

Australasian SPARTACIST



NUMBER NINETEEN

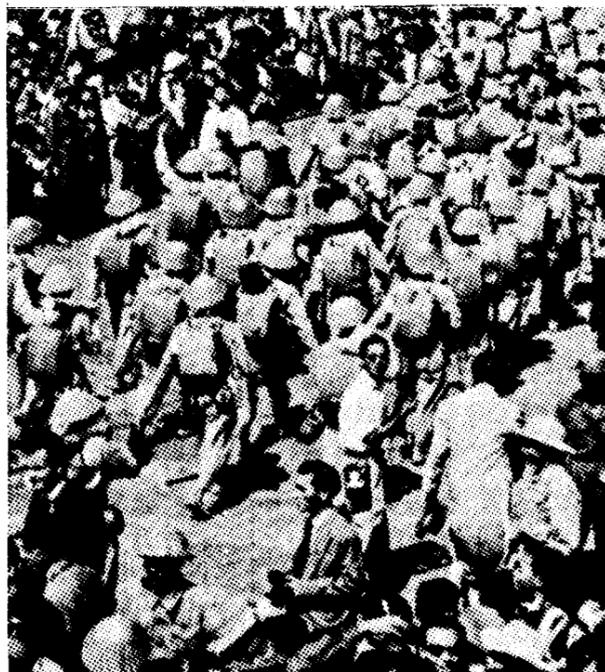
TEN CENTS

MAY 1975

Saigon puppets flee

All Indochina must go communist!

The fall of Saigon on 30 April to the National Liberation Front and Democratic Republic of Vietnam (NLF-DRV) is a decisive defeat of US imperialism and its South Vietnamese puppets. Together with the success of the Khmer Rouge in Cambodia, it is a great victory for the oppressed throughout the world, and especially for the workers and peasants of Indochina who have fought so long and suffered so much through three decades of war against oppression. But with this victory the struggle does not end, either for the peoples of Indochina or the world proletariat. As Marxists we must evaluate its true significance in order to go forward prepared for conflict with the corrupt and ruthless class of exploiters who despite their setback in Vietnam still rule the world. *Long live the Indochinese Revolution! Forward to the World October!*



The triumphant advance of the NLF-DRV proved conclusively the complete untenability of the 1973 Paris peace treaty, an agreement promoting the illusion of peace between the classes, proclaiming acceptance of continued capitalism in South Vietnam and a coalition government with the capitalist Saigon government. The peace treaty came not out of a decisive military victory but out of a heroic struggle of the masses resulting in a military standoff with their enormously powerful enemy. But it was a *political* setback, a treacherous compromising of the basic tasks of the revolution, opening the door to defeat despite the military strength of the NLF-DRV following the withdrawal of US troops. As the Spartacist tendency said at the time the Paris treaty was signed:

"The main difference between this and the 1954 sellout is the ceasefire in-place, ie, the continued presence of large numbers of NLF/DRV troops in the South. Because of this, and the difficulties (real, but not insurmountable) for the US in reinvading, we can judge that the ceasefire does not mean an immediate liquidation of the struggle and could well lead to a Viet Cong victory in the South. However, this gamble is based on the fundamental *strategy of betrayal* which has been the essence of Vietnamese and international Stalinist policy since the inception of the struggle. There has been no Dien Bien Phu and the NLF continues to call for a coalition government, which, if realized, with the Saigon military apparatus intact, could still lead to defeat." (*Workers Vanguard* no 16, February 1973)

Luckily imperialism and its lackeys proved too weak and too brittle to provide sufficient scope for class-collaborationist treachery. To have ignored the danger of defeat would have made that defeat more likely; we warned of the danger and today celebrate that it was unrealised.

With the NLF and Khmer Rouge in full control



and the complete collapse of the capitalist class and its state apparatus, there is now only one possible path of development -- the expropriation of the basic productive forces. Whatever the outward forms of rule in Cambodia and South Vietnam, they are now *deformed workers states*, which can only base themselves on the property forms of proletarian rule, but with socialist development and the international extension of revolution held back by a bureaucratic caste ruling in the absence of a conscious, active working class and organs of workers' democracy.

It was above all the decay, corruption and rapacious villainy of the puppet regime, propped up by promises of continued US aid alone, which led to the rapid, almost effortless advance of the NLF-DRV forces in what had begun as a limited offensive intended not to take Saigon but only to force the replacement of Thieu and the creation of a coalition government. But like rotten wood the Saigon puppet army crumbled at the first strong blows. The refusal of the Saigon ruling classes to agree to a coalition after the Paris treaty was of decisive importance. The formation of the coalition demanded by the NLF would have postponed indefinitely the offensive and left the South Vietnam military apparatus temporarily intact. A popular-front coalition *might* have saved them, probably not permanently, but perhaps long enough for US intervention to become feasible once again. Instead, evidently with encouragement from the US administration the Saigon regime obstinately refused all the class-collaborationist propositions of the Stalinist-led NLF, gambling on being saved in extremity by a new US intervention.

But when the crunch came, the US bourgeoisie left Thieu in the lurch, having decided by 1973 that keeping Vietnam was no longer worth the enormous war effort and growing popular discontent that it engendered. Still, up until President Ford's decision on the eve of Saigon's fall to abandon any intervention plans, it was possible that the US would act. Contingency plans existed for an assault, under the guise of "evacuating" Americans, on the NLF-DRV forces concentrating around Saigon and vulnerable to air attack. But the reluctance of Congress to grant more aid to Thieu after the rout of the ARVN in the northern provinces reflected the general ruling-class consensus that, as Nelson Rockefeller put it, "It's really too late to do anything about it" (quoted in the *New York Times*, 4 April 1975). And any intervention would have met strong popular resistance within the US, already suffering from an economic depression and with leading government institutions substantially discredited by constant political scandals. This military paralysis did not stop the American bourgeoisie from concocting anti-communist hysteria about the Red Menace to innocent Vietnamese babies, and to the butchers, torturers and thieves who were the Vietnamese "allies" of the US, supposedly threatened by an impending Communist "bloodbath" -- this from the blood-stained perpetrators of napalm and terror-weapon attacks on Vietnamese civilian population, operation Phoenix, saturation bombing of both North and South Vietnam, "free fire zones" and defoliation!

Recently the Communist Party of Australia (CPA)'s *Tribune* has "attacked" our analysis of

Continued on page two

Top: Ho Chi Minh and General Leclerc toast March 1946 accords allowing French troops into North Vietnam. Left: Viet Minh troops enter Hanoi, 1954. Right: NLF-DRV troops enter Da Nang, 1975.

Fiscal fiddling can't
stop depression

Marx versus Keynes page 4

by Joseph Seymour

... Saigon puppets

the role of the Stalinists in Indochina:

"Gerald Ford and Henry Kissinger needn't worry, the Australasian Spartacist (April 1975) assures its readers that the 'Cambodian stalinists' have a 'strategy' to 'maintain capitalist rule'. The Spartacists, the most way-out of all the sects, advocate a struggle must be waged to construct Trotskyist parties in Indochina'. Words fail." (*Tribune*, 15 April 1975)

They do indeed. With blatant dishonesty *Tribune* drags our words from their context. What we said was: "while the strategy of the Stalinists is to form a popular front government and maintain capitalist rule... any coalition government of this sort would be highly unstable, and ... at most be a transitory episode in the process of forming a deformed workers state." The recent "Declaration of the Second National Congress of Kampuchea" of the National United Front of Kampuchea (FUNK) and the Royal Government in Exile (GRUNK) reassert their "policy of a broad union of the entire nation, the entire people regardless of social classes..." (quoted in *L'Humanite*, 3 March 1975). FUNK categorically defends the right of private property, assuring the bourgeoisie of conditions of "uninterrupted sale of manufactured goods" (quoted in *Young Spartacus* no 31, April 1975).

The following issue of *Tribune* (29 April 1975) tried another tack, dismissing any criticism of Stalinist leadership as the "arrogance" of "arm-chair generals". But what is the record? After the 1945 August Revolution the Viet Minh under Ho's leadership allowed the British and French imperialists to return to Indochina *without a struggle*, and it was only the murderous shelling of Haiphong that convinced Ho that a deal with De Gaulle was impossible (at the time the Stalinists were still calling for limited independence within the French union!). It takes no military expert to figure out that victory was simply given away at Geneva in 1954, when South Vietnam was handed back the capitalists, or that military struggle in the South was abandoned in the period immediately following the consolidation of the rule of the dictator Diem. These *betrayals* were manifestly the products of a political strategy of conciliating capitalism and imperialism. Even with the last battles raging around Saigon, as *Tribune* (22 April 1975) so correctly puts it:

"The Provisional Revolutionary Government demands nothing more and nothing less than that the Paris Peace Agreement be at last ob-

served -- that all political prisoners be released [a point left out of the Peace accords], a government of national accord and reconciliation formed, and that all US military personnel withdraw."

Thus despite the overwhelmingly favourable objective circumstances it was still possible that Stalinist class collaborationism would snatch defeat from the jaws of victory.

The victory in Vietnam has meant not a *vindication* but the *violation* by the Vietnamese Stalinists of their own perspective of a "two stage" revolution. It *proves* that at stake in Indochina all along has been not just a question of self-determination (as the CPA and also the "Trotskyist" Socialist Workers League (SWL) have maintained); not just the democratic tasks of national independence and minor land reform; but a fundamental *class* conflict. In this epoch these tasks historically belonging to the bourgeois revolution can only be carried out by the dictatorship of the proletariat, by embarking on the road to *socialist* development. The class conflict of Vietnamese workers and peasants on one side against Vietnamese capitalists, landlords and their imperialist patrons on the other could be resolved only by smashing capitalist property relations and the capitalist state -- or by the triumph of counterrevolution. That victory has come in spite of Stalinist betrayals does not justify them but is rather greater reason for their condemnation, for without them victory would have come much sooner with far greater impetus to proletarian revolution internationally. Not a bourgeois but only a proletarian, socialist program can hope to appeal to the international working class, whose solidarity with the Vietnamese revolution, and whose own revolutionary victory, is *essential* to preserve the gains made.

Of the tendencies in Australia claiming to be Trotskyist, the SWL and Communist League (CL) (both supposedly "sympathising" sections of the United Secretariat (USec) and the Socialist Labour League (SLL) are all critical of the role played by the Chinese and Soviet Stalinist bureaucrats. But all abandon a Trotskyist analysis to adapt to the current popularity of the Vietnamese Stalinists. Unlike the CPA the reformist SWL refused to support the Paris treaty, favouring its own "single issue" variety of class collaboration. Although belatedly criticising mildly the DRV-NLF leadership, *Direct Action* has in the past (eg, the 18 January 1973 issue) exonerated them of all blame for any sellouts.

On the other hand, the CL's Pabloist tailing of Stalinism led them into an open bloc with the CPA and other reformists *in support* of the Paris treaty, the robber's peace. During the Paris negotiations, the CL wrote in a veiled attack on the SWL:

"What was ignored by them was the fact that the Vietnamese had been under Russian and Chinese pressure to back down for years, so why would they chose to do it now when militarily and politically [!] they were stronger than ever.... They also ignored the fact that the Americans were getting out of Vietnam, Laos and Cambodia under the agreement -- Did they expect a Dien Bien Phu?... Above all else, they chose to ignore the fact that it was the Vietnamese themselves who were demanding that Nixon sign the peace-plan. From the safety of their offices and lecture theatres, they knew better than the oppressed, as usual." (*Militant*, 17 November 1972)

What the CL "ignores" is that if the Paris treaty was the result of militarily forcing the US out, then the class-collaborationist treaty was no ruse to deceive US imperialism, which knew what the military state of affairs was. The deception was directed rather *at the oppressed masses*. The Stalinists could not afford and did not want a victory based on a political mobilisation of the masses in class struggle, a mobilisation which would directly threaten the continued rule of the Hanoi bureaucracy.

The CL has carried Pablo's original theory that Stalinism is *objectively* revolutionary one step further, concluding that it can become *sub-*

jectively revolutionary under the influence of an inexorable "revolutionary momentum" -- leading to the same conclusion: there is no longer any need for a revolutionary party based on the Trotskyist program. For the CL the "proof" that the Vietnamese Stalinists have "assimilated" the Trotskyist theory of permanent revolution is their adopting not the Trotskyist *program* but armed struggle, "the alternative of revolutionary combat" (*Imprecor*, 27 March 1975). But of course, armed struggle is always subordinate to a political program and has variously been adopted by Stalinists, bourgeois nationalists, and centrists as well as Leninists. The Stalinists smashed capitalism only *against* their own perspectives, only to preserve their own position, only because the working class was and is not an active, direct contender for power, and only under the exceptional conditions of a collapse of the local bourgeoisie and the inability of imperialism to intervene in time. The CL has yet to explain why the 1954 betrayal occurred, in spite of *successful* armed struggle. Was it all the fault of Moscow and Peking? In that case, why have the Hanoi bureaucrats, these "unconscious Trotskyists", never called for *political revolution* in those countries, and why have they not denounced before the international proletariat the numerous crimes of Brezhnev and Mao? In fact the likes of Ho, Le Duan et al are cast from the same mould.

As for the "anti-Pabloist" SLL, it has embraced the Vietnamese Stalinists with the same enthusiasm and wholeheartedly adopted Pabloist liquidationism. In the early 1960s the Healyites vehemently denounced those who described Castro as an "unconscious Marxist", correctly attacking the liquidationist implications of this position. But unable to grasp the essential methodological basis of this capitulation they concluded that capitalism had not been overthrown in Cuba at all but that the Castro regime was still a capitalist state, rather than a state of the same kind as that in the Soviet Union and China (and North Vietnam) -- primarily because Castro, unlike Mao and Ho, was not a Stalinist! Now they make the identical capitulation in Vietnam to that of the Pabloists in Cuba. According to the Healyite journal *Fourth International* (February 1968), Vietnam demonstrates "the transcendental power and resilience of the protracted peoples war led and organized by a party [the Stalinists!] based on the working class and the poor peasantry and inspired by the example of the October Revolution". And at the time of Ho Chi Minh's death the British Healyite paper, the *Newsletter* (9 September 1969), lauded Ho as a man who "instinctively yearned to do battle with imperialism and the internal forces of reaction within his native country", claiming that he stood up to Stalin and French imperialism at precisely that time at the end of World War II when he was negotiating with the French for autonomy *within the French union* and while his followers were murdering the Trotskyist leaders of mass opposition to his betrayals! Today the SLL's *Workers News*, with lavish headlines of "Victory in Vietnam", has *not one criticism* to make of the Vietnamese Stalinists.

Peasant-based armies in backward countries, led by Stalinists or other petty-bourgeois radicals, can at best only lead to the formation of a *qualitatively deformed* workers state, ruled by a bureaucratic caste which constitutes an *obstacle* to the completion of the world revolution. This obstacle must be smashed through *political revolution* in Vietnam and Cambodia and the building of *workers democracy*, while resolutely defending the revolutionary gains against imperialist attack or counterrevolution. A burning need is the creation of *Trotskyist parties* throughout Indochina to lead this struggle. The victory in Vietnam, achieved in spite of its leadership's treachery and against enormous odds, is all the more an indication of the tremendous revolutionary force of the world proletariat possible with a revolutionary leadership. *Forward to the rebirth of the Fourth International!* ■

Australasian SPARTACIST 

a monthly organ of revolutionary Marxism for the rebirth of the Fourth International published by Spartacist Publications for the Central Committee of the Spartacist League of Australia and New Zealand, section of the international Spartacist tendency

EDITORIAL BOARD: Bill Logan
David Reynolds (editor)
Aaire Hannah

(Melbourne correspondent: John Sheridan)

GPO Box 3473, Sydney, NSW, 2001. (02) 660-7647
GPO Box 2339, Melbourne, Victoria, 3001. (03) 429-1597

SUBSCRIPTIONS: One dollar for the next twelve issues (one year).
AUSTRALASIAN SPARTACIST is registered at the GPO, Sydney for posting as a newspaper -- Category C.

Australasian SPARTACIST 

subscribe 12 issues — \$1

NAME.....
ADDRESS.....
CITY..... STATE.....
POSTCODE.....

mail to/make cheques payable to:
**Spartacist Publications,
GPO Box 3473,
Sydney, NSW, 2001.**

WORKERS VANGUARD 25¢

Fortnightly organ of Spartacist/US

One year subscription (24 issues): Five dollars

Order from Spartacist, GPO Box 3473, Sydney, NSW, 2001.

All Indochina Must Go Communist!
No U.S. Intervention!
No Coalition Governments!

Labor Reformism and Stalinism in the ILWU
Harry Bridges and the Communist Party/6

The SLL's "answer" to crisis: Fake theory, fake press, fake party, fake Trotskyism

The current economic depression is a decisive confirmation of the Marxist understanding of capitalist society and a stunning blow to the opponents of Marxism who in the post-World War II period asserted that capitalism had become capable of suppressing its internal contradictions. Moreover, the international scope of this recession and the developing rivalries between the imperialist countries, has confirmed the Leninist analysis of the imperialist epoch of capitalism as the period of capitalist decline and decay following the exhaustion of its historical purpose. Events now daily demonstrate the truth that this is an epoch of war and revolution; one of constant struggle of the imperialist bourgeoisies for the redivision of the world among them; and of the urgent objective need for the proletariat, the only class capable of smashing class society, to take state power and liberate humanity once and for all from degradation, exploitation, misery and destruction. For this reason the program of world proletarian revolution, the *Transitional Program* of the Fourth International, retains its validity. Only through the struggle for the *Transitional Program* can the working class become conscious of this historical necessity; only a revolutionary workers' party based on this program will be able to overcome the crisis of leadership of the working class and lead it to power.

Yet the Socialist Labour League (SLL), a group fond of loudly proclaiming its unique loyalty to Trotskyism, at a recent SLL national conference codified more clearly and explicitly than ever before its fundamental rejection both of scientific Marxism and of the transitional program.

The SLL, led by Jim Mulgrew, is the Australian manifestation of the "International Committee of the Fourth International", run by Gerry Healy of the British Workers Revolutionary Party (WRP). This tendency, which originated in the struggle against Pabloist liquidationism, is characterised by a *subordination of the revolutionary program to opportunist organisational manoeuvres*, a policy of unprincipled political banditry stemming from a refusal to carry through to completion the fight against Pabloism. Consequently underlying the Healyites' anti-Pabloist rhetoric is a fundamentally Pabloist, objectivist method, expressed in an inverted form by their criminal sectarian abstentionism, and providing the impulse for their wild opportunist zigzags and liquidation of the Trotskyist program in practice. Perhaps the most glaring expression of the underlying Pabloism of the SLL is its current uncritical enthusiasm over the Vietnamese Stalinists (see the article on page one). But this betrayal is no aberration: thus the SLL has adopted Pablo's theory of a classless "Arab Revolution", capitulating to Arab nationalism; and thus its calls for workers to pressure the ALP misleaders to the left, alternating with absurd denunciations of the ALP traitors in terms resembling the third-period Stalinist "theory" of social fascism.

Mulgrew apparently believes it possible for the SLL to cheat its way to a revolution, that a make-believe mass revolutionary party is as good as the real thing. Thus the SLL pretends that *Workers News* is a mass paper "in direct competition with the press of the bourgeoisie" (in the words of one of the SLL's rare internal documents issued in 1972), and pretends that the SLL has widespread support in the working class, while in fact it is objectively a tiny propaganda group. SLL activities are conducted for show, not for struggle. Thus the SLL mobilised to "lobby" the ACTU conference last September and the Terrigal ALP Conference in January but consistently boycotts demonstrations for concrete aims -- even those it supposedly supports. Events advertised in *Workers News* often simply do not happen. The SLL's second national conference was itself an empty facade: imitating the practice of Stalinist parties the SLL published the documents and central resolutions proposed by the SLL leadership in *Workers News* before the conference took place, so certain was Mulgrew that they would be automatically accepted.

The SLL's Pabloist call for workers to "unite ... around a socialist program and force the Labor government to institute it" (*Workers News*, 1 August 1974) is an approach shared with the reformists of the Socialist Workers League (who are more realistic about how far left Whitlam can be pressured). In the "Draft Perspectives of the SLL" (*Workers News*, 13 March 1975) the SLL tries to explain this fact away:

"The struggle for socialist policies from the Labor government is therefore [because the "maturing economic crisis" forces the working class into conflict with the ALP reformists]

in no sense a campaign to pressure the Labor leadership to the left but rather to bring the working class into *conflict* with its leadership, break it from reformism and in that conflict train and educate a Marxist leadership to prepare and organise the struggle for state power." (emphasis in original)

The fight for the workers' organisations -- both the ALP and the trade unions -- to adopt a revolutionary program, the *transitional* program (not the deliberately vague "socialist policies", a phrase which invites confusion with the left reformists of the Socialist Left) is a central task of revolutionaries in this period. But to demand of the openly reformist Whitlam/Hawke leadership of those organisations that they fight for proletarian revolution is simply *childish, stupid* opportunism. The SLL believes that the objective deepening of the class struggle will of *itself* convince workers of the need for revolution, and so abandons the struggle to *oust* these traitors from their positions of leadership to be replaced by a *revolutionary* leadership. For that struggle the SLL substitutes another shoddy, incredibly cynical trick. Instead of telling the working class the truth -- that Whitlam, Hawke and company can only betray *because of their reformist program*, the SLL wants to trick workers into a futile attempt to force proven, self-proclaimed servants of capitalism to *overthrow* capitalism! When it fails, workers will then supposedly flock to the SLL. But workers are not as stupid as the SLL thinks, and they will also throw out the charlatans who try to sow illusions in the reformist traitors.

Central to the SLL's conference documents is *The Crisis*, the prophesy of the impending final collapse of the capitalist system because of which "The task facing the ruling class is not to make industry more efficient by imposing wage cutting and increasing exploitation, though this will be attempted, but to actually destroy the productive forces themselves." (Draft Perspectives of the SLL). Catastrophic prophecies and pathetic bombast are not necessary to Trotskyists. To rely on them as a substitute for revolutionary will and scientific Marxist theory reveals a fundamental lack of faith in the proletarian revolution. Thus the SLL sees the "revolutionary party" as needed only now, only because of the current economic depression:

"All revolutionary perspectives today begin from the rapid and violent development of the economic crisis now gripping the international capitalist system. The necessity for the construction of the revolutionary party derives from the profound nature of the crisis and its utter insolubility." (SLL Central Committee "Draft International Economic Perspectives", *Workers News*, 13 February 1975)

In contrast, Trotsky pointed out:

"There is no crisis which can be, by itself, fatal to capitalism. *The oscillations of the business cycle only create a situation in which it will be easier, or more difficult, for the proletariat to overthrow capitalism.*" ("Once Again, Whither France?", March 1935) (emphasis added)

But for the SLL, it is the economic conjuncture and not the nature of the epoch of capitalist decline which determines the need for a revolutionary party. This is preparation for liquidationism, just as Stalin's "theory" of the "third period" of the final collapse of capitalism was preparation for Stalinist betrayal in the 1930s.

It is no accident that the Healyites' "theory" of a post-WW II capitalist "boom" based on monetary inflation followed by a stage of permanent crisis closely parallels that of the Pabloist Ernest Mandel (see the article "Marx versus Keynes", page four). Specific aspects of the SLL's development of this "theory" are downright silly. For example, the SLL "Draft International Economic Perspectives" says,

"In order to restore the 'correct' proportion between the surplus value produced by the working class and the amount of capital values, whole sections of the the productive forces must be destroyed. And to carry this through what is required is the destruction of the greatest productive force of all -- the international working class."

Why, then, doesn't the capitalist class simply dynamite some factories?

Such crackpot "theories" are nothing more than a smokescreen to obscure the SLL's renunciation

of the Trotskyist program. But this renunciation could not be clearer than in the SLL's "Manifesto" which concludes: "We call on all workers, trade unionists, housewives, professional people and youth to join the Socialist Labour League and fight for the following programme." The program which follows, the *basis of membership in the SLL* and the *sole programmatic basis of the SLL* indicated in the "Manifesto", is listed under six headings: "Halt unemployment", "Halt rising prices", "Homes for all", "Decent social services", "Abolish all anti-working class laws" and "Foreign policy". The sole solutions offered under the first four are the expropriation of various capitalist enterprises. What has happened to the transitional program? Its traces remain only in the demand to "open the books" of companies retrenching workers. The SLL "Foreign policy" includes *nothing* on support for revolutionary struggles in other countries. There is no call for the military defence of the USSR and other deformed workers states against imperialism, nor for political revolution in those countries, which are indeed never mentioned at all -- not even in the point on Vietnam! New Guinea (as an *Australian* colony) rates a mention, but not even Indonesia or New Zealand. There is no policy on the new threat of inter-imperialist war. This program is a *completely nationalist* program.

Though token pieties are thrown in elsewhere in the manifesto, the program ignores the crucial question of the state. There is no mention of the need for workers' councils, factory committees or any other potential organs of workers power. There is not even a call for a workers government; not even a demand to dismantle the bourgeois armed forces! The SLL thinks that fascist repression or military dictatorship is imminent, but its new program leaves the working class totally unprepared for such threats, with no mention of the need for workers' militias! It is an utterly *economist* program, consisting of various reform measures strung together only with the litany of "nationalisation without compensation under workers' control". There are no demands regarding the special needs of women, youth or migrants. There is nothing to bridge the gap between the present *reformist* consciousness of the working class and the need for a workers state; incomplete but essential transitional demands -- the sliding scale of hours and wages, factory committees -- are missing entirely, while workers' control is made *conditional* on nationalisation. It is not the program of a revolutionary party but a program of capitulation before the present false consciousness of the working class and the reformists who foster it.

The Spartacist League, in opposition to the SLL revisionists, upholds as valid today the basic perspective of the 1938 founding program of the Fourth International, which declared:

"The strategic task of the next period ... consists in overcoming the contradiction between the maturity of the objectively revolutionary conditions and the immaturity of the proletariat and its vanguard... It is necessary to help the masses in the process of the daily struggle to find the bridge between present demands and the socialist program of the revolution. This bridge should include a system of *transitional demands* stemming from today's conditions and from today's consciousness of wide layers of the working class and unalterably leading to one final conclusion: the conquest of power by the proletariat." ■

Marxist Bulletin No. 3
(part iv - 1965)

**Conversations
with
Wohlforth**

MINUTES OF THE SPARTACIST-ACFI
UNITY NEGOTIATING SESSIONS

Published by
Spartacist/US

One dollar

Order from
Spartacist,
GPO Box 3473,
Sydney,
NSW, 2001.

Published by
SPARTACIST
Box 1377, G.P.O.
New York, N. Y. 10001

SPARTACIST LEAGUE OF AUSTRALIA
AND NEW ZEALAND
G.P.O. Box 3473, or G.P.O. Box 339
Sydney
Melbourne

one dollar

Fiscal fiddling can't stop depression

Marx versus Keynes

by Joseph Seymour

reprinted from Workers Vanguard No 64, 14 March 1975

The current extremely sharp economic downturn has produced a wave of pessimism extending from the Stock Exchange and White House to the academic redoubts of bourgeois economics. While President Ford proclaims that unemployment will not drop below 8 percent again for another two years, the president of the American Economics Association, Robert A Gordon, declares: "I don't think we have a body of economic theory that is of great help to use in today's world" (*Wall Street Journal*, 30 December 1974).

During most of the 1960's US government economic policy was dominated by Kennedyesque "whiz kids" who claimed to be able to simultaneously hold down prices and stimulate investment through adroit manipulation of fiscal "levers". Now, however, with the onset of double-digit inflation and a slump of depression proportions, these claims are rapidly being debunked.

It was predictable that a world depression would lead to the collapse of optimism concerning Keynesian economic policies. The anti-Keynesian right (well represented in the Ford administration by the Ayn Randite Alan Greenspan and by former Wall Street bond dealer William Simon) had argued for years that government deficits must generate ever-increasing inflation, and now claims vindication.

Even the Keynesian liberals appear unsure of themselves, observing that the "trade-off" between inflation and unemployment has become most painful. Thus Sir John Hicks, one of the original architects of the "Keynesian Revolution", has recently brought out a book entitled, significantly, *The Crisis of Keynesian Economics*. And revisionist Marxists who had earlier written about the "relative stability of neo-capitalism" are now dusting off their copies of *Capital* and asserting that its venerable truths still haunt the capitalist world.

We are witnessing a notable intellectual convergence ranging from bourgeois reactionaries (Milton Friedman) to ostensible Marxists (Ernest Mandel), and including a number of liberals (John K Galbraith, John Hicks, Abba Lerner): Keynesian economics, which supposedly "worked" for a generation, has now been overcome, they agree, by unprecedented global inflation and the worst crisis since 1929. Despite its widespread acceptance, however, this thesis is false. Keynesian fiscal policies never did, and never could, stop the cyclical crises of overproduction which are inherent in the capitalist system.

financing this through borrowing rather than increased taxation. This bourgeois reform measure has a long and respectable history going back to at least the 1890's.

Thus the minority report of the English Poor Law Commission of 1909 stated, "We think that the Government can do a great deal to regularize the aggregate demand for labour as between one year and another, by a deliberate arrangement of its work of a capital nature." In 1921 President Harding's Commission on Unemployment recommended expanded public works during the post-war downturn, a recommendation endorsed by such conservative organizations as the US Chambers of Commerce.

Moreover, in 1930 a bill was introduced into the US Senate (no 3059) calling for "advanced planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression". This principle was incorporated into the National Industrial Recovery Act of 1933, a half decade before the popularization of Keynesian economics.

What, then, is the significance of Keynesianism -- why all the hullabaloo? While practical politicians had advocated and partly attempted expanded government expenditure during economic downturns, orthodox bourgeois economic theory (particularly in English-speaking countries) still held that slumps were easily self-correcting through a fall in the rate of interest. According to the textbooks, government policy during a downturn should be to expand bank reserves and run a balanced budget.

What Keynes did was to provide a theoretical justification, within the framework of bourgeois economic doctrine, for the deficit spending which most capitalist governments practiced in the 1930's, as well as in earlier slumps. The "Keynesian Revolution" was a revolution in university economics departments, in the writing of textbooks, not in actual government policy.

In the post-World War II period, capitalist politicians have claimed that the relative economic stability has been due to their effective use of Keynesian stabilization policies. This assertion -- that capitalist governments can and do control the economy for the benefit of "the people" -- is partly bourgeois propaganda and partly bourgeois false consciousness.

The notion that the proportion of government expenditure has increased greatly since World War II is so widespread that it is taken as a matter of course by virtually all political tendencies, including bourgeois reaction, Keynesian liberalism, social-democratic and Stalinist reformism, and revisionist "Marxism" a la Mandel. In truth, the supposed expanded role of state expenditure is the greatest of all myths of the "Keynesian Revolution".

It can be easily disproved by a few statistics which indicate government expenditure as a percentage of gross national product for the major capitalist powers during the interwar period (1920-39) and during the 1961-70 decade:

Country	1921-1939	1961-1970
France	14%	13%
Germany ¹	18%	16%
Great Britain ²	21%	19%
Japan	10%	8%
United States	11%	20%

Sources: OECD, *National Accounts, 1961-1972*; US Department of Commerce, *Long-Term Economic Growth, 1860-1970*; Mitchell, *Abstract of British Historical Statistics*; Stolper, *The German Economy, 1870-1940*; Maddison, *Economic Growth in the West*; Ohkawa and Rosovsky, *Japanese Economic Growth*.

¹German interwar figures only cover 1925-39.

²British figures are based on national product net of depreciation, giving them a slight upward bias relative to the other countries.

These few figures utterly destroy the notion of a "Keynesian Revolution" involving major structural changes in the capitalist system following World War II. Only in the United States was there a significant rise in the level of government expenditure. In all other major capitalist countries, the weight of the state budget in the economy declined slightly. And the expanded role of the state budget in the US is entirely accounted for by the greatly increased

military expenditure required by the emergence of American imperialism as world gendarme in the postwar period.

Moreover, the relative weight of military expenditure in the US has been steadily declining since the Korean War, except for the Vietnam War years. In 1954 (the year following the end of the Korean War) the military budget accounted for 11 percent of the US gross national product (GNP); by 1965 (the year before the Vietnam buildup) the figure had fallen to 7 percent; and in 1973 military spending accounted for only 6 percent of GNP (*Economic Report of the President, 1974*). So much for the "permanent war economy" theory!

Before undertaking a Marxist criticism of Keynesianism it is necessary to indicate more precisely what it is that the latter asserts. According to the pre-Keynesian orthodoxy of bourgeois economics, a fall in the volume of investment that precipitated a slump would also free money capital, which in turn would enter the loan market and drive down the rate of interest. This fall in interest rates would then stimulate investment to the point that full employment of resources was restored. All the government had to do was to see that the crisis did not disorganize the banking system, ie, to ensure that the mechanisms of credit expansion remained functioning.

Keynes accepted the theory that a sufficient fall of interest rates would restore a full-employment level of investment in a slump. His major work, *The General Theory of Employment, Interest and Money*, is an attempt to explain why such a sufficient fall of interest rates does not occur. Keynes asserted that rentiers held some notion of a normal rate of interest. If the rate falls much below this, lenders will expect it to rise again, thereby producing a capital loss on bonds purchased at the lower rates. In a general sense, Keynesianism holds that at some abnormally low rate of interest (termed the "liquidity trap") lenders will hoard money in anticipation of higher rates in the future. This is less an explanatory theory than a description of the monetary aspect of a crisis/slump.

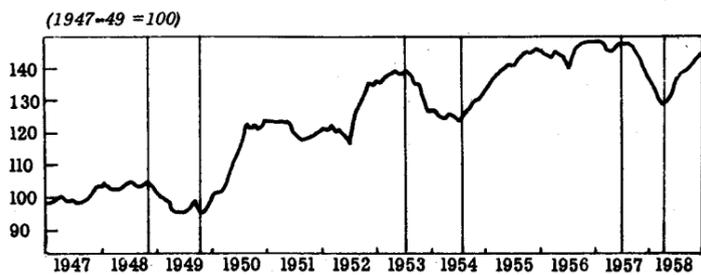
From these premises Keynes argued that government efforts to expand money and credit during a slump would be ineffective, producing simply money hoards and/or excess bank reserves. Therefore, he argued that increased state expenditures would have to substitute for inadequate capital investment. This, in a nutshell, was the "Keynesian Revolution".

In order to understand the difference between Marxist and bourgeois (including Keynesian) analyses of economic cycles, it is necessary to take account of a fundamental difference concerning the role played by the rate of interest. In bourgeois economics the level of investment is determined by the difference between the rate of interest on borrowed money capital and the rate of profit on the physical means of production. As long as the interest rate is substantially below the profit rate entrepreneurs will presumably borrow and invest until this gap is eliminated. A historical tendency for the rate of profit to fall, projected by many bourgeois economists (including Keynes), is not viewed as a fundamental barrier to expanded production. As long as the rate of interest is sufficiently low, a full-employment level of investment is supposedly assured.

In contrast, for Marx the level of investment is determined by the rate of profit on the privately owned means of production. The interest rate is part of and governed by the profit rate on the real means of production. During a slump, despite abnormally low rates of interest, loanable capital remains unused. Thus Marx referred to "the phase of the industrial cycle immediately after a crisis, when loanable capital lies idle in great masses" (*Capital*, Vol III, Chapter 30).

The validity of the Marxist position was demonstrated during the late 1930's when excess bank reserves (an index of the difference between actual loans and the legally authorized lending capacity) were at the highest level in US history, in spite of the unusually low interest rates. The exact same phenomenon is occurring in the present depression. Bank deposits in the US are now declining at an annual rate of 0.6 percent as bank loans fall, although the falling interest rates are now even lower than the rate of inflation (*International Herald Tribune*, 15-16 February). The expansion and contraction of credit is a passive result, not a cause, of changes in production.

Underlying the analytical difference over the



Index of US manufacturing production, 1947-58. While bourgeois economists, revisionists talk of "1950s boom", US annual growth rate in 1950s was 3.3%, compared to a historic norm of 4.0% and 1960s rate of 4.9%.

A major world slump as severe as the present one has been possible at least since the world recession of 1958. That such a slump did not occur before 1974 is due to contingent factors and not to the effectiveness of Keynesian countermeasures. For example, in 1967 the US would have had a recession except for the expansion of the Vietnam War. Output actually did fall in the first quarter of that year and there was a 1967 recession in West Germany, then the second largest capitalist economy. Without the sudden escalation of the Vietnam War, this conjuncture would undoubtedly have caused a world economic crisis, possibly quite severe. Only an idiot objectivist could deny this historic possibility.

The fact that a major world slump did not occur in the twenty years preceding 1974 is not due to credit inflation, an ever-increasing arms budget, Keynesian stabilization policies or any other deliberate government policy. There has been no fundamental change in the structure of postwar capitalism that would justify the various labels popular in liberal and revisionist Marxist theorizing -- eg, neo-capitalism, the mixed economy, the permanent war economy, etc.

John Maynard Keynes was not responsible for developing or even for popularizing the policy that capitalist governments should increase their expenditures during an economic downturn,

role of credit and interest between bourgeois and Marxist economics is the concept of class. In bourgeois economics there is no capitalist class. Instead, atomized non-capitalist entrepreneurs borrow from equally atomized rentiers, using the funds to establish productive enterprises. Entrepreneurs and rentiers are linked solely through the rate of interest.

According to Marxism, however, the capitalist class is a definite concrete group composed of those who own and have a monopoly over the means of production (including loanable capital). The capitalist class is bound together by innumerable personal, familial and organizational filiations; the atomized non-capitalist entrepreneur -- the central figure of bourgeois economic theory -- is a fiction. The capacity to borrow is strictly limited by one's ownership of the capital assets required for security against loans. In reality, credit under capitalism is always rationed, on the basis of specific monopoly complexes involving financial, industrial and commercial capitalists. The clearest example of this is the Japanese *zaibatsu* system, but the same phenomenon holds throughout the capitalist world.

From the Marxist standpoint the fundamental fallacy of Keynesian economics is the assertion that the expansion of the government sector will leave the rate of profit, and therefore the level of private investment, unchanged. Whether financed through borrowing or taxation, government expenditure constitutes overhead costs of the capitalist system -- a part of the total social capital expended and replaced, denoted by "constant capital" in Marx's equation for the components of the commodity product. (For a fuller discussion of this question, see "Myth of Neo-Capitalism", *RCY Newsletter* no 10, January-February 1972).

Assuming, as Marx did, that the share of wages of productive workers (variable capital) is determined in the labor market, then an increase in government overhead costs (constant capital) must reduce the potential surplus value and therefore the rate of profit as well. A constantly ex-

penditure as a non-profit component of surplus value he treated it as a subtraction from the gross value of output, in the form of constant capital expended and replaced.

Mattick's work is a partially correct explanation of why those capitalist countries bearing a heavy burden of government expenditure (the US, Great Britain) have grown much slower than those economies with a relatively limited state sector (Japan, France). Yet his theory cannot explain the onset of a major world depression, nor does Mattick project such a development. The logic of his theoretical model is for progressive stagnation, not a general world slump.

According to Mattick's model, a sharp fall in private investment such as occurred in 1974 should have been preceded and caused by a sharp rise in the share of government expenditure. But this did not at all happen during the 1972-73 boom. The share of government outlays in the advanced capitalist countries remained virtually unchanged during that period, as can be seen from the following figures:

Country	Government Expenditures as Percentage of GNP	
	1971	1973
France	12%	12%
Japan	9%	9%
United States	22%	22%
West Germany	17%	18%

Source: OECD, *Economic Outlook*, December 1972 and December 1974.

Thus even at the empirical level it is indisputable that the current world economic crisis cannot be attributed to the limits of Keynesianism, at least not in the sense of intolerably large government expenditure relative to private capitalist production.

In "The Generalized Recession of the International Capitalist Economy" (*Inprecor*, 16 January 1975) Ernest Mandel, theoretician-leader of

What is this supposedly Marxist work which claims that state intervention has ensured "greater stability" and "a reduction of cyclical fluctuations"? It is entitled *Marxist Economic Theory* (the excerpts are from Chapter 14) and is written by one Ernest Mandel.

To be fair to Mandel, it should be noted that he always hedges his bets. He has not completely rejected the efficacy of Keynesian countercyclical measures. Buried in the *Inprecor* article is a statement that governmental intervention can arrest and reverse the present world economic crisis:

"The recession is precisely a crisis of overproduction whose breadth and duration are limited by an injection of inflationary buying power. Thus, if the economy is refloated by means of such injections -- first of all in West Germany, then in the United States and Japan -- the international capitalist economy will avert a grave depression this time."

If this were possible, one wonders why the capitalist governments have let things go so far.

Despite his usual fine-print escape clauses, Mandel's latest contribution is a dishonest repudiation of the analysis of contemporary capitalism expressed in his principal writings during the 1960's. Having served its purpose as an impressionistic justification for opportunist policies of adaptation to the labor bureaucracy, "neocapitalism" has now been discretely removed from the Mandelian vocabulary.

Having "disappeared" his belief in the efficacy of Keynesian stabilization policies, Mandel resorts to various ad hoc theories to explain the present conjuncture. His central theme is why there is a world crisis now, whereas during the past 20 years the various national slumps (sometimes severe) were largely isolated in time from one another. As Mandel puts it:

"The generalized recession will be the most serious recession in the post-war period, precisely because it is generalized. The lack of synchronization of the industrial cycle during the 1948-68 period reduced the breadth of recessions."

It is an indisputable empirical fact that since the 1958 recession (not since 1948 as Mandel contends), the various national economic downturns have not reinforced and have partly offset each other. This statement can be transformed from an empirical description into a causal theory only if it is asserted that the absence of conjunctural synchronization was not due to contingent factors, but rather was inherent in the structure of post-war capitalism (at least until recently). This is precisely what Mandel now seeks to demonstrate:

"This synchronization is not an accidental feature. It results from deeper economic transformations that occurred during the long period of expansion that preceded the recession."

Mandel advances three reasons to support this thesis. The first is that the world economy in the 1950's-1960's was not sufficiently integrated (!) to permit a generalized crisis. But during that period, the world economy became sufficiently integrated, particularly due to the expansion of multinational firms:

"Internationalization of production took new leaps forward, marked by advances in the international division of labor among all the imperialist countries. From the standpoint of the organization of capital, this reflected itself in the rise of multinational firms which produced surplus value in a great number of countries simultaneously...."

Apparently it really is necessary to point out to Mandel that the world economy has been sufficiently integrated to generate international crises/slumps for more than a century! The principal basis of that integration is world commodity trade and its associated complex of financial claims. The principal "multinational firms" which extract surplus value in a "great number of countries simultaneously" are today, as they have been for centuries, the great banks, not industrial corporations.

World crises are marked and intensified above all by major bank failures: the Austrian Credit-Anstalt in 1931, Bankhaus Herstatt in West Germany and Franklin National Bank in the US in 1974. The partial displacement of banks by industrial firms in financing international trade and investment has a certain effect on present-day capitalism. But it certainly does not qualitatively raise the level of international economic integration, permitting world economic crises for the first time.

Mandel's second reason is that the displacement of the dollar exchange standard by managed fluctuating rates in 1971 has prevented competitive devaluation, thus requiring simultaneous deflationary policies:

"... as soon as the collapse of the international monetary system led to the system

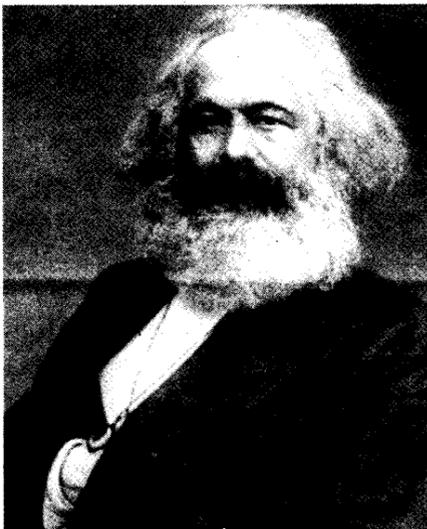
Continued on page seven



John Maynard Keynes.



Ernest Mandel.



Karl Marx.

panding government sector would tend to drive down the rate of profit, progressively arresting private capitalist investment.

Published in 1969, Paul Mattick's book *Marx and Keynes*, which carries the more indicative subtitle, *The Limits of the Mixed Economy*, accepts the common revisionist/reformist/liberal view that for a certain historic period Keynesianism produced "prosperity":

"Government induced production may even bolster the rate of economic growth. Conditions of 'prosperity' more impressive than those brought forth under laissez-faire conditions may arise.... At any rate, recent economic history has demonstrated the possibility of a 'prosperous' development of a mixed economy."

However, Mattick at least makes a serious attempt to develop the internal contradictions of Keynesian economic policy and holds that increased government expenditure must eventually destroy capitalist stability:

"Once non-profit production becomes an institutionalized part of the economy, a vicious circle begins to operate. Government production is begun because private capital accumulation is diminishing. Using this method diminishes private capital accumulation even more; so non-profit production is increased.... The limits of private capital production are thus, finally, the limits of government induced production."

The most orthodox of the various revisionist theoreticians of postwar capitalism (eg, Mandel, Paul Sweezy, Michael Kidron), Mattick is the most grudging in giving ground before the claims of Keynesianism. In contrast to Mandel and Sweezy, Mattick's work has the virtue of recognizing that expanded government expenditure drives down the rate of profit on private capital and therefore inhibits productive investment. However, Mattick would have been more consistent with Marxist

the pseudo-Trotskyist United Secretariat, attempts a major analysis of the world conjuncture. The article begins with a statement of self-praise to the effect that the author, unlike many others, always rejected the idea that Keynesian economic policies could stabilize capitalist industrial cycles:

"While the recession may be a surprise to all those in bourgeois and petty-bourgeois circles and in the workers movement who had been taken in by the claim that the governments of Capital endowed with neo-Keynesian techniques would henceforth be in a position to 'control the cycle', it was foreseen and predicted by our movement, almost to the date."

And who are these unnamed figures in the workers movement who believed -- oh, how naively -- that "neo-Keynesian techniques" could "control the cycle"? Perhaps Mandel is referring to the author of the following excerpts from a well-known book on Marxist economics published in 1962:

"Since the Second World War, capitalism has experienced four marked recessions: in 1948-49, 1953-54, 1957-58, and 1960-61. It has had no grave crisis, and certainly nothing of the dimensions of 1929 or of 1938. Have we here a new phenomenon in the history of capitalism? We do not think it necessary to deny this, as certain Marxist theoreticians do.... The origins of the phenomenon are connected with all the features of the phase of capitalist decline which we have listed. The capitalist economy of this phase tends to ensure *greater stability* both of consumption and of investment than in the era of free competition, or than during the first phase of monopoly capitalism; it tends toward a reduction in cyclical fluctuations, resulting above all from the increasing intervention of the state in economic life." (emphasis in original)

Indian Trotskyist peasant leader persecuted

Defend Jagadish Jha!

reprinted from Workers Vanguard No 65, 28 March 1975

We strongly urge our readers to contribute to the defence of comrade Jha. Cheques should be made payable to "Partisan Defence Fund", the legal defence fund of the SLANZ. Contributions for the defence of Jha should be so marked, and sent to: Partisan Defence Fund, GPO Box 3473, Sydney 2001.

The Partisan Defense Committee (PDC), legal defense arm of the Spartacist League, is launching a campaign to generate international support for the persecuted veteran Indian Trotskyist, Jagadish Jha. Comrade Jha and a number of fellow militants have been subjected to five years of vicious government harassment and prosecution for their courageous efforts in 1969-1970 to organize the agricultural workers of Bankura.

The district of Bankura, with a population of 1.7 million, is the most arid and backward section of the state of West Bengal. The state government at the time Jha's organizing drive was at its height was the so-called "United Front" which included the pro-Moscow Communist Party of India, the Communist Party of India (Marxist) and the centrist Revolutionary Socialist Party, as well as such outright bourgeois parties as the Bangla Congress Party.

Trotsky called Stalinism the syphilis of the workers movement, and in the Indian strain we find Stalinism at its most virulent. While the CPI(M) sometimes made halfhearted attempts to organize agricultural workers and lead land seizures (mostly prior to its entry into the popular-front government), Comrade Jha's campaign was the first serious effort. Typical of the West Bengal Stalinists' practice was to permit the capitalist landlords (the "jotedars") to join their parties and then defend the jotedars against the agricultural workers who were often members of the same parties. This was as true of the CPI(M) as of the CPI.

Furthermore, their coalition partner in the popular-front state government, the Bangla Congress Party, was openly the party of the jotedars and the urban capitalists. It is not surprising, therefore, that Jha's organizing efforts, conducted through the Paschim Bangla Palli Shramik Krishak Sangh (PSKS -- West Bengal Village Workers and Tillers Union), encountered savage repression from the "United Front" government.

(The head of the police at the time in West Bengal was Jyoti Basu, a leader of the CPI(M), who also unleashed a murderous campaign to round up militants of the Communist Party of India (Marxist-Leninist), the official Maoist group, which had recently organized a peasant uprising against landlords in the Naxalbari district.)

Since 1970 Comrade Jha has been arrested three times and the police have brought 39 cases against 150 of the PSKS members and organizers. Jha is a member of the Communist League of India (CLI), formerly the Socialist Workers Party of India (SWPI), a section of the fake-Trotskyist United Secretariat (USec) of Ernest Mandel. The SWPI and USec supported and widely publicized Jha's organizing drive at the time of its initial successes. However, now that these militants no longer have the media appeal of, for example, Bangladesh Maoists or the Chilean MIR, they have been criminally abandoned by the opportunist USec.

Moreover, Jha and the other defendants have accumulated enormous legal expenses which cannot be paid simply from the pittance which can be contributed from the meager earnings of agricultural workers. They have been forced to sell their livestock and implements but still cannot meet the cost of court appearances (lawyers' fees, travel expenses, etc), much less bail. Jha himself must support a family of six and is seriously ill, presently being hospitalized. All this makes the negligence by the USec particularly despicable.

A detailed account of Jha's 1970 organizing drive, including the program of the PSKS and a brief biographical sketch, appeared in the SWPI magazine *World Outlook* (May 1970) and was subsequently reprinted in *Intercontinental Press* (11 and 25 May 1970). The article is by Sitaram B Kolpe, a leading member of the SWPI and CLI. He writes:

"Now forty-seven years old [making him 52 today, quite old for a worker or peasant in India] and the father of five children, Jagdish Jha started his political career as a trade-union worker in Calcutta in the forties. He was one of the first group of workers who were attracted to the Bolshevik Leninist party which was then the Indian section of the Fourth International.

"He helped to organize the first Fire Brigade Workers' Union and other unions in Calcutta City.

"When the BLPI entered the Socialist party in 1948 -- after the former Congress Socialist party seceded from the Congress party to form an independent SP -- he moved to the Raniganj area where he organized the colliery workers in the coal mines. He was later elected secretary of the Bankura district committee of the SP. He was one of the first trade unionists to be detained by the then West Bengal government under the Public Security Act. On his release he was 'externed' from Bankura district but he continued to work 'underground.'

"In 1952 when the SP merged with the Krishak Mazdoor Praja party [KMPP], a dissident group from the Congress party, to form the Praja Socialist party [PSP], he resigned along with other Trotskyists and functioned for a while under the banner of the Socialist party (Marxists). Thereafter he lost contact with the Trotskyist groups that existed in different parts of the country and settled down in Bankura to work among the peasants."

As to the later organizing which led to the PSKS, Kolpe writes:

"Jha has emerged as a militant peasant leader after the successful ten-day strike of 15,000 farm labourers in 400 villages in Bankura district in November 1969. The farm hands, as a result of the strike, got their daily wages nearly doubled -- from two and a half kilograms of paddy [threshed unmilled rice] to four kilograms plus two free meals for an eight-hour working day.

"But they got their wages only during the sowing and harvesting season. They are condemned to remain idle from January to June."

He quotes Jha as saying:

"The jotedars and rich peasants agreed to a wage rise because the strike took place during the harvesting season. But they are launching an offensive now. All sorts of tricks are being employed to scare the rural poor away from the PSKS.

"There are court cases pending against eighty-three of the militants of the PSKS, including me. The charges vary from rioting to illegal seizure of land, use of firearms, and incitement to violence. We were charge-sheeted by the police under the United Front government which has since fallen. But the prosecution continues, naturally, now that the president's rule [by the central government] has been imposed on the state."

The program of the PSKS contains a number of vitally necessary reform demands, such as for a statutory minimum wage, year-round employment, full unemployment compensation, disability allowances, land distribution, free medical care and education, as well as the demand "Nationalization of all large-scale industries in the urban areas to abolish the monopoly of the capitalist class over them, nationalization of all principal means of production and distribution including transport, whole-sale and foreign trade and commerce, as well as all credit institutions under the man-

CONTINUED FROM PAGE EIGHT

... Uni strike

first said that "we will have to call Sydney". Later, when challenged about their attitude outside a 21 April SLL "public meeting" (cancelled when only two SLLers and three Spartacist supporters turned up), SLL supporter Paul White said: "You know we're sectarian and not communist. Anyway we're not interested in throwing garbage on clerical workers." The dumping of garbage outside the vice-chancellor's office was a tactically inept and juvenile measure, adopted only when all other proposals had been voted down. Therefore, although used by the Maoists to evade real strike support work, it did represent a gesture of student solidarity with the strikers, which is more than the SLL did at any point.

The Spartacist League, which was the driving force in the SSC, did not accept the "workers must decide" line. Students cannot of course take part directly in union decision-making; but revolutionists have a duty to argue for the class-struggle policies necessary for victory, to win students and workers to a revolutionary working-class perspective, and to point the way towards successful socialist revolution. In con-



Naxalites in West Bengal.

Workers Press

agement of workers through elected committees of workers in all undertakings".

In many cases the demands reveal the stark poverty which exists in West Bengal, calling for things which are taken for granted even in many semi-industrialized capitalist countries. However, neither in the demands relating to distribution of land or in the demand for nationalization of industry is the stipulation "without compensation" included. This is crucial in order to contrast the Trotskyists' call for *expropriation* to the bourgeois nationalizations proposed by the social-democratic and Stalinist reformists. In addition, no demands are raised for political power, ie, for the elimination of capitalist rule by a workers and peasants government.

Kolpe quotes Jha as stating, "Unless we establish a firm alliance with the working poor and the urban working class, we cannot win our struggle." Even if the SWPI had been a healthy revolutionary party, it would have required a strong base in the Calcutta proletariat to back up and provide working-class leadership for the mass organizing of the agricultural workers. Had the continuity of revolutionary Trotskyism not been broken in India, had the Trotskyist movement not been totally disoriented and dealt a lethal blow by two decades of liquidationism, a genuinely Marxist party could very well have stood at the head of the Indian proletariat. In that case Comrade Jha's courageous efforts in attempting to organize the agricultural workers might not have gone down in defeat.

The defense of Jagadish Jha is not only necessary because of the government repression of the activities of the PSKS which, whatever their limitations, were clearly on behalf of the oppressed and exploited. It is also required because Jha and his fellow militants have been vilely abandoned by their "comrades" of the CLI and USec, including by the USec's financially rather well-off "fraternal" group in the US, the Socialist Workers Party. The defense of this veteran Trotskyist and valiant fighter for the cause of the workers and exploited peasants is an elementary duty for socialists and a necessary part of the struggle for the rebirth of the Fourth International in India... ■

trast to the fake-lefts who gave the trade-union bureaucrats a blank cheque and helped to keep students confined to narrow student issues, Spartacist supporters earned a reputation among the workers not only as the most active allies of the strike but also as the communists. The SSC gave valuable assistance to the striking workers by helping to turn back delivery trucks and to successfully persuade some scabs to stop work, collecting money for strike funds (a total of over \$800 was raised at LaTrobe, about half from the SRC) and publicising the struggle (blacked out by the bourgeois press).

The strike also showed that universities are not enclaves sealed off from the class struggle. The attitude of the administration showed clearly that it is a tool of the capitalists and an enemy of the working class. The class function of universities cannot be completely overcome until the proletariat successfully overthrows the capitalist class and institutes its own rule. Thus the Spartacist League sought to link the strike to the fight against the capitalist recession, through demands for a sliding scale of wages and hours, for a revolutionary leadership of the workers movement, pledged to expropriate the capitalist class, and for a real workers government; and raised the call for student/staff/worker control of the universities, to break them from the hold of the ruling class. ■

Marx vs Keynes

of floating exchange rates, that is, as soon as it became impossible to resort to sharp devaluations to boost exports, *all* governments were obliged by inter-imperialist competition to apply an anti-inflationary policy *simultaneously*." (emphasis in original)

This argument is simply false, totally wrong. The fixed exchange rate system set up at Bretton Woods in 1944 was deflationary and acted as a limit to deficit spending. Several prominent British Keynesians, such as Roy Harrod and James Meade, long advocated fluctuating exchange rates in order to pursue more expansionary monetary and fiscal policies.

Before August 1971 competitive devaluation was exceptional, to be used only *in extremis*; today it is the rule. During the 1950's and 1960's governments often resorted to deflationary measures to protect an overvalued exchange rate (for instance, the policies of the second Eisenhower administration, the austerity program of the early Gaullist regime and the "stop-go" policies of various British governments before the 1968 devaluation of the pound).

Mandel's third reason is that since periods of national economic slump are becoming longer they are more likely to overlap with recessions in other countries:

"The phases of stagnation, and even recession, are beginning to be longer. Obviously, this leads to synchronization. When they occur in a dozen countries at once, recessions that last six months are less easily surmounted than recessions that last two years."

This is, of course, a statistical truism. However, since the prolongation of an economic crisis in one country is strongly influenced by simultaneous slumps in the rest of the world, Mandel's reasoning is completely circular. Thus his third "reason" is no reason at all but simply another way of describing a general world downturn.

In short, of Mandel's three reasons why a general world slump is occurring now but was not possible in the preceding period, the first is irrelevant, the second is false and the third is meaningless.

Virtually all liberal bourgeois, reformist and revisionist economists maintain that the only obstacle to effective Keynesian policies is inflation. Expanded government expenditure can always produce full employment, they say, but sometimes only at the cost of intolerable rates of inflation. From bourgeois reactionaries like Milton Friedman to the pseudo-Marxist Ernest Mandel there is agreement that Keynesian policies must generate ever-higher levels of inflation. Is this contention valid?

The accelerated inflation of the past few years is an indisputable empirical fact. In the period 1961-71 consumer prices in the advanced capitalist countries increased at an annual rate of 3.7 percent; in 1972 this rose to 4.7 percent, in 1973 to 7.7 percent and in 1974 to 14.1 percent (OECD, *Economic Outlook*, December 1974)! Is this accelerated inflation an inevitable result of 20 years of Keynesian policies?

Earlier in this article it was pointed out that the share of government expenditure did not increase during the 1972-73 boom. Thus the price explosion during the past few years cannot be attributed to ever-greater budget deficits to finance ever-greater government spending. The very sharpness of the price increases since 1971 argues against the theory that it is an organic, inevitable outcome of a generation of deficit spending.

What then is the cause of the increased inflation of the past three years? One major cause has already been touched on. The dollar exchange standard, which collapsed in August 1971, had an effect partially similar to the pre-World War I gold standard. The maintenance of a fixed exchange rate served as an external limit to the expansion of domestic money and credit. Since 1971 capitalist governments have taken the "easy way" out of balance-of-payments deficits by allowing their currencies to depreciate. Exchange-rate devaluation further feeds domestic inflation, producing a vicious spiral. Britain and Italy are the clearest examples of this process.

The second reason for the accelerated inflation is that the sharp 1972-73 world boom had an effect on agricultural and raw material supplies similar to that of a major war. From the Korean War through 1971 the terms of trade for agricultural products/raw materials had deteriorated relative to manufactures, producing a fundamental imbalance in global productive capacity. During 1972 when industrial output in the advanced capitalist countries increased by 8 percent, global food production actually fell slightly (OECD, *Economic Outlook*, December 1973). These physical shortages quickly generated speculation, hoarding and cartel manipulation. Between 1971 and 1973 the index of world raw material prices increased by over 80 percent, as did the price of internationally traded food products (OECD, *Economic Outlook*, December 1974).

Thus two factors -- the widespread resort to competitive devaluation after 1971 and the effect of the 1972-73 boom on agricultural and raw material supplies -- account for the price explosion of the last few years.

Even discounting the fact that it is empirically false, the argument that Keynesianism is now ineffective because it leads to intolerable inflation is not a fundamental but rather a temporary, conjunctural one. As an attempted objective analysis it is similar to the present position of certain right-wing Keynesians, such as Federal Reserve Board chairman Arthur F Burns and Ford's economic adviser William Fellner, who contend that a few years of high-unemployment slump are needed to drain the inflationary pressures out of the world capitalist system. After that, they contend, Keynesian policies can again produce 10 or 20 years of low-inflation, mild-recession expansion.

If there is no major war nor a mass revolutionary upheaval in West Europe during the next few years (both are genuine possibilities), the

CONTINUED FROM PAGE EIGHT

metal workers . . .

pointing out that unco-ordinated, isolated shop floor struggles will dissipate the great potential united industrial strength of metal workers, and called for a *co-ordinated, continuing national strike* run by elected rank-and-file committees.

In Victoria, Halfpenny's defence of the official resolution was backed up by Terry Bosely, a shop steward at the Williamstown Naval Dockyard, who distributed a leaflet by the Communist League (CL) at the Festival Hall mass meeting and informed the meeting that a national strike would "play into the hands of the employers"! And in keeping with the CL leaflet, which contained *not one* criticism of Halfpenny or any other union misleader, Bosely moved an addendum to "consider a campaign of complete overtime bans and working a 35-hour week as a positive form of action" (emphasis added), a proposal so obviously innocuous that Halfpenny willingly incorporated it into the official resolution.

Another group that claims to provide an alternative to the assorted MTF reformists is the Healyite Socialist Labour League (SLL). In its frenzy to make it look as though the SLL has mass "influence", the SLL paper *Workers News* (17 April 1975) enthusiastically quotes (in a headline no less) an unnamed senior shop steward from Plesseys who is supposed to have said: "National stoppages on a national basis are the only way we are going to receive satisfaction with our award." This "senior shop steward" the SLL is so eager to portray as a fighting militant clearly identified himself at the meeting as right-wing Electrical Trades Union steward John Percer. The SLL leadership knows perfectly well who and what he is. While Percer said at Lidcombe that individual shop-floor struggles would be ineffective, militant Plessey workers report that Percer has undermined attempts to mobilise workers at Plesseys for the metal campaign and has *never* spoken for national stoppages to workers on the shop floor. But even more despicable is the failure of *Workers News* to mention that the *bulk* of Percer's speech; reflecting reactionary craft prejudices prevalent among many tradesmen, was taken up with demanding *higher relativities for tradesmen!* The *conscious refusal* of *Workers News* to report this is only an outstandingly cynical and disgusting example of the SLL's consistent tailing of backward consciousness in the working class. It is linked to the Healyites' refusal to fight the special oppression of women and migrants (who are concentrated in the unskilled job categories), and helps the bosses keep workers divided.

Workers News was too busy fawning over sell-outs like Percer to bother reporting the presence of the group of *militants* from Plesseys who stood on a *class-struggle* program, who not only distributed a leaflet outlining this program but presented a motion (copies of which were also distributed at the meeting) offering a clear alternative to the proposals of both Percer and Dick Scott (AMWU National President and the reporter at Lidcombe):

- "1. That the MTF reject arbitration in any form.
- "2. That we demand an immediate 35-hour week without loss of pay linked to a sliding scale of hours to combat unemployment.
- "3. That we seek a flat increase of a minimum of \$20 with provision for an automatic monthly cost-of-living adjustment starting in April based on the highest wage in the industry.
- "4. That if we can't get an automatic cost-of-living adjustment we demand a total \$60 rise instead.
- "5. That we fight to ensure that the entire balance of the log of claims is met.
- "6. That there be a continuing national strike run by elected shop-floor committees in support of these claims."

(As usual, the chairman of the meeting ignored the motion and it was never put.)

The same issue of *Workers News* devotes most of

world depression should deepen this year, giving way to high-unemployment stagnation lasting at least through 1976. If this occurs, in two years the rate of inflation will be greatly reduced; it already shows numerous signs of slowing. Those leftists whose central argument against bourgeois economic reformism is that it leads to ever-accelerating inflation will then find themselves theoretically defenseless against the claims of resurgent Keynesianism.

The "theory" that for a generation capitalist governments were able to prevent major crises and stimulate exceptional economic expansion has an implacable revisionist logic. Whatever the subjective attitudes of its proponents this view leads straight to the conclusion that we have been living in an epoch of capitalist economic stability. Such arguments have nothing in common with Marxism. On the contrary, the Transitional Program of the Fourth International has as its cornerstone the Leninist theory of imperialism as the highest (last) stage of capitalism, its epoch of decay and a period of wars and revolutions. This must be our perspective. ■

its "What We Think" column to an attack on the Spartacist League's trade-union work. It starts off by attacking one woman militant who spoke at the Redfern Oval meeting, calling her a "Spartacist League sympathiser". This is completely false -- she had no contact with the SL at all prior to that meeting, as the SLL could have easily found out -- and her contribution fell short of a revolutionary policy. But the SLL's bungle does contain an insight: such an articulate militant, though not yet a revolutionary, is exactly the type of person the SL would seek most urgently to recruit to a Leninist perspective. The SLL evidently prefers the likes of John Percer.

Workers News goes on to attack the speech of a well-known SL supporter in the AMWU at the same meeting:

"The thrust of the Spartacist line was put by a supporter who called for a national campaign to be run by rank and file committees of metal workers. Even the outward militant form of this proposal barely conceals the content, which is precisely that of the official resolution; take the responsibility for a national campaign out of the hands of the leadership and put it back on the shop floor representatives. Such 'militant' rank and file must have been music to Joe Caesar's ears."

In fact, the SL supporter condemned the treacherous way in which the log had been served on the employers without consultation with the membership; criticised the specific shortcomings of the log (which SLL supporters did not do); attacked the phoney indexation schemes of the Labor government, pointing out that it is not a real workers government but one that serves the bosses; condemned Caesar for ignoring the 35-hour week, calling for a sliding scale of hours; urged that workers refuse the sack and take no responsibility for the capitalist recession; and called for a national *strike* run by elected shop-floor committees. If this is "music" to Caesar, the SLL might explain why he (as well as red-baiting the SLL) *specifically attacked* the SL supporter for this last demand. Do Caesar, Scott and Halfpenny really prefer a national strike run by the rank and file to a strike they bureaucratically control and can sell out at will? Nonsense!

Elected rank-and-file strike committees are no cure-all; but as part of a clear program for class struggle, they are *absolutely necessary for a successful strike*. The metal campaign covers seven unions; there is a crying need for unified organisation on the shop floor, essential to run any real strike. The SLL says that Halfpenny, Scott and Caesar can be trusted to mobilise the rank and file, that democratic strike committees are not needed. This is an open, explicit bloc with the bureaucrats against rank-and-file control of the campaign, against elementary workers' democracy, against a solid strike. Nothing could show more clearly the SLL's utter renegacy.

It is therefore somewhat pathetic for *Workers News* to say:

"In their 'trade union work' [the SL] begins not from the necessities before the working class; that is the construction of a Marxist leadership, but from their own needs as a small group. Hence they direct any members in the trade unions towards so called 'exemplary trade union work', not a fight for leadership, but to act as a 'showpiece' to impress other radicals and 'left' tendencies."

Coming from the similarly small SLL this is rich. The question is precisely how revolutionary Marxists, who are *in fact* a "small group", begin to construct a Marxist leadership with authority in the working class. Certainly it is not built from right-wing shop stewards and opposition to rank-and-file organisation. The SLL has abandoned the Marxist transitional program in favour of the crudest capitulation, and substitutes the facade of a "mass" paper and publicity gimmicks for serious day-to-day work. The SLL has had supporters in the metal trades for some time, but their own showpiece "alternative leadership", the phantom "SLL Metal Trades Caucus", seems to have disappeared again this year -- scarcely a model for revolutionists. ■



Metal workers must unite — For a continuing national strike!

The long-delayed mass meetings of metal workers held nationally in the second week of April demonstrated clearly that the leaders of the Metal Trades Federation of unions (MTF) intend to prevent an effective campaign even for their limited log of claims. Just one indication of their policy is their downgrading of the demand for a 35-hour week. This demand, especially if linked to a sliding scale of hours to share

available work with no loss in pay, is crucial to fight sackings and unemployment, and therefore *essential* to a successful struggle for wages and conditions as well. Already before the mass meetings Communist Party of Australia (CPA) members and leading officials of the key Amalgamated Metal Workers' Union (AMWU), John Halfpenny and Laurie Carmichael, began talking about accepting a 35-hour week for 35 hours pay, a proposal to share the poverty, with a worthless promise to regain wages later (see *Australasian Spartacist* no 18, April 1975). And in his report to the Redfern Oval mass meeting in Sydney on 9 April, Federated Ironworkers' Association National President Joe Caesar did not even bother to mention the 35-hour week demand!

According to the official resolution, carried overwhelmingly at all the meetings, shop stewards were to approach their respective employers to "seek undertakings" to accept direct negotiations with the MTF, an increase in award wage rates, and improvements in conditions. If no "satisfactory" progress is made the resolution authorises the unions to initiate a "campaign of action" and to call further report-back mass meetings in the last week of April. This policy is supposed to split the ranks of the employers. But it is ludicrous to expect individual employers to break from the Metal Trades Industries Association (MTIA) hardline policy (refusing to negotiate and referring the claim to the Arbitration Commission) simply because of visits by shop stewards. This tactic was really a device to stall the campaign in hopes of a token wage indexation

handout in the national wage case decision, announced at last on 30 April. Attempting to browbeat workers into accepting a cut in real wages, it includes the hoped-for token handout (a 3.6 percent cost-of-living increase for the March quarter), but the court has vowed to drop indexation next quarter if *any* section of the working class seeks wage demands, such as the \$18-\$20 MTF claim and all over-award claims, beyond the court's narrow guidelines! This recipe for a wage freeze must be rejected. What is needed in the metal award is *real* wage indexation, an *automatic, monthly* cost-of-living adjustment based on the highest wage in the industry, as well as a real fight for a \$20 flat increase.

The whole MTF leadership has synchronised the campaign with the Arbitration Commission hearings, exposing as a fraud bureaucrats' claims to oppose Arbitration in favour of direct negotiations. Victories are not won by delegations to the employers or in the bosses' Arbitration Court, but by militant industrial action. The MTF resolution's "campaign of action" is a farce:

"Collective non-co-operation with management at the job level, including stoppages of work, overtime bans and/or limitations in those areas and/or shops where union officials and shop stewards consider would be most effective and approved by the members." (emphasis added)

At the Lidcombe Oval meeting in Sydney militants from the Plesseys Meadowbank factory attacked this strategy as a decisive step backwards,

Continued on page seven



Redfern Oval, Sydney mass meeting on April 9.

Fake left tokenism and betrayal in . . . LaTrobe Uni Strike

On Friday 18 April catering and maintenance workers at LaTrobe University voted to return to work after a week-long strike. The previous Friday, a stopwork meeting of all workers at LaTrobe except for academic and clerical staff (including members of the plumbers' union, the carpenters' union, the Miscellaneous Workers' Union, the Building Workers' Industrial Union, the Amalgamated Metal Workers' Union, the Federated Engine Drivers and Firemen's Association (FEDFA), the Federated Liquor and Allied Industries Employees' Union of Australia, and Australian Workers Union) had decided to strike for a 17-point log of claims rejected by the university administration. The unions' claims included a 35-hour week (an important demand in the fight against general high unemployment), a \$20 over-award increase to offset a 16 to 20 percent inflation per annum, 15 days sick leave, 17½ percent annual leave loading, and a number of claims relating to conditions. For the catering staff the unions also demanded both equal pay for casual workers (mainly women) as part of the standardisation of conditions for all LaTrobe workers (to eliminate the use of cheaper casual labour to undercut the conditions of all workers), and payment of the seniority-based incremental pay rises which the administration has refused to pay catering staff since they were awarded to Victorian public employees three years ago.

The strike marked the first time that unions at LaTrobe have acted together around a common log of claims, a step towards the class unity needed to win any significant gains. The workers also sought the support of the students, inviting them to the stop-work meetings. The gains made by the workers, though limited, are a minor victory which would not have been possible without the united strike action. The final settlement included wage increases from \$3 to \$11, 17½ percent annual leave loading, accumulated sick pay and equal wage rates for casual workers, a partial implementation of the incremental pay scheme, and several improvements in conditions.

The officials of the unions involved did their best to harness the workers. No preparation was made for the strike and they had no plans for its

organisation, though they were at least willing for students to picket. No attempt was made to gain the support of workers at LaTrobe not directly involved in the strike, such as the academic staff and administration clerks. At the second stopwork meeting on Tuesday 15 April all of the union bureaucrats (except one FEDFA official) clearly wanted a return to work. They had dropped the demand for a thirty-five hour week, and instead of the \$20 over-award rate they had tried for \$5 (the administration offered \$2!). When the workers voted to reject the administration's offer, the officials tried to stall, asking the workers "what do you want us to go back and present" (as if the log of claims did not exist!). Another motion to picket workplaces on campus was carried, but officials made no serious effort to implement it.

As a result of the workers' decision on Tuesday to continue the strike new concessions were wrung from the administration. At the final stopwork meeting on Friday 18 April, the officials cited Health Department threats to close the university, the tensions between different sections of the workers, and growing student antipathy to the strike as reasons for accepting the new offer. But at no point did they themselves attempt to offset these dangers.

Most left-wing groups at LaTrobe expressed support for the strike, and an ad-hoc Strike Solidarity Committee (SSC) was established on the initiative of the Spartacist League. Though they were at least prepared to work in the SSC, the Socialist Youth Alliance, the Revolutionary Communist Club (campus arm of the Socialist Workers Action Group) and the LaTrobe Anarchists all hid behind the idea that "the workers must decide" what is necessary to the struggle, in order to avoid supporting class-struggle policies and to justify their tailism. The LaTrobe Anarchists wanted students simply "to be prepared to help in any way they are asked by the workers" ("*Anarch-*



Picket line in support of striking LaTrobe uni workers.

ist Bulletin", undated). At a general meeting of students on 14 April the Spartacist League presented a motion calling for support to the full log of claims, for a university-wide strike of students, workers and academic staff and for mass picketing. While the SL fought for the most effective way to win the strike, the fake-lefts unanimously *opposed* a university-wide strike as "unrealistic" and "utopian".

The Maoist Revolutionary Student Movement (RSM) refused to have anything to do with the SSC. They simply advocated sending delegations to the administration, and they were among the initiators of the proposal, adopted at a second student general meeting on 16 April, to collect the garbage around the university and dump it outside the vice-chancellor's office.

But some other left-wing groups refused to do anything whatsoever. The "militant" Communist League has at least two members at LaTrobe. One, Robert Dorning, when requested to help picket replied with obscenities, and another, Ken Howard, answered that he "didn't want anything to do with it"! No CLers were to be seen anywhere near the strike. As for the Socialist Labour League, they

Continued on page six