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**THE POLITICAL AND ECONOMIC SITUATION IN THE UNITED STATES**

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**Introductory Note**

Comrades, usually the Secretariat reports to the Central Committee begins with the international situation. Since we have a separate paper on that subject this time, we will begin with an analysis of the internal domestic situation. We would like to confine ourselves to presenting, in outline form, a number of the most important political and economic aspects of the class struggle of the proletariat in particular, and the subjective (communists) tasks which flow from this analysis.

**The Deepening of the General Crisis of Capitalism**

U.S. society, and the economy upon which it is based, is entering a rapid period of acute crisis. In the past decade or so, political, economic, financial, monetary and social crises have broken out again and again in the world of finance capital and the world position of U.S. imperialism has steadily declined. The days of the dollar as the world currency, New York as the world banker, and the Pentagon as the world policeman, are gone forever.

The economic situation is getting worse. Industrial production is down- 5% in steel, 50% in auto, 5% in crude-petroleum production, 6% in electric-power production, from a year ago (U.S. News and World Report, 6/17, 1974). Among industries cutting back in capital goods investments are: auto, electric and gas utilities, electrical machinery, mining, construction and communications, though small investment increases are planned for railroads, primary metals, chemicals and petroleum products. (Ibid) (\*The indexes of industrial production and capital spending are key indicators of a relative "up-swing" or "downturn" in the capitalist business cycle). The drop into auto production (the backbone of the "boom" from 1971 to 1973), the "energy industries", and housing, clearly point to a deepening of the already developing depression.

Inflation, so far in 1974 is running a rate of at least 12% and is literally stampeding down the working class's standard of living, devouring family savings, small property, and food budgets. Taxes are increasing at a fantastic rate. The revenue extracted from the working class in the form of taxes by the Federal and state and local governments has increased over three times since 1971. The public debt of the Federal Government (how much the government "owes" the monopoly capitalists) grows increasingly larger and today stands at over \$460 billion dollars! It would take the U.S. proletariat a thousand years or more at current wages, or about 30 generations just to pay back the interest on this sum. In past two years, the interest payments the government paid to the private corporations that held government bonds exceeded \$18 billion a year for the entire country, or 10% of all taxes collected. (see "The Economic Report of the President" 1973).

Much of today's inflation is an aftergrowth of the monetary crisis of 1971-1972 and the Vietnam War which was manifested in the abolition of the gold standard in the devaluation of currencies, in the decay of the productive industries and in a lowering of the living standards for the bulk of the proletariat. In the major capitalist countries prices have been rising at a rate of at least 10-15% a year, while in the colonies, and the lesser endowed capitalist countries (Spain, Portugal, Italy) the rate is around 30-75% a year. The price of consumer goods in the U.S. rose sharply in fiscal 1974, while the purchasing power of the U.S. dollar has fallen to the equivalent of 73¢ in 1959 money, and 34¢ in 1935 money. Consumer prices in the rest of the capitalist world rose even greater due to the "energy crisis" precipitated by the Arab oil boycott during the recent Mid-East War. In Japan consumer prices are running at a rate between 30-60%. While in France it rose last year to 46%, 41% in England, and 28% in West Germany. This tremendous rise in prices has taken place despite the fact that the manufacturing output per worker in these countries has more than doubled in the last twenty years. The sharp rise in prices has sharply curtailed the purchasing power

Curtailed production, growing unemployment, mass layoffs, run-away shops, attacks on real wages, inflation, attacks on the living standards of the working class, under-capacity operation of factories and the bankruptcy of a growing number of enterprises, has forced the monopoly capitalists and their henchman Nixon to increase military expenditures in spite of the worsening financial and economic situation in order to "stimulate" the economy; in spite of all the talk about the reduction in defense spending. Using the military budget to "stimulate growth" is part of a consistent policy of monopoly capitalism in effect since the great depression of the 1930's. They use the military budget to artificially stimulate economic growth, to put money into circulation in times of recession, to encourage the development of specific industries (like aircraft production), and to assist certain geographical areas (like the South).

" In 1969 20% of the labor force of the whole country was employed directly or indirectly for arms-build-up, war preparations and military production; half of the personnel in scientific research served the military. In 5,500 U.S. cities and towns, each has at least one war factory or a company having trade contracts with the military. And the 'prosperity' of some areas in the country is based on military spending. One third of the industrial enterprises in the country have a share in war production." (Economic Reporter-China. Jan. Mar. 1971)

Militarization of the economy may temporarily hold down the unemployment problem, but as we know only the end of capitalism itself and the introduction of socialism can permanently solve this problem. More inflation and more unemployment of depression-like proportions is on the agenda for the U.S. economy. The political response of the bourgeoisie to the increasing economic and financial difficulties, has been to move more speedily towards facization of the state as the way out of their crisis. The whole situation behind the "Watergate" phenomenon speaks to this. The results of this "scandal" showed how rapidly the veiled rule of the bourgeoisie, i.e., bourgeois democracy, parliamentarism, etc., is giving way to the open form of terroristic bourgeois dictatorship-facism. The various "administrations", particularly the Nixon Administration, help strengthen the dictatorship of the most chauvinist and reactionary elements of finance capital (the oil companies, auto industries, and the various defense connected firms) by eliminating competition, rolling back anti-monopoly laws, and generally welding together banking, industrial and other economic interests with the government apparatus, especially with the White House and the military. The increasing concentration and centralization of capital, an inevitable product of monopoly capitalism, leads to the concentration of political power into fewer and fewer hands. Today the President of the U.S. has almost dictatorial powers undreamed of by Hitler or Mussolini. Executive agreements, and "super diplomats" like Henry Kissinger, have replaced congressional treaties simply because of the fact that they require no congressional approval. Since a person can only run for office if his campaign is financed by "big business" (it costs nearly \$50-100 million to run) he can only run for office if he articulates and protects the interests of these blood-suckers. The president then supports the political line of the monopoly capitalist class in office in addition to turning over the selection of key government posts (like cabinet officials, war committees, etc.) to monopoly interests. Once the big boys have their "man" in office, it becomes much easier for them to carry out their special interest in relative privacy. Watergate was an "error"; they got caught doing in the open what others have been doing for decades under the scenes. Nevertheless, we cannot underestimate the speed in which the process of facization is developing. The attacks on the trade unions, the "law and order" campaigns, the Zebra operation, the rising anti-communist propaganda, etc., are only the latest expressions of this tendency towards facism, which will increase in tempo as the rising revolutionary movement of the proletariat develops.

State of The Communist Movement and the Workers's Movement

Strikes in the United States have been taking place without let-up since the beginning of 1974. 100,000 independent truckers participated in a 12 day long strike in February which had a significant effect on the delivery of important commodities and capital goods. 21,000 miners struck from the end of February to mid-March. From early March, over 10,000 San Francisco workers in municipal services and 8,000 sugar refinery workers and 6,000 pineapple plantation workers in Hawaii went on strike. The 2 1/2 year long Farah struggle for unionization ended in a victory for the 5,000 mostly Chicano women workers.

Many of the strikes, especially the wildcats in the auto and steel plants this year, have been directed at the sell-out union leadership and the trade union bureaucracy. On January 7, 6,000 steel workers signed a petition demanding cancellation of the agreement which deprives them of the right to strike. On January 9, 100 workers from the coke-ovens at Bethlehem Steel's Sparrows Point plant in Baltimore picketed a Washington hotel where their union bosses were holding a conference. Demonstrating workers carried placards and posters with slogans such as "End slave labor", and "The Right to Strike is Not For Sale". Some Communists were involved in this struggle. (see Peking Review No. # 10,11, & 18-1974)

On June 1, the Amalgamated Clothing workers called a national strike which involved over 100,000 workers. It was the first nationwide strike of this union in 50 years. In April alone, about 60,000 workers were involved in strikes with a total loss of over 652,000 man-days of work. A rash of construction workers strikes marked the last day in April (the expiration of the "wage-price freeze") across the country. In the first four months of this year, workers filed some 468,000 citations of safety and health violations against employers a significant factor in many of the strikes.

Our evaluation of these events is that we are witnessing a continually rising wave of mass strike struggles which is involving almost all of the key industries (auto, steel, electrical, mining, oil, and textile) in most of the regions of the country. Though these strikes are mainly economic struggles and are being led by reformists and opportunists, they nevertheless reveal deep-going changes taking place in the ranks of the working class, and are the clearest reflections of the crisis of American capitalism, and of the difficulties of the bourgeoisie in finding a way out of this crisis at the expense of the masses. We are witnessing the BEGINNING of mass struggles on the part of the multi-national proletariat against mass unemployment, wage-cuts, speed-ups, price hikes, etc. On the basis of the facts thus analysed, we can see that one of the most significant changes taking place is the overall class character of these struggles. By this we mean that formerly many of the struggles of the class were primarily carried out in the national-minority sectors of the class, particularly by Black workers (the wild-cats in auto during the 67-69 period, the Oneita strike in 73, the woodcutters in 70-72, the hospital workers strikes, etc.). Though the hard-pressed Black and other minority nationality workers continue to play a leading role in the most significant struggles and will continue to be a major force in the worker's struggles in the future, clearly the advanced sector of the multi-national proletariat is coming to the fore and beginning to play its historic role in leading the whole class and the majority of the population as a whole in their attack against monopoly capitalism and imperialism.

Thus a process of transition is going on in struggles of the working class, a transition from a lower to a higher stage in the class struggle, a transition from purely economic struggles to struggles of an increased political character (Longshoremen, Hawaiian workers, etc.). We will discuss the most important political conclusions and tasks for Communists next.

The Communist Movement

Lenin said: "The duty of Communists is not to gloss over any of the weaknesses of their movement, but to criticize them openly,

in order to get rid of them promptly and radically." (Theses On The Fundamental Tasks of the Second Congress of the C.I.).

Communist leadership is lacking. A common line on the workers' movement and the revolutionary movement as a whole that could unite the majority of the genuine Marxist-Leninist forces and groups into one communist Party is still not yet a reality.

Nevertheless, the necessity for uniting the genuine groups, circles and individuals, and to build a Communist Party of a New Type is still the central task. What then, are the major obstacles that have to be overcome, the major disagreements and divisions?

Most of the small circles and "collectives" of Communists which sprang from the spontaneous mass movements of the late sixties have developed gradually into four or five major groupings: The Black Workers Congress, the Puerto Rican Revolutionary Workers Organization, the Revolutionary Union, the October League and the Communist League. Additionally, there are a number of groups and circles scattered throughout the various localities and regions of the country; groups like the Guardian, The League for Proletarian Revolution, the Jerry Tung study Group, I Wor Kuen, ATM and a number of others lesser known, which in themselves constitute about 1/4 of the Communist movement.

Though there are some loose alliances between a few of these groups (BWC/PRRWO), (CL/LPD), (OL/GUARD.), etc., in the main, the groups still remain separate---each preserving its own views and own organizational line.

As we discussed in our pamphlet, there are Right and "Left" manifestations of opportunism into which some of the various groups fall; both in regards to Party building and in regards to political line.

In regards to Party building, Right opportunism is manifested first of all, in a rejection of the leading role of the Party and the advanced sector of the class, in a belittlement of the role of the Party in the mass struggle, and an underestimation of the strategic task of Party building throughout all phases of the revolutionary struggle (see Revolution, June, 1974). Of the groups holding this line we find the RU, the OL, and the Guardian as well as a few of the independent collectives. Their recent recognition of Party Building in words only by the RU and others does not essentially change their overall position.

In regards to political line, Right opportunism is manifested in "tailism" and narrow economism, in rejection of the leading role of Communists in the united front and mass work generally; in attempts to conceal the independent role of communists in the mass movement; and the adoption of a conciliatory attitude towards the liberal bourgeoisie and the revisionist CPUSA. Of the groups making up this tendency we find first and foremost the OL, RU, and the Guardian as well as some of the independent groups and circles. As we know, the source and root of Right opportunism is the underestimation of the strength of the proletariat and its ability to play its world historic role, and an over-estimation and capitulation to the bourgeoisie. RIGHT OPPORTUNISM IS, MORE THAN EVER, THE MAIN DANGER.

Nevertheless, the Right opportunist camp, as it may be so called, is not monolithic. The degree of consolidation of the Right opportunist line within say, the RU, the OL and the Guardian is uneven and they are a long way from establishing organizational unity. Our strategy in Party Building must take this into consideration. We should try to split up this camp and not drive them together, for the majority of the cadres in these groups are revolutionary and capable of grasping genuine Marxism-Leninism.

"Left" opportunism finds expression, in regards to Party Building, in isolating this activity from and counterposing it to the mass movement. This tendency considers connections and work with the masses as dangerous, for that would interfere with the task of "studying" Marxism-Leninism (see "The Struggle For the Party", Charles Loren). Of this tendency we find principally the CL, MCLL (Motor City Labor League), and the New Voice, and secondarily amongst some of the independent collectives and lesser known groups.

In regards to political line, "Left" opportunism is manifested in an under-estimation of the spontaneous movement, in deviations on the National Question (CL & the New Voice), on the denial of the United Front as a strategy for revolution, in their sectarianism towards the workers movement and other Communist forces, and in their abstract, academic "study" of Marxism-Leninism. CL, New Voice, MCLL and the LPR, all fall into this category. Though the line of these groups (as we have now concluded) is also very dangerous, Right opportunism, as we stated above, is first and foremost the main danger. Tactically speaking, our attitude should also be not to see these groups as a monolith. New Voice has already broken away from the Continuations Committee and others may follow. As with the other groups, majority of the cadres here are also revolutionary and capable of grasping Marxism-Leninism.

Now we come to our own group and major allies and the lines that unite us. If not part of the Right or "Left" opportunist tendency, then what tendency does the BWC and PRRWO as well as the independents around us (ATM and the ex-RU people) represent?

Clearly, at one time or another, our organizations, which found and learned revolutionary Marxism only through a protracted struggle against a motley of shades and forms of opportunist "theories," has held Right and "Left" positions on any number of questions (the Nation of a New Type, building the mass movement, etc.). Nevertheless, as soon as our consciousness of these errors arose, a struggle against them developed and the organizations developed and moved to higher levels. What seems to many as "unstablensess" and "vacillations", "changing our line too much", etc., in many ways has been our ever increasing ideological, political, theoretical and organizational development. Unstablensess is not always a bad thing in fact its a very dialectical thing. The two aspects of a contradiction are always struggling against each other and hence, co-exist in struggle and not in equilibrium. Some of the most 'stable' organizations are the ones with the most 'stable' and consolidated right lines (RU, Guard, etc.) This does not excuse us from legitimate criticism of errors such as 'left' impetuosity, belittling of theory, tailism of other groups (RU), etc. But the main character of our development has been progressive, forward, and non-conciliatory towards opportunism. If this was not so how could such 'weak' groups like the BWC and PRRWO be in the lead in criticising the line of the RU and now the CL as well, not withstanding the open and aboveboard criticism of our own history and mistakes.

Comrades, we have come a long way!

By uprooting opportunism in all its forms and manifestations in a ruthless fight on two fronts, and first of all open Right opportunism - the principal danger at the present time- and secondarily on opportunism in its 'left' form, the BWC, PRRWO, and all the other genuine groups and cadres (including those in groups holding opportunistic lines at present) will overcome their weaknesses in the organizational field and will play a major role in the development of a new Communist Party of a New Type, Now are these Right and 'Left' tendencies manifested inside the BWC?

Principally in regards to Party Building, the right line in the BWC finds expression in a tendency to underestimate the ability of our organization to play a leading role in bringing the Party into being, in continuing to 'bow to spontaniety', and by putting the narrow interests of the communist movement (this latter tendency is also

connected with the tendency to place the interest of the Black proletariat above that of the proletariat as a whole).

The 'left' tendency, in regards to Party Building, sees this task as the only task to be done and under estimates the importance of linking ourselves with the advanced elements within the industrial proletariat. This tendency is also manifested in an impatient attitude towards building the Party, thinking that the Party can be built speedily and simply without obstacles and contradictions. This 'left' tendency is far dangerous, however, than the right one.

Comrades, at this time, we must have not only Communist groups, or tendencies, but a Communist Party! The BWC, PRRWO, and our closest comrades in arms (ex-RU cadre, ATM, etc.) have steadfastly embarked on the road to build such a Party, hand-in-hand, and we will never cease struggling for it until the job is done, no matter what obstacles get in the way, no matter how many mistakes we make in the process - for we are Bolsheviks - standbearers of the teachings and ideals of the great leaders of the international proletariat - Lenin, Engels, Marx, Stalin, Enver Hoxha, and Mao Tse Tung!

## PRESENT SITUATION AND OUR TASKS

### I. ROAD TO THE PARTY

Throughout this period and until such a time that there is a communist party in the U.S., communists in this country will have as their principal and most urgent task, the building of a vanguard party to lead the revolutionary struggle of the masses.

As a result of our study and efforts toward carrying out this task, we have gained an understanding of the great difficulty and the many twists and turns in this process. Our most recent attempts at uniting with various other organizations have failed, and while the struggle involved in these efforts have contributed to greater clarity on Marxism-Leninism and the political line of the American revolution, we are still faced with the tasks of rallying and uniting all genuine Marxist-Leninists on the basis of ideological and political line.

We are aided in this, however, by a number of factors which we must recognize as we go forward with renewed vigor in the immediate period. Those factors are: (1) As a result of the struggles around the central task, the National question, and our participation in the Continuations Committee, the theoretical level in the whole communist movement has been raised and especially the BWC, (2) As a result of our historical development, we are in a position to struggle for and achieve unity with a significant number of Marxist-Leninists in the immediate future (PRRWO, ex-RU members, etc.). (3) In publishing our pamphlet and critiquing C.L.'s line, it is quite clear that we have developed the capacity to wage ideological struggle in a Marxist Leninist manner, (4) And finally most of our cadres are already at work in industry and we are therefore in a position to begin unfolding political work within the working class which is going to be decisive in this period.

Keeping this in mind, what then, are our tasks in relationship to party building?

Our chief task in this period is ideological. In order to be able to unite Marxist-Leninist we must be clear on the Marxist-Leninist line on certain particular questions facing our movement. These questions are, the black national question, the international situation, the united front, and party building. In regards to party-building we must develop a party program and determine what is the minimum basis of unity that must be achieved in order to unite.

To do this we must undertake a most thorough investigation and criticism of the lines of the major trends within the communist movement. We must also draw into the ideological struggles the advanced workers that we are involved with in the work place. This investigation and study of the lines of the various communist organizations

must be seen as the key aspect of the ideological training of cadre.

Politically, we must concentrate on solidifying our ties with the advanced of the proletariat by directing our cadre to focus on building factory nuclei and fractions in mass organizations for the purpose of politically educating the masses, primarily through the vehicle of political exposures. We must not underestimate the importance of this work and its relationship to building the party.

Organizationally, we should be clear that the BWC as presently organized cannot play its proper role in the coming battles that lie ahead. All of us by now should have recognized limitations of the BWC as a national form, relatively primitive organization. At the same time, proceeding from our burning desire to advance the class struggle we should be prepared to meet the requirements of the present stage.

Accordingly, in the present period as an immediate step toward building the party, we must struggle to recruit the ex-members of R.U. that constitute the circle, for immediate unity with PRRWO, and A.T.M. The basis of this unity must be the line as developed in the BWC pamphlet and the further elaboration of this line based on the documents that were produced in critiquing C.L.'s line as well as the greater clarity and unity achieved through struggle over the position on various questions covered in these documents and new ones that will emerge in the course of this struggle.

## II. ORGANIZATIONAL TASKS

In order to carry out the ideological, political, and organizational tasks that we face in relationship to party-building it is necessary that we tighten up our overall organizational tasks. While we recognize that the BWC is not the Bolshevik Party, we must always strive to emulate the model and legacy left to us by heroic Party of the great Lenin. In addition to our organizational tasks connected to Party building within the Communist movement (which are enumerated below), we need to start functioning more like a real Communist organization with a division of labor (that works) and specialized function, individuals and compartments, while at the same time struggling against bureaucracy and the tendency to artificially graft on an elaborate structure that doesn't fit our reality. In this connection, we see the following steps as necessary for the further implementation of our central task. The following are draft resolutions.

1. The organization by the secretariat of the necessary division of labor to accomplish our theoretical tasks including the deepening of the criticism of the Right and "Left" lines in the Communist movement, particularly the line of the CL at this time, the investigation and criticism and further development of our own line with particular attention to the national question, the international situation, and the united front. In order to accomplish this task, two prerequisites are needed:

a. Recognition that the Central Committee of the BWC is the highest body of our organization and therefore sets our general line at regularly scheduled meetings and is the practical leader of the organization; and

b. The recognition that the Central Committee has division of function that designates the secretariat as the ideological leader of the organization and other members, unless given specialized functions, as leaders of the practical activity of the organization (check- Lenin's formulation in A Letter to a Comrade). It is necessary to establish this principle so as to strengthen democratic-centralism and eliminate the necessity of such frequent meetings of the C.C. and at the same time get our work done. *Mistake - pragmatic outlook*

2. The organization by the secretariat of a campaign to recruit the revolutionary forces in the ex-RU members circles, unite with PRRWO and ATM on the basis of ideological and political line.

3. The immediate development of an organizational organ to give theoretical guidance to our work and wage ideological struggle on an all-American scale.

4. The organization of the necessary work toward developing a party program for the purpose of circulating it as a preparatory step towards a Party Congress.
5. The intensification of our efforts to win the advanced of the proletariat to communism by focusing on the building of factory nuclei and organization fractions in mass organizations of the people under the direction of C.C. members and local leadership bodies through political exposures and propaganda work.
6. The immediate development of a cadre training program that takes as its starting point the immediate training and development of a number of propagandists.
7. The further development of our organizational department to act as the nerve center of the organization.
8. The ratification of the proposed constitution with whatever amendments.