

THE QUESTION OF PROTECTION

1. The national bourgeoisie of a relatively undeveloped capitalist country wants to develop its industry, but cannot compete with the cheaper manufactured goods produced in more developed capitalist countries.

2. It is in the interests of the working people of such a country that industry should undergo development there; otherwise the country is doomed to colonial-type status.

3. In order that industry may undergo development in such a country, its economy needs to be protected from the competition of more developed capitalist countries.

4. There are two principal forms of such protection: import duties and subsidies for home-produced manufactures.

5. If duties are imposed on imports, the prices of such imports are raised, enabling home producers to compete at the higher price. The proceeds of such import duties accrue to the state, i.e., to the capitalist class as a whole. The higher prices resulting from the imposition of the import duty are borne equally by consumers, i.e., the population as a whole, so bearing most harshly on the poorer strata of society.

6. If subsidies are granted to home manufacturers, these manufacturers may sell their products at lower prices which are competitive with those of foreign, more developed capitalist countries and yet (with the subsidies) provide an adequate rate of profit to the capitalists involved. The subsidies are paid for out of taxation, which may be geared to income in such a way as to bear least harshly on the poorer strata of society.

7. If it is made clear that protection (in either form) is a temporary measure, this must encourage home producers to develop the efficiency of their industries so that they can compete with foreign competition without protection.

8. To sum up, either form of protection may achieve the objective of stimulating home industrial development, but import duties bear most heavily on the poorer strata of society while subsidies may bear least harshly on these poorer strata.

9. It follows that, where it is socially desirable to impose protection, Marxist-Leninists should fight for this to be brought about through subsidies.

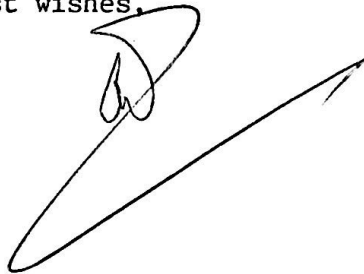
Ilford, 14 January 1992

Further to your telephone call, I have searched through back numbers of 'COMpass' for the report on Zimbabwe you want, but without success. I have written to John and asked him, to try and find you a copy.

I enclose a photocopy of the report on the Stalin Society meeting.

I have thought about the question you raised on protection. I agree with you that there were defects in our original formulation on this question. I feel that the enclosed thesis puts the ML position more clearly. Please let me know your opinion before we publish anything.

Best wishes,

A handwritten signature in black ink, consisting of a large, stylized initial 'B' followed by a long, sweeping horizontal stroke that tapers to the right.