

**TOWARDS a NEW
PARTY in FRANCE**

CHINA

**TEACHING by
NEGATIVE EXAMPLE**

**The PRACTICE of
SOCIAL DEMOCRACY**

WHAT is ECONOMISM

DEVALUATION

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THE MARXIST 6

THE MARXIST

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EDITORIAL

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REPEATED AMERICAN CLAIMS of successful pacification and ideological campaigns in South Vietnam have been shattered by the recent successes of the South Vietnam Liberation Forces.

The greatest power in the imperialist world, with its superiority of weapons, its much vaunted claim to control the air (regarded as a decisive factor in conventional warfare) in Vietnam has received, despite all its propaganda to the contrary, serious military setbacks and losses. No less important are the difficulties created on the American domestic scene. Consternation coupled with questioning is forcing the Johnson administration on to the defensive.

The international repercussions are of significance; defeats for American imperialism add fuel to inter-imperialist rivalries. Both active and incipient revolutionary movements gain much encouragement from the Vietnamese revolutionary peoples war. Weapons do not decide everything.

Britain

WITH THE CONSEQUENCES of devaluation beginning to make themselves felt and the increasing pressure to prevent any compensating rise in wages, the bankruptcy of the Wilson government is recognised by all except the most stubborn Labour Party supporters. Disillusionment with the government is turning into a decline of confidence in parliamentary democracy itself.

At least part of the ruling class is aware of the declining influence of the present form of bourgeois democracy and is attempting to direct this discontent into safe channels. But once the process of questioning the establishment has started, it becomes increasingly difficult to contain it within prescribed limits, and political instability is increased.

Resentment against all forms of authority has a positive aspect which we must try to develop.

Sections of the ruling class are aware of the dangers (to them) inherent in this situation, and steps are being taken to prepare public opinion in readiness for changes in the form of bourgeois rule which would suit these particular groups. Callaghan referred to them in his final speech as Chan-

Peoples' War

'What is a true bastion of iron? It is the masses, the millions upon millions of people who genuinely and sincerely support the revolution. That is the real iron bastion which it is impossible, and absolutely impossible, for any force on earth to smash.'

Mao Tse-tung. *Selected works, Vol 1, p 150.*

* * *

cellor of the Exchequer, Chambers, late of ICI, and others, are setting up 'study groups' to put forward their ideas of how the country should be run.

The 'kite flying' for the idea of 'a Business Man's Government' probably stems from this group. The statement by Alf Robens that Britain should be run like a giant corporation has more than a ring of fascism about it.

The Opposition

Opposition to these moves is practically non-existent. The Labour Party 'Left' is showing itself increasingly to be just as much a part of the establishment as the 'Right.'

The potential forces of opposition with the industrial working class as the core, are tremendous, but the workers' relative passivity in the face of continued attacks is a cause for satisfaction to the ruling class, and of concern to us.

The reasons for this passivity need further investigation, but the indications are that hope still lingers that things may turn out right in the long run, with the result that comparatively few are at this stage prepared to rock the boat.

There is, alongside an attitude of cynicism towards the powers that be, a regard for their apparent strength and a reluctance to challenge them as long as there seems to be any possibility of an alternative.

Deteriorating conditions will no doubt in time overcome these inhibitions, but to stand idly by and wait would be to accept the theory of spontaneity and lag behind the movement.

The confusion wrought by years of indoctrination with reformist ideas will not be overcome immediately, but unless we wage a determined struggle now against these ideas of peaceful development, the propaganda machine will succeed again and again in diverting the resentment into actions which assist the ruling class to maintain its power.

To subordinate this struggle to the desire to do well in an election either in the trade unions or to parliament, is to set short term imaginary gain against long-term interest.

Unless these reformist ideas are vigorously combated, we do not stand a cat in hell's chance of

mounting an effective opposition to the attacks of the capitalist class, let alone of overthrowing them. The degree of success in this field will be the yardstick by which Marxist-Leninists in Britain will be measured in the period immediately ahead.

Towards a new Party

IN THE LAST ISSUE we published 'Where We Stand' which outlines our broad political position. We also said that we would play our part in the formation of a Marxist-Leninist Party, whilst at the same time expressing the opinion that it cannot be built overnight.

Differences have arisen between the Marxist-Leninist groups already in existence,

In our opinion the main reason for these has been a surfeit of abstract theorising and insufficient summarising of the experiences gained during the course of practical work.

'The Marxist philosophy of dialectical materialism has two outstanding characteristics. One is its class nature: it openly avows that dialectical materialism is in the service of the proletariat. The other is its practicality: it emphasizes the dependence of theory on practice, emphasizes that theory is based on practice and in turn serves practice.' Mao Tse-tung *Selected Works Vol 1 p 297.*

Our attitude to other groups

We do not intend to enter into the fratricidal warfare which exists between some groups, nor adopt an attitude of hostility towards them. At the same time we do not accept that any group at present, whatever it may call itself, is qualified to assume the role of The Marxist Leninist Party, to which all other groups must of necessity gravitate.

In our opinion the process of forming a Party will require more than a few short months of preparation and the issuing of a manifesto.

The truth must be faced that the Marxist-Leninist groups in Britain are, on the whole, isolated from the working class and rarely, if ever participate in the practice of class struggle. By class struggle we mean actual involvement with people and not manoeuvring for advantage on committees or just seeking elevation to leading positions in the working class movement.

As the groups become involved in the practice of class struggle and summarise their experiences, comparisons can be made and practical conclusions drawn, so that a real, as distinct from a formal, unity is developed.

It follows from this, that we welcome the coming together of groups in order to form larger units, and it may well be that a unified movement will begin as a loose federation of such groups. The first steps in this direction are now taking place.

In this connection readers are referred to a series

of articles which appeared in *l'Humanite Nouvelle* and which we publish in a much abridged translation in this issue.

If *The Marxist* is to be successful it will need a different editorial-readers relationship than that usual in Britain.

In this and previous issues of *The Marxist* we have attempted to summarise our experiences in the industrial field, but this must be extended into other areas of class struggle. Readers can play a decisive role in this if they will participate by giving us their opinions on overall content, on specific articles, on subjects for future articles and drafts for publication, and by informing the Management Committee whether articles do, or do not, correspond with their own experience. Reports of local happenings with some political significance but which may not warrant publication in the journal in its present bi-monthly form, may nevertheless enable us to arrive at a better understanding of the real state of affairs over a broader field.

We are confident that *The Marxist* will play a useful part in developing and applying Marxism to British conditions and in assisting in the formation of a Marxist-Leninist Party.

BACK COPIES

Copies of back issues of the *Marxist* may be obtained for 3 shillings per copy (postage in the UK included). Overseas rates, including postage, are: Europe 4s 6d; Rest of the world 5s 6d.

The *Marxist* is at present published once every two months. As soon as finances permit it is hoped that more frequent publication will be possible.

The price of the *Marxist* has now been reduced by sixpence and will now be sold at two shillings per copy. We are relying on increased sales and donations from those who can afford it to compensate for the reduction in revenue. Please do your best to help in both directions.

Copies (up to fifteen at a time) will be supplied on a sale or return basis to those who are able to help us increase circulation.

In the Epoch of the Thought of Mao Tse-tung - Towards a New Party in France

In the autumn of 1967 the French Marxist-Leninist journal *l'Humanité Nouvelle* published a series of articles in preparation for the setting-up of a Communist Party (M-L), which took place at the end of the year. The following is a summary of these articles. Because the French working class and its allies face the same basic problems and have to combat the same capitalist enemy as the British workers do, we feel that their experience in their determined march forward is valuable to us in Britain.

AS THE FIRST MISTS OF AUTUMN rose, the French people were shrouded in the fog of elections; efforts were made to turn the workers aside from their real problems into by-paths of contesting seats in municipal and national elections. The revisionists of the old 'Communist Party' were like fish in water, mobilising all their forces to grasp a few political positions. Marxists-Leninists must point out that the workers themselves pay for these games, and that electoralism leads only into a blind alley, away from the real fight, benumbing the workers' energies. In these manoeuvres so-called 'unity' is sought.

Workers have always valued the unity of their ranks. This unity has always been the concern of the international workers' movement. And it is also our concern. We denounce the false prophets of unity who deceive the workers by making, under this slogan, unprincipled alliances with discredited politicians who seek to turn to their own profit this very real and profound belief. Workers' unity involves no such alliances with traitors to the working class. Victory will be won by the workers, not by placing themselves in the clutches of these traitors but by denouncing them without mercy... The revisionists seek to give in to their wishes and pressures, to conclude compromises with them at whatever price, which will lead to a united front like that of Indonesia. The road along which the revisionists seek to drag the mass of the workers is against their interests. It is for the workers, battling against the power of the monopolies to draw their own conclusions. And we will, with them, this year forge the incomparable weapon which they now lack, a genuine communist party, founded on Marxism, Leninism and the thought of Mao Tse-tung.

Forward to a party of the epoch of the thought of Mao Tse-tung

The party of the working class has been gestating for the past four years. Like all living things, it has gone through several transformations, several qualitative leaps. In mid-1963 the Marseilles Com-

mittee of the Franco-Chinese Friendship Association became independent of the parent body because of ideological differences, the Committee supporting the line of the Chinese Communist Party. Shortly after, it became associated with various Marxist-Leninist circles whose membership was largely made up of anti-revisionist militants expelled from the old 'Communist Party.' In July 1964 a meeting of their delegates set up the Federation of Marxist-Leninist Circles which published the first issue of *l'Humanité Nouvelle* in February 1965. In spite of various efforts it was found impossible to establish organic unity or even to carry out joint action with some other circles. This experience made it clear that no workable Marxist-Leninist organisation, and certainly not a party, would ever be possible without previous unity of thought.

In December 1965 certain people, not belonging to the Federation but calling themselves 'Marxists-Leninists,' advocated a policy of 'National United Front' between Marxists and 'anti-American' bourgeois — in other words with monopoly interests in France. They called for votes for de Gaulle in the national elections, while our Federation slogan was: 'Neither de Gaulle, nor Mitterand (leader of the French social-democrats); there must be a communist candidate!' We thus rejected any idea of alliance with the monopolies, enemies of the working class. It is enough to reflect on the tragic lessons of the 'National Front' with a 'national bourgeoisie,' the line that led our brother Indonesian Party to massacre, for us to realise who in France has been right.

Much ideological and political confusion has been caused by the revisionists. It would be impossible to formulate a correct political line without consultation with many people, basing oneself resolutely on militants in and close to the working class. It would be impossible if one were to rely solely on oneself or on just a few comrades, or if one awaited the solution of problems 'from on high.'

On October 31 1965 a valuable step forward was taken by calling a conference of delegates of Marxist-Leninist circles, at which 80 of them signed A

Solemn Declaration of Loyalty to Communist Ideals. This was not yet democratic-centralism and it was realised that specific working-class policies conforming to the needs of the French proletariat had to be formulated. Such policies can arise only from practical experience, both positive and negative, to ensure that they are devoid of all dogmatism and subjectivism and that they are directly applicable to living reality and the needs of the masses.

Efforts were made by elements who had infiltrated into the Federation to disintegrate it — revisionists, police officers of the monopoly-controlled state apparatus, Trotskyites, opportunists of right and left, adventurers in the service of some American 'thieves' kitchen.' Especially after the launching of *l'Humanité Nouvelle*, victorious battles were fought against these elements and in June 1966 a new stage was reached.

A further conference was called at which 120 delegates from the Federation circles unanimously endorsed new rules which laid down certain principles of democratic-centralism as the basis of the French Communist Movement (Marxist-Leninist). A more solid and disciplined organisation was born, but it was still not a Party. In April 1967 its Central Committee decided to convene a second congress of the movement before the end of the year to set up a Marxist-Leninist Party in France.

As the October 12 editorial in *l'Humanité Nouvelle* said: 'The four-years' experience of our militants is a vivid confirmation of the outstanding enrichment of Marxism-Leninism by Mao Tse-tung. Class struggle exists everywhere, without let-up, whether before or after the seizure of power by the proletariat and the establishment of the dictatorship of the proletariat. Not only is there within ourselves a struggle between proletarian and bourgeois ideology, but this struggle develops within parties and communist organisations. Marxism-Leninism, the embodiment of proletarian class interests, never ends its confrontation with revisionism, embodiment of the ideology and interests of the bourgeoisie.'

For example, wasn't it right opportunism when some militants in December 1965 supported the candidacy of de Gaulle? Wasn't it left opportunism when the same militants impatiently demanded the formation of a new Party as early as 1963-64? And were not these both in the interests of the bourgeoisie? And was it not revealing that the revisionists sought to use the support for de Gaulle to split the working class? The very strength of our Movement has made the leaders of the revisionist Party intensify their witch hunt against us, especially in the General Confederation of Trades Unions.

What kind of a Party?

What sort of a Party are we going to form. A 'neo-revisionist' Party? A 'foreign' Party? A Party 'of the epoch of cultural revolution?' Those who seek

by every false means to attack our proletarian enterprise, ostentatiously brandishing the red flag, have thus posed the question. Readers can judge for themselves from three documents we have issued: an introductory examination of classes in France; an analysis of the French political situation; a study of the sources of revisionism in France and the need for a Communist Party founded on Marxism, Leninism and the thought of Mao Tse-tung. Three further documents will be issued — on the international situation, on youth, and on women.

We invite comment and criticism of a genuine constructive political character, devoid of subjectivism. Criticism restricted to procedural matters is sterile, and we despise personal attacks which we regard as merely manifestations of petty-bourgeois individualism. We shall have nothing to do with those lordly ones who consider themselves eminent theoreticians, but who are incapable of integrating themselves with the collective effort. We are close brothers-in-arms of the Chinese Red Guards and Red Revolutionaries and intend to build a Party exactly the opposite of the revisionist Party, now become social-democratic and petty-bourgeois.

The organisational basis will be democratic-centralism, with strict respect for a discipline freely agreed. As Mao Tse-tung said in 1929 in *On Correcting Mistaken Ideas in the Party*:

'One requirement of Party discipline is that the minority should submit to the majority. If the view of the minority has been rejected, it must support the decision passed by the majority. If necessary, it can bring up the matter for reconsideration at the next meeting, but apart from that it must not act against the decision in any way.'

The new Party will be precisely the opposite of the old one, which is disintegrating into fractions. The old one is ridden with a liberalism which tolerates every shade of opinion as the result of the abandonment of Leninism. Only those who are labelled 'pro-Chinese' are persecuted and expelled. Instead of allying ourselves with the bourgeoisie, our Party will maintain close relations with the working class, peasants, and vanguard intellectuals who place themselves firmly on the side of the proletariat. Our Party will certainly be a Party of the epoch of the great Chinese proletarian cultural revolution, which we warmly support and from which we seek to learn.

In France after the 1917 October Revolution, the Party of a new type, a Leninist Party, was a true revolutionary instrument. Today, the Chinese cultural revolution teaches us that we must carry the revolution through to the end; we must carry out the class struggle under the dictatorship of the proletariat, substituting revolutionary proletarian ideology for the bourgeois ideology which survives

the political and economic phases of the revolution. Every Communist Party today must be a Party of the epoch of the thought of Mao Tse-tung. That means that a Party basing its ideology, strategy, tactics, organisation on the thought of Mao Tse-tung is a Party which loyally takes its inspiration from the theoretical and practical teachings of the whole history of the working class and international revolutionary movement, from the teachings of Marx, Engels, Lenin, Stalin and Mao Tse-tung.

Is the time ripe?

Some pundits, experts in theory, say the time is not ripe; we should wait. When Lenin sought to set up the Bolshevik Party many 'thinkers,' opportunists and dogmatists tried to interfere with his initiative, favouring the revisionist Second International. But the great theoretical and practical leader of the October Revolution swept aside these dwarfs of history.

We believe that if we have to wait to fulfil all the conditions necessary to be the uncontested leader of the great mass of the country's proletariat, we shall be far from being able to build a new Party. But it has been decided to set up a new Party now precisely so that we can be in position to fulfil this historic role. Otherwise, the working class will be left abandoned where the old revisionist Party has dropped it.

Some say, 'we are too few.' But our aim is **not** to have innumerable Party cards, a 'Mass Party' such as the revisionists seek. We intend to let the masses see by our actions that we defend effectively and resolutely their class interests. Before the October Revolution the Bolshevik membership, according to some sources, was a mere 15,000. It was not a 'Mass Party,' but was closely linked with the masses, quite a different matter; it was recognised as revolutionary by thousands and thousands of workers and peasants who protected its underground fighters.

We need, as members of the new Party, a core of comrades ready to sacrifice themselves completely in the sacred cause of the fight against the class enemy. Such comrades are the closest companions of the Soviet Red Guards of yesterday and of the Chinese Red Guards today. A revolutionary proletarian Party in France needs a nucleus of people of this calibre, with theoretical understanding and practical experience.

Links between the Party and the masses

A revolutionary Party of the epoch of the thought of Mao Tse-tung, must rest on two solid foundations: a disciplined organisation, and the united front of all revolutionary classes headed by the proletariat. As Mao said: 'We must have faith in the masses; we must have faith in the Party. These are two fundamental principles.' And the link between

the Party and the people is working-class ideology, Marxism-Leninism, the guide to our thinking and actions.

In general the working-class struggle is for wages, conditions, security of employment, and this struggle is daily becoming tougher. There is, of course, a difference between the spontaneous movement of the proletariat and revolutionary class-consciousness, but the spontaneous movement and the revolutionary politics of Marxism-Leninism are coming closer together. The degeneration of the revisionist Party is accelerating this development, as the revisionist trade union leaders try to damp down the struggle. The great mass of the workers want to see a revival of fighting trade unionism. The manoeuvres of the revisionist splitters, repressing struggle and illegally expelling Marxist-Leninist members of our Movement, have already resulted in the formation of a new trade union body standing firmly for the unity of the working class on the basis of its just demands. More and more workers are grouping themselves around our militants and look forward to the appearance of our fighting journal. More and more often the workers themselves are taking the lead in the struggle.

It is no longer only in the national or international field, but now on the workshop floor and in the home, that the Marxist-Leninist organisation un-masks the reformist, revisionist servants of the bourgeoisie, pointing the way forward in the battle, first to take up the workers' demands, then to undertake the political struggle. The hour has sounded to give back to the working class its Party. We not only have red bases in factories and on work sites, but we are able to launch the assault on enterprises dominated by the revisionists and by bourgeois propaganda.

Because the true workers' Party has its red bases, puts forward a political line which the workers recognise as their own, is a leading nucleus linked to the masses, and because its theoretical basis is Marxism-Leninism and the thought of Mao Tse-tung, it is the rallying centre for all revolutionaries in 1967. As Mao said:

'If there is to be a revolution, there must be a revolutionary party. Without a revolutionary party, without a party built on the Marxist-Leninist revolutionary theory and in the Marxist-Leninist revolutionary style, it is impossible to lead the working class and the broad masses of the people in defeating imperialism and its running dogs.' (*Revolutionary Forces of the World Unite, Fight Against Imperialist Aggression!* 1948.)

It is vital for Marxists-Leninists to strive for maximum worker unity, but not for unprincipled unity. They must lead the struggle where the workers are — in the factories, mines, and on work sites.

(turn to page 12)

CHINA 1968

By Colin Penn

IN CHINA 1967 is called the year of the decisive victory of the cultural revolution. The masses were fully mobilised in ideological struggle, led by the thought of Mao Tse-tung, and once this had been achieved, reaction had lost. The struggle is not over, but every day victory is being consolidated and is marked by the setting up of 'revolutionary committees' or 'triple alliances' — sometimes in a province, sometimes in a large city, an agricultural county or factory.

When such a position is secured, trusted revolutionaries are elected to positions of leadership but remain one with the masses, minor differences between comrades are recognised as minor, and unity is forged with agreement on the tasks ahead. The handful of 'capitalist-roaders' who would reverse the course of the revolution, and who have sometimes succeeded in deceiving some of the masses for a time, are being fully exposed.

Five tasks

The New Years Day editorial in the *People's Daily* and other newspapers set the following main tasks for 1968.

1 Develop the study of the thought of Chairman Mao. His ideas must be 'directly mastered by the masses and translated into the conscious, revolutionary action of hundreds of millions.'

2 Continue to expose revisionism, bring about an alliance of all revolutionary forces, 'transform education, literature and art, office and administrative work and all parts of the superstructure that do not correspond to the socialist economic base.'

3 Rectify Party organisation and build the Party. Admit outstanding proletarians who have come forward during the Cultural Revolution and purge the renegades, secret agents and capitalist-roaders.

4 Strengthen the unity between armymen and civilians. The army must rely on and learn from the revolutionary masses.

5 Simultaneously with carrying on revolution, promote production and preparations against war. Put politics in command and revolutionise people's thinking.

The editorial points out that 'even in the excellent situation some dingy corners will remain . . . and continuous effort will have to be made to ensure

that class struggle has full vent.' As Chairman Mao says, 'all reactionary forces on the verge of extinction invariably conduct desperate struggles.' The task now is to wipe out reaction completely in order to advance to new heights of production and ideological understanding and to be prepared for whatever may lie ahead.

The effect of the cultural revolution on the rest of the world has been stupendous. A new concept has been added to Marxist-Leninist theory: unless the socialist seizure of power is followed up by resolute destruction of the ideas and methods left behind by the old society, it will fail.

Those who planned to corrupt China's youth as those of Eastern Europe were corrupted have received a decisive setback. The prophecies of doom by the Pekingologists have been falsified by the record harvest, mounting industrial production and outstanding technical achievements.

The Americans and the Soviet revisionists have been enraged and terrified to see their nuclear blackmail thwarted by China's hydrogen bomb and guided missile tests, which the oppressed peoples struggling for liberation have greeted with pride and joy. Together with the thunder of the guns of the victorious Vietnamese people they prove that the day of imperialism, which has caused and is still causing so much suffering, is nearing its end. They prove too that imperialism will be ended, not by those who seek 'peaceful coexistence' with it, but only by those who struggle against it unremittingly, led by a Party based on a correct political theory.

Many people have welcomed the publication of this journal. The Management Committee values their appreciation. The cost of production and distribution cannot be sustained from sales alone. Will you make a donation?

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Teaching by Negative Example

By James Wood

TAKE AN ASSORTMENT of anti-China slanders from the capitalist press, add a dash of Marxist phraseology, garnish liberally with British bourgeois hypocrisy and you have R Palme Dutt's pamphlet, *Whither China?*

It is not a tasty dish but it is not without value as a lesson by negative example, especially now, when supporters of Liu Shao-chi and opponents of Mao Tse-tung named and anonymous, old revisionists, neo-revisionists, neo neo-revisionists and self-styled anti-revisionists, are popping up on all sides.

Dutt's pamphlet is so full of distortions and anti-Marxist argument that it is difficult to know where to start. Perhaps one could start with his lament that events are moving so fast that his words will be outdated before they are read. He need not fear. Attacks on Marxism from within working class organisations started during Marx's lifetime and drew from Marx the wry comment that if they were Marxists, then he was not. Such attacks will continue until classes have disappeared from the earth and not until then will the Kautsky's, Khrushchevs and Dutt's be out-of-date.

What are Dutt's main 'arguments'?

1 The Chinese communist leaders, and Mao in particular, are not really Marxists. Of course, Dutt explains, it's not their fault, poor dears, they're only peasants. They have never been to Oxford and some of them can't even read Dutt in the original fruity English. We recall a previous article where, with unbelievable condescension, Dutt compared them to himself . . . 'those of us who were Marxists before the CCP was founded . . .'

Marx said that the task of revolutionaries was not just to explain the world, but to change it. Who has effected more revolutionary change, 'peasant' Mao or 'academician' Dutt?

Dutt mounds fragments from the Marxist classics, not to change the world, but to prevent change. He says that Mao swallowed Marxism 'as a whole' in 1920. If so, he differed from Dutt, who swallowed only the parts he liked, and couldn't even digest those properly. He quotes the book and says 'Marxists always look for the class forces involved.' Then he analyses the reasons for what he calls 'the change of course in China.' . . . 'It may be overconfidence . . . or an element of national pride . . . or dissatisfaction . . . or grievances. . . .'

What profound Marxism!

What staggering impudence for this book-bound

boaster to lecture the greatest living Marxist-Leninist who has raised Marxism-Leninism to a new height, successfully defended it against the most vicious onslaught of all times, rallied the revolutionary movement throughout the world and initiated a gigantic operation to open the road to Communism.

2 The Great Leap Forward was a big flop which substituted 'poetry for Marxism.' The cultural revolution is an unmitigated disaster, 'a fever of internal conflict and violence,' 'a ruthless offensive.'

He derides the 'China experts' but he is less honest than they for they do not hide their hostility to China behind such pontifications as 'we need to approach them with understanding . . . a spirit of internationalism . . . full solidarity . . . full confidence. . . .'

Has Dutt not heard that in spite of the 'wrecking of the economy,' the last International Trade Fair in Canton did more business than any of its predecessors or that the 1967 harvest was the best ever? Can he not understand that the Great Leap Forward was a vast revolutionary upsurge which should gladden the heart of anyone with a spark of revolutionary feeling?

But this fossilised reactionary has no spark of revolutionary feeling. For him, anything not in the book, is a 'temporary abnormal phase.' He shrinks from the spectacle of anything new, virile and revolutionary. He berates the Red Guards 'full of zeal and political innocence . . . fingering their little red books like a rosary.' The little innocents would make political mincemeat out of Pundit Dutt for, unlike him, they not only know and understand their priceless Red Books, but they have rich practical experience in making proletarian revolution.

Forty-one years ago Mao wrote of three possible attitudes to revolutionary movements: **To march at their head and lead them? To trail behind them, gesticulating and criticising? Or to stand in their way and oppose them?**

Dutt has chosen the last.

Ten years later, when Mao wrote his philosophical work *On Practice* he might almost have had him in mind when he wrote 'We are opposed to die-hards in the revolutionary ranks, whose thinking fails to advance . . . and has manifested itself historically as right-opportunism. Their thinking is divorced from social practice, and they cannot march ahead to guide the chariot of society; they simply trail behind, grumbling that it goes too fast and trying to drag it

back or turn it in the opposite direction.'

3 Since, in Dutt's opinion, there can be no class struggle after seizure of power by the working class, the cultural revolution is at best unnecessary and at worst, a big plot to stifle legitimate 'opposition.' He denies that bourgeois agents can penetrate into the Party and even into its highest organs, although objectively, he is just such a bourgeois agent. He is blind to the truth of Lenin's statement that after the seizure of power, small-scale production, the influence of the bourgeoisie and the force of habit 'daily and hourly breed capitalism.' He cannot or does not wish to learn the lessons of the betrayal of the Soviet revolution by a handful of revisionists, of the Hungarian counter-revolution, of the restoration of capitalism in Yugoslavia.

This blindness leads him to misquotation as when he writes that Mao told the Red Guards to 'Bombard the Party headquarters.' Actually the title of Mao's *dazhebao* was 'Bombard the Headquarters' and everybody in China knew that this referred to the bourgeois HQ headed by Liu Shao-chi. When British revolutionaries bombard their bourgeois HQ, Palme Dutt will be one of the first casualties.

Like the Hyde Park evangelist who thundered the dreadful conundrum 'If it wasn't a whale that swallowed Jonah, then who dunnit?', Dutt asks 'If the dictatorship of the proletariat already exists, how can the central task of the cultural revolution be the conquest of political power by the proletariat?'

The Marxist answer is that seizure of power is not an absolute, a magic shibboleth. Power can be seized more or less firmly. It may be seized and lost. It may be seized in the base but not in the superstructure. It may be seized in some departments but not in others.

The central task of the cultural revolution is for the proletariat to seize power firmly and completely, in the base and superstructure, inside and outside the Party, in all departments including art, literature and education and above all, in the minds of man.

4 Prof Dutt is angry with the unruly CCP because it doesn't play according to the rules. He dons his mortar board, points his bony finger at his pupils and asks them to **produce their programme.** 'The CCP which has never had a programme, **still has no programme!**' Stay behind after class and write out 100 times 'I must have a programme.'

Of course Dutt has had a programme for years. It is called the British Road to Socialism and even though it leads to capitalism, surely it is better than no programme!

Even worse, the CCP not only has no programme, but it has not even called a National Congress for eleven years. Disgraceful! The CPGB has had thirty rubber stamp congresses and the CCP only eight. For Dutt, proletarian democracy is a formality; for the CCP it is a living reality, a means of achieving the aims of the revolution. The cultural revolution is the greatest exercise in proletarian democracy

that the world has ever seen. For twenty months at least 200 million people have devoted from two to four hours a day to political activity. They not only have unlimited means of expression and debate, but they also have the power to effect revolutionary changes. The cultural revolution has added a new dimension to proletarian democracy. It is preparing the ground for a National Party Congress, probably to be held this year, which will mark a milestone in the Chinese and the world revolution. Party Congresses are held to serve the cause of socialism and not, despite Dutt's disapproval, vice versa.

5 The CCP is disruptive. Dutt proves it by quoting from the letter of the CC of the CCP of June 14 1963. 'If the leading group in any Party adopt a non-revolutionary line and convert it into a reformist Party, then Marxists-Leninists inside and outside the Party will replace them and lead the people in making revolution.'

Would Dutt be prepared to state explicitly what, in his opinion, Marxists-Leninists should do under such circumstances? We think he dare not. He might feel the draught.

6 Quaker Dutt objects to Mao's formulation that political power grows out of the barrel of a gun and callously points out that 'The counter-revolutionary generals in Indonesia acted on the principle that power comes out of the barrel of a gun and slaughtered half a million Indonesian Communists.'

This is what the Chinese call 'lifting a rock only to drop on your own feet.'

In September 1966, after the counter-revolutionary coup, the political bureau of the central committee of the Indonesian Communist Party issued a lengthy self-criticism which contained the following passages:

'To achieve its complete victory, the Indonesian revolution must also follow the road of the Chinese revolution. This means that the Indonesian revolution must **inevitably adopt this main form of struggle**, namely the peoples armed struggle. . . . The experience during the last fifteen years has taught us that starting from **the failure to reject** the "peaceful road" . . . the PKI gradually got bogged down in parliamentary and other forms of legal struggle. The Party leadership even considered this to be the main form of struggle. . . .'

'In order to prove that the road followed was not the opportunist "peaceful road" the Party leadership always spoke of the two possibilities . . . they held that the better the Party prepared itself to face the possibility of a "non-peaceful" road, the greater would be the possibility of a "peaceful road." By doing so the Party leadership cultivated . . . the hope of a peaceful road which in reality did not exist.'

What could be clearer! The leadership of the PKI attributes the tragedy of 1965 to their failure to implement the teachings of Mao and the experience

of the CCP while the warrior of King Street draws the opposite conclusion.

In the final analysis the fascist generals put the issue beyond doubt and proved that political power does indeed grow out of the barrel of a gun. The important question for revolutionaries, is who holds the gun.

7 As proof of Chinese 'exceptionalism' Dutt says that because China is largely a peasant country, 'the leadership of the working class was in consequence expressed through the leadership of the CCP.'

This is very revealing. Britain is an industrialised country and so according to Dutt's logic, the leadership of the working class need not be expressed through the CP. Would Dutt tell us through whom it should be expressed? Through the LP? The trade unions? The Peace Movement? The Army and Navy Club? Or through RPD himself?

8 The Chinese Revolution was not really a revolution in its own right but was bestowed on the Chinese people by the Soviet Union in the same way as revolutions in Eastern Europe after the second world war.

It was part of the inspiring advance after the second world war. 'The victory of the Chinese Revolution 1949 was an integral part of . . . the advance of the world socialist revolution after the second world war. . . . The role of the Soviet Union . . . was not only that of . . . teaching and example . . . it also gave direct help . . . which found expression in 1945 in the supply of the vast stores of arms from the defeated Japanese armies. . . .'

What effrontery! The whole world knows that from its foundation till its final victory, the CCP had waged continuous armed struggle relying almost exclusively on its own resources; that the strategy and tactics of the Chinese revolution were worked out independently by Mao Tse-tung; that the SU entered the war against Japan a few days before Japan's capitulation and that it was not necessary for the SU or anyone else to hand over Japanese war booty to the Communist Armies which had defeated them.

Mao has often paid tribute to the value of the support given by the international working class movement and especially by the Soviet Union but in fact they got very little material assistance from outside. Proletarian revolution relies on proletarian internationalism. That principle applied equally to the Russian revolution of 1917 and to the Chinese revolution which triumphed in 1949.

9 Dutt objects to the Three Continent theory. The undeniable fact that revolutionary armed struggle against US imperialism is actually taking place in Africa, Asia and Latin America and not in Europe, means nothing to Dutt for it is not in the books. At least, not in the books he has read. This theoretical Marxist should extend his reading to include Lenin's many references to the decisive importance of the

struggles in the colonial and semi-colonial countries, struggles which led him to use the phrase 'Backward Europe: Advanced Asia.'

'For only when the Indian, Chinese, Korean, Japanese, Persian, Turkish workers and peasants join hands and march together in the common cause of Liberation — only then will decisive victory over the exploiters be ensured. Long live free Asia!'

From **To the Indian Revolutionary Association**
Pravda, May 20 1920.

'In the last analysis, the outcome of the struggle will be determined by the fact that Russia, India, China, etc, account for the overwhelming majority of the population of the globe. And it is precisely this majority that, during the past few years, has been drawn into the struggle for emancipation with extraordinary rapidity, so that in this respect there cannot be the slightest shadow of doubt what the final outcome of the world struggle will be. In this sense, the complete victory of socialism is fully and absolutely assured.'

From **Better Fewer, But Better**, March 2 1923.

Perhaps Dutt maintains that Lenin, like Mao 'turns Marxism-Leninism upside down'? Those who stand on their head, see everything upside down.

As for the distortions, we need list only a few.

'Mao . . . emphasised the fundamental difference between the Peoples Democratic Dictatorship and the dictatorship of the proletariat.'

In fact Mao emphasised the basic identity between them. In his speech at the CCP's national conference on propaganda work in 1957 he said: 'The peoples democratic dictatorship has paved the way for the rapid economic and cultural development of our country.'

And in the same speech he said: 'They do not like our state, ie the dictatorship of the proletariat. . . .'

Dutt says that after the Soviet Union withdrew its experts in 1960, 'Thereafter a flood of propaganda was let loose from Chinese official sources. . . .' In fact there was no reference to this dastardly event in the Chinese press for a full three years. Even the Chinese people were not told about it, possibly because there were still hopes that the Soviet Union would return to the side of proletarian revolution.

Dutt says that at the time the Chinese raised no objection to the 1960 Moscow Statement. In fact Dutt knows full well that the Chinese delegation objected strongly to the formulations concerning the possibility of peaceful transition and circulated its objections in writing to every delegation including the British. Later the CCP made a self-criticism for having accommodated the leaders of the CPSU at a time when they were under heavy pressure.

Perhaps the kindest advice we can give RPD is that he should RIP.

The Practice of Social Democracy

By Tom Hill

IT IS BECOMING INCREASINGLY OBVIOUS that in the wages field the main problem confronting the capitalist class is not the control of wage applications and settlements at national level (this is largely assured by the cooperation of most top union bodies) but of putting an end to what is now known as 'wages drift'¹ which throws into confusion the cosy arrangements made at top level to 'keep the economy stable.'

Capitalist planning

The practice of entering into long term agreements at national level is becoming more widespread for two related reasons. Firstly it is part of the process of integration of the unions within the orbit of capitalist planning and secondly it is a very necessary part of their planning to put a moratorium on local wage settlements for the duration of the agreement. As these 'package deals' are intended to follow one on the other, this means a permanent attempt to limit, if not stop, local increases.

J Boyd, Executive Councillor of the Amalgamated Engineering and AEFU, said on October 31 1967² 'But most important of all is the fact that had it not been for the existence of the "long-term agreement" the Government's attempts (through the Prices and Incomes Policy) to control the growth of wages and other incomes would have failed.'

A further example of this involvement in capitalist planning is given in the same statement.³ 'Thus the changes which we are proposing today are conspicuously free from narrow sectionalism and, in the spirit of our Agreement of December 22 1964,⁴ they rest solidly upon the three agreed broad principles.

'These principles are worth remembering for our current negotiations as they are even more meaningful now than they were then. They were, firstly, that irrespective of the political composition of Government, future economic management would be "planned." No matter how rudimentary such planning would be it would be based on the parallel movement of "investment, material buying, employment, profit, wages and so on." Secondly, that an agreement which is itself based on the planned expansion of the industry would give employees an assured stake in the expansion. And, thirdly, that it will facilitate the employers' planning by settling wage commitments in advance and removing uncertainty.'

A further development of this integration can be seen in the JIB⁵ which came into operation in January 1968.

In his foreword to the booklet explaining the aims and objects of the JIB, the 'independent' chairman expresses the underlying approach to the agreement: 'The growth of trade unions has been due to their success in negotiating with employers for better wages and conditions for their members. In the past this has tended to be a two sided struggle, each side sticking out for its own point of view until eventually a compromise has been reached. The JIB starts on a different basis. There will be two distinct sides, but the appointed representatives of the employers and employees will sit down together in an effort to determine what is best for the Electrical Contracting Industry as a whole, and not on a purely partisan basis.'

The Rules of the JIB page 7, paragraph 3, state:

'... the Board will be properly staffed and supported by the provision of information relating to the costs of labour and levels of productivity so that the determination of wage increases and improvements in conditions of employment will, in future, be based on more accurate and mutually acceptable facts and statistics, rather than be subject to a "bargaining" compromise based on different sets of facts and figures geared to the arguments of either side.'

It has generally been accepted that the function of a trade union is to safeguard the interests of its members as defined by those members, but page 8, paragraph 7, states:

'... if the employer graded his operatives, then the union (under pressure from its membership) might refuse to accept the grading. Even if the union was prepared to negotiate with individual employers (and that would be an impossible task) then inevitably employers would grade according to labour requirements and not according to ability. The result would be a shambles and the grading system would be non-existent. Furthermore, the industry would then be committed to high rates of pay without any compensating increase in productivity, and there would also be the prospect of trying to negotiate in three years time from an even more impossible position. The only possible

solution was to set up a joint organisation, the members of which, under an independent chairman, would be free to make decisions based upon facts and figures and not just assumptions nor mere past practices.'

Rule Four

In case any members do not take kindly to the union leaders being freed from their control, there is Rule 4 (f). 'To make and impose such regulations and generally to take such measures as may be conducive to preventing and eliminating all unauthorised or unofficial stoppages of work in the Industry.'

Rule 13 states 'Every member of the JIB shall be and remain bound by and shall at all times observe and comply with the provisions of these Rules, and of the bye-laws.'

Penalties for non-compliance are contained in Rule 21. 1 Censure. 2 Forfeiture of any welfare benefits. 3 Suspension for a period not exceeding three months. 4 A fine not exceeding £1000 in the case of an employer or £100 in the case of an employee. 5 Expulsion.

Referring to this Rule the General President of the Electrical Trades Union in his circular to members says, 'It could only happen in the event of an individual, over a long period of time, repeatedly organising resistance to the agreements, organising unofficial strikes, refusing to follow procedures of the industry.'

He does not say for what reasons an employer may be disciplined, but according to the **Financial Times** (November 10 1967) the NFEA has, within the last eighteen months, expelled two member companies who offered bonus payments to their employees. (My emphasis.)

It is clear that the reason for writing the disciplinary provisions into the constitution of the JIB is to prevent any group of workers from taking action to obtain higher rates of pay than those fixed at national level, and to prevent any employer from conceding them.

In the **Financial Times** of November 10 1967, Mark Gapper put his finger on the spot when he wrote, '... the electrical contracting industry has achieved voluntarily what many employers would like the government to impose on industry by legislation — the fining of strikers. But discipline of this sort is much more likely to be effective if it is carried out by voluntary agreement between employers and unions.'

Generally speaking the capitalist class has had a large measure of success in its campaign to get the 'right type' of people in control of the unions which makes this a possibility, but it would be a mistake to see the solution to this as simply a question of the election of new 'left' leaders. Experience shows that this has not and cannot produce lasting results.

The capitalist class is only able to win the trade

unions for its policies because some sections of the membership still retain illusions regarding the benefits which can be obtained by class collaboration. These ideas will not be changed by the substitution of one official by another, but only during the course of activity in which the individual and collective experiences are summarised in such a way that it increases their understanding of the class nature of society.

The more militant and class conscious workers are in opposition to the objective results of the class collaborationist policies of the leaderships but this is, in the main, only blind opposition because it is spontaneous and without political direction.

The struggle will be really effective to the extent that it is seen as a political struggle for class supremacy both in the trade unions and in society as a whole.

Most workers recognise that there are two sides whether it is expressed in terms of workers versus employers, or just 'us and them.' The employers have no doubt that their interests and those of 'their' workers are antagonistic. This is shown up very strongly when 'managerial functions' becomes the centre of a dispute. It is also expressed in the JIB agreement when it emphasises that the right of the employer to hire and fire is not prejudiced by the agreement.

Any worker who accepts the idea that there can be an identity of interests between worker and employer is halfway towards defeat. Because of it he neglects his class organisations: it saps his will to fight; and then when the crunch comes he is defenceless. It is for this reason that propaganda which denies the existence of, or necessity for, the class struggle, is of direct assistance to the ruling class.

Spurious alternatives

The 'liberties' which British imperialism in its heyday conceded to the working class, and which formed the propaganda platform for the ideas of class collaboration, are now becoming an obstacle to the attempts of the capitalist class to place the burden of the decaying system on to the shoulders of the mass of the people. They must therefore try to take away these liberties by whatever means are open to them.

This attack takes two main forms. The method advocated by the Tories is more direct and so more obvious. The other, concealed, method is carried through by the social democrats who are in the main organised in the Labour Party. They make a show of opposing the Tories and present themselves as the alternative. In reality they are complimentary to each other and form two prongs of the same attack.

The essence of their approach is to place emphasis on the avoidance of repressive legislation, not outright opposition.

They advocate 'voluntary' wage restraint by the

unions in order to avoid state interference. The TUC vetting system is an example.

They advocate disciplining of the militants by the unions in order to avoid legislation by the state.

They advocate 'working within the law' and 'working to change the law by democratic means' in order to avoid the necessity for the capitalist class to use force against the workers.

They advocate capitalist planning as an alternative to capitalist anarchy.

In practice these tactics do not avoid the use of repressive measures by the capitalist class but in fact prepare the conditions for their success. The defeat of this philosophy is a necessary condition in preparing the working class for an offensive against their enemies.

A matter of principle

A tactical compromise which allows the working class and its allies time to regroup their forces in preparation for a further offensive demands a flexible approach based on principle.

The kind of compromise practised by the social democrats are of such a character that they manoeuvre the working class into positions from which further retreats are almost inevitable.

These tactics are determined by the long term political perspectives of the two camps.

The social democrats see a future in which the interests of workers and employers will merge. As a consequence they regard the class outlook and organisation of the workers as products of a bygone period which has no relevance in twentieth century conditions.

The Marxist sees the future in terms of increasing and intensifying class struggles culminating in a revolutionary conquest of power by the working class and its allies. This necessitates a conscious strengthening of working class outlook and organisation.

References

1. The term is incorrect. Wages do not drift upwards, the increases are obtained at local level as a result of workers in a particular factory, building site, etc, taking advantage of favourable conditions and bringing pressure to bear on their employer.
2. Report of Proceedings at a special Conference between the Engineering Employers Federation and Confederation of Shipbuilding and Engineering Unions. J Boyd made the statement on behalf of the Confederation. Page 18, para 82.
3. Page 4, paras 4, 5 and 6.
4. Date of agreement of first Package Deal.
5. Explanatory Notes and Rules of the Joint Industry Board for the Electrical Contracting Industry, as agreed between the National Federated Electrical Association and the Electrical Trades Union. July 1967.

TOWARDS A NEW PARTY IN FRANCE

(continued from page 5)

For real action, and not just empty theorising, the workers should be brought together workshop-by-workshop, where they know their mates and can be free from bureaucratic damping-down by trade union officials. Moreover, it is essential for the Marxists-Leninists to make constant efforts to raise the struggle from the purely economic to the political level, for there is a danger that the workers who are accustomed to organisational discipline become entangled by their loyalty to a trade union or party because of its glorious past, although the union or party has become reformist or revisionist.

* * *

A Marxist Leninist Party is founded

On December 30-31 1967, a Marxist-Leninist Party was set up in France, not as an end but as a beginning of the struggle against reformists and revisionists, for the unity of the working class, in preparation for the assault on the exploiters of the masses of the people. Over one hundred delegates unanimously adopted the programme and constitution and elected the first Central Committee. The Congress proclaimed the determination to build a Party of a new type as defined by Lenin, a true Bolshevik-type Party, basing its action on Marxism-Leninism and the thought of Mao Tse-tung, the great leader of world revolution.

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WHAT IS ECONOMISM?

By Frank Huscroft

WHAT IS ECONOMISM? Why is it prevalent within the British working class movement, and why is it of critical importance that every effort should be made to attack economism and eradicate it? Within the working class movement the subject is one that invariably leads to a sharp distinction between comrades working in industry and comrades who have intellectual or professional pursuits. The latter will claim that the industrial comrades suffer from economism whilst the industrial comrades accuse their counterparts of an academic detachment from the facts of life in working class struggle. Both of these views are incomplete rather than incorrect.

To recognise economism and the reasons for its influence is to take the first step towards its elimination. Unless it is eliminated, the working class movement, in spite of all efforts, will be restricted to reformist activity within the framework of a system designed to maintain the dictatorship of the capitalist ruling caste.

The economic struggle is an essential part of the working class movement, and, for comrades in industry, it occupies a large part of their day-to-day existence. This being so, there is a tendency to see economic struggle as an end in itself — to see the struggle for improved wages and conditions as the role of the trade union movement, with politics as an issue apart, the prerogative of a separate category of persons, distinct from the working class movement, designated as 'politicians.' Briefly then, economism is the limitation of perspective to immediate economic issues, with the role of trade union organisation seen as simply the pursuit of those economic aims, but always within the bounds of a capitalist society.

But, equally at fault, those not employed in industry, the intellectual and professional comrades, find it difficult to appreciate this situation. As a consequence, they tend to underestimate the importance of this aspect of working class struggle.

It must be recognised that the economic struggle plays an important role in the development of the working class movement. For the majority, their first experience of working class activity is when they become involved in a conflict over wages and conditions. During the course of such activity the class issue is raised sharply. Many artificial barriers are destroyed, albeit temporarily, a common cause is

established and unity becomes an active reality, not just a word on a banner.

For comrades in industry, the disparity between the value of that which is produced by the worker, and that which is returned to him in the form of wages, is all too apparent. The reactionary nature of the employing class is constantly being exposed, and provides the soil in which the seed of working class consciousness can germinate. But here also is the danger that the fight against the employer on these issues will be seen as an end in itself.

So economism could be classed as an occupational hazard of the industrial working class. The main symptom is the illusion that the constant pursuit of better wages and conditions will eventually lead to a more equitable order of society, coupled with the belief that the aim of organising is to participate in the present system and thereby assist in its gradual conversion.

The continual involvement in bread and butter issues with no wider perspective often leads to frustration and the rejection of the working class movement. Many who have given leadership to the movement either withdraw from all activity or are absorbed into the system. What appeared to be a straight avenue of progress turns out to be an ever diminishing circle.

Economism is a sickness which debilitates the working class movement, but it has to be understood that the mere injection of abstract theory will provide neither protection nor cure. To recognise the reasons for its influence within the British working class movement, it is necessary to recall the period in history when British imperialism was in its ascendancy. The plunder of the colonies provided the resources to promote and sustain a tremendous expansion of industry. In order to exploit this rapid development fully it was essential that the growing trade union movement should be contained and that the threat it constituted should be nullified.

As a result of the cheap resources from the colonies, and the consequent unrivalled position in world markets of British industry, the employing class was able to buy off sections of the working class — to create, in fact, an 'aristocracy' of labour. The concept of working class organisation as a means of challenging and replacing capitalism with a socialist society was submerged beneath the immediate object of obtaining a bigger share of the

spoils within the existing system. For while there is the opportunity of raising their standard of living, the majority of the working class will tend to see this as their aim, and so long as economic gains can be achieved within the existing system, will not seek any fundamental change.

This is not to belittle the importance of trade union organisation, or its use for immediate economic ends. Indeed, any attempt to smother the wage struggle must be attacked whether it is a government prices and incomes policy or a 'package' deal between union executive and employer. The limitations of economic struggle can only be demonstrated by constant activity—its boundaries are best marked by experience. The forms of action to be taken is in no way a moral question, but one that should be determined solely by what is necessary and what is possible in the given circumstance.

In the words of Mao Tse-Tung: 'If we tried to go on the offensive when the masses are not yet wakened that would be adventurism. If we insisted on leading the masses to do anything against their will we would certainly fail. If we did not advance when the masses demand advance that would be Right Opportunism.'

Means to an end

The level of development in any given situation may demand a very limited objective, such as a petition or the lobbying of Parliament. Or it may be that the concept of direct confrontation is understood and accepted eg the defiance of legislation. Tactics must be decided accordingly. But unless such activity is not seen as merely a means to an end, and not an end in itself, its contribution to the development of a working class movement will be a limited one. Far worse is the fact that when such activity fails to achieve its aim, the result is often a cynical disregard for working class organisation in general.

When Hugh Scanlon was elected to the Presidency of the AEU, it was hailed as a victory for the 'Left Wing.' Yet at that time he said, '... But I don't want to involve myself in any higher political issues than the prices and incomes policy.' (*Financial Times*, November 8 1967.)

A more priceless example of economism would be hard to find, and it illustrates the dilemma that he and many other supporters of the Labour Party are in. To get involved in 'higher' political issues inevitably raises the question of the government's fundamental strategy and of our attitude to that strategy. Are we to build a new society based on socialist principles, or relinquish these ideals in favour of grubbing around for the crumbs of capitalism. The room for half-measures is becoming increasingly restricted, and you surely cannot have a socialist society without capitalism.

It follows that, if there is to be any progress, the present system has to be challenged, and it is

equally clear that the present government has no intention of doing that. In fact its policies have the primary aim of maintaining capitalism at all costs, and with the post-war decline in British imperialism this aim is achieved increasingly at our expense.

The development of an effective opposition to this scheme of things is impeded by the deep-seated belief that the Labour Party is a working class party. This idea is a myth, its only connection with reality being that it depends for finance upon working class organisations such as the trade unions. Many years in the political wilderness of opposition, where it was never challenged, helped to weave this myth into the fabric of working class tradition. It became an article of faith. Only the heathen pointed out that there was nothing to support such a belief.

In 1945 the first Labour Government with an overall majority was elected and the myth was put to the test. Long before the end of its first term of office, the government had succeeded in destroying the wealth of idealistic fervour that had been built up between 1939-45 during the second world war. Now we are enjoying the second Labour Government with a working majority, and what remains of the myth is rapidly being destroyed, but many of those who realise this are also aware that the only alternative at present is a return to a Tory Government. That is why they endeavour to avoid following through from the immediate question to its ultimate answer, and that is also why the so-called 'left wing' is more shadow than substance, its occupants refusing to push their opposition to the point of bringing the Labour Government down, and the government is well aware of the fact.

Government interference

The government has gradually established the practice of interference in negotiations between employers and trade unions and brought it to a point where it is now generally accepted, and challenged only by those immediately affected. An example of this was when the Confederation of Shipbuilding and Engineering Unions submitted a claim for a new 'package' deal. Before the employers had formulated their reply the Prices and Incomes Board issued a report setting out very precise limits on what would be considered as a reasonable settlement. It proposed increases of between £1 10 0 and £1 13 0 per week on the National Minimum Rates but no general increase. The effect of this bonanza would be, for example, to raise the National Minimum Rate for a toolmaker to the princely sum of £14 7 0 per week. Small wonder that the Board calculated that their proposals would add only one per cent to the annual wage bill in the engineering industry.

It should be noted that the TUC was very concerned, not at the threat to normal trade union negotiations, but only that the report threatened its own economic plan. This is typical of the trade union

leaders in general, for they are more concerned with demonstrating their superior ability in carrying out the government's policy than challenging it. The 'package deals' in the engineering industry are a prime example of collaboration between the top union leadership and the employers, aiming at eliminating activity at workshop level. However, it is one thing to reach a 'settlement' at this level and quite another to convince the membership that this is in their interest.

The government is aware that the policy it is pursuing will provoke strong reaction from the organised sections of the working class. To counter this, it has expressed its intention to introduce legislation to deal with this reaction. The report of the Royal Commission on Trade Unions will be used, as it was intended to be used, in the preparation of this legislation. Accordingly, the government's interference in the trade unions' sphere of activity becomes increasingly authoritarian, from pleas and advice to instruction and the use of judicial powers. It is vital to recognise that this is not simply bad judgement or stupidity (though both are certainly present), and that, therefore, it is not a question of correcting it by reasoning or replacement of one group by another.

Struggle for supremacy

In the capitalist section of the world, a bitter struggle for supremacy is taking place. Britain has long ceased to be at the top of the league table. The loss of plunder from the colonies has destroyed the very foundations upon which the British imperialist system was built. However, this fact has not been allowed to alter basically the economic policies pursued by successive British governments since the end of the second world war. In their desperate attempts to retain some of their profits and power, British imperialists have accepted the role of second fiddle to US imperialism. Capital investment abroad, the arms programme and expenditure on overseas bases have continued at a rate out of all proportion to our economic resources.

As a result there has been a constant drain upon our reserves, eroding confidence in the sterling area and leading to attacks upon the pound. The borrowing of large sums of money from the International Monetary Fund and elsewhere as a support measure has put us further into pawn.

In the shrinking area still open to capitalist exploitation the attempt to increase our exports is meeting determined opposition. In the main this arises from US competition, but there is also the Common Market, constituted as a challenge to US domination but presenting a further obstacle to the aim of improving Britain's trading position. So far as British capitalism is concerned, it is a struggle for survival as an independent power.

There is less room for manoeuvre in these circumstances, making it increasingly difficult to buy off

sections of the working class in order to maintain peaceful relations. Every successful wage claim threatens the profitability of the system, and there is the additional factor that the international money-lenders will regard any concession to workers' demands as a sign of 'softness' and withhold their credit. As a consequence, it is imperative for social democracy that the working class movement should be restrained from militant activity, thus ensuring that the weaker members of the employing class are not subjected to pressure that might force a breakthrough. This is particularly so since such activity may be expected to increase as a result of the measures that must be taken if capitalist society is to be maintained in its present form.

Break with tradition

There are two ways of achieving this, one being the direct method of outright suppression, the other to subvert the existing organisations and use them as a means of disciplining their members, reserving stronger measures to mop up any pockets of resistance. If this is to be successful the top leadership of these organisations must be given greater authority and activity at workshop level must be eliminated.

If we restrict our activities to matters concerned with wages and conditions and do not involve ourselves in 'higher' politics, the employing class, whose interest the Government is serving, will achieve its aims. Therefore there must be a conscious effort to break with the traditional concept of the role that we, as active trade unionists, should perform. The limiting of our thought and activity to matters concerned with only our particular employer or group of employers, and with only our own wages and conditions, has always been an unreal situation.

Certainly the need for such a break has never been more urgent. The party political system of government has served the ruling class of this country full well, with its periodic battles between Tweedledum and Tweedledee creating the illusion of democracy. Its usefulness is now subject to serious doubt, the liabilities beginning to outweigh the assets. The ruling class will not hesitate to replace it with a system better suited to the changing circumstances unless we pursue our class interests beyond the limits of economic struggle.

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THE MANAGEMENT COMMITTEE welcome comment, criticism and suggestions for future articles. We also welcome letters and communications for publication. Please write to Tom Hill, 11 Barratt Avenue, Wood Green, N22.

The Devaluation of Sterling

The Significance and the Political Outlook

By David Hall

THE DEVALUATION OF STERLING was not a small event. It was an important turning-point, the effects of which become more manifest as time passes. It was the outcome of attempts by the British ruling class to maintain their imperialist role, accepting US hegemony as necessary to this end and shaping all their policies accordingly to meet US requirements. These policies brought increasing strains on the British economy and balance of payments. The British imperialists' strenuous efforts to defend sterling postponed but could not prevent devaluation which ushered in a new phase of political and economic development, nationally and internationally. The political tempo is speeding up, as is shown by Johnson's statement of many important changes in US policies a mere six weeks after sterling's fall.

In assessing what devaluation involves, let us take the following aspects:

- 1 Why did devaluation take place?
- 2 Why was 14.3 per cent selected as the appropriate figure?
- 3 Will there be stability at the new level?
- 4 The dollar and gold
- 5 The political significance of devaluation internationally.
- 6 The political significance of devaluation within the US.

1 Why did devaluation take place?

The Wilson Government, from assuming office in October, 1964, continued all the basic post-war policies of the British imperialists. The export of British capital overseas went on. Government overseas spending was maintained at a very high level. Foreign, particularly American, investment within Britain, was encouraged, although this relieves the UK balance of payments only short-term at the cost of long-term deterioration as increasing remittances are made of the profits earned on the foreign investments. The financial role of the City of London was supported by the offer of high interest rates to attract foreign short-term funds.

On visible and invisible trade Britain's performance, over the years, has really not been too bad. Surpluses have in fact been earned (£356 million was the cumulative surplus on current visible and

invisible trade in the eleven years to 1966) but they have not been large enough to cover the Government's overseas spending and the export of capital. Hence the balance of payments overall has been in deficit. There was a deficit of £745 million in 1964, followed by further deficits in 1965, 1966, and 1967 which probably came to a cumulative total of at least £1,500 million. We have to talk about 'probable' figures because the published official figures conceal the true facts. This cumulative deficit has completely wiped out the reserves held in 1964. What the Government shows as reserves to-day is simply borrowed money. In a real sense the reserves are nil or even a minus figure. The Government has borrowed from the International Monetary Fund, taken short-term loans from foreign central banks and used up the portfolio of dollar securities it acquired during world war two.

Clearly the UK could not indefinitely continue along this road. Foreign lenders could not be expected to go on increasing their loans when they saw, not the promised surpluses on the British balance of payments, but continuing deficits. The dollar portfolio could be used only once.

2 Why was 14.3 per cent selected as the appropriate figure?

In the autumn of 1967 it became clear that the end of the road had been reached with these policies. The long-promised balance-of-payments surplus had still not been achieved and a deficit continued. Given that the Labour Government was incapable of making any fundamental change in its line by breaking with the American imperialists, it had to face a choice among only three possibilities:

- (a) a very drastic devaluation, which would give strong stimulus to British exports, with the hope that the balance of payments on visible and invisible trade would be sufficiently improved to carry the burden of Government overseas spending and capital exports;
- (b) a smaller devaluation, accompanied by further foreign loans, so that there was support for sterling during a more extended period in which attempts were made to improve the UK trade balance;

(c) no change in the sterling parity, and a very large international loan to enable Britain to go on for a further period on the old basis.

All the evidence suggests that the Americans wanted (c) because this would cause the least upset to the international financial system and thereby minimise pressure on the dollar, which has considerable problems of its own, as we shall examine later. However, this course was never a real possibility. Lenders were not prepared to put up enough money to enable Britain to continue on the old road. And even if they had been willing to find a large sum, they would inevitably have required the British Government to introduce a degree of deflation and to create a level of unemployment which must have wrecked the Labour Government. Wilson had enough interest in staying in office to resist political suicide.

Hence, the choice really lay between courses (a) and (b). Between these two the choice was not really made by the British Government, which had lost so much of its independence that even a decision about the devaluation of its currency was largely decided by foreigners rather than itself. Course (a) could have given Britain a considerable export advantage over its competitors and might have compelled some of them to devalue defensively. Such devaluations would have brought great difficulties for the dollar. Hence the international capitalist choice, as between (a) and (b), was for (b). There seems to have been international consultation and agreement that Britain should devalue by the relatively modest percentage of 14.3 per cent, that other major countries would not follow her devaluation, and that she would be given a further loan to meet transitional difficulties, this loan being accompanied by strict scrutiny and endorsement of her policies by the creditors.

This decision had contradictory features. On the one hand, the fact of an agreed decision shows the ability of the capitalists to achieve some measure of co-operation among themselves in dealing with serious problems affecting their system. On the other hand, the actual decision taken reflects important contradictions among the imperialists, in particular the contradiction between Western Europe, led by France, and the US-British imperialists. The devaluations of sterling was an important defeat for the Americans who had to accept a decision which worsens the position of the dollar.

2 Will there be stability at the new parity?

It is useful to compare the 1949 and 1967 sterling devaluations. In 1949 Britain's devaluation was followed by most countries outside the dollar area and so the trading and financial relationship between Britain and the other sterling area countries was not seriously weakened. In 1967 only a few

countries of lesser economic importance followed Britain in devaluing and the 1967 devaluation is an important milestone in the disintegration of the sterling area.

Already before devaluation sterling area countries were beginning to diversify their reserves and hold part in dollars or gold. This process is now bound to develop. Indeed, the whole concept of the sterling area is increasingly unreal. Before the war, the essential features of the sterling area relationships were that the UK had a deficit with the dollar area and a surplus with the rest of the sterling area, while the rest of the sterling area had a surplus with the dollar area and a deficit with the UK. Hence, overall a balance was secured, and it was safe for the sterling area countries to hold their reserves in London in the form of sterling. They were promised that, if need be, their sterling balances could always be converted into other currencies and they had priority access to the London capital market. To-day, however, the sterling area as a whole has a deficit and holders of sterling balances cannot feel confidence over their security, while Britain's reduced ability to export capital has cut down the attractiveness to sterling area member countries of preferential access to the London capital market.

It is worth noting that since the end of the war, the export of capital from Britain has been paralleled by an import of capital from abroad, mainly from the US. Without this capital import, there would have been less export of British capital. To-day, however, the deficit on the US balance of payments impedes the outflow of dollars for further US investment in Britain. The US imperialists are certainly trying to continue to invest, but they have been increasingly turning to financial juggling, in which they build up their ownership of foreign industry by borrowing dollars held abroad. These investment difficulties of the Americans can affect the possibilities for continuing British capital exports. The disintegration of the sterling area can therefore develop very rapidly.

Devaluation on November 18 1967 was accompanied by the announcement of other measures:

- (a) Bank Rate was raised to 8 per cent and bank advances limited;
- (b) hire-purchase on cars was tightened-up;
- (c) a cut of £100 million was promised on 1968 defence expenditure;
- (d) repayment to employers outside the development areas of the Selective Employment Tax would cease;
- (e) public spending, including capital investment by nationalised industries, would be reduced by £100 million;
- (f) the Corporation Tax on company profits would be increased from 40 per cent to 42½ per cent.

Bank Rate at the exceptionally high level of 8 per cent cannot be regarded as more than a transitional measure for protecting sterling against an immediate wave of speculation. The Government are bound to reduce this rate at the earliest moment that funds begin to return to London, which so far has not happened to any important extent. While the high rate lasts, it adds to the strain on the dollar by diverting funds from the US and compels the Americans to maintain higher interest rates than they would like: this is, one example of how the fall of sterling adds to the pressure on the dollar.

The promised £100 million defence cut and the further cuts announced by Wilson in January have to be assessed with caution. The Wilson Government has consistently juggled with figures to show defence 'cuts' while in fact spending more money. The fact is, as the 1966 Defence White Papers showed, that Britain's defence commitments have been closely geared to the requirements of the US and there is no independent British arms policy. The government says one thing to satisfy public opinion in Britain but does another thing to satisfy the Americans. Wilson's proposed cuts do not take real effect until after 1970, and there is yet time for amendment to them. But there is significance in the quite specific statements about withdrawals from Singapore and the Persian Gulf. These statements undermine the British role in these areas even in the time remaining for troops to be kept there. They reflect a definite stage of decline for British imperialism.

The cessation of the repayment to employers of the Selective Employment Tax, which the government describes as a reduction in its spending, is a reduction only in a narrow book-keeping sense. In reality it is an increase in taxation.

What the Government intends is to reduce living standards of the British people by raising prices, increasing taxation and resisting wage increases. By one means or another — legislation, co-operation from right-wing trade union leaders, propaganda campaigns using press, radio and television — the workers are to be pressed to live at a lower standard and to accept a significant level of unemployment. We see the application of this line in the imposition of Health Service charges and the government's attack before Christmas on the locomotive engineers for daring to challenge a Railways Board decision which had never been discussed or negotiated with them. The threats to use emergency powers, which the situation itself never called for, were intended to show lenders abroad that the Government could be relied on to protect their interests.

The balance of payments target the government has set for achievement after devaluation is an 'improvement' of £500 million a year, with progress towards this timed so that in the second half of

1968 there is a surplus at the annual rate of £200 million. Can this target be achieved?

If the deficit in 1967 was, say, £300 million (no one can yet be sure from published information), a £500 million 'improvement' would mean a surplus of £200 million. If this were achieved, it would take five years and more to clear off existing borrowings and then a further period to build up substantial reserves. The first comment to be made on the government's target is therefore that it implies the continuation for a considerable period of the situation in which Britain is in pawn.

One thing, incidentally, the government has not talked much about in assessing the future balance of payments is foreign investments in the UK. This has become more attractive to foreign capitalists now that they can acquire sterling more cheaply, and we expect the government to encourage it, covering up this surrender of British national interests by talk of 'technological co-operation, developing international co-operation,' 'wider trading areas,' etc. Encouraging foreign capital to penetrate Britain is, as we have already said, snatching some short-term relief at the price of long-term deterioration. But the dominant elements in British imperialism, who are completely committed to a line of not mere subordination to, but integration with, the US, will not hold back from this policy.

Thus, taking the Government's target at its face value, we conclude that its achievement would still leave Britain in a weak and subject state. But how likely is a £500 million 'improvement' in the balance of payments?

Government overseas spending will, we believe, not fall in the next couple of years and may well increase; substantial exports of capital will continue; and the disintegration of the sterling area and London's weakened financial role in the world will diminish some of the earnings on invisible trade. There are some factors on the other side affecting the final net balance on invisible earnings, but even if we are underestimating them, it is clear that the achievement of the government's target depends essentially on performance with visible trade: that is to say, what the government is demanding means that the balance between imports and exports must improve by about £500 million a year.

In 1966 UK imports were £5,945 million *cif* and exports £5,043 million *fob*. If the volume of goods represented by these figures remained unchanged, and import prices reflected the full 14.3 per cent devaluation of sterling, the imports bill would rise to £6,946 million and exports (at unchanged sterling prices) would be maintained at £5,043 million. Thus the crude trade gap would increase from £911 million to £1,903 million.

In fact, of course, the average rise in import prices will not be as much as the full extent of devaluation, higher sterling prices will be secured on many exports, while import and export volumes

will also change. One can do little more than guess what the new balance between import and export prices will turn out to be, but many commentators have assumed a money deterioration of the UK's terms of trade of around 5 per cent. On this basis, the volume ratio between exports and imports has to improve by about 6½ per cent to maintain the same money gap as before. To reduce this money gap by £500 million requires a further volume shift of about 9½ per cent, or a total volume shift of about 16 per cent.

In discussing the effects of devaluation, there is frequently confusion between different concepts — money values measured in pre-devaluation pounds, money values measured in post-devaluation pounds, and the physical volume of imports and exports. What we are emphasising is that achieving the government's money-value target in post-devaluation sterling requires a shift of about 16 per cent in the import/export volume ratio and this, clearly, is a formidable task.

Doubts about the likelihood of achieving so big a change quickly are reinforced by the fact that the outlook for the growth of world trade is unpromising. West Germany is possibly now moving into a more expansionist phase, France also may move forward, but the US in defending the dollar, tends to be a restraint on world trade growth. Primary-producing countries, experiencing price falls on their commodities and carrying heavy payment burdens in servicing their previous borrowings, are not an expansionist factor.

On the other hand the Vietnam war pushes the US, willy-nilly, into rising expenditures despite its need to defend the dollar. Thus, the situation is complex. However, our view of the overall balance of factors is that world trade will not grow at anything like the rate of 8 to 10 per cent a year it averaged during the early 1960's so that UK exports will have to be pushed in a less receptive world market.

To maintain the pound depends, therefore, on success in a trade drive which faces considerable difficulties. The Government has also not referred so far to pressure on sterling that could arise from capital withdrawals. But the disintegration of the sterling area is likely to result, during the period ahead, in withdrawals of official funds from London which, unless offset by import of capital through further foreign investment in Britain, will add to the difficulty of achieving the Government's target.

In, say, two years' time, there could well be a situation in which, having failed to achieve a balance of payments surplus of adequate magnitude, the parity of sterling again comes into question. We say two years, not because it is possible to calculate any exact period of time, but rather to indicate that this is not a development we expect during the next two or three months. For the time being the present parity of sterling is likely to be maintained. The US and others would not wish an

early recurrence of a sterling crisis.

Looking a little beyond the months immediately ahead, we also have to take note of another factor the British government has been silent about in its statements. It is not impossible that some other countries will devalue later on, if world trade conditions are not easy and they find that British competition is becoming sharper. And one devaluation could lead to another. For example, devaluation by Australia might influence Japan, whose devaluation could in turn affect Europe. Hence we do not feel long-term confidence in the present alignment of currencies. **We are entering a period when the inter-imperialist contradictions are becoming much sharper and the old pattern of relationships is cracking. Beyond about the next six or twelve months, the future can bring sweeping changes.**

4 Gold and the dollar

Goods exchanged in international trade are paid for in money. National monies are acceptable so long as the recipients feel confident in their value and this means that they should be convertible, in the final outcome, into gold, the one measure of value universally accepted.

Since the end of world war two the general practice has been for currencies to fix a parity with the US dollar which, since 1934, has had a fixed price of \$35 per ounce of gold. The US Treasury is committed to supply gold at this rate in exchange for all dollars offered to it by foreign central banks.

In the early post-war years, when the US economy dominated the capitalist world and the other countries were in deficit with the US, they were all short of dollars. There was, therefore, no reason to change dollars into gold. As foreign countries earned dollars they were spent in trade.

With the recovery of the other capitalist countries, however, and with the swing into a balance of payments deficit by the US because of massive American government spending overseas and private American investment abroad, foreigners began to accumulate dollars and to change some of them into gold. From a peak gold-holding of over \$24 billion, the US gold reserve has fallen to below \$12 billion. Now that Johnson has proposed to end the requirement that gold should back 25 per cent of the US currency issue, theoretically all this is available against offerings of dollars by foreign central banks. In practice it is inconceivable that the US government would allow its gold holdings to fall to nil. Many commentators hold that the US would not allow its gold to fall below \$10 billion. Thus the supply of gold available has become small in relation to foreign dollar holdings which are around \$30 billion.

If the foreigners exercised their right to change dollars into gold, even allowing for their need to retain some dollars as necessary working reserves for making trade and financial payments, it is clear

that the US could not meet its obligations. The dollar is thus not safe, as it was in the earlier years. Moreover as the US has no exchange control, American capitalists themselves, if they became seriously worried over imminent danger to their dollar parity, could send out capital on a scale which in itself could upset the dollar, regardless of the foreigners.

Faced with this situation, the US authorities have resorted to a series of expedients. They have asked American capitalists to restrain their dollar investments abroad and, where necessary, to finance their overseas expansion by borrowing local currencies. They have pressed foreign holders not to exercise their right to ask for gold, thus making the dollar in practice inconvertible. They have altered the basis on which they shew their balance of payments figures in order to make their deficit look smaller. Johnson has now proposed a range of measures to increase US exports, reduce imports and save on foreign investment and travel.

They have succeeded so far up to a point. The West Germans, for example, promised not to convert dollars into gold and hold about two billion of their reserves in dollars. Agreements have been made with foreign central banks for 'swap facilities' which enable the Americans to secure foreign currencies in exchange for dollars up to certain agreed figures.

For the past few years the Americans have succeeded in running a deficit without suffering an unmanageable loss of gold. But the signs are that this cannot go on much longer. Either the US deficit must be ended or the link between the dollar and gold at the existing parity will be destroyed.

Ending the US deficit, however, would require a reversal of the basic policies of US imperialism — its aggressive penetration of foreign countries which is reflected in US government spending overseas, and its acquisition of foreign assets which is reflected in US overseas investment.

It would be against the nature of imperialism to end these policies. The US line has therefore been to insist that the dollar should be accepted as the world currency and foreigners should be content with dollars, not gold.

But this amounts to asking foreigners to submit to US domination and penetration and there is growing resistance to this. The resistance from the national liberation movements has been the basic political factor of the past period but now the other imperialists also clash with the Americans. France, under de Gaulle, has taken the lead in expressing this resistance by other imperialists, has steadily turned dollars into gold and has demanded changes in the international monetary system to eliminate the special position of the dollar.

To examine these questions fully would involve dealing with much technical detail, but one can say broadly that time is running out for the present

role of the dollar; that the Americans are meeting increasing opposition to their efforts to press other countries to support the dollar; and that the time approaches when either the US imperialists must change their main political line of expansion and domination or abandon the gold parity of the dollar.

Devaluation of the dollar, for this is what a change in its gold price means, would have sweeping effects on the international monetary structure and — even more important — on international political relationships. It is because the Americans realise this that they cling so obstinately to the \$35 price. There is obvious commonsense in the argument put forward publicly by France that it is unrealistic to maintain for gold alone a price based on the price-levels of 1934 when all other commodities are priced at the levels of 1967. But the Americans take this position because the price of gold is not just a matter of financial calculation. It is essentially a political question, affecting the balance of power internationally. If gold were repriced, countries with large gold-holdings or gold production such as France, the Soviet Union, West Germany and South Africa would have their reserves relatively enhanced. American possibilities of exercising pressure on them would be correspondingly reduced. Furthermore, a change in the dollar price of gold would revalue the present gold reserves of all countries and thus lighten the burden of debts outstanding to the US which would correspondingly reduce its leverage on them. True, the US itself would also make an immediate gain from the revaluation of its gold reserves but it would be required in future to back its dollars to foreigners with gold. The consequential need to improve its balance of payments would hinder its expansionist aggression.

Thus, the fight over the dollar's gold price is essentially a political struggle and, in specific economic terms, a fight over American economic penetration into other countries. Western Europe, with the strong export position of Germany and France, has been fortifying its balance of payments and accumulating dollars. The counterpart to this accumulation has been the deficit in the US balance of payments resulting from US investment abroad. The French are quite right in saying that in making these investments the Americans take over the ownership of real assets abroad against payments in paper dollars. Changing the price of gold, and insisting that dollars must be exchanged for gold, is thus a way of checking American penetration and domination — that is the question at the heart of the gold-price argument.

We believe that the balance of forces is such that a big change in the role of the dollar is inevitable in a foreseeable period of time. This may take the form of a change in the dollar gold price. It may take the form of some changed system of international monetary payments based, perhaps, on the

International Monetary Fund. But, one way or another, the essence of the change will be a weakening of US financial power internationally, reflecting the overstretching of the US imperialists in their struggle against the national liberation movements and their relative weakening against other imperialist powers.

5 The political effects of sterling devaluation internationally

Devaluation of sterling has set in motion a 'snowballing' process. British imperialism will decline further: the sterling area, the hold of the British imperialists on the Middle East and on other exploited areas such as Malaya, will weaken. Only a few weeks after devaluation, decisions were announced for evacuating British troops from Singapore and the Middle East. Whatever scepticism one may feel about the implementation of these statements, the fact of the government having to make them itself has political consequences.

The struggles arising from this decline will sharpen the antagonisms between the imperialists and the national liberation movements, among the imperialists themselves, and between reactionary and revolutionary elements within the exploited areas. A phase of developing struggle and growing political fluidity is opening. More and more openly the US emerges as the would-be inheritor of the old British Empire. More and more clearly it is revealed as the chief enemy of the exploited peoples.

The consequences will be very far reaching. Developments in detail are hard to foresee. But the result is certainly going to be a shift of strength against imperialism.

6 The political effects of devaluation within Britain

It will take time for the consequences of devaluation to make themselves fully felt within Britain. Over a period the capitalists will press harder and harder against the people's standards of living. In doing so they will seek to abandon many of the methods of rule which they have used successfully in the past and which have tended to blunt the class struggle in Britain. There will be less and less scope for the capitalists to make concessions to a privileged section of workers. Trade union rights will be attacked. There will be attempts to change the accustomed methods of rule by bourgeois democracy. The real nature of these methods, even in their present form, was revealed in how the decision to devalue was taken. The Paris negotiations were in the hands of high rank civil servants. Parliament was not allowed even to talk about devaluation until all the decisions had been taken. Even then, the statements made by ministers were untruthful, evasive and deceptive.

The British people do not understand too much of the technicalities and detail of these matters. But they do understand that the political debate bet-

ween the parties is unreal; that none of them tells the truth or is genuinely concerned with the interests of the people. There is a turning away from the established parties — Labour, Conservative and Liberal alike. There has been no turning towards the Communist Party, as its last bye-election vote conspicuously demonstrated. There is questioning of the whole basis of the traditional political framework.

The soil is being prepared for a new alignment in British politics. Many people are ready for change. A movement led by Marxists analysing concretely the realities of the situation and leading struggle accordingly would command powerful support. But without such leadership there could be openings for a movement on the Right to exploit demagogically the discontent with the old parties and harness it behind reactionary aims.

The key question is whether Marxists can move quickly enough to turn to good account all the possibilities of the new situation.

It must be frankly said that there is not as yet an effective leadership. Perhaps inevitably a period of destroying the old has to precede building the new. The Labour Party becomes more and more like the continental socialist parties, a party of petty-bourgeois, led by intellectuals openly following capitalist ideology. The trade unions must end their ties with such a party. Within the trade unions the struggle must sharpen between leaders, now drawn more and more into the administrative structure of the state, and the workers, who will defend their standards. This fight by the workers, and not the manoeuvres within the parliamentary Labour Party, is the real focus of struggle.

The contradictions are intensifying. With sharpening class struggle the opportunities and the need for Marxism as the leading political force of the British workers both grow.

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