When Manning Marable spoke at the ARA convention, he explained how the race issue was about decent health, housing, education, employment — exactly what white people are fighting for too. And indeed, because they are the majority in this country, a larger number of white people suffer as a result of government policy on these issues. They have an objective interest in opposing the racist ideologies that are used to attack welfare and social provision. The issues are evidently linked, it is how we link them that is crucial.

Fulfilling the potential to make these links demands black leadership of the anti-racist struggle. In the past this was not accepted by the trade union and labour movement, nor by

those to the left of traditional Labour. But now I think we have won that dispute quite decisively, thanks to the struggle of the Black Section in the Labour Party and trade unions.

**MARC:** The core of what made it possible to form the ARA was what I call the 'triple alliance' in the Black Liaison Group:

- the Black Section — which was pivotal in all this with its reach in organised labour and in the Labour Party to which the majority of black people in this country give their vote (and are treated as voting fodder);
- the National Black Caucus, which represents radical and organised Black people in the voluntary sector;
- and the Society of Black Lawyers, the most advanced professional self-organised group.

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**This quite fundamentally challenges the politics of the SWP, and the other groups like it — on black self-organisation, black leadership, and the kind of mass movement that is being built. They want to subordinate the black struggle to a white conception of politics, in a white organisation under white leadership.**

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That triple alliance, brought together in the Black Liaison Group — initiated by the Black Section — made it possible to then reach the most advanced sections of the white left — those people prepared to accept black self-organisation and black leadership in the anti-racist struggle. Previous at-

tempts to bring together such an alliance have always failed because the whites would not accept black leadership.

**BENNIE:** It was this initial alliance that was able to win support from a number of individual trade unions. Black equality officers, and other black officers, made the vital difference in winning the argument in the early stages in many of the unions concerned. Winning the support of the black communities and the trade unions then laid the basis for the support of the Labour Party and TUC. The resolution at the Labour Party was unanimous on a show of hands, and at the TUC only the AEEU voted against. That is a remarkable achievement in the first year of the campaign.

We don't yet know with what degree of warmth, enthusiasm and practical support these decisions will be followed up. We have had the experience of winning the Black Socialist Society in the Labour Party, and similar positions in the TUC, but that does not solve things. They have to be followed up, and pressure applied.

But we now have access to the largest mass movements in the country — the trade union and Labour movement. It is for us to go in and make it work, and insist on action.

The ARA has a momentum, and it will develop, expand and have an even broader impact.

It is also posing a political conflict between those sections of the white left and the labour movement that support black leadership, and those who reject it. In this context we commend *Socialist Action* and the *Morning Star* for their response both to the anti-racist issue and the call from black groups to form the ARA, which is now a robust and constructive relationship.

The Socialist Workers' Party is leading the other camp — those who reject black self-organisation and leadership in the fight against racism. The SWP is frantic in its opposition to the ARA because they see that its literally dismantles their politics on a key issue. It brings out into the open just how right wing their politics really are.

The ARA is very methodical in how it responds to each issue as it comes up, for example making a racist murder as much a national political issue as we can, broadening the response, and tying all of these events and issues into the project of creating an anti-racist majority in this country through building up a genuine mass movement that can respond and take this forward.

This quite fundamentally challenges the politics of the SWP, and the

other groups like it — on black self-organisation, black leadership, and the kind of mass movement that is being built. They want to subordinate the black struggle to a white conception of politics, in a white organisation under white leadership.

We are challenging them and explaining the premises of their political actions. It is important that currents on the white left also take up this fight, for example in articles.

This has become a national debate around the issue of anti-racism and black self-organisation — a debate in which we have won the argument again and again. In that sense the ARA is also a school and forum for debate and discussion.

Take the slogan 'black and white unite and fight'. In itself it is correct to call for unity against racism. But the SWP use it in a very arrogant and presumptuous manner, denying the aspirations and real experience of black people on racism, counter-posing the slogan to black self-organisation which in reality is a precondition for wider unity.

So slogans are only meaningful insofar as they are generated by the mass movement itself, and out of its struggles. The slogans are an important element in the definition of a struggle.

If you take a slogan like 'too black, too strong', that is a wonderful slogan, precisely because it comes from an authentic, really radical experience. When it was being shouted on the Rolan Adams demonstration last year by hundreds of Black youth it was really inspiring, it meant something.

**MARC:** Some of the organisations on the march that consider themselves anti-racist — like the Socialist Workers Party — didn't like it at all. They were not inspired by young black people coming together to strike back against racism. A phalanx of militant black youth in the leadership of that march, who were not going to allow a few SWP lollipops to lead them, chanting 'too black, too strong' unnerved these people. That really upset them.

**BENNIE:** Even among progressive white people you meet a deep psychological fear of black independence, due to feelings of guilt about the shameful history of the treatment of black people — massacres, killings and genocide.

But above all, there is a desire to hang on to power at all costs, and whether this is in the name of Christianity, liberalism, Marxism or socialism — it amounts to the same. And this

hanging on to power is reflected in Western thinking of the right and left on black nationalism and on black leadership and independence.

The white left, in particular, seems incapable of the courage or insight to face up to the fact that they are still clinging on to power.

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**MARC:** There has been a deep failing of the white movement to understand how black people who are militant, and able to organise themselves are going to come into the struggle. The white left has historically rejected black self-organisation, self-determination and nationalism. They've seen all of that as a threat, and fought against it. But black people will come into the struggle on our terms, and white people will have to accept that.

**BENNIE:** This rejection of black self-organisation was theorised by European socialism in seeing the struggle against racism as simply a subordinate and partial element of the struggle against capitalism.

This view was held very sincerely, including by many black people who joined the Communist Party and various other marxist organisations.

People genuinely believed that the struggle for socialism would do away with racism and national antagonisms, and so rejected the need for black self-organisation and a black identity. That goes for the whole host of organisations, from the SWP to the CP currents, including those that had a lot of influence in the unions.

**PALMA:** These are wrong politics. But what is shameful is the way some of these currents then leech off the black struggle. For example, the SWP have been holding meetings on Malcolm X — which attract black people who want to find out more about this great Black leader. They are using the name of Malcolm X to recruit to the SWP, but they oppose black self-or-

ganisation and black nationalism, and everything Malcolm X stood for. The meetings are to explain their view that Malcolm X was wrong, and that black nationalism, rather than the deeply ingrained racism of the white working class and authorities in the US, led to the failure of the mass anti-racist movement in the United States. But the SWP doesn't make it clear the meetings are to oppose Malcolm X.

It is disgusting cynicism.

**BENNIE:** Now *Militant* have launched something called Panthers. But they too consistently reject black self-organisation. Both *Militant* and the SWP are essentially the same, they are cynically using Malcolm X and the black struggle, which shows the real contempt that they have for the black struggle.

**MARC:** It was *Militant* that aided the Labour Party right-wing against Black Sections. I remember the year *Militant* had a woman on the NEC, who was put up to attack Black Sections from the platform at Labour Party conference — a few minutes before the same NEC launched a witch-hunt on *Militant* itself. A Black member of the NEC from *Militant* played the same role.





**BENNIE:** It is this neo-colonial tactic of supporting stooges, which British imperialism has long experience of. It is just the same thing, picking out your black person who will say what you want them to say. It is particularly disgusting when you see it being done by those who should know better, on the white left.

This is exactly what the SWP and *Militant* do. It is a form of left-wing neo-colonialism.

**MARC:** We call them the white colonising left.

Moreover, it is experiences like this which explain why a lot of good black militants, who could have played a decisive role in the workers' movement, black and white, ended up pursuing separatism.

**PALMA:** These cynical politics are obviously despised. But the most powerful influence on the attitude of young black people to the left and to the Labour Party is their own experience of racism and fighting it.

Take the background and history of this in Lewisham, the area where the fascists were driven out by black people themselves. The Anti Nazi League last time round was formed

**'The problem of racism in this country is not because we come from Gujerat, the Punjab or Jamaica, but because we are all Third World people with a common history of imperialist domination'**

after Lewisham, after the battle of Ladywell, not before.

Despite the claims of the SWP, it was not the ANL which defeated the fascists on the streets, but the mass of black youth who came out to stop them.

And then there was the struggle around the New Cross 13 who died in the massacre, an arson attack causing a fire where young black people were having a party. That was a black campaign that saw the largest black march there has ever been in this country, with 10,000 on it, which was attacked by the police.

Huge numbers of black people identified with that, because 13 black youth had been killed at a party — which is part of our everyday life, or weekend life. That meant anyone

could be killed at any time, it could happen to anybody. So the feelings about it ran very high, and there was an incredible mobilisation — but you didn't see the white left or the Labour Party there.

So understandably, young black people are very cynical about politics, unless it is black politics, their own politics.

Black people vote for the Labour Party, but they don't join it by and large. In my ward Labour Party, in Lewisham, there are only two black people.

Young black people are political, they want to be black and strong, but they won't join the Labour Party until it changes.

But the ARA is seen in a completely different way. Partly because there are a lot of different things that people can do. It is not all sitting round in meetings. So there are a lot of black youth who support the ARA, who follow it, and who see it as something new and different — even though the white organisations, the labour movement are strongly involved. That is because of the black leadership of the ARA, and the principles of black self-organisation that are embodied in it, and are obvious in its activities.

**MARC:** We had been talking about establishing a movement like the ARA for years in the Black Section.

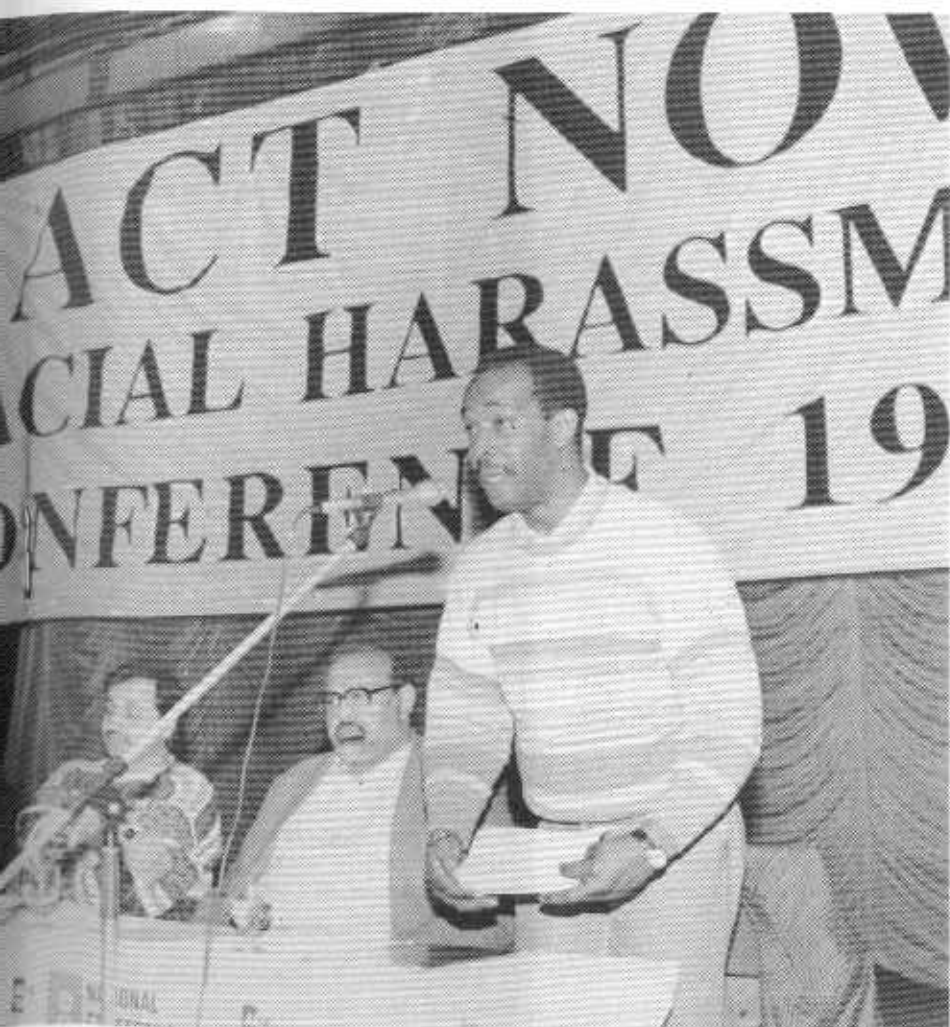
Certainly the thinking was that we wanted to extend the political reach of black self-organisation so that it could not simply lead the anti-racist movement, but play a role in leading the whole workers' movement.

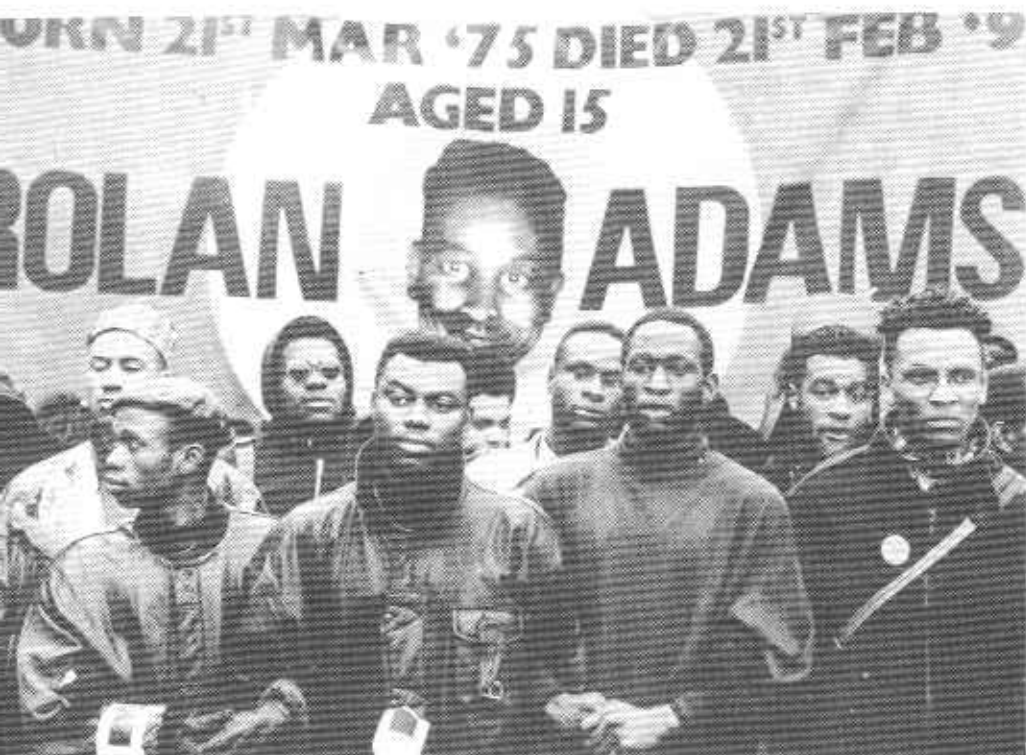
**BENNIE:** Yes, and this is not at all unreasonable, because while we may be a minority here, the ideas of black politics represent the massive majority in the world today.

**MARC:** It's what we call the 'Two Thirds World' — that's the real relationship, it's not the Third World but the two-thirds world. Today imperialism in the North has absorbed the East, and now it is turning its attack on the South.

At the same time, there were a lot of chauvinists in the North on the so-called left who argued that revolution could only come from the industrialised base in the North. But all the revolutions and real progress since 1945 have been led from the South. And this will continue.

Frankly, you have to accept that the people of the South are going to be at the head of the struggle over the whole next period. If there is going to be a





successful revolution it is not going to be led from the North. That is quite a revolutionary thought in itself!

**BENNIE:** How Lenin put it is that the way to London, Paris and New York is via Shanghai, Bombay and the Third World. And that is even more true today. And quite frankly most black radicals, not just here but over the whole world, are thinking in this way now.

**MARC:** There is also a new discussion about nationalism. The whole debate on Europe for example is posed in these terms, although taking on many different forms. It is all about nationalism, whether it is arguments for a federal Europe, or Tony Benn saying that we have to hold on to our sovereignty, and this is accepted as a left-wing, near Marxist point of view. But when we talk about black nationalism we are denounced as petit bourgeois black nationalists.

Nationalism — and this is something the Socialist Workers' Party can never understand — is not automatically counter-posed to socialism. Nationalism can be either progressive or reactionary depending on the social processes that it represents. Black nationalism, the self organisation of black people and their refusal to subordinate the fight against racism and for black liberation to any other agenda, is fundamentally both necessary and progressive. Black nationalism is a conduit through which peoples' aspirations flow, as we saw with Malcolm X, perhaps one of the greatest revolutionaries, black or white, that

we've seen in contemporary history. Lenin understood this role of the national question, which is why he was concerned to explain the difference between reactionary, often imperialist, nationalism and the progressive nationalism of the oppressed, and why in that framework he saw the national liberation struggles as so central.

This discussion is developing now, and we are both redefining black nationalism, and helping change the whole discussion on nationalism. But of course, nationalism on its own is not enough, it can be used, you can go

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**'The institutions based on white money have created a "race industry", but not the politics that can unite black people and fight racism.'**

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through it, it is going to be part of a dialectic of race, class and gender.

This leads me on to a further issue. The black community is not united. A right-wing black person in the Labour Party, for example, can be picked up and used to beat you over the head, which is why you need thoroughgoing black self-organisation.

You can see what happened in Brent. The black people who have aided the Tories there were not put into positions through black self-organisation. We didn't put them there. If there had been vibrant and strong black organisation in the Labour Party in Brent I believe it would never have happened.

**PALMA:** The issue of racism is too serious to try to pretend that all black people are simply all the same. We have a very important debate to conduct within the black community, and with other black organisations about what they get wrong, about what we strongly disagree with, and the way some people are used — whether they are of the right or the left — against the interests of black people, against the interests of the struggle against racism.

Too many people have used anti-racism as a way to get on themselves.

You can understand why they do this. If you have been constantly beaten over the head by the racism and prejudice of white society, then you can see why people take the course of looking after No. 1. But a movement against racism cannot be built like that. The issue is too important to let individuals stand in the way.

**BENNIE:** The question of black unity is vital in this fight against racism today. Every serious black activist is discussing that at the moment.

Some, particularly middle class black people, don't want to identify as black, they so want to be integrated that they don't want to identify themselves in a way that might challenge white prejudices. It is a form of self-hatred. Only defining yourself by the country you originated from, rather than developing a black nationalist consciousness can be one way of doing this.

So achieving black unity is no easy thing.

The collision between the black integrationist and black nationalist approach, which has been there for a long time, is becoming particularly sharp at present.

**MARC:** What is the first line of cleavage that you come up against when you reach this new country, Britain? It is not religious differences, or what village you come from. It is the colour of your skin, and it doesn't matter if you are African Caribbean or Asian, or where you were born or grew up.

A typical example was the way the white media tried to argue that the Asian shopkeeper who was killed in Handsworth some years ago had been worked over by a gang of African Caribbeans. A few days later it was noted in a tiny paragraph that the police had arrested a white youth. They tried to set one part of the black community against another, and then buried the truth.

I went there as chair of Black Section and was shown round by Amir Khan, then a councillor. I had never

seen so much unity on the streets between African Caribbeans and Asians who saw themselves as black.

The Commission for Racial Equality has now caved in on this and refers to 'black and Asian', and in the Labour Party, where we fought for a Black Socialist Society, it is to be *Black and Asian*. That is caving in to the cultural nationalists, who are the reactionaries on this issue.

**BENNIE:** This is not to oppose the various communities maintaining their cultural identity, language, support networks and so on. But it is to say our problems of racism in this country are not first and foremost because we are from Gujerat, the Punjab or Jamaica, they are because we are Third World people, discriminated against due to our colour, our race, our nationality. We have a common history of colonialism and imperialist domination, which is in fact the primary basis for black unity. It is this common history which is decisive in Britain, and which determines how we are treated in this society. That, not precise national origins is, in the context of Britain, the primary basis for political organisation.

This is the black unity we have to create at this point, a real political unity of the black communities against racism. That is a struggle which the entire black community can and must be involved in — whatever other political or cultural issues that may be specifically pursued in one area or another, our unity must be forged in this struggle against racism, which is derived from our common history and place in the world.

Thus, while the ARA is an alliance between black and majority white organisations, in fact by placing the issue of anti-racism centrally this can help build black unity.

I want to stress this, because it is at the heart of what the ARA is trying to do, and what we as black people, black organisations that established and brought together the ARA are aiming to do: on the one hand forge black unity in fighting racism, and, at the same time, to build an alliance with the labour movement, and other majority white left and progressive organisations and individuals, to create an anti-racist majority in society.

**MARC:** The 'national' divisions in the black community, insofar as they are a problem — which we never found they were in the Black Section for example — have been exacerbated by the politics of grant aid.

This underwrites an idea of separate

identities because it is by defining a particular group as *different* or specific that grants have been made available. This then becomes tied to jobs and institutions which individuals become tied into, and defend against a perceived 'threat' of black unity which might undermine this source of funding. This then has a political knock-on effect, because even the best intentioned are in their positions in fact at the behest of the white dominated institutions allocating grants.

Similarly, despite the political gain represented by local authority equal opportunity programmes, in some respects they also encouraged the creation of a politics based on jobs and money, and defending and protecting those jobs and that money.

All these sources of grant aid and local authority funding for locally based anti-racist or black organisations tend to undermine the creation of a politics that starts from what are the most important issues, alliances and policies based on the entire black community, and instead start from a position of how to maintain grant aid.

It also reinforces localism, so that rather than developing a united national political response to the rise of racism, we are constantly faced with a tendency for this to be reduced to a series of individual local single-issue campaigns which can be more easily brushed aside.

**PALMA:** We need to develop a black politics based on what people really experience and need, not the bureaucracy, vested interests, and little funded groups speaking in the name of

a community when they don't really represent it, they just have money from a white-run local authority and grant institutions.

Their authority is based on the support of white money, not on the support of black people. This has created a 'race industry', but it has not created the politics that can unite black people and fight racism.

Black people need 'white' resources, but we need them under black control. How the money is spent has to be under black control, not granted or taken away at the behest of a white authority.

**MARC:** I agree, and in a certain sense I am happy that this grant aided local authority anti-racism is being transcended because now the real politics will come out.

The ARA is about that. It has to be a peoples' movement, a forum for debate and discussion, and a force to fight racism.

That is happening. We saw its power with ARAfest last year. *The Voice* newspaper couldn't put together a festival for their 10th anniversary, other black festivals over the summer were cancelled and didn't come off, despite having much more the money on offer. Yet ARA had a spectacular festival, which was a real black, youth, community event, attended by 30,000 people. That was done without the resources of local authorities, or of business funding or any other grants. But the ARA could do it because of the alliance of forces that it represents. In that sense it is a learning curve for everybody involved.



## Malcolm X: the film, the myth and the man

It should have been called a trilogy. Spike Lee's three-hours-plus opus *Malcolm X* splits up roughly in that way, writes **MARC WADSWORTH**.

First, a typical Spike Lee movie: Malcolm's early, formative years as a hustler named 'Detroit Red'. Lots of colour, fun and Spike Lee himself popping up and down as our hero's best friend Shorty.

It could have been a scene from Lee's first run of films like *She's Gotta Have It* or *Do The Right Thing*.

Then, *Malcolm X* gets stuck into the middle Nation of Islam section — interesting, but the most laborious part of Lee's latest work.

The final third is by far the most fascinating.

Documentary footage from Malcolm's last years in the 1960s is interspersed with shots of Denzel Washington looking remarkably like Malcolm X. It's a great pity that Spike Lee was not able to develop and dwell on this part of his film. But, given the reception that has greeted his compromise between all three distinct styles in the movie, perhaps it is understandable why he was not so bold.

Richard Attenborough destroyed the cinematic story of another black hero Steve Biko by turning it into a sickly epic about a white South African couple. We are told that it made the film *Cry Freedom* acceptable to

the predominantly white film-going public.

Lee had to face a similar dilemma.

The result is an over-long feature, based on Alex Haley's best-selling book *The Autobiography of Malcolm X*, that is a mix of Hollywood mainstream — good old fashioned entertainment, another instalment of the Spike Lee genre — and a serious documentary about one of the 20th century's major revolutionary figures.

*Malcolm X* is a film that is long overdue and welcome, but which promises much more. Had Lee made the movie that many of us would like to have seen, it would not have been screened outside the fringes of alternative cinema.

This, for instance, is destined to be the fate of British black film-maker John Akonfrah's film, *Seven Songs for Malcolm X*, which is not a compromise, but unashamedly from a black perspective and deserves much praise.

Throughout the last 12 months, the Anti-Racist Alliance has been holding screenings up and down the country of an earlier documentary made by John Taylor and Lebert Bethune in 1965, the year that he was murdered.

It gave us a good opportunity to get across the Malcolm X message, toward the end of his life, that he was for wider alliances than just black people.



'We will work with anyone, with any group, no matter what their colour is, as long as they are genuinely interested in taking steps necessary to bring an end to the injustices that black people in this country are afflicted by.'

Yet such is the fear that the very name Malcolm X stirs up in the hearts of white liberals, Lee had to fight Hollywood to get the film made at all.

And then it was underfinanced to the extent that he was forced to raise a

large chunk of the \$37m the film cost from rich black Americans to complete his ambitious project. Then the critics laid into him from the left and right, black and white.

Black people said that he was pimping off Malcolm's name (certainly, cornering the market in Spike Lee-produced 'X' merchandise raises questions).

Others said that Lee's look at Malcolm X was too reverential. I suppose that this is mainly based on the use of the end-piece eulogy

# Malcolm X and Martin Luther King

Spike Lee's film *Malcolm X* has attracted the wrath of offended sensibilities. **MIKE WONGSAM** considers why.

Critics, and the establishment in general, dislike the fact that all whites have allegedly been collectively cast in the role of villains. This resurrected the debates of the 1960s on the tactic of non-violence in the black liberation struggle. The non-violent leadership of the civil rights struggle were also concerned to make alliances with whites, as distinct from the approach of Malcolm X.

In the present context of the growing alienation of large sections of the black population, particularly in the US, from the mainstream of society, Spike Lee has performed a valuable service to the discussion of tactics by producing a sympathetic biography. If this film had been made under the direction of the film-making establishment, an antipathetic biography would have resulted, casting Malcolm in the role of anti-hero, and thereby suppressing a necessary debate.

The media hype, merchandising and the growing awareness among black people of Malcolm's stature in the history of black American leadership is prompting a re-examination of his legacy almost 20 years after his death while speaking at the Audubon Ballroom in New York.

The *Sunday Times* magazine reprinted an extract from Marshall Frady's *Reflection: The Children of Malcolm*. In it, Frady invokes the tradition of the civil rights struggle and counterposes its methods and ideology to those of Malcolm X and his successors in the militant wing of the black liberation struggle.

'In the midst of what seemed the high moral adventure of Martin Luther King Jr's non-violent civil rights campaigns, Malcolm appeared as some marginal shadow figure of wrath, always paralleling King's progress...From the turbulent

black awakenings of the 1960s two lines of descent — two temperaments, two potentials — have contended for the spirit of black Americans: a tension between the children of Martin and the children of Malcolm.'

The liberal establishment, lamenting the apparent inability of the civil rights successes of the 1960s and 1970s to secure and guarantee racial harmony and tolerance in the 1980s and 1990s, are now erecting a demonology of the Malcolm X legacy in order to warn of the consequences for both blacks and whites, of failing to honour the struggle of Martin.

'He never became able, for instance, to accept the ethic of non-violence...the true tragedy of Malcolm's life would be if, along with his inner emancipation of blacks, his gift to his people should become, from that grimmer evangelism, which finally claimed him in the Audubon Ballroom, the lurid liberation of their anger in the moral nihilism most recently beheld in the firestorm of Los Angeles. The rage after the acquittals of the Los Angeles police officers who had been seen on video systematically beating Rodney King was much in the spirit of the old Malcolm X.' (Frady, 1992)

The liberal establishment want to limit the legacy of Malcolm X in contemporary black culture to the inner emancipation of racial pride, while leaving state racism unchallenged on the streets of Los Angeles. But Malcolm's legacy is precisely that black people must be the organisers of their own liberation in practice.

That such misconceptions are not confined to the liberal establishment, but also are deeply ingrained in the consciousness of the far left is evidenced by groups such as the British Socialist Workers Party, who share the approach of the establishment on these questions.

In order to get to the bottom of the discussion, it is necessary to understand the

development of black American leadership. In reality, there are two traditions precisely because for a large part of the present century there were in fact two social systems in the USA — that of the deep south dominated by formal segregation and the Jim Crow system, and that of the north characterised by the formal right to petition.

Southern blacks constituted a separated rural economic sector, whereas northern blacks were an urbanised reserve army of industrial labour. This dichotomy determined that different tactics and approaches were adopted to suit the different conditions. Southern black leadership was dominated by a middle class intelligentsia reduced to a client relationship with 'progressive' whites and adopting a segregationist orientation based on coexistence. Northern black leadership was dominated by a professional intelligentsia dedicated to political lobbying within the framework of an integrationist orientation with a more radical wing based on the ghetto poor which adopted a communally based segregationist point of view.

This arrangement was torn asunder by the impact of New Deal reformism, which urbanised southern blacks, forming for the first time in the south, the basis of a true mass movement. Then came the opportunity to form alliances with 'progressive whites' following a Supreme Court ruling on desegregation.

Clearly, the segregationist framework in the south was turned on its head, and so, with the domination of the Southern Christian Leadership Conference, the tactic of integrationism became non-violence. Integrationism in the south combined with integrationism in the north produced a powerful national movement which changed American society.

There was however, the more militant, segregationist wing of the northern black

interested in taking steps necessary to bring an end to the injustices that black people in this country are afflicted by.'

Yet such is the fear that the very name Malcolm X stirs up in the hearts of white liberals, Lee had to fight Hollywood to get the film made at all.

And then it was underfinanced to the extent that he was forced to raise a large chunk of the \$37m the film cost from rich black Americans to complete his ambitious project. Then the critics laid into him from the left and right, black and white.

Black people said that he was pimping off Malcolm's name (certainly, cornering the market in Spike Lee-produced 'X' merchandise raises questions).

Others said that Lee's look at Malcolm X was too reverential. I suppose that this is mainly based on the use of the end-piece eulogy by Ossie Davis at Malcolm's funeral. But Davis's poetic oration well deserves reproduction and the critics are missing the point.

My view is that Lee's creativity is summed up by Malcolm X — the film is controversial, but Spike is not. Lee is essentially a black movie-maker, who wants to be rich and famous, but it is a small consolation that he is not prepared to compromise as much as others in Hollywood, who want the same.

The opening credits are over provocative footage of Rodney King being beaten by Los Angeles police, intercut with a US flag, which burns, until it forms a huge X. Meanwhile, Denzel Washington voices Malcolm's powerful words: 'We don't see the American Dream. We've only experienced the American nightmare.'

There is excellent acting, particularly by Denzel Washington and Angela Bassett, who plays Malcolm's wife Betty Shabazz with a serene dignity.

leadership, formerly organised by the Garveyite movement and later under the influence of the Nation of Islam. Malcolm emerged into this scenario as the most charismatic spokesperson of black nationalism.

Malcolm's distinct message after the break from the Nation of Islam was that, while blacks were a downtrodden minority in the USA, they were a part of the immense majority of humanity on a world scale — a majority which, in the 1950s and 1960s, was casting off the shackles of colonial subjugation. Moreover, since the society which oppressed America's blacks at home was the same society that held the world's majority in wretchedness, it was perfectly natural for African Americans to ally with the enemies of their enemy — those fighting for freedom internationally.

Secondly, after Malcolm's departure from the Nation of Islam, alliances with whites who were willing to stand shoulder to shoulder with blacks against racism were sanctioned on the condition that blacks themselves determined the methods of struggle to be utilised — there can be no black-white unity until first there is some black unity. Specifically, non-violence cannot be made a

precondition of support for the black struggle.

Inherent in this conception is the realisation that black communities had neither economic nor political power and so must organise themselves to create the power needed to enter into alliances on equal terms. This concentration on black self-organisation became a theme of the rising black power and consciousness movements of the 1960s and foreshadowed the principles behind much of Britain's black politics in the 1980s, the Labour Party Black Section being an example.

Ironically, Martin Luther King was also moving in similar directions, identifying with the anti-war movement and economic issues, before his own untimely death. As it turned out, the convergence (Malcolm X made attempts at a reconciliation with King after the break with the Nation of Islam) was cut short by the death of both men, and the result has been exposed by Jesse Jackson's recent capitulations in the Democratic Party, and by the failure of the legal system to deliver justice in Los Angeles. Out of these events, and aided by Spike Lee's film, the youth are rediscovering their lost heritage.



**THIS book provides a good factual account of economic and social conditions in Peru, and the horrifying scale of repression. But politically the book is deeply flawed by the equals sign it places between the state authorities and Sendero Luminoso in allocating responsibility for the tragedy and terror that has fallen upon the Peruvian people, argues JUDE WOODWARD.**

*Peru: Time of Fear*  
Deborah Poole and Gerardo Renique  
Latin America Bureau £7.99

Peru now has one of the worst human rights records in the world. Between 1980 and 1990 over 3,200 people have been 'disappeared'. In Fujimori's first 18 months of office the average number of political deaths rose to 150 per month. The overwhelming majority of this violence has been carried out by the Peruvian military, aided by right-wing terror squads, with government acquiescence.

Alongside this the post-1973 fall in raw materials prices, and acceptance of the dictates of the IMF has sent Peru's economy into a downward spiral. In the 1980s Peru experienced negative growth, and a 5 per cent decline per

## Peru:

year in gross fixed capital formation.

The nationalist dictatorship of General Velasco from 1968 to 1975 had overseen the nationalisation of US owned interests in Peru in oil refining and mining in particular, the establishment of a state bank, a land reform, and protectionist import policies. Every government since then, egged on by the US, has been devoted to undoing these reforms, opening the economy up to a fresh wave of imperialist exploitation

'Fujishock', Fujimori's neo-liberal economic shock therapy, is mopping up what was left in terms of health protection for the poor, education, wage levels, labour protection and protection for domestic industry.

The economic measures of the 1990s 'structural readjustment' include the elimination of all barriers to foreign investment, the dismantling of the entire state sector — from the national airline and mines to health and education — the lifting of all restrictions on the export of capital, further reductions in tariffs, the slashing of agricultural subsidies and the abolition of the 8-hour day and all job protection.

The social indicators are shocking. Virtually at a stroke the number defined by the UN as living in absolute poverty doubled from 7 million to 13 million out of a population of 22 million. Cases of chronic malnutrition recorded in 1990 stood at 5,753,600. In the same year only 15 per cent of GNP went on salaries compared to 50 per cent in 1975. Infant mortality was running at 80 deaths before the first birthday for every 1000 children born.

In 1991 cholera reappeared in the country, for the first time since the 1880s. By July

# Sendero and Fujimori

1991 there were 223,564 reported cases.

Sendero Luminoso is precisely a *product* of this dislocation and violence of Peruvian society, not its cause.

This book, however, argues that the real culpability for the disaster in Peru lies in *failing to increase the powers of the military early enough* — a charge it lays at the door of the Belaunde government which was in power when Sendero launched its 'peoples' war'. 'Rather than run the personal risk of giving increased powers to the military, Belaunde vacillated while Sendero gained strength.' (page 5)

Of current president Fujimori's 1992 *autogolpe* ('self-coup') the book argues that Sendero was the 'perhaps decisive, actor' in provoking it. This is particularly amazing as it follows a description of the economic impact of Fujishock, and the massive, though to date unsuccessful, popular opposition that it unleashed.

The idea that in this context Sendero is the 'decisive actor' is bizarre and subjective.

In simply presenting Sendero as megalomaniac sectarians the book fails to explain why their 'people's war' has not been crushed despite a decade of the fiercest and bloodiest government repression in Latin America.

Of course, part of the reason is that Sendero's war is the excuse for repression, not the sole target. The main victims of military repression and death squads have been organised peasants, trade unionists and the broad spectrum of the left.

The Minister of Defence at the time of the launch of

the government's dirty war against 'terrorism' in 1982, General Luis Cisneros, declared: 'for the police to succeed they ...kill sixty people and at best there are three Senderistas among them.'

Under the cover of the fight against drugs and terrorism, and supported by the US, the military authorities in Peru have launched a blood-letting against all progressive organisations, and a wave of racism against the Indian majority. But the authors of this book remain quite credulous. We are told that the military launched their repressive and murderous offensive against trade unionists, for example, because they 'wrongly believed' that Sendero was particularly strong in the unions!

Sendero's politics have many features which are not unique to Peru. Its goal of the militarisation of society, and the elimination of all 'intermediary' layers — the infant labour bureaucracy, aid workers, teachers, doctors etc — are similar to those of Pol Pot.

In its total hostility to the 'revisionists' of both Russia and China, Sendero has no view on how Peru under its leadership might be inserted into the world economy, or what international alliances it might make. On the contrary! It simply argues for taking Peru out of the world economy and abandoning the goal of rapid development. Hardly surprising given the results of the world market in Peru!

It is opposed to any forms of social cohesion or organisation outside the party. It attacks Andean Indian culture and ignores the existence of racism. It opposes peasant cooperatives which have



raised agricultural productivity and has targeted some of the most successful of these for its bombing campaigns. It has pitted itself against shanty-town organisations, and targeted trade union leaders.

These views have a logic which is linked to the reality of Peru. In class terms Sendero is a petit bourgeois current based on sections of the peasantry, and in the shanty towns of Lima in particular. It is precisely weakest in the organised labour movement, and among the best organised sections of the peasantry.

Its fervent advocacy of violence as the sole motor of history is both a response to the violence of the state and the extremes of social deprivation afflicting Peruvian society. As in

Kampuchea, the destruction of democratic mechanisms, and the total dislocation of society — in that case through the saturation bombing by the US — is what gives an impulse and an opening to a current like Sendero.

Sendero is one symptom of the disaster that has hit the people of Peru.

*Peru: Time of Fear* gives the basic information that is needed to understand the dynamics of Peruvian society over the last decade, but it fails to draw out the culpability of the US, the IMF and World Bank and successive Peruvian governments for the disaster that has been visited upon Peru's people, and to which Sendero Luminoso is one distorted, sectarian response.

# The stakes in Russia

What happens in the world, for the next half century, is going to be determined by the struggle over the fate of the 1917 revolution in Russia. Capital has made its greatest inroads into Russia since the revolution and its immediate aftermath with the installation of the first capitalist government in Moscow since October 1917. But, as the crisis of the Yeltsin government shows, it has not succeeded in definitively re-establishing capitalism in Russia. That battle is yet to be resolved. JAMES WHITE analyses what is at stake.

The 1917 Russian revolution opened the cycle of socialist revolutions, through Russia, Yugoslavia, China, Vietnam and Cuba, which constitute the first sustained attempt to overthrow the capitalist mode of production. At stake today is whether this first historic attempt to advance beyond capitalism will be defeated and thrown back, with incalculable negative consequences for human civilisation.

The full historical scope of this struggle over the fate of the Russian revolution is best understood from the vantage point of two comparable periods in history — although, as with all analogies, they will have to be adjusted. These two periods are the crises of the two major previous modes of production, the slave and the feudal modes of production.

The first attempt to overthrow the slave mode of production was the general crisis of the Roman empire at the end of the second century AD — this crisis divides what is called the early from the late Roman empire. The comparable period for the feudal mode of production is the acute crisis of the feudal system in the late 13th and early 14th century.

In both cases these first attempts to overthrow these systems were defeated, and only later was feudalism overthrown, or did the slave mode of production collapse.

These first general crises led in each

case to an overall reorganisation of society with fundamental structural changes, profound mutations, within the *existing* mode of production.

In the case of the Roman empire the crisis at the end of the 2nd century AD began a process which led to the tying of the peasants to the land — the beginnings of what became serfdom. There were also huge political changes culminating in the splitting of the Roman empire into two, the eastern and western empires.

With the crisis of feudalism a similar process took place. The failed attempt to break out of the existing system — the so-called general crisis of feudalism — was followed by a period of disorder, and then a profound mutation of the system with the emergence of the absolute monarchies: Louis XIV in France, Henry VII in England and others. The absolute monarchies represented a deep-going reorganisation *within* the feudal system, with limitation of the powers and disarming of local feudal barons, the creation of large mercenary standing armies by the monarchy, a new alliance between the absolute monarchy and the bourgeoisie — whereby the bourgeoisie funded the absolute monarchy in return for the absolute monarchy crushing the local feudal barons — and so on. This was a general reorganisation of feudalism.

What would this mean if the analogies were applied to capitalism today?

The first attempt to overthrow capitalism was the cycle of revolutions from the Russian revolution, through the Yugoslav, Chinese, Vietnamese, Cuban, Nicaraguan revolutions.

As the fate of the Russian revolution is not yet decided, it is not yet possible to know whether this first attempt to overthrow capitalism will end in failure. There are evident things to suggest it may not.

The \$64,000 question is whether capitalism can successfully continue to operate as an international system. Its capacity to exist and function as a *world* system has been its big strength since 1945, compared to the period 1913-45. Contrary to those who argued that the current world situation was summed up by ever-increasing inter-imperialist competition, in fact its chief characteristic since 1945, and even since the end of the post war boom, is that this international capitalist system has continued to be held together.

There is no doubt that today the strain on that world system has reached its greatest point since the Second World War. There are some unprecedented developments. For example, the level of capital accumulation in the United States today is lower than at any time since the 1880s, apart from the great depression itself. There are also acute problems in Europe in carrying through European



capitalist integration, evidenced in the crisis of the European Monetary System and the Maastricht treaty.

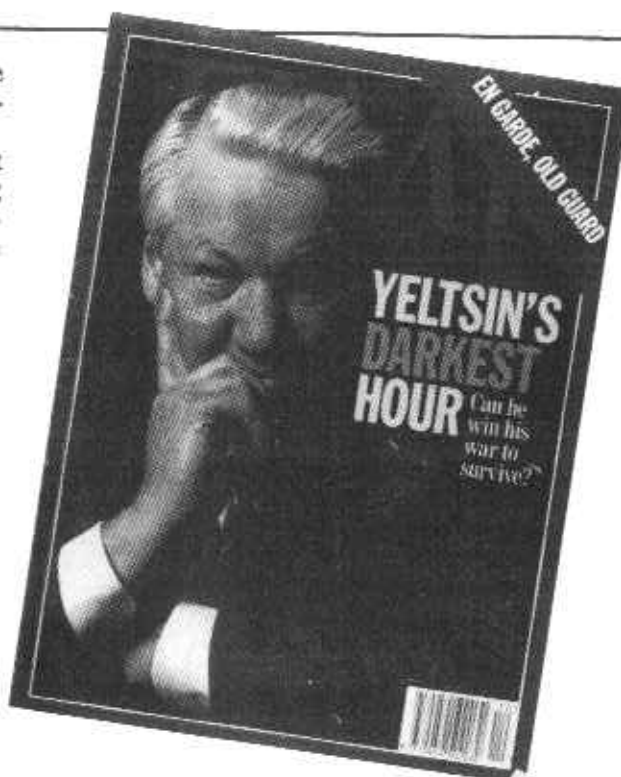
Hence it is by no means certain that capitalism can succeed in maintaining such a world system. However if capitalism were to succeed in this and if the first attempt to overthrow it failed, then the prospect for overthrowing the capitalist mode of production would be put back for a whole period, just as in the cases of the first, failed, attempts to overthrow the Roman empire or feudalism — although of course no analogy is exact. If this occurred, what would we expect to unfold?

Both the Roman empire and feudalism show that such a gigantic reorganisation cannot be brought about painlessly. In both cases the first general crisis and attempt to overthrow the system were followed by vast declines in the productive forces. In the Roman empire there was a period of fifty years of civil wars, the disappearance of somewhere between 10 and 20 per cent of the Roman empire and a great period of chaos until order was finally restored.

In the case of feudalism, the period of civil war was even more prolonged, lasting approximately 100 years — the period of the Wars of the Roses in Britain and comparable wars throughout Europe. This was followed by the black death, the plague, and a massive decline in the population. The plague was not the cause of the economic decline, but rather the economic decline which preceded it meant the population was ill fed, undernourished, and weakened so that the plague was able to take hold and spread throughout Europe. Up to a third of the population of Europe died. It was a period of turmoil and civil wars.

This is not accidental, there is no possibility to bring about such a general reorganisation of any social system without that sort of conflict. The same would apply to a general reorganisation of capitalism. It would open a period of wars, conflict and quite possibly generalised decline, or at least very great slowing down, of the development of the productive forces.

So if we explore the negative case, that, as with the Roman empire or feudalism, the first attempt to overthrow capitalism fails, then the elements of a comparable reorganisation of capitalism, a similar profound mutation of the system, are in fact already clear. Capitalism is already beginning to attempt a global reorganisation, and the first trends in this have been evident for some time.



*'Successful resistance to the US can only be safeguarded in the final analysis by military means. Those who think all that matters is ideas are just academics'*

Today, for the first time since the 1930s there is absolute impoverishment of large numbers of people. In 1992 1000 million people in the world suffered an absolute decline in their living standards. This means vastly more deaths from famine, disease, epidemics, drought, because as this decline hits the most impoverished parts of the world it places many people, particularly children, below the survival level. The signs of this feature of the world situation accumulate on an almost daily basis — the cholera epidemic in Latin and Central America, the scourge of AIDS in Africa, the famines in Somalia, Mozambique and other African countries, the systematic murder of street children in Brazil and Guatemala. The repeated massive impact of natural disasters, such as the Egyptian earthquake and the floods in Pakistan, similarly reflect the disappearance of the resources to invest in infrastructure to protect the population. The Third World is paying the heaviest price for this feature of capitalist reorganisation, and its people are already dying in their hundreds of thousands each year.

Secondly, such a reorganisation of the capitalist system will clearly lead to wars — wars of the united imperialist system against any challenge to it. That is what was so striking and obscene about the Gulf war. The imperialists united against a single, poor and underdeveloped country without international opposition. It is also what is going on in Yugoslavia. The real relationship between imperialism and what is happening in Yugoslavia is even more obscured than in the case of Iraq, because the country is led by a

Stalinist nationalist political force rather than the brutal bourgeois nationalist force that led Iraq. Both the Gulf war, and the developing situation in Yugoslavia are profoundly symptomatic of what would develop to an escalating degree if capitalism succeeds in throwing off this first attempt to overthrow it. It would not just be Panama and Noriega, Iraq and Saddam Hussein, and probably Serbia and Slobodan Milosovic, which would face imperialism's war machine, but any country, any regime, of whatever character, that challenged the interests of imperialism to any significant degree. And there can be little doubt that imperialism would be prepared to resort to nuclear weapons to minimise its casualties — as it threatened in Korea and Vietnam, but was restrained by the Soviet Union's capacity to strike back. Indeed, the START II agreement, in cutting long-range nuclear weapons gives the USA a freer hand to develop its short-range 'tactical' nuclear weapons for use in so-called 'limited conflicts' — primarily in the Third World.

Nor would the working class of the imperialist countries escape the consequences, particularly black people and women. The wave of racism sweeping across Europe is just the first symptom of the reactionary political turn that would accompany capitalism's destruction of the welfare state, newly reinforced oppression of women, and the entire end of the post war liberal capitalism that has seemed so stable.

If the first attempt to overthrow capitalism fails it will not be replaced by some nice order of liberal capitalism, as some people like *New Left Review* have suggested. It would, on the contrary, be replaced by a tremendous period of upheaval, turmoil, destruction, war and deaths lasting decades. The elements of this are already present.

That is the scale of the possible negative development of the current situation and there is only one place in the world where that can be stopped and that is Russia. Everything else which takes place in the world is a side show compared to this.

The reason, at its most basic, is simply Russia's sheer size. Successful resistance to the United States and the imperialists can only be safeguarded in the final analysis by military means. This does not mean that consciousness, organisation and so on are not necessary, including to develop the military means to resist. But those people who think that all that matters is consciousness and ideas are just academics, they are not facing the practi-



cal, material reality of the world. Wherever else the working class might succeed in coming to power in the world today, without Russia they would face the threat of nuclear annihilation.

There is only one country in the world with which the United States fears a military conflict and that is Russia. Any other problem it can solve by military means, but not a problem with Russia. Therefore the issue which will determine what happens in the world in the next fifty years is what happens in Russia.

*Having presented the grim perspective of what would occur if the first attempt to overthrow capitalism were to fail, in fact the perspectives in Russia are far more positive than many people had thought — although starting from an absolutely desperate situation today.*

The situation went forward in 1992 in an accelerated way — in the space of 12 months we went from governmental power passing to Yeltsin, to the sacking of his Prime Minister by the Congress of Peoples' Deputies. This shows that, whilst imperialism is intervening flat out, and in a united way, it confronts the Russian working class, a force which has a history of struggle in this century which massively outstrips

the experience of any other working class worldwide. Indeed, with the honorable exceptions of the Chinese, the Vietnamese, the Cubans and a few others, what passes for the class struggle in the rest of the world might be better described as a game of bridge compared to what the Russian working class has been through. It lost about twenty million people in the Russian revolution, famines and civil war. It lost anywhere between ten and twenty million people in the purges of the 1930s and another twenty million people during the second world war. The total loss of life in Russia since the revolution is between forty and fifty million people.

That is what the class struggle has cost the Russian working class, and despite this price it has twice defeated imperialism in both the Russian revolution and the second world war.

This partly explains why Stalinism and Socialism in One Country was able to lay such a grip upon the Russian working class, despite the disgusting abuses of the bureaucracy. Stalinism could prey upon a mentality in the Russian working class that was based upon a certain reality — that no-one in the rest of the world, except maybe the Chinese or Vietnamese, had gone through anything remotely like that level of struggle. No other working

class had shown any real capacity to come to its aid, and therefore the Russian working class had to do it itself, without relying on anyone or anything else.

*Moreover what was understood to be at stake, correctly, was national survival. It is the powerful sense of defending their national survival, and being forced to struggle alone, that created the consciousness that Stalinism fed upon. And even today many honest communists will justify Stalin's measures in terms of the tangible threat to Russia's national and social existence.*

This has profound historical roots in Russian society. Russia is the geographical bridge between Europe and Asia.

Historically it has been threatened by two civilisations both of which, for a large part of its development, were militarily and culturally superior to it — that is China to its east and European feudalism to its west. This prevented Russia from expanding to either the east or west for long periods, constantly militarily threatened it, and Russian civilisation was so dispersed that it was periodically successfully invaded. It was overrun by the Huns. It was defeated by Genghis Khan and subordinated for two hundred years to the Mongol empire. It was constantly militarily attacked from the west by Germany, by Poland, by Sweden and so on. It faced the constant threat of being broken up and virtually ceasing to exist.

In the twentieth century in particular Russia faced being broken up from the east by Japan and from the west by Germany. At the time of the First World War if it had not been for the Russian revolution, it is quite clear Russia would have been broken up in just this way. The same fate would have befallen it if it had not defeated Germany in the Second World War.

This threat still exists. German imperialism plans to disintegrate the former Soviet Union and integrate various of the component bits into a parcellised Eastern Europe in a German sphere of influence, weakening, isolating and surrounding its two historical enemies, Russia and Serbia. This is why almost every state created by Adolf Hitler is being recreated today. Croatia, Byelorussia, the Ukraine, the splitting up of the Czech and Slovak republics. This is no accident, it is the objective effect of German imperialism spreading into eastern Europe, to which only the workers' states were an obstacle.

Japan's goal to take eastern Russia

*'There is only one country in the world with which the US fears a military conflict and that is Russia'*

is more adventurist, although the Japanese ruling class thinks it will get it. It is certainly a much tougher proposition than is what is happening in the west.

This historical and geographical reality leads to an understanding of the profound role of the national question in Russia. The question of the Russian nation, Russian self-survival, has been closely tied to the military defense of the country. It could not exist without tremendous military forces because it was constantly threatened.

From a theoretical point of view this weight of the Russian national question was always understood. It was understood and explained by Lenin that *the survival of Russia depended on the working class taking the leadership of the nation*. Trotsky wrote that *the overturning of the Russian revolution would reduce Russia to a semi-colony*, there was no space for an independent Russian capitalism. Neither could it become a new Russian imperialism, as this is foreclosed by the existence of more powerful imperialisms. The fact that overturning the Russian revolution would reduce Russia to a semi-colony was thus always theoretically understood. But, *from that something very clearly flows: the Russian national struggle in opposition to this is progressive*.

Moreover, in the current situation in Russia we see what existed as a theoretical statement assuming a much greater actuality. What is faced today is literally the destruction of the country and this goes at every single level.

A trivial, but most offensive, example of this is the way in which Moscow today is being run in the interests of foreigners. If you produce a British passport you can go anywhere, if you are a Russian you cannot get into anything. It has even been suggested that Yeltsin might swap whole parts of Russia to pay off the debt.

*It is clear now that the biggest national question by far in the Soviet Union is the Russian national question*. And there is no doubt at all that the Russian working class is going to hit back against all the processes threatening the national existence of Russia.

Moreover this will partly take a military form to prevent its further weakening, parcellisation and breaking up.

Such a battle will not always take forms which are very pretty — but the Second World War was not a very pretty experience either. Many things

*'It is the powerful sense of defending their national survival, and being forced to struggle alone, which created the consciousness that Stalinism fed on.'*

occur which do not correspond to how one would like the class struggle to be conducted under civilised conditions, but it never is. This is also why it is very, very important to have a sense of the scale of what the alternative is, what it would represent if the Russian revolution were overturned, for only in this framework will the fundamental issues at stake be grasped.

The United States is already preparing its response for when the Russian working class hits back militarily. Its plans are to expand NATO right up to the boundaries of the former Soviet Union or even inside it — if at that time Georgia, its number one puppet, or the Ukraine, want to be in NATO then it will be so.

At present the United States is simply preparing the ground, so it has not let its puppets in Eastern Europe, in Poland, Hungary and Czechoslovakia, into NATO, despite the fact they have been begging to be let in. But if severe military conflict develops inside the former Soviet Union, and the Yeltsin government collapses, then the United States will move more rapidly to bring these countries into NATO.

In fact in the current situation in Russia it is quite possible that the political factors, even the purely military factors, may overwhelm even the economic factors at any time.

*Historical development shows that the most powerful social forces possible are unleashed when the defense or creation of a progressive social system coincides with the question of national survival of a country*. This is shown in the case of the Chinese revolution, the Vietnamese revolution and other examples. Such forces are likely to be unleashed in Russia. But whether even that would be sufficient to defeat imperialism a third time cannot be foreseen, for it does not just depend upon Russia, but what is at stake in the rest of the world. There are many possibilities in the situation.

What is clear is that the Russian working class has already begun to hit back, and it has done so first on the economic level. It is evident now that the IMF programme had not been implemented in Russia even before the fall of Gaidar, although there is no coherent alternative programme in place. The Yeltsin government still has a project to reintroduce capitalism into Russia, but it cannot do it through the IMF programme. Under the IMF's plan the budget deficit should be cut, and instead it is expanding. The money supply is supposed to be contracted,

instead the money supply is being increased many-fold. It is just not being applied.

This is not just occurring in Russia. According to recent IMF reports the process of privatisation is grinding to a halt in all the former Soviet republics, with no real progress since summer 1991.

While there is little socialists in the west can do to affect the outcome of a military conflict in the former Soviet Union, a political contribution can be made on the question of the economy.

Trotsky, in fact, spelled out the main elements of the kind of programme that was needed for Russia in the economic programme of the Left Opposition and against key elements of Stalin's policy.

Trotsky explained that the negative impact of Stalin's policy of socialism in one country, was not merely reflected in international policy, but led to total distortions of the Russian economy internally. Its ultra-prioritisation of heavy industry gave no priority to those industries which were important from the point of view of Russian working class living standards. Therefore there was a superfluity of dams, steel, coal, and so on, but inadequate housing and massive shortages of all kinds of consumer goods, with those that were available of low quality.

Moreover there was a total underdevelopment of shops and distribution systems for what consumer goods were produced. This explains why there are unbelievable queues, why food rots before it can be got to the shops, it is a total material underdevelopment.

Secondly, there has to be a petit bourgeoisie in Russia. Trotsky again explained this in opposition to Stalin's 1929 programme of elimination of the petit bourgeoisie in agriculture and in distribution, arguing this would be a total disaster. Food simply cannot be distributed to the population solely by super centralised means — small shops, for example, are necessary and these will be privately owned.

It also affects many of the most vital things in agriculture. Just one example is that of roads, where there are incredible figures. During the rain of autumn 1991 40 per cent of Russian tractors were occupied towing other tractors out of the mud! There are super highways to take the grain from agricultural producing centres to the cities. But the problem with these massive twelve lane super highways is that they stop and then there are no feeder roads. There is dirt track, untar-

macked roads, so there is no access to the distribution points because they are bogged down. A decision that you need a two hundred yard tarmac road to efficiently distribute crops can obviously not be taken centrally. It is not possible to centrally plan what is needed on Russian farms, a vast, decentralised network is needed — and that does not exist, it was suppressed by Stalin with catastrophic results for the living standards of the working class. That is why you have to create the petit bourgeoisie again in Russia.

Trotsky's views on these matters are totally vindicated in Russia today.

**I**n this situation the IMF programme would be a total disaster, crashing the economy and eliminating whole industries. Hence the IMF programme is, de facto, not being implemented. The IMF programme called for a rapid contraction of the money supply, which plunges the economy into deep recession. But instead a huge expansion of the money supply is taking place, 500 per cent by the end of August 1992 — although this creates another problem, hyper-inflation.

We know that the share of consumption in the economy is too low. One reason for this is a very high level of armaments spending. Two processes are being pursued, one is the conversion of military industry to civilian use, but that is very slow; the other is swapping Soviet military hardware for consumer goods. Now a vast sale of Soviet arms is taking place in the world. Of course there are no articles from the Adam Smith Institute welcoming this on the grounds that Russia has comparative advantage in the production of arms and should therefore specialise in this field! But it makes good economic sense and is allowing them to buy consumer goods. There are other measures which could be included, which are piecemeal steps which are correct, which tend in the right direction.

The problem is that these measures are not integrated into any overall economic programme, like that outlined by Trotsky, so there is no understanding of where such piecemeal steps need to go.

**I**n fact the correct framework for that is set in identifying two key goals: to recreate the petit bourgeoisie on the one hand, particularly to create a massively more efficient distribution system, and on the other hand, a major diversion of resources into consumer industry.

Increasingly the dominant force in

the decisions on the economy are the managers of state industry — the IMF cowboys have been progressively knocked back. The takeover by the bureaucracy of Russian industry has the positive effect that they want to preserve Russian state industry, and end the destruction of the economy that has taken place over the last three years.

While they are only just beginning to discuss alternative ways to structurally reorganise the Russian economy, they have blocked the further implementation of the IMF plan. This group includes both forces who hope to become the core of a specifically Russian capitalist class and those that wish to retain a planned economy.

**A**ny approach to the problems now being confronted in the Russian and former Soviet economies has to start with certain clear economic understandings. While the former model for the Soviet economy had driven it into an impasse, with no or negative growth, the alternative IMF programme is even more disastrous economically, particularly for an economy on the scale of that of Russia.

The IMF model, based on the success of the Asian Newly Industrialising Countries (NICs) — Hong Kong, South Korea, Taiwan etc — in the 1980s, calls for export-led growth, specifically that Russia should be inserted into the world economy as a supplier of raw materials. This programme is an historic dead end. The most clearly established long term trend in economics is that the price of raw materials fall relative to finished products. All countries which have undergone economic development, including in the last two decades, have done so through moving out of primarily raw material production, into manufacturing. If Russia were to accept the distortion of its economy in line with the estimates of the IMF it would become an historical backwater doomed to national decline.

But even more fundamentally, the entire model of export oriented growth, of the South Korean type, cannot be applied to Russia for quantitative reasons. A country such as South Korea must necessarily rely on export oriented growth — as the small size of its internal market prevents it achieving the necessary economies of scale or specialisation on a domestic basis. But the size of the Russian economy means different comparisons apply.

The best estimates put the size of the former Soviet economy at approximately the size of Japan's — or approximately half that of the US or Eu-

*'The biggest national question by far in the Soviet Union is the Russian national question'*

ropean Community (EC). Comparing Russia with these economic units, exports of goods are 7.1 per cent of US GDP, 9.4 per cent of EC GDP (excluding trade between members), and 9.8 per cent of Japanese GDP.

On IMF calculations, only 9.4 per cent of Russian foreign trade is external to the former USSR. That is in line with comparable economies and cannot be expected to increase greatly.

In short, 90 per cent of the market for Russia is either domestic or within the former USSR, it is the national, not international, market which is decisive. The IMF export-led growth programme for Russia is an historic dead end, doomed to failure on strictly economic criteria.

**T**he second aspect of the IMF plan — rapid marketisation of the economy through freeing prices — is also completely unsuited to the structure of the Russian economy and is already proving a total disaster. Rather than aiding the development of small capital, and the consumer and service sector, it is eliminating them due to the complete monopolisation of industrial inputs in particular.

It is the particular structure of what we might call the 'monopoly sector' of the Russian economy that determines the impact of particular policies on prices. A useful way of looking at this is to compare it with the structure of Western economies of a similar size.

In the former USSR, for example, 87 per cent of the 5,885 products delivered to the State Supply Commission in the machine building industry came from single sites. Some 30-40 per cent of industrial products came from single producers. Enterprises with more than 1,250 employees accounted for 85 per cent of industrial employment. Not only final assembly but components supply is monopolised. Similar structures exist in Eastern Europe, and, historically, in China.

In the West enterprises with more than 1,000 workers account for only 20-33 per cent of employment. Even in an extremely concentrated and capital intensive sector, such as Japanese semi-conductors, the top five firms only account for 60 per cent of production. A Japanese automobile plant has 13,000 firms, many small and competing, directly and indirectly supplying it.

The Russian economy in the industrial sphere is closer to a perfect monopoly structure than anything in the West. Furthermore the hopes of the Russian government that either privatisation or international competition can offset the effects of this monopoly

structure is illusory, as monopolisation is in physical production, not just ownership, so privatisation will not change the situation, and given Russia's problems with exports, there is no possibility to finance the amount of imports sufficient to create large scale competition on the domestic market.

The impact of full price liberalisation in such an economic structure is evident from first principles. Under the former economic system, monopolies produced either to planning targets, or price controls ensured that the only way to increase profits was to increase output. With price liberalisation a monopoly's rational profit maximising market strategy is to reduce output and increase price — which is exactly what has happened in Russia and Eastern Europe.

The impact on the non-monopoly sector is equally clear, output from the monopoly sector declines and its prices rise relative to the non-monopoly sector.

The 'scissors crisis' between agricultural and industrial prices throughout Eastern Europe is one manifestation of this. While food prices rise rapidly, the cost of industrial inputs into agriculture rise even more quickly, throwing agriculture into crisis. The same applies to small business — 50 per cent of cooperatives in Russia have gone bankrupt.

The starting point for any alternative economic perspective for Russia must therefore be the fact that it is the domestic market, and trade within the former USSR, which is decisive for Russian economic development. This means developing small business, agriculture and the consumer sector to overcome the basic distortions of economic priorities.

It is in this light that the experience of China presents a decisive alternative example on the economic field.

In China, the Communist Party has very skillfully used economic mechanisms to develop consumer industry, with a view to improving economic performance and thereby maintaining its political dominance. There is tremendous economic growth, 8 to 10 per cent a year, in China; over the last year it has been running at an annual average rate of 12 per cent; and it has averaged 8 or 9 per cent a year for the last decade.

If we look at the figures on China more closely we find that in the characteristic products of heavy industry, for example steel, coal, sulphuric acid, production has been growing quite rapidly at 5, 6, 7 per cent a year.

But while this reflects the overall rapid growth of the Chinese economy, it is not the leading edge of the process.

If you look at the production of consumer durables, making certain adjustments for the standards of living in China, there is an incredible picture. The production of tangerines and oranges, which are a luxury consumer good, is up 17 per cent a year. Production of refrigerators is up 44 per cent, of bicycles 60 per cent, TV-sets up 77 per cent and so on.

The policies pursued to achieve these economic results in China are the exact opposite of those proposed by the IMF for Russia, and endorsed by the Russian government under Yeltsin.

No significant part of the Chinese monopoly industrial structure was privatised, and its output was expanded by increased demand, maintaining state investment, and providing large supplies of credit.

But while the state sector was not curtailed or privatised, there was an even more rapid development of the non-state, non-monopoly sector, completely restructuring the Chinese economy and allowing its massive growth. The economic mechanisms to achieve this shift involved a combination of allowing prices to rise in the agricultural and consumer goods sector, and controlling prices in the monopoly, industrial sector, while compensating the workers for this, to sustain demand, through consumer subsidies and wage and pension indexation. Personal consumption massively increased as a proportion of the Chinese economy.

Rather than crushing the real possibilities of the development of small business and light industry through the free market operation of the huge monopoly sector, which itself reduces output and contracts to sustain high prices, in China small business and consumer industries have been developed on a gigantic scale while continuing to control, and develop, state-run heavy industry.

The economic, though not political, policy pursued in China shows that there are alternatives that could be developed — which confirm the proposals Trotsky made for the Russian economy in the economic programme of the Left Opposition. In Russia today such an alternative economic programme has to be developed if there is to be a positive way out of the situation. Furthermore, such an economic policy, which raises living standards, is the key to defending political democracy in Russia against the increasing demands from the Yeltsin camp for emergency rule to force

through an IMF economic programme which the majority of Russian people reject.

The decisive question is how quickly can the Russian working class develop an alternative economic programme so that it can not merely oppose the IMF's proposals and defend the country militarily but can have a positive economic programme for developing the economy.

Some of the elements of how such an alternative programme might be developed are becoming clear. The managers of the state industries and the working class have one very substantial interest in common, and that is to defend Russian industry. A programme of defending Russian state industry on the basis of prioritisation of consumer goods, and allowing the development of small business to aid distribution, would meet the interests of the working class in defending their jobs and defending and raising their living standards. It would be in the interests of the factory managers in defending Russian industry.

Aiding this discussion and this process is a crucial priority for the whole international left because this struggle will determine the way in which everybody lives their lives for the next fifty years. No one should be under any illusion whatsoever, if capitalism defeats the Russian revolution, then the welfare state, the liberal atmosphere, and everything positive that exists in western Europe will be buried under a wave of reaction. Anyone who thinks they can run away from that is suffering the same kind of illusion as believing that Hitler could come to power without it disturbing their whole life. If the Russian revolution is overthrown a new period of colonial barbarism will open, wars will spread in the Third World and eastern Europe, the whole liberal order in western Europe will be destroyed. No one will escape the impact. But that will only be the beginning, because it will finally allow the imperial powers themselves to resort to war to resolve their own conflicts — but this time fought with nuclear weapons.

Thus the struggle in Russia today is about the fate of human civilisation for decades to come. Like the 1917 revolution itself the entire international working class movement, irrespective of past labels and affiliations, will be re-organised around the part it plays in fighting for a positive outcome to that struggle. And its vanguard, once again, is the Russian working class.

*'Overturning the 1917 revolution would reduce Russia to a semi-colony, the Russian national struggle against this is wholly progressive'*

# Marxism and inter-imperialist competition

*The consideration of inter-imperialist competition is frequently not integrated into the body of Marxist economic analysis, which is too often seen as relating to the study of the workplace or to national capitalism, with inter-imperialist competition running 'parallel' to this. This is radically wrong. HUGH BAXTER looks at the underlying features of inter-imperialist competition determining the new reorganisation of imperialist politics.*

The starting point of Marx's analysis is the development of 'capital in general' or 'the capital of the whole society'.<sup>1</sup> This is sometimes taken to be the capital in a nation state, but this is wrong.<sup>2</sup> Capitalism is an international system in which the world economy is dominant. The decline in the rate of profit throughout the 1960s and early 1970s, from which capital has still not recovered and which is the driving force of the present crisis, was an international decline working itself out in all countries.

But capital as it actually exists is not 'capital in general'. As Marx put it: 'In their actual movement capitals confront each other in certain concrete forms.'<sup>3</sup> Capital exists as different firms, and different nations with different companies and trusts, in competition with each other. It exists, as Marx put it, as 'many capitals'. Competition between these capitals is the 'essential locomotive force of the bourgeois economy'.<sup>4</sup> Competition is the mechanism by which the fundamental laws of the capitalist economy work themselves out.

There is a clear relation between the development of capital in general and the decline in the rate of profit. A decline in the rate of profit leads to stagnation in the entire capitalist economy: 'the rate of profit, is the spur to capitalist production ... a fall in this rate ... appears as a threat to the capitalist production process; it promotes overproduction, speculation and crises, and leads to the existence of excess capital alongside a surplus population (unemployment).'<sup>5</sup>

## Profit

The reason is simple: 'It is the rate of profit that is the driving force of capitalist production, and nothing is produced at a profit'.<sup>6</sup> Therefore: 'Production comes to a standstill not at the point where needs are satisfied, but rather where the production and realisation of profit impose this.'<sup>7</sup> Stagnation and unemployment in the capitalist economy since 1973-75, the recession currently gripping the world economy, and the even greater depression of the 1930s, are products of a decline in the rate of profit.

A crucial effect of this decline however, is to dramatically intensify

inter-capitalist competition. Confronted with a decline in the rate of profit the bourgeoisie as a whole can only overcome it by attacking the working class — or, a marginal case today, through gaining profit from a pre-capitalist system of production. But this is *not* the only way out for an individual capitalist. An individual capitalist can increase their rate of profit by competing with, or attacking, another capitalist. Indeed attacks on other capitalists can be a way to avoid the necessity of so severely attacking their own workers. This is the mechanism used by the most powerful imperialist powers to maintain reformist control over their working class — they attack other capitals in order to limit the necessity to so severely attack their own working class and thereby destabilise their internal political situation.

## Competition

As Marx put it: 'which section (of capital) is particularly to be affected by this idling (of production) is decided in the course of the competitive struggle. As long as everything goes well, competition acts... as a

*'In the economic conflicts between imperialist states they attempt to use political means to maintain their control'*

practical freemasonry of the capitalist class, so that they all share in the common body ... but as soon as it is no longer a question of division of profit, but rather of loss, each seeks as far as he can to restrict his own share of this loss and pass it on to someone else.

'For the class as a whole, the loss is unavoidable. But how much each individual member has to bear, the extent to which he has to participate in it, now becomes a question of strength and cunning, and competition now becomes a struggle of enemy brothers. The opposition between the interest of each individual capitalist and that of the capitalist class as a whole now comes into its own, in the same way as competition was previously the instrument through which the identity of the capitalists' interests was asserted...

'Loss is by no means uniformly distributed amongst all the particular individual capitalists... the distribution being decided instead by a competitive struggle in which the loss is decided very unevenly and in very different forms according to the particular advantages of positions that have already

been won... one capital lies idle, another is destroyed, a third experiences only a relative loss or simply a temporary devaluation, and so on.'<sup>8</sup>

Thus, during the period of prosperity of the 1950s and 1960s it was relatively easy for capital to ameliorate the effects of inter-capitalist and inter-imperialist competition — the relations between the imperialist powers were relatively harmonious. With the decline in the rate of profit in the 1970s much sharper inter-imperialist conflicts began to appear.

It appears to the capitalists that it is competition which is producing a decline in the rate of profit. But in fact it is a decline in the rate of profit which is producing the increased competition: 'the fall in the profit rate... necessarily gives rise to a competitive struggle. Compensation for the fall in the profit rate by an increase in the mass of profit is possible only for total social capital and for the big capitalists who are already established... it is the fall in the profit rate that provokes the competitive struggle between capitals, and not the reverse.'<sup>9</sup>

## Monopoly

Falling profit rates also lead to increasing trends to monopoly — one example being the wave of takeovers and mergers of the last decade — and simultaneously to speculation and fraud: 'As the profit rate falls ... concentration grows at the same time, since beyond certain limits a large capital with a lower rate of growth accumulates more quickly than a small capital with a higher growth rate ... The mass of small fragmented capitals are thereby forced onto adventurous paths: speculation, credit swindles, share swindles, crises.'<sup>10</sup> Decline of the profit rate therefore gave rise to the 'casino economy' of the late '80s — but it is the decline in the profit rate, the economic crisis, that produces the 'casino economy', not the speculation which gives rise to the crisis.

Alongside swindles and fraud, however, a decline in the profit rate also gives rise to revolutionary breakthroughs in technology to attempt to increase profit — the rapid development of new technology alongside City frauds of the late '80s is quite typical: 'If the rate of profit falls, on the one hand we see exertions by capital, in that the individual capitalist drives down the individual value of his own particular commodities below their average social value, by using better methods, etc, and thus makes a surplus profit at the given price; on the other hand we have swindling and general promotion of swindling, through desperate attempts in the way of new methods of production, new capital investment and new adventures, to secure some kind of extra profit, which will be independent of the general average and superior to it.'<sup>11</sup> That the 'casino economy' and the computer revolution developed side by side was a logical product of the capitalist crisis.

## Crisis

The crisis itself, however, is neither illogical nor irrational. It is the only means capitalism possesses, as it lacks central planning, for overcoming crisis and relaunching a capitalist upswing. As Marx noted; 'Stagnation in production makes part of the working class idle and hence places the employed workers in conditions where they have to accept a fall in wages ... The fall in prices and the competitive struggle, on the other hand, impel each capitalist to reduce the individual value of his total product below its general value by employing new means of machinery, new and improved methods of labour and new

*'Imperialism must create a new international division of labour corresponding to the real economic weight of the different imperialist powers'*



forms of combination. That is, they impel him to raise the productivity of a given quantity of labour... and ... to dismiss workers... The stagnation in production that has intervened prepares the ground for a later expansion of production — within capitalist limits.<sup>12</sup>

This process, including the competitive struggle, works itself through not just in attacks on workers within individual countries but in tremendous conflicts between the imperialist states — as they attempt to determine, through competition, which will experience the situation whereby, in Marx's words, 'one capital lies idle, another is destroyed, a third experiences only a relative loss.'

The relative stagnation in production is therefore accompanied by not only sharp attacks on the working class but by increased conflicts between the imperialists. As Trotsky put it; 'Capitalism produces ... equilibrium, disrupts it, restores it anew in order to disrupt it anew, concurrently extending the limits of its domination. In the economic sphere these constant disruptions and restorations of the equilibrium assumes the form of strikes, lockouts, revolutionary struggle. In the sphere of inter-state relations the disruption of equilibrium means war or — in a weaker form — tariff war, economic war, or blockade.'<sup>13</sup>

The economic conflicts between the imperialist states are given particular weight because these powers attempt to use *political* means to maintain their control over sections of the world economy. Previously this has taken the form of wars, the creation of empires etc. But it can equally take the form of competitive devaluations, military threats etc.

The most extreme expression of inter-imperialist competition is, of course, war. Thus Trotsky noted during the 1930s that the international weight and empires of the old European states, Britain and France, was totally out of line with their real weight in the world economy compared to the rising power of the United States. He prophetically noted: 'The United States is heading inevitably towards an imperialist explosion such as the world has never seen ... A new partition of the world is on the order of the day'.<sup>14</sup>

This 'new partition of the world', as well as attacks on national working classes was the preparation for a new upswing. As Trotsky had noted earlier, in the 1920s; 'If we grant — and let us grant it for the moment — that the working class fails to rise in revolutionary struggle, but allows the bourgeoisie the opportunity to rule the world's destiny for a long number of years, say two or three decades, then assuredly some sort of equilibrium will be established. Europe will be thrown into reverse gear. Millions of European workers will die from unemployment and malnutrition... Afterwards, after a new world division of labour is thus established in agony for 15 or 20 or 25 years, a new epoch of capitalist upswing might perhaps ensue.'<sup>15</sup>

### War

This was not 'catastrophism' but literally what happened. Tens of millions of European, and Asian, workers and peasants died amid fascism and world war. The consequence was that a 'new (capitalist) world division of labour', under the leadership of the United States was established in 1945. At the cost of 100 million dead in the World Wars the centre of world capi-

talism passed from Europe to the United States. But in the 1980s that 'new division of labour' was itself undermined by the decline of the United States, the rapid economic growth of Japan and the NICs, and from 1989 in particular the rising political and economic weight of Germany. Hence a new wave of inter-imperialist competition is breaking out.

Imperialism must again create a 'new international division of labour' — one that corresponds to the real, economic weights of the different imperialist powers. Just what that division of labour will be will be decided not by any pre-arranged plan but by a real competitive struggle between the imperialists — in which those who will lose will fight by all political means to hold onto what they have possessed in the past, and the rising capitalist powers will have no option but to assault their old dominant rivals.

1. Marx, *Grundrisse* p346
2. This is, for example, the typical mistake made by David Yaffe.
3. Marx, *Capital* Vol 3 p117
4. *Grundrisse* p440
5. *Capital* Vol 3 p350
6. *Capital* Vol 3 p368
7. *Capital* Vol 3 p367
8. *Capital* Vol 3 p362
9. *Capital* Vol 3 p365
10. *Capital* Vol 3 p359
11. *Capital* Vol 3 p367
12. *Capital* Vol 3 p364
13. Trotsky, *Report on the World Economic Crisis and the New Tasks of the Communist International*.
14. Trotsky, *A fresh lesson on the character of the coming war*.
15. Trotsky, *Report on the World Economic Crisis and the New Tasks of the Communist International*.

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