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**TWO ROADS**

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**THREE WORLDS**

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Review

DECISION: BRITISH COMMUNISM

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**THE MARXIST**

We offer our apologies for the continuing infrequency of publication. We always have great difficulty in dividing a limited amount of time and resources between taking part in practical activity, and summarising the experience gained so as to draw theoretical conclusions.

This difficulty was compounded by our belated recognition of the importance of the Three Worlds' Theory, and the need to draw conclusions from it that will guide our practical activity.

In doing this we became more aware of the urgent need for the Marxist Left to break out of the self-imposed isolation created by its dogmatic approach to politics and its slavish dependence on quotations and ready-made formulae.

Regrettably, many groups prefer 'purity' to mass involvement, but there are grounds for optimism insofar that some groups have also, independently, reached similar conclusions to ourselves and discussions are taking place.

There will not be any 'instant' Party created, for there is, as yet, a long road ahead but as we said, we are optimistic.

We would appeal to readers who accept the general line of Defence of National Sovereignty as the main task at this stage to let us have their ideas, with a view to closer co-operation.

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## TWO ROADS

As the slump continues to deepen it is increasingly evident that 'the system' is in command. It is functioning in accordance with its own internal laws of development irrespective of the actions of those who worship its principles but desire to modify their operation.

Instead of man moving towards greater control of his environment, as afforded by the advancement of science, it cannot be denied that the puny efforts of the statesmen of the capitalist world are ineffectual.

At a time when technological advance provides the practical possibility of abolishing want from the face of our planet we are faced with the spectre of increasing poverty. Factories stand idle and people, denied productive employment, are sustained out of the surplus created by those still in productive work. There is 'excess capacity' at the same time that people are denied the necessities of a cultured life and even the basic necessities of existence.

This situation is not new to capitalism although it is outside the direct experience of the younger generation. It is proof of the Marxist theory that under the capitalist mode of production, productive capacity expands faster than the market can absorb its products.

'Surplus capacity' is created as production is cut back to correspond with effective

demand or, to put it another way, until the goods can once more be sold at a profit. This phenomenon is universal in all capitalist countries but its effect is uneven.

For instance, it may be concluded from the previous paragraphs that the country with the greatest productive potential per head will have the highest rate of unemployment but as readers will no doubt have already observed, this is not necessarily the case. Japan and West Germany, for example, have a much higher productive potential per head than the U.K. but their rate of unemployment is lower.

The reason for this apparent contradiction between theory and practice is that capitalist countries do not operate closed controlled economies. They are market economies operating in a world capitalist market in which success is measured by the share of world trade which a country can grab for itself, or to put it another way, the one which can obtain and maintain a surplus of exports over imports - a favourable balance of trade, (i.e. West Germany and Japan). The unsuccessful are those which persistently have an unfavourable balance of trade.

This is in accordance with the principles on which capitalist trade is based, the concept of a free world market.

One of the exponents of this view is Malcolm Crawford, Financial Editor of the Sunday Times. He argues that free trade

must be beneficial because it is based on specialisation of production according to comparative advantage.

Being interpreted, this means that if the laws of the market are allowed to dominate economic development, products will be produced in those areas where they can be produced most efficiently. This may appear to be an attractive proposition, that is until the matter is considered in greater depth from the standpoint of the interests of the mass of the people.

It is obvious that minerals can only be extracted from the earth in the geographical location determined by nature. Likewise, climactic conditions influence the kind of crops that can be grown in a given area.

However, the process of manufacture increases mankind's potential to order his environment in ways most suitable to his own needs. It may be sited according to the distribution of population or with an eye to the need for a redistribution of the population for social, military, or other reasons, as well as the purely economic.

Reliance solely on market forces can often bring about a siting or re-siting of a manufacturing process in a geographical location which is socially undesirable.

As we are considering this subject in the context of a capitalist world market, the term efficiency becomes synonymous with profitability. This means that capital will tend to flow into areas where it will yield the highest profit.

This is most clearly exhibited by the activities of the transnational corporations

and finance houses based in the U.K. which invest capital overseas in pursuit of the highest profit without regard to its effects on the national economy.

The U.K. is the largest home country, after the U.S.A., of transnational companies with a total stock of U.K. investment overseas of £18 billion in June 1977. In 1971 the United Nations estimated that U.K. companies produced over twice as much abroad as they produced in the U.K. The Department of Trade estimates that up to 35% of U.K. overseas investment may compete directly with potential U.K. exports. Not very patriotic, but undoubtedly "good for business".

This high export of capital has been one of the major factors in the decline of manufacturing industry in the U.K. According to government statistics, investment per worker in the U.K. in 1971 was less than half that in France, Japan, or the U.S.A., and well below that of West Germany or Italy.

Since then, investment in manufacturing has fallen in the U.K. in real terms (allowing for inflation). As a consequence, the import of manufactured goods into the U.K. has increased from 11.3% of total requirements in 1970 to 18.4% in 1976.

As a result, increases in purchasing power, instead of creating more jobs in Britain, has resulted in an increase in imports, with a detrimental effect on the Balance of Payments. This has been compounded by the policies pursued by successive governments, both Labour and Tory, which have favoured the growth of non-productive employment at the expense of productive employment.

Since 1960, manufacturing output as a proportion of total U.K. output has fallen from 35% in 1960 to 33.3% in 1965-69 and to 32.8% in 1969-73

Over the same period, the share of manufacturing investment in total investment fell from 23.8% to 20.2% and the share of manufacturing employment in total employment fell from 33.3% to 31.9%.

Since 1973, manufacturing output, investment and employment have fallen by more than 6% and is still falling. Manufacturing now constitutes less than 30% of total output.

One does not have to be an economic wizard to appreciate that a society in which the manufacturing base is declining is in for some hard times.

Of course, import penetration has taken place in capital as well as consumer goods, and shipbuilding is one example, as the following table indicates:

Millions gross tonnes added to U.K. merchant fleet		Foreign Built
1970	2.7	61.1%
1971	3.2	74.3%
1972	3.6	76.7%
1973	4.1	83.7%
1974	3.8	75.0%
1975	2.9	72.3%
1976	2.1	51.3%

This at a time when our own shipyards are starved for lack of orders and the Government, to alleviate the situation, has entered into agreement with Poland to build ships for a joint British-Polish shipping line at below the cost of production, i.e. subsidi-

sed by British workers. One of the reasons for Poland placing the order outside its own country is that its own yards are working to capacity building ships for British-owned shipping lines.

In Iron and Steel, import penetration was 7% in 1968, 10% in 1973, 14% in 1974, and 13% in 1975. This is all the more serious when one considers the surplus capacity existing in Steel. Bill Sirs, General Secretary of the Iron and Steel Trades Confederation, said in an interview in the Times in January this year:

"We have now reached a position in the industry where we have borrowed so much money that we have got to pay £210 million in interest every year before we roll a ton of steel. What we have to remember is that we are paying for units of investment that, when completed will just stand idle because they will not be needed immediately and maybe not be used for a very long time."

Two Sector Working Parties have reported to the National Economic Development Council that the surplus capacity in the Electronic Consumer Goods, and Heavy Electrical Machinery Industries is so great that there is no likelihood of it ever being fully utilized.

In the automobile industry worldwide, each of the major producers is laying down new productive capacity; this, in the knowledge that the world market for cars is near saturation point. But of course it is always the competitor who is expanding too fast.

Michael Edwardes, chairman of British Leyland, in an address to the American

Chamber of Commerce, said that the Japanese are investing in extra capacity which could only be directed to exports. If Japan dropped its opposition to imports, it would only mean that it would have more of its own to export.

"This is irresponsible. They have got to show more discipline and have second thoughts about laying down enormous capacity that world markets will not be able to take."

These examples illustrate, amongst other things, the anarchy created by capitalist international trade relations and although the relative backwardness of the U.K. economy cannot be entirely attributed to this, it has undoubtedly been a major factor.

At the time David Ricardo (1772-1823), the bourgeois classical economist, propounded his principle of specialisation of production according to comparative advantage all was well because Britain was then the 'workshop of the world' and hence held all the advantages.

As more countries became industrialised the 'advantage' has passed to others in many fields, as the following table shows:

Category	Imports as % of		Main Sources
	U.K. consumption 1970	U.K. consumption 1977	
Chemicals	18%	27%	W. Germany Holland U.S.A. France
Iron and Steel	8%	15%	W. Germany Holland Sweden

Mechanical Engineering	19%	32%	U.S.A. W. Germany
Instrument Engineering	30%	55%	U.S.A. W. Germany
Electrical Engineering	18%	36%	U.S.A. Japan W. Germany
Vehicles	12%	35%	W. Germany France Japan
Other Metal Goods	6%	13%	W. Germany U.S.A.
Textiles	14%	31%	W. Germany Ireland Italy
Clothing & Footwear	12%	25%	Hong Kong Italy
Paper, Printing, Publishing	19%	23%	Finland Sweden Canada
All manufactured goods	17%	25%	

Of course, in the interim, the consumer is given greater choice as the manufacturers from different countries enter into competition in the home market, but sooner or later competition is narrowed down or virtually eliminated and those manufacturers who have 'comparative advantage' over the others come to rule the roost.

This applies both to complete items and sub-assemblies or individual components. If there is more profit to be made in the U.K. by importing these things than making them here, then the national interest is

ignored. Some of these importers treat it as a virtue.

An advertisement of Pye Ltd. in the Hi-Fi journal 'Music for Pleasure' contains the following passages:

"The Hi-Fi Sound Projects range is unique to Pye - commissioned in Japan, offering you the latest in styling, circuitry and facilities, and designed from scratch to meet the very high specifications laid down by Pye.

The equipment is designed and built for Pye by the world's leading experts in hi-fi technology."

We consider that these few instances are sufficient to condemn the free market principle but consider the situation that is developing as more Third World countries establish manufacturing industries of their own. As they enter progressively into world markets with their products, 'comparative advantage' is on their side due to a combination of rock bottom labour costs and fairly advanced production methods.

Britain lost its supremacy to the other countries of Europe, the U.S.A. and Japan, now they are beginning to lose it to the Third World.

The finance for this comes, in the main, from the financial institutions and transnational corporations of the industrially developed countries, even though the things produced are often in direct competition with those produced in the home country.

Mr. Edwardes of British Leyland had a lot to say about the expansion of the Japanese car industry but there is no record of him

protesting when Barclay's Bank provided finance for the building of a car plant in South Korea. Neither have we heard of any objections from British Shipbuilders to the loan of £11,300,000 made to South Korea by Lloyds Bank International and Lazard Bros. for the purpose of expanding its shipbuilding industry.

Investments of a similar kind are also made by British, French, W. German, American banks and companies in Brazil, Mexico, Taiwan, Hong Kong, and other places.

By this means they use the 'threat' of cheap foreign produced goods to keep wages in the home country down to 'competitive' levels as an 'alternative' to unemployment.

In the process the corporations become richer, more powerful, and more able to exploit for their own ends the contradictions between the workers of the different countries.

The complexity of these international activities make it easier for them to sow confusion amongst the working class regarding the real causes of unemployment, stagnating production and falling living standards and the politicians of each country can lay these things at the door of external events.

Thus when Callaghan, Healey, and co. are taken to task over the level of unemployment they ascribe it to world conditions and fudge the question of what is to be done with the U.K. economy by coming up with 'plans' to get international agreement to measures to "get the world economy moving".

For some time West Germany has been what the Americans call the 'fall guy'. Britain,

according to Callaghan, cannot afford to 'reflate' because of the 'weak' economy but West Germany, because of its 'strong' economy, can - that is, according to the experts of almost every other country. Theoretically, this should expand the market in West Germany, thus opening the way, providing the opportunity for the weaker countries to increase their sales there and so help redress the imbalance between West Germany and themselves.

Chancellor Schmidt reasons that if the West German economy is 'reflated', (i.e. more money or credit is pumped into it), this will lead to inflation which would lead to higher costs, thus threatening its exports. As about one third of West Germany's manufacturing output is exported it is easy to see the cause for his reluctance.

Political pressure may compel some move in this direction but all the experts agree that it will be insufficient to get the capitalist world out of the doldrums.

It can be seen that underlying all this, the problem facing the capitalist class is that of finding markets for the products of their respective industries. As home markets are limited by the constraints imposed by the capitalist system, external markets must be found for the surpluses.

Aggregated, these take the form of an international surplus of either goods or productive capacity but the international dimensions which this apparently gives is misleading and only serves to obscure the fact that the problem of surpluses is, in the first place, a national one.

This appears to fly in the face of U.K.

experience where there is a chronic deficit on the visible balance of payments, i.e. more goods are imported than exported.

If this were the whole story, drastic changes would have already been made in terms of lower living standards and/or greater attention to manufacturing industry. One of the reasons why this stage has not (yet) been reached is that the trade deficit in 'visibles' has been counterbalanced by income from 'invisible exports', i.e. services provided by U.K. based institutions for foreigners such as Tourism, Insurance, Income from Capital invested overseas, etc.

The City, that conglomeration of financial interest which profits from this state of affairs, does its best to foster the illusion that in so doing, it actually creates wealth but in reality it only syphons off some of the wealth created by the working people of other countries.

The services so provided appear to be a stable addition to the national income but sooner or later the pre-eminent position which the City now occupies in the world of finance will be eroded in the same way that British manufacturing superiority was eroded.

In the final analysis we can only live on the wealth that we ourselves create by our own labour. We are therefore in the contradictory position of, on the one hand, not producing sufficient material wealth to satisfy our needs whilst on the other, condemning productive capacity, labour and machinery to enforced idleness.

As we said earlier, this is essentially a problem created by the capitalist system i

each country but the world market economy operates against the interests of the working class of every country in major-ways.

1. The international division of labour (production) which it creates, distorts the economy of each individual state.

2. It obscures the fact that the international surpluses created in times of slump are merely aggregates of all the national surpluses, so directing attention away from the contradictions within each capitalist society which give rise to them.

At the present time the world market is very unstable because of the sharpening contradictions between capitalist states brought about by the struggle to re-divide a static or even declining market.

Although this is essentially a fight between capitalists, the working class is drawn willy-nilly into the conflict as their immediate interests are threatened, that is, as their jobs or earnings are endangered due to inability to compete with foreign produced goods.

This being so, in the absence of an alternative strategy the working class is liable to be dragged at the coat tails of the capitalist class. It is a fact of life that those who fight on day to day issues without having a general strategy to guide them will, as often as not, end up by accepting the de facto leadership of those who have.

This is already revealing itself through the utterances of some union officials, shop stewards, and other working class activists who glibly talk about "the need to improve market shares".

The working class cannot remain aloof or detach itself from this inter-capitalist struggle because it concerns its bread and butter, therefore it must adopt a strategy which will enable it to take an independent stance on each issue as it arises.

As far as international trade is concerned, we believe that the only feasible alternative to the present arrangement that is based on comparative advantage - international competition - is for trade to be based on mutual social benefit.

From this standpoint it becomes easier to define our attitude to 'improving world market shares' on the one hand, or tariff barriers on the other.

We have no right to unload our surpluses and consequently our unemployment onto workers in other countries and, by the same token, we have the right to take preventive action to safeguard our own jobs and conditions.

In practical terms, it is up to us to concentrate attention on the latter aspect because it is the one over which we can exercise some control if we set our minds to it.

Tariff barriers, import quotas, etc. can be valuable tools in this respect but it all depends whose interests they serve. For instance, if the imposition of import controls gave a domestic manufacturer a virtual monopoly this could, in the absence of effective price control, give him the opportunity to raise prices unduly.

Again, across the board tariffs or import embargoes of manufactured goods could be counterproductive if U.K. production facil-

ities were inadequate for specific items.

A letter to the Times makes the point very well:

"Sir, Over the past week I and eleven other final year engineering science and business management undergraduates from this university have been visiting three large industrial concerns in the North-east, their activities varying from the manufacture of turbine generators to chemicals to founding and forging.

In view of the apparent widespread use of imported machinery, radial compressors and heavy lathes, for instance, it has been interesting to hear the Prime Minister's exhortations to British industry to buy British, and all the more so in the light of the replies made by our hosts when asked about the distinct lack of domestically manufactured equipment. The response was repeated again and again: "There are no British models on the market."

Clearly this does not apply to every industrial sector, but when discussing the cases where British competition has been wiped out, we would surely be being dishonest if we did not point out the disastrous failure of the now defunct home manufacturers to respond rapidly enough to basic changes in market requirements. For example, why is it that this country's foremost chemicals manufacturer, when constructing what is now the world's largest single ammonia producing plant and finding no British turbo-compressors on the market, had to buy German units?

I, for one, would prefer to see less finger-pointing at foreign "uneconomic" prices and more frank but constructive

criticism of our own performance, particularly in the context of developing at the right time the type of product required."

This experience can be multiplied many times. It is pretty evident that protectionist measures must extend beyond tariff barriers, etc. to a reconstruction of industry so that it can satisfy domestic needs in both capital and consumer goods.

It must be obvious to all but the blindest supporters of Sir Keith Joseph that this cannot be brought about through reliance on market forces.

It can also be asserted that the kind of state intervention in the economy as practised by successive post-war governments, both Tory and Labour, has not been conspicuous by its success, as the present state of the economy proves.

The best that can be said for it is that it has propped up the system at points strategically critical for the continued existence of the state, e.g. Iron and Steel, Aerospace, Shipbuilding, and to a certain extent Rail Transport.

This is not a condemnation of state intervention as such, for as the 'free market' is no longer a workable proposition, the only alternative is a system which is socially accountable in a real economic and political sense.

The main reason for the failure of the present form of state intervention is that it is based on acceptance of market principles.

Money has been pumped into industry with

the express purpose of making them 'more competitive' in the world market so that U.K. based industries could increase their share of world trade. This has nothing at all to do with making the whole economy more efficient or as the accountants say, "more cost effective".

For instance, whilst output per man hour has more than doubled over the past thirty years, the total output has not increased proportionally because the numbers employed in the productive industries has fallen. At the same time the numbers of non producers have increased, both by an increase in unemployment and in employment in the service and government sector.

This indicates that although the cost per unit of output of individual companies and of manufacturing industry as a whole has decreased due to higher productivity at the point of production, the social cost (that is the cost per unit of output, taking the economy as a whole) has not decreased at the same rate and may even have increased.

This, incidentally, is one of the causes of inflation; why a 10% increase in wages at the point of production results in increases of 30% or 40% to the consumer.

The logical thing to do would be to take social costs per unit of output as the principal measure of overall efficiency and plan the economy accordingly by making it possible for all able bodied people to be engaged in some socially necessary employment.

It is maintained in some quarters that the state goes some way towards accepting this criteria when it uses money raised through general taxation to subsidise firms

which would have otherwise ceased production. A similar thing takes place in Job Creation Schemes. The supporters of this method argue that the cost of maintaining people in this way is little more than if they were drawing Social Security benefits and has the additional advantage of enabling people to keep their self respect, whereas enforced idleness is destructive of morale.

If these were just stop gap measures to gain time while a restructuring of the economy got under way there could be little disagreement, but in the absence of such a perspective they are merely a cosmetic for the purpose of concealing the unavoidable consequences which flow from the operation of market forces.

The advocates of the market economy claim that it ensures the most efficient use of capital. This has a modicum of truth in it in the short term but in the longer term it stimulates a growth in productive capacity that the market cannot absorb (unplanned expansion). This may be because people do not want any more of the particular product or do not have the money to buy it but, for whatever reason, a surplus is created.

As the surplus begins to reveal itself, competition sharpens, the rate of profit tends to decline and the least profitable firms go out of business, that is unless a state subsidy is forthcoming. In most cases this is only softening the blow because jobs are ultimately lost through rationalisation.

If one thinks about it, this word is well chosen. What happens is that a central authority, sometimes a group of capitalists, sometimes the state, steps in and destroys  
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## THREE WORLDS

In our experience, the majority of people regard international affairs as a hell of a mess in which nothing makes sense, and on the whole they are not very much concerned. Irritation is expressed when an international dispute spills over, and some Arab or Israeli is assassinated in London but the concern is mainly centred around how to obtain a greater degree of isolation from international events rather than greater involvement in them.

Generally speaking, this world turmoil is regarded as a purely external affair which should not concern nor affect us. Even the bloodshed in Northern Ireland receives scant attention now. Whilst the over-seventy's generation tend to hark back to days of greater 'stability', the majority have learned to live with the situation as it is.

This reaction is due to the psychological survival kit with which most human beings are equipped but it has two aspects.

On the one hand, it enables people to retain a degree of mental balance by concentrating on things that they understand, whilst pushing into the back of their minds the things they do not understand which tend to mentally destabilise them.

The other aspect is that it tends to encourage the ostrich mentality of burying the head in the sand on the principle that a danger not recognised does not exist.

There is little that can be done for confirmed ostriches, but objective reality is such that the majority will find it increasingly difficult to consign political affairs to the back of their minds. Every country in the world will be affected by this turmoil and Britain is no exception.

For reasons given in other articles in this journal, unless drastic changes are made in the economic and political structure of this country, the end result can only be a deterioration in social standards for the mass of the people, but interwoven with this is the growing danger of another world war.

So there is a contradiction between the objective need for mass activity to bring about the changes required by the new circumstances and the fairly widespread reluctance to become involved in anything other than that demanded by narrow self-interest.

We have found that there are two main reasons for reluctance to become involved. One is that a particular subject is perceived to have no objective connection with their everyday lives. The other is that they feel helpless to influence events and this results in frustration which expresses itself in either senseless wrecking or an attempt to take refuge in cynicism, both of which are the antithesis of revolutionary activity.

When people say "things don't make sense"

what they mean is that they cannot fit the observed events into a comprehensive pattern, a theory. To the extent that they are able to do so, their fighting ability is enhanced because they can then discern where their true interests lie, who are their real friends and who their real enemies.

The need for a theory to explain the relationship between events and political and economic forces in the contemporary world is therefore of paramount importance. In our view the Three Worlds' Theory put forward by Mao Tse Tung fills the bill in this respect.

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A booklet entitled "Chairman Mao's Theory of the Differentiation of the Three Worlds is a Major Contribution to Marxism-Leninism" is available from Guanghai Co., 9 Newport Place, London, W.C.2., price 15p.

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We recommend it be obtained and carefully studied. Below we summarise it and at the same time make some interpretations and draw some conclusions which we are sure will be criticised and questioned, and hopefully lead to some activity.

According to this theory, the world is now divided into three groupings, each with its specific characteristics.

#### The Third World

This comprises the countries of Asia (with the exception of Japan), Latin America, the Middle East, Africa, and some other smaller regions.

The total population of these areas is upwards of 3,000 million, an overwhelming majority of the world's total population.

They have for long been exploited by imperialism and now, having for the most part won nominal independence, they are faced with the task of winning complete political and economic independence.

As imperialism can only exist by the continued and intensified exploitation of the third world, these countries are the most consistent and resolute opponents of imperialism and will ultimately destroy the foundation on which imperialism depends for its survival.

#### The First World - The Superpowers

Why Superpowers? The U.S.A. and the Soviet Union between them possess 40% of the world's gross national product. Each of them has an output that is greater than that of West Germany, France, and Britain combined.

In military strength no other country is remotely on a par with either of them. In terms of military expenditure they each exceed that of Japan, Europe, and Canada combined.

#### The United States

The enormous growth of the productive and military capacity of the U.S. during and immediately after the second world war gave rise to a belief that this was to be the American Century.

Mainly by virtue of its colossal economic superiority it was able to oust the smaller imperialist states from what they had previously regarded as their own exclusive preserves; India and the Middle East are two examples.

Its penetration into third world countries was also facilitated by the widely-held belief that its anti-colonialism was synonymous with anti-imperialism. As awareness grew that it was just a matter of one imperialism being supplanted by another, more powerful one, resistance began to develop which necessitated the use of armed force by the U.S. to supplement its economic power in the third world. The result was a series of military adventures in South America, Lebanon, Korea, and Viet Nam where its myth of invincibility was finally shattered.

In the early post-war years U.S. imperialism was able to penetrate the economies of the European capitalist states to an extent which threatened their national sovereignty and it harboured the dream of pressurising them into joining with it in 'pushing back the frontiers of communism', that is, of 'liberating' the states of Eastern Europe as a prelude to 'liberating' the Soviet people.

Several factors combined to drive U.S. imperialism on to the defensive. They included the rapid rebuilding of the war-devastated Soviet economy, its production of the H-bomb, and its general military preparedness. The reluctance of the West European states to become embroiled in such a venture, which was strengthened by their struggle to break free of U.S. domination, was another set-back for the U.S. Finally there were the military reverses in the Third World.

### The Soviet Union

After the death of Stalin the character of the state began to change and this was reflected in its external policies.

Formerly its armed forces were concerned with the defence of its own territory and that of its allies from external attack. Now, the quest for more military/naval bases all over the world, coupled with a military potential that far exceeds its defence requirements, points to a strategy of expansion backed by armed force if necessary.

Its theoretical justification for this expansionism is that the contradiction between the bourgeoisie and the proletariat, capitalism and 'socialism', will be resolved in the struggle between capitalism as a world system and 'socialism' as a world system, and that the main task of proletarian internationalism is to strengthen the latter.

"Internationalism implies unity of the socialist community, with each socialist country discharging its internationalist duty to the full by promoting the construction of socialism and communism and pursuing a home and international policy that strengthens the world system, the overriding factor (our emphasis) of the revolutionary movement." p.488 "Marxism-Leninism on Proletarian Internationalism". Progress Publishers, Moscow

It may be argued that this 'socialist' world system which is the result of planning is preferable to the capitalist world system which relies basically on market forces to regulate the geographical distribution of production. It is our view that the difference between the two systems is one of method rather than principle.

In the capitalist world market the geographical distribution of productive forces is determined by comparative advantage. In

the socialist world market this distribution is the result of political decisions, but these are arrived at on the basis of roughly the same criteria.

In its extreme form the international division of labour would mean that each country would specialise in those commodities which it could produce most efficiently. Theoretically this should result in greater overall efficiency. This is extremely doubtful, even on a purely economic criteria, but it is its political implications that are the most important, especially when the stated intention is to integrate the economies of the countries concerned.

The ability of the people of a country or region to determine their own destiny is largely bound up with their capability to provide the necessities of life for themselves, therefore if integration is on the basis of a high degree of specialisation their independence is correspondingly diminished. This is particularly so when the 'partner' possesses an economy which is much bigger, more powerful and more inherently self-sufficient in terms of raw materials, etc. When the armed forces are also integrated, the hegemony is almost complete.

This is evident in the relations between most of the states of Eastern Europe on the one hand, and the Soviet Union on the other. Any opposition to this unequal relationship is branded as a bourgeois tendency which threatens to undermine proletarian internationalism. Hence the decision to crush Dubcek, and oppose the present leadership in China, Albania, Yugoslavia, Rumania.

The Soviet leaders as self-proclaimed protagonists of the world proletariat will

seize any opportunity to overthrow the present regimes in these countries, all in the interests of "strengthening the socialist community".

The Soviet Union has not made attempts at armed intervention in the affairs of these states for a number of reasons, not least of which is the prospect that it would spark off a military response from the NATO powers. The moves to establish closer links between China and the East European states on the one hand, and the capitalist states of Western Europe is therefore to be welcomed.

It is paradoxical that the hostility between imperialists can be of assistance to countries that desire independence from all of them, but it is a fact.

### The Second World

These countries, Western Europe plus Canada, Japan, New Zealand, Australia, have a vested interest in maintaining the present unequal relationship between themselves and the Third World in terms of dear prices for manufactured goods and cheap prices for raw materials. But the growing demands from the Third World for a new economic order, coupled with the threat to their own independence presented by the activities of the superpowers, is forcing the Second World countries to re-evaluate their relations with the Third World.

As Lenin pointed out, the essence of imperialism is the quest for world domination but the emergence of the superpowers has determined that the smaller imperialist states are no longer in the race. They are now fighting what amounts to a rearguard action to preserve what they have for as long as they can.

This is not to say that the contradictions between the Second and Third Worlds have been eliminated, but conditions now exist which can facilitate the resolution of those contradictions in ways more favourable to the Third World.

The anti-hegemonic forces in the Second World must, in their own interest, seek accommodation with the Third World on the basis of mutual advantage and common interest in opposing superpower expansion.

Europe is the strategic focal point of contention between the superpowers and as we are part of Europe this is our home ground, so to speak. We have both the responsibility and the opportunity to influence events in this region and it is here that we should direct our energies.

The Soviet Union cannot achieve its ambition of world hegemony without first bringing the whole of Europe under its influence. Likewise, the United States could not even maintain its present position relative to the other superpower if the latter could draw on the productive capacity of Western Europe to supplement its own. This is the nub of the problem.

The defence and continued independence of W. Europe is the key to resistance to superpower expansion, and hence to world peace. It is necessary for Europe to be collectively strong enough to maintain its independence, whilst at the same time safeguarding the sovereignty of its constituent states.

From such a position of strength it will be able to take advantage of the contradictions between the superpowers in pursuit of its own interests without becoming subordinate or dependent upon either of them.

Whilst Western Europe is the key area, it is important to take into account the countries of Eastern Europe where resistance to Soviet hegemony is developing. Mutually beneficial trade agreements between the two parts of Europe can be a method of strengthening the position of the whole of Europe vis-a-vis both superpowers. It is also in both their interests that Europe should be declared a nuclear free zone.

There are those who profess to accept the Three Worlds' Theory but who then proceed to counterpose it to the class struggle within Britain by asserting that the main enemy of the British capitalist class. This has its mirror image in those who would damp down class struggle at home in the mistaken belief that this would assist in building a united front against the superpowers.

Both these attitudes arise from the failure to grasp the fact that the Three Worlds Theory is itself a class analysis which provides the theoretical basis for a strategy of international class struggle. The problem, therefore, is one of how to relate the internal to the external class struggle.

This presents a problem to those who take the crude, incorrect view that all class struggle in this era is between two monolithic classes, the bourgeoisie and the proletariat. Real life is much more complex. To understand any situation it is necessary to analyse all the contradictions that exist in that given set of circumstances so that the principal contradiction is grasped.

Contradictions within each of these main classes, both on a national and an international scale, must be thoroughly understood so as to enable the working class to

mobilise the maximum forces (including sections of the capitalist class) in order to bring about the desired social change, that is to resolve the particular contradiction. Failure to understand, or at least appreciate, this complexity gives rise to a dogmatic approach and consequent isolation from the mass of the people who are, above all, concerned with finding ways and means of finding solutions to the particular problems which are troubling them. Put into Marxist terminology, this means finding ways of resolving specific contradictions.

It is difficult to understand how people who profess to accept the need for the people of the whole world to unite to defeat the superpowers can fail to initiate or support actions which objectively strengthen resistance to them.

These 'pure' Marxists condemn any compromise or temporary alliance with the capitalist class, or section of it, without regard to the objective conditions that make them necessary. They assert that unity with the British capitalist class, or any section of it, cannot be entertained in any circumstances.

How could Marxists refuse to support the line of the present Government in establishing closer links with China, Yugoslavia, Rumania? Surely the sale of Harrier Jump Jets to China and the licensing of aircraft production facilities to Rumania will strengthen the ability of those countries to maintain their independence, and that is a good thing? The answer can only be in the affirmative.

Perhaps this unity should be limited to some aspects of foreign policy? But if we are concerned with the need to increase the

ability of China and other countries to maintain their independence, why should we be indifferent to the needs of our own country in this respect?

Should we not evaluate all the policies and actions of the establishment in this light?

Should we not go further and display initiative by campaigning for policies which will push them further along this road, or failing that, to demonstrate that they are dragging their feet in defending British national independence, and so helping people to distinguish friends from enemies?

Should we not give support to those forces that oppose Britain joining the 'snake' - the European Monetary System?

Should we not have a political position regarding the ownership of North Sea oil and gas, and fishing rights?

Should we not have a political position regarding the response of the capitalist states to a Soviet attack?

Should we not initiate and support policies and actions which will make Britain more self-sufficient in food? Should we not unite with all who desire to reverse the decline of manufacturing industry in Britain, for to talk of resistance to economic and military aggression without paying attention to providing the material basis for it is empty phrasemongering, whether it comes from the Left or the Right.

Because of the colossal cost of research and development in the aerospace industry, it is uneconomical for Britain to go it alone in this field, even though it would

be technically possible at a pinch. In this case, should we not campaign for closer co-operation between the European countries so as to develop a European industry rather than allow the Americans to dominate it and relegate our aerospace industry to the role of sub-contractor?

Should we not support the development of a British/European silicone chip technology rather than be dependent upon the U.S. or Japan?

These are but a few of the problems that are demanding answers now because the way they are dealt with will strongly influence British, and hence world, development for many years to come.

To avoid taking an attitude on these issues and campaigning on them is tantamount to deserting the working class, and it is not minimised by doing it from a 'Left' position which relegates practical questions until "after the revolution".

We believe that it is in the interests of the working class and the mass of the people that positive action should be taken on these and similar issues, and that we should initiate propaganda, agitation, and action (whichever is appropriate) to mobilise mass support for them. We should also welcome the same thing from people, irrespective of the class to which they belong and whatever their subjective reason for doing so.

The issues we have mentioned are contentious ones and whilst they have class connotations in the sense that the outcome will be objectively beneficial or detrimental to the working class, the participants are not clearly divided along strict capitalist v.

worker lines.

This leads some people to assert that they are not class contradictions; but all contradictions in society are class contradictions in essence because the way in which they are resolved will benefit either one class or the other in the shorter or longer term.

This means having a section of the capitalist class as allies for shorter or longer periods, but to prattle about the need for class struggle and yet fail to take advantage of potential support from other classes or from within what is basically an antagonistic class indicates political naivety.

For instance, it is our view, as has already been stated, that a European aerospace technology must be developed in order to lessen and eventually end any danger of becoming dependent upon the U.S. For the British Government to allow British Airways to put this at risk by buying Boeings in exchange for a pledge to use Rolls Royce engines was, to our mind, going against the long term interests of the British people.

A fairly wide class spectrum which ranged from workers and management at British Aerospace to capitalist, also took this view, but both workers and management in the Rolls Royce Engines Division welcomed the deal because it conformed with their short term interests.

In practice the problem is much more complex, due to the need to manoeuvre for position within the European aerospace industry and to balance immediate options, but we use the example to illustrate a point regarding class alliances.

Of course, it is much more difficult to find one's bearings when contradictions are very complex and interwoven with each other but those who expect life to be straightforward and simple should not dabble in politics.

Some of the issues we have mentioned can be achieved without seriously disturbing the present political and economic set-up but, to the extent that they are achieved, we will have contributed towards building up resistance to superpower hegemony.

Other, (such as reversing de-industrialisation), may very likely require a change in the political balance of forces (the balance of class forces) but that new alignment can only be brought about when the need for the change is grasped, first by the politically advanced elements of all classes, and then by the broad masses.

The role played by the advanced elements of the working class depends entirely on their ability to analyse concrete contradictions and propose methods of dealing with them.

The aim at this stage is to resolve the concrete contradictions as they arise, and in such a way that resistance to the superpowers is enhanced; that is, to strengthen national sovereignty and at the same time, unite with other countries which have the same objective.

Failure to win the working class and the mass of the people for this immediate objective will leave the way open for the supporters of Social Imperialism to win support for 'Left' policies which will divide the people and provide the opportunity and the excuse for armed intervention from

outside the country "on behalf of the international proletariat".

The probability of worsening economic conditions in the capitalist world make this a very feasible perspective for Social Imperialism. In a situation in which there is internal discontent, fear of war, and an absence of a viable leadership which provides the people with an alternative perspective, it is quite conceivable that there could be a large body of opinion which would favour appeasement on the grounds that there is nothing to fight about.

One way of countering this is to convince people that they would be worse off under Soviet dictatorship than under bourgeois democracy. There is merit in this argument but if it is left at that, it can be used by the most reactionary elements who are determined to resist social change that is beneficial to the people. It would at best be reduced to the level of defending bourgeois democracy as the lesser of two evils. Furthermore, by linking the anti-Soviet campaign with anti-communism the reactionaries are preparing the ground for the suppression of social discontent on the grounds that it is communist inspired and hence must be suppressed in the national interest.

For those who desire social change the emphasis must be placed on mobilising people for resistance to outside interference in our internal affairs from any quarter on the basis that living standards must be improved and a broader popular democracy introduced so that they feel that the country is worth defending.

In short, we can unite with the reactionaries in opposition to Soviet hegemony, but  
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## REVIEW

### DECISION: British Communism

#### What was all the fuss about?

In 1975, the 34th Congress of the C.P.G.B. decided to revise the Party Programme. Despite its absolute commitment to bourgeois politics, membership of the Party was steadily declining and a remedy was needed.

George Mathews, former Morning Star editor, was instructed to prepare a new draft of the Programme "The British Road to Socialism" which, in that phrase beloved of revisionists the world over, would be "a creative application of Marxism-Leninism to specific conditions" in Britain.

The draft took two years to prepare and in 1977 the C.P.G.B., as if to prove its complete bourgeoisification, invited in a team of TV documentary film makers to witness its deliberations on the draft. The film crew employed the so-called 'fly on the wall' technique of prolonged observation at close quarters, combined with the minimum of narrative.

The result was presented in a three part study of the "Party and Democracy" which followed the internal discussions on the draft as far as its adoption by the 35th Congress in November 1977.

What was surprising was the degree of dissension caused by the new draft. The revisionist degeneration of the Party has been evident for decades. In his pamphlet "The Way Forward" published in 1964 the

late Michael McCreery argued that the C.P.G.B. had never fully mastered dialectical materialism and thus had never gained a Marxist world view.

After the disbanding of the Comintern in 1943, lapses into social democratic ideology and politics could go unchecked and became prevalent. These found their most consistent expression in the first draft of "The British Road to Socialism" published in 1951, which completely obscured fundamental Marxist teaching on the state, bourgeois institutions and bourgeois political parties:

"For real democratic advance, the right-wing labour leaders must be defeated, the policy of the Labour Party transformed, and a fight waged by a united Labour Movement to elect Labour and Communist representatives to Parliament who will carry through a consistent policy of Peace and Socialism."

The Programme was subsequently revised but its revisionist essence remained unchanged. The first edition of "THE MARXIST" published in December 1966, cited a key passage from the Party programme:

"using our traditional institutions and rights, we can transform Parliament into an effective instrument of the people's will, through which the major legislative measures of the change to socialism will be carried. Using the

rights already won in the Labour Movement's historic struggle for democracy, we can change capitalist democracy, dominated by wealth and privilege, into socialist democracy where only the interests of the people count."

Having excised Marxist-Leninist political content for electoral advantage, surely the next logical step would be to alter the form accordingly?

Regrettably for the revisionist leaders of the C.P.G.B., they were beaten in the race by their sister parties in France and Italy who in 1974-5 declared that the transition to the classless communist society need not be guarded by a proletarian dictatorship - an outmoded idea, particularly inappropriate to modern bourgeois democracies.

Regrettably also for Mathews and Co. there remain within the Party numerous honest members who, although sufficiently schooled in Partythink to fail to notice the removal of Marxist-Leninist content, could not fail to see this abandonment of terminology.

So, for example, in the debate at Party branches throughout the country, there was a very tangible feeling against the draft. Speakers pointed out that the proposed Programme did not differentiate between proletarian and bourgeois democracy; that it defined the dictatorship of the proletariat as the taking of power by the working class and others, rather than the working class supported by others; that the Programme attempted a precise tactical plan for the victory of socialism, rather than a revolutionary strategy; that it allotted the vanguard role in this design to Left social-democrats; that it enshrined the freedom of operation

of counter-revolutionaries after the 'revolution' in pluralism, etc., etc.

(All of which, with the exception of the last, would have been equally valid objections to the existing Programme. With regard to pluralism, Bert Ramelson, chairman of the committee considering the draft, had this to say:

"The Tories accept the democratic process; this has always been so in the historical circumstances in Britain."

As if the Tories or Labour, who never accepted the democratic process in the colonies, would accede to it in the imperialist heartland if the interests of the capitalist class were endangered; as if they would ever accept anything more than the bourgeois democratic process!)

By the time the Party Congress commended, 55 composite amendments had been submitted to the draft - and 40 of these were fundamentally against. However, attention was focused less on rank and file opposition than on the opposition of the old die-hards, shameless propagandists of social-imperialism at E.C. and District level, such as Syd French, Bill Laithwaite and Eric Trevitt whose fundamental objection centred on the new Programme's drift to 'Eurocommunism' and its ostensible challenge to the ideological hegemony of Moscow.

As such people have used their positions of authority within the Party to stifle discussion on the road the Party has taken over the years, the debate was hardly one between 'Stalinist hardliners' and those who looked for electoral success.

This, however, was how it was presented.

And with opponents like French, the new draft needed few allies. The Communist Party leaders, he inveighed without a hint of irony, are trying to prove themselves more democratic than the bourgeoisie!

French eventually defected to found the New Communist Party and his exit was followed by about 600 others. But as the Central Committee were aware, opponents to the new draft remained within the Party as well.

Loyalty to the Party! (or Let's forget about politics)

Fearing further division within the Party and unable to call for a stand on political principles, the advocates of the draft were forced to rely on the old battle cry of loyalty to the Party - one suspects that this factor plays an ever increasing role with the aging membership.

Reuben Falber, Deputy Chairman of the C.P.G.B. and Irene Brennan, member of the Political Committee, were especially adept at emphasising the importance of sticking by the organisation despite variance with its political line.

A genuine Marxist-Leninist Party employing the democratic centralist method will, of course, expect wholehearted implementation of its policy decisions. Here, however, was a 'leadership' invoking loyalty before policy had been decided and attempting to curtail discussion on the draft by warning that inner-Party democracy was threatened by an excess of liberalism.

To what degree this appeal succeeded in winning the day for the leadership at Congress is a matter of speculation. The Communist Party of Great Britain is one of the

most conservative political forces on the scene. Lack of proper discussion and absence of political education encourages the membership to accept automatically policy proposed by the leadership. Leave it to the politicians - they know best.

Such political education as is conducted was well revealed by the fact that the amendment on pluralism - a Socialist Government would stand down if defeated at the Polls - received more branch support than any other. Both factions are merely concerned with the conventions of bourgeois democracy. The concept of a much broader proletarian democracy which will consolidate the power of the people is not even considered.

The 'hardliners' who opposed the draft, like Renate Simpson, found it difficult not only to muster sufficient support among the delegates, but also to find a suitable mechanism for opposing the text, root and branch, as being unMarxist-Leninist. Her motion to refer the draft back on this basis was defeated by a 5 to 1 majority.

(In fact of the thousand or so amendments submitted and not acceptable to the Political Committee, only nine were debated at Congress.)

For the hardline revisionists, the advantage of the old programme was that its couching in Marxist-Leninist terminology provided a disguise. The Programme could be all things to all men.

As it now stands, the strategic line of the Communist Party is that communism will be inaugurated by a series of Communist-backed Left Governments. The whole historic period of transition, the proletarian dictatorship, will somehow be jumped.

What other possible interpretation can there be?

### Fraternal Relations

The final part of the documentary concerned itself with the Party's view on international relations. On the one hand were the "Soviet Union can do no wrong" school. As it was the 60th anniversary of the Bolshevik revolution, Congress was graced with the presence of a Politbureau member of the C.P.S.U. The Political Committee here patently feared that this occasion would be marred by criticism of Soviet foreign policy. Its proposed resolution, to be moved from the Chair, was the usual uncritical adulation applauding the successes and achievements of socialism in the U.S.S.R. "the mightiest country in the socialist camp".

On the other hand were those who could not honestly square Russia's line on state and Party sovereignty with its invasion of Czechoslovakia. Moreover, they clearly felt uneasy about the Brezhnev doctrine of 'limited sovereignty' - and said so. To give the resolution the authority of the Chair was unfair.

"Enough of this", said hardline pro-social imperialist Irene Brennan:-

"I could go into Congress and move that no debate take place on this resolution. And I would get that vote!"

It suffices to mention, she continued, that we have "differences regarding policy and practice". The resolution is not about socialist democracy. It is about the 60th anniversary.

"Are we really going to let it go by without marking this special event?"

Perhaps she had second thoughts, despite her confidence. The delegates found, when the resolution had been moved, that the opportunity for debate had suddenly been removed. They could either vote for or against. Inevitably there were few with the conviction or the courage.

Objectively, the critics of the U.S.S.R. within the Party can only enhance the C.P.G.B.'s influence. The role played by social imperialism in world affairs will inevitably reduce still further the little support the U.S.S.R. still enjoys.

However, in no country have the Eurocommunists split from the ideological camp led by Moscow on the fundamental issues. There is a very strong case for arguing that they are a more dangerous fifth column than the outright advocates of Soviet expansionism. Until they do split on the fundamental questions, a healthy cynicism must be maintained.

To what degree do the changes in policy of the revisionist parties in Western Europe over the past 20-odd years reflect the development of the U.S.S.R. from a revisionist into a social-imperialist state?

Irene Brennan's parting aside to her neighbour on the platform - "Recommend to the new E.C. that they don't have another Party Congress for the next 20 years!" - may well have been said in jest. But there are certainly those who would welcome 'liberation' by Russian troops as a quick route to 'socialism' and an end to this type of political activity.

Would Russian troops stand down at the Polls .....

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productive capacity by closing down the least efficient (least profitable) firms and concentrating production in the remainder, thus rationalising the situation in an orderly way, but nevertheless in accordance with the laws of the market;- that is, by cutting back production until it corresponds with effective demand.

This destruction of productive capacity is justified in capitalist terms on the grounds that it enables the remainder to operate at a profit. It cannot be justified in terms of social benefit because it involves wanton destruction of wealth which impoverishes society as a whole.

This contrast in attitude is in evidence in the current debate concerning the social impact of 'silicon chip' technology.

From any logical standpoint which takes social cost and social benefit as the criterion, it would seem obvious that as production and need equalise, the thing to do will be to reduce the hours of work, first of the producers and then for society as a whole, so that all can participate equally in work and leisure.

The employers, being practitioners of capitalist economics, see the future in terms of "remaining competitive" and this means greater exploitation of labour so as to remain profitable and in business. Shorter hours could result in a lower rate of profit and will therefore be resisted, irrespective of the social consequences.

When pressed to say what will happen to the people displaced, the stock answer is "find them jobs in the service industries". For them it is a convenient get out because having got rid of their surplus workers,

these become "a social problem" which is outside their control. This attitude also conveniently 'forgets' that computers and related technology will also reduce the number of jobs in the service industries, but of course "this is a social problem".

No matter at which aspect of society one looks, the two roads are manifest but there is only one that can benefit the people.

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In our next issue we will examine how the Industrial Strategy of the present government measures up in this respect. In the meantime, comments please.

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whilst they will try to do it by restricting democracy in case it interferes with their class privileges we would do it by fighting to extend popular democracy so that people can take a greater control over their own lives. In this way the reactionaries in Britain could be linked with the Soviet leaders as enemies of democracy because they both fear the people.

One final word - the main military threat to the independence of Western Europe comes from the Soviet Union. We have no confidence that popular resistance to it can be effectively mobilised within the limitations imposed by bourgeois democracy, but the inadequacy of the latter can only be demonstrated in practice by mobilising people, particularly at their place of work, on issues which directly affect them and can be associated with defence of national sovereignty, for in the final analysis it is the working class who have most to gain by upholding national independence.

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