

Pink Slips for Workers, Tax Breaks for Millionaires

Boom Economy Going Bust

MARCH 13—The party's over. The massive drop in the stock market yesterday is only the latest sign pointing to an economic recession or worse. Capital spending in the U.S. declined in the last quarter of 2000 for the first time since the early 1990s. Major layoffs are being announced across the entire spectrum of corporate America, from old-line industrial giants to the new superstars of the Internet. The big automaker Daimler-Chrysler is planning to cut its employment in North and South America by 26,000, equal to 20 percent of its entire workforce. *Business Week* (12 February) reports that General Electric will likely slash at least 75,000 jobs in its merger with Honeywell. Lucent, one of the world's largest manufacturers of communications equipment, is eliminating 10,000 jobs; Dell Computer is axing 1,700 employees; Amazon.com, the largest retail seller on the Web, is slashing its payroll by 1,300.

The speculative bubble in the stock markets already popped last year. The Standard & Poor's index of 500 blue-chip corporations is now down 22 percent from its peak in early 2000. And the NASDAQ index, where the new high-tech firms are concentrated, has plummeted over 60 percent to date, with many of the Internet and telecommunications stocks losing 90 percent of their value. "Forget Amazon," one securities analyst exclaimed. "And anyone who owns AT&T or Lucent thinks 7% on a certificate of deposit is an attractive investment now."

Counting yesterday's market tumble, some \$4.5 trillion has been wiped off the value of American stocks since last year's peak—equivalent to 45 percent of the U.S. Gross Domestic Product and more than the economic output of Britain, France, Australia and Belgium combined. Even so, stocks as a whole are still ridiculously overpriced in relation to profits by all historical standards, including those of the 1920s, pointing to the likelihood of a further steep drop in stock prices.

Some capitalist media pundits point to a slowing of layoffs last month to say that the downturn is not so serious after all. But that drop came after huge surges the previous two months that cost more than 120,000 jobs in manufacturing alone. The downturn in the industrial heart of the economy has hit particularly hard at black workers, historically the "last hired and first fired," as well as immigrants and youth. The official jobless rate for black workers is 8.4 percent, double that of the overall national figure. Coupled with the racist shredding of welfare under the Democratic Clinton administration, this threatens devastation particularly for workers in low-paying service indus-

Unemployment

First unemployment claims
(% change from previous year)

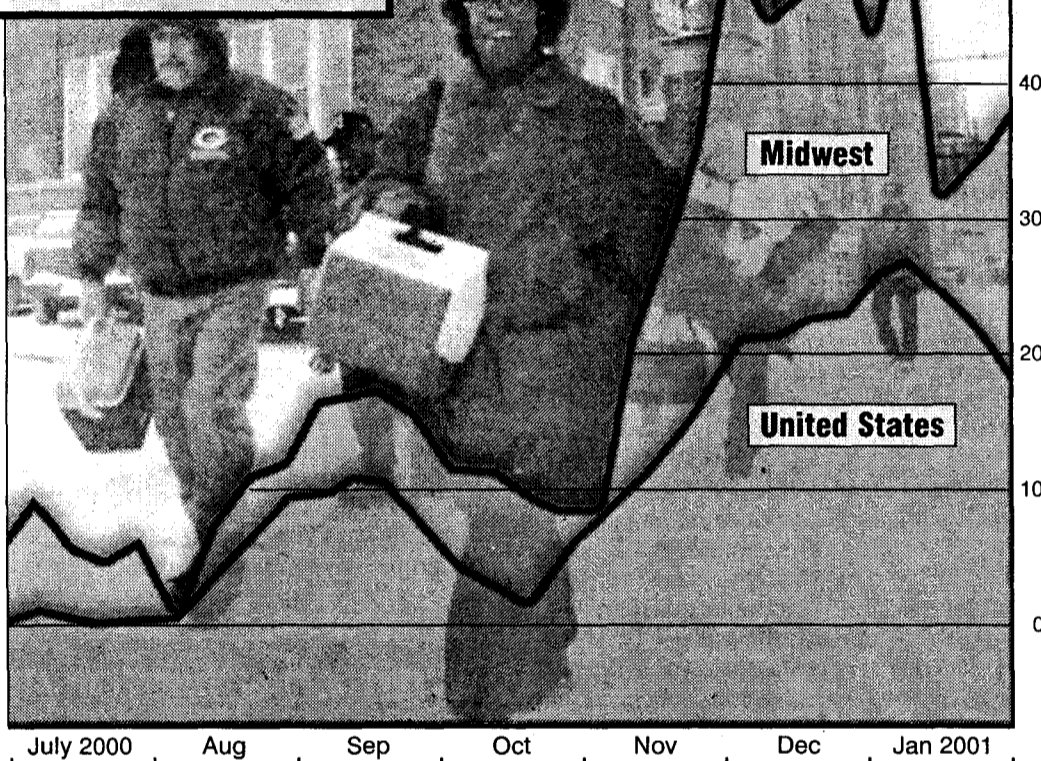


Photo: AP
Source: Federal Reserve Bank of Chicago
Workers leave Wisconsin Tetryon plant, January 31, after company announces mass layoffs. Over 100,000 U.S. manufacturing workers have been thrown onto the streets since November.

Expropriate the Bourgeoisie! Those Who Labor Must Rule!

tries and non-union manufacturing jobs. Workers who labor 20 hours a week at the minimum wage—a typical schedule for those thrown off the welfare rolls—would be ineligible for unemployment benefits.

In this context, any recession of scale will result in levels of human misery among working-class and poor people not seen in this country since the Great Depression of the 1930s, and the vaunted "surpluses" in government revenues, most of which come from the Social Security and Medicare funds, will quickly disappear. The current "debate" in Washington between the Democrats, who want to use the surplus to pay off the debt (i.e., the bankers) with some modest upward adjustment in certain social programs, and the Republicans, who seek a substantial tax cut grotesquely in the favor of the wealthy, indicates the contempt that both these representatives of the ruling class have for the plight of the hundreds of thousands of working people who will soon be jobless and on the streets. Both parties of capital are resolved to assure that current surpluses are quickly dispersed to one or another sector of the

obscenely wealthy ruling class.

The economic boom of the 1990s did not bring prosperity to the American working class. Quite the contrary. The boom was in large measure driven forward by an *increase in the rate of exploitation*—the imposition of multi-tier wage schemes and massive speedup, a proliferation of non-union runaway shops, the slashing of medical and other benefits—and a resulting enormous widening of class inequality. In 1965, a typical corporate CEO made 20 times what an average production worker earned. By 1989, relative CEO compensation had tripled and by 1997 had doubled again to 116 times the earnings of the average worker! The assault on the living standards of working people was greatly facilitated by the destruction of the Soviet Union through capitalist counterrevolution in 1991-92. Since then, a barrage of bourgeois ideological triumphalism, especially in the United States, has proclaimed the "death of communism" and the supposedly never-ending expansion of capitalist markets. The ruling class, abetted by a craven, pro-capitalist trade-union bureauc-

racy, has felt that it can get away with just about anything in its pursuit of profit, both domestically and internationally.

For most of the "booming" '90s, real hourly wages either stagnated or declined for the bottom 60 percent of the workforce. In 1997, the earnings of the median worker in the U.S. were actually 3 percent lower than in 1989. Since then, as a result of the tighter labor market, there have been modest gains in wages and benefits for most workers. But the lion's share of the additional economic output and then some has gone to the capitalists. In the final years of the 1990s, corporate profits increased at a rate of 10 percent per year, twice as fast as overall national output. J.P. Morgan securities analyst Douglas Cliggott recently cautioned investors that this magnitude of rip-off cannot long continue: "I'm not sure you can assume that profit margins go up forever, because the flip side of that is that working people have to accept a smaller share of the pie year in and year out" (*U.S. News & World Report*, 6 November 2000).

Many working people responded to this situation by going ever further into debt to maintain their consumption levels, send their children to college, take care of their aging parents, etc. Both mortgage and credit card debt are now at historic highs. Personal bankruptcies are running more than three times what they were in the mid-1980s. And this has taken place in a period of exceptionally low unemployment. Many working-class families are just a couple of paychecks away from having their mortgages foreclosed or being evicted from their rented homes, of having their cars repossessed and their children forced to leave college.

The boom-bust cycle inherent in capitalism not only causes hardship for large sections of the working class faced with joblessness and wage-slashing. It also demonstrates the fundamental irrationality of capitalism as a system of production. In all likelihood, less will be produced in the U.S. this year than last although the resources and technology exist to produce far more.

This points to the need for a workers revolution to create a workers government which expropriates the productive resources owned by the capitalists and establishes a planned socialist economy based on the full and rational utilization of the latest scientific and technological advances. Only on this basis will working people attain an enormous and all-round improvement in their living conditions along with a vast expansion of free time in which to enjoy the material, cultural and educational resources of society, which would itself change to meet conditions of growing freedom.

"New Economy" on the Skids

The economic expansion and stock market boom were declared proof positive of a "new economy" of unprecedented

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Cyber Nuts and Democrats

8 December 2000

Dear ICL,

While reading the articles posted on David North's "World Socialist Web Site," one can't help but detect a change in position before and after the U.S. presidential election. Before the election their position seemed to be that both major parties were equally reactionary. Now with all of what's been happening since, they have stated that the extreme right wing which controls George W. Bush would implement the most sweeping attacks on the working class in history should Bush ultimately prevail. If this is the case why did they not take this position before the election? They seem to think that because the vote was so close, the reactionaries are now seizing the opportunity to steal the election and create a free market police state. If Bush had won decisively I guess he would still be a "compassionate conservative."

There is no doubt in my mind that the Republicans used intimidation and fraud to assure a Bush victory in Florida. And the articles on the WSWS have been illuminating in exposing this fact. But

consistency in positions seems to be lacking.

I would be interested to know what [you] think, not so much about the Northites but about the whole election circus.

In Struggle,
Timothy L.

WV Replies:

Timothy L. might have missed it, but we dealt with the election circus in our article "White House Scramble" (WV No. 746, 17 November 2000). As for David North's Socialist Equality Party (SEP) and World Socialist Web Site, this gang will say anything one day and the opposite the next if it appears to suit their immediate opportunist appetites. The one consistent feature of their pronouncements is that they reflect, albeit often in quite weird ways, mainstream liberal public opinion.

When U.S. imperialism launched a wave of terror bombing against Iraq in December 1998, North echoed the patriotism being whipped up by invoking films like *Patton* and *Saving Private Ryan* in order to salute the military commanders of U.S. imperialism in World War II because "they, at least, led their armies

against an enemy fully capable of fighting back" (19 December 1998). Respectfully debating professional anti-Communist Ronald Radosh, who had published an article praising McCarthyism, North sent a letter to the *New York Times* (22 October 1998) obscenely claiming that the Trotskyists had been there first, writing: "Before the cold war, anti-Stalinism was associated principally with the Socialist left—above all with Trotskyists."

Before last year's presidential elections, the SEP bizarrely claimed that both capitalist parties had displayed "populist trappings" (3 October 2000) and wrote that Al Gore had adopted the "posture of a populist opponent of powerful corporate interests." But their subsequent material is positively surreal, arguing that the Florida ballot flap showed "that the attack on the principle of popular sovereignty raised the specter of authoritarian and dictatorial forms of rule" (8 December 2000). In a speech posted a few days later, North talked of "a political crisis so immense, so fundamental" as to "call into question the whole governmental structure." North took us to task for stating the obvious: "The Gore-Bush feud is at this point more like a tempest in a teapot than a political crisis for the bourgeoisie." He continued, in truly demented fashion (his italics): "*The beginning of a revolutionary crisis in the very bastion of world capitalism—and that is the essential significance of the present developments—has introduced into the world situation a factor of extraordinary and almost incalculable magnitude.*"

Cynical crisis-mongering has long been the stock in trade of these political bandits. Like the rest of the fake left, albeit with their own outlandish twist, the Northites used the turmoil around the elections to give backhanded support to the Democrats. The SEP's Web postings are filled with paeans to the supposed "traditions of American democracy"

being trampled underfoot by Bush, the Supreme Court et al. In his speech, North even makes an explicit analogy to the "irrepressible conflict" with the Southern slaveholders on the eve of the Civil War—ironic indeed coming from an outfit which has echoed the racists in opposing defense of affirmative action, among other things.

When North was labor editor of the now-departed and unlamented *Bulletin* in 1972, he enthused over a "development break between the labor movement and the Democratic Party" based on his "exclusive interview" with anti-Communist Steelworkers bureaucrat I. W. Abel (*Bulletin*, 24 July 1972). This was at a time when the Cold War AFL-CIO labor bureaucracy under George Meany stood to the right of significant sections of the ruling class on the burning question of the Vietnam War. North reprinted excerpts from a speech to the AFL-CIO convention in which Abel "broke" with Democratic "peace" candidate George McGovern, meticulously editing out Abel's endorsement of McGovern's right-wing Democratic Party rival. North & Co. advanced a "labor party" platform in that period even Meany might have embraced, saying nothing about either the war or the struggle for black rights!

In 1993, the Northites cynically pointed to the pro-capitalist policies of the labor tops in order to write off the trade unions entirely as workers organizations. Today, they chastise the labor tops for not fighting hard enough against the "extreme right-wing elements that control the Republican Party" ("AFL-CIO Rally in Tallahassee: Unions Offer No Strategy to Fight Denial of Voting Rights," 8 December 2000).

Bush & Co. are plenty right-wing, but stealing an election is as American as apple pie—hardly a sign that this imperialist ruling class is about to dispense with the stability of bourgeois-democratic rule. As we wrote in response to the bleating of the reformists for "real democracy": "This is capitalist democracy, which is nothing but a screen for the iron dictatorship of capital." ■

Capitalism and Economic Crises

Over a century ago, Friedrich Engels, lifelong comrade of Karl Marx, explained that capitalism generates mass unemployment, plant closures and the immiseration of broad masses of the working people. The full and rational utilization of the productive resources of society requires the overthrow of the capitalist system through proletarian revolution and the establishment of a planned socialist economy.



TROTSKY



LENIN

Since the historical appearance of the capitalist mode of production, the appropriation by society of all the means of production has often been dreamed of, more or less vaguely, by individuals, as well as by sects, as the ideal of the future. But it could become possible, could become a historical necessity, only when the actual conditions for its realisation were there.... This point is now reached. Their political and intellectual bankruptcy is scarcely any longer a secret to the bourgeoisie themselves. Their economic bankruptcy recurs regularly every ten years. In every crisis, society is suffocated beneath the weight of its own productive forces and products, which it cannot use, and stands helpless face to face with the absurd contradiction that the producers have nothing to consume, because consumers are wanting. The expansive force of the means of production bursts the bonds that the capitalist mode of production had imposed upon them. Their deliverance from these bonds is the one precondition for an unbroken, constantly accelerated development of the productive forces, and therewith for a practically unlimited increase of production itself.... The possibility of securing for every member of society, by means of socialised production, an existence not only fully sufficient materially, and becoming day by day more full, but an existence guaranteeing to all the free development and exercise of their physical and mental faculties—this possibility is now for the first time here, but it is here.

With the seizing of the means of production by society, production of commodities is done away with, and, simultaneously, the mastery of the product over the producer. Anarchy in social production is replaced by systematic, definite organisation. The struggle for individual existence disappears. Then for the first time man, in a certain sense, is finally marked off from the rest of the animal kingdom, and emerges from mere animal conditions of existence into really human ones.

—Friedrich Engels, *Anti-Dühring* (1878)

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16 March 2001

Women's History Month Events

For Women's Liberation Through Socialist Revolution!

Spartacus Youth Club Class

Tuesday, March 20, 7:30 p.m.

Hamilton Hall, Room 609, Columbia University

NEW YORK

For readings and information call:
(212) 267-1025

Taliban: Bitter Fruit of Imperialists' Anti-Soviet War

Women in Afghanistan

Friday, March 30, 7 p.m.

Britannia Community Centre, Room L4, 1661 Napier St.

VANCOUVER

For more information call:
(604) 687-0353

Defend Separation of Church and State!

Down With Bush's Holy War! Free Abortion on Demand!

Saturday, April 7, 3 p.m.

Harvard University at the Science Center

BOSTON

For more information call:
(617) 666-9453

The following article is reprinted from *Workers Hammer* No. 175 (Winter 2000-2001), newspaper of the Spartacist League/Britain.

WORKERS HAMMER

The League for a Revolutionary Communist International (LRCI) has come up with yet another new "theory" on the class nature of the state and the counterrevolutionary restoration of capitalism in Eastern Europe and the former Soviet Union. An article titled "Capitalist Restoration and the State" (*Workers Power*, November 2000) announces that "after a sharp debate" a clear majority of the delegates at the LRCI's Fifth Congress concluded that their characterisation of the states issuing from "the collapse of Stalinism in the period 1989-91" as "moribund workers' states" was "radically false and misleading."

Indeed that is something of a benign description of the LRCI's previous "theory" which posited, in their own words, "that despite capitalist restorationist governments the state apparatus has a proletarian class character in countries where capitalist property relations have not been successfully restored." Cutting through this gobbledegook of a capitalist government ruling a proletarian state, one finds an unadulterated echo of the "old" Labour position which equated "socialism" with the nationalisation of the "commanding heights of the economy" under a capitalist parliamentary democracy. But even while it peddled the myth that following capitalist counterrevolution the former USSR and Eastern European countries continued to be workers states, the LRCI did not call for their defence against imperialist attack.

Now the LRCI opines, with heads seemingly held in shame:

"If we stick with the moribund workers' state theory, we are left with a workers' state—an institution of our class—that we do not defend against the class enemy. This means one of two things: either that we are cowards and class traitors, or, as we should now openly admit, that we have introduced into the lexicon of Marxism a category that is devoid of meaning and without programmatic consequences."

To be sure, the various "theories" that the LRCI and Workers Power (WP) have cooked up on the class nature of the state and capitalist restoration are more than crackpot. But they are hardly "devoid of meaning and without programmatic consequences." Quite the contrary.

The LRCI and Workers Power are "cowards and traitors" who made common cause with imperialism against the defence of the interests of the proletariat, championing the forces of capitalist counterrevolution from Poland to East Germany to the Soviet Union. In the aftermath they tried to cover their tracks with the theory that these states remained workers states, albeit "moribund" (whatever that is supposed to mean). One hardly has to be an Einstein to recognise that this ignorant "theory" flies in the face of all empirical indices of the devastation that has been wrought by the restoration



Chinese People's Liberation Army enters Beijing, 1949, heralding overthrow of capitalist class rule.

Workers Power Centrists Write Off Gains of Chinese Revolution

New "Theories," Old Renegacy

of capitalism in these countries—mass unemployment, desperate poverty, the resurgence of curable diseases and plummeting life expectancy.

Certainly some of the new recruits that the LRCI has made in Eastern Europe would hardly believe that they continue to live in any kind of workers state, being daily confronted with the constant and brutal depredations of capitalist counterrevolution. During the protests against the IMF and World Bank in Prague last September, a group of LRCI youth in the Czech Republic were frankly stunned when our comrades informed them of the LRCI's support to the forces of capitalist restoration.

By its own admission the LRCI's latest theoretical foray, which comes up with the equally ignorant and anti-Marxist category of a "bourgeois restorationist state" (a capitalist state in the process of becoming?) is a response to internal turmoil and disagreement. Thus, *Workers Power* notes that a "large minority of delegates" to the previous LRCI Congress had some trouble swallowing "the idea that there can be any proletarian institution that should not be defended from the bourgeoisie." Indeed! The punch line to the LRCI's laconic statement that its new theory "can render this non-defencist position coherent" can be found by simply turning the page of that issue of *Workers Power* to an

article headlined "Capitalist Restoration Triumphs in China." Workers Power's new "theory" is to the purpose of writing off the defence of the remaining gains of the 1949 Chinese Revolution.

Such a position is indeed convenient and necessary if, as Workers Power does, you want to swim in the stream of the "anti-globalisation movement." While many youth are attracted to these protests out of opposition to the plunder of capitalist imperialism around the globe, the political shots are called by the social democrats and labour bureaucrats whose anti-Communist, protectionist tirades against the Chinese deformed workers state echo the interests of the imperialist rulers who have their sights set on reconquering China for capitalist exploitation. Workers Power calls on workers to implement such protectionist campaigns, demanding "Regimes which ban trade unions, or have fraudulent 'state unions' like China or repress workers in struggle should have workers' sanctions applied against them" (*Workers Power*, September 2000).

Our article "The Bankruptcy of 'New Class' Theories" (*Spartacist* [English-language edition] No. 55, Autumn 1999) explained that the various "theories" that renegades from Trotskyism have concocted to justify turning their backs on the defence of the deformed workers states against world imperialism are designed "to conceal their real program of capitulation to anti-communist bourgeois public opinion and the renunciation of a proletarian revolutionary perspective." This is precisely what motivates WP's "theoretical" contortions. Trotsky warned that "Every political tendency that waves its hand hopelessly at the Soviet Union, under the pretext of its 'nonproletarian' character, runs the risk of becoming the passive instrument of imperialism" ("The Class Nature of the Soviet State," October 1933). In Workers Power's case—as we have documented in our press, including our bulletin *Hate Trotskyism, Hate the Spartacists* No. 1, "Workers Power and the Irish Workers

Group" (November 1990) and as we will show here—it hasn't been that passive.

Centrist Confusion, Conciliating Imperialism

Workers Power began as a left split from Tony Cliff's British Socialist Workers Party (SWP) whose cowardly renunciation of Soviet defensism during the Korean War came wrapped in the "theory" that the Soviet Union was "state capitalist." Following the December 1979 Red Army intervention into Afghanistan, WP made a step further to the left, dumping Cliff's state capitalism and, at least formally, declaring that they had adopted a Trotskyist understanding of the Soviet Union as a degenerated workers state. But, in practice, they never applied the key *programmatic conclusion* of this position: unconditional military defence of the Soviet degenerated workers state against imperialist attack and internal attempts at capitalist restoration. On the contrary, Workers Power went through massive contortions to avoid this conclusion, in the process giving a whole new meaning to Trotsky's description of centrism as "crystallised confusion."

Thus, while arguing that it would be "tactically wrong" to call for the withdrawal of Soviet troops from Afghanistan where they were fighting against CIA-funded and -armed Islamic reaction, WP denounced the Red Army intervention as "counterrevolutionary." A decade later they would also denounce the withdrawal of Soviet troops as "counterrevolutionary." In 1981 they acknowledged that Solidarność in Poland was an openly counterrevolutionary movement backed by the Pope, the CIA and Western bankers. But they supported it anyway, arguing it was necessary to be "with" the workers who had been driven into the arms of counterrevolution by decades of Stalinist betrayal...against the proletarian gains embodied in the Polish deformed workers state.

The centrist arguments that Workers Power came up with to try to dodge the bullet of Soviet defensism found a new, and virtually unfathomable, expression in its 1982 pamphlet *The Degenerated Revolution*. Here, while attempting to explain how they had putatively come over to a Trotskyist understanding of the proletarian class character of the Stalinist-ruled workers states, WP argued that the destruction of capitalism in Eastern European countries under the post-World War II Soviet occupation was accomplished through "counterrevolutionary social overturns." (Some fifteen years later they would declare that workers states had been established in Eastern Europe without smashing the capitalist state!)

As the winds of Cold War II blew hotter and the question of proletarian political revolution or capitalist counterrevolution was starkly posed, WP's positions

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British Workers Power at 1990 London demonstration in support of anti-Soviet Baltic counterrevolutionaries.

SPARTACIST

The Russian Revolution and the Collapse of Stalinism

The Bankruptcy of "New Class" Theories

Tony Cliff and Max Shachtman:
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Forge a Trotskyist Party! For Workers Revolution! Lessons of Indonesia 1965

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Young Spartacus

Down With the Racist Purge of Higher Education!

For Open Admissions and No Tuition!

On the afternoon of March 8, the storefronts surrounding the UC Berkeley campus were barricaded with steel grates while riot-ready cops shut down the streets and police helicopters droned ominously overhead. The occasion for this virtually military situation? The very rare appearance of some 2,000 largely black and Latino Bay Area high school students, who were gathered to demonstrate for a repeal of the UC Regents' ban on affirmative action. The ban was spearheaded several years ago by black UC Regent Ward Connerly. A contingent of high school and college SYC supporters, mobilized around the demand "For Open Admissions and No Tuition" participated and marched in the demonstration, chanting "Equality yes! Racism no! Capitalism has got to go!" and "Education for all! Education for free! Labor/Black power is the key!" We reprint below the joint leaflet issued by the Bay Area and Los Angeles SYCs that will be distributed at the upcoming rally in Los Angeles on March 14, which is being called to pressure the UC Regents to put affirmative action on the agenda of their meeting and repeal SP-1 and 2.

* * *

In 1995, the UC Regents passed SP-1 and 2, eliminating affirmative action in the UC system—one of the first major salvos in the national crusade against affirmative action. The next year, the passage of Prop. 209 finished the job. Now, five years later, UC Regent William Bagley wants to cover the regents' racist tracks and repeal SP-1 and 2, long after they've served their purpose. Liberal groups like the Coalition to Defend Affirmative Action By Any Means Necessary (BAMN) and the California State-wide Affirmative Action Coalition (AAC) have now devoted themselves to dragging well-intentioned anti-racist students into this scheme to prettify the brutal reality of America with a token teaspoon of "diversity" rhetoric. Don't be pacified by symbolic gestures! Fight for free, quality, integrated education for *all*!

The gutting of affirmative action cannot be separated from the over two decades of bipartisan attacks on the working class, in the interests of higher profits and greater U.S. competitiveness against its imperialist rivals. Having eliminated mil-



Young Spartacus Spartacus Youth Club supporters at March 8 Bay Area protest raise demands to defend affirmative action and for free, quality education for all.

lions of manufacturing jobs, effected genocidal cuts in welfare and gutted the public health care system, massively expanded prisons and terrorized immigrants, the ruling class now wants to declare that they never have to hire a black person again. And they want to turn the public universities into bastions of race and class privilege.

We need to fight for education to be the *right* of everyone—not a privilege for the wealthy and chosen few. The only way to cut through the savage inequalities of education in racist America is to fight for *open admissions*—college attendance should be free and open to all just like high school. And to make it real for poor and minority youth, we fight for a full state-paid living stipend. But students alone have little social power. To realize meaningful gains, we need the mobilization of the multiracial working class against capitalism. Nationalize the private universities! Massively expand remedial programs so that students condemned to inner-city "schools" can catch up with those who had the advantage of well-funded suburban and private schooling. Abolish the board of regents and the administration! For worker/teacher/student control of the universities!

These demands are directly counter-

posed to the interests of America's ruling class, who will only expend on education what they can win back in profits. As jobs are cut and real wages continue to decline, the elementary demand for free, quality, integrated education runs up against the entire system of racist, capitalist exploitation. New black student enrollment in many UC campuses is in the low hundreds, with Chicano enrollment only marginally higher. The few minority students that remain are subjected to increasing racist abuse. It's par for the course for campuses to be blanketed with UCPD racist "wanted" posters with descriptions vague enough to make every young black male a walking target. At UCLA last year, dozens of cops were sent to harass an African Student Union-sponsored concert, and the ASU was then charged thousands of dollars in "security fees." Cops off campus!

Meanwhile, inner-city schools are increasingly becoming holding pens for minority youth, preparing them to be shipped off to more permanent holding pens in California's ever-expanding prison system. Especially since the current economic downturn, there are few jobs left for working-class and poor children. And if educating the sons and daughters of white workers has increasingly become an expendable overhead for decaying American capitalism, black and poor children are deemed an expendable population. Today the racist rulers view the black ghetto poor, once a reserve army of labor to be minimally maintained, as not worth "wasting" money on even to keep alive, much less educate.

These attacks are waged by both capitalist parties, the Democrats no less than the Republicans. The UC Regents are composed of millionaire entrepreneurs, who govern the universities in the interest of capitalist profits. The latest few were appointed by Democratic California governor Gray Davis. No matter which party administers it, the capitalist state is fundamentally the courts, cops, and army, all

working solely to enforce capitalist rule. Every four years, we get the chance (sometimes, at least) to choose which class enemy will tell us to sit down and shut up. Under Clinton's Democrats, the U.S. stormed all over the world—outright starving and bombing Iraqis and Serbs, and ensuring the exploitation and oppression of peoples from Mexico to South Africa. And the financing for this imperialist plunder comes from turning the screws tighter on working and oppressed people here at home.

**Break with the Democrats!
Mobilize the Working Class
to Defend All the Oppressed!
For a Socialist Future!**

While BAMN and the AAC call to "stop resegregation," the truth is that even at the height of affirmative action, higher education was always the preserve of a small elite, and over the past 20 years, black admissions consistently declined.

The liberals of BAMN and the AAC focus on SP-1 and 2, whose existence is irrelevant as long as Prop. 209 exists. The regents are only considering repeal in order to prettify the deeply racist nature of education in this society. BAMN and the AAC fundamentally accept the framework of racist capitalism, making the return of affirmative action their maximum program and pleading for "diversity" to supposedly contribute something to the university atmosphere. Poor and working-class minority students shouldn't have to "contribute" anything—they should be able to claim what is theirs, the fundamental right to quality, integrated education!

Liberal pressure politics have already proven themselves bankrupt—the strategies of petitions which go from the governor's, regents' and administration's mailboxes to their wastebaskets, or mass rallies to beg the same capitalist politicians, or legalistic maneuvering whose details tend to put the most radical students to sleep—all have failed. And the result has been ever-declining numbers of students mobilized to beg for ever smaller concessions. Now we see students mobilized to beg—for nothing at all! The UC Berkeley branch of the AAC has taken their "politics of the possible" to their logical conclusion. In a gesture of utter despair, they intend to use recruitment and retention centers to actively discourage students from attending the UC system. The UCLA AAC, while not explicitly discouraging enrollment, is nonetheless carrying out the same strategy.

While this is simply another tactic to "shame" the regents, its treacherous effect is to carry out their dirty work for them, finishing the purge which the capitalists have been pushing all along. It is no accident that Ward Connerly's latest scheme, the "California Racial Privacy Initiative," would target the recruitment and retention centers. Now the AAC proposes, out of demoralization, to surrender before that battle is even fought—all for a worthless publicity stunt. Jose Luis Lopez, ASUC [Associated Students of the University of California] academic

Spartacus Youth Club Class Series

BAY AREA

Alternate Tuesdays, 7 p.m.

April 3: **Anarchism vs. Bolshevism: The Need for a Proletarian Dictatorship**
UC Berkeley, 179 Dwinelle Hall
Information and readings: (510) 839-0851

BOSTON

Alternate Mondays, 7 p.m.

March 19: **Black and Red—Black Liberation Through Socialist Revolution!**
Harvard University, Loker Commons
Information and readings: (617) 666-9453

CHICAGO

Tuesday, 7 p.m.

March 27: **The Russian Revolution and the Bolshevik Party**
University of Chicago, Cobb Hall
Information and readings: (312) 563-0441

TORONTO

Alternate Wednesdays, 7 p.m.

March 28: **Building a Party of the Bolshevik Type**
U of T, International Student Centre
33 St. George St. (just north of College St.)
Information and readings: (416) 593-4138

Prisons...

(continued from page 12)

and black people resulted from tumultuous battles, from the massive unionization drives of the 1930s through the civil rights movement of the 1950s-'60s. Everything from FDR's "New Deal" to LBJ's "Great Society" programs—gains which are under increasing attacks by the capitalists—were instituted to placate a restive population in an attempt to deflect social struggle.

Davis further complains that "the historical record clearly demonstrates that prisons do not work." They do work for the capitalists—prisons are *meant* to punish and terrorize working people and oppressed minorities. And the pinnacle of capitalist state terror is the racist death penalty, which is rooted in the legacy of black chattel slavery.

But to the International Socialist Organization (ISO) and its Campaign to End the Death Penalty, which are participants in this conference, the call to abolish the death penalty is too radical. The ISO limits its demand to "Moratorium Now," playing up to liberal politicians who worry that the spectre of innocent people being executed would damage the image of the criminal "justice" system. While occasionally proclaiming themselves to be socialist, the ISO merely seeks to tinker with the capitalist state's machinery of death. We say: Abolish the racist death penalty!

Black leftist intellectuals like Manning Marable and Angela Davis seek to funnel opponents of state and cop terror into the Democratic Party, which they portray as a "lesser evil." In an interview in *Z Magazine* (April 1998), Marable described his earlier involvement with the Demo-



Donna Binder/Impact Visuals

Resurgence of chain gangs, part of increase in use of prison labor.

cratic Socialists of America: "I wasn't a Trotskyist. I didn't take the view that if you vote for the Democrats, your soul will go to hell." We can only expect that such pro-Democratic Party rhetoric will increase with the Republicans in the White House.

While we Trotskyists of the SYC believe in neither souls nor hell, we see it as vital to expose the role of the Democratic Party. In fact, it is precisely such ties to the Democrats—forged by the trade-union bureaucracy and black politicians and intellectuals like Marable—that have shackled the power of the multiracial working class. Under Clinton, more people were imprisoned than under any previous administration, and the rate of incarceration of black people skyrocketed. As he was putting thousands of new cops on the streets to ter-

rorize the ghettos and barrios, Clinton kept his promise to "end welfare as we know it," consigning millions of poor and minority women to starvation. *Break with the Democrats! For a workers party to fight for socialist revolution!*

Marable states: "The driving ideological and cultural force that rationalized and justifies mass incarceration is the white American public's stereotypical perceptions about race and crime." But while racist sentiments—which are cultivated by the ruling class to keep the population divided and pitted against each other—serve to extend and make racial oppression more pervasive, they do not cause it. Racial oppression, the legacy of slavery, has been a structural component of American capitalism from the beginning—the material basis for racist ideas and policies, with black people constitut-

ing a race/color caste segregated at the bottom. The rise of the "talented tenth" black middle class resulting from the conscious capitalist policy to create a buffer against the '60s ghetto tinderbox has not altered the fact that the color line is central to American society. Racism, as well as anti-immigrant chauvinism, is used by the ruling class to obscure the irreconcilable class conflict between labor and capital.

Marable and his colleagues of the Black Radical Congress and Committees of Correspondence, as well as the organizers of "Critical Resistance East," *obscure* this central point by looking to a "progressive" wing of the ruling class to alleviate the suffering imposed by capitalism. They impotently call for "resistance," or for an "internationalization of human solidarity"; Marable simply says, "We cannot stand silent." But these liberal academics have no program to fight for the liberation of blacks and the oppressed.

The truth is that the brutal dungeons of capitalism, along with wage slavery, racism and war, can only be destroyed by *smashing* the capitalist state, expropriating the bourgeoisie and establishing a workers state. The multiracial workers party that can lead this revolution will be built in hard class struggle, based on the understanding that if labor does not champion black rights it will never achieve its own emancipation. We stand on the program of *revolutionary integrationism*—that black freedom will only be won through socialist revolution. This requires a political battle to oust the current trade-union bureaucracy with its subservience to the capitalist order. It is to the task of forging such a party that the Spartacist League and the Spartacus Youth Club are dedicated. ■

affairs vice president at Berkeley, praised the AAC plan, saying "many would argue that under the present circumstances this is the last option to bring a diverse campus to fruition." It is a measure of the dead end into which the liberals have painted themselves that this is indeed their "last option."

For Black Liberation Through Socialist Revolution!

We of the Spartacus Youth Clubs have a better idea. As revolutionary Marxists, we don't limit ourselves to what seems possible within the framework the capitalists themselves have built. Affirmative action in education, where it still exists, is one of the last remaining gains of the civil rights movement of the 1960s. Now, at the front lines of the battle against racist reaction, it is crucial that affirmative action be defended. But its basic premise pits sections of the working class and oppressed minorities against one another over crumbs of an ever-shrinking pie, and actually works against Asian students, as quotas historically have.

The forcible subjugation and segregation of much of the black population at the bottom of this society is the foundation of American capitalism. At the same time, the capitalist rulers have fomented racial hatred and made the color bar a fundamental dividing line in this country in order to obscure the irreconcilable class divide between labor and capital. Black workers are a key component of organized labor, integrated into strategic sections of the proletariat in whose hands lies the power to break the chains of capitalist exploitation and racist oppression.

We fight for *revolutionary integrationism*—the complete social, political, and economic integration of blacks and all minorities into an egalitarian socialist society. This can only be achieved by shattering private property and the capitalist state—a revolutionary task which can only be accomplished by America's powerful multiracial proletariat, on whose backs rests the entire founda-

tion of capitalist profit. But this power cannot and will not be realized unless a class-struggle labor movement actively champions the cause of black liberation and is mobilized in defense of the rights of immigrants and all the oppressed. It is in the vital interest of the whole working class to fight for the futures of their children, for quality education and decent jobs, to break from the political grip of the Democratic Party which is promoted by the racist trade-union misleaders.

The elimination of affirmative action in hiring and the ongoing attacks on wages and benefits all mean that students already have powerful allies in the workforce at every UC campus and beyond. We need to appeal to those workers to join us in our struggle. We also need to appeal directly to the ghettos and barrios from Oakland to Compton. We can do that if we make our fight their fight—for an education and future for *every* child. The newly recognized graduate student unions could provide a powerful link if they abandoned their ivory-tower elitism and worked to organize one big campus union with all UC workers. The workers in the UC system can appeal to the unemployed if they make their fight the fight for jobs for all—a shorter workweek at no loss in pay! Take control of hiring away from the racist capitalists—for union hiring halls and special recruitment and training programs for minorities! The strategy necessary to win is one which seeks to build student/labor/minority mobilizations for open admissions and jobs for all.

The Spartacus Youth Clubs seek to win a new generation of workers and students, training them to be the future leaders of the multiracial revolutionary party necessary to lead the working class to end this system of exploitation and oppression. If you are looking for a program that seeks to mobilize the power of the multiracial working class to fight against the shredding of education for black, poor, and working-class youth, then it's time to join in the fight for a communist future! ■

Students Protest Racist Professor at Harvard

BOSTON—The Spartacus Youth Club joined black Harvard students on February 13 as they assembled in Harvard Yard for a protest against racist comments by government professor Harvey Mansfield, a well-known opponent of affirmative action who has taught there since 1962. The students and supporters, over 100 strong, packed Mansfield's classroom in a silent sit-in, protesting his disgusting comments reported in the *Boston Globe* (8 February) that grades were artificially inflated after a supposed "influx of black undergraduates" starting in the 1970s. In 1996 Mansfield made the outrageous statement in the *Crimson* that "blacks do not perform as well as other group [sic] on stan-

dardized tests. I do not know whether this fact is inherited or acquired."

Though Harvard administrators dissociated themselves publicly from his comments, the whole school, like the other "elite" Ivy League schools, reeks with arrogant self-satisfaction in its role as a bastion of white upper-class privilege. As the student protesters pointed out, the percentage of black students at Harvard remains very small—on average there are about 120 black freshmen a year. We in the Spartacus Youth Club call for nationalizing the private universities, for open admissions and for free, quality education for all, as part of our fight against racial oppression and for black liberation through socialist revolution.



Young Spartacus

SYC at February 13 Harvard protest: Finish the Civil War!

Workers Power...

(continued from page 3)

found more coherence as they moved increasingly to the right. This was given the clearest expression in their unmitigated support for Boris Yeltsin's counter-revolutionary counter-coup in the Soviet Union in 1991. WP literally stood on the barricades in front of the Yeltsin White House—the rallying centre for the imperialist-backed counter-coup that ushered in the beginning of the end of the former Soviet degenerated workers state.

Today the *Workers Power* article on the LRCI's rejection of the theory of "moribund workers' states" asks, disingenuously, "How could a united front with the restorationist regime of Yeltsin defend proletarian property relations?" But, at the time, that is *exactly* what the LRCI called for. In November 1991, an LRCI statement argued: "It was *necessary* to form a common front of resistance, a military and class struggle bloc with those forces *and with their leaders*.... A part of this united front call would have been to fight alongside the 'democrats' and the Yeltsinites to defend all the centres of resistance to the coup including the RSFSR parliament (the 'White House')."

This statement was written in response to the LRCI's then-fraternal allies in the American Revolutionary Trotskyist Tendency (RTT) which, despite its own support for the forces of capitalist counter-revolution, was uncomfortable with just how far the LRCI was going. In that response the LRCI baldly asserted its elevation of bourgeois "democracy" (i.e., the dictatorship of the capitalist class) above the defence of the class rule of the proletariat, arguing "The LRCI considers



Joseph Abeles Collection

Chinese Revolution liberated women from centuries-old bondage, brought literacy to working masses. Right: Students at National Library in Beijing.



Marc Riboud

terrevolutionaries' "democratic rights" so rabidly championed by Workers Power were those representing and defending the class rule of capital.

Workers Power has long echoed the views of the social-democratic handmaidens of world imperialism who attempted to provide an ideological cover for the destruction of the Soviet Union and deformed workers states. This view, typified by Cold War intellectual Hannah Arendt, holds that "Stalinist totalitarianism" guaranteed that the workers of these countries would never again wage any struggle in their interests. Thus WP appealed to the imperialist powers to intervene to enforce the "rights" and institutions of the "democratic" West.

In the aftermath of the destruction of the Soviet Union, WP has, if anything,

cynically took up the cause of the Kosovo Albanians we had championed the national rights of the Albanian people of Kosovo—a democratic question necessarily subordinated to the need to militarily defend Serbia against NATO attack. For its part, WP was at least consistent. Thus, when imperialist ground troops landed in Kosovo, WP claimed that a revolutionary situation had been created; the "bought-in-the-USA" election of Vojislav Kostunica led *Workers Power* (November 2000) to declare that nothing less than a revolution had taken place "which road [sic] to power on the backs of the masses' heroism."

LRCI vs. Trotsky

As the consequences of Yeltsin's victory became clearer, Workers Power tried to weasel out of their call for a "united front" with the forces of counter-revolution, arguing this was only their position for the first "three days," i.e., when it counted! Then WP devised their "moribund workers' state" theory to argue that nothing had fundamentally changed in the class nature of the Soviet Union. This strident revisionism was further amplified at the LRCI's Fourth Congress in 1997 where they argued that a capitalist state had been restored in the Soviet Union in 1927 and that the deformed workers states in Eastern Europe had been created without smashing the capitalist state. Alibiing their support for the forces of capitalist restoration, they argued that the "smashing of the Stalinist state machine" was a "programmatic necessity" and took Trotsky to task for never raising this counter-revolutionary demand.

In fact, Trotsky fought tooth and nail against those who capitulated to the pressures of bourgeois anti-Sovietism and abandoned their revolutionary duty to unconditionally defend the first workers state in spite of its bureaucratic degeneration. Against those who falsely equated the parasitic *bureaucracy* with the Soviet *workers state* as a rationale for jettisoning Soviet defensism, Trotsky insisted:

"The Mensheviks are the representatives of bourgeois restoration and we are for

the defense of the workers' state by every means possible. Anyone who had proposed that we not support the British miners' strike of 1926 or the recent large-scale strikes in the United States with all available means on the ground that the leaders of the strikes were for the most part scoundrels, would have been a traitor to the British and American workers. Exactly the same thing applies to the USSR!"

—Trotsky, "No Compromise on the Russian Question," 11 November 1934

The last major factional battle of Trotsky's life was the 1939-40 fight against the petty-bourgeois opposition of Shachtman/Burnham in the U.S. Socialist Workers Party in which Trotsky demolished the new-class "theories" which were nothing more than rationales for weak-kneed capitulation to imperialist machinations against the USSR and the accompanying hysteria which especially gripped petty-bourgeois circles.

Trotsky fought for the unconditional defence of the proletarian property forms and planned economy that were the product of the October Revolution *against* and *despite* the Stalinist bureaucratic caste which usurped political power from the Soviet proletariat in 1923-24. He understood the bureaucracy as a parasitic ruling caste—not a possessing class but an excrescence upon the workers states and their institutions—whose dogma of "socialism in one country" undermined the most crucial defence of the Soviet Union, the extension of the gains of the October Revolution through international proletarian revolution. Trotsky knew that either a political revolution by the Soviet proletariat would overthrow the bureaucratic caste or the bureaucracy would eventually prepare the way for capitalist restoration as it sought to guarantee its privileges by converting itself into a new possessing class. But for Trotsky the defence of the Soviet Union against imperialist attack or internal attempts at capitalist restoration was never contingent on the prior overthrow of the bureaucracy. Rather, he understood the unconditional military defence of the gains of the October Revolution was the obligation of every class-conscious worker in order to defend and advance the interests of the proletariat internationally.

In response to the LRCI's previous declaration that a bourgeois state had existed in the Soviet Union since 1927, we wrote ("Death of Communism? Centrists," *Workers Hammer* No. 161, March-April 1998):

"With their 'new' theory on the class character of the Soviet state, Workers Power is part of a stampede of pseudo-Trotskyists who have joined the imperialists in trying to bury the legacy of the Russian Revolution and with it the 'spectre' of the dictatorship of the proletariat.... They stridently call to 'smash the Stalinist state' while on the home front operating as the most cringing, servile apologists for the maintenance of capitalist rule in its social-democratic face."

If its "moribund workers' state" theory derived from the Labourite view of equating nationalisations with socialism, the LRCI's current theory reduces the class character of the state to a category which is purely determined by the sub-



Glaser/Seattle Post-Intelligencer

November 1999 Seattle protest against WTO featured signs reading "People First Not China First." Workers Power joins chauvinist, anti-Communist crusade with calls for "workers' sanctions" against China.

it abstract and sectarian to counterpose a non-existent workers' democracy or Soviets to existent democratic rights and to institutions created by their exercise."

Only those who have forsaken any proletarian revolutionary perspective could argue that the independent mobilisation of the working class in defence of its own class interests was a sectarian abstraction in the Soviet Union in 1991. We of the International Communist League (ICL, of which the Spartacist League is the British section) intervened, distributing tens of thousands of copies of a statement in Russian titled "Soviet Workers: Defeat Yeltsin-Bush Counterrevolution!" which urged just such a programme of struggle against capitalist restoration. We called for independent workers committees in the factories to take control of production and fight privatisation; for committees of soldiers and officers to resist the use of the Soviet Army as an instrument against the working class; for workers militias to crush anti-Semitic pogroms and anti-Communist lynch mobs and to ward off communist butchery by revanchist nationalists.

In the absence of proletarian resistance, reflecting the atomisation and demoralisation of the Soviet working class by decades of Stalinist misrule, the imperialist-backed Yeltsin counter-coup ushered in the destruction of the Soviet degenerated workers state. The "institutions" created by the exercise of the coun-

come to even more closely embrace the imperialist rulers as the purveyors of "human rights" and "democracy." At the time of the NATO bombing of Serbia, the first major war in Europe since World War II, Workers Power joined pro-imperialist rallies in London dominated by placards reading "NATO Good Luck" and "NATO Now or Never." An LRCI statement distributed at the time in March 1999 claimed to defend the Serbs against NATO attack—"though not in Kosovo which they have no right to occupy"! Meanwhile, in the next breath, WP urged the KLA—which had become a pawn of NATO imperialism—"to take full military advantage of the imperialist bombing to drive out the 'Yugoslav' forces," adding: "If [Clinton and Blair's] primary concern were for the Kosovars they would recognise their statehood, and give the KLA the weapons to drive out the Serbian troops."

As we said at the time, this was an unvarnished appeal to the NATO imperialists. In contrast to the cringing Labour-loving LRCI, we in the ICL issued a 21 April 1999 Declaration in English, French, German, Italian, Japanese, Polish and Spanish which demanded: Defeat imperialism through workers revolution! Defend Serbia against U.S./NATO attack! Down with the United Nations economic sanctions! All U.S./UN/NATO troops out of the Balkans! And long before the imperialists and their leftist apologists



Basil Blackwell Inc.

Left Oppositionists exiled to Siberia by Stalin demonstrate in defense of October Revolution, 1928.

jective intent of those in power regardless of what property forms exist. Deriving from the social-democratic view that "socialism" can be achieved through the ballot box, this "theory" is a complete repudiation of the most elementary Marxist understanding of the bourgeois state as the machinery for the repression of one class, the proletariat, by another, the capitalist class. For the proletariat to come to power it must smash the bourgeois state and institute its own class rule, the dictatorship of the proletariat.

Defend China Against Imperialism, Capitalist Restoration!

In its article "Capitalist Restoration and the State," Workers Power allows that: "Some could argue that this position leads us to a dangerous idealism—that we are elevating a subjective change, maybe even a change of policy on the part of a regime, to a factor capable of altering the class character of the state." They then proceed to do exactly that, arguing that the Chinese Stalinist bureaucracy has transformed itself wholesale into a capitalist ruling class. The notion that a capitalist state defended proletarian property forms served as the theoretical justification for lining up behind the forces that smashed the Soviet degenerated workers state. Now the equally absurd view that the class character of the state has no relation to property forms serves the same purpose for the LRCI in writing off any defence of the remaining gains of the 1949 Chinese Revolution.

Counterposed to Trotsky's understanding of the *contradictory* nature of the



Yeltsin's counter-revolutionary barricades in Moscow, August 1991, joined by racist swine carrying Confederate flag. ICL statement that month proclaimed, "Soviet Workers: Defeat Yeltsin-Bush Counterrevolution!"



Power itself had run an article headlined "Workers Resist the Drive to Capitalism" (*Workers Power*, May 2000) reporting on the massive strikes, demonstrations and other protests which took place in China in 1999!

What changed in the intervening two months to make the LRCI decide that the proletariat had been decisively crushed more than a decade earlier during the incipient political revolution in Tiananmen Square? The answer lies not in any quelling of the mounting resistance of the Chinese proletariat to further encroachments of capitalist imperialism. Rather, the LRCI's declaration that capitalism has been restored in China emanates from the same source as its "theories" on the class nature of the ex-Soviet Union and the former deformed workers states in Eastern Europe: capitulation to the pressure of bourgeois and petty-

lished in the November 2000 issue read: "The trade union bureaucracy joined the Blair government to defeat the anti-fuel tax movement. This was to be expected. What is more surprising is that Workers Power should have joined in." Another reader, noting WP's focus on work in the "anti-capitalist" milieu, asked: "Can it be mere coincidence that the Anti-capitalist movement... is also near unanimously opposed to the fuel tax protests throughout Europe?"

It is no more a coincidence than WP's sudden "discovery" of capitalist counter-revolution triumphant in China. Cosying up to the forces hostile to China within the "anti-globalisation" milieu, the *Workers Power* article announcing this discovery barely gives a nod to the 1949 Revolution. Insofar as it does make a mention, WP apes the language of propagandists for "Radio Free Europe," arguing that what happened in 1949 in China was the institution of "the Soviet model of bureaucratic command planning."

The 1949 Chinese Revolution liberated the country from capitalist exploitation and imperialist subjugation, ushering in a planned, collectivised economy which guaranteed workers lifetime employment and social benefits—what was called the "iron rice bowl." The revolution expropriated the landlords, sent the capitalist class packing and opened up the possibility of women entering social and economic life for the first time, making huge inroads into improving their previous slave-like status. At the same time, the 1949 Revolution was carried out by Mao's largely peasant army and was bureaucratically deformed from its outset. Modelled after the Stalinist bureaucracy in the Soviet Union, the Chinese bureaucracy based itself on the nationalist dogma of "socialism in one country" and excluded the proletariat from political power.

As Trotsky wrote in the Transitional Programme, the founding document of the Fourth International, with the consolidation of the Stalinist bureaucracy in the Soviet Union the state apparatus was "transformed from a weapon of the working class into a weapon of bureaucratic violence against the working class, and more and more a weapon for the sabotage of the country's economy." Like the Stalinist bureaucracies in the Soviet Union and Eastern Europe, the Chinese bureauc-

racy has no other response to the hostile pressures of world imperialism than to introduce "market reforms" to replace central planning and management as the means to increase economic efficiency. Let us recall, as well, that the destruction of the former USSR—for which WP did its own small bit—has greatly encouraged those who would return China to the days of capitalist slavery and imperialist subjugation.

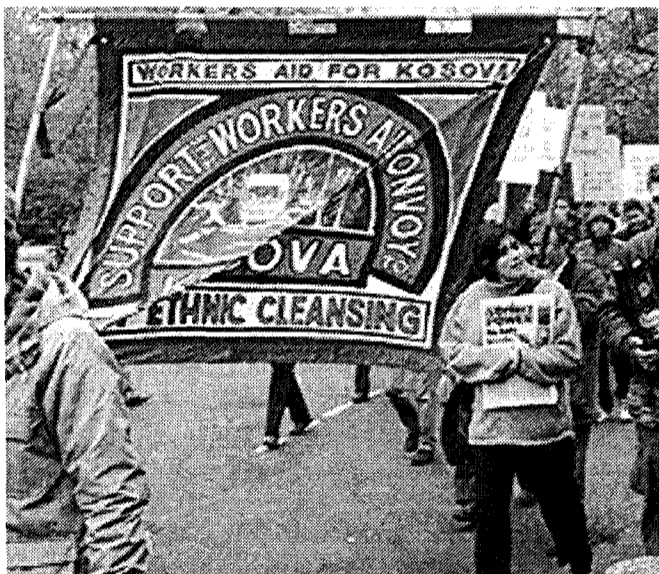
Many of the social gains of the Chinese Revolution *are* being obliterated as unemployment reaches massive proportions while state-owned industries are being closed or privatised. The Chinese bureaucracy is itself a major participant in joint ventures with foreign capitalists in the "Special Economic Zones" while it continues to invite overseas Chinese capital into the country, opening up entire areas to capitalist exploitation. But China does not have a capitalist economy; state-owned industry still dominates. Nor has there been a counterrevolution which smashed the existing state and replaced it with a new state committed to the defence of capitalist property forms.

Furthermore, to premise one's conclusions on the class character of the Chinese deformed workers state exclusively on the actions of the bureaucracy, as WP does, relegates the working class to merely a passive object of either the bureaucracy or imperialism. In either case what is eliminated is a proletarian revolutionary perspective and the role of consciousness, i.e., the need for a Leninist vanguard party to lead the proletariat.

As Trotsky argued in *The Revolution Betrayed*, the bureaucracy "continues to preserve state property only to the extent that it fears the proletariat." What has stayed the hand of the Chinese bureaucracy is the massive wave of workers strikes and protests against the effects of capitalist "market reforms." As we wrote in an article on the uprising of laid-off Chinese miners last February (see "Chinese Workers Revolt Against 'Market Reforms,'" *Workers Vanguard* No. 735, 5 May 2000):

"The bureaucracy which is paving the way for capitalist counterrevolution is simultaneously preparing the ground for a new revolutionary proletarian explosion—not a *social* revolution which would overturn the economic foundations of

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Workers Power marched for war aims of "human rights" imperialism at April 1999 London "Workers Aid for Kosova" demonstration. Demonstrators carried NATO flags and placards reading "NATO—Good Luck" and "Just Do It."

Stalinist bureaucracy, which balances between a state based on collectivised proletarian property forms and world imperialism, Workers Power's arguments owe much to Cliff's "state capitalism" and Shachtman's "bureaucratic collectivism," investing the bureaucracy with a profound solidity and the power to single-handedly transform the class nature of the state. As we wrote in "The Bankruptcy of 'New Class' Theories": "If the final undoing of the October Revolution confirms Trotsky's analysis and program only in the negative, it at least exposes as threadbare all notions of Stalinism as a stable system."

WP's own notions are derived as well from a profound pessimism in the revolutionary capacity of the working class. Just as Workers Power argued that any struggle to mobilise the Soviet proletariat against Yeltsin's counter-coup was "abstract" and "sectarian," its current declarations that capitalist restoration has "triumphed" in China mean writing off the Chinese proletariat as a contender in the battle against capitalist counter-revolution. While having something of a kaleidoscopic view of just exactly when capitalism was restored in China—1989? 1992? 1996?—Workers Power argues that the "crushing of working class political opposition in the aftermath of the 1989 massacre in Tiananmen Square had removed the most important social obstacle to capitalism's return." Yet the LRCI Congress which concluded that capitalism had been restored in China took place only two months after Workers

bourgeois public opinion. Specifically it reflects WP's political prostration before the British Labour Party with the added mix of its current enthusiasm over the "anti-globalisation" movement.

On the home front, this translated recently into WP's refusal to support the protests against extortionate fuel prices in Britain last autumn which were aimed against Tony Blair's Labour government. Blair & Co. responded to these massively popular protests by threatening the use of the army and unleashing the largest mobilisation of state repression since the Poll Tax upheavals in 1990. Fearful that the fuel protests could touch off another "winter of discontent"—a wave of strikes and protests, of extraparliamentary working-class struggle which could bring the country to a halt—the trade-union bureaucracy came to the rescue of the widely despised Labour government. These protests were clearly aimed at the Blair government and indeed the central demand was supportable from a proletarian standpoint. We explained:

"A revolutionary leadership of the workers movement must seek to take the lead of protests such as this in order to direct them clearly against the real culprit: capitalism and the Labour government which administers it."

—"Fuel Blockade Rocks Blair's Britain," *Workers Hammer* No. 174, Autumn 2000

Labour-loyal to the end, Workers Power brought up the rear as "left" apologists for the bureaucrats.

This did not go unnoticed by readers of Workers Power's press. A letter pub-

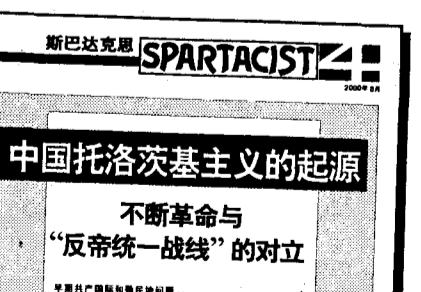
Spartacist Literature Available in Chinese

The Origins of Chinese Trotskyism: Permanent Revolution vs. the "Anti-Imperialist United Front"

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Economy...

(continued from page 1)

and permanent prosperity. For example, in 1997 the prestigious journal *Foreign Affairs* ran an article, "The End of the Business Cycle," which asserted that "in advanced industrial countries the waves of the business cycle may be becoming more like ripples." The "revolution" in information technology (personal computers, the Internet and e-commerce, wireless phones, etc.) was, we were told, generating a quantum leap in productivity throughout the U.S. economy. Consequently, costs were falling and profits rising. At the same time, "globalization" was creating a single, integrated worldwide market for goods and services. Hence, it was argued that the increased pressure of foreign competition would keep down prices in the U.S. even as the economy approached full employment and full utilization of capacity. Inflation as well as the business cycle were proclaimed to be exorcised.

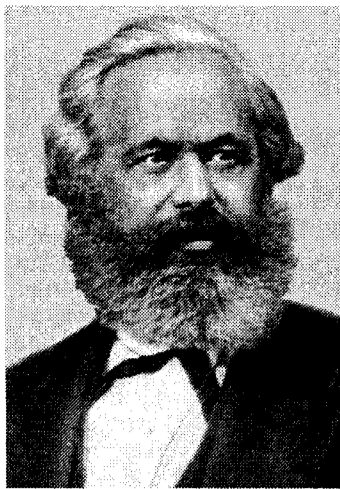
In reality, the basic laws governing a capitalist economy, as analyzed a century and a half ago by Karl Marx, are still operating with a vengeance. As Marx explained in *Capital*, Volume III:

"The expansion or contraction of production are determined by the appropriation of unpaid labor and the proportion of this unpaid labor to materialized labor in general, or, to speak the language of the capitalists, by profit and the proportion of this profit to the employed capital, thus by a definite rate of profit, rather than the relation of production to social requirements, i.e., to the requirements of socially developed human beings."

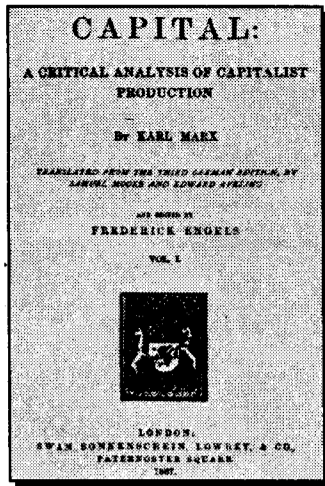
As a London *Economist* (December 2000) article on the downturn acknowledged: "One lesson is that the old rules of economics still apply: the business cycle is not dead and profits do still matter."

A period of rapid economic expansion invariably encounters at some point a sharp fall in the rate of profit, which thereby precipitates a downturn. Why so? To begin with, as the economy approaches full employment, labor costs rise. Firms have to pay more to hire new workers and to keep those they already have.

For example, in the mid-1990s Telespectrum Worldwide, a telemarketing



Progress



Boom-bust cycles outlined by Karl Marx demonstrate fundamental irrationality of capitalist system of production. Unemployed stand in bread line after 1929 stock market crash.



European Picture Service

outfit, opened a major operating center in the depressed old steel town of Steubenville, Ohio, part of the Midwest Rust Belt. With the local unemployment rate at 14 percent, the firm was quickly able to hire all the workers it wanted for the munificent sum of \$6 an hour. By the beginning of 2000, the unemployment rate in Steubenville had fallen to 4 percent. Telespectrum was now paying new hires \$6.50 and \$7.20 after three months but was running at only 80 percent capacity because workers could get better jobs elsewhere. Thousands of companies across the country were in a similar bind.

Low unemployment is bad for business. *Business Week* (5 February) recently wrote in no uncertain terms:

"It is becoming increasingly clear to managers that if they want to keep their profits and productivity rising in a slowing economy, they are going to have to cut large numbers of workers. And make no mistake, layoffs will be as prevalent among New Economy high-tech companies as they will be among more old line industries."

Marx explained that a "reserve army of the unemployed" is a *necessary condition* for the profitable operation of a capitalist economy:

"The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labor army; during the periods of overproduction and paroxysm, it holds its pretensions in check. Relative surplus population is therefore the pivot upon which the law of demand and supply of labor works. It confines the field of action of this law within the limits absolutely convenient to the activity of exploitation and to the domination of capital."

—*Capital*, Volume I

Given the unplanned nature of capitalist production, periods of economic expansion usually run up against shortages of various natural resources. This condition is aggravated by the monopolistic control of world oil supplies by an Anglo-American cartel, descended from the old Rockefeller empire, acting in cahoots with the Saudi monarchy. During the last year, the price of natural gas

in the U.S. increased by over 50 percent, that of low-grade fuel oil by over 40 percent. Spiraling energy and fuel costs are wreaking havoc throughout the economy. Producers of chemical fertilizer, who use natural gas as their main raw material, have cut their operating capacity in half. Firms in California's Silicon Valley—the Mecca of high tech—have been severely disrupted by electricity blackouts caused by the state's "energy crisis."

Fundamentally, capitalists invest in expanding productive capacity on the assumption that the additional output, whether automobiles or Internet services, can be sold at the existing rate of profit, or at a higher rate of profit if they're investing in cost-cutting technology. However, during periods of economic expansion the average rate of profit tends to fall. Even if productivity rises and wages don't, increased profit per worker does not offset increased capital per worker.

This dynamic can be clearly seen in the telecommunications sector, one of the mainstays of the "new economy." The return on capital for telecommunications companies has fallen steadily from 12.5 percent in 1996 to an estimated 8.5 percent last year. "It looks like the sector is way overcapitalized," in the judgment of Wall Street analyst Blake Bath (*Business Week*, 25 September 2000). "Spending has grown at absurdly fast levels relative to the revenues and profits produced by that spending." Or as Karl Marx put it: "The real barrier of capitalist production is capital itself."

The Stock Market Boom: A "Naturally Occurring Ponzi Scheme"

In 1997, the well-known liberal economist Charles Kindleberger, the author of a standard history of financial panics, described the stock market boom as a "mutual funds mania bubble, instigated in part by changes in pension laws, which allow companies to turn over the funding of pensions to their employees." The United States is one of the few advanced capitalist countries in the world in which working people have to provide for their old age by investing in the securities market. At bottom, this situation reflects the relative political backwardness of the American working class and the

Workers Power...

(continued from page 7)

society as in 1949 but a *political* revolution to oust the parasitic ruling oligarchy and to place political power in the hands of workers, soldiers and peasants councils (soviets). The urgent task facing the Chinese proletariat is to build a Leninist-Trotskyist party as part of a reformed Trotskyist Fourth International, to prepare and lead this political revolution, standing at the head of the masses and directing the spontaneous and localized workers' struggles toward the seizure of political power."

How convenient (and Shachtmanite!) for WP to simply declare capitalist restoration to be victorious in China. Real Trotskyists would be more than a little self-critical at having let this historic defeat occur without fighting against it—or even noticing it! Not so the left Labourites of Workers Power, for whom the internationalist duty to defend the gains of the Chinese working masses is less than a trifle.

For New October Revolutions!

The ultimate responsibility for the victory of counterrevolution in the Soviet Union and Eastern Europe lies at the doorstep of the Stalinist bureaucracy. Preaching the lie of "socialism in one country" and "peaceful coexistence" with imperialism abroad, it politically disarmed the working class which was atomised through repression and whose consciousness was poisoned by Stalinist nationalism, destroying the only possible long-term basis for the dictatorship of the proletariat, a class-conscious working class fighting in its historic interests.



Spartakist

ICL spokesman addressing 3 January 1990 demonstration of 250,000 protesting fascist desecration of Soviet war memorial in East Berlin. Spartacists said: "No to capitalist reunification! For a red Germany of workers councils in a socialist Europe!"

The ICL fought to the limit of its resources and ability to defend the remaining gains of the October Revolution against imperialism and counterrevolution. Where Workers Power wrote off the proletariat of the deformed workers states, in the course of our intervention into the incipient political revolution in the DDR in 1989-90 we sparked a 250,000-strong mobilisation on 3 January 1990 against the fascist desecration of a memorial to the Red Army in Treptow Park, Berlin. Although shaped by the disproportion of forces, what was seen in the Treptow mobilisation was a political struggle between the Trotskyist programme of political revolution and the Stalinist programme of capitulation and

counterrevolution. Ten years later this was recognised by former Soviet leader Gorbachev in an interview where he stated: "We changed our point of view on the process of unification of Germany under the impact of events that unfolded in the DDR. And an especially critical situation came about in January [1990]. In essence, a breakdown of structures took place. A threat arose—a threat of disorganization, of a big destabilization. This began on January 3 and [went] further almost every day."

We did not prevail in our fight to mobilise the proletariat against the capitalist *Anschluss* of the DDR. But for us it was not an "abstract" question, we *fought* to defend the gains of the working class and

for proletarian political revolution to sweep away the Stalinist bureaucracy which had brought the DDR to the brink of capitalist counterrevolution. We *fought* against Yeltsin-Bush counterrevolution. Today we fight for the unconditional military defence of the remaining workers states: China, Cuba, Vietnam and North Korea. Our defence of these states derives from our irreconcilable opposition to world imperialism and our fight for new October Revolutions. The LRCI's repudiation of the Trotskyist programme of defensism derives from their accommodation to the bourgeois order.

The differences between the ICL and the LRCI can be reduced to one word: the *state*. All of our party's activity is directed to organising, training and steeling the international proletarian vanguard party necessary for the seizure of state power. In contrast, the politics of the reformists and centrists like Workers Power are defined by the subordination of the interests of the proletariat to the limits of capitalist society. As Trotsky wrote in *In Defense of Marxism*, a codification of his fight against Shachtman/Burnham: "It is the duty of revolutionists to defend every conquest of the working class even though it may be distorted by the pressure of hostile forces. Those who cannot defend old positions will never conquer new ones." Behind all of the LRCI's crackpot "theories" on the class nature of the state lies nothing more than an alibi for ducking the elementary duty of authentic Trotskyists to oppose the designs of "our" imperialism to reconquer China for capitalist exploitation and a repudiation of the fight for proletarian state power. ■

corresponding weakness of the labor movement.

The greater political and organizational strength of the workers movement in West Europe has forced the capitalist class in these countries to accept a far higher level of government-provided social programs, the so-called "welfare state." All West European countries as well as Canada have some kind of socialized medicine. These benefits have been under attack, in the aftermath of the destruction of the Soviet Union, by the various West European ruling classes aiming to improve their capacity to vie with each other and, primarily, with U.S. imperialism. These efforts have met with militant working-class resistance throughout Europe. Nevertheless, government-funded pensions in West Europe are still relatively generous compared to the U.S. Social Security system. Consequently, personally held pension funds in the U.S. are now equal to 71 percent of total national output, compared to a mere 14 percent in Germany and 7 percent in France and Italy.

By the 1980s, the so-called baby boomer generation was facing the uncertain economics of retirement. For many, having to live solely on Social Security would require a sharp cut in consumption levels—real hardship if not dire poverty. Moreover, the long-term solvency of the Social Security system was being called into question. Leading politicians of both capitalist parties and media economic pundits warned that the Social Security system might collapse under the weight of benefits paid to baby boomer retirees.

At the same time, in the early 1980s changes in tax laws encouraged people to finance their own retirement funds through IRAs and Tax Sheltered Annuities (TSAs). These laws also radically changed the financial structure of corporate pension plans from defined benefits to defined contributions. Under the former, retirees received a monthly or weekly check, just like a paycheck, from the companies for which they had worked. The amount was fixed, and known in advance, by a union contract or corporate pension plan. The financial assets out of which the benefits were paid were managed by the company, sometimes in conjunction with the union. This system had its downside for workers since benefits, fixed in dollar terms, were not generally protected against inflation.

Nonetheless, the change to defined contributions has produced a fundamentally greater level of economic insecurity. Working people are in effect now forced to provide for old age by investing in the securities market, weighing potential gains against risk. There are, to be sure, a wide range of securities, some of them fairly safe, like U.S. Treasury bonds and bank certificates of deposit (CDs) which are insured by the federal government up to \$100,000. Why, then, have more and



Then-president Clinton with Russia's Yeltsin, 1994. Capitalist triumphalism over counterrevolution in USSR helped fuel speculative craze during 1990s boom market, now going bust.

more Americans invested more and more of their money in corporate stocks, the riskiest and most volatile of financial markets?

As the market for IRAs and TSAs expanded rapidly in the 1980s, Wall Street launched a massive advertising campaign to convince the American public that stocks were the best possible long-term investment. "You can't beat the S&P 500" became the conventional wisdom propagated in brokerage offices, bank trust departments, the financial columns of daily newspapers and TV ads by big Wall Street firms. "We're bullish on America," Merrill Lynch told TV audiences.

And certainly the bull market of the mid to late 1990s surpassed and defied all precedent. The long-accepted basic measure of corporate stock valuation is its price-earnings ratio (P/E)—the ratio of the price paid for a share of stock to corporate profits per share. For well over a century, the average P/E of corporate stocks in the U.S. was concentrated in the 10 to 20 range. At the height of the 1920s boom, just before the great crash of October 1929, the P/E reached the then historic high of 32.

When the stock market peaked in early 2000, the P/E was 39. To understand the speculative insanity behind this statistic, one needs to compare stocks with other forms of investment. Someone who bought a share of stock at a price 39 times the profit per share purchased a financial asset with a rate of return of about 2.5 percent. You can get that much by putting your money in bank savings accounts and get almost three times as much in a one-year CD. So why have people bought stocks at prices which defy elementary financial rationality?

A recent study of the 1990s bull market by Yale economics professor Robert J. Shiller described it as a "naturally occurring Ponzi scheme" (named after Charles Ponzi, a famous financial swindler of the early 1920s). The manager of such a scheme promises large returns for investors by putting their money into a profitable operation. But little or no

investment in any real assets is actually made. As Shiller describes in *Irrational Exuberance* (2000):

"A Ponzi scheme entices initial investors, after they have made a lot of money, to tell their success stories to another round of investors, who then invest even more in the scheme, allowing the hoaxer to pay off the second round of investors, whose success story entices an even larger round of investors, and so on. This scheme must end eventually, since the supply of investors cannot increase forever, and the perpetrator of the scheme no doubt knows this. The perpetrator may hope to exit, not having paid the last and largest round of investors, and then hide from the law."

This is a description of a financial swindle. How does it explain a decade-long stock market boom involving thousands of companies, millions of investors and trillions of dollars? Consider, for example, a working-class couple who in 1995 decided to play it safe by keeping their pensions in CDs with an annual interest rate of 6.5 percent. They have relatives, friends, co-workers who tell them that they've made a 10 or 15 percent gain on their stock market mutual fund. The couple becomes convinced that they're losing out on a good thing. So they cash in half of their CDs and put the proceeds into a mutual fund.

As hundreds of thousands of families across the country shifted their pension funds, money put aside for their children's college education, etc. into the stock market, the price of stocks naturally rose. This in turn encouraged them and others to put even more money into stocks. Many working people, who ten years ago never owned a share of corporate stock, are now subscribing to financial newsletters and trading shares weekly or even daily, trying to beat the market. But in the end, the market will beat them. Those who put most of their money into the NASDAQ high-tech sector have already lost their shirts. But the blue chips are still way overpriced. If the P/E returns to anything approaching the normal range of, say, 20, stockholders will lose the monetary equivalent of the entire U.S. housing stock! And that could happen next week or next month.

The famous financier Bernard Baruch, an economic adviser to several U.S. presidents, was known for his savvy in selling all his stocks a few months before Wall Street crashed in the fall of 1929. He later said that when a shoeshine man offered him a stock tip, he knew it was time to get out of the market. While reflecting class

elitism, Baruch was expressing social reality. When working people think they can get rich playing the stock market, they're investing in a fantasy. But it is not a fantasy of their own making. They are being victimized by a gigantic Wall Street fraud.

The Corporate Debt Bomb

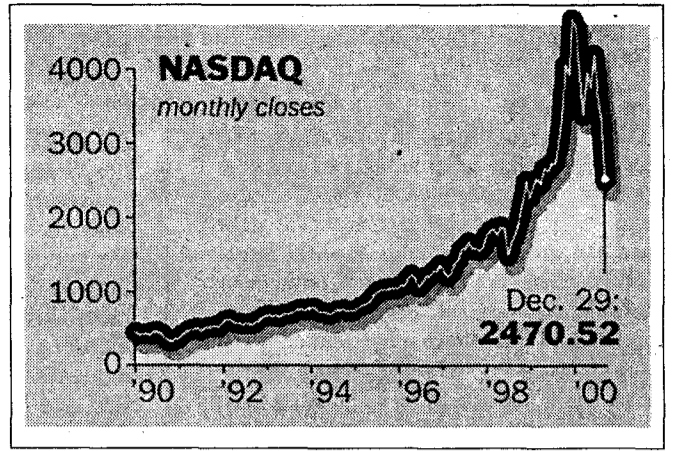
When Robert Shiller described the 1990s bull market as a "naturally occurring Ponzi scheme," he implied that there was no deliberate fraud involved except possibly in a few isolated and insignificant cases. But in fact stock prices have been deliberately manipulated. Many corporations, especially the big blue-chip firms, borrowed money in order to "retire" a portion of their own stock, i.e., to purchase the stock from outside investors and then take it off the market. This kind of financial operation raises the stock's price by both increasing demand and reducing supply.

Most analyses of the 1990s boom focus on the factors affecting demand as if the supply of corporate stock passively adjusted to demand. But that is not at all the case. Since the early 1990s, the total volume of outstanding corporate stock retired has substantially exceeded new issues. In 1998, for example, the volume of outstanding shares retired exceeded new issues by \$500 billion while corporations took on additional debt of almost the same amount.

This indicates a major change in the financial structure of American capitalism—a shift from equity to debt which began in the early 1980s. In 1985, U.S. manufacturing firms on average had \$1.21 in debt (outstanding bonds and bank loans) for every dollar in equity (the total market value of outstanding corporate stock). By 1990, the debt-equity ratio had risen to \$1.49 to the dollar and by 1995 to \$1.59. Then as prices took off into the stratosphere, relative corporate debt also increased sharply.

Why should a reputable blue-chip corporation borrow money at interest instead of issuing new stock to investors who would pay handsomely for the mere prospect of future and uncertain gains? If they were raising money to expand productive capacity, corporations would tend to favor issuing additional stock over taking on additional debt. But in many cases they're raising money, through bonds or bank loans, in order to artificially inflate the price of their stock by retiring

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Economy...

(continued from page 9)

a portion of it.

This kind of financial operation, like any other Ponzi scheme, cannot last forever. In this case, forever ended in the latter half of last year. Corporate debt defaults are now at the highest level since the 1990-91 recession. A number of major banks—the Bank of America, Bank One, Wachovia—have experienced a big drop in earnings mainly due to a proliferation of “non-performing” loans, both corporate and household. More intelligent and hardheaded business journals like *Business Week* and the *Economist* have been publishing concerned articles about the parlous financial state of U.S. corporations and banks.

A lead editorial titled “Debt Trap!” in the *Economist* (27 January) points to the “eerie similarities” between the U.S. today and Japan at the end of “bubble economy” in 1989-90. The popping of the speculative bubble in Japan’s real estate and stock markets ushered in a decade of economic stagnation in the world’s second-largest capitalist economy. And Japan is now again teetering on the brink of recession, in part due to the economic slowdown and looming recession in the U.S. The *Economist* writes:

“Too much debt was always at the heart of Japan’s weakness. So it is alarming that America’s boom has also been fuelled by massive borrowing by companies and households....

“Japan, in short, is not unique. America is but one more example of an age-old phenomenon, in which rapid increases in asset prices encourage a credit binge and overinvestment that proves unsustainable once asset prices fall. It is no coincidence that the deepest and most protracted recessions in recent decades have taken hold in countries that experienced booms in property or share prices and a build-up of debt.”

A New World Economic Downturn?

It is not just an “eerie similarity” that the two biggest economies in the capitalist world are both on the verge of recessions. In the past few years, the U.S. has accounted for one-third of the world’s total economic growth, both directly and by pulling in imports from other countries. Japan has benefited not only by increasing its own exports to the U.S. but through its extensive involvement in East Asia. Japanese industrialists, for example, provide equipment and license technology to South Korean automakers; they subcontract with firms in Taiwan and Thailand producing computer components and telecommunications equipment mainly for the American market.

The slowdown in the U.S. has derailed East Asia’s partial recovery from the 1997 financial/economic crisis. This can clearly be seen in the case of South Korea, the most important capitalist economy in the region after Japan. The South Korean stock exchange, mirroring the NASDAQ in the U.S., plunged 50 percent last year. The big automaker Daewoo has gone bankrupt while Hyundai—the largest of South Korea’s *chaebols* (industrial/financial empires)—lost \$1.7 billion last year.

West Europe, where economic growth was sclerotic for much of the 1990s, is

Bush Vendetta Against Labor

MARCH 11—The Bush administration is acting like it’s the Reagan years revisited. Having staffed his Cabinet with anti-woman, anti-gay bigots and Reaganite militarists, Bush has now thrown down the gauntlet against labor. Just days after Congress tore up a federal regulation aimed at protecting workers from repetitive-stress injuries, on March 9 Bush invoked the Railway Labor Act (RLA) to ban a strike by Northwest Airlines mechanics. Bush declared that he would take the “necessary steps” to ban other work stoppages at United, American and Delta Airlines, all of which face possible strike dates in the next few months.

In large part, this is the Bush administration’s payback for the massive effort undertaken by organized labor on behalf of Democrat Al Gore in the

elections. And the pro-capitalist labor tops are already using these attacks to drum up support for the Democrats in preparation for Congressional elections next year. But while the Republicans would rather openly repress the working class, the Democrats would rather lie and do the same thing.

The last two decades of assault on the unions was initiated by Reagan’s smashing of the PATCO air traffic controllers strike in 1981. But the blueprint for that strikebreaking was drafted by the Democratic Jimmy Carter administration. When American Airlines pilots struck in 1997, Clinton used the RLA to order them immediately back to work. In December 1999, as New York City transit workers geared up to strike, Democratic Party state attorney general Eliot Spitzer and Republican mayor Rudolph Giuliani both brought down

injunctions criminalizing not only strike action but even uttering the word “strike.”

Airline workers have enormous economic clout to use in their fight against anti-labor attacks because of the central importance of air travel and freight in the economy. But the union tops chain that power to the capitalists and their state through their ties to the Democratic Party. To set the unions on the path of class struggle, it is necessary to oust the labor misleaders and to fight for the political independence of the working class from the capitalist class enemy. The Spartacist League fights to break workers and minorities from pro-Democratic Party “lesser evilism” and to forge a workers party to lead the struggle for socialist revolution to sweep away this system of exploitation and oppression.

bound to be hurt by a downturn in North America and East Asia. The main index of business confidence in Germany has fallen steadily for the past several months. “The landscape is changing very fast,” observed Ellen van der Gulik, an economist in the London office of J.P. Morgan, “and it’s clear that euroland is not immune.”

The economic slowdown in East Asia and West Europe has, in turn, had a

ing to the ideologues of “globalization,” large industrial and financial corporations—General Motors and Citibank, Siemens and the Deutsche Bank, Mitsubishi and the Bank of Tokyo—no longer have a national identity or loyalty to a particular nation-state. They’ve allegedly become “transnational” entities seeking to rule the world through institutions like the International Monetary Fund and World Trade Organization. This is nonsense.

brothers and sisters in foreign countries, prepare the basis for mobilizing labor support for imperialist war.

The collapse and later destruction of the Soviet Union as a countervailing power blocking U.S. ambitions has intensified the American imperialists’ appetites for unbridled domination, as seen in the devastation of Iraq in the 1991 Persian Gulf War. The subsequent recurrent U.S. air attacks and starvation blockade



Paul Mattsson
Vauxhall workers in Britain rally on January 20 as GM workers throughout Europe demonstrate against layoffs. February 20: South Korean Daewoo workers protest cop attack on sit-down strike.



negative impact on U.S. corporate sales, profits and investment. Microsoft’s chief financial officer, John Connors, complained: “We did not anticipate the rate of deceleration in the world economy that we’re now seeing” (*Wall Street Journal*, 21 December 2000). What we are seeing is the beginning of a downward spiral in the world capitalist economy. A slowdown in one country reduces the export earnings of its trading partners which, in turn, cut back their imports from that country. When that country happens to be the United States, the downward spiral in the world economy can accelerate very rapidly.

The economic interdependence of the major capitalist states does *not* mitigate but intensifies the conflicts of interest between them. In recent years, “globalization” has become the reigning fashion in bourgeois economic ideology. Accord-

Capitalists have always pursued and must always pursue the opportunities for higher rates of profit wherever possible or perish at the hands of their competitors. In reality, the bourgeoisie remains, as it has always been, a *nationally organized class* which relies on and requires their *own* military forces to protect their property and interests internationally. As Lenin explained in *Imperialism, The Highest Stage of Capitalism* (1916), economic conflicts between the propertied classes of the major capitalist countries are ultimately resolved at the political level, in the extreme case by war. This was in fact the underlying cause of both the First and Second World Wars.

The trade-union bureaucracy supports the capitalist order and, specifically, the rule of “its” capitalist rulers and their “right” to reap “reasonable profits.” This has led the tops of the Canadian Auto Workers (CAW), in the face of threatened job cuts, to offer their members as a low-wage alternative to higher-priced foreign labor. Thus CAW president “Buzz” Hargrove intoned, “You can hire three workers in Canada for the price of two in the United States. You can hire four workers for the price of two in Germany” (*Toronto Star*, 29 November 2000)!

In the U.S., the labor bureaucracy mobilizes protectionist “America First” campaigns as a replacement for class struggle against job-slashing cutbacks. The chauvinist, class-collaborationist union tops are incapable of mounting a significant fight against runaway shops, whether to non-union strongholds in the U.S. or to other countries. In the final analysis, their protectionist efforts, pitting U.S. workers against their class

of Iraq have little to do with the policies of Saddam Hussein. They are mainly intended to demonstrate to Germany and Japan the Pentagon’s war-making capacity and the determination of the American ruling class to retain control over the Persian Gulf oil fields.

As we wrote a few years ago in the International Communist League’s “Declaration of Principles and Some Elements of Program” (*Spartacist* [English-language edition] No. 54, Spring 1998):

“Increasingly mutually hostile imperialist powers and rival blocs must oppress the peoples of the former colonial world and those still under the yoke of colonial peonage, impoverish the world’s masses, engage in continual wars for the maintenance and redivision of the world markets in order to prop up the falling rate of profit, and attempt to smash the revolutionary struggle of the workers wherever it breaks out. In its final frenzied effort to maintain its class rule, the bourgeoisie will not hesitate to plunge humanity in nuclear holocaust or dictatorial oppression of unprecedented ferocity.”

Only the proletariat, through the seizure of political power and the destruction of capitalism as a world system, can lay the basis for the elimination of exploitation and the resolution of the contradiction between the growth of the productive forces of the world economy and the nation-state barriers. The future of humanity depends on the struggle of the presently small forces adhering to the revolutionary program of Marx, Engels, Lenin and Trotsky to forge workers parties with the experience, willpower and authority among the masses to lead successful proletarian revolutions. That is the task to which the International Communist League is dedicated. ■

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From Death Row, This Is Mumia Abu-Jamal

More Bombs Over Baghdad

"What a country calls its vital economic interests are not the things which enable its citizens to live, but the things which enable it to make war."

—Simone Weil (1909-1943),
French Philosopher

Once again, after almost a decade has passed, the fiendish roar of American and British jets echoed in the suburbs of Baghdad, Iraq, and a deadly rain of bombs once again hits one of the oldest cities on earth.

Immediately, the corporate media rushed to the airwaves to promote the bombings, and Bush Administration officials announced that the aerial attacks on the Iraqi capital were acts of "pre-emptive self-defense."

Once again, the corporate-political media launch into the demonization game, with attacks on a "Hitler"-like Saddam Hussein, with foreboding threats of Iraq developing "weapons of mass destruction,"—yeah, uh huh.

George Bush II announces that this, his first substantive international action (other than a contemporaneous photo-op with Mexico's Vicente Fox), was meant to "send a message" to Hussein. His Dynastic, Unroyal Highness did not deign to tell his subjects what the "message" really was.

This writer will try.

The great English writer, George Orwell, in his prophetic novel of an intrusive, panoptic, totalitarian

state, *1984*, illustrated with brilliant clarity the capacity of such states to utilize words that mean exactly the opposite of what they were proffered to mean. In *1984* the State states:

"War is peace. Freedom is slavery. Ignorance is strength."

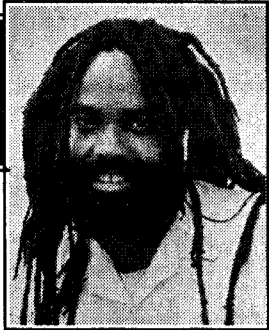
Similarly, "Weapons of Mass Destruction" is a term that evokes fear, but fear stifles thought and cripples reason.

Consider the fact that never has either Israel or the apartheid-era South Africa been described as states wielding "Weapons of Mass Destruction," although both possessed nuclear capabilities.

If having a "weapon of mass destruction" is a violation of international law, then the USA must be a global criminal, for no nation possesses so much nuclear weaponry (moreover, no nation has formerly used such weapons—except the US).

If most Americans are asked to name the country that sells the most arms to the rest of the world, even reasonably well-informed folks would say, "Russia," "China," "France," or "Brazil." Few would answer, "USA." In selling weapons the US truly is "Number One." Iraq waged a bitter and vicious war for almost a decade against her Shi'a neighbor and rival, Iran. Almost a million men, women and babies perished in that southwest Asian holocaust. Guess who sold the most arms to Saddam Hussein's army?

The United States of America.



Back during the 1980-1988 Iran-Iraq War, it was the Ayatollah Khomeini who was being demonized by the media. Iraq's Hussein was "our guy."

What the bombing of Iraq was and still is all about—is oil.

Don't take my word for it.

Several years ago, when another US-UK bombing spike was going on, an American general, Brig. William Looney, spoke openly of the "message" that America was trying to send to Iraq:

"If they turn on the radars we're going to blow up their goddamn SAMs (surface-to-air missiles). They know we own their country. We own their airspace.... We dictate the way they live and talk. And that's what's great about America right now. It's a good thing, especially when there's a lot of oil out there we need."

—Blum, Wm., p. 159, *Rogue State*,
Common Courage, 2000

The general sez, "oil." Shouldn't he know why Iraq is being bombarded?

This is the Voice of Empire, as real and as omnipotent as any empire in history; the Roman, the Byzantine, or the Ottoman Empire. And empires do what they do for one real reason: they can.

24 February 2001

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Join the fight to free Mumia Abu-Jamal! Contact the Partisan Defense Committee. In New York: PDC, P.O. Box 99, Canal Street Station, New York, NY 10013-0099; phone (212) 406-4252; e-mail: 75057.3201@compuserve.com. In Chicago: PDC, P.O. Box 802867, Chicago, IL 60680-2867; phone (312) 563-0442. In the Bay Area: PDC, P.O. Box 77462, San Francisco, CA 94107-0462; phone (510) 839-0852. If you wish to correspond with Jamal, you can write to: Mumia Abu-Jamal, AM8335, SCI Greene, 175 Progress Drive, Waynesburg, PA 15370.

Feds Indict Their Former Flunkey Defend the Teamsters— Hands Off Ron Carey!

In the latest installment of the relentless, systematic campaign by the capitalist state to control and wreck the 1.4 million-member International Brotherhood of Teamsters (IBT), former union president Ron Carey was indicted on January 26 for perjury and making false statements during a government probe of union election finances. Carey now faces a maximum penalty of 35 years in prison.

Although Carey won the Teamsters presidency in 1991 in a government-run election, the Feds turned on their eager accomplice after the 1997 UPS strike. That strike ended nearly two decades of

defeats for labor and sparked a series of strikes by American workers fed up with years of eroding living standards, second-class part-time and multi-tiered jobs and a future that promises even less.

Like Carey, whose government-sponsored election was engineered by the "dissident" Teamsters for a Democratic Union and hailed by the reformist left, current Teamsters president James Hoffa Jr. has himself cheered the intervention of the capitalist state into the union. Hoffa issued a January 25 press release trumpeting that "the International Brotherhood of Teamsters supports the decision of the U.S. Attorney to indict former Teamsters General President Ron Carey." Hoffa treacherously supports the attack on the union by the bosses' government which carried out a vendetta against his father in the 1950s and '60s and is currently dictating rules for the upcoming Teamsters national elections. Meanwhile, the Feds' "Independent" Review Board is bringing charges against Hoffa Jr.'s mentor James Brennan, president of IBT Local 337 in Detroit and Teamsters Joint Council 43.

Today, government "oversight" of the union means that the Feds review union publications, run union elections and even raid the union treasury to foot the bill. In the name of "cleaning up" the union, the government tramples on the rights of its members and cripples its ability to struggle against the bosses. The Teamsters tops' lauding of state intervention starkly exemplifies their role in tying the unions to the capitalists and their state, politically expressed through

their support to the Democratic Party. We say labor must clean its own house: **Feds out of the Teamsters! Government hands off the labor movement!**

Urging on the Feds' efforts to cripple the Teamsters, a *Wall Street Journal* (30 January) editorial makes clear what is really at stake: "The Carey case, in short, is a dagger pointing to the highest levels of the American labor movement."

Dear U.S. Attorney White:

The Partisan Defense Committee demands that the charges against former Teamsters president Ron Carey be dropped. The prosecution of Carey is part of a government assault against the entire labor movement. Under the pretext of "rooting out corruption" and "restoring democracy," the transparent intention of the U.S. Justice Department—along with Judge Edelstein, who oversees government supervision of the Teamsters, the "Independent" Review Board, the FBI and an army of other state agencies—is to take control of the largest and potentially most powerful union in this country.

The government's full-scale assault on the Teamsters began decades ago, with the attack on the current Teamsters president's father, James Hoffa Sr., who had won the national Master Freight Agreement. It culminated in the government takeover of the union in 1989, which facilitated Carey's election as the "reform" candidate in the 1991 union election. The Justice Department's attack

A *Journal* (1 February) article notes that the perjury charge against Carey stems from an alleged scheme to channel Teamsters money, through other unions and the Democratic National Committee, to back his election campaign. The article exhorts the Justice Department to target the AFSCME government workers union, the SEIU service workers and AFL-CIO Secretary-Treasurer Richard Trumka, demanding that the Feds intensify their "glacial pace" of obtaining convictions, and quotes U.S. Attorney Mary Jo White assuring that "The investigation is continuing." Separate government investigations are targeting the Laborers International Union, the International Longshore and Warehouse Union and others.

We print below a March 10 protest letter by the Partisan Defense Committee, a class-struggle legal and social defense organization associated with the Spartacist League.

on Carey began shortly after the powerful UPS strike in 1997, laying bare the purpose of this "legal" hatchet job: to try to paralyze the IBT and other unions daring to engage in labor struggle.

Your prosecution of Ron Carey has been accompanied by government investigations targeting major unions in this country, including the Laborers International Union of North America, the American Federation of State, County and Municipal Employees, the Service Employees International Union and AFL-CIO Secretary-Treasurer Richard Trumka.

In its efforts to bust the unions through state intervention and court suits, the government stands indicted for what it is—the agency for the repression of working people, blacks and all those at the bottom of this society. Representing the only significant racial integration in this country, the unions are the basic defense organizations of the working class.

Drop the charges against Ron Carey! Government hands off the unions! ■

A Spartacist Pamphlet \$1

Black History and the Class Struggle
No. 15

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Abolish the Racist Death Penalty!

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WORKERS VANGUARD

The following leaflet was issued by the New York Spartacus Youth Club on March 8 and distributed at the "Critical Resistance East" conference at Columbia University, March 9-11. The conference drew an integrated crowd of over 1,000 youth from throughout the East Coast and elsewhere. We intervened, countering our revolutionary program at several workshops including those led by the Black Radical Congress and the Campaign to End the Death Penalty.

Young Spartacus

More people are in prison in the United States, by orders of magnitude, than in any other industrialized country in the world. Overwhelmingly, those behind bars are black or Hispanic, over half of them youth. The incarceration rate has more than tripled since 1980. Why? The organizers of this "Critical Resistance East" conference would have you believe that this is something new, the result of profit-hungry corporations taking over prisons. There has been an increasing privatization of prisons and widespread use of prison labor. But this should not obscure the fact that prisons are an integral part of the capitalist state, together with the cops, courts and professional army. It's not the CEOs of big corporations who arrest you, drag you through the racist courts and lock you up. It's the armed thugs of the capitalist state who represent the interests of those who run the profit-hungry corporations. The state is an instrument of coercion to enforce the rule of one class over another—in this society, the rule of the capitalist class over the working class from whom it derives all its wealth.

The increasingly reactionary political climate fostered by both the Democrats and Republicans has turned the U.S. into a heavily armed "democratic" police state. The purpose of this vast increase of

Unchain Labor/Black Power! For a Revolutionary Workers Party!

Smash the Prisons! Smash Capitalism!



Lichtenstein/Sygma

Inmates at state prison in Gatesville, Texas. Burgeoning U.S. prison population is largely a result of racist campaign against black and Latino youth.

the police powers of the capitalist state is to strengthen and protect the rule of the American capitalist class as it carries out a war against the working class at home and pursues an increasingly aggressive imperialist role internationally as the world's only "superpower." But the organizers of this conference have no intention of challenging the class rule of racist cap-

italism, instead peddling the illusion that the capitalist state can be pressured to serve the interests of the oppressed.

Lenin explodes such illusions in his book *The State and Revolution*, written in 1917 at the time of the Russian Revolution: "The state is an organ of class domination, an organ of oppression of one class by another; its aim is the creation of

'order' which legalises and perpetuates this oppression by moderating the collisions between the classes." The fact that the ruling class needs an entire repressive apparatus to regiment the population through naked force proves the irreconcilability of the interests of labor and capital—and the need for the working class to lead the revolutionary overthrow of capitalism.

In the U.S., capitalist rule is rooted in the brutal oppression of black people. The population of the inner-city ghettos, once used as a reservoir of unskilled workers for industry, is now deemed a surplus population, not "worth" spending a dime on, whether for education or basic welfare. With industry after industry milked dry by profit-hungry American capitalists, the one million jobs lost on the assembly line were replaced by one million new places in prison. Black youth are characterized as predatory criminals who should be locked up at as young an age as possible. This is carried out under the auspices of the racist "war on drugs" and "war on crime." We are for the legalization of drugs and other "crimes without victims" such as prostitution. We are also against gun control, which gives this racist capitalist state the monopoly of arms while disarming the rest of the population.

In "Masked Racism: Reflections on the Prison Industrial Complex" (*ColorLines*, Fall 1998) Angela Davis writes that "the focus of state policy is rapidly shifting from social welfare to social control." But was the state expressing an interest in "social welfare" when it assassinated 38 Black Panthers and locked up Geronimo ji Jaga (Pratt), Mumia Abu-Jamal and many other black activists, including Davis herself? For U.S. capitalism, social welfare is a means of social control in the face of social protest. Even the most token gains achieved by workers

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Fight for Mumia's Freedom!

Mumia Abu-Jamal Forced to Fire Attorneys

PDC Statement

The clock is ticking on the life of Mumia Abu-Jamal, an innocent man who was falsely charged with the killing of a Philadelphia police officer, convicted and sentenced to death by Philadelphia's notorious cop and court frame-up machine. With his case in the last stages of legal appeal before the federal court, Jamal has now been forced to file a petition to dismiss his attorneys Daniel Williams and Leonard Weinglass. In a malicious act, Williams has authored a book purporting to be an "inside account" of Jamal's case. In his petition, Jamal correctly indicts Williams' book as "a breach of client loyalty," noting "that this is a clear conflict of interest cannot be seriously questioned, for in such an instance the litigative interests of the client and the personal (and indeed financial) interests of the lawyer conflict."

Even within the loose "ethics" of the legal profession, publication of such a book by an attorney involved in an active case, much less one in which the client's life hangs in the balance, is an abomination. The Partisan Defense Committee, which has championed the cause of Mumia's freedom for over 14 years, stands with him in the petition he has filed in his own

defense. It would be a further gross injustice in his case if Jamal were denied the right to assemble a new legal team.

Evidence of Jamal's innocence is demonstrable and overwhelming. In the gunshots of the FBI and Philadelphia cops since he was a 15-year-old spokesman for the Black Panther Party, Jamal further enraged the police as a journalist with his searing indictments of police terror, particularly the Philly cops' murderous, years-long vendetta against the MOVE organization. On 9 December 1981, the cops saw the perfect opportunity for a frame-up when they saw Jamal slumped on a curb, bleeding profusely from a bullet wound to his stomach, with police officer Daniel Faulkner lying shot nearby.

Five different witnesses from five different vantage points told the police that they had seen another man flee the scene of the shooting. Four of these witnesses were bribed, coerced or terrorized by the police into changing their true eyewitness accounts. The cops claimed that the bullets which killed Faulkner came from Jamal's gun. But there is no evidence that his gun was even fired that night! As for the much-touted "confession" Jamal supposedly uttered as he lay near death in the hospital, this fabricated story didn't surface until *two months after* the event, following a meeting called by the District Attorney's office to

orchestrate the cops' testimony. None of this came out in the sham 1982 trial presided over by "hanging judge" Albert Sabo, who sent more people to death row than any other sitting judge in the U.S.

This is a case study in the nature of the racist American "justice" system. Williams' unconscionable act of using his position as a central lawyer for Jamal in his own interests is now serving as a ticket for the two longstanding lead attorneys on the defense team to bail out. With the state trying to accomplish the final act of this frame-up—Jamal's execution—at the very least they are guilty of running away from his case.

While the PDC favors all possible legal actions in Jamal's defense, we put no faith whatsoever in the justice of the capitalist courts. In publicizing Jamal's cause, we have made his case known to everybody we could—death penalty abolitionists, trade unionists and more generally the working people in the U.S. and internationally. We have organized labor-centered demonstrations based on the understanding that the social power of the working class must be brought to bear in his defense. What is crucially posed now is that all of Jamal's defenders, particularly the organized labor movement, mobilize in the fight for his freedom. Free Mumia Abu-Jamal! Abolish the racist death penalty!

13 March 2001