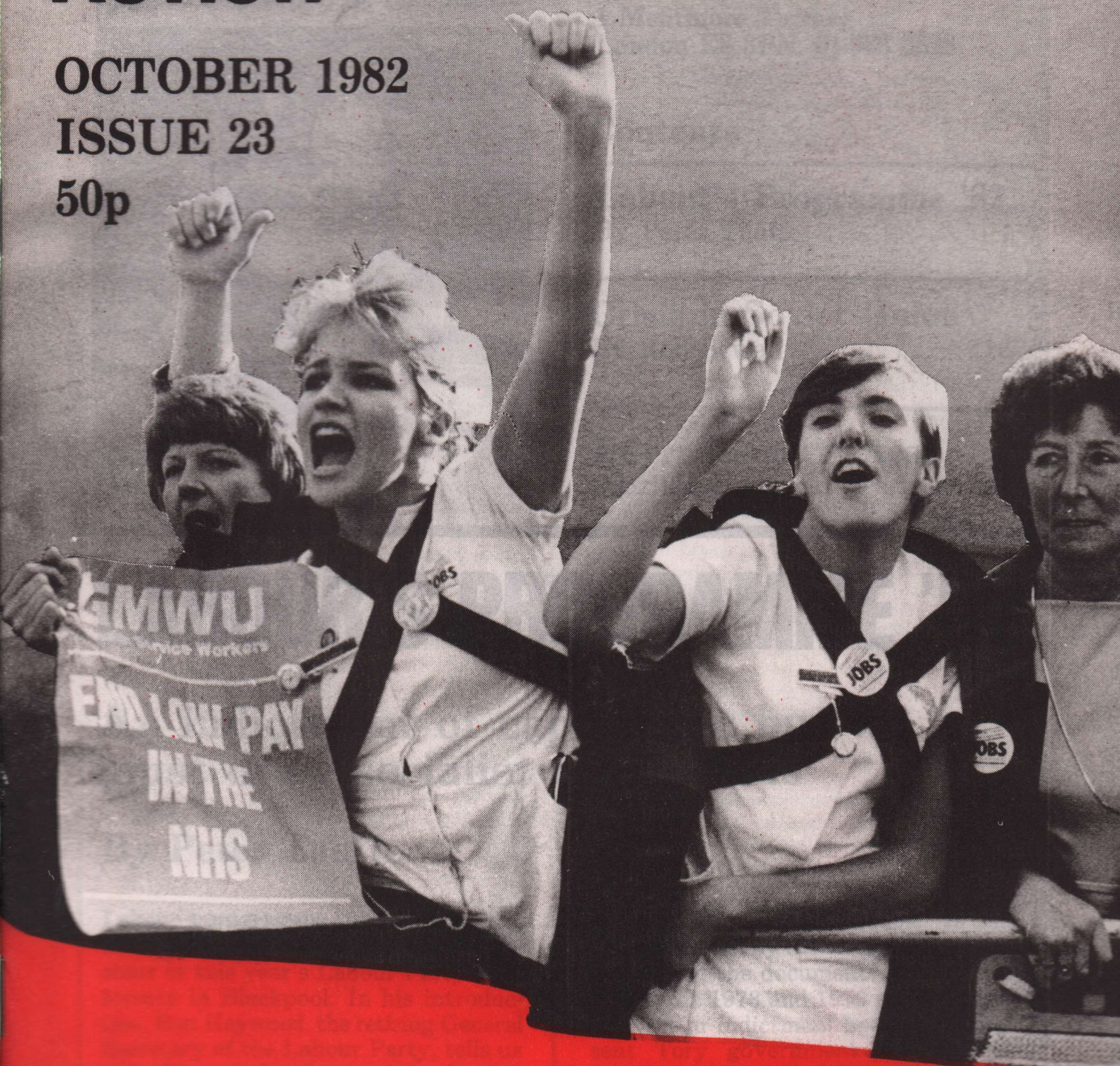


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Labour's Programme '82

Crisis in Soviet Union

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PHOTO: Popperfoto



LABOUR'S PROGRAMME '82

An indictment of capitalism: but we must draw socialist conclusions

By Peter Taaffe

Labour's programme 1982 will form the basis for most of the debates and discussions at this year's Labour Party Conference in Blackpool. In his introduction, Ron Haywood, the retiring General Secretary of the Labour Party, tells us that this massive document is the product of more than 50 sub-committees of the National Executive Committee and nearly 1,500 research papers since the 1979 general election. The authors claim that the programme is "a longer term socialist perspective—one which enables us to look beyond the crisis we will inherit from the Tories, to the problems

and opportunities of the 1990s." Is this claim justified by the analysis and conclusions of the document?

Like the 1973 and 1976 programmes it is a clear indictment both of the present Tory government and of the catastrophic record of decaying British capitalism. It states: "In Britain itself we are confronted with mass unemployment striking hardest and longest at those least able to bear it. Three million homes lack basic amenities or are in need of major repair; yet there are nearly 500,000 construction workers on the dole; our social services are desperately

short of resources yet more than £18 billion a year is being lost in tax revenues or paid out in unemployment benefits because of the slump. Over 60% of all wealth is owned by one tenth of the population: yet more than 11 million live below the official poverty line.

"Since May 1979 the nation's output has fallen by 6%, manufacturing production has been cut by nearly one fifth, manufacturing investment has plummeted to the lowest level for 20 years, a record number of companies have gone out of business. Four million jobs have been lost in industry since 1966—and one and a half million of these have gone since the Tories came to office in 1979. This decline is a consequence of the way industry is organised...

Labour's 1982 programme claims to be "a longer term socialist perspective" looking "beyond the crisis we will inherit from the Tories to the problems and opportunities of the 1980s."

"At least 2 million people are living on incomes below the official poverty line; a further 6 million people—more than one in ten of the population depend upon means-tested supplementary benefit; and many millions more live in the margins of poverty. Since 1979, a million people have been added to those existing on supplementary benefit; there are 2 million pensioners who look to supplementary benefits to eke out their pensions and in recent years other groups have also been facing the risk of poverty such as one parent families and more recently the unemployed. As a consequence the number of children being brought up in poverty has risen dramatically; there are now nearly one and a quarter million children in families living on supplementary benefits and a further 750,000 families claiming family income supplement.

"At the other end of the scale the top ten per cent of the population own 60% of the country's wealth, whilst one half own virtually none. With income there are also sharp inequalities; the top ten per cent receives more than the total income of the bottom 50% and over ten times as much as the bottom 10%. Health standards are cruelly unequal, children born to unskilled manual parents are four times as likely to die within their first year, for example, as babies born to professional parents—inequalities which are

reflected throughout life.

"In housing nearly two thirds of the professional classes were buying a house on mortgage in 1977 compared to 11% of the unskilled manual classes and owner-occupiers are generally much the best provided for in housing. Over a million households, moreover, still lack the exclusive use of at least one of the basic amenities. In education, over half of sixteen to eighteen year olds from professional and managerial families are in full-time education, compared to less than a quarter of sixteen to eighteen year olds from unskilled and semi-skilled families. Only a fifth of university entries are children of manual workers."

A reflection of the terrible conditions facing the victims of the system is given in the programme when it states, "A single unemployed person...received £7.10 less a week than a retirement pension!"

The programme is also quite clear as to who bears the responsibility for the worsening condition of the great majority of Britain's population. It states: "We reject the selfish, acquisitive doctrines of capitalism. We oppose utterly the Tory attempt to elevate greed and self-interest to the status of high social principle. Labour's aim is to create a socialist community—one based on fellowship, co-operation and service. As socialists the concept of solidarity is therefore central to our policies and principles."

It also states: "There cannot be true personal freedom in a society where the wealthy and powerful, through their ownership and control of the means of production—or the physically powerful—can dominate the poor and the weak." And who are the "wealthy groups" who are responsible for the worsening conditions of the working class in Britain? The document is quite clear:

"Decision-making in the economy has been concentrated in fewer and fewer hands. No more than 100 large companies—almost all of them multinationals—control 40% of manufacturing output and over half our exports. The increasing concentration of ownership and control in industry is matched by a similar trend among banks and financial institutions, whose power has grown enormously in recent years. Crucial economic decisions have been taken without any accountability to workers and the community at large. Many of these decisions are responsible for the mass unemployment and industrial decline whose effects we are now suffering."

At the same time, another recently published document, the TUC-Labour Party Statement, *Economic Planning and Industrial Democracy* points out that: "In 1980, the total sales of the 50 largest private UK manufacturing companies came to £63 billion; that is 30% of our national income and £23 billion of that total was accounted for by the top five companies." These facts should serve as a starting



Baggage handlers at London's Heathrow Airport meet on 11 February 1982 to decide on further action after being locked out by British Airways' management. After redundancies and productivity agreements had been imposed on them, the baggage workers refused to accept management's unilateral implementation of new work rosters, part of the bosses attempt to make the workers pay for BA's "survival". However, without effective backing from the trade union leaders and left isolated from other airport workers, the baggage handlers reluctantly agreed to return to work after seven weeks, bloodied but unbowed.

point for an analysis which shows that only by eliminating the power of these handful of monopolies will it be possible to organise the resources of society for the benefit of working people. Indeed, in the earlier part of Labour's 1982 programme it appears to be saying just this: "A bold socialist programme is needed." This slogan and many others in the programme are borrowed from the arsenal of Marxism. They reflect the effect of *Militant's* ideas on the

Many of the slogans are borrowed from the arsenal of Marxism. But it is not sufficient to denounce the evils of capitalism. From the criticism made in the programme Labour must draw all the necessary conclusions.

labour movement in Britain over the last decade. How many times have the right wing parliamentarians jeered at *Militant* for using just such phrases?

Incidentally, the imprint of Marxism on the document is shown in the section on housing where we read, "We would need to build or renew little more than a million dwellings a year."! This has been one of the central demands in *Militant's* programme which was much derided in the past not just by the right wing but also by those who stood on the left.

In this respect, the programme is undoubtedly an advance over previous documents. However, it is not sufficient merely to denounce the evils of capitalism or the measures of the present Tory government. It is necessary to draw all the conclusions from the criticisms made in the programme. This is what the authors of the document fail to do.

There is a merciless criticism of monetarism but no real analysis or explanation as to why the Tory leaders, and with them the British bourgeoisie, have embraced monetarism. The document says, "Labour will have nothing to do with monetarism." Yet there is no criticism of Keynesianism which the ruling class abandoned in favour of monetarism. The reason for



Workers at meeting on 7 May at the British Rail Engineering Works, Swindon, where 1,500 jobs were threatened by BR "rationalisation" plans. The National Union of Railwaymen's threat of a national strike forced BR management to back down, for the time being. Last year BR Chairman, Sir Peter Parker negotiated a 25% salary increase, giving him £60,000 a year, as the price of his staying on to "save" BR.

this is that the proposals on the economy—boost public spending to solve the crisis—are an attempt to return back to the ideas of Keynesianism. However, the ruling class in Britain and in America did not abandon these policies

Thatcher and her government have seemingly viewed with equanimity the collapse of one industry after another. According to their Alice-in-Wonderland theories the vacuum created by the collapse of manufacturing was to be filled by services, banking, finance, and tourism.

just because of some quirk of Thatcher, Joseph or Howe in Britain or of Reagan in America. The policies of Keynesianism, i.e. deficit financing, was one of the factors in the explosion of inflation throughout the capitalist world and particularly in Britain in the 1970s.

What the document studiously avoids mentioning is that it was a Labour government under Denis Healey which first introduced a watered-down version of Thatcherism, that is monetarism. The theory of monetarism was that by savagely cutting living standards by means of cuts in public expenditure, strict control of the money supply and a conscious policy of forcing "inefficient" sections of British industry to go to the wall they could stimulate a regeneration of the British economy. Above all, the aim of Thatcher's policy was to boost the profits of big business as a means of re-tooling the British economy, which in turn would lead to a re-birth of British capitalism.

At the same time, Thatcher and her government based herself on finance capital as opposed to industrial capital. They have seemingly viewed with equanimity the collapse of one industry after another. According to their Alice-in-Wonderland theories the vacuum created by the collapse of manufacturing industry was to be filled by the service industries, including the banks, insurance companies, shipping, the ex-



PHOTO: Denis Doran/Militant

ASLEF train drivers picket a road-rail refuse transfer point at Cricklewood, North West London, 15 July, and win the support of the workers. There was widespread sympathy in the trade unions for the drivers' strike in defence of the 8-hour day, won in 1919, and many workers were ready to take supporting action. The TUC's decision not to support ASLEF meant the strike was called off after two weeks, while solidarity on the railways and other trade union support was becoming daily stronger.

pertise of the the city of London and tourism. The more serious strategists of capital have recognised the catastrophe which has resulted from Thatcher's policies. Thus *The Times Business News* declared in March of this year: "Britain today has ceased to be an industrial nation. Industry, once the engine room of economic growth, now contributes less than two-fifths of the nation's total output of goods and services and accounts for an even smaller proportion of the employed workforce. In terms of both output and employment, it is much less significant than the services sector." Thatcher had the delusion that the growth of service industries, investment in property, investment abroad etc. could replace manufacturing industry which is the ultimate and real source of wealth. Like the French capitalists in the past, Thatcher looked towards Britain becoming a rentier economy.

The Times Business News now points out: "Few countries have experienced a fall in manufacturing output even approaching that seen here in recent years. Furthermore, until the mid-1970s, Italy, Japan and Germany were re-industrialising. In the case of Germany, services contributed only about 30% of gross domestic product, according to the Organisation for Economic Co-operation and Development, and well under 20% of government services are ex-

cluded compared with more than twice that for Britain." It is true that British capitalism has been very successful in its "invisible trade", that is the services of the City of London plus investment income and government transactions. Britain's receipts from these sources are the second highest in the world after the United States. However, as *The Times* pointed out, "the international markets in services is only about one fifth of the side of the market for visible goods and world demand for manufactures has shown the more growth."

At the same time, the growth in service jobs came to an end after 1979. While not declining at the same rate as manufacturing industry there has been a decline in this field since the Thatcher government came to power. The consequences of Thatcher's policies have been brought home to the British capitalists in their true horror in the past period. Thus with barely concealed anguish *The Times* stated recently: "Britain could before long suffer a deficit on its trade in manufactured goods for the first time since the industrial revolution." The percentage of imports into Britain as against exports has increased from 61% in 1971 to 93% in 1981, and it is expected that on the basis of present trends it will be more than 100% in the next two or three years.

From an era of reforms the bourgeoisie inter-

From the era of reforms, the bourgeoisie internationally has moved to counter-reforms. The spokesmen of capitalism have made it quite clear that they are no longer capable of granting lasting improvements in the living standards of the working class.

nationally has moved into an era of counter reforms. The spokesmen of capitalism have made it quite clear that they are no longer capable of granting further lasting reforms and improvements of the living standards of the working class. The bourgeoisie of Britain, now the sickest and most decrepit capitalist power, have, through their spokesmen, declared that the already meagre standards of the British workers must be depressed even further as the cost of maintaining their system. Thus CBI spokesman, Beckett, has declared in the last month that "wage restraint" (that is, cuts in living standards) must become "permanent".

Yet the NEC document proposes a series of reforms without at the same time proposing the abolition of capitalism and the socialist transformation of Britain.

These reforms will of course be welcomed by the whole labour movement. The programme proposes the reduction of unemployment to less than one million in five years, it hints at the eventual introduction of a 35-hour week, and the possibility of a minimum wage without putting any figure on this. It also calls for the indexation of pensions and benefits, to keep the increase in pensions in line with the rise in the cost of living. There are some other very important demands made in the programme which in some respects is an advance over the 1973 and 1976 programmes. For instance, we have the call for the disbandment of the Special Patrol Group and the demand for trade union rights for the ranks of the police and the armed forces. The call for all sixteen- to nineteen-year-olds in full-time education to be given a grant of an educational maintenance allowance, which was included under the pressure from the Labour Party Young Socialists, will be welcomed by millions of working class youth denied the opportunity to continue any training because of the economic situation facing them and their families.

However, many of these excellent demands were made in the 1973 and 1976 programme. Why were they not implemented by the last Labour government? On the contrary, rather than reforms, under the pressure of the capitalists, Denis Healey and the right-wing Labour cabinet introduced counter-reforms. Unemployment doubled, there was a worsening in the conditions of the lowest paid sections of the working class. There is a deafening silence by the authors of the document on this.

Previous programmes made the call, for instance, for a wealth tax. This programme also calls for the introduction of a wealth tax on the wealthy top one per cent of the population, with an exemption limit of £150,000 at 1982 prices. Yet the last Labour government attempted through the capital transfer tax to "squeeze the rich until the pips squeaked", to use the celebrated phrase of Denis Healey (that is before he became the Chancellor of the Exchequer). More than 130 amendments were introduced to the capital transfer tax under the pressure of the City of London and big business. There were even amendments to amendments until the original proposal was completely emasculated and was therefore acceptable to the bourgeoisie.

The document eloquently describes the widening chasm between rich and poor. But the authors want to eliminate inequality without eliminating the sources of that inequality, capitalism.

The document is very eloquent in its description of the widening chasm between rich and poor in Britain. But the authors wish to eliminate inequality without at the same time eliminating the source of that inequality, capitalism.

Not just the past and present experiences of Labour governments, but the current performance of the socialist government in France shows the impossibility of carrying out long term and lasting reforms within the confines of ailing capitalism. The Mitterand government introduced a wealth tax and a programme of "reflation" similar to the proposals in Labour's programme. In the first period reforms were introduced by the Mitterand government: increased minimum wage, increased social security benefits etc. However, this has not prevented



PHOTO: Andrew Ward/Report

Sidney Weighell, heckled by angry ASLEF pickets, is escorted by police as he enters Congress House (16 July) for the meeting of the TUC Finance and General Purposes Committee which refused to back the ASLEF strike. Despite protests from many of his own members, also under attack from the British Rail management, Weighell attacked the train drivers' strike action and approved strike-breaking by some railway workers.

the huge increase in unemployment in France in the past 12 months which now exceeds the two million mark. Because of the colossal pressure exerted by the French bourgeoisie on the Mitterand government the taxes on the capitalist to pay for increased social security benefits have been watered down or withdrawn altogether. The "reflationary" programme of Mitterand has not eliminated unemployment but has stoked up inflation. And yet the state of British capitalism is far more parlous than its French counterpart.

How will the next Labour government pay for the reforms promised in the programme? The NEC promises that the aim will be "to reduce unemployment to under a million within our first five years." Peter Shore, Labour's spokesman on the economy, has outlined a programme of increased public expenditure amounting to £9,000 million in 1982 figures, which will be introduced by the next Labour government. This, he promises, will create half a million jobs a year. Thus approximately 2½ million jobs will be created in the course of the first five years of a Labour government. But unemployment now stands at 3.3 million and is expected to increase by at least half a million by the time of the general election. The TUC, however, has pointed out that the real figure for unemployment is at least a million above that which is given in government statistics. Thus in real

terms there could be five million unemployed by the time the next Labour government comes to power. Yet Labour's measures in the best circumstances will have the effect of creating 2½ million jobs over five years. The conclusion which one would have to draw from Shore's figures is that there will be 2½ million still out on the stones at the end of the term of office of the next Labour government.

How will the next Labour government pay for the promised reforms? The Programme does not explain where the cash will come from to pay for increased public spending, spending which the whole labour movement would support.

PHOTO: Denis Doran/Militant

Health Service workers set off from University College Hospital for a rally at Westminster on one of the NHS unions days of action, 19 July.

Demanding a 12% increase, these low-paid workers were offered 7½% by the Tory government. "TUC BETRAYED ASLEF—WILL THEY BETRAY THE NHS?" said one nurse's placard. Such has been the success of the NHS unions action and the strength of support from other trade unionists, the TUC at Brighton was pushed into calling on all unions to support a day of industrial action on 22 September.



But Labour's programme does not really explain where the cash will come from to pay for this increased public spending, spending which of course, the whole labour movement would support. As the Marxists have pointed out many times, ultimately public expenditure comes from two sources. The working class can be taxed, as this Tory government has done by massively increasing VAT and income tax (notwithstanding its promises to do the opposite in 1976). If this is done to finance Labour's programme it will merely cut the market and cancel out the effects of increased government expenditure. If on the other hand, the capitalists are taxed in the form of wealth tax, the capitalists—as the experience of the last Labour government demonstrated—will resort to a strike of capital: investment will drop, factories

will close down, new factories will not be opened up, and the consequence will be a rise in unemployment. If, however, the programme of increased public expenditure is paid for by the issuing of pound notes which are not backed up by the extra production of goods and services this will merely fuel the fires of inflation. This in turn will cancel out the effects of the government's measures.

The authors of the document suggest that by merely increasing "demand", that is by increasing the market for capitalism by increased public expenditure, an increase in the British economy would be triggered off. Yet there is no lack of demand for the goods which capitalism can produce: working people are crying out for homes, consumer goods, etc. The problem for the capitalists is producing these goods pro-

fitably. And yet the NEC gets itself into a tangle when it proposes price controls. In practice, they are completely inoperable on the basis of capitalism, as the experience of the Labour government of 1945-51 and of the Prices and Incomes Board demonstrated—but even if they were implemented controls would limit the profits of big business and cut across any expansion of the capitalist economy.

The profits of the capitalists, in the final analysis, come from the unpaid labour of the working class. The only way to restore profits is by cutting the living standards of the working class, that is the share of the wealth which is a product of the working class itself. The NEC ensnares itself because it is not prepared to learn from the experience of the labour movement over the past decade and deficiencies of past Labour governments. It is the experience of these Labour governments which is a major factor in the growth of the Social Democratic Party.

The right wing have even succeeded in watering down the call for the nationalisation of the banks, substituting a proposal for “public control, planning, and development agreements” of banks and financial institutions.

We have now to combat not just the open Tory enemy but the renegades from Labour. The ruling class have deliberately built up the SDP as a safety-net to catch millions of Tory voters who have been threatening to swing over and support Labour in the last three years. But they have found fertile soil for the SDP in the disillusionment which exists with previous right-wing Labour governments. In the last 35 years we have experienced seventeen years of right-wing Labour governments. Many of the gains in the National Health Service, in Education, housing, etc., have been cancelled out in the past decade. Thus, it has been recently revealed that there are now fewer beds in the National Health Service than when it was set up under the Labour government in 1948.

The right wing have even succeeded in watering down the proposal for the nationalisation of the banks contained in this programme. At the last National Executive Committee meeting, on

the initiative of Doug Hoyle and backed up by the leader of the Association of Scientific, Technical and Management Staffs (ASTMS), Clive Jenkins, a resolution was passed which deleted the clause for nationalisation of the banks. In its place was a proposal for “public control, planning and development agreements” of the banks and financial institutions. The resolution also included “reserve powers to take into public ownership of one of the major clearing banks if the necessary investment does not take place, through planning agreements.” We will get milk from bulls before the banks in Britain invest sufficiently in industry to revive the British economy. There is no need to wait for the experience of the next Labour government. The banking chiefs together with the directors of the big monopolies have brought Britain to the verge of ruin. As a minimum the movement must demand the immediate nationalisation of the banks and the insurance companies when Labour comes to power. The claim that the banks and insurance workers are opposed to this demand is not sufficient to explain its deletion from the programme. It is precisely the bank workers who can suffer more than most sections of the working class from the introduction of new technology which is just being introduced into the banks and finance houses. Already this year 25,000 fewer young people are being taken on by the clearing banks in London alone because of the technology which is being introduced into their offices. A campaign of explanation by the whole labour movement, showing that the nationalisation of the banks and the insurance companies is the very minimum measure which a Labour government would need to undertake, would find, we believe, a big echo amongst the bank and insurance workers themselves.

Yet, even if a Labour government introduced this measure, it not would in itself give them the instruments to be able to halt the catastrophic collapse of industry and the conditions of working people. The French Socialist government has nationalised the majority of the banks in France. This has not prevented the collapse of industry etc. The justification for the proposal to nationalise the banks and the insurance companies is the failure of finance capital in Britain in the past to invest in industry, unlike their counterparts in Germany or Japan. This undoubtedly was one of the factors in the sorry record of British capitalism's failure to reinvest into manufacturing industry the surplus extracted from the labour of the working class. The banking chiefs and those at the head of the insurance companies preferred to invest in property, to invest abroad—overseas investment increased to a massive £10,000 million in 1981 after the Thatcher government lifted exchange controls. However, it was the prospect of massive and growing profits through investment in German industry

during the post-war boom which was the incentive for the banks to invest in industry. But with the collapse of the rate of profit of German capitalism—particularly in manufacturing industry—finance capital has become a lot more cautious. Moreover, the collaboration between finance capital and industrial capital in West Germany has not prevented the recent collapse of the eighth largest West German firm—the giant electronic monopoly AEG-Telefunken.

Nevertheless, the Conference should be pressed to re-introduce into the programme the clause for the nationalisation of the banks as the minimum step which needs to be introduced by a Labour government. But such a proposal by itself, even if introduced, will not begin to solve the problems of the economy. The 1982 programme in relation to the nationalisation of industry does not go even as far as the 1973 programme. That programme proposed at least the partial nationalisation of the 25 leading companies and provoked a tremendous outcry by the ruling class in Britain. This programme in its opening paragraphs states, "We stand for the social control of the economy. We believe that large concentrations of economic power should be accountable to the community as a whole." And yet its proposals for the nationalisation of some industries does not even approach the realisation of this aim. The programme states, "To plan effectively we shall need public ownership in electronics, pharmaceuticals and health equipment; the construction industry and building materials; the private road haulage industry; major ports, forestry and timber. We are committed to take a majority stake in all existing and future North Sea oil fields. Existing public enterprise, such as British Telecom must be entitled to diversify into new areas."

In relation to nationalisation, the 1982 Programme does not go as far as the '73 Programme. To bring into public ownership a handful of industries will not allow a Labour government "to plan effectively."

The proposals to nationalise these industries must of course be welcomed. However, to bring these alone into public ownership will not allow a Labour government "to plan effectively". As Marxists have pointed out many times, where

The experience of the working class internationally is that "a quarter" or even "a third of a revolution"—partial nationalisation—while not satisfying the working class will push the bourgeoisie towards sabotaging and eventually bringing down radical and socialist governments.

the majority of industry, about 85%, is under the control of a handful of monopolies and a minority, about 15%, is under the control of the state, it will be the 85% that will dictate to the 15% and not vice versa. So long as the capitalists control and own a majority of industry the banks and insurance companies they will be in a position to dictate to a Labour government. Even if a Labour government led by Tony Benn was to come to power and nationalised big sections of industry including the 25 companies, this would not allow a Labour government to effectively organise and plan production. The Allende government in Chile nationalised 40% of industry. But because the capitalists had control of the levers of economic—and therefore ultimately of political—power they were able to mobilise the middle class by fuelling the fires of inflation and, when the time came, to overthrow in a bloody fashion the Allende government.

The right-wing dominated Parliamentary Labour Party and shadow cabinet do not have the slightest intention of going anywhere near as far as the Allende government. In reality they hope to be able to ignore the more radical demands in this programme if they come to power in the next election. They will, however, be under colossal pressure, particularly in the first period, to carry out measures in the interests of the working class. It is for this reason that the right wing have pressurised Michael Foot to lead the campaign to delete even the proposal to nationalise the banks. If that was included in the manifesto and became official Labour Party policy, in the event of a Labour government coming to power, tremendous pressure would be exerted by the working class for the demand to be carried out. And the appetite increases with the eating. Other workers would then press for the nationalisation of their

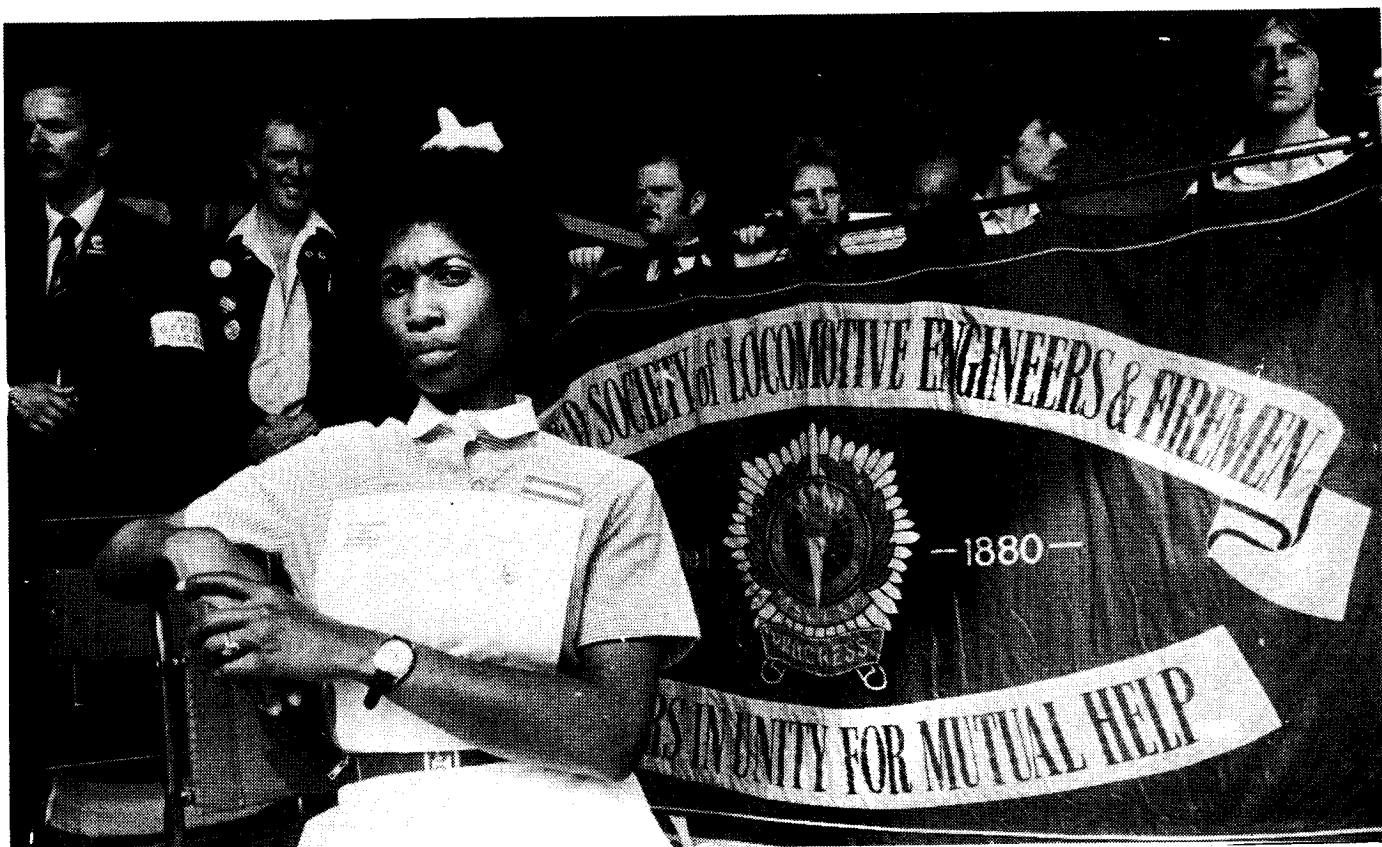


PHOTO: Denis Doran/Militant

A nurse listens at the Health Service workers' meeting at Central Hall, Westminster, 19 July. It is the Monday ASLEF workers are supposed to return to work but some, like those in this meeting, stay out for another day in support of the NHS workers!



PHOTO: Andrew Ward/Report

Sean Geraghty, Secretary, London Press Branch of the electricians' union (EETPU) leaving high court on 13 August after being fined £350 and costs. Geraghty was found guilty of "contempt" after the Fleet Street electricians ignored a court order not to strike in support of NHS workers and shut down the national newspapers for a day. This was in contrast to the EETPU leaders who rejected sympathy action as "illegal". Later, an anonymous Fleet Street boss paid the fine.

industries. However, the experience of the working class nationally and internationally is that "a quarter" or even "a third of a revolution"—partial nationalisation—while not satisfying the working class will irritate the bourgeoisie and push it into preparing to sabotage and eventually bring down radical and socialist governments. The National Executive Committee is not prepared to draw the obvious conclusions from the crushing facts it supplies in relation to the 100 companies that dominate the economy. Why no proposal to nationalise at least 100 companies? This would at least begin to put the levers of power into the hands of a future Labour government. *Militant* would urge the labour movement in the forthcoming conference to go a lot further than that. The document itself is a clear indictment of the incapacity of capitalism to solve the problems of the economy or of the working people of Britain. We propose the nationalisation of the 200 monopolies which control 80%-85% of the economy. This would then allow a Labour government to begin to plan and organise a democratic socialist plan of production which could eliminate the unemployment, the mass poverty and deprivation so clearly detailed in this programme. It would allow the £70,000 million of unused capacity in Britain to be used immediately for the benefit of working people. This would give every man, woman and child in Britain an extra £25 a week on the basis of merely using up the so-called "excess capacity" which capitalism is incapable of using. With the use of modern technology an epoch of undreamed of plenty could be ushered in for the working class of Britain. Real democratic workers' control and management of the economy and the state could be implemented.

In its proposals on workers' participation and "industrial democracy" the NEC shows the vital necessity for working people to be involved in the organisation and the planning of the resources of Britain. However, it does not go far enough in outlining measures that would involve the real control and management which would need to be exercised if the resources of the economy were to be planned in a proper and organised fashion. *Militant's* programme for workers' control and management of the already existing nationalised industries offers a clear way forward for the labour movement. We have proposed that one third of the positions on the boards of the nationalised industries should come from the unions within the industry, one third from the TUC representing the working class as a whole, and one third from the government. Moreover, the representatives on the boards should receive the average wage of a skilled worker and should be subject to recall at any time.

In its proposals on compensation for nationalisation the document goes further than previous statements when it states, "Compensation would be paid for any newly acquired assets: but we have

learned the lessons of past mistakes and will not 'over-compensate'." But for these sentiments to become a reality, compensation should be paid on the basis of "proven need" and not the lavish over-compensation given to the ex-owners of the mines, railways etc., who had brought those industries to ruin before they were nationalised. The same principle should be applied to the re-nationalisation of nationalised industries which are now being sold off by the Tories.

The movement must be armed with a programme and perspective which have as their central idea the incapacity of capitalism to solve its problems and the vital and immediate need for a socialist plan of production.

The labour movement in Britain faces the most difficult challenge in the whole of its history. The savage attacks of this Tory government are merely an anticipation of the horrors which face working people on the basis of capitalism. Therefore the movement must be armed with a programme and with a perspective which have as their central idea the incapacity of capitalism to solve its problems and the vital and immediate necessity for the introduction of the socialist plan of production in Britain. The document partially succeeds in the first of these intentions, in attacking and indicting British capitalism. But as we have shown, it has not sufficiently come to terms with the gravity of the crisis of British capitalism or the programme that can eliminate capitalism and put power in the hands of working people. Accordingly, at the forthcoming Labour conference the document should be praised for the advances that it makes in some fields, but its weaknesses must be brought out in the debate. Moreover, the march of events will teach the rank and file of the labour movement in Britain that this programme will have to be improved, will have to be filled out with a radical socialist content, if the labour movement in Britain is to be victorious in the struggle both against the Tory government and capitalism in the period which we are entering. □

PHOTO: Popperfoto



Brezhnev, weighed down by medals, speaks on nuclear weapons in Moscow, 18 May 1982, his first public speech for over two months.

CRISIS IN SOVIET UNION

After six and a half decades of breathtaking progress, catastrophe and upheaval, the USSR still remains for many workers an enormous paradox. On the one side are the colossal achievements; and on the other is the repression of a totalitarian police dictatorship. With the departure of Brezhnev in the offing, it is timely to ask: what is the Soviet Union and where is it going?

The Revolution of 1917 constitutes without doubt the greatest event in world history. The overthrow of tsarism and capitalism—of the class rule of the bankers, industrialists, and landlords—and the coming to power of the toiling masses brought the vision of socialism from theory into the realm of reality.

Economy stifled by bureaucracy

By Rob Sewell

With a nationalised planned economy, despite the mis-management and corruption, the Soviet Union has emerged as a leading world power. Despite all the upheavals, zig-zags, purges, dislocation, and world war, the nationalised economy has demonstrated its superiority. The following figures illustrate the advances:

	1913	1970	1981
Coal	29m tons	433m tons	(655m tons in 1978)
Oil	10m tons	353m tons	609m tons
Steel	4m tons	116m tons	156m tons
Electricity	2bn KW	740bn KW	1,325bn KW

Whereas in 1913 Russia had 28,000 doctors, today there are over 1,000,000—a third of the world's total number (the majority being women)! This year alone, higher and secondary institutions will turn out about 2.1 million specialists. In 1916 two-thirds of the population were illiterate and only 130,000 went into higher education. Sixty five years later, ten years' education is compulsory for all. There are more than 5 million students and a third of the total population is said to be taking some kind of educational course. Last year 2 million new apartments were completed; at the same time in Britain, there was the lowest number of houses built since the 1920's!

Despite the Soviet Union's colossal progress workers in the West rightly point to the lack of democratic rights and to police repression

Yet despite this colossal progress, workers in the West rightly point to the lack of democratic rights and police repression. What is the reason for all this? To understand it we have to look at the processes taking place in Russian society and glance at the important developments since the Revolution.

In 1917, the Russian workers and peasants, under the leadership of Lenin and Trotsky, struck a blow against capitalism not only in Russia but internationally. It was seen as the beginning of the world socialist revolution. The Bolsheviks well understood that socialism could never be constructed in the confines of a single country, especially within the borders of backward semi-feudal Russia. Internationalism was regarded as a life-and-death question. At all costs the revolution had to be spread to the advanced industrialised West.

On the 23 April, 1918, Lenin stated in the clearest terms: "Our backwardness has put us

in the forefront, and we shall perish unless we are capable of holding out until we receive powerful support from workers who have risen in revolt in other countries..." (*Collected Works* Vol 27 p232) Lenin repeated this idea a hundred and one times: "It was clear to us that without the support of the international world revolution the victory of the proletarian revolution was impossible. Before the revolution, and even after it, we thought: either revolution breaks out in the other countries in the capitalistically more developed countries immediately, or at least very quickly, or we must perish." (*Collected Works*, vol 32, p480)

The defeat of the socialist revolutions between 1918 and 1923 in Germany, Hungary and elsewhere—due to the betrayal of the social democratic leaders—was a shattering blow to the young workers' state.

In the early years, the Soviet economy had been largely destroyed by war, civil war, famine and disease. Between 1918 and 1920, twenty-one armies of foreign intervention attempted to crush the revolution, in which man of the most self-sacrificing young workers were killed. By 1921 the population of Moscow and Petrograd was halved. In one year, six million people starved to death and cannibalism was reported in certain areas. Jacques Sadoul, an eye witness of that period reported: "In the districts away from the centre, frightful poverty prevails. There are epidemics of typhus, smallpox, children's diseases. Babies are dying *en masse*. Those one sees are weak, fleshless, pitiful creatures."

This was the level of barbarism to which the young Soviet state was reduced. How under these conditions could a new harmonious socialist society be built? It was as much as the Soviet government could do to keep society from disintegrating. Lenin described the situation as a revolution "besieged in a fortress". They had to hold on for as long as possible until help came from the proletariat of the West. In 1921, to gain a valuable breathing space, concessions were granted to capitalism and the rich peasant in the form of the New Economic Policy. The fate of the revolution hung in the balance.

Karl Marx, sixty years earlier, had explained that the historical justification of capitalism had been to lay the material basis for socialism and the abolition of the exploitation of man by man. This material foundation did not, and could not, exist in one particular country. Capitalism had developed the world economy, and it was only on this scale that the material basis for a classless society had been laid. The contradiction of the productive forces, hemmed in by private ownership and the nation state, exploded in the First World War. It was proof that the overthrow of capitalism had not just become ripe, but had turned somewhat rotten.

However, capitalism was to be eliminated at



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Brezhnev shakes hands with General Jaruzelski at Moscow Airport, 3 February 1982, as the Polish dictator returns home after reporting to the Soviet leadership.

first not in an advanced industrialised country, as Marx had expected, but in the weakest link of world capitalism: Russia. The isolation of the revolution in terrible economic backwardness resulted not in "a classless society based upon solidarity and the harmonious satisfaction of all need" (Trotsky), but in a chronic deformation of the revolution.

The longer hours that the Soviet workers were forced to labour, the exhausting, super-human efforts, the terrible shortages and rations, all created the conditions for the growth of bureaucracy. As Leon Trotsky, in his brilliant book *Revolution Betrayed*, explained: "When there is little goods, the purchasers are compelled to stand in line. When the lines are very long, it is necessary to appoint a policeman to keep order. Such is the starting point of the power

Capitalism was first eliminated not in an advanced industrialised country, as Marx had expected, but in the weakest link of world capitalism

of the Soviet bureaucracy."

The bureaucracy itself represented the pressure of alien class forces on the young workers' state. With each defeat or set back for the Russian workers, the bureaucrats in the state, unions and party grew in number and strength. Like an uncontrollable cancer bureaucratism spread throughout the country. Stalin, who had wormed his way into the general secretary's position in 1922, increasingly began, under the pressure of this conservative caste, to express its interests. By the mid 1920's he had become the powerful representative of the bureaucratic reaction.

Through zig-zags and convulsions, the Stalinist regime wrested political power from the hands of the workers and peasants and constructed a totalitarian regime. This took place over a period of time, as the links with the October revolution were severed one by one. By 1930, the Stalinists had purged both the Left and Right Oppositions and crushed all democratic rights. By the end of that decade, a series of frame-up trials were staged involving the systematic murder of all those who had any connections with October. Lenin's closest collaborators, who organised and led the revolution, were shot as "counter-revolutionaries".

Millions perished by firing squad and in the harsh conditions of the labour camps. Despite the lies of the Stalinists and their falsification

Harvesting on a big
collective farm this
year: agriculture is still
the Achilles heel of the
Soviet economy.



PHOTO: Popperfoto

of history—and despite too the present-day academics and professors who attempt to link the regime of Lenin to the regime of Stalin—a river of human blood separated them.

This 'one-sided civil war' completed the consolidation of the rule of the bureaucracy. All the vestiges of workers' democracy were completely destroyed. All the equality of the Leninist years, was replaced by privilege, rank, and pomp. Yet the Stalinist reaction did not go as far as the return to capitalism, as Lenin had feared. As a parasitic caste, the bureaucracy derived its income from the nationalised property rights, which it was forced to 'defend' in its own fashion.

According to Engels, the state as a product of class society can be reduced to 'armed bodies of men' in defence of private property. It emerged historically as classes came into existence as a special instrument for the suppression of one class by another. Both Marx and Lenin explained that when the working class came to power they would not require a special force for the

suppression of the old dispossessed capitalist class. The victorious workers would create a "semi-state" that would begin to die away as soon as it comes into being.

The state, with all its apparatus, officialdom

Through zig-zags and convulsions, the Stalinist bureaucracy wrested political power from the workers and constructed a totalitarian regime. A river of blood separated Stalin's regime from the regime of Lenin

and bureaucracy is an enormous parasite "stopping up the living pores". In his *State and Revolution*, Lenin explains that the old state apparatus had to be replaced by a new democratic form, where its official functions would be rotated and under constant control. To prevent the growth of bureaucracy, drawing on Marx's lessons from the Paris Commune, Lenin outlined four main proposals:

- ★ There must be regular election of officials, with the immediate right of recall.

- ★ All officials to be given the average pay of a skilled worker.

- ★ No standing army with an officer caste separate from the population, but an armed people.

- ★ The "immediate introduction of control and supervision by all, so that all may become 'bureaucrats' for a time and that, therefore, nobody may be able to become a bureaucrat."

In 1956 the Hungarian workers, during their uprising against the bureaucracy, spontaneously adopted Lenin's four points of 1919. Yet out of their own bitter experiences of totalitarianism they added a fifth point: that never again would they allow a one-party regime. Political parties must be permitted to cooperate, providing they accept state ownership of production and do not take up arms against the revolution.

From its very beginning it therefore ceases to be a 'state' in the old sense a special coercive apparatus for holding in subjection the majority of the people.

The state rose above the class it was supposed to represent, resulting in the political expropriation of the Russian workers

In the transition from capitalism to socialism, Marx explained the 'state' was a necessary evil. Society could not immediately jump from capitalism to a classless society. In its early stages, due to the cultural survivals of capitalism and the impossibility of immediately providing for everyone's needs, inequality would remain. The productive forces would not have been capable at that time of satisfying all the needs of society. The state under these circumstances acquires a dual role: the protector of the nationalised planned economy, and at the same time, the guardian of these 'bourgeois' differences until the development of the productive forces can eliminate them.

The role of this transitional regime would be to also stimulate production through wage

incentives—still maintaining differentials, although based on increased living standards. As society advanced differentials themselves would disappear. In Russia after 1917, wage differentials were pegged at not more than 4:1, although due to the chronic shortage of specialists the Bolsheviks were forced to increase it to 8:1 in some cases. Lenin recognised this as a necessary concession to 'capitalist differentials' to be speedily eliminated as material assistance came from the workers of the West.

As long ago as 1875 Marx pointed out: "...defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right (or Law) can never be higher than the economic structure of society and its cultural development conditioned thereby." (*Critique of the Gotha Programme*)

In explaining this dual character of a transitional regime, Lenin said: "...bourgeois law in regard to the distribution of consumer goods inevitably presupposes the existence of the bourgeois state, for law is nothing without an apparatus capable of enforcing the observance of the rules of law. It follows that under communism there remains for a time not only bourgeois law, but even the bourgeois state, without the bourgeoisie!" Lenin didn't develop this idea further as he expected the problem to be resolved by the spread of the revolution.

Nevertheless, therein lies the dangerous germ of a bureaucratic degeneration. That is why, according to Marx, Engels, Lenin and Trotsky, it was essential for the working class to participate democratically in every level of society including the state. In 1919, Lenin advised the leaders of the Bavarian and Saxon Revolution to introduce immediately a seven-hour day to allow workers time to run industry and the state.

The four points of Lenin against bureaucracy, long abolished under Stalin, were an attempt to act as a check against degeneration. Particularly in Russia, with the terrible economic backwardness, the workers' state was extremely weak: Lenin spoke honestly of the situation, unlike the bureaucrats in the Kremlin today: "Our state apparatus is to a considerable extent a survival of the past and has undergone hardly any change..." (*Collected Works*, vol 33, p487)

Lenin's last years were a constant battle against bureaucratism. His last political bloc was with Trotsky—"the most capable man in the present C.C."—against Stalin and what he represented. In Lenin's *Testament*, which was suppressed from the party, he demanded the removal of Stalin as general secretary. Just before he died he broke off all personal relations with Stalin.

The beginning of 1924 witnessed a double blow against the revolution: the death of Lenin and the failure of the German Revolution. It was the end of that year, under the pressure

from the conservative bureaucracy, that Stalin announced his 'theory' of 'Socialism in One Country'. This anti-Marxist concept, that somehow socialism could be constructed in a single country, and a backyard one at that totally isolated from the world economy, became the cornerstone of the Stalinist struggle against Marxism. Nobody, not even Stalin himself up until 1924, had ever mentioned such a utopian scheme, which reflected the desires of the bureaucracy for a quiet, stable life. The adoption of this theory, stated Trotsky, would see the national, reformist degeneration of the Communist International. Such a prognosis has been graphically borne out by the policies of the separate national "communist" parties of today.

By the 1930's, the relative equality under Lenin and Trotsky was replaced by rank and privilege. Instead of the withering away of the state, the opposite process has taken place: a monstrous totalitarian regime has been created. Under Stalin all the checks against bureaucracy were ended. In the Red Army all the privileges of the officer caste were reconstructed on the old tsarist lines. In reality the state rose above the class it was supposed to represent, resulting in the political expropriation of the Russian workers. A bonapartist regime was created, but based on nationalised property forms.

Since the death of Stalin in 1953, the bureaucracy has made certain cosmetic changes at the top and dismantled the more hated organs of Stalinist repression, from fear of any moves towards political revolution from below.

With the gigantic growth of the Soviet economy, despite all the waste and mismanagement, living standards have improved remarkably. But far from solving the social problems, new contradictions have emerged.

The top bureaucrats live the life of ruble millionaires, with life-styles the Soviet masses can only dream about

The increase in the productive forces has resulted not in more equality and the withering away of privilege, but a drastic increase in inequality between the masses and the bureaucratic elite. The differentials today are greater in the USSR than in the capitalist West. The top bureaucrats live the life of rouble millionaires, with life-styles which the Soviet masses can only dream about. In a recent book, *The Final Days*, a study of Nixon's downfall, by Woodward and Bernstein, a small glimpse of the life-style of Brezhnev and the

bureaucracy is given:

"The President (Nixon) had his usual present for Brezhnev—an American automobile for the Secretary's extensive collection. Their first two summits, in 1972 and 1973, had yielded two \$10,000 models, a Cadillac limousine and a Lincoln Continental. This time it was a \$5,578 Chevrolet Monte Carlo, not very impressive in a garage that already housed a Citroen-Maserati speedster, Rolls Royce and Mercedes sedans, and Brezhnev's favourite, a new Mercedes 300SL roadster. But Brezhnev had learned that the Monte Carlo was named 'Car of the Year' by *Motor Trend* magazine, and he had let it be known that he would like one."

Again in a recent book, *We Will Bury You*, by Jan Sejna, a top Czech bureaucrat who defected to the west some time ago and recently published his memoirs, we see:

"Brezhnev is very fond of vodka, and of pilsen beer, which we used to send to him direct to Moscow. He also loves Western clothes...Whenever he came to Prague, the Director of our Politbureau shop (!)—where the elite could buy luxuries unavailable to lesser men—would have to fly to Italy and West Germany before his arrival, to lay in a special stock for him."

And about his own predecessor, Alexei Cepicka, Sejna writes:

"He had a huge personal fortune, worth millions of dollars, for which he never accounted, and which he spent on magnificent luxuries—villas cars, jewelery—for himself and his friends. His wife, for example, owned 17 mink coats."

In the absence of workers' democracy in the USSR (and other Stalinist states like Czechoslovakia), with no control or participation by the working class, the bureaucracy has accumulated enormous powers and privileges. Sometimes, to maintain the general position of the bureaucracy, certain officials will be reprimanded or punished for their 'excesses'. Inevitably in such a society, with no democratic check, corruption, bribery, mismanagement, and pilfering are epidemic. Such was its scale that in 1963 the death penalty was introduced for 'economic crimes'.

As a result, reports of executions regularly appear in the Soviet press for theft of state property, misappropriation of state funds, and acceptance of bribes on a large scale....

Recently, the mayor of the Black Sea resort of Sochi escaped execution, but was sentenced to 13 years imprisonment for accepting bribes. He was the proud owner of an American Ford and kept a small fortune in jewellery at his house where the police also discovered a water fountain in his living room!

Again a recent scandal touched the tops in the Kremlin when Anatoli Kolatov was dismissed from his post as head of the Russian National Circus. He and his accomplice, Boris Tsigan,

gave circus performers permission to join troupes abroad—in return for diamonds and hard currency. Diamonds worth more than a million dollars were found in a raid on the circus director's flat. The scandal shook the Kremlin as Boris turned out to be the lover of Brezhnev's daughter Galina. In January, Brezhnev's brother-in-law, the deputy chief of the KGB, is believed to have shot himself after a dispute over high level corruption.

In April, *Pravda* announced the execution of Vladimir Rytov, the deputy Fisheries Minister, for his part in a major illegal sale of caviar. Two hundred people in the Ministry of Fisheries were involved! The State Prosecutor added that the former Finance Minister of Georgia was also being investigated for embezzlement!

Another director of Social Security office for industrial enterprises in Baku amassed two large apartments, a dacha (villa) with a swimming pool, orange grove and black swans... Thirty-four kilos of gold was found in his possession on his arrest!

The Soviet bureaucrats receive enormous perks and privileges on the backs of the Russian workers. On top of their inflated salaries they have their spacious apartments, dachas in the country, access to special shops where scarce goods are available, better medical facilities, comfortable places in Crimean holiday resorts, chauffeur-driven cars and opportunities to travel abroad. It is a life-style any Western capitalist would envy.

As the economy becomes increasingly sophisticated, bureaucratic command becomes intolerable. It has reduced economic growth to a snail's pace

It is this existence of a privileged elite, which is a parasitic growth, that prevents the USSR moving towards socialism. Sixty-five years after the October Revolution, the Russian workers have less democratic rights than their counterparts in Western Europe! The bureaucracy which played a relatively progressive role in developing the economy in the past (but at three times the cost), is now an absolute fetter. As the economy becomes increasingly sophisticated, bureaucratic command becomes intolerable. It has reduced economic growth to a snail's pace, as the following figures illustrate:

Gross Industrial Production Growth

1951-55	1956-60	1961-65	1966-70	1971-75	1976-80
13.1%	10.4%	8.6%	8.5%	7.4%	4.7%

By 1982 (the first six months) output grew by only 2.7% (expressed as an annual rate)—the lowest first-half year results since the war!

Bureaucratic planning has meant enormous wastage for the Soviet economy. Western estimates believe it takes an average of eight to thirteen years for a major Soviet investment project to pass from the planners to final production. A classic example is the huge car factory imported from Fiat of Italy. Construction began in the second half of the 1960s; it took until the late 1970s for the plant to come to full production—when it was declared obsolete!

A nationalised economy requires democracy as the human body requires oxygen

The Russian press is full of instances of mismanagement and corruption. A recent example was given of a Ukrainian factory in Donetsk which produced 13,000 pairs of sunglasses—so dark were they that the wearer could look directly at the sun and see nothing! It also produced 3,000 plastic footballs which burst when kicked. In June this year, the Soviet trade union newspaper, *Trud*, stated that the USSR had kept up with the production target for jam jars, but added that for years they had forgotten about making the lids!

There was the notorious case two years ago when auditors discovered that a new tractor repair factory supposedly in operation near Leningrad, handling 14,000 tractors a year, had in fact not even been built! Every bureaucrat involved had participated in the fiction by submitting false production figures and inventing the records!

Workers' democracy is not a sentimental dream but a vital component in the movement towards a harmonious socialist society. Trotsky long ago explained that a nationalised economy required democracy as the human body requires oxygen. Every worker in Britain knows of the corruption, mismanagement and waste that exists in capitalist firms and the undemocratic, nationalised corporations. Without the democratic involvement and participation of the workers in running industry this is inevitable. Given the clash of class interests, this is impossible in capitalist countries. But in Russia where the economy is state owned, and the check of the market abolished, then workers' democracy is absolutely vital for the harmonious development of industry and the move towards



Brezhnev (centre, below the huge bust of Lenin) and other top leaders meet in the Bolshoi Theatre on 5 March 1982 to celebrate International Women's Day—as though the narrow, national bureaucracy were trying to mock Lenin and internationalism. To Brezhnev's right is an empty seat for Alexei Shibaev, Brezhnev's protégé recently deposed from his position as head of the Soviet Congress of trade unions.

socialism.

In the sphere of agriculture lies the Achilles heel of Soviet society. It has never really recovered from the forced collectivisation of the Stalin period. The peasants, in a vain hope of escaping the measures, slaughtered millions of livestock, which resulted in a colossal famine and 10 million dead.

From 1951 to 1975 grain production on state farms and collectives rose from an average

Agriculture is the Achilles heel of Soviet society

harvest of 90 million tons to more than 200 million, providing a per capita increase of about 2% a year. This was due largely to the enormous amount of investment undertaken: for the last 18 years more than 25% of entire investment undertaken went to agriculture. Yet despite this, private plots, which account for only 1.5%

of farmland, still account for a quarter of USSR's farm production.

The lack of productivity is graphically illustrated when today 25% of the Russian workforce remains on the land, compared to less than 4% in America. According to official Soviet statistics, productivity per farmer is five times higher in the USA than in the Soviet Union!

The results of the 1981 harvest were so poor that the figures were never officially given! It was the fourth year running in which the USSR failed to meet its harvest target. According to the International Wheat Council, last year's harvest was around 170 million tons—70 million down on the target. Therefore Russia may need to import a record 46 million tonnes from the West this year.

Milk production in 1981 was 88.5 million tonnes, the lowest since 1973, and the output of butter declined as well. Meat supplies were down on the 1978 figure. The Russians produce twice as many potatoes as the Americans but uses 14 times the acreage to do so—then it has been estimated that more than half, due to old, inefficient machinery is wasted *en route* from

field to storage!

"In twenty years, why haven't we been able to improve the woeful packaging machines or design something new and better?" demanded *Literaturnaya Gazeta*.

More investment is planned. In the new eleventh Five Year Plan more will be put into agriculture than in the whole period 1918 to 1970 combined! Yet it will be in vain as bureaucracy clogs up every pore. With these huge investments, every year Russian factories turn out 550,000 tractors, but each year almost as many are scrapped after only a short working life! A high percentage of available tractors, combine harvesters and other expensive equipment are always out of action because of insufficient quality control, lack of spare parts and servicing facilities!

Izvestia recently pointed out that it was common to see one freight train loaded with timber heading east while another train with a similar load heads west. "Why does it happen?" asked the newspaper. "The distribution of 300 million tons of cut timber and forest products is scattered with no justification whatsoever among more than 61 ministries and departments and 12 union republic state planning committees"!

Those who put forward the idea, that with increasing living standards the bureaucracy would gradually disappear, failed to grasp the nature of the Soviet bureaucracy

The Soviet bureaucracy, guarding its privileges and income, has created a totalitarian regime and cannot allow democratic rights. In Poland the bureaucracy introduced martial law and dissolved the 'Solidarity' trade union because of the danger it posed to its privileged position. Those who put forward the idea—repeating Isaac Deutscher—that with increased living standards, the bureaucracy will gradually disappear, fail to grasp the nature of the Soviet bureaucracy. It is a privileged parasitic caste whose layers extend from the Kremlin hierarchy down to the local functionaries which is entirely incompatible with workers' democracy. Its privileges and income has swelled in proportion to the growth of the economy, and not the other way round.

Terrified by the Polish events, Brezhnev has

called upon the bureaucrats in the tops of the Russian 'trade unions' to start defending their members' interests! The panic in the bureaucracy about the workers' cynicism towards the official 'trade unions' resulted in March in the dismissal of the union boss, Alexei Shibayev only days before the opening of the trade union Congress!

In an attempt to overcome the situation, workers have been given the chance to question their bosses in the factories and collective farms. They were invited to submit a question and an 'open-letter day' was organised to hear the answers! Many stories were reported in the union paper, *Trud*. When the management from one firm attempted to avoid an answer, nobody was convinced and the "hall began to buzz"! When a transport official claimed that nobody had to wait "hours" for a bus because they ran every 22 minutes, it provoked "incredulous laughter". Shouts and cat-calls became so frequent that sometimes officials and managers refused to attend!

The bureaucracy will do everything for the working class except get off their back!

The Stalinist idea of 'Socialism in One Country', as Trotsky had forecast has been dealt a severe blow by events. The ruling section of the bureaucracy, in the post-Stalin period, attempted to overcome their contradictions by participating on the world market. As a result, in the first quarter of 1982 the USSR's exports to the West increased by 35%. According to recent figures, her reliance on foreign trade has risen from 15% of the national income in 1960 to almost 33% this year. In 1981, Russia's export of gold (the source of 50% of hard currency earnings) increased from 90 tonnes to an estimated 300 tonnes. Her debt to the West stands at a 'manageable' \$20 billion. Thus the linking of the Soviet economy to the world economy has not brought the stability expected. In reality it has opened a Pandora's box: as the capitalist West is convulsed with crisis, so this also infects the Russian economy.

The growth in living standards in recent years has gone hand in hand with accumulating social, economic, and political contradictions. The bureaucratic repression has resulted in increased cynicism about the Soviet way of life. As a direct result, in despair, sections of the population have turned to vodka as an escape. With spirit consumption the highest in the world, alcoholism has reached epidemic proportions. In 1925 only about 16% of under-18s drank alcohol, while the figure today is 93%! It has been estimated that alcoholic drink accounts for about a third of the value of goods sold in the food shops. Youth has moved towards a variety of activities to escape from this monstrous caricature of 'socialism': pop music, yoga, karate, an even eastern religious cults. Crime and hooliganism amongst the youth are also on the increase, reflecting the social malaise of Stalinism.

The impasse that Soviet life now finds itself is preparing enormous explosions. The crisis in

The revolution developing in the Stalinist states will clean out the bureaucracy and introduce workers' democracy and the participation of the working class at all levels of administration, industry and the state

Poland is in reality a mirror of the general crisis facing the Stalinist states. The bureaucracies have become an absolute fetter on any further development. Their narrow nationalism has resulted in border battles between 'socialist' Russia and 'socialist' China, and the Balkanisation of Eastern Europe. Under a genuine workers' democracy, these countries would come together as a Socialist Federation, commonly dovetailing their economies to the needs of the populations.

Yet what is clear is that the bureaucracies will not hand over their power, privileges and income without a struggle. As Trotsky once explained: "No

devil ever yet voluntarily cut off his own claws. The Soviet bureaucracy will not give up its position without a fight. The development leads obviously to the road of revolution."

The revolution developing in the Stalinist states will not be to return back to the horrors of capitalism, but will be a political revolution on the lines of Hungary 1956. Its aim will be to clean out the bureaucracy and introduce workers' democracy and the participation of the working class at all levels of administration, industry and the state. The establishment of a genuine workers' democracy in the USSR would sound the death knell of all the Stalinist dictatorships and trigger off revolutionary waves in the capitalist West. A Socialist United States of Europe leading to a Socialist World Federation—the aim of Lenin and the Bolsheviks—would usher in a new epoch of super-abundance for the world's masses.

Within 10 to 15 years, a world plan of production would completely transform the planet. As society progressed towards socialism and a classless society the state, together with all the left-overs of capitalism, would wither away, giving way to the simple administration of things. A harmonious socialist society, using the colossal advantages of modern science, would result in an unparalleled increase in the productive forces, and allow society to give, in the words of Marx, "from each according to his abilities, to each according to his needs". As mankind developed to undreamed of heights, capitalism and Stalinism would be relegated to their rightful place—the dustbin of history. □

INTERNATIONAL NOTES



PHOTO: Popperfoto

Assembly line workers at Ford's Brazilian car factory voting at a mass meeting in July 1981 during their strike against sackings. This photograph is banned from publication in Brazil.

Brazil

New workers' party takes shape

On 15 November the first reasonably 'free' elections since the May 1964 military coup are scheduled to be held in Brazil. These elections will take place against a background of mounting economic crisis and provide an indication of the support which the Workers Party (PT) has been able to gather in the four years since its inception.

Brazil, like the rest of Latin America, has been hit hard by the world economic crisis. It had been one of the few semi-colonial countries to undergo a massive industrialisation during the post-war boom years, a development which was mainly financed by international borrowing. But once the world capitalist economy entered into crisis Brazil found it harder and harder to export its products and earn enough to pay off its debts and buy imports. The Brazilian capitalists were forced to try to cut workers' living standards and borrow more simply to pay off old debts.

This year the situation has worsened. In mid-August President Joao Figueiredo announced that Brazil's foreign debt amounted to \$ 80 billion, a massive increase since March when the Brazilian Central Bank estimated it at \$ 62.9 billion. By early August the Brazilian Cruzeiro had already been devalued 22 times this year and lost 45.76% of its New Year value, and 92.25% of its August 1981 value. New devaluations were occurring every week in July. Exports, which had increased on average 17% each

year between 1974 and 1981, decreased by 9% in the first half of 1982.

While the past decades have seen giant developments of industry the Brazilian workers have not shared in the bonanza. Between the 1964 military coup and 1975 real industrial wages fell by 15%. In 1970 the richest 5% in the urban areas got 30% of urban income, by 1980 they got 34.7%, but the share of the poorest 50% went down from 16% to 13.1%. It was even worse in the rural areas where over a third of the population live. There the share of the richest 1% increased from 10.5% to 29.3% while the share of the poorest 50% went down from 22.4% to 14.9%.

One third of Brazil's 40 million economically active people earn only the £55 a month minimum wage. In 1977 trade unionists discovered that since 1970 the government had cut the real value of the minimum wage by 34.1% by fiddling the cost of living index. Now the trade unions estimate that a realistic minimum wage would have to be £150 a month.

From 1964 the military regime used physical force and repressive laws to suppress workers' struggles. But the late 1970s saw a tremendous rebirth of the labour movement which forced the military to retreat and introduce reforms in an attempt to prevent revolution. This revival was centred at first in manufacturing, which accounts for 16.5% of the economy, particularly in the so-called 'ABC' region of Greater Sao Paulo, the industrial areas of Santo Andre, Sao Bernardo and Sao Caetano.

For two years from May 1978 this area was shaken by mass strikes involving hundreds of thousands of workers, first metal and auto workers but later textile workers, transport workers and teachers also. This movement culminated in the 41-day, 350,000-strong auto workers' strike in early 1980, which was partially defeated after the military arrested and removed from office the strike leaders.

From the beginning this revival of the labour movement took both an industrial and political character. Soon after the May 1978 strikes the militant unions in the 'ABC' region began to prepare the launch of a new working class party to be called the Workers Party (PT). 'Lula' (Luis Inacio da Silva, the then President of the Sao Bernardo metalworkers and now PT President) stated then that he saw the PT as a party "without bosses, without foremen and without sell-outs. A party that would fight to defend the economic and democratic rights of the workers and for socialism." In December 1978 the 'Movement for the Workers Party' was formed and during the next fourteen months a series of conferences worked out a 'Charter of Principles', a 'Political Declaration' and a 'Political Platform' all of which were very radical.

The July 1979 'Charter of Principles' states that the PT "seeks to win political power and establish a workers' government based on

representative bodies created by the working masses themselves in order to have fundamental direct democracy." The October 1979 'Political Declaration' called for the "formation of a free, democratic and sovereign national Constituent Assembly" and "a workers' government". The February 1980 'Political Platform' contained various economic demands and calls for the nationalisation of most of the economy.

However by the time of the February 1980 meeting it had become clear that concerted attempts were being made to 'moderate' the PT and slow down its leftward development. As the PT became more popular some MPs and many councillors from the 'official' opposition party which had been allowed to exist under the dictatorship joined the new party and were given voting rights, without having to be elected as delegates, at the PT's First National Conference in May 1980. About this time as well the Socialist International also began to pay more attention to the PT.

For a number of years now the Socialist International's leadership has been actively intervening in Latin America, attempting to restrain the workers' movement in the same way that the German and Swedish social democrat leaders played a key role in moving the Spanish Socialist Party to the right in the mid-1970s. For some time the Socialist International has had links in Brazil with the PMDB (the old 'official' opposition) and the PDT (Democratic Labour Party), which despite its name has no real basis in the working class. As always the Socialist International leadership's method of gaining influence is by gradually drawing leaders of parties towards it, thus the Socialist International Bureau invited Lula personally, not the party he leads, to the November 1980 SI Congress.

The first draft 'Political Platform' presented to the PT's February 1980 meeting by some academics was overturned by delegates as being too moderate. But at the PT's First National Conference in May 1980 all references to socialism and a workers' government were removed. However this setback did not last long as the crisis in Brazil intensified and the PT grew from 26,000 members in May 1980 to over 200,000 members in September 1981.

Despite the defeat of the April-May 1980 autoworkers' strike the Brazilian labour movement is still in turmoil, a situation which, along with its rapid growth in membership, is making it extremely difficult for those trying to 'moderate' the PT.

Central to the radicalisation of the Brazilian working class has been the questions of the strengthening and democratising its organisations and the struggle against the military regime. These issues were thrashed out at the 21 August 1980 'First National Conference of the Working Class' (CONFLAT 1), attended by



PHOTO: Popperfoto

Crowds smash the windows of the Mercantile Bank in Sao Paulo's banking district during a bank workers' strike in September 1979. Brazil, like other Latin American countries, has crippling debts with the international banks.

5,247 delegates representing 1,800 Trade Unions. At this Conference the PT argued for the rapid formation of a democratic trade union centre, the CUT, and the organisation of a general strike against the regime's economic policies. The opposition to the PT came from the 'Unidade Sindical', an alliance of 'pelegos' (the popular name for pro-government bureaucrats), the pro-Moscow Communist Party (PCB), the former Maoist CP (PC do B) and the former guerrillaist MR-8. While the PT won a majority for the call for a general strike the voting for an executive committee was split almost equally behind two lists of candidates, with the pelego-headed list having a slight majority.

At the PT's Founding Congress in September 1981 the perspective of organising a general strike against the regime was re-affirmed. This Congress came out against any 'social pact' with the regime and for the PT to put forward its own independent list of candidates in the coming elections, although the question of alliances with other parties, including the pro-capitalist PMDB, was not finally resolved. The presence at this Congress of many diplomats (including the British Ambassador!), foreign social democrats and christian democrats showed the growing importance of the PT and the mounting pressure which its leaders are com-

ing under to moderate their programme and link up with the other, pro-capitalist, opposition parties.

Lula, the Party President, summed up the Congress by saying that "we are marching towards socialism, the type of socialism that suits us. We know what doesn't suit us is a socialism that seeks palliative measures for the social evils of capitalism. We also know that we do not want a bureaucratic socialism which serves the new castes of technocrats and privileged more than the workers and the people. The socialism we want must be the emancipation of the workers. And the liberation of the workers will be the work of the workers themselves."

The PT's membership is moving rapidly leftwards although at the present it still does not have a rounded-out programme. The vital question facing the Brazilian workers is to ensure that the democratic rights which they have won in recent years are not lost again in the future to a new military dictatorship. For this to be assured it is essential that the PT carries through a plan of action to create a workers' government in Brazil which will overthrow capitalism and set an example for the workers of the world to follow. □

Spain

PSOE leaders fear a socialist majority

Despite desperate efforts to keep the conservative UCD government alive a general election will be held in Spain in October, five months early. The steady disintegration of the UCD has forced Calvo Sotelo, the Prime Minister, to accept that there was very little chance of his government surviving for long. From having won 176 seats in the 1979 election the UCD had only 123 MPs left at the end of August.

The break-up of the UCD (Union of Democratic Centre) after only five years in existence is testimony to the sharp swing to the left which is taking place in Spain. The sweeping Socialist Party (PSOE) victory in the Andalusian regional elections in May was only the latest confirmation of this trend. The PSOE won 52% of the vote, while the conservative UCD fell to third place with 14% behind the extreme right Popular Alliance (AP) which won 17%. Overall the workers' parties won over 60% in Andalusia, a very poor mainly agricultural region in Southern Spain.

In August one opinion poll indicated 37% support for the PSOE throughout Spain on average, 10.7% for the AP, 7% for the UCD, 1.7% for the Communist Party with 40% not decided.

This leftward movement has been caused fundamentally by the sharpening crisis of Spanish capitalism, rather than by any energetic campaign by the workers' leaders. For a long time the PSOE leaders, led by Felipe Gonzalez, had tried to prop up the UCD government, even to the extent of offering them a coalition. The *Financial Times* commented that the PSOE leaders "helped the UCD survive the last days of the summer parliamentary session by assuring that enough of its MPs would be absent".

In addition the Communist Party leader Santiago Carrillo offered the UCD the support of his MPs at the same time. But despite these ef-

forts the UCD had continued to break up and lost its parliamentary majority.

Far from welcoming the prospect of victory the PSOE leaders give the impression that they are terrified at the possibility that for the first time in Spanish history a workers' party will win an overall majority. They are clearly fearful of the demands which workers will make on them and are doing all that they can to dampen down expectations about what a PSOE government would do.

But the economic situation and the national tensions within Spain will place enormous pressures on a PSOE led government. Already with unemployment over two million, 15%, *The Times* has spoken of the 'monotonous frequency' of workers' mass hunger strikes demanding work in Andalusia and workers' riots in the rest of Spain. Despite the catastrophic economic situation the PSOE's election programme will be an extremely moderate right-wing social democratic one with no mention of nationalisation, except possibly of the electricity pylons! With such a uninspiring programme the PSOE leaders may still succeed in snatching defeat from the jaws of victory!

If elected Gonzalez has made it clear that he is "likely to incorporate moderate independents into his government to appease bankers, the church and the military" (*New York Times*). Gonzalez would actually like the PSOE to emerge from the elections as the largest party but without a overall majority. This would enable him to form a coalition government with some of the UCD left-overs who would then provide an excuse for the government not carrying through any radical measures.

Suarez, the former UCD Prime Minister who has now split from the UCD and formed the CDS, has already said that the PSOE "will find us a great aid". He plainly hopes to play a key role in restraining a new PSOE led government. But it is not at all assured yet that Gonzalez will be able to prevent the PSOE gaining an overall majority. As the *Financial Times* commented: "events are forcing Gonzalez to go alone." Already in the Asturias pressure from below has forced the PSOE and Communist Party there to form a joint regional government against the wishes of their national leaderships who fear that it will set an example for the rest of Spain.

While it is possible that for a period of time the manoeuvres and regular expulsions of oppositionists by the workers' leaders will be able to hold the labour movement in check, this will not last indefinitely. No matter what the PSOE leaders say their entry into the government will arouse great expectations. The inevitable disappointment which the PSOE's right wing policies will create will prepare the way for new upheavals within the Spanish workers' organisations and growing support for the ideas of Marxism. □

World banking crisis

Is the big crash coming?

The recent suicide, or perhaps murder, in London of the Italian banker Roberto Calvi is linked to a crisis in the affairs of the Banco Ambrosiano, in which both the mafia and the Vatican's bankers appear to have had an interest. This scandal, which comes when a number of other banks and finance houses in the world's financial centres are in trouble, is a symptom of a growing crisis for the world banking system.

Two of London's big four clearing banks, which are among the biggest international lenders, stand to lose \$40,000,000 and \$115,000,000 through the default of Ambrosiano's Luxembourg subsidiary.

The big "primary" banks became involved with small or "secondary" banks like Ambrosiano in the period when international lending was growing rapidly. All the banks scrambled to place loans and rake in big profits from high interest rates. Then they did not enquire too closely into the security and propriety of some of the methods used by secondary banks.

Today it is a different story. Some of the big lenders have burned their fingers, and while they are anxious not to precipitate panic measures, they are beginning to rein in on their loans. World big business is haunted by the prospect of a major default on the part of a major debtor state, which would send incalculable shock waves through the world banking system and the world economy as a whole.

At the moment the big banks are feeling just the first ripples of a crisis. Apart from the Ambrosiano scandal, there has been the collapse of two American finance houses, the Drydale bond dealers in New York and the Oklahoma Bank, Pennsylvania Square. For the first time in its history, moreover, the major Chase Manhattan Bank, which lost money through Drydale, has failed to report a profit this year. In the Netherlands a building society has collapsed.

Fearful of even worse collapses and defaults

the big four British banks have had to reduce their otherwise enormous profits by putting aside \$330,000,000 to cover bad debt in the first half of 1982. Internationally other banks are doing the same.

These developments mark the end of the massive expansion of bank lending, which has risen at over 20% a year in the last 15 years. One of the main sources of funds of international lending has been the so-called "Euro-markets". These are in effect a pool of currency which is held by banks outside its country of origin. These funds have grown from \$219,000,000,000 in 1972 to \$1,800,000,000,000 in 1981. These funds have undoubtedly been a major source of inflation within the world economy. In the period of rapid growth in 1972 until 1980 an average of 66 new banks entered the international loan syndicate market every year.

In the last couple of years, however, nearly every major capitalist economy has been threatened with the collapse of a number of major industrial companies. AEG-Telefunken is just the latest, "rescued" by the banks under the direction of the West German government.

But the biggest threat to the international bankers are the enormous debts piled up by the under-developed countries. These have now reached staggering proportions, and the recession in the world economy makes it impossible for a number of the biggest debtors to repay even the interest on outstanding loans.

Lending to the under-developed countries now totals about \$300,000,000,000, most of which is held in dollars with the interest rate adjusted every three or six months. Almost half the debt is due in one year or less. The annual interest bill alone of these countries is \$50,000,000,000.

There are a number of countries which are clearly unable to meet their repayments. Eastern Europe (the Comecon countries and Yugoslavia) owes Western banks \$90,000,000,000. Poland's repayments of capital and interest in 1982 should be \$10,000,000,000, Rumania's \$3,000,000,000. Neither can pay, and if they were companies would be declared bankrupt. As they are states, and their default could precipitate a major financial crisis internationally, they are allowed to "reschedule" their debts. This means they are allowed to postpone repayments and even to raise new loans in order to pay off their debts. Clearly, in the absence of an economic upswing, this only postpones the problem.

In the under-developed world there are a number of countries which have, in effect, reached a state of bankruptcy. In Latin America alone, for instance, Argentina, Brazil and Mexico are all incapable of meeting their current repayments.

Early in September, in fact, Mexico announced that it could not pay the interest on its

\$80,000 million debts. A rescue plan was worked out with the big banks and the IMF, with stringent conditions about cuts in workers' living standards attached. One immediate repercussion, however, was that the Mexican government nationalised all the banks accusing them of systematically "looting" the country. This is a warning for big business. If they push poor countries too far in an effort to recover their interest, they may well provoke radical measures against the capitalist interests which are bleeding these countries.

The under-developed countries have been hit by the world economic slump, by the rise in oil prices, and by the slump in commodity prices. Many minerals, like copper, are now fetching lower prices in real terms than in the 1950s, while agricultural products like grain, cocoa and sugar are being sold at rock bottom prices, well below the cost of production. Demand in the advanced capitalist countries has declined with the recession, and on the other hand favourable weather and good harvests have produced a glut on many of the world commodity markets. Yet the manufactured goods required by under-developed countries have not become any cheaper. On the contrary, inflation and changes in the relative rates of currencies have made them much more expensive. And the non-oil producing countries have been hit especially hard by the rise in oil prices.

The oil producing countries themselves, however, whose oil revenues helped swell the Euro-markets after the 1974 oil price increase, are now facing severe difficulties. The last OPEC meeting had difficulties in getting all the oil producers to agree to limit production in order to keep up prices, and it is doubtful whether they will maintain their agreed price of \$34 a barrel for crude oil. Formally the price may be upheld, but already a number of big producers are selling cheaper to the oil giants.

The major world banks are trying to put on an optimistic face. Their international spokesmen have been warning that an "over reaction" could, by putting even more pressure on the debtor countries, precipitate an even worse crisis. However, while their spokesmen are trying to adopt a balanced, long-term view, the loan managers are in practice taking a much more cautious approach. In the last quarter, according to the International Bank of Set-

tlements, the average new loans were running at less than half the level of half the quarterly rate of the last few years. In order to raise loans recently countries like Hungary and Mexico have had to pay well over the average interest rate. To raise a mere \$100,000,000 worth of 6- to 15-year Euro-bonds, Mexico recently had to pay 18½%, the highest ever in the Euro-bond market's 20-year history. When international lending was booming, the big private banks were eager for most of it to be in their hands. Now there are problems they are increasingly looking towards the IMF to step in and bail out their bankrupt client states, and to act as a financial sheriff imposing austerity measures on "profligate" governments.

The conditions being imposed by the IMF and the banks are throwing intolerable burdens on to a number of states, which in turn are being off-loaded on to the workers and exploited peasants of those countries. The cuts in living standards being carried out in order to repay loans and re-establish "credit-worthy" status are preparing the ground for social explosions which will shake the whole world economy.

Leading bankers are now calling for the IMF to establish a \$20,000,000,000 "safety net" in order to help countries with "short-term liquidity problems". This is intended as a kind of insurance against the defaults of one or several of the major debtor countries. Undoubtedly, the big international banks, as well as world capitalism's institutions, are today more able to ride the effects of major bankruptcies than they were at the time of the 1929-30 crash.

The big banks are desperately trying to help one another out, covering re-scheduling and losses to head off a major crisis. The strategists of capital fear that if the recession is prolonged a number of smaller banks may fold and start a domino-like collapse of the whole system.

The crucial question is: how long will the world recession continue? If there is an upturn in world trade and production in the next year or so they may be able to ride out the crisis. But this will not resolve the underlying problems of either the advanced or the under-developed countries. Even during a new upturn the contradictions will intensify. And when the next slump comes, how will capitalism then avoid another great crash? □

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**COVER PICTURE: Nurses demand
their 12% and join other trade
unionists in protesting against Tory
policies at the Holiday Inn, Glasgow,
during Thatcher's visit on
1 September 1982.
PHOTO by Rick Matthews (IFL)**

