

Militant

international review

**AUTUMN
1979**

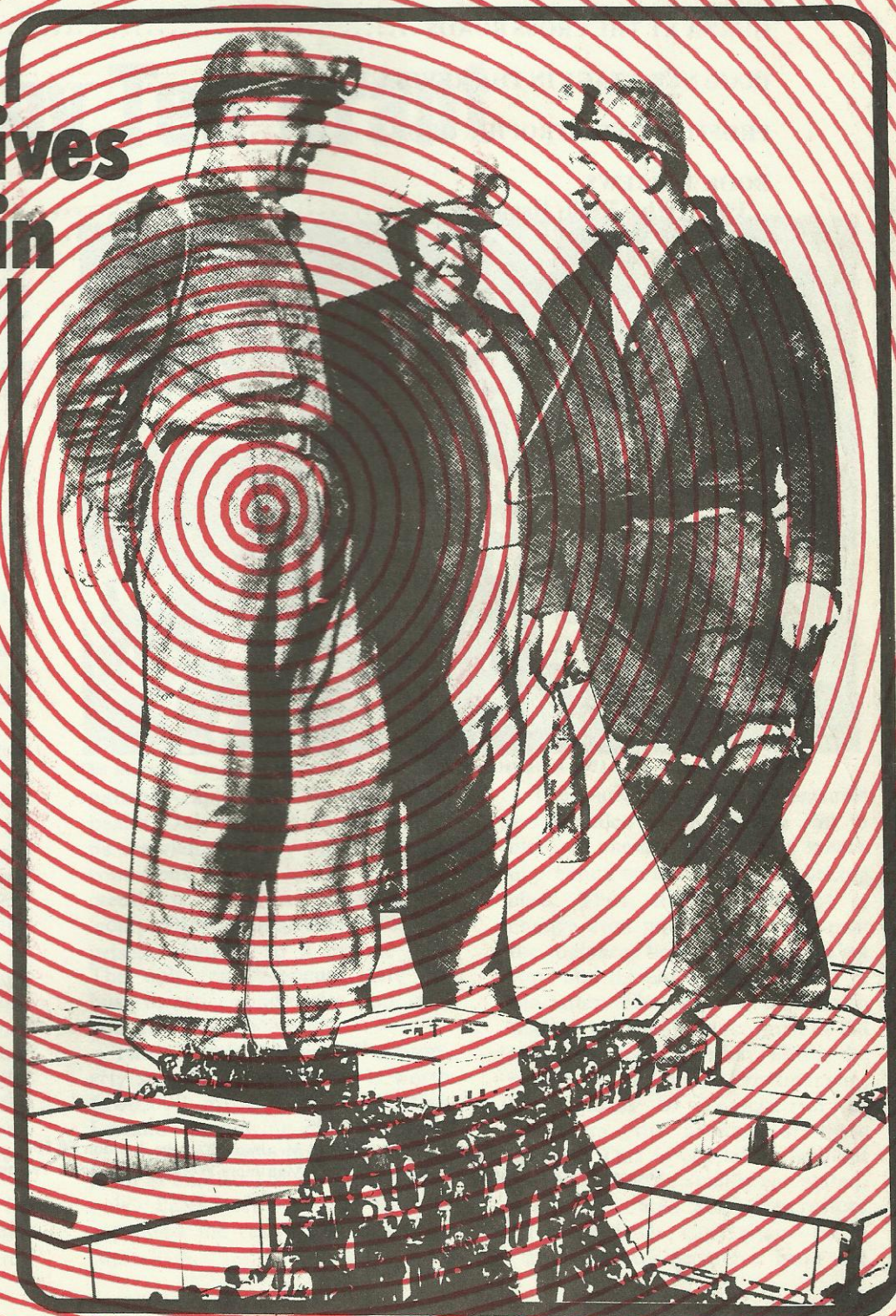
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**Perspectives
for Britain**

Iran

Ghana

**profits
crisis**



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Kenneth Smith

AFTER THE ELECTIONS-

Perspectives for Britain

by Ted Grant

The election of a Conservative government in Britain led by Thatcher, Joseph and Howe marks a watershed in the post-war class struggle. Within a few weeks of coming to power, their policies have demonstrated the stark reactionism for which they stood.

Their policies on housing, health, prices, transport, public expenditure and education expose capitalism in its raw and hideous nature. Far more than the Heath government, it represents a new departure from the position of post war Conservatism.

Gone are the sugary illusions of Keynesianism, and of Macmillanism as a reflection of a softer attitude on the part of the Tories. The policies they represent are the policies of reaction, of hard-faced, inhuman businessmen perfectly expressed by the hard-faced arrogant Mrs Thatcher.

The complete bankruptcy of the policies of the reform of capitalism attempted by both Tory and Labour governments has ended in a blind alley.

In reality these are not new measures, but the classical measures of the past which were the methods by which capitalism tried to restore itself in a crisis at the expense of the masses. They wish to restore the profitability of capital by drastic cuts in state expenditure and the real wages of the working class.

Thatcher, Joseph, Howe and Co are trying to use the economic witch-doctor formula of bleeding the



The shape of things to come ? TUC anti-Tory demonstration 1971.

patient—capitalism—to restore it to health. Only the working class are to be the victims. They will fail as the conditions which gave a shaky credibility to their formula of 'competition', entrepreneurial enterprise, belonging to a bygone age. The only 'entrepreneurs' left are busy in service industries and land and property speculation.

Thus Trafalgar House, the property speculation company, is worth £100,000 million, while British Leyland—employing 280,000 people and indirectly affecting the employment of another 1¼ million is worth only £250 million. In this is expressed the real crisis of British capitalism.

The budget and other measures are intended to raise prices and to increase unemployment as a means of pressure on the employed working class. Thus, it is an attempt to change even more than in the past the balance between the working class and the employers in favour of the latter. The share in the wealth that the workers produce must be cut as mercilessly as possible. This is the policy of undiluted Friedmanism, the policies of Thatcherism or Josephism, the prophet of these policies. This is capitalism without the illusions. It is a coldly calculated, but miscalculated, attempt to restore ailing British capitalism by a transfusion of resources from the

share of the workers, to the share of the capitalists.

State expenditure or the social wage, has been whittled away by the industrious efforts of the Right Wing of the Labour Party, under the pressure of the economic crisis and of the measures of the government. State expenditure on Social Services was cut by £8,000 million. Expenditure on the 'welfare State' was cut in spite of the increase in prices that was taking place. Thus, relatively, it was an even greater cut. Meanwhile arms expenditure rose from £3,600 million to £8,500 million. The argument put to explain this savage attack was that by means of cuts of this sort, room would be given to the private sector for more investment. It was argued that by increasing the share of the capitalists and by cutting the share also of the state in the wealth that is produced by the labour of the working class, principally in manufacturing industry, a higher rate of investment in industry would be obtained. This was the doctrine of the strategists of capital, of the treasury officials, of the economist witch doctors of capital. That by this means investment would be restored.

On the contrary, it did not result in increased investment, because of the contradictions that exist in capitalism. Cuts in state expenditure and cuts in the wages of the working class resulted in a cut in the market in Britain, and as a consequence further disinclined the employers to invest. This was because of the world recession of 1975 which affected all capitalist countries. In all the industrialised nations and the underdeveloped countries only 80% of capacity of industry was used in the recovery which took place after 1975. Of course, with excess capacity and limited markets there was no sense for the bourgeoisie as a whole to increase investment. There was not investment even to the same extent as during the previous period of economic upswing when there was a market for all that they could produce.

Because it was impossible to cut taxes on the industrial monopolies as they pay virtually no taxes, due to loopholes in the tax laws, instead, Mrs Thatcher has cut taxation of the personal income of directors and of

the rich. Now, Britain will probably be amongst the lowest taxed on the higher ranges of income of any of the capitalist industrialised nations. Despite the insidious propaganda of the popular media, Britain's tax burden was roughly similar to most Western industrial countries of Europe, including West Germany, their most important competitor.

Since the tax changes, she must be among the most lightly taxed in the capitalist industrialised world. The burdens have been placed on the sick, on the old, the unemployed and those who receive low wages. By changing VAT and income tax, it is simultaneously a cut in the purchasing power of the masses, and an increase in the wealth of the one or two percent of the very rich. They are conducting a campaign against inflation, i.e. rising prices, by raising prices!

Fall in output

The pressure of Big Business and its faithful tool, the Treasury and the Civil Service, had imposed 'monetarist' policies on the Callaghan government. Monetarism, or Friedmanism is merely a new version of the old doctrine of balanced budgets of Victorian times; it is the orthodox capitalist policy of 'sound money'. It is also the policy of bringing into being a reserve army of labour as a means of pressure on the employed working class. It is an attempt to turn the wheel of history back. This is impossible because of the economic situation of capitalism at the present time, and also because of the new power of the working class and of the labour movement.

It is true that under the Labour Government measures of this sort were carried out under the pressures of Big Business. This was done under the hypocritical guise of 'fair shares for all'. The incomes policy of the Labour government resulted in a fall of real wages of over 9%. This was in the period between 1974 and 1979. During the years of 1976-77, there was an actual fall in living standards which was the highest for two consecutive years for a period of 100 years. £10 a week was cut in the income of every family during this

period.

It is true that in the following year of 1978 rises in living standards partially compensated for this catastrophic fall. This was not because of the measures of the government, but because of the resistance of the workers to wages policy and wage restraint while prices rose. This resulted in the repudiation of incomes policy and a breakdown at the end of 1978 resulting in massive strikes: at Fords, of the lorry-drivers and public service workers.

This in turn resulted in a fall in the rate of real growth in the economic recovery after 1975. This was so in all the countries of capitalism. But British capitalism, because of the policies which had been carried out by the ruling class over a period of 25-30 years was even harder hit as a consequence of the fall in world trade, and world markets.

Thus in Britain too, despite a lower capacity, due to a lack of investment in the past, only 80% of capacity was used. In practically all the capitalist countries the rate of growth of output has fallen in comparison with that of the past. So so much so that bourgeois economists, confusing terms, have even spoken of the last period of 5 years as a 'recession'. But whereas, in the other countries of industrial capitalism there has been a slower growth, in Britain there has been an actual fall in output.

Millions invested abroad

Thus in 1978 it only equalled the production of 1974, the year of the 3-day week. In 1978 production was 4% below that of 1973. Thus the diluted Friedmanism which was operated by the Labour government, had as a consequence added a further twist to the spiral of decline in the power and strength of British capitalism. This is shown by the figures of investment over that period. In 1970 in Britain investment in industry was £4,196 million. In 1978 industrial investment was £3,860 million. The projected investment for 1979 and 1980 was that of not quite recovering the figures of 1970. All these figures are in 1975 prices.

Thus we see that in a general world crisis of capitalism, there is a special crisis of British capitalism. It must be pointed out at the same time that the 1970 figures were, in real terms, not much higher than those of 1950. That is almost three decades ago. Here, expressed in figures, is the crisis of British capitalism.

While industrial investment has been stagnant, investment in the service industries, property speculation, tourism, catering and other sweated trades has been buoyant. In this field the increase from 1970 to 1978 was approximately £3,000 to £5,000 million and it is projected to increase to a further £7,000 million in 1979 and 1980. In addition to this, before the dollar premium was increased in 1976, more than £2,000 million was invested in industry abroad. In 1978, nearly £1,800 million was still invested abroad.

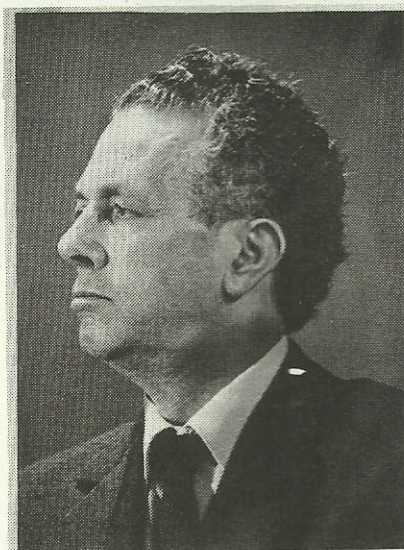
Monetarism

In every field except production of real wealth, there was an expansion as far as British capitalism was concerned. Thus in reality Britain moved industrially from recession to recession without any real recovery since 1973. Superimposed on diluted Friedmanism or deflation to call it by its old name will be the virulent variety put forward by Keith Joseph and Mrs Thatcher.

To understand the reasons for this 'new' policy on the part of both the Right Wing Labour Government and of the Tories, and a diluted or full scale variety of Friedmanism, it is necessary to understand the background on which this has developed.

The world economic upswing was due to the growth of world trade and the expansion of world production. The domination of American Imperialism, and therefore of the dollar on the one hand, and the General Agreement on Tariffs and Trade; on the other, resulted in a six-fold increase in trade. This was due to the lowering of tariff barriers among other causes. This meant that capitalism, which found itself hemmed in by the crisis of private ownership on the one hand and the national state on the other, partially

overcame this contradiction by expanding the interdependence of nations, by expanding the international division of labour and by integrating the economies, particularly the industrial economies of Western Europe, Japan and the US into one single indivisible whole. These are some of the factors which resulted in the explosion of production in the economic upswing which ended in 1975.



Sir Keith Joseph.

In an epoch of expanding capitalism, it was possible for the capitalists to make concessions to the working class. Under pressure from the working class to allow increases in state expenditure, the welfare state and the social wage, real wages and increases in the living standards of the masses were conceded. But there was also an unsound basis for the world upswing which took place. On the other hand, there were the world inflationary measures which were introduced by the domination of the dollar. The Americans used the printing press lavishly. In Europe alone, there are over \$200,000 million which are not worth the paper on which they are printed. This had the effect of what the bourgeois economists call 'liquidity', meaning a plentiful supply of money capital and did result in the expansion of production in the world for a couple of decades.

Superimposed upon this international cause of inflation, were the measures of governments, especially American and British Imperialism, of deficit financing. The illusions and

fallacies of Keynesianism held full sway in this period. The British Marxists predicted the consequences of the policy of deficit financing. In the 50s and 60s when the capitalists were intoxicated by the consequences of their policies in headlong growth, we forecast the inevitability of an explosion of inflation in Britain, and other countries of the world.

In Britain, through deficit financing, and after 1967, devaluations, an enormous push was given to inflation. Inflationary policies of budget deficits resulted in a further crisis for British capitalism. Clearly there was no way forward on this road. Therefore, the capitalists decided to return to the classical policies of capitalism, of deflation, of cuts in state expenditure, cuts in real wages and of general tightening of the economy. This in its turn will aggravate the illnesses of British capitalism. Neither on the road of deflation, nor on the road of inflation, can the needs of the working class and the people of Britain be served. The illusions of the Tories in the restoration of the health of British capitalism by an unbridled programme of Friedmanism will soon be shattered. They will aggravate all the contradictions that exist within society and within the economy.

The dire straits of British capitalism can be shown on the basis of the facts and figures which we give. The 'Economist' on the 6th June cynically forecasts "that it [the future] will not be unlike the past with the economy displaying the traditional weaknesses in an unfavourable international environment, and the government abandoning some of the plans which it had."

Profits

The internally generated savings of corporate enterprise's percentage of Gross Domestic Profit 1968 to 1971 was in USA 6.8% to 7.9%, in UK 6.8% to 9.4%. But in France it was 11.7% to 13.3%, in West Germany 13.3% to 15.2%, Japan, 15.7% to 16.9%. One of the main reasons for this disparity in Britain lies in the contradiction between finance and industrial capital.

Charges against tax reduced the rates in Britain by 15 to 50% whereas in Japan, it was only 5%, or below the inflation rate of Japan in these years.

If we examine profits as a percentage of sales in 1971, the latest figures to hand of the 50 largest national corporations, we see in West Germany that the profits in relation to sales were 1.4%; in France 2.1%; Japan 2.3%; USA 5.3% and in the UK 7.6%. In other words, the highest figures of profits to sales were in the UK.

Banking and Industry

In Britain loans from banks over a period of 7 years have an average 10% added. That meant that the cash flow of the companies was restricted. That meant a cash flow return of 20.54%. On the other hand, most bank loans from 2 to 4 years, require a return of 32 to 60%! In Japan, similar figures would be only 10% and the interest only was repaid, and therefore it was nearer 10% and the interest only was 10% than the 20% to nearly 60% of the British figures.

In the 50s however, the ratio of loans to self financing was only 20%. 80% of the financing of companies came from internally generated funds i.e. from the direct exploitation of the workers. Nevertheless, we see that the investment at that time was not as heavy as with her rivals. Therefore, this is only one of the factors which dictate the lack of investment on the part of British companies. The main reason is the profitability of the non-industrial sectors; the service trades, investment abroad, investment in land, general gambling on the part of the ruling class.

However, undoubtedly, one of the main factors in this situation, is the contradiction between banking finance and industrial capital. The policies of governments dictated by the capitalists themselves, have resulted in a generally higher rate of interest in Britain than in other countries. As a consequence, it does not pay the British companies to invest. Any profits that come from investment or rather, the major



share of any further profits that come from investment will go to the bankers, landlords and owners of land.

In other words, the division of the spoils was different in Britain than with her main rivals. The lion's share went to the financiers, a somewhat smaller share to the landlords and landowners. Only a smaller share went to the industrialists themselves.

These were the factors of property speculation, swindling, office building, the general speculative boom that took place in Britain in service industries. The money even of the industrialists themselves was invested in the banks and in service industries. This has meant that it has been far more profitable to invest in these things than to invest in the production of genuine wealth.

The bourgeoisie in Britain has been afflicted with a fit of madness. They have forgotten the elementary law of economics; that the only real wealth that is produced is manufacturing wealth, in the sense of the production of manufactured goods, of capital goods and of consumer goods. If we would compare the finance and the growth rate of two of the main rivals of British and American capitalism, we see this relationship clearly. German and Japanese companies, "have heavy reliance on external debt rather than equity finance." This is the conclusion of an article in 'Manage-

ment Today'.

In 1970, the average Japanese company's finance was 85% based on loans of capital. In the same period, 1960 to 1970 annual growth rate was 13%. In West Germany, external loans, of the industrial companies was 57% and the growth rate was 5.7%. In France the loan industrial capital was 39% and the growth rate was 6%. In the USA, 69% equity capital, average growth rate was only 4.9% in that period. In the UK, equity finance was 78% and the growth rate was only 2.8% per annum. That is one of the main differences between the economies of Japan and Germany and of the UK and USA. The large general trading companies' debt in Japan, for instance, was 95% of the invested capital. In the UK and the USA it was principally internally generated funds, depreciation and retained profits: "The cost of capital in terms of cash flow, the repayment rate on capital, then becomes the crucial factor in determining the level of private sector investment. The position seems to be that, even if investment opportunities are identical, investment is higher where the cash flow cost of capital is lower" ('Management Today'). This should be obvious. Thus one of the main factors in the crisis of the British economy and also the developing crisis of the American economy lies in the role of finance capital as a

parasite on industrial capital.

These and the other factors mentioned have, as a consequence, resulted in sluggish investment in industry, both in America and Britain. There was heavy investment in Japan and in West Germany, but that, of course, will now change with the world economic crisis.

Because of the contradictions in capitalism in any event, measures would not have been taken to 'correct' this 'shortcoming' in the economies of Britain and the US. Now that the world economy is in a stage of decline this will act as a further disincentive to investment not only in the economies of Britain and America, but now the same process will begin in the formerly high investment economies of France, Italy, Germany and Japan.

An indication of the real wealth of an economy from the point of view of growth is the amount that is invested in research and development. In Britain, half the total of £1,200 million on research and development went to ten companies in 1975, two-thirds in three industries, aerospace, electronics and chemicals. This is the figure in manufacturing investment alone leaving aside investment by the state in armaments and other fields.

In real terms, between 1969 and 1975 in Britain, spending on research and development fell by 11% whereas there was an increase in Japan of 29%, Germany 28% and 12% in France. Investment in America fell slightly in that period and is now slightly up again. If you take the key research of mechanical engineering, Sweden's research in this field was 2.9% of turnover, USA 2.8%, West Germany 1.9%, whereas in Britain it was 0.7%, half the figure of 1969.

Failure of British Capitalism

Again we see the role of finance capital as far as Britain is concerned, in the sense that in 1960 only 20% of personal wealth was tied up in mortgages, housing etc. In 1976, the figure was 41%. Falling behind in investment in industry generally, has had a catastrophic effect on all

British production figures, as articles in the 'Militant International Review' and 'Militant' have demonstrated.

Take the key industry of cars. Ten years ago in 1969, France produced 2 million cars and Britain 1.9 million. Today, Peugeot-Citroen and Chrysler alone produce over 2 million cars, more than the British total. In the mid-sixties, 22% of world car exports were made by Britain, in the mid-seventies it was 6% and now, more than 54% of cars sold on the British market are imported. With a British capacity of 2 million cars per annum in 1978, only 1.3 million cars were produced, the same figure as in 1964, whereas in France in 1978 3.5 million cars were produced.

The Tory politicians are constantly harping on the question of productivity. But productivity cannot come with the use of muscle; this can only increase productivity to a limited extent, by increasing to an abnormal extent the intensive exploitation of the working class. Productivity can only be increased as a result of investment. If we take the average annual increase in employment and productivity over the last 15 years, then we can see that US employment increased by 2.2% between 1964-73 and between 1974-78 by only 0.1%. In Japan in 1964-73 by 8.9% whereas in 74-78 the figure was only 3.4% (of course 3½ times as high the increase in the US nevertheless.) In West Germany the increase between 64-73 was 4.7% and 74-78 3.2%—almost the same as that of Japan. France largely kept pace with her bigger rival in Germany—4.5% in 64-73, 3% in 74-78. In Italy on the other hand there was a 5.4% increase in productivity and in 74-78 1.1%. If we take the figures of Britain, even in 64-73 they were far lower than those of its rivals, an increase in productivity of 3.2% and between 74-78 the miserable figure of 0.8%.

If we compare these with the figures of investment, then we would see the correlation that lies between the investment in new machinery and the productivity of industry and labour. If we apply the test of the bourgeois economists themselves, as the 'Harvard Business News' gives it, "the ultimate test of market

economies depends on the willingness of business to invest."

By their own criteria, therefore, British capitalism has failed completely. In per capita output she is 21st in the world in standards of living.

In the pre-war period, relying on the enormous power of British capitalism and industry, together with exploitation of the Empire, Britain had, apart from a handful of countries, including the US, the highest standard of living in the world.

Monopolisation

The accumulated total investment between 1972 and 1977 in revalued pounds according to Lloyds Bank, investment abroad was £19,019 million and investment at home £14,482 million. Of course, this analysis reflects the grievances of manufacturing industry against finance capital. Finance capital in Japan and in West Germany is indissolubly linked with industrial capital. In fact, in West Germany, 50% of industry is controlled or owned by the banks. Japan has similar figures, or possibly even higher. Finance and industry are linked together.

Of course, this merely reflects the complaints of the representatives of industry against the exploitation by the banks. In practice, it is not only the rate of interest which is responsible, although this was an enormously powerful factor. The general crisis of British capitalism was reflected in the fact that they took to the road of devaluations and of budget deficits. This in turn led inevitably to inflation, and then, in order to curb the inflation, to enormous increases in the rate of interest above that of the other capitalist nations, or rather of their main competitive rivals.

But undoubtedly, the monopolisation of British industry, having gone further than in practically all the main industrialised capitalist nations of the world, has been a powerful factor in the process. They have become bureaucratic monsters, sluggish and conservative, content to rest on their monopolies and seek agreements with other multi-nationals.

The rate of interest is a very powerful factor, of course, in determining the rate of investment. But all the factors combined lead to the parasitism of British capitalism in comparison with its rivals. All the complaints and jeers against the banks and finance capital have no effect in determining their policy, which of course like every other section of capitalism is determined by the amount of profit which they can make.

If it is more profitable to invest in land, in property speculation, in stock exchange speculation, in investment abroad or catering or tourism or in any other field of service industries, then of course that is where the money of the banks is going to go. In the case of Japan and Germany, it is because the banks directly control and own industry, and are inextricably linked with industrial capital that they are forced to give the maximum support to industrial capital. But, even taking these factors into account, it is the sum total of the general economic positions in these countries which has determined the position of finance capital on this question.

That is the irony of the position of the new Conservative government, claiming that they will establish the basis for profitability in industry, that they will establish a basis for investment, by ceasing to support lame ducks and allowing the more inefficient and those industries which get themselves into difficulties to go to the wall. Thus with the suggested measures against Meriden, Britain, from having 98% of the work market 28 years ago, will now cease motor-bike production. From a target figure of production of 35 to 40 million tons of steel in the early '80s Britain is scaling down production to 15 million tons. Per capita this is probably lower than pre-war!

Cynicism

Nevertheless, the climate that is created by the Tories is such that far from making it more profitable to invest, they are making it less profitable, with the rate of interest now at 14% which is much higher than that of their rivals abroad.



Howe

The cynicism of the spokesmen of British capitalism is indicated by the fact that the Chancellor Geoffrey Howe did not deny that the measures giving company directors enormously increased salaries by lowering the tax on the highest rated from 83% to 60%, would in no way guarantee that these directors would spend more time trying to expand their companies, rather than on the golf course, and in the other diversions of the elite of British capitalism.

The aggravated crisis of British capitalism is indicated by the fact that while in France, Japan, West Germany and the smaller European countries the number of industrial jobs has increased enormously during the course of the last ten or fifteen years, now, in Britain, the number of jobs has dropped by 1½ million in industry in that period—an absolutely catastrophic drop for British capitalism.

In every field British capitalism is falling behind. China and India, still largely undeveloped countries, nevertheless, in absolute terms, have more industry than in Britain at the present time. The number of engineers, technicians and scientists training in these countries, far exceeds the number in Britain. At the same time, the amount going to research in universities has been cut by the Tory government in their 'insane' desire to cut public expenditure.

Less will now go for research and development in projects which would be of use to industry in the future as a consequence of these measures. The

real situation in Britain is that the 200 monopolies and the banks and insurance companies which control 85% of the economy, have more power than the Prime Minister, Cabinet and the whole of Parliament put together. Each monopoly and the individual capitalists are concerned only with their own profit and not with the state as a whole. As a consequence the steep decline of British capitalism which has been taking place during the course of the last 25 years will not be halted, but on the contrary will be speeded up in the period which lies ahead.

Cheap Labour

As a consequence of the measures of Howe the Chancellor and the Minister for Industry Keith Joseph, the Tory Cabinet look forward complacently to a drop in production and a drop in investment, and to continued recession, or recession-like conditions for the whole of the period of this parliament! Or four to five years as a matter of course. In other words, all the boasts about giving a climate where investment would be viable, investment would be profitable, has been shown to be so much poppycock on the part of the Tory cabinet ministers.

The 'Protestant work ethic' which was developed by capitalism in Britain in the period of its rise has decayed completely. In its place we have the parasitic drones and the coupon clippers. Those who are interested in only paper money. Nero played his violin while Rome burned; they are incapable of playing any musical instrument but on the contrary, find their satisfaction in parties at horse-racing at Ascot, at Wimbledon on the tennis court, in yachting, in parties and the general inane activities of the degenerate section of the ruling class.

British capitalism has become parasitic. All the measures which have been taken by the capitalist governments in the period of the last three decades have rebounded against them.

The policy of budget deficits has resulted inevitably in the stop-go cycle of the economy, which of course existed in other countries of

capitalism as well, but was not so pronounced and marked as it has been in Britain. They have passed from inflation to deflation, reflation, devaluation, revaluations, and none of them have succeeded in solving the problems that face British capitalism at the present time.

The domination of the City meant that strenuous efforts were made to keep the value of the £ as a mighty talisman in the past. Now, it is a nightmare to the capitalists that they find the £ is rising in value, which will make their exports on world markets dearer. So far as West Germany is concerned, the revaluations did not make any great difference. The price was increased but the German goods were of such quality and with such certainty of delivery on time, that it affected to a smaller degree their exports than could have been anticipated by the rise in the value of the currency.

This is not so in the case of Britain. Britain has ceased to rely on the quality of her goods, but on the contrary relies on cheap labour. The British workers have been reduced to the coolies of Western Europe—the cheapest labour of any industrialised country in the world. We have the irony that in the past, strenuous efforts were made to maintain the value of the £. Now the efforts are in the other direction, to try and prevent the £ from rising as it has been in the last period. The rise of the £ on the international currency markets is in itself an indication of the madness of international finance and of international capitalism. With a sick diseased economy like that of Britain, nevertheless, capital has been flowing in on the basis of the higher rates of interest and of course on the basis of the enormous wealth of oil which Britain has in abundance and which has become a viable proposition due to the enormous increase in the price of oil in the last 5 or 6 years.

Without oil, Britain would immediately be facing a crisis of gargantuan proportions. But the oil guarantees at least £4,000 million difference in the balance of payments during the course of 1979-81. In spite of this it is not certain that either this year or next the balance of payments will not be in deficit as far as Britain is concerned.

The weakening in the power of British capitalism seems to have resulted in light-mindedness taking the place of hard-headedness of the British bourgeoisie in the past. For example, the 'Iron Maiden' has the delusion that by expenditure on arms, Britain's power and weight in the councils of world capitalism will be increased. The burden of arms in relation to the GNP is greater in Britain than with most of our rivals apart from American capitalism. In comparison with her immediate rivals, certainly Japan, West Germany, Italy and France, Britain spends a greater part of her gross national product on arms than any of these countries. That means an additional burden on the economy.

Inflation and Stagnation

The dream of Mrs Thatcher and her crew of the restoration of British capitalism's power abroad are only dreams. The supremacy of British capitalism in the past was not so much based on the navy and her army, which of course was an enormous factor in the situation, but the army and the navy rested on the power of industry and finance.

Now that industry in proportion to other countries has been depleted, that means the power of British capitalism has inevitably waned. The dream of maintaining that power without the empire, and without the economic basis of the past, is an indication of the complete light-mindedness of the ruling class in comparison with the sober attitudes and cold calculations that they made in the past.

The measures of the Callaghan government which were dictated by Big Business laid the basis for the victory of the Tories in the disillusionment of large numbers of Labour workers who lapsed into indifference on the one side, and on the other side, the movement of the middle class overwhelmingly to the side of Big Business. The Tory workers were repelled by the capitalist policies of the Labour Government.

The consequences of Thatcherism

will not only be a spurt to inflation, which will increase by 20% by the end of this year, but in addition there will be a stagnation of production, or as the capitalists call it, stagflation. In other words, Britain will have the disadvantages of both inflation and of stagnation of the economy.

That will be the consequence of the measures which are taken by the Tories. They will not solve any of the problems which are facing the British capitalists at the present time, but aggravate them. This will have profound consequences, not only on the working class, but on the middle class as well. According to the opinion polls they had turned against the Tories within weeks—a record time. This shows enormous dissatisfaction within the working class and increasing disillusionment of the middle class as to the consequences of the policies of Thatcherism at the present time.

This has already begun to have its effect on the Labour Party and the trade unions. This has resulted in conflict between Right and Left in the Labour Party and trade unions, on the question of the election of the leader and the reselection of MPs. In that slow but certain way which was noted by Marx, Lenin and Trotsky, the British workers have been drawing due conclusions from the failure of Labour governments in the post-war period. A movement for change has begun within the Labour Party and within the trade unions that on the basis of events will assume a powerful scope. Under these conditions, the pressure on the Tory government will grow enormously.

Even the most serious journals of capitalism such as the 'Financial Times' already question the validity of Mrs Thatcher as the leader of the Tory Party. Within weeks of the election, Keith Joseph has already been compelled to make a half-turn on the question of subsidies to big business in investment. Under the Labour government as is known, 50% of all investment was paid for by the state. Without this additional aid from the state, which turns the monopolies into pure parasites preserving no role, investment will slump even further than it has as a consequence of the other economic measures of the Tories.

Therefore, the pressure of Big Business will become irresistible for a change in the policies of the Tory government. The Heath government was compelled within the space of 2 years to reverse completely, or as the popular media put it, to do a U-turn on their policies. In the case of the Thatcher government, in spite of the "Iron Maiden's" supposed willingness to stand firmly for her policies, under pressure from the back benchers, more sensitive to public opinion, rather than the Right Wing on whom she rested for her election as leader, Mrs Thatcher too, will be compelled to reverse her policies far quicker than these policies were reversed under the Heath government. Despite the fact that the most demagogic play had been made of 'free collective bargaining' between unions and industry, without interference from the state, very quickly Mrs Thatcher will have to abandon that.

Because of the changed relationship of forces between the working class and the capitalist class, between the organised workers, and the capitalist class it would be impossible to maintain this position probably even as long as the coming winter. The union conferences have already begun to take due note of the explosion of inflation on the one hand and of the baying of MPs for their 85% increase in wages, in salaries and the increase in the wealth of the capitalists with all the tax changes, on the other hand.

Within a matter of months the working class have seen that they have been short-changed. Capitalism has given to them with the left hand a pound or two and taken in return with the right hand 3, 4, and 5 pounds, mostly in the rise in prices. Consequently, much increased wage demands are being put forward. Rather than wait to be tested out with direct industrial action the Tories may suddenly impose a wage freeze. It is most likely that before the first strike on the part of the workers takes place in response to attempts by employers to refuse to give the wage increases that are being demanded for instance by the miners of 65%, the Tories will act. It is interesting that in the whole of the post war period, there has hardly been 'unfettered collective bargain-

ing.'

On the contrary, one of the factors in the failure of the British capitalists to invest has been due to the low wages of the workers in Britain in comparison to their rivals, at least towards the end of the fifties, and during the course of the 60s and 70s. There was no incentive on the part of the capitalists to invest to try to overcome higher wages by increasing productivity, thus increasing the intensity of labour, increasing the exploitation of the working class in this way. Low wages in an industrialised country can be a disincentive to investment. Or rather under the specific conditions of British capitalism, they were a disincentive to investment.

Power of Working Class

This is shown by what has happened in printing and on the docks. The 'Times', attempting to overcome the high wages of print-workers by increasing technology and getting rid of labour by this means, has not succeeded completely because of the resistance of the printers' unions.

Yet 'The Times' was quite prepared to lose £25 million in an endeavour to introduce new techniques which would make it easier to shed labour for the purpose of increasing its profitable investment. Now because of further contradictions with the inflow of capital into Britain, because of oil and the interest rate, restraints on the export of capital will be further reduced and a flood of capital will flow abroad.

In the last days of February 1974 before the return of the Labour government, the Confederation of British Industry put in a demand in menacing terms for £3,000 million of subsidies and £5-6,000 million of cuts in state expenditure. While the promises to the workers in the Labour manifesto were not kept the demands of the CBI were met lavishly. They asked for £3,000 million of subsidies to industry and got £4,000m. They asked for £5-£6,000m in cuts in state expenditure and got £8,000m.

It is clear, that investment will collapse without government money,

and without government aid. The U-turn on this and the other economic policies by the Tory government will provoke further chaos and further disillusionment. Not only the middle class but even sections of the working class have consistently voted for the Tories because they have not had the experience of Labour government which acted overwhelmingly in the interests of the working class.

Even if the measures that have been introduced by the Tories succeeded they will not restore the health of British capitalism and in fact as the analysis has shown, will have the opposite effect. Some years ago it was estimated that it would require £100,000 million of investment for British capitalism to have the remotest hope of catching up with their more successful rivals. That figure, on the basis of inflation would have to be increased to £120,000 million or £150,000 million.

It is clear that with the climate of crisis in Britain and a climate of crisis for international capitalism, this investment will not be forthcoming. The 'Times', recently, when it was published, pointed to the 'irreversible decline' of Britain, i.e. British capitalism.

This irreversible decline will in its turn produce an enormous explosion of the class struggle. The volatility and swings of British society over the last 10 to 15 years have been predicated by the crisis of British capitalism. The swing of sections of the petit-bourgeoisie in Scotland and in Wales to the nationalists and then the swing back again to Conservatism are an indication of extreme volatility, which in its turn was caused by the crisis within society, the blind alley which British capitalism is in.

On the other hand, in this period, we have had an enormous increase in the power and organisation of the British working class. Lenin had expected that under capitalism it would not be possible for more than one-third of workers in an advanced capitalist country to be organised. But now in all the countries of advanced capitalism, especially in Britain, there has been an enormous explosion of organisation on the part of the working class. 54% of the

employed workers are now organised in unions, which in itself is an enormous and decisive figure. The rapid disillusionment of the workers will speed up during the course of the winter, and in the years which will follow.

Just as Heath's phrase, 'cutting prices at a stroke' gained enormous currency, and remained to haunt him during the whole period of the Tory government of 1970-74, so in the same way, Thatcher's lies on television in response to the Labour leaders as to the effect of the increase in VAT where she pointed out "there would only be a little rise in prices" and "you would have your own money to spend", will return to haunt her. These hollow remarks will have an enormous effect in the agitation within the working class in the coming period.

As with the victory of the Heath government in 1970, so in the election of 1979, probably the votes of the women and of a large section of working class women, were decisive in the return of the Tories. This is because of the failure of the labour and trade union movement to reach this important layer of the working class. Now, the crisis that is developing will fall on the shoulders of the working class much more than in the past.

Class Confrontation

The storms and crises of the Heath government, the outbursts of strikes and demonstrations led the Tory Party to become a rump of representation in Parliament largely from the rural areas, the commuter belts and South-East of England, in the elections of 1974. They lost seats in the main industrial conurbations.

As a result of open confrontation of classes under Thatcher they will lose even more in the industrial areas not only of Scotland, Wales and the North but in the Midlands and South-East England.

Thus the paramount crisis of British capitalism will begin to seep into the consciousness, not only of the advanced layers of the working class, but of the masses as a whole. The period of the post-war Labour government from 1964 onwards has been that of reformism without reforms but with counter-reforms. Reformism of this character will not

be countenanced by the masses for any length of time.

However, the development of the post-war period has been such that it has made the white collar workers much closer to the industrial workers as far as organisation and even so far as trade union consciousness is concerned. In the past the employees of the state and of the councils had a privileged position in relation to the industrial workers, and even in relation to the other white collar workers employed by the private sector. Now they are in the front line of attacks as far as maintaining jobs and standards of living is concerned.

The capitalists wish to cut down the burden of the state, which incidentally has largely been paid by the taxes on the working class and on the middle class. The capitalists want to try and get part of the portion of the share of the surplus produced by the workers. Thus they hope to increase their depleted profits. But this will drive these layers further towards trade union consciousness and struggle.

We have had national strikes of civil servants, strikes of council workers, and so on, which did not take place in the past. This process will be further intensified and lead to a politicisation of these layers, in the sense of socialist consciousness, or of labour consciousness at least. For a period, perhaps, there will be a fall in the membership of the Labour Party, of old Tribunes and Right Wingers, disillusioned and disappointed with the results of the Labour Government of '74 to '79. But the Labour Party remains the political arm of the unions and in consequence the crisis of British society will inevitably be reflected in the Labour Party.

The revulsion against the programme of the Right, is already beginning to be reflected in struggles which are taking place in the constituencies and in the unions. The programme that the Labour Party should put forward. The accountability of MPs and even of the leader of the party to the organisations of the class itself will be insistently demanded. This is the beginning of a process of politicisation which will take place, of a more will inevitably result in an influx into the Labour Party.

Later, we will deal with the attitude of the Tribunes to the crisis in British society, and to the crisis within the ranks of the labour movement. Space does not allow us to deal with it in this particular article. However, the Marxist wing of the Labour Party and the programme that they put forward is bound to gain further support within the ranks of the Labour Party and within the ranks of the trade unions.

The demand for increased expenditure on public works, as a means of allaying unemployment will be one of the demands which will be taken up by the working class. The demand for the 35-hour week without reduction in pay will be a further demand which will receive enormous support in the period that lies ahead. The demand to reverse the cuts and expand expenditure on education and social services, on health, on housing and transport will secure stormy support within the ranks of the trade unions and labour movement, the shop stewards, the trade union branches, and among the working class as a whole.

This, which could only be carried out with a planned economy on the basis of the nationalisation of the 200 monopolies, the banks and insurance companies, will gain enormous support within the period which lies ahead. This programme must be linked to the programme of the abolition of the Monarchy and the House of Lords as an indispensable means of ending the medieval survivals of the past, which are now used for the advantage and benefit of capitalism as reserve weapons.

Marxists do not make the mistake of the Tribunes and also the Communist Party in putting these demands for reforms, higher wages, better conditions, increased social services and so on, and allow them to stand in mid-air. Only by the transformation of society would it be possible to carry through this programme. Without a transformation of society, merely to put forward demands of this sort would be an illusion and a trap for the working class, as was shown by the events in Chile and the failure of the post-war Labour governments. However, this theme will be expanded and developed in the next article.

GHANA AT THE CROSSROADS

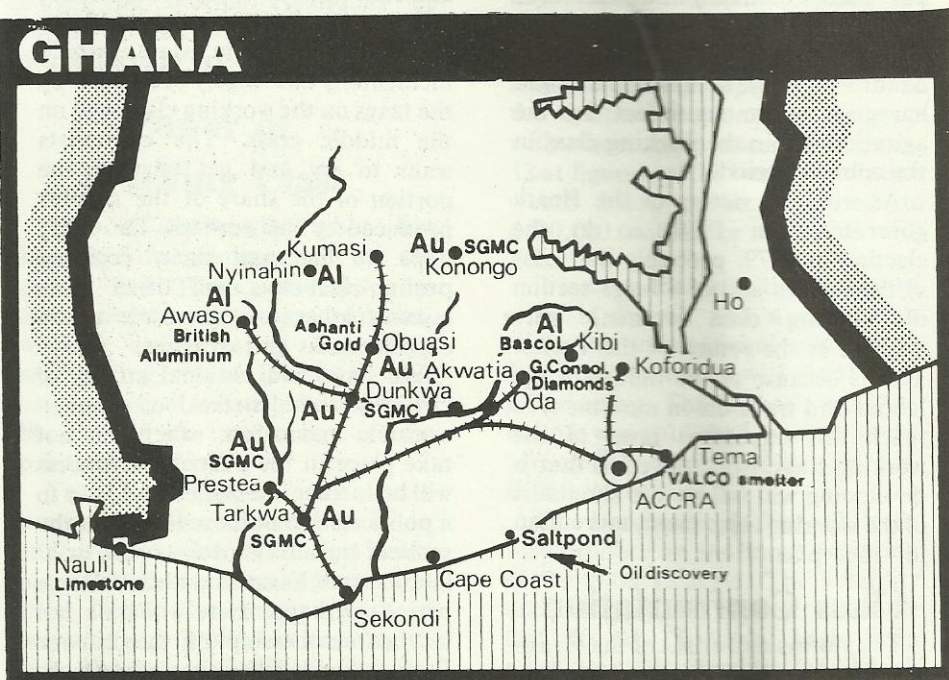
By JONI BAKO-ONIPA

The general election in Ghana this summer was unique in coming two weeks after a coup d'etat and two days after the new military rulers had publicly executed the three former military heads of State.

But the seriousness of Armed Forces Revolutionary Council leader Flight-Lieutenant Rawling's promise to hand over the reins of power to a civilian government and withdraw the armed forces from politics once his "house-cleaning" campaign against corruption is completed is more open to question.

The dramatic action taken by the junior officers and lower ranks of the armed forces undoubtedly diminished the importance of the election. They elected their own committees and turned a deaf ear to the impotent commands of the senior officers and have begun a process of cleansing the state machine of the most blatant abuses of power and privilege. The future of Ghana may well depend now more upon the degree of determination of the AFRC to carry through this process than upon the wishes of the politicians who have just been elected by default on a low vote amidst a mood of cynicism among the electorate.

The coup itself succeeded only because of a radicalisation of the army which overturned the hierarchy of the armed forces. At present nobody above the rank of captain has authority and the rank and file are bent on guarding their new power. It was a successful uprising within the forces and a coup d'etat at national level, but only when it came to bear directly on the organisation



of the Ghanaian state did its full implications appear. Those implications are clearly linked to class domination in Ghana.

The ranks rose against the senior officers because they had massively enriched themselves at the expense of the masses and of the armed forces' prestige. The rank and file had been used in staging previous coups, and hardly benefitted. They despised the corruption and repression of the officers whose shoes they polished and whose houses they guarded. Their anger and resentment have been nurtured over the years and their resolution to remove a rotten privileged elite is apparent.

Already there is a strong feeling among them that too much time has

already been wasted and their revolution is being sabotaged at the top through a new unfolding bureaucracy. Flt. Lt. Rawlings has been warned that his life is in danger if he should slow down the revolution. Public reaction to the executions has been tremendous and in favour of more to be carried out. Opposition to the executions comes from the sections of society most threatened, directly or by implication, and from the large group of bureaucrats, businessmen and various local and foreign opportunists who also exploited the corruption of senior officers in the military administration to enrich themselves.

Even though there was a low turnout at the elections, victory went to

the Peoples National Party, which claims to be a successor to Dr Nkrumah's Convention People's Party (CPP) which was overthrown in 1966 by a CIA master-minded coup. The PNP won 70 seats in the 140-seat assembly.

PNP win election

The PNP is heading for a large majority in parliament. An analysis of its victory showed how it relied on the powerful memory of Nkrumah in the minds of the masses of Ghana, a form of 'politics of mythology'. There were instances of loud speaker vans touring the rural areas and broadcasting Nkrumah's speeches, with the widespread use of his pictures and slogans which helped generate enthusiasm for the PNP. And since Nkrumah is still widely revered as the man who led the fight for independence from British imperialism, the Party which claims the closest attachment to the CPP automatically wins support. But considering the low turn-out and coupled with the lack of any workers' party, given the alternative from the rest of the bourgeois parties, the voters felt they had no choice than the PNP.

The present leadership of the PNP represents the right-wing bureaucratic faction of the CPP of the 1960s. Unfortunately PNP voters who have illusions in the CPP still maintained the same illusions in the PNP. Undoubtedly the defeat of the openly right-wing parties indicates an emerging class consciousness since the majority of the PNP's voters were from the peasant farmers of the northern region and the urbanized proletariat.

The poor performance of the openly bourgeois parties was not surprising since they relied more on their wealth to do the job for them than going to the people.

The Popular Front Party (PFP) which polled 42 seats is an offshoot of the conservative, elitist Progress Party, led by Dr Busia in the second republic, overthrown in a coup d'etat in 1972. Their supporters blamed their defeat on too many reactionary intellectuals and businessmen who ran the campaign through armchair directives as opposed to grass roots



Flt. Lt. Rawlings.

politicians in the broad PNP. The vast majority of its 42 seats were won in the Ashanti and Brong-Ahafo regions with their rich semi-feudal landowners and wealthy cocoa farmers.

The third bourgeois party, the United National Convention (UNC), an offshoot alliance of the Progress Party and the then opposition party National Alliance of Liberals, also lost miserably because of the same 'disease' that affected the PFP. They won only 13 seats, mainly in the Volta region where their campaign was mostly centred. However, they had relied on the help of the deposed Supreme Military Council to rig the elections in their favour, hence their limited campaign in the country. And this is backed by strong rumours of vast quantities of ballot papers with UNC votes found in the homes of the executed General Aducci, the former head of the junta.

It is interesting to note however, that the Ghana Trade Union Congress sponsored party, the Social Democratic Front (SDF) featured as the worst off, since they only managed to get 3 seats. That is due to the reactionary role of the government-backed TUC bureaucrats in collaborating with the junta to suppress the workers. A point which must echo in the ears of the PNP is that the new strength and growing consciousness of the masses and especially the workers will not be manipulated and shaped by parliamentary manoeuvres.

Undoubtedly, one of the main attractions of the PNP in collecting votes from the workers and peasants was the 'socialist' face presented by its left wing since Johnny Hanson led the People's Revolutionary Party into its ranks earlier this year. How more enthusiastic would the support of the workers have been if the PRP had maintained its independence from the corrupt, conservative politicians of yesterday and campaigned openly on a socialist programme!

Ghana now stands at the crossroads. All the insoluble problems of economic development that have plagued the country since independence are now worsening and will be compounded by the increased cost of importing oil and the coming world recession. Will Ghana go round another cycle of bourgeois democratic civilian government followed by yet another capitalist Bonapartist military regime, both incapable of solving the problems of an effete capitalism, or will the stark conclusion be drawn that on a capitalist basis there is no way forward for the country and a decisive break made with capitalism and imperialism?

It is the heritage of British imperialist rule and the subsequent domination of the economy by foreign monopolies and the capitalist world market that is responsible for the chronic inability of successive governments to modernise society and overcome the problems of backwardness as a look at Ghana's history will show.

Independence Struggle

During the colonial period the traditional patterns of economic relationship in Ghana (Gold Coast) were largely destroyed and in their place was created a satellite economy whose primary function was the production of a few cash crops and raw materials for export to the colonial mother country. The economy of Ghana was structured principally around the production of cocoa for the confectionary industry in Britain. Other raw materials produced were timber and minerals like gold, manganese and diamonds. The importance of cocoa in the

economy is however underscored by the fact that since the 1920s it has accounted for about 60% of export by value.

Ghana therefore represented a classical colonial development. Apart from being the producer of raw materials for Britain there was a total monopoly of the commercial trading and banking sectors of the colony by European firms. The UAC, UTC, SCOA, CFAO, Barclays and Standard banks, prevented the possibilities of participation of an indigenous bourgeoisie in the vital sectors of the economy.

Imperialist Bloodsuckers

The class structure which emerged during the colonial period as a result of capitalist penetration into the rural sectors consisted of a ruling class of European colonial officials and businessmen, a petty bourgeoisie of non-European functionaries, professionals, merchants and kulaks (rich peasants); a small proletariat of dockworkers, railway workers, miners, etc; and a huge army of peasants.

The militant role played by the small proletariat of railwayworkers and dockworkers, was decisive in the movement for independence. The general strikes of the 8th and 10th January 1954, were the work of the trade unions alone, in the face of vacillation by Nkrumah. Largely confined to the role of commercial middlemen or minor functionaries in the colonial administration, the petty bourgeoisie also mobilised against colonial rule because its members found that their material and status aspirations were blocked by the exclusively European ruling class.

The CPP under the leadership of Nkrumah in essence was a movement controlled by the petty bourgeois elements who were very successful in organising a mass opposition to colonial rule. Less than 10 years after its split from the elitist conservative and bureaucratic UGCC (United Gold Coast Convention) the CPP wrested political independence from Britain, thus making Ghana the first black African country to attain political independence, in 1957.



Students on the march

British imperialism never 'gave' independence to anyone. Control over the colonial economies was too lucrative. In 1940 Britain had set up the Cocoa Marketing Board as the sole buyer and exporter of Ghana's lifeblood. Huge surpluses were sucked out of the country as the CMB sold cocoa on the world market at double the price paid to the African producers. This surplus largely found its way to the City of London to support Sterling in the form of government bonds paying a tiny rate of interest.

The British ruling class only gave up direct control of its colonies because, weakened enormously by the war, it could not hold back the colonial revolution which swept across Africa and Asia once a national consciousness was awakened in the oppressed masses. It would have been impossible for the British ruling class to force the necessary economic sacrifices on the British workers to wage a full-scale war against hundreds of millions. It would also have been impossible to force British working class youth to go to war once again, this time not even with the illusion of 'fighting fascism' but in the face of striking trade unionists.

Learning this lesson ahead of the French, Portuguese and other rulers, British imperialism therefore replaced its direct military and administrative rule with continued econ-

omic domination through worsening terms of trade on the world market. A black capitalist government picked up the bill for running the state machine and enabled the foreign banks and monopolies, to which the native bourgeoisie was inextricably linked, to carry on extracting profits.

The newly independent Ghana was increasingly involved with the imperialist world system. The initial thrust of the Nkrumah regime's policies, following the advice of the international capitalist-propagandist Arthur Lewis, was a liberal open-door policy aimed at attracting Western capitalist investment and interests. This however led to increasing balance of payments deficits of approximately £53m in 1961 (representing 12% of the GNP) and dwindling foreign reserves as more capital left the country than was brought in by foreign capitalists as a result of what was considered the most generous repatriation terms in the world. From 1957-61 there was a net outflow of private capital amounting to about £6.5m.

Cocoa

Ghana's failure to industrialise and develop a modern capitalist society, at a time of unprecedented economic upswing in the metropolitan capitalist countries, is typical of

the impasse facing the underdeveloped countries so long as their economies remain on a capitalist basis. The weak native bourgeoisies of these countries have come onto the scene too late to carry society forward as their European counterparts did one or two centuries earlier.

Whereas free trade and the free movement of capital allowed a huge expansion of industry in the advanced countries, in the backward countries this simply increased the domination by foreign monopolies. Infant manufacturing companies cannot compete with the mass produced goods of multinationals in Europe, America and Japan, and the foreign buyers of raw materials are not interested in developing local industries.

With an artificially imbalanced economy entirely dependent on the export of a single crop, Ghana lay prostrate before the world market. During the world economic upswing of the 1950s and 1960s, although living standards rose in the metropolitan countries, in the so-called 'Third World' living standards fell in absolute terms, turning the clock back to starvation, unemployment and destitution for millions. One of the reasons was the 'scissors effect' of the world price of raw materials falling while the price of manufactured goods and capital goods from the advanced countries rose. Ghana strove to increase cocoa production, more than doubling exports between 1950 and 1962, but increased world production led to a disastrous drop in price.

Nkrumah's Left Turn

Because the Ghanaian capitalists could not develop the economy, their attempt at governing society on the Westminster model of bourgeois democracy was also ill-fated. Having no basis to guarantee substantial increases in living standards to the masses the premise for reformism was absent. Even by 1958 strikes were made illegal. As was to follow in one African country after another, bourgeois democracy was soon to give way to a Bonapartist dictatorship as the state machine, balancing

between the feeble bourgeoisie and the small proletariat rose above society in an attempt to hold it together and prevent its antagonistic classes colliding in battle.

The dismal failure of the liberal economic policies were to drive the Nkrumah government to adopt a 'socialistic' development strategy in 1961.



Workers Demonstration.

Under Nkrumah's 'socialism', the economy was divided into five major sectors: state sector, co-operative sector, joint state-private sector, foreign private sector and small scale Ghanaian producers. The state and co-operative sectors were ultimately to phase out the other sectors and become the leading sectors of the economy, but in the interim they were to compete on an equal basis. Interestingly, the foreign private sector was considered a vital part of the economy and assigned an important role in building 'socialism.'

By 1965, there had emerged a large state role in the industrial and agricultural sector with the establishment of state industries and farms. The government budget was £40m invested into 32 state enterprises. Simultaneously the role of foreign enterprises greatly increased with the rapid promotion of import substitution industrialisation and the construction of the Volta hydro-electric scheme and Tema port.

However, the basic structure of the economy remained unaltered as the country continued to rely heavily on a single export commodity. Over the

period 1958-65 while cocoa production increased by 12.6% annually, the price declined until it hit a low twelve cents a pound in 1965, almost half the average of the preceding year.

The impact of this was to increase the indebtedness of the country to Western capitalist countries, notably USA, Britain and West Germany, who artificially forced the price of cocoa down as part of their policy of preparing the economic ground for political action in the form of a 'coup'.

CIA feared another 'Cuba'

This policy was to end after February 1966 when the objective was achieved. The price of cocoa suddenly rose on the world market, and the IMF rushed to the aid of the National Liberation Council which organised the first coup of 1966 against Nkrumah.

The reason why Nkrumah was deposed by imperialism and the Ghanaian capitalists was the fear that the process of statification of the economy—the necessity of which indicates the weakness of capitalism—would get out of hand and threaten the very existence of capitalism and landlordism. This period had already seen factions within the state machinery in Cuba, Syria and Burma, (as their attempts to escape the backwardness and imperialist domination were frustrated by their own bourgeoisie) turn towards the elimination of private ownership as the only means of effective state planning. Leaning on the workers and peasants, they turned to the example of Moscow and Peking whose Stalinist bureaucracies offered a model for economic growth. In addition they became the dominant and leading layers in society. This inevitably with a dictatorial regime of proletarian Bonapartism engendered privileges and higher standards for the elite, creating new contradictions.

The right-wing military coup which was later revealed to have been financed at a cost of \$5 million by the CIA was to place Ghana firmly back within the orbit of imperialism.

Under Nkrumah the country had shown signs of straying from the capitalist system; the military put an end to this tendency and the country was once again placed firmly in its tentacles. To understand this it will be appropriate to know the origins and nature of the military and its role in Ghana.

As the Royal West African Frontier Force, it had been created as an instrument for the colonisation of the country. During the period of the national struggle, it was used to suppress the people's legitimate demands, e.g. the shooting of ex-servicemen petitioning the Governor-General in 1948, and the killing of striking workers in 1951 and 1961.

After independence the neo-colonial state maintained the colonial army and even expanded it. The officer corps continued to train in Britain (Sandhurst) and later in the USA, and even when an officer training school was started at Teshi in Accra, it was under the control and guidance of British military personnel. The links between the Ghanaian Armed Forces and imperialism have therefore been very strong and binding.

Open door policies

The National Liberation Council (NLC) upon coming to power proceeded to reverse the policies of Nkrumah. A policy of denationalisation was introduced and a good number of state enterprises were sold to individuals—bureaucrats, rich merchants, compradors and military personnel. And also, for example, Firestone Rubber Company of America, a company known throughout the world for its oppressive labour policies.

The country once again reverted to open-door liberal capitalist policies and concessions made for foreign interests. The case of the Firestone agreement has been well documented, showing how a state project, which by all accounts had strong potential viability, was virtually handed over to a private foreign multinational.

These policies were carried out under the ideological tutelage of

Busia and reactionary intellectuals who were to succeed the NLC in a bourgeois-democratic election to return to civilian rule in 1969. The Busia coalition represented an alliance of conservative intellectuals, professionals, feudalists and petty-bourgeois of the earlier UGCC, NLP-UP days during the struggle for independence. Reactionary, and collaborationist with imperialism, it was staunchly anti-working class, hence the dissolution of the TUC.

With this reactionary alliance in power, a programme of consolidation of capitalism was pursued. Special policies such as the Ghanaian Business Promotion Act, loan schemes and the expulsion of migrant labourers from neighbouring West African countries with a few Middle Eastern compradors, strengthened the growing Ghanaian petty-bourgeoisie.

This era also witnessed the rapid penetration of capitalist relations into agriculture. The state farms which Nkrumah established were dismantled and passed to private hands, fostering the consolidation of the kulak class. Simultaneously, the adoption of the 'green revolution' strategy of mechanisation, application of agricultural inputs and insecticides resulted in the emergence of plantation style farms, especially in the North.

This period of consolidation of capitalism was also one of intensified working class opposition to their increased exploitation, in the form of national selective strikes starting with the railwaymen and dockworkers. The strike outbreak by workers against their intense exploitation and demands were typically met with brutal repression and violence. Between 1969-72 the Busia government mounted an onslaught against the workers' movement using the military and police and the ultimate repression and dissolution of the TUC in 1971.

The structural problems of the Ghanaian economy worsened. In the face of serious crises, the government continued to rely more on imperialist forces to bail it out. There were numerous consultations with the IMF which dictated the economic policies to be adopted. After a number of re-scheduling of agree-

ments, which worsened the country's indebtedness, the IMF, as a precondition for further assistance advised a 50% devaluation of the currency which immediately threw the economy into chaos.

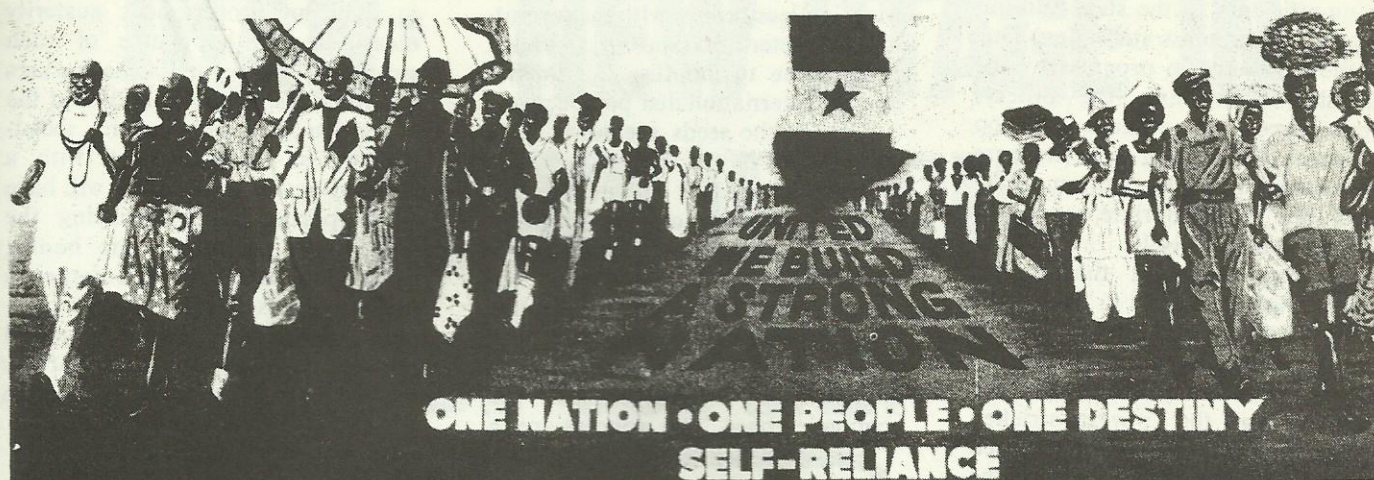
Austerity and Corruption

Meanwhile the burden of austerity as under the Nkrumah regime began to affect not only the working class but also the politically sensitive petty-bourgeois who resented the 'sacrifices' they were called to make. This factor was predominant in the coup of 1972 by the National Redemption Council (NRC) led by Colonel Acheampong (later the Supreme Military Council).

The cornerstone of the junta's policies were the 'Operation Feed Yourself', the 'indigenisation' programmes. Rice production under their 'green revolution' in the north of Ghana has often been cited as the success of the OFY, but what is clear now in that part of the country is that the peasant farmers have been thrown out and their places have been taken by absentee landlords, bureaucrats, military officers and other petty-bourgeois elements who are able to obtain loans to purchase machinery and inputs beyond the reach of the mass of peasantry. This process has been implemented with the collaboration of the chiefs who have in return been given increased power and authority by the state.

The chiefs used this to acquire loans and non-traditional claims over land which they have utilised for personal ventures. Lacking a mass base and support, the junta relied heavily on the alleged influence of the chiefs over the rural masses for domination and control. The chiefs on the other hand relied on the junta for its use of state power, e.g. the embezzlement of Cedi 5m by five traditional subchiefs in the rich lands of Kumawu-Ashanti.

The unpopularity of the military junta and the ill-feelings between the service commanders of the armed forces and NRC which was made up of middle ranking senior officers led to a palace coup in October 1976 which created the Supreme Military Council (SMC). However, with



Propaganda poster of former military dictatorship.

rampant corruption and grave economic mismanagement, two service commanders, Air-Vice Marshall Beausoliel and Lt. Gen. Okai were honourably retired for their part in the RT Brisco scandal, a subsidiary of the East Asiatic Company owned by Denmark and West Germany.

Growing political tension heightened when in 1978 General Acheampong proposed the intolerable idea of 'Union-Government'—a form of civilian-military power-sharing dictatorship on an unwilling population which culminated in a selective national strike and demonstration led by students, workers, and professionals. General Acheampong's years saw grave economic mismanagement, most notably in staggering deficit-financing, which pushed inflation to over 100%, where it still remains, and the forced stagnation of living standards since 1966.

AFRC Coup

July 1978 saw the removal of Acheampong through a palace coup which brought General Akcuffo and his reconstituted SMC (II) into power. In a last desperate attempt to save itself, the military pushed through a bourgeois democracy and economic reforms. The budget deficit was slashed, the producer

price of cocoa was doubled and the Cedi (currency) was devalued by more than 50%! A return to civilian rule in 1979 was promised.

What the SMC hoped to achieve by this latest attempt to deceive the people of Ghana was time in which to prop up their own tottering edifice and to fabricate some facade of civilian rule behind which the junta could continue to operate. Meanwhile the constituent assembly has indemnified all the members of the NLC 1966, NRC 1972, SMC (I) 1977 and SMC (II) 1978.

However, in May this year resentment in the junior officer ranks and the rank and file of the army heightened against the prospect of senior officers in the Armed Forces long associated with the mismanagement and corruption, retiring honourably with the return to civilian rule in June, to enjoy their ill-gotten wealth.

On June 4th, the Armed Forces Revolutionary Council seized power from the SMC, led by Flt. Lt. Rawlings, who in his maiden broadcast called on the army units outside Accra to elect their own delegates for a revolutionary command meeting at army headquarters.

The general sentiment of the new regime's broadcast stressed the plunder carried out by senior military officers over the past years and the necessity of justice being done for both the masses of the people and of the Armed Forces

whose prestige had suffered from the corruption at higher levels and also repression of the working class.

Unfolding events, however, reveal the growing pressure within the rank and file of the army and masses of the people for the new regime to carry out very radical measures aimed at transforming the situation or else face the opposition of the working class.

'The Ethiopian Way ?'

The junior officers who have now overthrown the army chiefs, whose role is the defence of the ruling class, are now faced with the dilemma of whether to hand power over to the civilian bourgeois politicians and watch Ghana go through another run of one unstable regime after another, or to carry through their purge of corruption, which would inevitably lead to the entire leadership of the PNP being arrested or executed! Any far-reaching rooting out of corruption would point the guilty finger at capitalism itself. And it is possible, given the impasse of economic and political instability, that the lower officers will lean on the movement of the workers and peasants to eliminate capitalism as the only way of taking society forward.

This would be similar to the process that has taken place in

Ethiopia, where the junior army officers removed the semi-feudal Emperor Haile Sellassie in order to bring efficiency to the state administration to end mass starvation. Due to the resistance to progress by the parasitic bourgeoisie the officers were forced to execute 60 top members of the ruling class and were then forced by the momentum of the revolution to expropriate capitalism and landlordism itself.

Rawlings has said that "more blood must be spilt" to "take the Ethiopian way". If such a social transformation were carried out, it would mean a tremendous step forward for the poverty-stricken workers, peasants and unemployed of Ghana. Genuine planning of the economy and society could then begin. Living standards could be raised, social reforms could be implemented.

Workers' Democracy

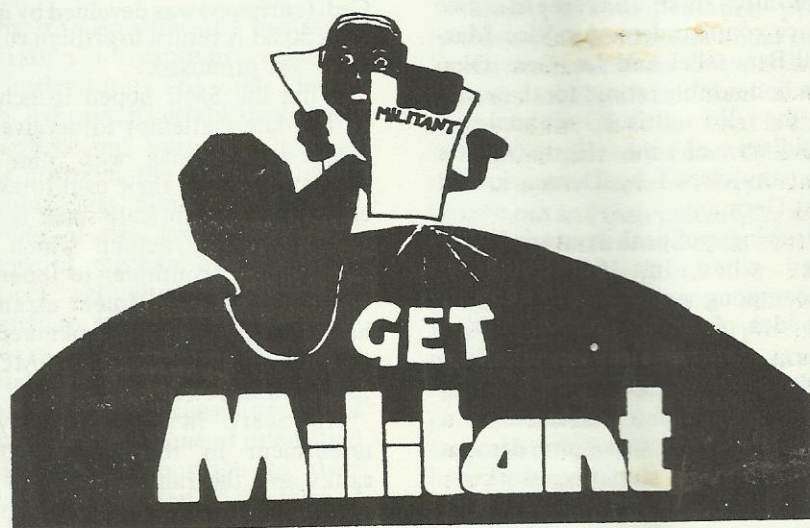
But without the conscious participation and democratic control by the working class such a revolution would take place in a distorted form, as in Ethiopia, bringing to power a privileged bureaucracy resting above what would be a deformed workers' state. Such a regime of proletarian bonapartism, like that of Russia, China, Eastern Europe, Syria, Burma and Ethiopia, would be incapable of an internationalist appeal to the workers of the other African states and of the advanced industrialised countries as the necessary basis for building socialism. It would have to be followed by a new, political revolution to institute workers' democracy.

The important industrial working class, well organised and with a tradition of struggle, must be the force to lead the other down trodden masses of Ghana to the establishment of a genuinely democratic workers' state. The bourgeoisie, incapable of carrying out the tasks posed to it by history, is economically paralysed and politically split. The peasants and petty-bourgeoisie cannot lead society forward themselves but have already in the past taken a lead from the workers' movement. The workers have demonstrated

through strikes their determination to use their increased strength and confidence. All that is required is a Marxist leadership with a revolutionary determination, a socialist programme to mobilise the masses and an internationalist perspective.

Already the seeds are sown for a split in the PNP. If the army officers decide to purge the right wing PNP leaders for corruption they are likely to be supported by the left wing. If power is handed over to the newly-elected PNP then the contradiction between the capitalist and radical elements within its ranks will open wide as it tries to tackle the economic chaos. The workers are in

no mood to accept attacks on their living standards. They will turn to their own trade union organisations to fight any government austerity measures. In the course of such struggles the pressure of the workers will force a split in the PNP and the formation of an independent, socialist workers' party. Armed with a Marxist understanding this will have the opportunity of mobilising the workers to nationalise the banks, monopolies and trading enterprises under workers' control and management. A workers' democracy would immediately show the way forward to the masses of West Africa and lead to a socialist federation.



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IRAN: NEW STAGE IN REVOLUTION

BY BOB LABI

The rapid development of the Iranian revolution since the February 10/11 insurrection has demonstrated clearly that the Iranian masses saw the Shah's overthrow as a green light for deepening their struggle for a better life. The past few months have shown how the tremendous pressure of the workers and peasants has forced the new regime, headed by Ayatollah Khomeini's unelected Central Revolutionary Council, to sanction the most radical measures.

Barely four months after the Shah's rule collapsed Iran's banks, insurance companies and the major part of its industry were nationalised without the owners being able to offer any open resistance. These nationalisations marked a new stage in the Iranian revolution. The takeovers were a major blow against capitalism and imperialism which will have an impact throughout the Middle East and Asia. Imperialism's inability to organise any open opposition, for the present, exposed its weakness in the face of the Iranian working masses' immense pressure for a fundamental change in society.

The February insurrection opened the floodgates to a deluge of struggles. But Khomeini and Bazargan, the Prime Minister of the Provisional Government, immediately attempted to restrain the masses.

After striving to avoid an uprising Khomeini frantically tried to limit the scope of the Tehran fighting, so as to preserve at least part of the old army. Alarmed by the arming of the masses the next day Khomeini demanded the immediate return of



Demonstrators raise blood stained hands in revolution.

all the captured weapons to the barracks or mosques.

When following the insurrection a wave of industrial struggles began, Khomeini urged workers to ignore militants with "attractive slogans" and denounced those workers who wished to continue the general strike until all their demands had been met as "traitors. We should smash them in the mouth." Bazargan began at once complaining about the masses' "ludicrously high expectations of material gain as a result of the revolution".

But all these pleas and threats were to no avail. Workers maintained their struggles to secure a better deal. Strikes and factory occupations developed. In many workplaces workers elected committees which challenged the bosses' authority to run the plants. In those factories where the bosses had fled the workers attempted to re-start pro-

duction themselves and demanded that the Government take their plants over. Mass demonstrations of the unemployed took place and there were mounting clashes with Khomeini's Revolutionary Islamic Guards as they attempted to restrict the workers' movement.

Bosses flee

The driving force behind this upsurge is the grave crisis gripping Iran and the workers' new-found consciousness of their own strength.

In the insurrection's aftermath over a quarter of the working population, 3 to 3.5 million, were estimated to be unemployed. Many factories had shut down due to lack of supplies or because their owners and managers had fled. Most of the bosses got out either before the

insurrection or as soon as Iranians were allowed to leave the country. The mass exodus of the Iranian capitalists was similar to the Eastern European bosses, abandoning their property, before the advancing Red Army in 1944/45. Only a pale shadow of the Iranian bourgeois remains in Iran at present.

Many of the bosses were not prepared to consider re-starting production or new investment, let alone even returning to Iran, until the country was once again under the control of a stable capitalist government. This is what Bazargan tried to create, but the movement of the masses, and their impact on Khomeini, has blocked this so far.

Economic crisis

Khomeini and his unelected Central Islamic Revolutionary Council have attempted to maintain their position and power by balancing between the different classes. Khomeini and the circle around him had no clear idea of where they were going. They held various utopian ideas like abolishing interest charges and holding down prices by pleading with the shopkeepers. But Khomeini's religious dogmas alone are not capable of satisfying the masses' demands. The scheme to abolish interest charges is likely to be dropped, though they will be called 'service charges' to give the appearance of change! Despite Khomeini's pleas inflation is estimated to be running at 10% per month!

The extreme weakness, at present, of the capitalist class and the fragile condition of what remains of the capitalist state machine at the same time as there is a mighty revolutionary upsurge unfolding has led to Khomeini being pushed into granting the masses enormous concessions. These concessions, often made under pressure on the spur of the moment, include free medicine and transport, cancellation of power and water bills and the putting aside of £500 million in the budget to subsidise essential consumer goods.

The nationalisation decrees were by no means planned in advance. Indeed in the first days after the final collapse of the Bakhtiar government



Khomeini.

and the Shah's regime various spokesmen of the new 'revolutionary' government gave no hint of any planned nationalisations. The new Central Bank governor Mohammad Ali Mowlavi stated that there would be no bank nationalisations and that "free competition would be encouraged as a means of strengthening the private sector." But unfortunately for Mowlavi and the capitalists the Iranian workers did not see things their way.

The Iranian capitalists' flight left a vacuum which the working class immediately began to fill by assuming the responsibilities of management themselves and demanding that the Government take the companies over.

The drastic economic situation forced Khomeini to declare in mid-March that Iran's "economic system is bankrupt." With workers securing their wages despite their factories not operating, prices rising by 10% a month, mass bekaran (jobless) marches and the development of peasant land seizures Khomeini was being pushed into both sanctioning and taking radical action to satisfy workers demands or else risk the undermining of his support. Against this background Khomeini was forced to ratify the workers' moves to take over large sections of industry with the nationalisation decrees at the beginning of July.

The tremendous workers' movement which has wrung these concessions from Khomeini has developed from below. Not one of the main 'left' organisations were pre-

pared or able to give a socialist lead. The Tudeh ('Communist') party trailed behind Khomeini, urging him to join with them in a 'United Popular Front'. The 'Marxist' guerrilla group, the Fedayeen-e-Khalq, while putting forward general 'leftist' slogans did not advance any rounded out socialist programme and petitioned Bazargan for a place in his capitalist government! The Islamic based Mojaheddin guerrilla leader Massoud Rajavi went further when he said that "ownership by industrialists faithful to the nation was in no danger". In reality the policies of all these groups have trailed behind the masses' demands, which have forced Khomeini to go further than any of these tendencies called for after the old regime's collapse.

Despite the absence of any clear ideas of where they are going Khomeini and the mullahs around him have risen to power in this, the first stage of the revolution. **This was fundamentally because, in the absence of any alternative revolutionary leadership, the mosques became the fulcrum for the working masses' battle against the Shah.**

Khomeini's basis

The Iranian workers spearheaded the struggle against the Shah through the mass demonstrations, the four month long general strike and the February 10/11 Tehran insurrection. But despite this leading role, as yet no independent working class leadership has come to the fore, rather it has been Khomeini's supporters (now organised in the Islamic Republican Party) who have appeared as the dominant force in the revolution. This is rooted in the enormous growth of Khomeini's influence in the last year which resulted from a number of factors.

Firstly Khomeini's clear position against the Shah provided a pole of attraction to the masses, especially in comparisons to the repeated offers of compromise the liberal National Front leaders made to the Shah.

As Khomeini's support developed, helped along by the sizeable publicity he was getting, all the other major opposition forces began to

tail-end him, thereby further increasing his standing. The Tudeh repeatedly made declarations of support for Khomeini, deliberately ignoring his reactionary and anti-communist statements. The Tudeh's Central Committee statement of January 17th 1979, for example, stated its "full support for the formation of the Islamic Revolutionary Council initiated by Ayatollah Khomeini...The Party, having found the political programme of Ayatollah Khomeini (particularly the position adopted by the Ayatollah in the past few weeks in his speeches and interviews) in accordance with the position adopted by the Tudeh...declares itself ready to support the following statements made by the Ayatollah." This was followed by an extremely selective list of quotations from the Ayatollah, which omitted any hint of reactionary policies.

In this situation where there was no other alternative programme or leadership being put forward, it was inevitable that Khomeini would come to head the anti-Shah movement.

More fundamentally, however, Khomeini's strength reflects the role and influence of religion in a backward society like Iran, where over 65% of the population are illiterate and over half still live in the countryside. The Iranian working class is a very young working class, both in terms of its age structure and history. In many factories the unskilled workers' average age is 20, which is one of the reasons for the enormous energy and resilience which it has demonstrated in the last year.

Bazargan's weakness

The crushing of the trade unions after the Shah's August 1953 coup against the liberal Mossadeq government and the massive recent expansion of industry have meant that most Iranian workers are first generation workers without a tradition of organisation, having moved directly from the countryside into

industrial work. While the working class made giant strides forward in its understanding and organisation as the revolution has unfolded there has not yet been the development of an independent working class movement.

During the Shah's dictatorship the Mosques, as a result of the Shah's clashes with the mullahs in the 1960s, tended to become centres of opposition to the regime. They provided a relatively safe venue where the masses' grievances could be aired and opposition developed. This further re-inforced the mosques and mullahs' position in the developing mass movement.

Khomeini's call for an 'Islamic Republic' undoubtedly caught the imagination of the working masses. The 'Islamic Republic' was interpreted by workers as a republic of the 'people', not the rich, where their demands would be met. There was no mass support for Khomeini's ideas of turning the clock back to the Middle Ages. Indeed Khomeini's reactionary whims and policies, along with the continuing inflation and unemployment, are already beginning to undermine his support.

Since the insurrection Bazargan, the Prime Minister appointed by Khomeini, has attempted to stabilise the situation in the capitalists' interests, but has so far failed by the in this task. The Bazargan government has attempted to rebuild the state machine crippled by the mass uprising, but while certain progress has been made in this area Bazargan has been incapable of creating any real alternative to Khomeini's forces.

The Provisional Government's attempt to organise a capitalist democracy was in reality an effort to restrain Khomeini and so gain time to recreate the capitalist state machine. But the rapid pace of developments undermined these plans for the moment. The Government has no forces with which to confront Khomeini and this weakness has forced Bazargan to co-operate with Khomeini, both to co-operate in restraining the left and in the hope of preventing the Ayatollah from stumbling into carrying out even more anti-capitalist measures.

But while the masses' tremendous pressure and the capitalists' flight

has forced Khomeini both to ratify and himself take anti-capitalist measures, this has been balanced by attacks on the developing left and workers' movement. Khomeini has continuously attempted to restrain the working class and delay the development of political parties.

Constituent Assembly

At first last year Khomeini called for a republic and the restoration of the 1906 constitution, which gave the mullahs constitutional power to supervise the Majlis, the elected assembly. Under the pressure of the mass movement Khomeini was forced to then call for an elected Constituent Assembly to draw up a new constitution. But as soon as the old regime collapsed the Ayatollah sought to abandon any idea of a Constituent Assembly. Khomeini's group correctly feared that the holding of elections would accelerate a political polarisation and the growth of rival political parties, thereby awakening their support. Only under pressure did Khomeini agree to the election instead of a 73 man Council of Examiners, with limited powers to check the new draft constitution.

During the election campaign for the Council of Examiners Khomeini's unelected 'Immam komitehs' continued attempting to hinder the development of any independent working class activity and oppositional political parties. Harassment, arrests, press censorship and shootings have all been used against workers' organisations and activities.

On the same day that the insurance companies were nationalised Khomeini's Central Council published a Bill setting up special courts with the power to impose two to ten year jail terms for 'disruptive tactics in factories or worker agitation'. The Ayatollah's draft constitution, finally published in June after four months secret wrangling, provides for a strong President with wide powers and a Supervisory Council—made up of priests, professors and judges—to check that all laws passed are in accord with Islam. Khomeini's

constitution is designed to limit the Majlis's powers and give the clergy effective control of the country.

A glimpse of what this could mean has been shown as Khomeini has given vent to his obscurantist feudal prejudices. The banning of music and mixed swimming, the whipping of unmarried lovers and the shooting of prostitutes as "a lesson for innocent girls who must stay with their families" are just a few examples of how Khomeini would like to order society. Khomeini is relying on the enormous following which he still has, re-inforced by the anti-capitalist measures he has taken, to allow him to implement his reactionary social policies and turn the clock back to the Middle Ages. But already these ideas are encountering opposition.

Reactionary measures

Khomeini's retreat in March over the wearing of the veil was forced by workers being opposed to the attempt to victimise and attack unveiled women. Compulsion smacked too much of the old regime which the workers had battled over for over a year to remove. Gradually the enforcement of Khomeini's reactionary whims is alienating more and more Iranians. Additionally the continuation of mass unemployment, roaring inflation, high rents and unsolved social problems, despite the overthrow of the Shah's regime, is radicalising the working class. Consequently Khomeini's position, while appearing strong at present, is by no means permanently secure.

A further source of opposition to Khomeini's regime has been the national minorities. In Iran only just over half the population are Farsi (Persian) speakers, most of the rest being national minorities. The removal of the Shah's dictatorship provided a signal to these minorities to attempt to end the repressive measures which the Shah imposed, such as the suppression of their languages and seizure of their lands, and to win autonomous rights. The proposed constitution, however, does not grant the minorities autonomy, let alone the right of self-determin-

ation. Both Khomeini and Bazargan, pursuing a Persian nationalist policy, have resisted the minorities' demands' and relied on the Farsi speaking population in the minority areas to retain their power.

These policies have resulted in the armed clashes in many areas as Bazargan and Khomeini have used the army and the Revolutionary Islamic Guards to maintain control, particularly in the oil-rich Arab areas in southern Iran.

Iran is in a contradictory situation. While the capitalists have fled and the nationalisations have made massive inroads into capitalism's power, unless this process is taken to its conclusion—with the drawing up of a plan of production and a state monopoly of foreign trade—there will be the possibility of a capitalist restoration.



Monarchist officer bids Shah goodbye.

Khomeini's position reflects the contradictions opening up. On the one side the Ayatollah denounces the left and attempts to enforce vicious reactionary laws. But at the same time Khomeini's Council has been compelled by the pressure of the situation to ratify the takeovers. Khomeini has been pushed along by events, being forced, for example, to retrospectively approve the executions carried out by the local 'Imam komitehs', which themselves have been under pressure.

A vacuum exists in Iran. Either

there will be a consolidation of the nationalisations, leading to the overthrow of landlordism and capitalism, or there will be a victory for reaction.

Reaction in Iran would be unlikely to be based upon the Shah's old ruling elite, most of whom have now been liquidated by the firing squads, rather it would coalesce around a new pole of attraction. Already in the recent months steady progress has been made by the officers in rebuilding the army. The reactionary policies of those officers who remain was demonstrated by the now retired military police chief General Rahimi who demanded that armed force should have been used sooner against the minorities and was "concerned that the army was being forced to hold back when there was unrest in the country". It would only be a matter of time before the officers attempted to use the troops against workers, as well as the national minorities. But at the same time the army is by no means immune from the turmoil in society. In the first five months since the insurrection there have been three Chiefs of Staff, their short spells in office reflecting the unrest in the military's ranks.

Despite the anti-capitalist measures which he has been forced to sanction Khomeini could become the head of a future counter-revolutionary movement. The Ayatollah has already revealed his fundamentally reactionary views. In the course of mounting conflicts with the working class and nationalities Khomeini's committees and militia could develop into the spear-head of the counter-revolution.

But under the pressure of events Khomeini could be forced to move in the opposite direction and complete the expropriation of capitalism, as did the Dergue in Ethiopia. This would be an immense step forward in Iran. A planned, nationalised economy would lead to an enormous development of the economy, a raising of living standards and a strengthening of the working class's size and potential power. But such a movement under Khomeini's clergy, while breaking Iran free from the chaos of capitalism, would not create a workers' democracy.

The fact that it is conceivable that a feudal religious obscurantist like Khomeini could preside over the overthrow of capitalism in Iran is a reflection of the depth of the crisis and the world balance of forces.

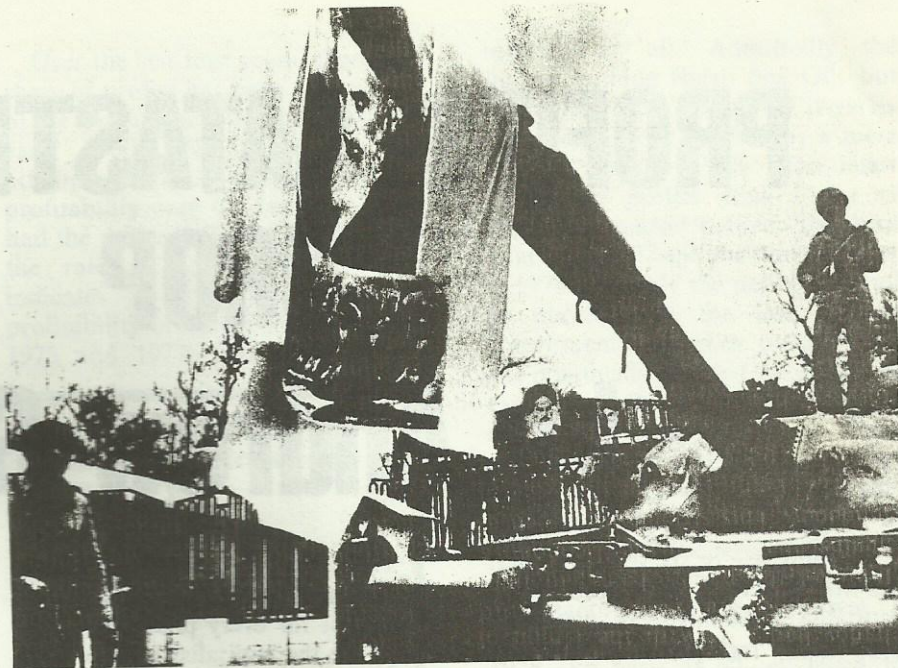
Capitalism cannot develop Iran. The oil-based boom of the mid-1970s—while producing, for a short time, dramatic growth rates—not only failed to resolve the old problems but created new evils, like the 40 shanty towns around Tehran's centre. Indeed in this period of world economic upheavals capitalism can only continue in Iran on the basis of grabbing back the gains the workers have won, even in 1976 the Shah tried to impose an austerity programme.

However the Shah's overthrow demonstrated the workers' power and it is this power which, at present, stands in the way of counter-revolution and is forcing Khomeini in an anti-capitalist direction. On a world scale imperialism cannot openly intervene in Iran at present, any more than it was able to do so in Nicaragua.

Workers' Party needed

The Iranian working class overthrew the Shah. In this struggle it became conscious of its power, but not conscious of how to organise the power it held in its hands after the February uprising. This resulted from the absence of a Marxist leadership and a mass party capable of drawing the necessary conclusions from the course of the revolution and the crisis gripping Iran. A Marxist party would have explained the necessity for the working class, in alliance with the national minorities and poor peasants, to take the power in its hands and carry through the tasks of the socialist revolution.

The absence of such a party allowed Khomeini and the mullahs to utilise their great popularity and the mosque's organisation to step into the void created by the Shah's fall and the workers' failure to take hold of the state power. Nevertheless it is still the Iranian workers' power and demands which are determining



Army power behind the mullahs.

the pace and direction of events in Iran today, despite being without a cohesive socialist leadership.

The breaking of capitalism and landlordism and the continuation of the mullah's power would result in the creation of a regime in the image of Russia, Eastern Europe, China etc, with the difference that in place of the Stalinist ideology of those regimes Khomeini would impose the ideas of Islam. In such a regime, a deformed workers' state, the rulers of society would be a religious-bureaucratic elite living off the back of a nationalised, planned economy. Though it would be likely that with a further development of industry the mullahs would tend to lose power to those sections of the bureaucracy based in the state machine, armed forces and industry.

But while the establishment of a planned, nationalised economy even on these distorted lines would mark a huge step forward for Iran and be a terrific blow to world imperialism, the Iranian workers would then be faced with the task of overthrowing the new ruling elite in a further, political, revolution and establishing a workers' democracy before there could be a movement towards socialism.

The Iranian revolution has demonstrated the working class's enormous power and its instinctive desire to transform society. But at the same

time the revolution's rapid, even if distorted development shows how the depth of the crisis can propel the movement along even in the absence of a revolutionary party. But the grip of Khomeini's reactionary influence and the still present threat of counter-revolution shows the urgent necessity for the creation of an independent, mass workers' party, armed with a Marxist programme. Only on the basis of the Iranian workers consciously taking power and beginning the re-organisation and re-building of society will it be possible to prevent either the establishment of a new dictatorship in the future or of a deformed workers' state requiring a second, political revolution.

Already however the Iranian revolution has overthrown the Shah, weakened imperialism and set an example towards the rest of the world of how no dictatorship can survive forever. The revolution is far from over. The Iranian workers will as a result of their own experiences increasingly see the need for a Marxist party. Only on this basis can capitalism and landlordism be overthrown and a Socialist Iran created, uniting on a free and equal basis all the peoples in Iran, and setting a revolutionary example to the workers and peasants of the world.

July 1979

PROFITS - CATASTROPHIC DROP

by Andrew Glyn

It was only five or six years ago that the Marxists were denounced by the capitalist economists as distorting the facts, for pointing out the long-run decline in the profitability of British capitalism. But now what Marx described as their "horror of the falling rate of profit" ('Capital' Vol 3) takes the form of an almost obsessive probing of the facts. Recent articles in the 'Bank of England Quarterly Bulletin' (December 1978) and in the government magazine 'Trade and Industry' (22 September 1978) provide striking confirmation of the catastrophic decline in profitability. The following table, showing the development of the rate of profit (see below) since 1960, summarises information from both these articles:

The rate of profit shows the percentage return received by the capitalist for every pound invested. Suppose the capitalist invests £700,000 in a factory. Workers in the factory produce £500,000 of commodities each year. The capitalists' costs are £100,000 for materials, fuel, etc; £200,000 for wages; leaving him a 'gross' profit of £200,000 a year. But in addition he sets aside £100,000 in depreciation so that when the new factory and machinery can no longer be profitably used—7 years in the example—he will be able to purchase new ones. This leaves him with a net profit of £100,000 for materials and £200,000 for wages. So that his net profit expressed as a percentage of capital employed is 10%. This is his rate of profit. It

shows for example the amount he has expanded his capital during the year. It is often called the rate of return on capital employed or the return on investment. In Marx's terms, constant capital used up (c) is £200,000 (£100,000 depreciation plus £100,000 materials), variable capital (v) is £200,000 (the wage bill) and surplus value is £100,000. The rate of profit is surplus value divided by constant capital advanced (the whole £700,000 for the factory plus the £100,000 for materials) and variable capital advanced (£200,000 which again gives the same rate of profit of 10%.

Competitive power eroded

What comes out very clearly from the figures is that the rate of profit in industry as a whole, and especially in manufacturing, was declining throughout the sixties and early seventies. For example in manufacturing the rate of profit during 1970-72 was more than a third below the level of 1960-64, and it fell further in 1973, supposedly a 'boom' year. Only in the distribution sector was profitability maintained. However the deepening crisis after 1973 affected even this sector, whilst manufacturing profitability virtually disappeared as the effects of the world recession were added to the downward trend. In some industries in fact the rate of profit became negative: the capitalists were actually eating into their capital to keep production going.

Just how desperate the situation is

	RATE OF PROFIT % (before tax)							
	'60-64	'65-69	'70-72	'73	'74	'75	'76	'77
All industrial and commercial companies	12.5	10.6	8.7	7.2	4.0	3.4	3.6	4.0
(After tax)	7.9	5.9	5.4	5.7	3.3	2.1	2.1	2.2
Manufacturing industry	10.9	9.0	6.8	5.7	1.6	1.4	1.9	3.2
Food, drink, tobacco	12.9	10.8	9.8	8.1	4.0	4.4	6.5	—
Chemicals	11.6	10.0	6.0	5.4	4.7	4.0	5.8	—
Metal manufacture	8.8	6.7	5.8	2.5	-0.7	0.9	-3.0	—
Engineering, ships, vehicles	11.5	8.8	6.9	7.1	1.3	0.6	4.0	—
Textiles, clothing	11.3	10.4	6.4	6.4	7.2	0.3	-1.3	—
Wholesale distribution	—	11.4	11.7	9.3	7.3	6.6	4.7	—
Retail distribution	—	16.8	17.6	18.4	11.4	11.2	10.1	—

Sources: BEQB Table C, Trade & Industry Tables 1, 2, 3.

can be shown by a longer-term comparison calculated by the Bank of England which shows profits as a percentage of national income. This does not show the rate of profit (for which the longer term figures are not available) but rather is an indicator of the share of the value produced by the working class appropriated by the capitalists as pre-tax profits directly.

Over the last four years, then, the share of profits has been at one half of the level of the slump years of the early 1930s. Nor have all the attempts of the capitalists to restore profitability over the last few years had the desired effect. The table for the rate of profit shown above indicates an increase in pre-tax profitability of barely $\frac{1}{2}\%$ between 1975 and 1977, and after tax no

increase at all. Admittedly the figures exclude North Sea Oil, but even when these are added it varies the rate of profit in 1977 by a mere $\frac{1}{2}\%$ to around $4\frac{1}{2}\%$. The latest figures for profits show a rise of about one quarter between the third quarter of 1977 and the third quarter of 1978—roughly the period covered by phase 3 of the last Labour government's incomes policy. This rise practically doubled the growth of earnings—will have pushed the rate of profit up a bit further, to about 5% before tax, or $4\frac{1}{2}\%$ leaving out North Sea Oil profits. But even this increase leaves the rate of profit at well under half the level of the early sixties. In the second quarter of 1978 manufacturing productivity was a wretched 3% above the level of 1978—no basis at all on which to rebuild the profitability of British capitalism and its competitive power on world markets.

Share of industrial & commercial companies' profits in domestic issues

1920-29	12
1930-34	11
1935-39	14
1940-49	15
1950-59	15
1960-64	14
1965-69	$12\frac{1}{2}$
1970-73	$10\frac{1}{2}$
1974-77	$5\frac{1}{2}$

Sources: BEQB Table A

BOOK REVIEWS

1903 — WHAT REALLY HAPPENED

By Roger Silverman

The history of the Russian revolution is shrouded in myths, but perhaps none more pervasive than the romanticised distortion of the 1903 split in the Russian Social-Democratic Labour Party. For bourgeois historians, it was at the 1903 Congress that Lenin conjured up a "party of professional revolutionaries" for whom the working class was nothing but a 'pliant tool'. For their own reasons, the Stalinist historians are content to echo this distortion, as are the pseudo-Marxist sects.

It is one of these sects which has published the English translation of the Minutes of the 1903 Congress. We owe thanks to the publishers that

this has at last been done, 75 years after the event, despite the fact that they least of all have understood what happened at the Congress. On the very cover they declaim that "Lenin and his supporters forged a cast-iron basis for the split with Menshevism".

But in these pages we have at last the refutation of sectarian delusions and of the lies of those who have earned professorships, royalties, knighthoods and Stalinist medals for falsifying history.

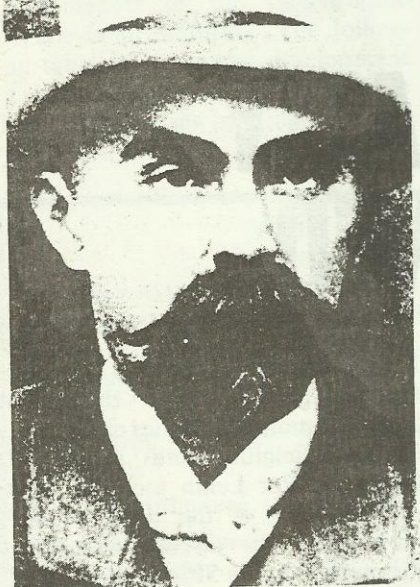
Nominally the Second Congress, the 1903 Congress was in reality the founding meeting of the mass party of Russian labour, the RSDLP—a

Party consciously modelled by every tendency within it on the mass Social-Democratic parties of Austria, France, Belgium and above all Germany. For Lenin too, the SPD was the envy of the world labour movement. The discussions raging within the mighty SPD at the turn of the century were followed avidly by the Russian revolutionaries in their clandestine meetings, in the factories and in their Siberian exile. They celebrated the defeat of Bernstein's revisionist theories by Kautsky, Bebel and the other SPD leaders. The counter-revolutionary role to be played by the SPD leadership in 1914 and 1918 could not have crossed

their minds even as a momentary nightmare, for all their jokes about the SPD's "respectability", etc. Even in 1914, Lenin believed the issue of the SPD paper 'Vorwärts' supporting the Kaiser's war credits to be a forgery by the German General Staff.

When, in the aftermath of the 1903 split, the ex-Marxist liberal Struve accused Lenin of pitting himself against the leaders of international Social-Democracy, Lenin replied:—

"It is sufficient for me to issue a challenge to Mr Struve, which he will never be able to accept. When and where did I call the 'revolutionism of Bebel and Kautsky' opportunism? When and where did I ever claim to have created any sort of special trend in international Social-Democracy **not identical** with the trend of Bebel and Kautsky? When and where have there been brought to light differences between me, on the one hand, and Bebel and Kautsky, on the other?...Let Mr Struve try to answer these three questions." ('Two Tactics', 1905).



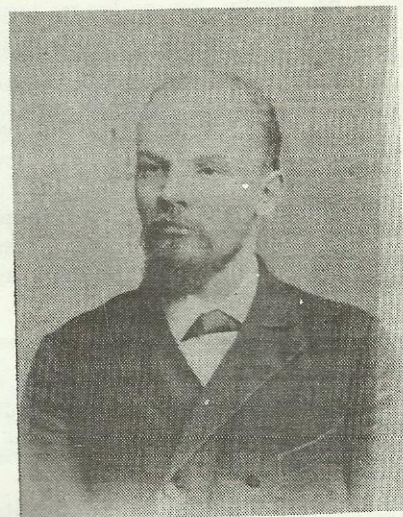
Plekhanov - fading authority.

Before the 1903 Congress, the RSDLP was a scattered collection of separate committees. In exile, Plekhanov had split with the Union of Russian Social-Democrats and founded the paper 'Iskra' to fight against the ideas of the 'Economist' tendency. This struggle was seen as

the Russian variant of Kautsky's battle against Bernsteinism. The Economists, like Bernstein, considered that the "the movement is everything, the goal nothing". By emphasising the spontaneous movement of the proletariat and abandoning the task of political education and organisation, the Economists were in reality bending to the pressure of the liberals and ultimately the Tsarist autocracy. Lenin, Martov, Plekhanov, Zasulich, Axelrod and Potresov came to the Congress united as the editorial board of 'Iskra', which had by its preparatory work established the elementary framework of a mass Social-Democratic Labour Party, a revolutionary proletarian party, in the underground opposition, as the conditions matured for the great impending storm of the 1905 revolution. To consolidate this framework and build the Party, it was necessary to crush those confused and flabby ideas which endangered it: Economism, which in effect denied the necessity of a Party, and the federalist ideas of the Bund (the Jewish workers' organisation) which threatened to fragment the Party and reinforce backward nationalist prejudices. Never for a moment could Lenin imagine that the Congress as it proceeded would throw him and his closest collaborator Martov—soon afterwards to be supported by the gigantic authority of Plekhanov—on opposite sides.

Socialist Consciousness

The fraternal delegate from Poland remarked to the Congress that as recently as 1894 the Polish nationalists could still call the Social Democrats "utopians and fantasists, saying that a proletarian revolutionary movement in Russia was an impossible dream"! This, less than a quarter-century before the proletarian revolution in Russia! The 1903 Congress therefore took place in the conditions to be expected of an underground party in its formative years. To gather the delegates together despite arrests, interception of letters, harassment throughout Europe, etc, was a superhuman achievement. The minutes reflect



The young Lenin.

only some of these difficulties. Delegates having scrambled across the frontiers, arriving in Brussels, had to be met at the street corner to protect their host from eviction. They met in a warehouse infested by fleas and rats. Delegates were summarily deported and the Congress had to break up in mid-session and reconvene in London. There were no stenographers, and speakers had to hand in summaries of their own contributions, thus ensuring laborious wrangles whenever minutes were submitted for approval. Much secondary content is omitted.

Nevertheless, an astonishingly clear picture emerges of the discussion and the personalities at the Congress. From the beginning, Plekhanov looms over the Congress, as Chairman and father of the Party. But as it progresses, he interposes heavy professorial sarcasm, overblown classical quotations, choice examples of dialectics, and occasionally irritable and malicious reproaches, as if to remind delegates that he is Plekhanov, betraying his consciousness that the movement was outgrowing him and that he was already a shadow from a bygone age.

On the other hand, Lenin's confidence and authority visibly grows in the course of the Congress, at 33 already no longer a mere disciple of Plekhanov, transparently motivated solely by the needs of the Party no matter where they might lead, utterly lacking in considerations of personal prestige. Other prominent characters are Trotsky, young and brilliant, a little impulsive, with

the eagerness of youth; Martov, earnest, sincere, prepared to challenge the right wing with verbal eloquence but shocked by the relentless conclusions the fight led to, and breaking with Lenin out of a creditable but sentimental loyalty to individuals not equipped to face the responsibilities of leadership; Martynov, the most articulate spokesman for the Economists; Akimov and Lieber (the latter being the only prominent Compromiser of 1917 present at the Congress), making a distasteful impression as sharp lawyers exploiting the working class movement.

The Congress was marked by the unsentimental realities of any nascent organisation: it was infested by people who were there by accident or were to play no further part. Out of the 50-odd delegates, only three were workers. The petty-bourgeois composition of the Congress, the rivalries of different cliques, suspicious of each other, the jealousies and frictions of emigres, the lack of an acknowledged and authoritative leadership (apart from Plekhanov, respected only as a theoretician), combined with the infancy of the labour movement and its relative lack of traditions, to lead to interminable and unedifying procedural wrangles.

The perfection of the Bolshevik Party as the instrument of proletarian revolution was the result of a dialectical process. Marxism arose in Russia in opposition to the Narodniks, (with their reactionary rural idyll of peasant communes) emphasising the historical role of industry and the proletariat. They were vindicated in practice by the elemental movement of Russian labour in the 1890s, culminating in the 1905 revolution. But Russian liberalism, puny, sterile and bereft of ideology, found it could adapt Marxism to its needs by justifying the historic mission of capitalism. The Economists in their turn fought both against Narodnik-SR conspiratorial conceptions, and nominally against the so-called 'Legal Marxists' (Struve) by emphasising the innate and spontaneous consciousness of the working class, thus in reality providing themselves with an alibi for refusing to build the Party.



Lenin and Martov, allies until 1903, pictured with other members of the St Petersburg League of Struggle for the liberation of the working class.

It is here that the celebrated argument of 'What Is To Be Done?' comes in. With grateful surprise, every sectarian clutches triumphantly at the passage in which Lenin argues that "the working class left to its own devices is capable of attaining only a trade-union consciousness; the revolutionary intelligentsia is needed to bring to it a socialist consciousness." Isn't this a justification for the sects' petty-bourgeois composition, and their contempt for the labour movement? What a monstrous travesty! Lenin was describing the role of a mass Marxist party of the proletariat, not a whimpering sect on the sidelines.

And yet Lenin's arguments too were by no means the last word. They were defended at the Congress against the Economists by the future leaders of Menshevism no less spiritedly than by those of Bolshevism: that was *not* the cause of the split. But Lenin's formulation was overstated and injudiciously posed, as was natural in the heat of battle against an insidious threat to the very idea of a Party. The vanguard of the working class is not an alien body grafted on to it, but its purest expression. Lenin gave unnecessary ammunition to Martynov, who in a lengthy learned lecture (quoting from several languages, as another delegate pointed out!) used some choice quotations from Marx and Engels to testify to the fact that it is the working class which teaches socialism to intellectuals. But by

their deeds shall ye know them! Lenin's whole life is a refutation of his passing slip of 1902, while the real conscious movement of the proletariat in 1917 passed Martynov by. (He resumed activity only with the ebb and degeneration of the Russian revolution, to become the theoretical mentor to...Stalin!)

Lenin himself, at the very Congress where he was under fire, by implication acknowledged his error:

"Obviously, an episode in the struggle against Economism has here been confused with a principled presentation of a major theoretical question, namely, the formation of an ideology...We all know now that the Economists bent the stick in one direction. In order to straighten the stick it was necessary to bend it in the other direction, and that is what I did." (pp.168-170)

Plekhanov too pointed out that "Lenin was writing not a treatise on the philosophy of history, but a polemical article against the Economists, who said: we must wait for the working class to catch up." Trotsky in his last work confirms Lenin's repudiation of the position ascribed to him by his enemies:—

"The author of 'What To Do' himself subsequently acknowledged the biased nature, and therewith the erroneousness, of his theory, which he had parenthetically interjected as a battery in the battle against 'Economism' and its deference to the elemental nature of the labour movement." ('Stalin', 1940)

On this question as on others too—including the vital question of the permanent revolution—it was not Lenin's way to indulge in ritual penances. Lenin's fertile mind, expressed in word and deed, engaged at every moment in concentrated effort to fight immediate dangers to the proletarian cause, corrected the record in action.

It was on entirely unexpected and secondary issues that the split occurred: on the personal composition of the 'Iskra' editorial board. How did Lenin see it? Did he return from the Congress triumphant at having "broken decisively" with opportunism and "forged a cast-iron basis for the split with Menshevism"? On the contrary: he fell prostrate with a nervous illness at the shock. Krupskaya tells us that "he still could not believe that there was no way out. To wreck the decisions of a Congress, to jeopardise work in Russia and the working capacity of the newly-formed Party, seemed to Vladimir Ilyich simply madness—something incredible." ('Memories of Lenin'). Lenin wrote to the Menshevik Potresov:-

"And so I ask myself: over what, in point of fact, would we be parting company?...I go over all the events and impressions of the Congress; I realise that I often behaved and acted in a state of frightful irritation, 'frenziedly'; I am quite willing to admit this fault of mine to anyone, if that can be called a fault which was a natural product of the atmosphere, the reactions, the interjections, the struggle, etc. But examining now, quite unfrenziedly, the results attained...I can detect...absolutely nothing that is an affront or insult to the minority...Cause a rupture on that account? Break up the Party because of it?...To cause a split because someone has been excluded from a central body seems to me a piece of inconceivable folly." (Quoted in 'One Step Forward, Two Steps Back').

Bolshevik Party founded in 1912

Lenin voluntarily relinquished his position as editor of 'Iskra' and handed it over to the Mensheviks in a



Moscow 1905: the barricades go up.

spirit of conciliation. It was **they** who insisted on maintaining the split despite his repeated efforts for reunification (which was for a time achieved). Only in 1912, after the long black years of reaction during which the Party was almost smashed, a period when the Mensheviks were prepared to dissolve the underground Party while a handful of Bolsheviks—the hardest of the 'hard'—fought shoulder to shoulder with the workers, and together with them surged forward with the rallying of the proletariat from 1911 onwards... ..only then was it time to say: break forever with the emigres and advocates, the fairweather friends of the working class, and build the Party on the basis of the real struggle of the proletariat as it emerges from the hell-hole of counter-revolution!

Many of the issues discussed at the Congress are of direct relevance to the issues facing the British labour movement today: devolution, the 35-hour week, the struggle against racism...The attitude of the Congress to the Bund is itself an instructive lesson to modern sects which patronise 'black consciousness' and sow distrust of the 'white left'. For all its ugliness, racism in Britain today bears no comparison with Russian anti-Semitism, with its pogroms in which thousands of Jews were slaughtered. The recent Kishinev massacre overshadowed the

Congress. In many areas the Jews spoke their own language (Yiddish). The Bund **had** played an important role in pioneering Marxist ideas in Russia; it **had** a proud record of struggle against Zionism; and it openly acknowledged its subordination to the Party as a whole. Taking into account **all** these factors, which gave the Bund a thousand times more justification than the so-called 'black socialist' groups today... ..nevertheless, with the exception of the five Bund delegates, the Congress voted unanimously—Lenin, Martov, Martynov and all—against the Bund's federalist proposals by which it claimed sole authority to represent the Jewish workers.

These and other deliberations are worthy of careful study by all Marxists. The minutes provide a unique insight into the workshop in which the forging of the razor-sharp sword of a mass Marxist Party began. But those who expect to see the fabrications of Menshevism confirmed will be disappointed.

1903: 2nd Congress of the Russian Social-Democratic Labour Party. Published by New Park Publications. Available from World Books for £6, post free.

'OUR FLAG STAYS RED'

BY PHIL PIRATIN

A REVIEW BY PHIL FRAMPTON

Thousands of workers forming human barricades, bus-drivers carefully parking their vehicles to add to the obstruction, policemen being fought by British Legionnaires and housewives dropping flour and cans on them, police handing over their batons and surrendering to the workers...Piratin vividly describes the great battle to stop the fascists at Cable Street in 1936. This book was written in 1948 and is most valuable for Piratin's account of such anti-fascist struggles in the 'thirties.

The Communist Party were able to play a leading role in the fight against Mosely because of the open hostility of the Labour leaders towards mass action. As a result Piratin and company, for a short time, found themselves at the head of the East London workers' struggles and drew behind them the small shopkeepers and tenants' groupings.

The Cable Street victory greatly lifted the morale of the workers. They had said, 'they shall not pass', and not even the might of the British state machine could break their will. "The terror had lost its meaning. The people now knew that fascism could be defeated if they organised themselves."

For the fascists their helpless prostration before the enraged workers meant only demoralisation. Their support slumped and stunned, they turned away from staging grand parades to organising isolated attacks on their enemies.

Hence the book illustrates how only vigorous mass working class activity can stop the fascist menace. But the irony of this 1978 reprint and new preface is it was published just after the battle of Lewisham and in the middle of the biggest

anti-fascist movement since the 1930s. It appeared at a time when the Communist Party leaders were putting forward moralistic liberal slogans and opposing demands for mass action by the working class.

Even in the 1978 preface, Piratin was forced to conclude, "We should actively support organisations and committees which defend the interests and rights of black and coloured people and be prepared whenever necessary to fight alongside them against racist provocations or attacks ...once again as in the thirties, it must be the masses who oppose the racists and fascists."

A 'Broad Front' ?

Contrast this with the sight of the Communist Party and church leaders turning their forces away from the Lewisham battle. They would rather leave the immigrant populace to suffer the fascist provocations than lose their new-found respectability.

The CP have argued for a 'broad front' against fascism. Marxists also strive to draw all the oppressed sections of society into the fight against reaction. But the CP have bowed down to the self-appointed leaders of other layers of society and imagine that they can win the support of the middle classes, for instance, by watering down their programme to accommodate the wishes of the leaders of the Church, the Tories, Liberals, etc. However, decisive action against fascism such as the mobilisation of the trade union movement to protect immigrants and individual trade unionists from the fascist terror, and workers'

control to keep fascism out of factories and schools, all threaten the ruling order. These acts would never be supported by the Liberal and Tory leaders. But history shows that the more backward sections of society will not support the workers' struggle unless they see that their organisations, through bold and decisive action, can achieve victory.

Piratin in the introduction calls for "the more vigorous implementation of the Race Relations Act" yet in the rest of the book hammers out time and time again that the police were not agents of peace and harmony but a barrier to anti-fascists, meting out brutal treatment to all who took action against the fascists. He also describes the successful battle he had to wage in the party to win over the members to the idea that the fascist support could only be seriously undercut by offering concrete solutions to the problems facing their desperate followers. Campaigns on rents, wages and unemployment won over many of the fascist sympathisers.

It is a clear vindication of the strategy adopted by the 'Militant', which has consistently explained that the 'love thy neighbour' brigade are ultimately useless against the rise of fascism. Fascism appeals to the most desperate sections of society offering them, unlike the leaders of the establishment, a way out of their problems. Socialists can destroy fascism by showing that the labour movement alone has the power to eradicate those problems.

However, this book must be read with care. It is a careful selection of anecdotes specially avoiding the disastrous guiding principles of the Communist Party. There is no mention of how the workers'

movements were originally weakened by the CP policy of labelling social democratic workers as 'social fascists' between 1929 and 1934, of their call for alliances with the Tories and Liberals, of how Stalin's policies meant Hitler coming to power and the crime of the Hitler-Stalin Pact.

The dishonesty is summed up on the book's cover where we find the outrageous suggestion that the Communist Party were in some way responsible for 'the triumphant labour movement victory of the 1945 elections'. This when prior to and in the course of the election, they had been demanding that Labour enter a coalition with the Tories!

The book only describes the temporary coinciding of the interests of the CP leaders with the heroic

determination of the working class. Nevertheless, the reader is provided with what are valuable lessons for the struggle to free the East End and other areas of the country from the poison of racism and the fascist gangs.

The current decline and disintegration of the fascist organisations indicates the ease with which the labour movement could crush fascism if these lessons are learnt. Following the anti-fascist movement of 1977/78, the fascists are demoralised. The break up of the NF is clearly apparent from the current tussle for power between Tyndall and Webster. But though the NF may cease to be a significant force, fascism will remain a menace to the workers.

Already in the Tory Party there are elements whose politics are indistinguishable from many in the NF. With growing disappointment at the inability of the Tories to deal with the crisis or the workers' organisations, this right wing will become a new focus for extreme reaction. Cloaked by the respectability of the right wing of the Tory party, fascism in this form could prove an even bigger menace to the working class.

The very fact that we are discussing how to defeat fascism four decades after Cable Street is a confirmation of the fact that the threat from fascism will reappear time and time again until the working class is able to abolish capitalism removing for ever the inhumanity of class society.

Our Flag Stays Red, by Phil Piratin.
Published by Lawrence and Wishart.
Available from World Books for
£1.50 + 20p postage.

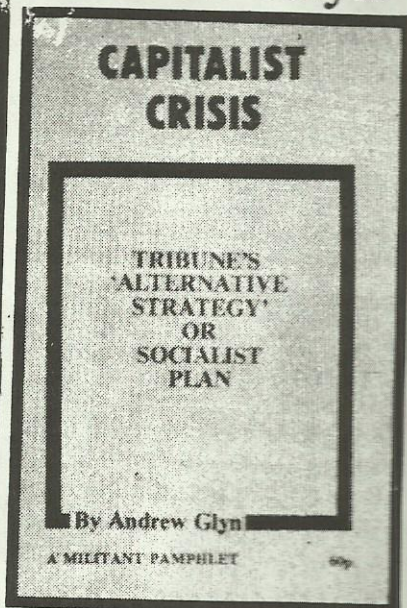
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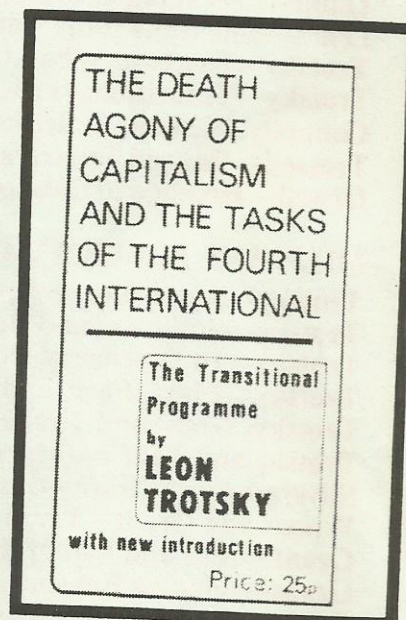
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