

# **COMMUNIST REVIEW**

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# INTRODUCTION

Since the publication of Communist Review no. 1 the work of the International Bureau for the Revolutionary Party (IBRP) has proceeded apace. In particular, the comrades in France have consolidated themselves and taken up the task of publishing a regular journal which will act as the mouthpiece of our tendency in France. Thus, Revue Communiste now serves as the Bureau's political organ in France while Communist Review in English remains as the IBRP's international publication. Practically this means that the French publication will appear more often than the central organ (3 times a year initially) and will contain material which, although not unimportant internationally, relates more directly to the theoretical and practical political problems posed by the French situation.

However, the IBRP does not confine its work to those areas where it already has a political presence but aims to promote discussion and clarification of the communist programme internationally as a step towards drawing increasing numbers of revolutionaries into a common political framework with a unified political practice. Since the appearance of CR 1 we are pleased to have received correspondence from groups in Mexico (Colectivo Comunista Alptrau), Argentina (Emancipacion Obrera), and India (Revolutionary Proletarian Platform) as well as from individuals throughout the world. In keeping with our aim of publishing any correspondence which may contribute to international political clarification we are publishing the Theses we received from the Mexican comrades together with our reply. In future we hope to be able to publish political dialogue with other groups and we welcome any comments (from organisations or individuals) on this or any other aspect of the Bureau's work.

In this edition we have also outlined what we believe is the Marxist perspective for the crisis and class struggle and which defines the global and historical context in which emerging and existing revolutionary groups must frame their activity. It is in this overall context that the Theses on the Miners Strike in Britain must also be situated.

The article on Bordighism and the Italian Left should clear away any misconceptions about our tendency's view of the nature of the international class party we are seeking to create. Although much of this article has waited more than 30 years to be translated into English, there will no longer be any justification for English speakers in the international proletarian camp equating our views on revolutionary organisation with the mechanical dogmatism of Bordighism. The accompanying article, originally published by the PCInt on the occasion of the virtual disintegration of the International Communist Party (Programma Comunista) in 1982, clearly shows how a Marxist understanding of the relationship between party and class avoids seeing the organisation's role as the preserver of abstract communist principles on the one hand or the simple tail-end of the masses on the other. Only a dialectical analysis can avoid these twin pitfalls and create the theoretical and political basis for linking up the communist advance guard with the rest of the working class. It is from just such a basis that the Bureau intends to elaborate its strategy and tactics for intervention in the struggles which lie ahead.

IBRP, FEBRUARY 1985

# PERSPECTIVES OF THE BUREAU

To all but the blind it is clear that we are living in a period of profound world economic crisis whose effects are not limited to any single country alone. For over ten years - from the days when it was fashionable to reject the concept of economic crisis as outmoded - revolutionaries have been analysing the crisis and situating it in decadent capitalism's barbaric cycle of world war - reconstruction - crisis - world war. The two groups who helped to form the International Bureau (PCI and CWI) have followed Marx's method to show how, in the age of imperialism and the world economy, the law of value still operates, that the rise in the organic composition of capital and the subsequent tendency for the rate of profit to fall is still at the root of 20th century capitalism's world crisis, just as it was the basis of the more limited national crises of the 19th century. And just as in the 19th century capitalism's crises culminated in the devaluation of existing capital (through bankruptcies), allowing a new cycle of accumulation based on takeovers and mergers to begin, so the 20th century crises of world imperialism can only be resolved by a correspondingly more massive devaluation of existing capital at the level of the economic collapse of nation states. The economic function of world war is precisely this. It is imperialism's inexorable "solution" to the crisis of the world economy just as in 1914 and 1939.

For revolutionary Marxists however, the economic crisis is not only the harbinger of war, it also provides the material basis for the development of a revolutionary response on the part of the producers of surplus value - the international working class. Faced with ever-diminishing rates of return on capital invested and the increasing inadequacy of the methods employed by the imperialist metropolises to offset this decline by raising extra-profits from the peripheral areas (use of cheap labour, cheap raw materials, monopoly price controls), the advanced capitals themselves are more and more forced to try and increase competitiveness by attacking the living standards and working conditions of their own working class. The current "rationalisations" and restructuring of economies in the imperialist heartlands are part of this process, involving massive lay-offs and increased exploitation through speed-ups and the introduction of "new technology" as well as more direct attacks via wage cuts, dole cuts, reduction

in social services etc. To the extent that the working class fights against these attacks we have the basis for a revolutionary response; to the extent that capital finds itself limited on the one hand from fully revolutionising the productive forces by inadequate profit levels and on the other from cheapening the cost of production through, for example, working class resistance or their absolute impoverishment, we have the basis for the opening of World War 3. Thus the crisis provides the impetus towards both war and revolution. While it is a truism that only the working class can prevent a further imperialist war (when by this we mean a working class revolution to overthrow the system which depends on war for its survival) it is a fallacy to assert that the reason World War 3 has not already broken out is because the class struggle is preventing it. On the contrary, a militant working class can lessen the room for manoeuvre of the capitalist class, limiting the range of austerity measures it can apply for fear of the social and political repercussions to the established order. And the less room for manoeuvre imperialism has the closer we are to World War 3.

In general then the trajectory of the crisis is pushing the bourgeoisie towards war without it being able to understand this process. (For the bourgeoisie the arms race is the result of the ideological rivalry between two competing political systems, not the result of competition between two imperialist and equally capitalist blocs). At the same time the international proletariat is being pushed onto the stage of history as it responds to the effects of the crisis. However, unlike the bourgeoisie's "solution" to the crisis, the proletarian solution is not inevitable. Militant class struggle and "social unrest" may shake but can be contained within the capitalist framework so long as the working class is without revolutionary political consciousness and the practical corollary of this - its own political weapon in the form of an independent class party.

During the Seventies the popular post-war myth of the capitalist heartlands that living standards would keep on gradually rising evaporated. Bourgeois sociologists who theorised the 'embourgeoisification' of the working class, its disappearance as an independent social or political force have

been silenced. Silenced too were their would-be revolutionary political counterparts who argued that the basis for revolution in "modern capitalism" lay in the "social movement" rather in the material reality of the end of post-war reconstruction and the subsequent attacks on the living and working conditions of the working class.

While the crisis itself destroyed such non-Marxist notions as the possibility of a crisis-free capitalism its continuing development undermined the assumptions of organisations which emerged in the 70's announcing that the crisis was here ergo the revolutionary period itself was upon us. What these organisations failed to realise was that the end of the post-war boom in the capitalist metropolises signalled the beginning of a new period in the economic cycle which meant that world capitalism was heading towards economic collapse but not that this collapse was immediately imminent. Combining economic immediatism with political spontaneism and confusing the general truth that the era of capitalism's decadence is also the era of proletarian revolution, these organisations overlooked the fact that only when the working class begins to break from the ideological stranglehold of the ruling class and act outside of the capitalist framework can a revolutionary period be said to have opened up.

The history of the crisis to date has shown that the working class does not respond in a linear fashion to increasing austerity. While the history of even the most significant of these struggles (e.g. from Portugal '74, Iran '78, Poland '80, Tunisia and Morocco 83/4) confirms that mass revolutionary consciousness does not arise automatically out of the experience of struggle itself. Nor do proletarian organisations with a potential for development necessarily emerge, even indirectly, from such struggles. The relationship between the crisis, class struggle, the growth of the revolutionary party and the development of class consciousness cannot be understood in terms of mechanical schemas. Even if we are not yet in an immediate pre-revolutionary period this does not mean that revolutionaries must remain isolated from the working class until the morning of the insurrection. Over a decade of economic crisis has opened up small, but widening opportunities for revolutionaries to gain a hearing amongst the broad mass of workers. In the capitalist metropolises the traditional left parties are losing the allegiance of the working class while the trade unions' inability to defend even the immediate economic interests of the class is the basis for communist work in factories and

workplaces. In the peripheral areas, despite the end of colonialism, the crisis is imposing ever-growing dependence on imperialism by local economies. The growing evidence of the impossibility of achieving national liberation under capitalism, including the failure of Maoism, is leading to renewed political questioning and attempts to clarify the communist programme on the basis of Marxism. Proletarian minorities are coming into existence and it is incumbent on revolutionary organisations to relate to them as part of the task of clarifying the tasks of communists internationally.

Whilst we cannot overcome at will the objective limits to our work imposed by the material situation, the current period imposes on revolutionaries more than simply the task of theoretical clarification. Today the situation facing the working class demands that revolutionaries understand not only the general principles of the communist programme but that we learn once again how to transform them into a concrete guide for action in the class struggle. An analysis of the economic crisis, using the tools of Marxist economics, is essential for clarifying our perspectives and helping to define our tasks in the period ahead.

#### THE EVOLUTION OF THE CRISIS

After a period of unprecedentedly low growth rates (amounting to minus rates for the major Western industrial countries in 1982) the last two years have been described as the beginning of economic recovery by the bourgeoisie. In particular an upturn in the US economy has led Western economists to talk of the American locomotive which is pulling the rest of the world (or at any rate the Western bloc) out of recession.

According to the estimates of the IMF, US industrial output increased by 3.3% in 1983 and by 5% in 1984. The equivalent figures for all Western countries are lower: 2.3% in 1983 and 3.9% in 1984; and for Western Europe separately lower still: 1.3% in 1983 and 2.25% for 1984, according to the more generous OECD statistics. In the US 6½ million new jobs have been created since December 1982 and the official unemployment rate has dropped from 10.7% to 7.2% over the same period. At the same time the volume of world trade has risen by 2% and a more rapid rise in exports to the US has led to a slight reduction in the 1984 trade deficit of what are known as the "non-oil exporting developing countries" (from \$53bn in 1983 to \$45bn last year). There is evidence then that the upturn in the US economy has provoked higher rates of growth in the world economy. But do these facts

bear out the view that the world economy is on the road to recovery? The answer to this question requires more than a comparison of growth rates in the Eighties. It demands an appreciation of how the present period differs from earlier stages in the post-war period as a whole as well as an understanding of the basis of the current upturn in the fortunes of the US economy. A more historical overview will therefore help us to put the present 'recovery' into perspective.

If the present rise in industrial output is situated in the post-war cycle as a whole we find that at the same time as the IMF was announcing that the world economy had taken "a decided turn for the better" the Financial Times was pointing out that 1983 growth rates were only equal to half the annual average between 1966 and 1976. Even the higher rate predicted (and eventually achieved) for 1984,

"would be close to the average annual rate of growth between 1967 and 1976, but well below the growth rate in the years of peak activity." (Financial Times survey on World Banking 21.5.84)

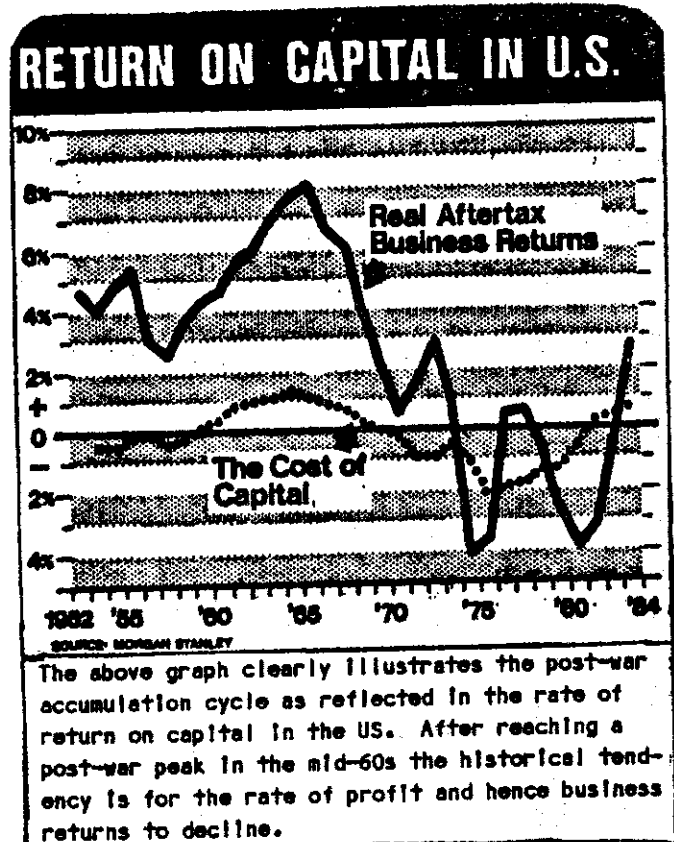
And the bourgeoisie's own predictions for 1985 are for a slowing down in the growth rate, to around 2.75% according to the OECD which pointed out last year that this would be the "slowest since World War 2 for the third year of an economic recovery". All this empiricism bears out the Marxist perspective that, despite the specific ups and downs in world growth rates, the overall tendency is downwards, confirming the present period as one of permanent crisis and that Imperialism is drawing to an end of its 3rd cycle.

Again, the empirical researches of the bourgeoisie lead its economic commentators to acknowledge that this tendency for growth rates to decline is the result of declining investment connected to the falling rate of profit. (For example in the Financial Times of 17.9.84 one could read:

"Several studies of the long-term development of the industrial economies have pointed to the decline in the overall rate of investment since 1973 ... associated with the erosion of profitability."

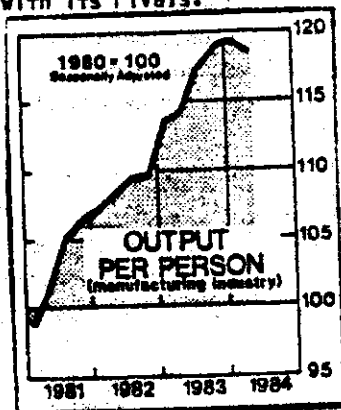
Yet the necessarily limited world outlook of capitalist economists makes it impossible for them to comprehend that this decline is intrinsic to the dynamic of capitalism itself. Instead the inevitable conclusion of such reports is that measures must be taken to "encourage profitability and productive investment"; the first amongst these measures being the need to provide a more

"flexible" labour force which is not "over-paid". That is, a recommendation to increase the rate of exploitation of the working class via unemployment, wage cuts, speed-ups, et.al. And this is exactly what the capitalist class is doing, with greater or lesser success, worldwide but nevertheless these attacks on the working class have failed to produce the amount of surplus value which would provide the level of investment necessary to achieve the higher growth rates of the early years of the post-war period.



In fact, as far as Western Europe is concerned the 2-3% growth rates envisaged for the next year or so will not be enough to prevent a further rise in unemployment (which is expected to increase by 1m to over 20m in 1985). It has been calculated that in the UK alone 20,000 new jobs a month are required simply to stop unemployment rising further. But despite the restructuring which is taking place in Western Europe at the moment, involving shut-downs and massive lay-offs in traditional heavy industries, new investment is being directed towards increasing output per individual worker from a reduced industrial base, rather than towards increasing capacity. The introduction of more advanced technology combined with absolute increases in exploitation have resulted in a dramatic growth in the rate of exploitation (or, from the capitalist standpoint, in output per person) of West European workers over the last few years as each national

capital seeks desperately to remain competitive with its rivals.



This illustration for the UK economy is indicative of what restructuring involves for workers as a whole.

Again, the Financial Times reports that "there is probably now insufficient capital equipment in Europe to provide anything like full employment" (29.10.84). Even in the US the official percentage of the workforce unemployed is still higher than in the so-called oil crisis recession of 1974, while youth unemployment has actually risen in the last 2 years.

#### THE CRISIS IN THE PERIPHERY

If the US 'locomotive' is proving unable to pull Western Europe out of recession the situation of the economically backward states, the so-called 3rd World, more than ever reveals the depth and extent of capitalist barbarism. For states which throughout the post-war period have been unable to escape the domination of imperialism, from their economic role as suppliers of food and raw materials and their political role as pawns in the strategic manoeuvres of one or other bloc, any talk of economic recovery appears like a bad joke. Once more we can let the bourgeoisie's own facts speak for themselves.

"(For the 3rd World) the total growth expected in the first four years of this decade is hardly more than that achieved in a single year on average in the decade up to 1976.

For the debt-ridden countries the position is worse. They are expected to grow by a little under 3 per cent this year, less than half their historic growth rate." (Financial Times 21.5.84)

For the populations of these areas these figures mean desperate reductions in living standards, dragging increasing millions down to the point of absolute poverty - i.e. to starvation levels. In Latin America alone there was a 10% drop in income per person between 1980-83. For the majority of African states the mass of the population are now worse off than they were under colonialism.

This is not an argument for colonialism but evidence of the development trap which modern imperialist relations have imposed on the "new nations" which have supposedly gained independence from imperialism. The need for foreign exchange in order to fund development projects has led the economically backward areas to concentrate on growing cash crops for export which in turn has led to a reduction in food output for the local populations. Over the last seven years per capita food output in Latin America has gone down 12%; from 1981-83 the figure is 14%. In Africa per capita food output fell 11% between 1970 and 1980. At the same time the crude and often forcible replacement of traditional agricultural techniques by capitalist farming methods is producing the same sort of soil erosion in the "3rd World" as the dustbowl in the USA created by intensive wheat farming. Every year the earth is losing 25bn tons of top soil but while the population of the US can remain oblivious to the effects of the 1.5bn tons lost from the US, for the rural masses in places like the Sahel the encroachment of the desert means starvation and imminent death. 35 million Africans in more than 20 countries are currently under threat of death through starvation - a fate which is not the result of geography or natural disaster but the consequence of declining capitalism's inability to develop its backward areas. The African drought only highlights that it is the imperialist relationship which prevents a solution which is technically within its grasp.

There is perhaps no greater example of the irrationality of capitalism and its barbarous effects in the decadent epoch than the world food situation. In December last year, at the same time as the UN Food and Agricultural Organisation was forecasting a record world cereal crop (1,761m tonnes - 8% up on 1983) the US Agricultural Department stated that nevertheless the outlook was not good "because of the low level of demand as developing countries face continued financial problems and large debt servicing requirements" (ibid 5.12.84). In terms of human need "demand" has never been higher but in terms of capitalist production demand only exists when a profit can be made. Thus, while US output of coarse grains is predicted to increase by 96m tonnes this year and while coarse grain harvests in southern Africa have been cut by 22.5m tons between 1981-84, the US Agricultural Department is providing financial incentives to farmers to leave croplands idle in order to limit its stock of unsold grain surpluses at a time when "it seems that future capacity to produce agricultural products far exceeds the likely level of demand" (loc.cit)

The laws of capitalist economics have placed the

dependent states in a vicious Catch 22 situation. Faced with the need for foreign exchange in order to "industrialise", an increasing proportion of agricultural land is put over to cash crops which increases the need to import food and therefore for foreign exchange. Increasingly indebted to imperialism through the various "development" agencies and banks, the dependent states find that the only way they have of servicing their debts is by exporting more. Now all this is happening at a time when cash crop and raw material prices are being lowered and imported goods are costing more (Uganda, for instance, must grow 30% more coffee today to buy a tractor than 10 years ago.) which tightens the Catch even further.

#### FROM PERIPHERY TO CENTRE

The total world debt has now reached colossal proportions (\$800bn by 1984). By far the largest part of this has been run up by countries outside the capitalist metropolises. In 1971 the outstanding debts of the "developing" countries was \$71bn. A decade later this figure had jumped to more than \$520bn with the cost of servicing the debt (\$110bn) amounting to 20% of their export earnings. Today Latin America alone owes \$350bn (of which Brazil owes \$100bn) and Black Africa's total debts are \$150bn. In 1980 Poland's inability to pay its debts to Western banks and governments when they were due opened up the prospect of bank collapses, especially in West Germany, and forced Western negotiators to reschedule (postpone) payment of the debts. Today Poland's \$27bn debt which appeared to bourgeois commentators at the time as "the most immediate threat to the system" seems relatively insignificant. Now rescheduling and restructuring of debts, and even of interest payments on debts is a regular occurrence. But these attempts to postpone the day of reckoning by both debtor and lender states alike do not mean that the threat of economic collapse has disappeared. On the contrary, the "3rd World debt crisis" provides an increasing threat not just to the capitalist periphery but to the heartlands of imperialism, including the strongest imperialist power, the USA. While the US government was not so eager to see the rescheduling of Poland's debts (when it was largely European banks which were threatened with collapse) today, with US banks said to have four times their real capital loaned out to Latin America, the world's most indebted states have ironically found themselves in a position to renegotiate terms for the payment of their debts because of the catastrophic implications their renegeing would have on imperialism's financial structure.

"Already Mexico, Brazil and Argentina are technically bankrupt and have only been saved from being officially declared so by the US government's realisation that if they default on their debts then the US banking structure would collapse as well." ("The Crisis of Finance Capital" in WorkersVoice 17 June/July 1984)

Last year the US government had to step in and bail out two major American banks - Manufacturers Hanover (4th largest) and Continental Illinois (10th largest) and now the rules of the game have changed so that banks have to have a higher deposit:lending ratio while more fixed term loans are being negotiated with the dependent states (to avoid debt payments rising with US interest rates).

Meanwhile, as the fear of the repercussions on the system as a whole has "saved" the largest debtor states from officially being declared bankrupt, the very weakest economies are left in the position of being too poor to increase their debts and their populations are left to starve. Last year the US government refused to support a World Bank fund for sub-Saharan Africa and the Financial Times envisages a decline in net capital flows to this region from \$10.8 bn in 1980-2 to \$5 bn in 1985-7 (\$2bn less than the US Federal Reserve Bank pumped into Continental Illinois last year).

Nevertheless, imperialism doesn't hand out loans or reschedule debts without imposing strict conditions on the borrowing governments. While the burden of paying off the debts itself is enough to induce enormous suffering on the working and unemployed masses (Many countries, for example, have cut back on food imports to service their debt while trade surpluses - such as Brazil's last year - are eaten up by debt servicing.), the IMF and the World Bank continue to impose austerity riders with their loans which inevitably mean higher prices, wage cuts and harsher working conditions for the working class. In Argentina, for example, the fall of the military Junta and re-introduction of "democracy" has been accompanied by an explosion of wage demands which the IMF has opposed as inflationary. Argentina presents a special problem for US imperialism in that it wants to be seen as supporting "democracy" and does not want the IMF's conditions to be seen to bring about a return to military rule. However, the problem of IMF austerity conditions exacerbating the lot of the working class and oppressed masses is a more general and deeper one which threatens to undermine Western imperialism. The IMF's answer to the plight of the "3rd World" - the imposition of currency devaluations, withdrawal of food subsidies, higher productivity and yet more concentra-



tion on export industries - results in increasingly unbearable conditions for the proletariat and the sub-proletarian masses of the dependent states. Western Imperialism which, despite Reagan and his allies' talk of the defence of democracy, is only interested in the form of government in power when its economic and strategic interests are threatened, is faced with the prospect of governments collapsing as a result of the economic crisis and "social unrest" on the part of the super-exploited, unemployed and starving masses. As the Financial Times aptly put it last October:

"For Western governments it is a disquieting prospect ... Existing investment is threatened, sources of raw materials and commodities jeopardised and security interests - particularly for the US - potentially undermined by the prospect of radical changes in key pro-Western states..." (3.10.84)

Clearly the US locomotive has done nothing to prevent the decline of the dependent states. In fact high US interest rates which have been responsible for the US sucking in surplus value from all over the world, thereby enabling it to fuel its own economic "locomotive", have only exacerbated the crisis of the debt-ridden states and increased the threat, not just of their own collapse, but of a financial crash in the US itself. (1) Yet without high interest rates the US would be unable to attract the foreign investment which has recently fuelled economic growth and allowed the government to run up a \$205bn budget deficit (by the end of 1984) without it provoking massive inflation. Last year one third of the demand for credit in the US (from both government and business corporations) was met by foreign investors. But while the relative strength of US capital allows it to draw in surplus value from outside itself, thus reducing the impact of the crisis for the moment in the USA, this only further weakens its allies in the Western bloc as a whole and has led to a record trade deficit by the US with the rest of the world (\$130bn by November 1984).

As the dollar's value increases in relation to other currencies so more US manufactured goods become uncompetitive on the world market, inducing a search for further means of increasing the rate of surplus value (output per worker). The US cannot escape the laws of capitalist production which demand continual investment in new constant capital in order to produce individual commodities more cheaply and compete on the world market. What is happening in the US shows that the massive amount of surplus value required to equip industry with more advanced capital equipment cannot be

generated by US industry itself. US capital has come to depend on surplus value from abroad for expansion and cannot afford to let this dwindle away on unproductive expenditure such as financing the government's debts.

Military spending forms a large part of the US government's deficit. Under Reagan the proportion of the Federal budget spent on arms has increased from 24.1% to 30%. It is no coincidence that Washington's post-election discovery of the need to reduce the government's budget deficit should be accompanied by new moves to limit the arms race.

### THE CRISIS IN THE EASTERN BLOC

Although the figures are not so easily available the fact remains that the Eastern bloc states are experiencing the same crisis of profitability as the West. There are signs also that, as in Western Europe, the recent unprecedentedly low post-war growth rates which were highlighted by Poland's crisis were followed in 1984 by higher output. But, like the West, the economic basis for the "recovery" is precarious while the improved national growth rates themselves do not match earlier figures in the post-war period and are accompanied by declining living standards for the working class. As in the Western bloc, austerity is the order of the day. Thus, after large cutbacks in investment by Russia's European satellites in 1982,

"all but Poland (which could hardly reduce further) and East Germany (buoyed by West German credit) did so again in 1983." (ibid, 17.9.84)

It is not just in Poland then that the 1980's are proving to be a decade of economic crisis and the 1984 improved growth rates (an average of 3.3% in GNP for Comecon as a whole) have to be seen in the context of the previous two years of stagnation or actual decline as well as the overall historical context of the post-war period as a whole. Thus if we take Russian capital itself the 4.4% rise in industrial production announced by the State Planning Commission in November 1984 (1% more than planned) can be seen to be part of an historical tendency for growth rates to decline.

Russia's Industrial production (% change)

[Source: D. Oyker The Soviet Economy & Financial Times]

1950-55 .....	13.1
1955-58 .....	10.3
1960-65 .....	8.6
1965-68 .....	8.9
1968-72 .....	7.4
1970-72 .....	7.1
1980-81 .....	2.0
1983-84 .....	4.4

Although the amount has been reduced recently, Comecon as a whole is still indebted to Western governments and banks (to the tune of \$63.3bn at the end of 1983; compared with \$71.3bn in 1982 and \$45bn in 1980). In countries like Poland and Hungary this has meant more and more belt tightening for the working class as industrial production becomes increasingly directed to exports (to service the debts) while cuts in government price subsidies (in order to reduce state spending) continue to fuel inflation. Having learned from experience that a sudden increase in prices can provoke mass protest from the working class, endangering the stability of the state, the Polish government has now taken to "social consultations" (with the official trade unions and the media) before introducing price rises. In 1984 an average rise of 10% in food prices came into force (after "consultations" on 15%) while this year the government is proposing rises in the price of basic foodstuffs and fuel which would mean an overall increase of a further 12-13%. In Hungary, which has had a 29% inflation rate since 1981, price rises on food (20%), domestic fuel (25%) and transport (55-100%) introduced in January will mean a further 7% rise in the cost of living for the Hungarian working class. Even for relatively prosperous East Germany the writing is on the wall. While state subsidies have kept the price of basic foods at 1960's levels this means that 15% of the State budget now goes on subsidies at the same time as imports of more advanced Western technological goods has led to a mounting foreign debt (over \$13½bn) which has to be serviced.

Yet the relative backwardness of Russian state capitalism leads it to rely on its European satellites for a large part of its more advanced machinery and equipment - either by their direct import from the West or by purchasing Western "knowhow". Like the USA the Eastern bloc leader sucks surplus value in from its satellites, though not through the "free market" mechanism of floating exchange rates. At a Comecon summit meeting last June Moscow stipulated that supplies of Russian energy and raw material deliveries would henceforth depend on Eastern Europe providing Russia with more food and better quality machinery and equipment. The need for foreign currency to buy such goods is an added impetus to the Comecon states to divert production to the export market and mount up further debts.

However, the crisis in the Eastern bloc is not just the result of Comecon indebtedness to the West. It is rather that the latter is due to the chronic lack of surplus value available for re-investment in new capital equipment which would

allow greater competitiveness with the West. Thus the relative backwardness of the Russian economy can be seen not just from its lower agricultural rates of return and reliance on imported Western grain but by its low level of investment in relation to a lower organic composition of capital than its Western rivals. In fact the latest Five Year Plan (1980-85) is based on "intensification" of the use of existing machinery and labour as the main source of growth in industrial output. This year the state calculates that 96% of the increase in industrial output must come from an increase in labour productivity. No less than anywhere else the Russian working class is being forced to pay for the crisis. In 1984 more workers' wages were linked to productivity, managers were told to sack "surplus manpower" while Andropov urged them to "tap the tremendous reserves we have for growth in labour productivity".

#### ARMS LIMITATION TALKS: A REVERSAL OF THE DRIVE TO WAR?

Reagan's new-found desire to go down in history as a "President of peace" and Russia's return to the arms negotiating table at Geneva have led to speculation in the capitalist press of the beginning of a new period of detente and sighs of relief about the reduced danger of nuclear war. However, for the real meaning behind these moves from a US President who has increased military spending by 40% in three years and a Russian Politburo which instructed its representative to walk out of the last Geneva talks we have to look beyond the personal desires of this or that politician and take account of the material circumstances in which they are operating.

With US military spending at an all-time high for the post-war period and a colossal budget deficit to reduce it would seem that unproductive spending on arms would be the first to be cut back. In fact this is not the case. In the first budget of his second term of office Reagan will propose cutbacks of \$44bn in non-defence government spending. Apart from \$8.7bn already taken off the military budget, the "President of peace" prefers to cut domestic spending which leaves the annual arms budget at around \$218bn.

For Russia too military spending imposes an enormous burden on the national economy. Although in monetary or value terms Russian imperialism cannot match US expenditure on arms, as a proportion of annual GNP (13-14% according to the latest CIA figures) Russian arms spending is relatively greater than the US. With declining economic growth Russia's increasing difficulty in maintaining its side of the arms race is evident. From an average annual increase of 5% in the Sixties and during the first

half of the Seventies, the growth was 2% a year between 1977-81. By 1983 this had risen to 2.8% but even the CIA admits that this is much less than the growth in US military spending.

For both Russia and the US then it would appear to make economic sense to cut military spending. But imperialist economics is not basically a question of the "allocation of scarce resources" as the academic textbooks propound. In the real world the two rival "super-powers" are obliged to vie with each other to protect their economic and strategic interests throughout the world, interests which are daily being threatened by the local economic, social and political instability which accompanies the deepening of the world crisis. Imperialism is no more able to disarm than it can turn production over to the direct fulfilment of human needs. The same crisis of profitability which has produced lower national growth rates and increased the burden of military spending on each national capital exacerbates the drive to war. Thus, while the US budget deficit and the strain of ever-increasing arms production on the Russian economy provide a powerful impetus to the negotiating table - where the more fantastic aspects of nuclear war are discussed (e.g. the militarisation of space) - preparations for the time when the myriad proxy wars existing today are overwhelmed by direct military confrontation between the two blocs are proceeding apace. While Russian military leaders stress the need to keep up with US developments in high technology weapons the US is re-equipping its conventional forces and stipulating to its Nato allies that they must increase their military spending in preparation for a "conventional war".

Japan, for example, which theoretically has no army, has increased its military spending beyond the 1% limit set by its US-framed constitution. In December last year Nato announced a doubling of its "conventional" arms spending to enable it to implement US directives to improve facilities for US planes at European bases and to boost stocks of ammunition in order to "improve the Alliance's ability to fight and sustain a conventional war in Europe". While the leaders talk of peace and the media blasts us with the consequences of a nuclear holocaust the population is being prepared to accept the advent of "conventional" war - as if this reduced the danger of nuclear war, or as if world war were any less barbaric for being waged with "conventional" weapons.

War is an integral part of imperialism and the drive towards world war is part of this internal dynamic which operates independently of the

subjective will of individuals. Imperialist war cannot be abolished by demands for changes in the policies of governments. It can only be abolished once the system which depends on war as the solution to its crisis is overthrown. And only those who produce the world's surplus value - the international working class - have the potential power to do this and establish the basis for the development of a more advanced mode of production.

#### AN OVERVIEW OF THE CLASS STRUGGLE AND THE TASKS OF REVOLUTIONARIES

To idealists the struggle of workers to maintain their living standards in the face of the economic crisis may appear a poor basis for the beginnings of a fight to transform the world. For Marxists, however, this basic struggle of the working class is the material starting point for a higher, revolutionary struggle.

Since the onset of the present crisis we have seen something of the power of the working masses when they struggle together. Governments have tottered or collapsed (e.g. Iran, Poland) and on occasions specific attacks on the working population have been temporarily withdrawn (e.g. after the food riots in Morocco and Tunisia last year). Yet without exception the working class struggle has been contained within the existing capitalist framework. This is inevitable, given the absence of a revolutionary party to put forward the communist programme and develop revolutionary consciousness inside the class movement. However, it is not for revolutionaries to bemoan the defeats but rather to draw the lessons from them and use them as the basis for posing concrete steps towards the revolutionary goal.

This is not simply the task of propaganda. It means establishing an organised political presence within the working class which is seen by workers as offering, not only an alternative political aim for the future, but an alternative method of struggle in the here and now fight to defend themselves against capital's attacks.

While the patent inability of the trade unions to defend workers against the effects of the crisis has produced a certain scepticism towards these organisations amongst workers, trade unions and the mentality of trade unionism remain powerful weapons against the development of an independent class struggle. In Western Europe for example, the so-called economic recovery has been accompanied by massive lay-offs and increased exploitation with which the trade unions have complied as they follow the dictates of economic restructuring of their national capital. After a period