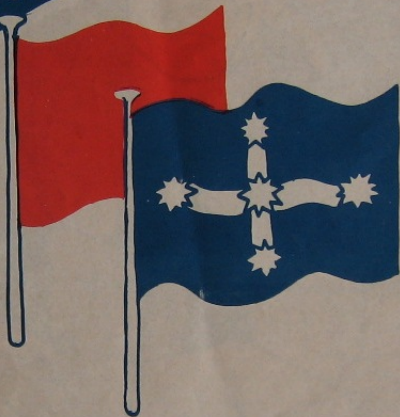


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THE REBEL!

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OPINIONS ON SOME INTERNATIONAL QUESTIONS .



 **RED EUREKA MOVEMENT**

C/- S. COLLINS
17 THE RIDGE
BLACKBURN



A RED EUREKA POSTER

Remember the Reichstag?

1933

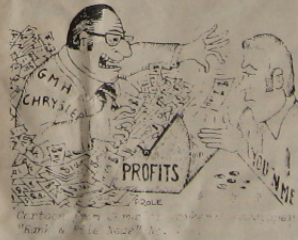
1978

The productive process in capitalist society is highlighted by the fact due to its lack of a unified and co-ordinated national plan in the production of goods and services the whole system of production is in a continuous state of anarchy and planlessness. This fundamental problem of the capitalist system is caused because of the nature of the system itself, whereby private ownership of the means of production and the capitalist quest of competition for greater surplus value dictates the overall functioning of the system. This private appropriation is only one side, or aspect, of the principal contradiction in capitalist society. The other aspect is the social production of the means of production by the workers which is continuously in confrontation with private appropriation. The anarchy of production is a direct factor or manifestation and cause of a capitalist economic crisis.

Rosa Luxemburg, the well known Marxist theoretician and proletarian revolutionary of the early 1900's contributed some valuable material on the problem of capitalist overproduction and accumulation. In her book, *The Accumulation of Capital*, Luxemburg throws some light on the problem of the anarchy of production. To quote: "Thus capitalist production and reproduction imply a constant shifting between the place of production and the commodity market, a shuttle movement from the private to the factory where unauthorised persons are strictly excluded, where the sovereign will of the individual capitalist is the highest law, to the commodity market where nobody sets up ordinary laws and where neither will nor reason assert themselves. But it is in this very licence and anarchy of the commodity market which brings home to the individual capitalist that he is dependent upon society, upon the entirety of its producing and consuming members. The individual capitalist may need additional means of production, additional labour and provisions for these workers in order to expand reproduction, but whether he can get what he needs depends upon factors and events beyond his control, materialising as it were, behind his back. In order to realise his increased aggregate of products, the individual capitalist requires a larger market for his goods, but he has no control whatever over the actual increase of demand in general, or of the particular demand for his special kind of good." (from p. 45)

Further on Luxemburg adds this point: "On the other hand, the lack of a plan in this respect shows itself in the fact that the balance between demand and supply in all spheres can be achieved only by continuous deviations, by hourly fluctuations of prices, and by periodical crises and changes of the market situation." (p. 46)

"ONE FOR YOU! SIXTY-FIVE THOUSAND FOR ME!"



In these above quotes, Luxemburg is talking generally about the conversion of capitalist accumulation into money. But we have to note that in this conversion process the only 'laws' that the capitalists follow are the ones of competition for greater surplus value. The economic and political mechanisms of capitalism cannot control, in a planned manner, the process of production because ideologically they were not devised for that purpose.

Although there is an urgent necessity to develop a thorough Marxist study of the present economic crisis it suffices in this article to give some general examples of the archaic state of production (overproduction) is Australia. One that comes

ON THE ANARCHY OF PRODUCTION

immediately to mind is the car industry. The 1960's was a boom period for the multinational car producers. They produced hundreds of thousands of cars that flooded the market and reaped huge profits for them. Now these economic giants find themselves in a position where they have saturated the car market with too many vehicles. From a growth rate of over 50% in 1962 the production of motor vehicles has collapsed in the space of about 15 years to a growth rate of around 3% p.a. The multinationals concerned are now laying off thousands of workers and are functioning at a much lower capacity. The colour television market provides a more spectacular example of capitalist overproduction. The colour T.V. market officially opened up around 1974-75. By 1977 the multinationals producing these goods had saturated the market. These firms went on a wild orgy of producing colour T.V.'s which were at first a new product and within the space of a couple of years they not only made billions in profits but overproduced and glutted the market with T.V. sets.



TWINSI!

In relation to Rosa Luxemburg's statement on the conversion of capitalist accumulation into money for the purpose of expanding capitalist reproduction we can see in a general (and not particularly analytical manner) that the capitalists cannot realise enough of new surplus value to expand production. The capitalists have found that they cannot reconquer "the additional quantity of commodities representing the new capital plus surplus value." (p. 45) into new money. The capitalists have found themselves in a crisis of their own creation. The speculative and unplanned production that they initiated propelled them further into the crisis. The fact that the capitalists are competing among themselves for a greater share of the shrinking market further adds impetus for the economic crisis to worsen. Ideologically the separate multinationals stand unified in maintaining the capitalist order of private appropriation. But the fact that these exploiters are united ideologically does not imply that in the capitalist production process and its commodity market they are organisationally united in getting out of the crisis. Of course these multinationals do want to get out of the crisis and they are taking all sorts of "drastic" measures to try (unsuccessfully) to do so. The point is that they are competing against each other at the same time to try and strengthen their own monopolistic position; to get more private appropriation individually at the expense of other competitors.

The capitalist system is all about the private appropriators of the social production (done solely by the workers) which causes the anarchy of production. As long as capitalism exists, as in the past in its less developed form or as in the present in its more advanced stage, the anarchy of production will be one of its most serious manifestations and causes of crises.

THE AFRICAN HORN

SOVIET IMPERIALISM'S "INDO-CHINA" WAR

During the U.S. intervention in Indo-China, U.S. air force general Curtis Le May declared that he "would bomb the Vietnamese back to the Stone Age." The general's outburst exposed the truth behind all the propaganda about "defending democracy," "opposing aggression" and so on. In January this year, we heard a similar outburst, this time from Soviet Ambassador to Yemen, Georgi Samsonov, "who told reporters who had asked about the Somali insurgency in Ogaden, "We will teach them a lesson they will never forget... we will bring them to their knees!'"

SOVIET JARGON AND THE ETHIOPIAN JUNTA.

The Soviet Union has finally got a foothold in the African Horn and they are not making any bones about their intention to hang in there. Like the U.S. before them in Indo-China, the Soviets too are surrounding their imperialist role with rhetoric to cover the facts, but of course it's rhetoric of the "socialist" kind. The Ethiopian military junta is currently faced with a number of insurgencies by national liberation movements and Ethiopian revolutionaries is, according to the Soviet line, a "progressive socialist" regime. The junta's massacres and executions of Ethiopian revolutionaries and democrats is, according to the Soviet Union, "defending the Ethiopian revolution." The junta's opponents are all "reactionaries." Of course, and the struggle of the Eritrean people for national liberation is described as a "reactionary, imperialist-backed secessionist movement". One is tempted to believe that Hitler could become a "progressive" overnight if he was still around and was able to help the Soviets establish their empire.

The Soviets have obviously taken to heart the old Ethiopian saying; "call a vulture a turkey if you want to eat it".

Stripped of the hypocritical verbiage, the issue is quite clear. The Soviet Union and its Eastern European and Cuban allies have thrown in their lot with a national chauvinist, reactionary military junta that continues to hold power only by a massive influx of Soviet weaponry and a brutal regime of terror and repression. What began as a popular rebellion against the Ethiopian monarchy has degenerated into an aborted revolution, with a brutal military junta merely replacing the old regime.

In 1974, Haile Selassie's Imperial monarchy was overthrown. Widespread affluence and corruption in the ruling class, amid a crippling drought and famine, combined with a growing revolutionary sentiment among the masses and opposition to the war in Eritrea, all coalesced to spark of a revolt against the Selassie government. However, the young Ethiopian revolutionary movement was not yet fully developed or organized to be able to achieve a seizure of power with the backing of the workers and peasants. Instead, a group of plotting military officers rescued the situation and took power "on behalf of the people" as they put it. Conscious of the need to prevent further development of the popular revolt, the new junta made promises of land reform, democratic rights and a solution to the war in

the "province" of Eritrea.

ERITREA'S HISTORY.

Far from being a "province" of Ethiopia as the chauvinist military junta claimed, Eritrea is in fact a separate country that was only annexed completely in 1962 against the wishes of the Eritrean people, and in violation of a U.N. "federation" resolution (which itself was pushed through the U.N. by the U.S.A., and again without consultation with the Eritreans). Before the sham "federation" and Selassie's annexation, Eritrea had been colonised by the British who took it over from the Italians after their defeat during World War Two. Before the advent of the Italians in 1889, Eritrea was a separate independent state. At no time before the enforced federation of 1952 was Eritrea part of Ethiopia.

Successive Ethiopian regimes have always coveted Eritrea not only for its resources, but because without Eritrea in its control, Ethiopia is land-locked. By 1962, after Selassie had militarily annexed Eritrea, the country's resources and labor power had been sold out to foreign interests by the Ethiopian rulers. U.S. interests controlled the extraction of iron ore and oil. Japanese interests monopolised extraction of copper, Italian companies regained control of the budding manufacturing sector that they established under Mussolini, and Israeli and Italian interests shared the processing of agricultural and livestock products. During this period an Eritrean working class began to develop and small and poor peasants had their land seized and became seasonal or daily agricultural labourers. Relatively speaking, Eritrea was more developed industrially than Ethiopia, and the formation of the Eritrean working class and the interaction between it and the foreign capital created a higher degree of political consciousness.

During the "federation" period, Eritrean workers and peasants carried out strikes and demonstrations in support of their democratic, trade union and national demands. In 1958, a country-wide general strike was only ended after the intervention of the Ethiopian military, who killed over 500 Eritreans. Many of the current junta officers gained their experience in this campaign. In 1962, Haile Selassie closed down the rump Eritrean parliament, outlawed Eritrean organisations and announced that Eritrea had become another province of Ethiopia. The farce of "federation" had gone on long enough, and at last the Ethiopians had control of the Eritrean Red Sea coastline with its strategic ports.

One year before this, Eritrean nationalists, noting the failure of peaceful means in their struggle, formed a guerrilla organisation - the Eritrean Liberation Front. When the annexation of Eritrea had become a fact, the armed struggle of the ELF was already a year old. So began the 16-year-long struggle for Eritrean independence. Nevertheless, the Western media insists on referring to this national liberation struggle as a "secessionist movement, or as "rebel" as if it were some-

Kind of spontaneous, anarchistic uprising. The Ethiopian junta and its Soviet allies join in this chorus and describe the Eritrean national liberation struggle variously as "a reactionary secessionist movement", "bandits", "Sudanese-backed seperatists" and even as an "Arab invasion".

EMERGENCE OF THE E. P. L. F.

Since 1970, the Eritrean struggle has been led by the Eritrean People's Liberation Front, which has now eclipsed the older ELF. The EPLF was formed after revolutionaries in the ranks of the ELF attempted to work for internal reforms as the ELF in their view had become a Muslim-dominated, bourgeois organisation that had seriously compromised the struggle by accepting the political tutelage of Arab regimes and by behaving little better than the Ethiopian occupation troops towards the people. ELF commanders ran their battalions as virtual private armies and recruited fighters on the basis of tribalism or religious affiliations. They undertook little political or ideological education beyond narrow appeals to fight the Ethiopian "infidels". The masses were not helped in their struggles against the landlords and foreign capitalists, their only role being to feed and shelter the ELF guerrillas. They were even taxed and their sons were drafted into the ELF rather than recruited. The proletarian elements in the ELF who tried to transform the ELF into a popular movement and oppose the reactionary and bourgeois elements in the ELF leadership and were forced to split away and begin the task of providing a revolutionary leadership for the national struggle.

EPLF FIGHTER IN ACTION AT THE SIEGE OF ASMARA



From 1970 to 1974, the ELF even instigated a war of annihilation against the newly-formed EPLF. However the masses knew this was to the advantage only of the Ethiopians and a long campaign of military self-defence by the EPLF and a mobilisation of the masses in the liberated areas forced the ELF to halt the fratricidal war. The EPLF based their organisation on the alliance of the workers and poor and middle peasants, with the principle of proletarian leadership firmly in command. They also won over many small merchants and artisans. They recruited all the armed forces under their control from all the different ethnic and tribal groups and eliminated religious influence. For the first time in the history of the struggle, women were recruited on an equal footing with men, and this required a political campaign aimed at eliminating male privilege and domination in their ranks and in the liberated areas in their control. The EPLF backed the peasants against the big landlords and carried out land reform at the same time as they fought the Ethiopians. Eventually the masses of Eritrean people sided with the EPLF and the in-

fluence of the ELF dwindled as did the number of liberated bases under their control, although the ELF still plays a minor role in the war against the Ethiopian occupation.

The EPLF, now clearly in the leadership of the national liberation war has led the successful military offensives that has resulted in the Ethiopians and their Cuban advisors being encircled in only three remaining positions. These are the ports of Massawa and Assab, and the capital of Eritrea, Asmara. Assab is the only position the Ethiopians consider secure and this is used to bring in Soviet and Israeli military supplies and to service the Soviet and Ethiopian vessels that are currently shelling EPLF positions outside Massawa.

THE JUNTA'S RECORD.

In Ethiopia itself, the 1974 revolt ended in the assumption of power by the military junta. The supporters of the old regime, representatives of the feudal monarchy, fled to neighbouring Sudan from where they have tried to launch military actions against the junta under the banner of the "Ethiopian Democratic Union". They have had little success as their troops have not only had to face opposition from the junta's troops, but have been repulsed by Eritrean and Ethiopian guerrilla forces who while opposed to the junta, have no desire to see a come-back by the old ruling class.

During the turbulent period preceding the junta's coup, Ethiopian communists formed the Ethiopian People's Revolutionary Party. The junta - by now hiding behind "revolutionary" slogans to hoodwink the rebellious people - saw the threat the EPRP posed to their fake "Ethiopian socialism" and immediately set about hunting down and executing the EPRP's real or imagined supporters. From early 1975 up to the present, the junta has launched successive terror campaigns and massacres to root out the EPRP. The junta excelled itself in 1975 by shooting down 500 people at the government-sponsored May Day celebrations. Large numbers of people joined the marches, carrying banners and shouting slogans demanding an end to military rule and completion of the national democratic revolution.



JUNTA LEADER, HAILE MARIAM MENGISTU, REVIEWS SOVIET AND CUBAN TROOPS FROM HIS GOLD TRIMMED IMPERIAL THRONE.

EVER SINCE the May Day massacre, the workers, peasants and radical students have suffered one wave of repression after another. Both the EPRP and Western journalists have frequently testified to these onslaughts. While these atrocities were being carried out, the "socialist" junta was assuring its U.S., European and Israeli supporters that their interests were safe under the junta's rule. But this was not exactly true. Within the junta itself, several factions were competing for power. During 1976 there were almost daily executions of officers of one faction by another. While the dog-fights inside the junta continued, more problems arose. "Mass organizations" set up by the junta to coerce and control the workers were turning into their opposites as radicalised elements agitated in them for completion of the stalled anti-feudal revolution, for free trade unions, democratic rights and equality of the various nationalities of Ethiopia. The junta saw the hand of the EPRP in all this and yet more bloody purges followed.

In February, 1977, yet another putsch occurred within the junta and a faction led by Lt. Colonel Mengistu Haile Mariam reigned supreme. This veteran of the imperialist interventions in the Congo and Korea had become the leader of the pro-Soviet elements in the junta. He was supported by a known Soviet agent called Haile Fida who controlled the leadership of the 'Meison', a junta-established 'socialist' party. After the traditional purge and executions of junta opponents, Mengistu's new regime carried out the bloodiest of purges and rounded-up and executed hundreds of 'counter-revolutionaries'. These massacres were carried out by Mengistu's notorious 'Libo Squads' trained by the newly-arrived Cuban security advisors. The bodies of the executed people were piled up in the streets of the working class areas and left to the hyenas as a lesson to all who contemplated opposition to the new regime.

SOVIETS STEP IN.

After Mengistu's coup, Soviet publications began to heap praise on his regime and applauded his massacres. The Soviet magazine 'New Times' and other political organs began running articles backing the junta in its struggle against the EPRP, which was described as 'Maoist, anarchist, and reactionary' and accused of being in the pay of the C.I.A. Mengistu's coup was followed by a decisive shift in foreign alliances. U.S. and Western European military advisors and civilian assistants were given their marching orders, and Soviet and Cuban advisors arrived to take their places. By December last year, there were an estimated 3000 Cuban military advisors and about 1800 Soviets. Since then the number has risen

SOVIET MILITARY EXPERTS (IN CIVILIAN DRESS) AND CUBAN SOLDIERS AT ADDIS ABABA MILITARY COLLEGE



GENERAL PETROV, COMMANDER OF SOVIET FORCES IN ETHIOPIA.

sharply and now regular Cuban troops are arriving from Angola daily. In a huge military airlift begun last December and carried on until January this year, 200 Soviet cargo planes flew round-the-clock missions to supply the Ethiopian junta with tonnes of sophisticated military hardware ranging from Soviet and Czech machine guns, to rockets, right up to T-54 tanks and Mig 21 fighter-bombers. Czechoslovakia, East Germany, Bulgaria and South Yemen have all sent arms and advisors to join the Cuban and Soviet forces backing the Ethiopian junta. Despite the expulsion of the Western European and U.S. military personnel, Israel continued to send arms and train the Ethiopian army's counter-insurgency forces. This has been done with the knowledge of the U.S.A., according to recent statements by Israeli foreign minister Moshe Dayan.

CUBAN 'INTERNATIONALISM'

This massive influx of Soviet bloc weaponry and manpower is significant of the vast array of forces opposing the junta's rule. In the earlier phase of this military 'rescue mission', the bulk of the arms and Cuban advisors were sent to Eritrea to come to the aid of the beleaguered Ethiopian regulars. This did not help turn the tide against the EPLF though, and it appears the junta has opted for aerial bombardment and naval shelling to try and break the EPLF's encirclements at Asmara, Massawa and Assab. The Eritreans have accused Cuban pilots of flying bombing missions for the Ethiopians, and

using napalm on civilian-populated liberated towns. Soviet troops are operating the multiple rocket launchers for the Ethiopians at Asmara, and Cubans are driving their tanks. Two Soviet warships are aiding four Ethiopian ships in rocketing EPLF positions out of the Massawa. The junta and its Soviet bloc allies have taken a leaf out of the U.S.'s Vietnam book and are banking on mass terror bombing to try and smash the EPLF's popular support. The Soviet Union and its allies are playing a role in the African Horn that is exactly the same as the role the U.S.A. played in Indo-China.

During the junta's preoccupation with Eritrea, Somalis in the eastern Ethiopian territory of Ogaden took the opportunity to step up their struggle against the central government in Addis Ababa. The Ogaden is populated by ethnic Somalis, but it was incorporated into Ethiopia over a period from the end of the last century up to the post-World War 2 period. Until January this year, the Somali secessionists, led by the West Somali Liberation Front, held virtually all of the Ogaden region. However, with the bulk of the Ethiopian forces and their Soviet bloc allies now



concentrated in the Ogaden against the WSLF, it appears the Somalis have now fallen back in some places. Neighbouring Democratic Somalia has reportedly sent a force of its own troops to aid the WSLF against the counter-offensive. President Siyad Barre of Somalia claimed last month that Soviet Migs had bombed towns in northern Somalia in retaliation for his support of the WSLF. He said the current counter-offensive was aimed at driving right into Somalia itself in order for the Soviets to seize the port of Berbera. The Soviet navy used Berbera's facilities until Barre expelled the Soviets and Cubans from his country last year. Recently, Cuban army minister Raul Castro personally visited the Ogaden front to direct the counter-offensive before he went to Moscow to report to Leonid Brezhnev.

NATIONAL INSUBGENCIES PLAGUE MENGISTU.

The Ethiopian junta is also faced with other nationalist insurrections in the north, at Tigreya, and by the Affairs near Djibouti.

The '3000 year old Ethiopian Empire' that Mengistu likes to boast of is falling apart at the seams. After years of oppression of the non-Amharic nationalities by the Addis Ababa regime, Mengistu is now faced with uprisings by these oppressed national groups. If a policy of national equality had been carried out in Ethiopia, the Tigreyan, Somali and Affar people might have been content to co-exist in Ethiopia. There certainly would not have been such a popular backing for secessionist movements inside Ethiopia. Instead, successive Ethiopian regimes dominated by Amharic feudalists have discriminated against these nationalities, denying them a share in political power, diverting finance and development resources away from their homelands. In the case of the Ogaden Somalis, propaganda from neighbouring Somalia has had a strong effect on them, and unity with Somalia has become a popular alternative to Ethiopian national oppression.

The Ethiopian junta only has itself to blame for this, because of its consistent refusal to grant Eritrea its independence, and by its policy of replying to national demands with bullets and terror. The national question in

Ethiopia could easily be settled by the coming to power of the EPRP, which is the only all-Ethiopian party promising national autonomy and equality. But neither the junta and its Soviet bloc allies, nor the Western imperialists and Somalia want to contemplate such an outcome. The EPRP also promises a Marxist-Leninist regime and threatens the interests that each of these powers are struggling for. Ideally, the problem would be solved by granting Eritrea its independence, and leaving the Ethiopian people alone to settle their affairs by themselves without the threat of superpower intervention or the expansionist desires of neighbouring states.

Abstract talk about the 'destruction of the Ethiopian state' or 'attacks on Ethiopian national unity' only plays into the hands of the Soviet Union. There never was such a thing as 'national unity' in Ethiopia and there never will be while national groups are oppressed in Ethiopia. However, the Soviets and their Ethiopian allies are banking on such sentiments.

hoping they will have some credibility in other African states, or with "leftists" who continue to be duped by the Soviet propaganda and who hold a simplistic view of "class struggle" that does not take into account the national question. This is why Cuba's Castro has described the junta's opponents as "reactionary secessionists," "tools of reaction" and described the Soviet and Cuban role in Ethiopia as "proletarian internationalism." Lenin would roll over in his grave! "Proletarian internationalism" was also the signboard under which the Soviet Union invaded Czechoslovakia and under which it continues to deny its Eastern European neo-colonies their genuine national freedom. There is certainly such a thing as proletarian internationalism, but this isn't it! This is Soviet imperialism, pure and simple.



EPFL FIGHTERS WITH CAPTURED SOVIET TANK: "DEFEATING THE ENEMY WITH HIS OWN WEAPONS"

The fact that some regimes in the area have ulterior motives in opposing the pro-Soviet junta, or that some very reactionary regimes are helping Somalia and the WSLF... or the fact that their duplicity should be exposed does not nullify the fact that the major contradiction in the area is between the people of the African Horn on the one hand, and the Soviet Union's drive for domination on the other hand. This area is a perfect example of superpower contention. But it is not that the USA or its allies have exactly rushed to tackle their Soviet competitors. And it is not that the Eritrean people and the Ethiopian people and oppressed nations want them. The people of the area have successfully fought and weakened the power of U.S. imperialism. It was not long ago that the U.S. and its allies were the gendarmes helping the Ethiopian reactionary junta to oppress the people of the African Horn, to break the power of the Soviet imperialists too. Already Cuban and Ethiopian troops are being annihilated with their own tanks and guns, captured by the liberation forces. The Soviet, Cuban, and Ethiopian troops can be defeated just like the U.S. and its allies were defeated in Indo-China. But just as in that war, the people's victory can be hastened by genuine internationalism.

For all their opposition to the Soviet Union's drive for expansion, the Western imperialists are remarkably inactive. Have they decided that the African Horn is the Soviet Union's "sphere of influence"?

FOR REAL PROLETARIAN INTERNATIONALISM!

It falls on the same people who helped the downfall of the U.S. in Indo-China to now help the downfall of the Soviet Union and Cuba in the African Horn. Without Soviet aid and Cuban troops, the Ethiopian junta

could not last a week, just as They who were not last in Vietnam without U.S. aid. Wherever the Soviet Union and Cuba manifest themselves either politically, economically or diplomatically, it must be made hard for them to survive. There should not be a Soviet or Cuban embassy anywhere that does not get the same treatment as the U.S. embassies got during the Vietnam war.

There are a number of lessons in all this. Firstly, the fact of Soviet imperialism is once again underlined. Its support for a reactionary military dictatorship, its intervention against revolution and national liberation, its attempts at political and military domination, its mobilisation of its neo-colonies... all attest to the fact. Secondly, the particular role of Cuba. Cashing in on the revolutionary traditions of the Cuban people, Castro has become a mere tool in the service of the Soviet Union's global strategy. Castro's carefully-constructed, cult of the "internationalist revolutionary" is nothing but a cover for his army's mercenarism. Cuba still needs volunteers each year to harvest its sugar-cane, but one-third of its armed forces are currently overseas! Cuba plays this role because it too has become a Soviet neo-colony. Finally, there is once again another lesson here for those who are duped by the theory that the Soviet Union can be an ally in the struggle for socialism or national liberation.

Support for the Eritrean and Ethiopian people's revolutions is indivisible from opposition to Soviet imperialism. Remember those embassies!

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SOCIALISM WILL SURELY PERISH, SOCIALISM WILL SURELY PROSPER

With the capitalist crisis becoming more and more acute the economic and political influence of U.S. imperialism the world over is in rapid decline.

In view of the capitalist economic crisis we deemed it necessary to reprint the following article (in two parts) which places particular emphasis on the financial crisis that the capitalist countries, headed by U.S. imperialism find themselves bogged down in. The article, "Capitalism Will Surely Perish, Socialism Will Surely Prosper", originally came from the Chinese newspaper, "People's Daily", April 20, 1971. The English translation, which the following reprint comes from was taken from the U.S. journal "Chinese Economic Studies", Fall, 1972, pages 44-56.

The second part of the article will be printed in the next "Rebel".

Commenting on the general features of the international situation near the end of the fifties, the great leader Chairman Mao pointed out: "The enemy is rotting away day by day, while we get better and better day by day." The unfolding of history eloquently proves Chairman Mao's brilliant conclusion.

In the past ten years or more, economic crises and financial-monetary crises have broken out again and again in imperialist countries, headed by the United States, and the capitalist system is more and more seriously ill. But in socialist China, led by the great leader Chairman Mao, the national economy is developing vigorously, finance and the currency have been stable for a long time, and the picture is one of booming prosperity. The different facts of the two kinds of finance and currency under two social systems form a sharp contrast.

FINANCIAL - MONETARY CRISES THAT SHOOK THE CAPITALIST WORLD

The most prominent, most important change in the realm of capitalist finance and currency is the drastic decline of the American dollar from its predominant position. This fully exposes the debilitated nature of U.S. imperialism, which outwardly appears strong but is dying up at the core. It also shows that the capitalist system has already entered a state of extremely deep general crisis.

Utilizing its economic strength, which had grown during the war, U.S. imperialism ousted the American dollar to gold after World War 2 and forced the other capitalist countries to maintain their currencies at a fixed parity to the American dollar, thus forcing a capital monetary system with the American dollar as the kingpin and intensifying its control over and plundering of other countries. At the end of 1949, the gold collected by U.S. imperialism reached U.S. \$24,600 billion, about 70% of the total gold reserves of the capitalist world at the time.

The great leader Chairman Mao pointed out as early as 1947: "The war boom in the United States is only a transitory phenomenon. Its great power is only superficial and temporary." Owing to U.S. imperialism's frenzied expansion of armaments and continual launching of wars of aggression after the war, the balance of payments began to show a deficit from 1950 onward, and by the end of 1959, its gold reserves had already dwindled to \$19.5 billion. In the sixties, the U.S. position in the international balance of payments deteriorated further, gold flowed out in a steady stream and the credibility of the American dollar fell drastically. Western European countries, represented by France, whose economic strength was growing by comparison, rose to resist U.S. imperialist domination, openly challenging its hegemonic position of the American dollar. They repeatedly exchanged large amounts of American dollars they had accumulated for gold in the United States, whipping up a crisis of gold rush and exacerbating the precarious position of the American dollar. By the end of 1970, American gold reserves were reduced to \$11,070 billion, or only a little over one-fourth of the total gold reserves of the capitalist world, while American dollar deposits owned by foreign countries (i.e. short term external debts owed by the U.S.A.) rose sharply to \$49 billion

from \$19.4 billion in 1959. In other words, the existing gold reserves of the United States are not sufficient to pay off one-fourth of the short-term external debts it owes. The so-called Gold Dollar Empire has become a hollow tree. Following the drastic decline of the American dollar, the whole capitalist monetary system is steadily disintegrating.

Another remarkable sign of the capitalist financial-monetary crisis is the malignant development of inflation in imperialist countries, headed by the United States.

In the principal capitalist countries, prices have been rising even more sharply in recent years. According to officially released and greatly deflated figures in the United States, the general price index of consumer goods has risen 25% in the sixties. In the five years preceding the widening of the war of aggression against Vietnam, the average annual increase was 1.3 percent. In the four years from 1965, when U.S. imperialist chief Johnson widened the war of aggression, to early 1969, when he stepped down, it rose by 12%, with the average annual increase at 3 percent.



When Nixon assumed office in January 1969, he energetically made it known that he would regard the "arresting of inflation as 'top priority'". He also repeatedly boasted that through increasing taxes, raising interest rates, and carrying out other so-called economic contractionary measures, with those of one year before, showed within a few months. However, in the two years after he assumed office, the price of consumer goods in the United States rose sharply by almost 12 percent, averaging almost 8 percent a year. The purchasing power of the American dollar at home has now fallen to the equivalent of \$0.73 in 1959, or the equivalent of \$0.35 before the war in 1939.

The situation in other capitalist countries is equally gloomy. In the sixties, the price of consumer goods in Japan rose by 68 percent. It also rose by 45 percent in France, 41 percent in Great Britain, and 28 percent in West Germany. Although these countries also carried out so-called contractionary policies, prices in December 1970, when compared with those of one year before, showed a rise of 8.3 percent in Japan, 7.9 percent in Great Britain, 5.3 percent in France, and 4 percent in West Germany. Malignant inflation has become a disaster from which the capitalist countries cannot escape.

The capitalist financial monetary crisis is also remarkable in that storms of the crisis appear successively and are fierce in intensity and formidable in scale. In particular, in less than two years beginning from November 1967, manifestations of the crisis shook the capitalist world five times. The British pound sterling and the French franc were forced to devalue, one after the other, and more than 40 currencies were also devalued in consequence. Each time the crisis erupted, the American dollar as well as pound sterling and other currencies were sold in huge amounts in the Western markets in ret-

urn for gold, thus dealing a heavy blow to the American dollar. In the storm of the crisis that broke out in March 1968, the United States lost as much as \$1.4 billion in gold reserves in a little over half a month. U.S. imperialism was forced to abandon the official rate of \$35 for an ounce of gold in the free market and allow the price of gold to fluctuate freely. At that time, the price of gold in the free market immediately jumped to over \$40, which meant that the American dollar had already, in fact, been devalued.

CAPITALISM IRRETRIEVABLY DECLINES

The great leader Chairman Mao teaches us, saying, "The era in which we live is one in which the imperialistic system heads for total collapse." The increasing gravity of the capitalist financial-monetary crisis is a necessary result of the development of the contradictions inherent in the reactionary, decadent capitalist system.

After the great economic crisis of the capitalist world in the twenties and thirties, Keynes, an advisor of the monopoly bourgeoisie, advocated the strengthening of state intervention in the economy, in an effort to stimulate production by inflation and other means in order to maintain the so-called sustained prosperity of capitalism and save the capitalist system from decline. This is what the capitalist countries, headed by the United States, have been doing since the end of World War 2. They desperately expand their fiscal budgets, increase military expenditure, and blindly stimulate production to create false prosperity. But all these measures amount only to quenching thirst by drinking poison and cutting out one's own flesh to fill decayed cavities in one's own body. The result is like picking up a rock only to drop it on one's own toes. Such a policy causes more and more frequent and more and more serious economic and financial-monetary crises, and further aggravates the contradiction between the social character of production and private ownership of means of production inherent in the capitalist system. In particular, due to the failure of U.S. imperialism in pushing a policy of aggression and war, its class and racial contradictions at home were further aggravated, and it faces increasingly serious political, economic and social crises. The fifth postwar economic crisis, which broke out in the United States in the fall of 1969, has already lasted for more than a year. Industrial production has declined, and large numbers of enterprises have closed down. In January of this year, unemployment reached 5,400,000, more than double the number when Nixon assumed office two years ago. Suffering from both increasing inflation and unemployment, the monopoly capital group is in a panic and does not know what to do. Facts have proved the utter bankruptcy of the so-called Keynesian theory and all forms and types of new Keynesian theory.



Due to U.S. imperialism's ceaseless expansion of external aggression, its military expenditures in the sixties reached \$90 billion, of which nearly \$40 billion went into the war of aggression against Vietnam alone. Of the 11 fiscal years that ended in June 1970, deficits appeared in 9 years in U.S. budgets, totalling cumulatively more than \$64 billion. Nixon conceded not long ago that there would be a deficit of \$18.6 billion in the current fiscal year. To make up for these deficits, the reactionary ruling clique of the United States has adopted means such as increases in taxes and unrestrained issuance of currency and bonds. The revenue from taxation by the U.S. Federal Government and local governments at various levels has increased by three times in 1969 compared with 1959. Total currency in circulation at the end of 1969 was \$142 billion; by December of that year, it had risen to \$214.6 billion. The public

debt of the federal government grows increasingly larger, and has reached \$381 billion, or an average of more than \$1,900 per capita. In the past two or three years, interest payments on government bonds exceeded \$18 billion per year for the entire country, or almost 9 or 10 percent of the yearly fiscal revenue. The United States, which has long called itself 'the richest country in the world', is now deeply in debt and faces a very difficult situation. It has fundamentally lost the economic base for fiscal-monetary stability.



Imperialism desperately carries out armament expansion in preparation for war, spends freely out of budget deficits, and creates inflation, fattening the monopoly bourgeoisie. In turn, grave inflation whittles down the purchasing power of the broad masses of the people. As Lenin said, "It makes the situation of the masses of workers more and more unbearable and the struggle between capitalist and labourer more and more acute." In recent years, the revolutionary mass movement in Europe, North America and Oceania has risen to an unprecedented height, with the spearhead of struggle pointed at U.S. imperialism and the decadent capitalist system. In the United States, more than 5,600 labour strikes took place in 1970, with the total number of strikers reaching a ten-year record high and causing a loss to the monopoly capitalist of 62,000,000 workdays. In particular, the General Motors strike, which began in the middle of September last year and which involved 400,000 workers and lasted 68 days, cost the American GNP \$7 billion and would increase the budget deficit of the Nixon government by \$3 billion. In December, more than 500,000 U.S. railway workers called a large strike. So frightened was Nixon that he could not sleep but sat up waiting to sign an "emergency bill" which Congress debated at night and passed and which compelled the workers to postpone the strike. In Great Britain, the labour strikes in 1970 were the largest since the nationwide general strike in 1926. Labour strikes have also taken place continually in other principal capitalist countries. The increasing violent class confrontation has dealt a heavy blow to the reactionary rule of monopoly capitalists, further upsetting the capitalist economy and deepening the financial-monetary crisis.

TO BE CONTINUED NEXT ISSUE

