

# WORLD POLITICS

A REVIEW OF THE WORLD'S  
TROTSKYIST AND REVOLUTIONARY MOVEMENT

FEBRUARY, 1967

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## WORLD POLITICS

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### ON INTERNATIONALISM

Internationalism remains the continuing focus of World Politics. It is a word emasculated by a rhetoric that can declaim loud and long on the subject and then conveniently forget it. It is the small change of every Labour M.P.'s May Day speech. It is also, beyond the trivia, the muscles and sinews of any hope for a Socialist future - perhaps any future.

As never before, it is one world. Never before has it been so evident that it is the same enemy that holds Hugo Blanco in prison with one hand and drops napalm on Vietnam with the other. It is capitalism that is our enemy when Scottish miners are being put out of work and it is the same capitalism that threatens the peace of the world in South East Asia.

The capitalists have achieved a class consciousness that should serve as an example to the working class forces and their allies. Where they have created an enviable unity of purpose, we are dis-united. The world capitalists straddle continents, while Socialists huddle comfortably within the prison of "their very own" nation states. The Statutes of the Fourth International make this very point. "The politics and the economy of capitalism, its markets, its crises, its wars - all have an international character. Never before has this been so plain as today. The revolutionary party that seeks to overturn capitalism must also be an international. Just as socialism cannot be realised in one country without a world revolution, so no revolutionary national grouping can develop completely without a world party."

If it is one enemy, then it must be one struggle. Internationalism only becomes real when the building of an international takes place. It is the international that unites the movement and gives it a strategy. The Second and Third Internationals have become irrelevencies in any world struggle for socialism. The former has become irreversibly identified as a supporter rather than an enemy of capitalism. The latter now has as its watchwords "peaceful coexistence" and "polycentrism". Polycentrism can most accurately be described as a modern version of the centrifugal tendencies that destroyed the Second International. How far both have degenerated can be judged when their norms are placed against the stated objectives of the Fourth International and its evaluation of what an International should be. "It must have a common international programme which the national parties adapt to the particular problems of their country. Neither the temporary adherence of the revolutionary masses, nor material power, whether derived from a massive bureaucracy or control of a state, nor a dynamic organisation, nor intense activity, nor the most detailed statutory safeguards can save an international that has seriously deviated from the principles of revolutionary Marxism."

The task of building a real international has to be the major preoccupation of all serious socialists. It is the Fourth International that is building this international and it is for us to help.

TO THE NATIONAL COMMITTEE  
OF THE SOCIALIST LABOUR LEAGUE:

1 Cumberland St.,  
Toronto 5, ONT.  
January 1, 1967

Comrades:

We are astonished to see that you have not responded in any positive way to the appeal issued by the Socialist Workers Party of the United States, and which you acknowledge receipt of in the December 3 issue of your official organ, The Newsletter. They asked you to place your national secretary on trial and that you expel from your ranks everyone involved in the hooligan attack against Ernest Tate outside your meeting at Caxton Hall on November 17.

For our part we do not question for one moment that Comrade Ernest Tate is telling the truth when he states that he was viciously assaulted as he was attempting to encourage those attending the meeting to purchase, so they could study, a pamphlet entitled Healy Reconstructs the Fourth International. As a leader of our movement, the League for Socialist Action, he informed us that a group of persons known to him and other witnesses as members of the SLL, and under the direction of your national secretary, assaulted him and gave him such a working over that he had to be hospitalized. It was only by good chance that he was not killed and appears to have suffered no permanent injury.

You see, we know comrade Tate. We know him as a revolutionary socialist, as a Trotskyist of the highest integrity and the firmest dedication to the cause of the international working class movement that bears the name of Leon Trotsky and numbers within its ranks such fearless fighters as Hugo Blanco.

Aside from the political and moral credentials of the accuser - and they are impeccable - your political committee published a statement in your official organ on August 26 that sustains his charge. It is in fact a directive to members of your movement to act as Tate claims they did against him. It declared publicly in your name that: "We shall not hesitate to deal appropriately with the handful of United Secretariat agents who hawk it around the cynical fake-left in England." Since then your paper, in its November 12 issue, reported an incident where a revolutionary was beaten up and thrown out of a meeting where your national secretary was the featured speaker because he wanted to defend his organisation from the attack and revilement that had been levelled at it throughout the meeting. Instead of denouncing the assault of this revolutionary and his associates, the Newsletter approved. It seems clear to us that these incidents sustain Tate's charges.

Even should you believe that Tate has concocted his story, and that others, such as the Voix Ouvriere, have concocted their stories for

reasons unknown to us, it is obvious that you yourselves must initiate the action suggested by the SWP, or some alternative action which will make it impossible to ascertain the truth of Tate's charge.

Failure to do so, you must admit, tends strongly to affirm the truth of the charges levelled against your national secretary and certain members of your movement.

Do not think that this is a small matter, an incident that will blow over or that can be permitted to be overlooked by serious revolutionary socialists committed to the herculean task of building a new society. And do not justify your failure to act along the lines of the SWP proposal with any kind of rationalization that to do so would be a form of capitulation to the pressure of the SWP, that it would amount to some kind of "win" for the SWP, which for many months now you have been abusing in the columns of your press.

This would truly be spite that amounts to cutting off your own nose to save your face.

Even should you feel that the SWP has taken up this matter, not at all in the interests of world Trotskyism, but for some petty factional consideration - and nothing whatsoever in our long and close association with the SWP permits of such an interpretation - you should seriously consider how your failure to act will be interpreted by all those across the world who consider themselves to be Trotskyists. Think what it means to those sections of the British left who have already heard or will yet hear of this accusation. Think what it means to the internal life of your movement.

We take it for granted that you are familiar with the longstanding and tested policies adhered to by any movement that calls itself Trotskyist in respect to the democratic rights of members of this movement, of working class opponents and even of exponents of views that can be said to be petty bourgeois opposition views. Our movement has always stood for a full and free discussion of ideas. It has always rejected absolutely all attempts of any kind to infringe on, to curtail, or to suppress this process in any way, not to speak of violent physical suppression. We have taken this stand, not at all because it has long been the Trotskyists who have been denied a hearing, whose rights have been trampled on, suppressed, and whose activists have been beaten up and even murdered. We have taken this stand because the movement required to carry out the task that we have set ourselves cannot be built on any other principle - because no characterization of us or our ideas hold any terror for us, because we have nothing, not anything to hide.

If you have any doubts in this respect we would refer you to the conduct of the SWP in collaboration with Trotsky himself in respect to one James Burnham. And since the NEWSLETTER on occasion has seen fit in its personal vendettas against leaders of the United Secretariat to dip far back in the history of such sections as the French - we would refer you to Trotsky's intervention in the Molinier incident.

Instead of responding to the SWP's very simple and logical request that you face your national secretary with Tate's charges, that you place him on trial, you have allowed your leadership to go to the courts. Not to a court of labor and socialist opinion composed of trade unionists, socialists whose collectivity would assure impartiality and the determination of the truth, but to the bourgeois courts, the courts of the class enemy.

The first result of this violation of elementary working class principle has already heaped ignominy on you. What satisfaction there must be in knowing that you have succeeded in wringing 21 guineas out of working class papers for having published a letter by Tate protesting the assault on him, and in winning the threat of worse should they comment on the Tate incident!

We cannot but help recall to your mind when you were taken to court, and the capitalist judges handed down awards against you. In the tradition of working class solidarity with victims of capitalist court injustice, when you were the victim we responded to your appeal to the full limit of our resources. We welcomed your national secretary on our platform. We launched a special financial drive through the ranks of our members and sympathizers and gave you a very large sum of money.

And now having forced, with bourgeois court orders, the working class press of Britain into silence, your victorious solicitors have, upon the advice of Gerry Mealy, threatened our comrade with a court injunction, restraining him from circulating information relevant to his case, including the contents of this letter, we assume, or suffer the consequences. You should know that no single issue in Canada today, not wages, not working conditions, but court injunctions unite the ranks of the working class opposition to capitalism.

Let us assure you that we are as fully behind comrade Tate as we were behind you when you were being harassed by the courts. We will not have him silenced and we will aid him in his efforts to the fullest extent of our resources.

What a legacy of hatred for your movement, what awful precedents are being set by the course that your leadership launched upon you by their action in front of your meeting just last November at Caxton Hall. Where will you go from here? What was the logic of the course that was set then? Are you prepared to send comrade Tate to jail for defiance of a court injunction? Stop now! Turn back! Act on the suggestions of the SWP - or you will be forever lost to the ideology of which you claim to be the sole practitioners.

Comradely,

Ross Dowson,  
Executive Secretary,  
League for Socialist Action.

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The following is a part of the advice that Leon Trotsky offered to the French Communist Party. The following extract is of far more than purely historical interest - his arguments carry weight today with regard to the problems of today.

1. The task of the Communist Party is to lead the proletarian revolution. In order to summon the proletariat for the direct conquest of power and to achieve it the Communist Party must base itself on the overwhelming majority of the working class. As long as it does not hold this majority, the party must fight to win it.

The party can achieve this only by remaining an absolutely independent organization with a clear program and strict internal discipline. That is the reason why the party was bound to break ideologically and organizationally with the reformists and the centrists who do not strive for the proletarian revolution, who possess neither the capacity nor the desire to prepare the masses for revolution, and who by their entire conduct thwart this work.

Any member of the Communist Party who betrays the split with the centrists in the name of "unity of forces" or "unity of front" thereby demonstrates that they do not understand the ABC of Communism and that they themselves happen to be in the Communist Party only by accident.

2. After assuring itself of the complete independence and ideological homogeneity of its ranks, the Communist Party fights for influence over the majority of the working class. This struggle can be accelerated or retarded depending upon objective circumstances and the expediency of the tactics employed.

But it is perfectly self-evident that the class life of the proletariat is not suspended during this period preparatory to the revolution. Clashes with industrialists, with the bourgeoisie, with the state power, on the initiative of one side or the other, run their due course.

In these clashes - insofar as they involve the vital interests of the entire working class, or its majority, or this or that section - the working masses sense the need of unity in action, of unity in resisting the onslaught of capitalism or unity in taking the offensive against it. Any party which mechanically counterposes itself to this need of the working class for unity in action will unfailingly be condemned in the minds of the workers.

Consequently the question of the united front is not at all, either in point of origin or substance, a question of the reciprocal relations between the Communist parliamentary fraction and that of the Socialists, or between the Central Committee of the two parties, or between l'Humanite and Le Populaire. The problem of the united front - despite the fact that a split is inevitable in this epoch between the various political organizations basing themselves on the working class - grows out of the urgent need to secure for the working class the possibility of

a united front in the struggle against capitalism.

For those who do not understand this task, the party is only a propaganda society and not an organization for mass action.

3. In cases where the Communist Party still remains an organization of a numerically insignificant minority, the question of its conduct on the mass-struggle front does not assume a decisive practical and organizational significance. In such conditions, mass actions remain under the leadership of the old organizations which by reason of their still powerful traditions continue to play the decisive role.

Similarly the problem of the united front does not arise in countries where - as in Bulgaria, for example - the Communist Party is the sole leading organization of the toiling masses.

But wherever the Communist Party already constitutes a big, organized, political force, but not the decisive magnitude; wherever the party embraces organizationally, let us say, one-fourth, one-third, or even a larger proportion of the organized proletarian vanguard, it is confronted with the question of the united front in all its acuteness.

If the party embraces one-third or one-half of the proletarian vanguard, then the remaining half or two-thirds are organized by the reformists or centrists. It is perfectly obvious, however, that even those workers who still support the reformists and the centrists are vitally interested in maintaining the highest material standards of living and the greatest possible freedom for struggle. We must consequently so devise our tactics as to prevent the Communist Party, which will on the morrow embrace the entire three-thirds of the working class, from turning into - and all the more so, from actually being - an organizational obstacle in the way of the current struggle of the proletariat.

Still more, the party must assume the initiative in securing unity in these current struggles. Only in this way will the party draw closer to those two-thirds who do not as yet follow its leadership, who do not as yet trust the party because they do not understand it. Only in this way can the party win them over.

4. If the Communist Party had not broken drastically and irrevocably with the Social Democrats, it would not have become the party of the proletarian revolution. It could not have taken the first serious steps on the road to revolution. It would have for ever remained a parliamentary safety-valve attached to the bourgeois state.

Whoever does not understand this does not know the first letter of the ABC of Communism.

If the Communist Party did not seek for organizational avenues to the end that at every given moment joint, coordinated action between the

Communist and the non-Communist (including the Social-Democratic) working masses were made possible, it would have thereby laid bare its own incapacity to win over - on the basis of mass action - the majority of the working class. It would degenerate into a Communist propaganda society but never develop into a party for the conquest of power.

It is not enough to possess the sword, one must give it an edge; it is not enough to give the sword an edge, one must know how to wield it.

After separating the Communists from the reformists it is not enough to fuse the Communists together by means of organizational discipline; it is necessary that this organization should learn how to guide all the collective activities of the proletariat in all spheres of its living struggle.

This is the second letter of the alphabet of Communism.

5. Does the united front extend only to the working masses or does it also include the opportunist leaders?

The very posing of this question is a product of misunderstanding. If we were able simply to unite the working masses around our own banner or around our practical immediate slogans, and skip over reformist organizations, whether party or trade union, that would of course be the best thing in the world. But then the very question of the united front would not exist in its present form.

The question arises from this, that certain very important sections of the working class belong to reformist organizations or support them. Their present experience is still insufficient to enable them to break with the reformist organizations and join us. It may be precisely after engaging in these mass activities, which are on the order of the day, that a major change will take place in this connection. That is just what we are striving for. But that is not how matters stand at present. Today the organized portion of the working class is broken up into three formations. One of them, the Communist, strives toward the social revolution and precisely because of this supports concurrently every movement, however partial, of the toilers against the exploiters and against the bourgeois state.

Another grouping, the reformist, strives toward conciliation with the bourgeoisie. But in order not to lose their influence over the workers reformists are compelled, against the innermost desires of their own leaders, to support the partial movements of the exploited against the exploiters.

Finally, there is a third grouping, the centrist, which constantly vacillates between the other two, and which has no independent significance.

The circumstances thus make wholly possible joint action on a whole number of vital issues between the workers united in these three respective organizations and the unorganized masses adhering to them.



The Communists, as has been said, must not oppose such actions but on the contrary must also assume the initiative for them, precisely for the reason that the greater is the mass drawn into the movement, the higher its self-confidence rises, all the more self-confident will that mass movement be and all the more resolutely will it be capable of marching forward, however modest may be the initial slogans of struggle. And this means that the growth of the mass aspects of the movement tends to radicalize it, and creates much more favorable conditions for the slogans, methods of struggle, and, in general, the leading role of the Communist Party.

The reformists dread the revolutionary potential of the mass movement; their beloved arena is the parliamentary tribune, the trade-union bureaus, the arbitration boards, the ministerial ante-chambers.

On the contrary, we are, apart from all other considerations, interested in dragging the reformists from their asylums and placing them alongside ourselves before the eyes of the struggling masses. With a correct tactic we stand only to gain from this. A Communist who doubts or fears this resembles a swimmer who has approved the theses on the best method of swimming but dares not plunge into the water.

6. Unity of front consequently presupposes our readiness, within certain limits and on specific issues, to correlate in practice our actions with those of reformist organizations, to the extent to which the latter still express today the will of important sections of the embattled proletariat.

But after all, didn't we split with them? Yes, because we disagree with them on fundamental questions of the working-class movement. And yet we seek agreement with them? Yes, in all those cases where the masses that follow them are ready to engage in joint struggle together with the masses that follow us and when they, the reformists, are to a lesser or greater degree compelled to become an instrument of this struggle.

But won't they say that after splitting with them we still need them? Yes, their blabbermouths may say this. Here and there somebody in our own ranks may take fright at it. But as regards the broad working masses - even those who do not follow us and who do not as yet understand our goals but who do see two or three labour organizations leading a parallel existence - these masses will draw from our conduct this conclusion, that despite the split we are doing everything in our power to facilitate unity in action for the masses.

7. A policy aimed to secure the united front does not of course contain automatic guarantees that unity in action will actually be attained in all instances. On the contrary, in many cases and perhaps even the majority of cases, organizational agreements will be only half-attained or perhaps not at all. But it is necessary that the struggling masses should always be given the opportunity of convincing themselves that the non-achievement of unity in action was not due to our formalistic irreconcilability but to the lack of real will to struggle on the part of the reformists.

In entering into agreements with other organizations, we naturally obligate ourselves to a certain discipline in action. But this discipline cannot be absolute in character. In the event that the reformists begin putting brakes on the struggle to the obvious detriment of the movement and act counter to the situation and the needs of the masses, we as an independent organization always reserve the right to lead the struggle to the end, and this without our temporary semi-allies

This may give rise to a new sharpening of the struggle between us and the reformists. But it will no longer involve a simple repetition of one and the same set of ideas within a shut-in circle but will signify - provided our tactic is correct - the extension of our influence over new, fresh groups of the proletariat.

8. It is possible to see in this policy a rapprochement with the reformists only from the standpoint of a journalist who believes that he rids himself of reformism by ritualistically criticizing it without ever leaving his editorial office but who is fearful of clashing with the reformists before the eyes of the working masses and giving the latter an opportunity to appraise the Communist and the reformist on the equal plane of the mass struggle. Behind this seeming revolutionary fear of "rapprochement" there really lurks a political passivity which seeks to perpetuate an order of things wherein the Communists and reformists each retain their own rigidly demarcated spheres of influence, their own audiences at meetings, their own press, and all this together creates an illusion of serious political struggle.

9. We broke with the reformists and centrists in order to obtain complete freedom in criticizing perfidy, betrayal, indecision and the half-way spirit in the labour movement. For this reason any sort of organizational agreement which restricts our freedom of criticism and agitation is absolutely unacceptable to us. We participate in a united front but do not for a single moment become dissolved in it. We function in the united front as an independent detachment. It is precisely in the course of struggle that broad masses must learn from experience that we fight better than the others, that we see more clearly than the others, that we are more audacious and resolute. In this way, we shall bring closer the hour of the united revolutionary front under the undisputed Communist leadership.

SURPLUS CAPITAL AND  
REALIZATION OF SURPLUS VALUE  
BY ERNEST MANDEL

MONOPOLY CAPITALISM by Paul M. Sweezy and the late Paul A. Baran is an interesting and important book.\* It represents an attempt to explain the contemporary functioning of the capitalist system in the United States with the Marxist tools of analysis. But it resolutely breaks with the stereotype repetition of the Hilferding-Lenin analysis which is, after all, more than half a century old, and tries to apply the tools in an independent way to the reality of to-day.

Monopoly Capitalism is more than that. It is an attempt to explain all the typical aspects of American society today - its foreign policy and the rise of mental illness; the crisis of the educational system and the militant upsurge of the Negro movement - by the socio-economic roots of that society which the authors are convinced they have discovered. Much of that analysis is stimulating and some of it is a courageous advance compared with the positions which Sweezy defended in The Theory Of Capitalist Development and The Present As History.

But interesting as it would be to critically analyse many of these parts of Monopoly Capitalism, it would distract attention from what should be the main problem posed by the book: the discussion of the problem of "surplus" absorption" and the political perspectives which the authors have drawn from their economic analysis.

In The Political Economy Of Growth, Paul A. Baran had shown the operative usefulness of the notion of "economic surplus" for understanding the economic problems of the underdeveloped countries. Contrary to the current apologetic assumption about the "vicious circle of poverty" - "underdeveloped countries are poor because they invest too little; and they invest too little because, as a result of their poverty, too small a part of too small an income can be invested" - Baran proved that the potential investment fund of these countries (i.e. the part of the national income not consumed by the producers) is actually a larger part of national income than in the industrialized countries. Thereby he counterposed to a tedious tautology (the backward countries are backward because they are backward": that's what the "vicious circle of poverty" really says) an analytical and socially critical explanation: that there is a substantial potential investment fund in the backward countries, but this cannot be channelled towards speeded-up economic growth because of specific social forces (the native ruling classes and foreign imperialism) with whose interests such a channelling would clash.

The advantage of the Baran thesis is a double one: at one and the same time it explains why there has been no significant economic growth in those semi-colonial and colonial countries which have remained imprisoned in their old social structures and in the capitalist world market, and why those countries which, thanks to a social revolution have broken those fetters, actually have experienced a process of economic growth at sometimes breathtaking speed.

In Monopoly Capitalism, Sweezy and Baran now try to apply the same category of "economic surplus" to the most advanced industrialized capitalist society of today: the United States of America. Their thesis could briefly be summarized as follows:

At a certain stage of capital concentration there occurs a decisive change in the way the market operates. Under monopoly capitalism, the

MONOPOLY CAPITALISM: An Essay on the American Economic and Social Order, by Paul A. Baran & Paul M. Sweezy, 1966. Monthly Review Press, 402pp. \$ 8.75.

capitalist entrepreneurs had to be content. I drew the conclusion that administered prices and high surplus profit, had cut loose the corporations from control by investment banks and made them financially autonomous, their main problem becoming one of disposal of surplus capital. I indicated that the main uses for this surplus capital were (1) investment in sales effort and service industries (which have the great advantage of enjoying a lower organic composition of capital, and could thereby counteract the tendency towards a declining rate of profit resulting from an increasing organic composition of capital, (2) increase in military expenditures and (3) foreign investments.<sup>4</sup> Excess capacity and surplus capital without outlets seemed for me as for Sweezy and Baran the main contradictory features of monopoly capitalism.

If one compares this analysis with that of Monopoly Capitalism one could get the impression, at first sight, that the only differences are terminological: where I speak about the growth of surplus capital, Sweezy and Baran speak about the growth of "economic surplus".

It would be easy to argue of course that even that difference is not simply terminological, but strikes at the roots of Marxist economic theory. Sweezy and Baran define the category "economic surplus" as "the difference between what a society produces and the cost of producing it" (p.9) in a very loose way. If one uses the definition in a literal sense, one could conclude that the problem which they call "surplus absorption" is just the old problem of "surplus-value realization".

But the authors do not stick consistently to that definition. Surely, depreciation costs - abstractions made of excess allowances which are just hidden profit, i.e. surplus value - are not part of surplus value but reproduction of constant capital. Equally to take sales costs en bloc as part of the surplus is to indicate that this notion encompasses something more than surplus value. Evidently, the part of sales costs which is just reproduction of capital invested in the service sector is not part of social capital. So one gets the impression that the authors have mixed together surplus capital and surplus product, and that they would need at least to disentangle these two categories before they could prove convincingly that the "surplus" (and the rate of profit) has been constantly increasing since 1929.

These are not just semantic niceties. In a market economy "surplus product" can be disposed of only through exchange: it assumes the physical form of commodities for which there are no customers. "Surplus capital", on the contrary, is potential purchasing power which, for the moment, finds nothing to buy. One now sees the logical inconsistency of adding surplus product to surplus capital, where indeed an operation of subtraction would be more to the point.<sup>5</sup>

The real problem is a double one: to invest <sup>excess</sup> capital in such a way as not to further reduce the market for the existing monopolies which already operate at less than full capacity because of insufficient markets; to assure a constant level of capacity utilization for the existing industries, although the laws of motion of capital tend to depress this level of capacity.

The answer to the first problem has been till now: the military establishment, the service industries and capital export. The answer to the 2nd problem has been essentially, credit, i.e. a colossal private and public debt structure, and constant inflation (incidentally, the question of transfer payments of the state, of social welfare, and in general of the budget as a source of income to realize part of the surplus value without immediately reducing either wages or profits has its place in this chapter.<sup>6</sup>).

The question of viability of the economic system in the long run can

dominant corporations are so strong that they can practically suppress price competition and price cutting. But technological innovation continues at the same time, and the dominant corporations continue to respond to strong incentives for cutting production costs. Therefore there comes into being a widening gap between production costs and selling prices, as a result of which the rate of profit tends to increase sharply. Or, to put it in the author's words: the economic surplus tends to grow constantly.

But the monopolists must now dispose of the surplus. And the normal outlets for surplus absorption seem to be blocked. Consumption by the capitalists themselves does not grow at an ever increased pace (the authors use only one indicator to prove this, i.e. the fact that distributed dividends represent a declining portion of total net corporate profits; but the demonstration seems to us quite convincing). Productive investment cannot grow at such a pace either, for this would create an even bigger surplus absorption problem and would rapidly snowball into a tremendous excess capacity. To put it in other words, the corporations don't invest just because they have funds available; they invest only if they can be reasonably sure of selling the products the newly invested capital will produce.

So if normal means of surplus absorption become more and more insufficient and inadequate, new means must be discovered. And the authors quote three main forms of surplus absorption which have risen to phenomenal proportions since the first and especially the second world war, i.e. since monopoly capitalism fully developed its main traits: a stepping up of sales effort, an expansion of the means put at the disposal of civilian government; and an expansion of military expenditures. The general tendency, therefore, is to continuously increase the irrationality of the system. More and more people are busy producing more and more goods which are either useless or wasteful or outright harmful. They can't find any satisfaction in this sort of activity. And more and more people are kept busy trying to convince the majority of citizens that these useless, wasteful or outright harmful things should be bought or paid for by all means. The international implications of such an irrational system are evident: more and more aggressions abroad - among other things to support the growing foreign investments of the large American corporations - eventually leading towards the brink of total irrationality - nuclear world war and self-destruction.

Much of this analysis is not new. Sweezy and Baran drew heavily upon the most intelligent academic analysis of contemporary capitalism, especially Steindl and Kalecki.<sup>1</sup> The theory of the reversal of the tendency towards declining profits after the first world war into an apparent tendency to increasing profit has been developed at length by the American Marxist economist, Joseph Gillman.<sup>2</sup> And the same author has also highlighted the tremendous increase in the sales costs since the appearance of monopoly capitalism, although he draws from it quite another conclusion than Sweezy and Baran. (For Gillman, in brief, unproductive expenses such as sales effort at home and abroad are indispensable for the realization of surplus value to determine "net profit" and thereby the decline of the rate of net profit continues to be valid.) Rosa Luxemburg established more than fifty years ago the importance of military expenditure for surplus value realization. And the reviewer arrived in the beginning of the sixties at a series of conclusions, part of which are similar to those which Sweezy and Baran draw today.<sup>3</sup>

I stressed the appearance of two average rates of profit in the economy of monopoly capitalism: the average rate of surplus profit enjoyed by the monopolist corporations; the lower average rate with which the rest of the

only be answered if one examines the contradictions arising in both these fields: the absorption of surplus capital and the absorption of surplus product. And here we have the key to the basic weakness of the Sweezy-Baran analysis. By mixing together surplus capital and surplus product in their category of "economic surplus," and thereby being unable to disentangle problems of excess capital absorption and excess commodities disposal, they slur over the main contradictions of the system which undermines it economically. On the one hand, the U.S. corporations could only have a guaranteed growing market for their goods (a guaranteed rate of operation for their growing productive capacity), if one assumes complete control over technological innovation and complete disappearance of price competition. This assumption - which is at least in parts of Monopoly Capitalism implicit in the authors' analysis - is unwarranted and in fact contradicted by actual developments.

The monopolist corporations are in fierce competition with foreign rivals for shares of the world market, and these shares can fluctuate rather sharply. They are challenged in their own home market by foreign competitors and by "new industries". Furthermore, periodical declines of the industrial reserve army (during and after the second world war, in the sixties) tend to exert upward pressure on wages which can only be combatted through stepped-up automation, which reconstitutes the reserve army and brings downward pressure to bear upon wages.

For these reasons, notwithstanding a growing outflow of capital from productive to non-productive purposes (military production being considered non-productive in this context), there is the distinct threat of a declining rate of utilization of productive capacity, if a rate of increase in productivity out-stripping the rate of growth of production, and therefore of growing unemployment. The "automation explosion" cannot be contained within the framework of a stagnating but self-content society as Sweezy and Baran depict it. It poses problems which monopoly capitalism cannot solve within the framework of its economic modus operandi. One way out of course would be an increasing number of "conventional" wars. And there is certainly a relation between the escalation of imperialist aggression in Vietnam and the difficulties of the American economy, unable to absorb four million unemployed even after the unheard-of period of five years prosperity.

On the other hand, a temporary solution of the overproduction problem has been possible only through the erection of a colossal debt structure and of constant inflation. Eventually this would tend to disorganize any capitalist economy - but it could take a very long time to do so - provided the USA were insulated from the outside world. But, of course, it is nothing of the kind. Inflation inside the USA - as a necessary prop against recurrent grave crises of overproduction - has worldwide consequences of which the international capitalist class and its economists are very well aware. The contradiction between the dollar as an instrument for anti-recession policies on the U.S. market and the dollar as a means of payment of the world market, is rapidly reaching an explosion point. And the grave international monetary crisis which is in the making will have its consequences on the US economy too.

We cannot therefore accept the conclusion of the authors that there are no internal forces inside the economy of monopoly capitalism which are strong enough to challenge the system. This conclusion again rests on the implicit assumption that monopoly capitalism can somehow guarantee the mass of the wage and salary earners - the vast majority of American society - a constant and slowly rising living standard.

Otherwise, the thesis of the authors that the "organized cores (of the American working class) in the basic industries have to a large extent been integrated into the system as consumers and ideologically conditioned members of the society" (p. 363), even if it is fairly accurate description of the situation today, would by no means be a valid proposition for the future. If one assumes that the dual forces of automation and inflation will introduce growing instability into the American economy, there is at least a reasonable assumption that this instability will eventually undermine the stability of the union bureaucracy and the relative quiescence of the workers. Active opposition to monopoly capitalism which is today largely confined to the negro movement, the antiwar protest of the student youth, and relative militancy of certain lower-paid wage and salary earners, could readily blossom again into a powerful and unbeatable alliance around the industrial working class.

Having lost sight of the main internal contradictions of contemporary monopoly capitalism, Sweezy and Baran look, above all, towards world revolutionary developments as possible avenues for challenging and overthrowing American monopoly capitalism. Taken by itself this is a healthy development, for Marxism is internationalist by its very nature, and we fully agree with Sweezy and Baran that the main task for the progressive forces of American society today is to link up with forces of world revolution which are challenging the rule of Capital on all continents.

Having discovered world revolution, Sweezy and Baran correctly stress its permanent character, i.e. its tendency to grow into a socialist stage. Here again we can only agree with them. And further, that the growing involvement of the U.S. ruling class in military conflicts with world revolution, will bring about important transformations in <sup>the</sup> consciousness of parts of the American population seems also obvious. There is a direct link between the revolt in the Negro ghetto and the African revolution. The counter-revolutionary actions of the US monopolists against the Cuban and the Vietnam revolutions are the major causes of the new radicalization among American students and American intellectuals.

But there still remains the inescapable conclusion that all these forces are today minority forces in American society; that even the conscious option in favor of socialism, as a result of the example of the more efficient and more democratic functioning of the countries calling themselves socialist, - some time in the future predicted by Baran and Sweezy, - could only be a minority action, as are all purely ideological options in history. This much is certain - in the absence of powerful socio-economic motives growing from the basic instability of American society, the hope for a revolutionary overthrow of monopoly capitalism by these forces remains largely utopian.

Worse, if the process of world revolution, with its inevitable ups and downs, continues in the sense of an overall expansion, and if the military involvement of US imperialism against this process likewise grows; and if at the same time the majority of the American people remains passively integrated in a society which guarantees at least its basic welfare, then we come to the terrible conclusion that no objective forces could in the long run prevent nuclear world war, i.e. prevent the American ruling class, when finally in extreme frustration and isolated in its own part of the world, to defend the East part of its empire by all the means at its disposal, including nuclear weapons. Certain no outside force could prevent some American Hitler from doing so.

But we can see no basic reason to accept such a pessimistic conclusion, which flows more or less logically from the Sweezy and Baran analysis.

Growing world revolution will also bring with it growing economic difficulties for many parts of the international capitalist system, and inevitably for the US economy too. Increased intertwining of the American and international capitalist economy will eventually transform the crisis of world capitalism into a crisis of American capitalism. The crisis of American capitalism will shake up the passivity of the American working class as it did in the thirties.

Outside the general line of research of the problems of automation and inflation - although intimately related to them - there appears the supplementary problem of the international fragmentation of the cycle of world capitalism. One of the main "stabilizing" factors of world capitalism after World War 2 has been the absence of a general recession. Since 1945, recessions in the USA (and in a few countries intimately linked with US economy), have coincided with a continuous boom in most of the Western European capitalist countries and in Japan. And in the last three years recessions which occurred successively in four major capitalist countries (France, Italy, Japan and now Britain) coincided with an uninterrupted boom of the US economy. The fragmentary character of these recessions, of course, acted as a powerful factor limiting both their depth and their duration.

But will this fragmentation last? Will not a recession in Western Germany have more severe consequences for the whole international system? Would not the next US recession coincide with a phase of the cycle in Western Europe where most of the forces generating long-term growth have already spent themselves, and thereby cause a general recession in the whole international capitalist economy? These questions and many others strike one as relevant, and they should at least be resolved before one accepts the extreme conclusions of Monopoly Capitalism that no basic instability of the system will create a powerful social challenge to it from within the United States.

We admit that posing the question is not answering it. More time, more independent and collective research, discussion and debate by all Marxists, on both sides of the Ocean, will certainly be necessary, before a definitive answer will be found to these questions.

Oct.1.1966

#### NOTES

1. Josef Steindl: Maturity and Stagnation in American Capitalism, 1952, Basil Blackwell, Oxford.
2. Michal Kalecki: "Theory of Economic Dynamics", London, 1954.
3. Joseph Gillman: "The Falling Rate of Profit", London, Denis Dobson, 1957.
3. Ernest Mandel: "Traité d'Economie Marxiste", Vol. 2. Chapter 14, pp. 190-198, ed. Julliard, Paris, 1962. An English edition will appear in 1967, by Merlin Press in Great Britain, and Monthly Review Press in the USA.
4. Sweezy and Baran deny that foreign investments are an outlet for the "surplus", because, they say, inflow of profit from foreign investments are greater than outflow of private capital in the USA. They forget, however, government expenditure in the form of foreign loans and gifts, in its double role as an outlet for surplus capital in the USA and as additional purchasing power used by the receiving countries to import additional quantities and values of US commodities.
5. That such a subtraction has a very real meaning can be shown by the example of the war economy, under which the surplus product takes the physical form of weapons and the surplus capital is transformed into government bonds to finance the purchase of these weapons.

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## CANADIAN SOCIALISTS MAKE GAINS

Canada's labour party, the New Democratic Party, has now, according to the latest Gallup poll, the support of 26% of the electorate - equal to that of the official capitalist opposition party, the Progressive Conservative Party. But it is continuing to leave the important arena of municipal politics to the practitioners of the Liberal-Tory shell game.

In the centre of its strength in the country, Toronto, it failed to present a slate in the recent elections and it presented only a partial one in Vancouver, British Columbia, where it has been the official opposition for decades.

The Toronto branch of the League for Socialist Action boldly stepped into the gap there by running its organiser, Arthur Young, for the Board of Control. The Young Socialist Forum, Canada's most widely read publication of the student left, entered its editor John Riddell, in the Board of Education Contest in one of the central wards. Both candidates were backed by the Workers Vanguard, which is edited by Ross Dowson, the executive secretary of the League for Socialist Action.

In Vancouver, Jean Rands, another editor of the Young Socialist Forum, was endorsed by the youth magazine and the League for Socialist Action as a candidate for mayor.

In the Toronto contest, Arthur Young polled some 10,000 votes. This compares with 88,036 votes cast for the highest of the four candidates who won.

His campaign stressed the danger of the growing escalation of the U.S. war of aggression, and pointed to the huge expenditures upon it as a major cause of the spiralling cost of living.

"The more than \$36 million a day spent on the war represents money which could have been invested to produce cars, homes, appliances, schools, food. Because it is not, there are shortages of these items in the face of increased demands. Their prices shoot up," stated the campaign leaflet. Young called upon civic politicians to use their weighty office to oppose the murderous and inflationary war, and to aid the shoppers' fight against price gouging.

Some of the warmest response came to Young's attack on the city's housing record, as he scored the civic administration for its failure to build more than a token number of low-cost housing units, and to his demand that the growing tax burden be placed on the wealthy corporations, not on the small homeowner. His programme also called for the removal of all TTC fares, and the establishment of a medicare and insurance plan. It attacked the numerous appointed boards which exercise powerful control over the lives of all Torontonians without being responsible to them, and demanded that the boards be reconstituted to reflect the popular will.

In Vancouver, the campaign waged by 21-year-old Jean Rands aroused widespread interest. Her two opponents were both millionaires.

Columnist Bud Elsie of the Vancouver daily Province commented: "It is odd, perhaps, that she is a better speaker than either Mayor Rathie or Alderman Tom Campbell. But it is what she says, not how she says it, that they are more likely to remember."

The programme advocated by Jean Rands called for the withdrawal

of American troops from Vietnam in order to win the war there. She was quick to point out over the radio CJOR that Vietnam is a civic issue because of the danger of the U.S. government implementing Eisenhower's threat to use atomic weapons, and thereby unleash a nuclear holocaust.

While Rathie and Campbell endorsed the use of injunctions against the trade-union movement and agree with the jailing of four local trade unionists for ignoring them, Rands came out strongly for the trade unions to strike when, how, and as they see fit. She stood for the immediate release of the four imprisoned unionists.

Rands demanded the expropriation of all privately owned land now being used to gouge the public of millions of dollars every year. Low cost subsidized housing and changes in property tax in favour of the workers were other major planks in her programme.

In urging a vote for the three youthful candidates, the League for Socialist Action declared in a leaflet, of which 60,000 copies were distributed: "A clear identification of the city administration with the anti-war movement in Canada could lead to the end of Canadian collusion in this dirty war and strengthen the forces in the U.S. urging the withdrawal of U.S. troops from Vietnam.

HUGO BLANCO - HIS TEMPORARY DELAY

from 'The Militant'

The international campaign to save the life of imprisoned peasant leader Hugo Blanco is having repercussions even among the Peruvian military authorities who are to decide the question of his life or death. There is reason to believe that the world-wide outcry demanding an amnesty for Blanco has succeeded in gaining a respite for the framed-up revolutionary, although the danger to him is still great. (Blanco was sentenced to 25 years in the prison fortress of El Fronton, but the prosecution has now demanded the death penalty from Peru's highest military court, which is hearing the appeal on the case.) Hector Bejar, himself a political prisoner in Peru, wrote a letter on December 30th which appeared in the January issue of 'La Quatrieme Internationale', organ of the French section of the Fourth International, in which he reported:

"... On Jan. 15th, the tribunal goes on vacation until April. In addition, many military figures, including some members of the tribunal, are taking their retirement. It seems that the present members of the tribunal have been startled by the international protest and don't want to 'have this death on their conscience'. They prefer to leave the responsibility to those who will replace them because they burned their fingers in this business. For this reason I believe they will prefer to drag it out, so that their names won't be mixed in with such a death sentence. Nevertheless it is necessary to remain very vigilant, because it could be that they have been waiting all this time for the campaign for Hugo to die down, for people to forget the thing a little, and then they will offer us a surprise when Parliament is not in session and the University students are on vacation. Above all it must not be forgotten that a death sentence is carried out within 24 hours.

The only way to counter this manoeuvre is to intensify the campaign and to take advantage of the time gained in order to broaden it."

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Hugo Blanco Continued

The outrage at the threat to Blanco's life has reached mass proportions in Peru itself where 15,000 people filled the Plaza San Martin in Lima on December 2nd to demand freedom for Hugo Blanco. The following eyewitness report was published by 'La Quatrieme Internationale':

"Friday the meeting took place that we had been preparing for during the past month. We were very surprised that they permitted us to use the Plaza San Martin, the most favourable place for such a demonstration. Then we thought that they had authorised it to make us look ridiculous because of the small number of demonstrators in such a huge place... but the Plaza was filled to overflowing with people. The meeting was enthusiastic, warm, the people of Lima were offering us their support and solidarity... After the meeting the demonstrators... stopped in front of the government palace to shout, 'Freedom for Hugo Blanco', until the police dispersed them."

Almost a score of political prisoners in Mexico City sent a letter from prison to the bi-weekly magazine 'Politica', demanding "the immediate release of Hugo Blanco, Pedro Candela, Hector Bejar and other guerillas, workers and peasants imprisoned in Peru."

A moving open letter by Jacqueline Lobaton on behalf of the Committee for the Defence of the Rights of Man, urged intensification of the campaign. She has had personal experience with Peru's notorious prisons having been placed behind bars as a hostage while the government hunted down and executed her husband, who played a prominent role as a leader in the movement launched by Luis de la Puente Uceda in 1965.

"I am sending you warmest greetings," she wrote, "in spite of the censorship... I only want you to share today the complete triumph of the meeting which we held at the Plaza San Martin Friday Dec. 2nd. I want to tell you that the people, free of fear, resembled a soldier resolutely defending the rights that have been trampled underfoot in recent years. Unjust persecution, base crimes, illegal sentences, have sullied our country. But we are convinced- because we are devoted to tasks which are sweet to fulfil when life is involved- of the worth and beauty of human beings... The defence of Hugo is like a song."