

TASKS AND PERSPECTIVES

for the

**International
Socialists**

**Adopted at the National
Convention September, 1973**

25¢



I: THE NATURE OF THE PERIOD

THE ECONOMY

The crisis in capitalism is reemerging after twenty years of relative stability. The capitalist world faces increased monetary crises, growing inflation and unemployment that are all symptoms of increased instability. Increased competition raises the threat of trade barriers and trade wars, and a major depression or a third imperialist war cannot be ruled out as the historic contradictions in the capitalist system reappear.

The Permanent Arms Economy, an outgrowth of the war economy, is no longer able to lay the basis for the earlier relative stability. The introduction of the Permanent Arms Economy had the effect of postponing the reemergence of crisis after World War II. During the Cold War period, increased military spending, on a scale as yet unwitnessed in world history, made possible a twenty year period that was one of the highest growth periods in the history of capitalism. The Permanent Arms Economy laid the basis for this growth through increased government spending, enabling the use of productive resources, capital and labor, that would have lain idle without this direct stimulation. The impact of arms spending directly stimulated the capital goods industries and made possible a high rate of profit which laid the basis for continued investment. Moreover, the arms spending by the state meant increased concentration of capital since the large corporations were the only ones that had the technological and capital resources necessary for the development of the arms industries. Because the production was for waste, not for commodities that re-enter the cycle of production, the Permanent Arms Economy was able to increase production without the immediate threat of a crisis of over production.

The impact of the arms spending stimulated the economy in general both in the technological "spin-off" leading to the development of industries not primarily concerned with arms production, and in general on such industries as machine tools, communications and electrical equipment, the airplane industry and other capital goods sectors.

One important effect of the Permanent Arms Economy is that it places a floor under the economy so that the cycle of recession and boom is flattened out. It makes the economy more stable. This is accomplished partly through government purchases which account for one-fourth of wages. The state becomes a prop on demand. Even during a recession, the existence of government programs such as unemployment insurance, social security and welfare payments helps keep up demand. In addition, since military equipment rapidly becomes obsolete, continual investment for the development of new equipment means that the level of production in the capital goods sector remains relatively stable; and the technological sophistication and the intensive international competition in arms leads to fast growth in this sector of the economy.

But the Permanent Arms Economy only postpones the basic contradictions of capitalism, and additionally introduces its own contradictions into the system. Because investment goes into non-productive uses rather than productive ones, a tendency towards stagnation develops. Secondly, when there is an accelerating rate of arms production as in the Korean and Vietnam wars, demand is augmented, particularly through the wages of workers involved in arms production. There is a relative lack of consumer goods which gives rise to rapid inflation. Further, instead of prices falling with rises in productivity, which was typical of capitalism during the nineteenth century, the giant monopolies and arms economy keep prices at an artificially high level, thus there is the tendency toward permanent inflation. Moreover, since the arms industries become increasingly capital intensive, the ability to use labor resources declines, and the increasing technological specialization has meant that the spin-off to the productive sectors of the economy has also declined, and will continue to do so at a faster rate as military weapons become more sophisticated.

Another problem directly related to the Permanent Arms Economy is the huge tax burden concomitant with the high government spending. This tax burden increasingly falls on those least able to pay: the middle classes and the working class, and a tax-payers revolt develops. The increasing tax burden resulting from arms spending means that government spending for social services is either not

available, or is an unacceptable added tax burden. This leads directly to the cutback in social services, which first showed up in the area of education. In addition, in order to combat inflation, state spending in these areas is the first to go. The arms economy contributes directly to the decay in the social services.

The dominant role of the US in world capitalism both in industrial and monetary terms has meant that as stagnation begins to develop in the US the concomitant inflation is exported to other capitalist countries. Today, although the position of US capitalism is still dominant, competition internationally, especially from Germany and Japan, is a serious problem for the US.

Following World War II, the US as the only major capitalist country untouched by the devastation of war, was assured international domination. But the needs of US capitalism meant that the US had to rebuild those economies, both as political protection and to provide markets for its goods. The US as *the* creditor nation dominated world trade. An unparalleled export boom ensued as American goods went to rebuild these economies. By 1950 Europe was at its pre-war peak and Japan reached this level by 1954. These economies continued to grow rapidly and to spread into neighboring areas. In Europe this laid the basis for the Common Market, and in Asia, Japan began to penetrate the markets of South Korea, Taiwan, and Southeast Asia. While Japan replaced the US in these areas, the Common Market began to compete with the US for the European markets. By the late 1960's, Japan and Germany were massively moving into the world market, and threatening the US in a series of important industries. For Japan there were steel, auto, electronics, opticals, textiles and ship building. Not only did Japan begin to take the markets previously controlled by the US, but Japanese and European penetration began to take place on an increasing scale into the US market. This was partly due to the combined and uneven development in these countries which meant that the modern plants and technology rebuilt since 1945 had a high productivity, and also to the relative lower labor costs in these countries, especially Japan. Thus Japan, and to a lesser extent Germany, were able to sell their goods at lower prices abroad, including in the US, forcing layoffs and idle productive forces here.

This changing relationship in world capitalism has been reflected in the recurring international monetary crises which have come with increasing frequency since the late 1960's. Since 1950 the US has suffered a balance of payments deficit. This deficit was directly caused by US military expenditures in the form of military bases abroad, high foreign investment and speculative capital outflows. But the deficit was not a serious problem as long as a favorable balance of trade continued. But the Vietnam war generated higher inflation and the resultant trade deficit the US experienced in August 1971 for the first time in seventy years meant that the problems of the US economy could no longer be taken calmly. US goods were priced too high and had become non-competitive. The US was less able to compete with the growing efficiency of German and Japanese capitalism. This trade deficit will continue to grow sporadically.

In December 1971 the changes that had taken place described above resulted in a monetary crisis directly in response to the relative decline of US capitalism and the stability of the dollar. The Smithsonian Agreement made at that time formalized the abolition of the exchangeability of the dollar for gold. (This exchangeability was abolished in August 1971 with the beginning of the New Economic Policy). The dollar became more central to the world monetary system. The Agreement also set up fixed exchange rates between currencies which were to vary only within a narrow range and devalued the dollar in order to raise US competitive position by lowering the prices of US exports and raising the prices of imported goods. But the high rate of inflation in the US at the beginning of 1973 further eroded the value of the dollar. This was exacerbated by international speculation, a continued trade deficit, and the weakening of wage controls in Phase III of the New Economic Policy. Those holding the seventy billion dollars in foreign banks, multinational corporations and government treasuries rushed to transfer the dollars into other currencies that were more stable. This speculation further reduced the value of the dollar, which meant that the official exchange rates had to be brought into line with the new reality. The dollar then was further devalued at fixed rates against the European currencies, while the rate of the yen was left unsettled with a joint float of the major European currencies. The yen would then tend to rise in relation to the dollar more than the European currencies. These floating rates are inherently unstable and only exacerbate problems. Speculation between gold and the dollar continues to be a serious problem for international monetary

stability. Devaluation of the dollar also has the effect of increasing inflation in the US by allowing the domestic corporations to raise their prices while still remaining competitive with prices of imports which become more expensive due to devaluation.

The effects of the dollar devaluation has been to place the US capitalist in a better competitive position. But it is only a matter of time before the German and Japanese capitalists will no longer allow the US to push its problems off onto them, and instead will demand that the US capitalists come to grips with their own working class. The fact that the "economic miracles" of the German and Japanese capitalists are coming to an end, means that this will not be long in coming.

Thus while the devaluation will temporarily put US capitalism in an improved competitive position, the fact that the dollar is the reserve currency of the world, together with the fact that it is much less attractive to hold dollars because of the possibility of future devaluations related to rising inflation, leads to increased uncertainty. On the one hand, American goods are less attractive because of the high prices, and on the other hand, the American dollar is no longer stable and the possibility of further devaluations exists. Thus, these dollars continue to float abroad leading to increased speculation, and to further shifts in the real exchange rates. This floating currency threatens to slow down world trade through these uncertainties, and regularly threatens to disrupt it. An expansion of trade is a must for healthy capitalism. Serious disruptions of trade brought on by a severe international monetary crisis could lead to a world depression.

Competition is not only on the increase within the advanced capitalist world. The detente that ended a decade of cold war when the threat of nuclear war hung menacingly over the world is changing in nature. The alliances between the capitalist countries and the Bureaucratic Communist countries are in a state of flux; the new detente between the US and China is an example of this.

In the Middle East, war threatens again to embroil the major powers. The Soviet Union, already in economic crisis demonstrated most clearly by the severe agricultural problems, continues to penetrate into Libya, Egypt and Yemen, while China is involved in South Yemen. The US is involved in Saudi Arabia and Kuwait, not to mention Israel. The Middle East is of important strategic significance because of the waterways and oil. Oil especially is becoming more important as witnessed by the developing energy shortages.

Finally the polycentrism caused by the dynamic of national stalinism continues to exacerbate the problems of eastern Europe as those countries under the control of the Soviet Union attempt to develop their own economies without Soviet domination. In general then the developing internal contradictions in the capitalist and Bureaucratic Communist systems will lead to increasing world political instability. Rising competition within these systems, and between them, mean that in the long run World War III will be inevitable unless the ruling classes of the world are disarmed through international socialist revolution.

The most important significance of the problems today is the growing international instability. The defeat in Vietnam, internal economic problems and increased competition within the advanced capitalist world has meant that while the US is still hegemonic over the world economically and politically, this hegemony has been greatly weakened. It follows then that new alliances will grow up with continued shifts of power to different capitalist and Bureaucratic Communist powers. The recent developments between the US and China, which with increased competition will lead to problems with Japan, are part of this shifting situation. It is this increased instability internationally which will continue to be important as different countries vie for power in an unstable world.

The capitalist class still has alternatives by which it can patch up some of the more immediate problems it faces. In the US nationalization of unproductive industries has yet to take place. Short of nationalization, the removal of anti-trust laws allowing for higher concentration of capital could help to rationalize a number of sick industries. While there is no campaign on the part of the capitalist class yet for general abrogation of anti-trust laws, this has been proposed in

an attempt to deal with the problem of profitability in the Penn Central Railroad.

In order to place the US in a better position internationally, exports could be subsidized, the arms burden shifted to allies such as Japan and Germany, and cartels and marketing agreements accomplished. Any and or all of these could help temporarily to give a way out to US capitalists. Although these measures would help the US capitalists, shifting the arms burden especially would exacerbate the problems of those countries picking it up, and the system as a whole. The US is not the weakest link, but given the dominant position of the US in the world economy, problems in the productive forces in the US will disproportionately affect the world economy.

These circumstances do not herald the immediate collapse of the capitalist system. It is not the end of capitalist expansion. We are not faced yet with the absolute stagnation such as existed in the inter-war period, but with slower and increasingly fitful expansion. It is a period in which the stability of the system will be increasingly harder to maintain, in which the parameters of the system are closing, in which the tendency toward stagnation increases, but in which there is still room for the capitalist classes to maneuver, in which absolute growth continues to take place. Gains or reforms can still be won, especially by the politically most important, best organized sectors of the working class. Nonetheless, it is becoming increasingly difficult to win real gains by bureaucratic or class collaborationist means. Those gains already won will be harder to maintain.

Because the parameters of the system are narrowing, and the contradictions are being heightened, the situation is one in which the tendencies towards trade wars and the breakdown of the international monetary system are being increased. Such events as these *would* herald a new world-wide depression. As the crisis continues, these tendencies will be strengthened, increasing the likelihood of a new depression.

THE PRESENT COURSE OF DESTABILIZATION

For some time now the IS has pointed to the growing destabilization outlined in the analysis above. On the basis of our analysis of the permanent arms economy, the 1972 *Tasks and Perspectives* document of the IS concluded:

"The outlook for the present period is for a much slower rate of growth and higher levels of unemployment than in the past decade — a period of slow stagnation punctuated by a series of crises and recoveries. The low average rate of profit prevents any significant upturn, and the arms economy at its present level or slightly higher can prevent a cataclysm."

The picture is one of uneven decline, but without the possibility of "significant upturns." Yet, even before that document passed the July 1972 convention, the world economy was entering by all accounts, a very significant upturn. The growing rates in industrial production and GNP, in 1972-1973, have been spectacular in nearly all the advanced industrial nations. Unemployment has dropped dramatically in Europe and Japan and significantly in the US, Canada and Britain. For the first time in memory the US economy is operating at near capacity. Similarly, the rate of investment throughout the industrial nations is high. The recovery of late 1971 turned into the galloping boom of 1972-1973, on a world scale. While it is obvious that we can't exclude significant upturns any more, the real question is whether or not the current boom undermines the past analysis of the IS, i.e., the analysis that world capitalism is in a period of destabilization and growing crisis.

First of all, the present boom bears many of the characteristics of the crisis as generally described by the IS. That is, while growth rates are up and unemployment down, inflation is even worse than before; the monetary system continues to need regular, unwelcomed adjustment; and whatever capital is generated is not sufficient to even dent the decline of social and public services around the world. Most important, however, because it originates in the system of production itself and not simply on the market, is the seemingly uncontrollable inflation. By the first Quarter of 1973, inflation had reached

record proportions in practically every industrial capitalist nation, except the US. In Europe and the US, government officials and business leaders have begun to express alarm about the boom-caused inflation. Tentative steps have been taken both here and abroad to slow down the boom. Given the possible failure of government action, particularly in the US — due to Nixon's paralysis over Watergate — a recession is widely expected for some time in 1974 in the US. This would, of course, set off a world-wide decline of one degree or another. Most leaders of the capitalist world are afraid, in other words, that rampant inflation will eat their boom alive.

From our analysis of the destabilization and of the effects of the arms economy generally, it would follow that certain conditions could produce a temporary boom. *These would have been an expansion of productivity sufficient to raise profit rates; some subsidy of investment through an increase in arms spending; a resulting increase of production in the capital-producing sphere* (full capacity production of the current variety is very unlikely on the basis of consumer goods production alone). The international capitalist class, of course, has been aware of its own crisis in productivity for some time. In most industrial countries they have attempted to improve labor productivity through various forms of work reorganization, speedup, etc. Labor productivity is generally more efficient in Japan and Europe than in the US. Any breakthrough in the situation caused by productivity increases would have to originate in the US. This, in fact, happened in 1971. A rather dramatic increase in productivity in 1971 did not produce a large increase in production, but in profits. Production of materials and equipment, i.e., capital goods, had been down in 1970 and did not rise at all in 1971, but profits reached the highest level in years in 1971. These profits laid the basis for the rapid expansion, particularly in capital goods, in 1972-73. They were produced not by technological improvements, to any significant extent, but by the speed-up and longer working hours. Unit labor costs fell *dramatically* in 1971, unit profits *rose* dramatically. Nixon added fuel to the recovery by *significantly* expanding arms expenditure in 1972 at the close of the war. The arms increase seems to have been in the heavy production sphere. Further, by actually holding down inflation during 1972, he gave US business a breathing space on the world market. Revaluations adversely affect the US, but the relatively slower inflation rate in the US than in Europe or Japan for 1972 opened opportunities for US producers. In spite of competition, the international nature of the economy meant that *the US recovery helped to generate a similar recovery in Europe and Japan*. By mid-1973 most industrial capitalist economies are running at full heat, with inflation gone mad.

In general, while the prediction made in the 1972 *Tasks and Perspectives* document was somewhat off, the analysis of the destabilization of the world capitalist economy remains valid. What needs adjusting is the general description of the period, in economic terms. Rather than one of slow stagnation punctuated by minor ups and downs, it is likely that the world economy will see a constant short-term repeating cycle of booms and recessions. The likelihood of spectacular booms is not great, however, that the coming recession will be used to rationalize considerable inefficient capital and that, as bourgeois economists are already predicting, the recession of 1974-1975 will be followed by a recovery of 1975-1976.

This new "business cycle" reflects two facts. First, it is increasingly the government that attempts to induce booms and recessions. That is, the economy now requires constant attention, rather than episodic intervention. But the tools at hand are still rather crude, at least in most capitalist countries. This means "push-pull" tactics in an attempt to keep things on a smooth course. Rather than a smooth course, however, "pushes" tend to get out of control before the "pull" can work, and *vice versa*. In effect, the capitalists and their governments are simply trying to solve the various instabilities now emergent in world capitalism by playing one contradiction off against another. From a solely economic standpoint, they can go on doing this for some time. Secondly, the period of obsolescence of new capital is much shorter than in the past. Thus, the continuing *period of destabilization* will be characterized by short-term cycles in production and employment; continuing inflation of varying degrees, and expanding and increasingly ruthless state intervention in the economy and labor relations.

The period of the next year or two is far easier to predict. The boom of 1972-1973 has probably already peaked, and a decline will begin to show in some sectors of the US economy sometime

in the fall. Cutbacks on government spending, hikes in the prime interest rates and federal discount rates are the latest attempts to cool off the boom but will not forestall a recession. A recession, therefore, can be expected for 1974, probably lasting through most of 1975. All of this will occur first in the US but will inevitably spread throughout the advanced capitalist world. The degree of the recession will depend in some measure on arms spending and to a lesser degree on the success of current attempts to exploit "new" markets such as Russia and China. While we do not expect this recession to reach depression conditions, unemployment will be significantly greater, starting from a base this time of five percent. Furthermore, contrary to the hopes of the capitalist planners, the recession is not likely to reduce inflation by much.

Indeed, inflation has gotten worse with each new phase in Nixon's control program. Phase 4 will do little to reverse that trend, especially given that there are virtually no controls at all on food prices. Some analysts now expect inflation to get worse in the US than in Europe. The coming recession might slow the rise in prices, allowing Nixon to remove all controls. However, they will continue to be necessary in the future. In any event, the productivity drive against the working class will continue in one form or another, with or without official controls.

Moreover, it is becoming increasingly clear who is to blame for inflation, as the rise in wages does not even begin to approach the recent rise in prices. As the working class begins to fight back to defend their interests, the threat of state intervention into collective bargaining will be increased in order to force the labor bureaucracy to discipline the work force so that the capitalist class can raise the rate of exploitation.

While we do not expect a massive working class upheaval in the next period, we do expect a rise in the level of the class struggle. From 1965 to 1970, real wages stagnated and inflation grew. The result was a rise in the class struggle — strikes, wildcats, the formation of rank and file groups, etc. This peaked in 1970. The rise in unemployment due to the 1969-1970 recession, the sharp growth in income in 1970-1972, the success of the employers' offensive, the holding down of inflation all dampened the class struggle for two years — strikes, rank and file oppositions, etc., declined precipitously. The new sharp wave of inflation and the rapid drop in real wages together with the sharply increased productivity drive and general economic and political instability, all point in the direction of an increase in the level of the class struggle in the coming period.

In the future, however, as it becomes clear to the working class that it must fight harder and harder even to maintain what it has, and as new leadership is trained in the class struggle during this period, and new forms of rank and file organization develop, the real possibility of a massive upheaval exists. Such a development would signify the beginning of a new period in the development of the class struggle. Since the trade union bureaucracy is unwilling and unable to counter the employers' offensive, it will be a roadblock. The rebellion will be on a general political level, and one form it will take is a massive struggle by the rank and file for control over the unions. The struggles of the future will take place on a higher level given the radicalization of the 1960's, and the effect of the women's movement, and especially the black movement on the consciousness of those sectors of the working class. We will begin to see the development of the full spectrum of political ideas in the labor movement, from socialism to the dogmatic authoritarian right; as the consciousness of the real nature of the capitalist system begins to develop. This development will begin to end the fear of socialist ideas generated in the McCarthy era, and will thus make socialist propaganda more important to the developing struggle.

THE CONTOURS OF THE NEW ECONOMIC POLICY

The contours of NEP fit the crisis well. Markets were to be protected from foreign competition, capital investment encouraged by a ten percent tax credit, the rate of inflation slowed down (but not frozen), and wages tied to productivity. The ratio of capital, labor costs and profits was to be changed, in fact, reversed. Those, like George Meany, who accepted the essentials of NEP but demanded controls on profits to make things "equitable" either do not understand, or they are lying about their understanding of, the real purpose of NEP. Secretary of the Treasury Connally replied to Meany that controls on profits were "not practical." Nixon went even farther and said that profits shouldn't be controlled because it was growing profits that would expand production and create more jobs. Whether or not it will create jobs in the long run, it is true that profits are required to expand production. That is capitalism! That is what planning, wage controls and NEP are all about. Mild restraints on dividend payments could be allowed because they actually encourage investment by forcing the retention of dividends as internal profits. The Democrats who sponsored the Economic Stabilization Act of 1970, which is the legislative basis for NEP, also understood this. The Act stated that the President was to have the authority to "issue such orders as he may deem appropriate to stabilize prices, rents, wages and salaries." Profits were purposefully and conspicuously excluded.

In the bourgeois press and no doubt in the minds of most workers, NEP was seen simply as "wage-price controls." It is, in fact, more than this even in its purely domestic aspects. Even as "wage-price controls", however, the class bias of NEP is apparent. Phase III was the give-away in this regard, when prices began to rise faster than at any time in recent history. Even the mass outrage of working and middle class consumers, as expressed in the meat boycott, could wring little more than remedial action from Nixon. Basically, wage-price controls are always wage controls. This was the experience under the War Labor Board and Price Commission during World War II. Prices were allowed to increase faster than wages. From January 1941 to September 1945 basic wage rates increased 24% (most of this before controls in 1942). During the same period prices rose 33%. The actual increase in average weekly earnings was 49.9%, but most of this was due to the enormous amount of overtime worked during the war and the increase in piece-rate work. A similar pattern emerged in NEP as a whole.

The average wage settlement in 1972 was well below that of 1971. The Pay Board began cutting back settlements in January 1972. The drop for first year increases was from an average 11.6% in 1971 to 7.2% in 1972, in private industry. For the entire life of the contract, the annual increase fell from 8.1% in 1971 to 6.6% in 1972. Prices rose 3.5% in 1972, but by the first quarter of 1973, consumer prices were rising at an adjusted annual rate of 9.6%, indicating a pattern similar to World War II.

As during World War II, real income moved ahead of prices, at least in 1972. According to the 1973 *Economic Report of the President*, real average spendable weekly earnings (adjusted for taxes and inflation) grew by 4.1% in 1972. But in the same year, manufacturing workers worked an average of nearly one hour longer than in 1971 (.3 hours). Almost all of this was overtime (.7 hours), at time and a half. This means that for manufacturing workers, and undoubtedly others as well, a large part of the increase in weekly earnings (over half in fact, i.e., 2.4% out of 4.1%) was due to nothing but working overtime.

The fact that NEP is essentially a system of wage controls and productivity bargaining is further revealed by the actual movement of wages under NEP's various Phases. The year before NEP saw an adjusted annual rate of increase in wages (including second and third year increases under existing contracts) of 6.9%. Under Phase I this adjusted annual rate dropped to 3.1%—most of which must have been increases for exempted jobs and industries. In the first three months of Phase II, known as the "bulge", wage increases shot up 9.5% (at the adjusted annual rate). This was due to the settlement of several major disputes which were regarded as the end of the last, pre-NEP bargaining round. This included the east and west coast longshore settlements, the miners' settlement and, as the result of a court suit, the aerospace settlement. These were, however, the last contracts

allowed with increases in the 10-15% area. Even here the increases allowed were justified by major concessions on productivity and working conditions by the unions. The Pat Board only began rejecting and modifying contracts in January 1972. From February to December 1972, the adjusted annual increase rate for wages fell to 5.6%, i.e., nearly to the Cost of Living Council's 5.5% guidelines. Thus, even a large portion of the average increase in real wages for 1972 (the 4.1%) was due to atypical settlements made in January.

Equally important under NEP as the question of wages is productivity. As already noted, it is productivity that is the central problem in the current crisis of world capitalism. It is low productivity of labor that allows the rate of profit to fall, in spite of attempts to off-set that decline by such methods as the arms budget. Productivity rates and profit rates declined together from 1966 to 1970. Naturally, by tying wages to productivity the government hoped to encourage the acceptance of speedup by the workers. Additionally, the Productivity Council set up by Nixon in 1970 and beefed-up under Phase II, was set to work on publicity campaigns to convince workers to work harder. But the cutting edge of the government's side of the productivity drive is the use of wage controls to weaken the incentive to strike.

For several years before NEP, workers in various industries have been able to use national contract strikes, or even strike threats, to back up local resistance to speedup and deteriorating working conditions. The bureaucracy of the unions have consistently refused to fight speed-up either through the use of the national contract or by direct action. But in a period of intense inflation and, therefore, enormous pressures to strike for wages, they were often forced to lead strikes. Workers were able to use contract expirations and strikes as a focus around which to hold the line on local working conditions. They did this in many ways, of which contract rejections and wildcats following the "official" strike are well-known examples. With rigid wage controls and in effect, the statement by the government that even if you force the company to grant a sizable increase we will reverse it, much of the incentive to strike is removed, even for the ranks. Given already stiff employer resistance, it was clear that as far as strikes went the government would back the employers. Finally, it was becoming clear that wildcats, particularly isolated ones, were not getting results, since the union leaders had the final say over the contract or local settlement and could in the end usually have their way. Thus, with NEP, it appeared that the chances of winning anything by striking were even more uncertain than before. In fact, strike activity in 1972 dropped to the lowest level in over a decade.

The impact of NEP and the employer productivity drive of 1971 were immediate and spectacular. They produced not only a "recovery" but a reversal in the relationship of wages to profits. Unit profit increases leapt up, while unit labor cost increases dropped. That is what NEP is all about!

This phenomenon laid the basis for expanded production, employment and, above all, profits in 1972. While profits had stagnated or even fallen through 1970, in 1971 after-tax profits rose from \$40.2 billion to \$45.9 billion, a 14% jump. In 1972 they rose to \$53.1 billion, that is, by nearly 16%. As we have seen, the increase in wage rates decreased in this period, while productivity rose abruptly. All of this is to say that the "recovery" was financed from the sweat and paychecks of the working class.

It is worth noting that the expanded employment and lower unemployment rates produced by the "recovery" are of a very particular kind. The number of employed workers rose for all racial, sexual and age groups, and the unemployment rate fell for all. But the *number* of unemployed workers actually rose for blacks, women and youth in 1970. The only group which experienced a drop in the number of unemployed was white males. So far as employment in manufacturing goes, the 1971-1972 recovery did not even make up one-third of the jobs lost in 1970. As the point of NEP is to expand profits and production with the minimum amount of labor, the future looks bleak for black, latin and women workers, in the long run. The profits now being made are destined for technological improvements meant to replace labor.

Employment has grown and unemployment dropped for all groups, though blacks and women still have the highest unemployment rates, of course. What most characterized Phase III, however,

was the reappearance of rampant inflation. Prices rose at the highest rate in a decade during Phase III. This inflation threatened the relative gains made by the US on the world market under Phases I and II, and also threatened to hasten the coming recession. Thus Nixon surprised many by pulling a price freeze in the middle of the Watergate scandal. Interestingly, Nixon did not freeze wages. He stated that, at the time, wages were not responsible for the inflation, and he was correct about that. What he didn't say, but was certainly counting on, was that the labor bureaucracy was expected to hold the up-coming settlements to the 6-8% level - a level that has been acceptable to Nixon for some time, even though the formal 5.5% limit remained in effect.

Clearly, Nixon had good reason to believe that the labor leaders would come through for him. The bureaucracies of most unions are pushing 6% settlements. Settlements close to 8% will be heralded as great victories, but in fact will barely keep wages at par with prices. Phase 4 has continued the current wage guidelines of 5.5%. After all, why tamper with a good thing.

In terms of the class struggle, NEP to date must be regarded as a victory for capital against labor. Until April 1973 the employers and the government had the complete cooperation of the labor bureaucracy and the relatively passive acceptance of the workers themselves. Indeed, the 1973 *Economic Report of the President* reported that contrary to their expectations of rank and file resistance, 1972 had been "a year of unusual industrial peace." The first quarter of 1973 appeared quite similar. More importantly for the ruling class, however, was that they had achieved their major economic goals: i.e., holding down of wages, speeding up of productivity increases, the growth of profits, and the advancement of investment in capital equipment. The only goal that was not achieved, of course, was price stabilization. Even here, however, Phases I and II provided a temporary slowing of inflation which was enough to encourage investment. Phase III represented the destabilizing of NEP both in that prices ran away and that rank and file resistance reemerged. In the spring of 1973 the workers' opposition to NEP commenced, first in the Rubber wildcats and strikes, then in local walkouts in auto. This indicated that the industrial workers had regained some of the confidence they seemed to have lost with the advent of NEP and that rank and file leaders had emerged once again. Before discussing the possibilities of rank and file actions in the immediate future, we need to examine the state of the labor movement as a whole, as it emerged from Phases I and II.

THE POLITICAL EFFECTS OF DESTABILIZATION

The destabilization of the world capitalist economy, accompanied by stagnation in the Stalinist countries, has of course shaken the stability of class relations throughout the world. Both capitalist and Stalinist industrial countries have seen significant mass upheavals. Even in large areas of the "Third World" the years of peasant revolt have given way to working class action, though this has seldom taken an independent proletarian course yet. While the mass strike movements in Europe represent a clearer step toward the revival of a working class revolutionary consciousness, the events in countries like Bolivia, Quebec, Chile and even Argentina represent the potential for working class intervention toward the road of permanent revolution in the less developed, or colonial, nations.

The post war boom was experienced unevenly in the underdeveloped Third World. In some countries stagnation was reinforced by the decline of raw commodities in relationship to industrial goods on the world market, locking these countries into poverty. In other countries, foreign capital developed labor intensive industries to exploit the low wage market, producing relatively rapid growth in places like South Korea, Taiwan, and Brazil. In the latter countries new and fresh divisions of the international working class were created. These workers in the best of times live on the margins of extreme poverty with incredible rates of exploitation and unemployment.

The instability and crisis of world capitalism will hit these countries, and their working classes with added ferocity and brutality. When the current boom in world commodity prices breaks, we can expect to see renewed crisis and class struggles in many third world countries. The growth of the

working class, both numerically and strategically, in these countries will once again open the perspective of permanent revolution. Brazil, South Korea, Argentina, and black South Africa may prove to be the weak links in the world capitalist chain as they feel the fluctuations of destabilization even more sharply than the advanced industrial countries which still have accumulated layers of fat.

In general, the bourgeoisie and their military-bureaucratic allies in these countries have not and are not capable of carrying through an agrarian revolution. They are too tied to the old landlord classes, and too fearful of the mass upheaval from below that is required to carry through the agrarian revolution. Such a revolution is the only basis which can allow for the internal development of these countries free from the neo-imperialist yoke. It is the working class which still must carry these tasks through as they have not been accomplished when formal political independence was gained. The working class can take the lead of the peasantry and the nation by carrying through the agrarian revolution and free the country from the exploitation of foreign capital.

The heart of new developments, however, is centered in the advanced industrial nations of Europe, North America, and Japan. Not only are economic developments in these countries determinant for the rest of the world, but it is here that instability in class relationships must develop to open up the perspective of world revolution.

The end of the post war boom and the destabilization affects the entire international capitalist system. While it is felt unevenly in different capitalist countries, in general it has opened up internationally a period of class struggle more intense than that of the last quarter of a century. In every country the capitalists' attempt to improve their position vis-a-vis their own working classes is the prerequisite to compete with other national capitals on the world market.

The period of more intense class struggle finds the working class unprepared organizationally. Its unions are bureaucratized, its traditional parties, the social democratic and Stalinist parties, who long ago abandoned and betrayed any revolutionary socialist perspective, are increasingly unwilling and incapable of even militant reformist fight within capitalism. As a result, starting with the May 1968 French general strike, there has grown up a layer of workers, who today are numbered in the tens of thousands, to the left of the social democratic and Stalinist parties. For the first time the hold that these counter-revolutionary parties have on the working class has been shaken for a significant, if minority, layer.

This layer, sympathetic to the cause of socialist revolution, provides the objective basis for the formation of independent revolutionary parties in France, Italy, Britain, Chile, and a few other countries. If properly grasped by the revolutionary Marxists, it opens the perspectives for the development of revolutionary parties for the first time since the Stalinist counterrevolution destroyed the revolutionary communist parties of the 1920's.

The openness of these workers to the revolutionary socialist alternative can only be actualized if the revolutionary Marxists learn to overcome the propaganda circle milieu and sectarian mentality created by decades of counter-revolution and isolation from mass working class struggle, and are capable of organizing a credible revolutionary alternative firmly based in the working class and its struggles as its revolutionary vanguard.

In general this is being achieved through independent revolutionary groups, and not through entry. While the revolutionary Marxist may once again have to use the tactic of entry into reformist or centrist parties, in general this is no longer a long term strategy. The developing revolutionary parties today are being created by previously independent propaganda groups, and not through splits in mass organization given the atrophy of participation in the traditional working class parties.

The fact that the traditional SPs and CPs are increasingly unwilling to launch militant struggles for the daily needs of the working class gives the revolutionaries enormous possibility to prove in practice the superiority of the revolutionaries, their methods of struggle, devotion to the working class, and political program.

The process of course remains highly uneven. The loss of authority of the SPs and CPs, while nowhere complete, their failure to lead even poorly, when coupled with the still small size of the revolutionary groups has meant that renewed class struggle has still not found a political channel (except episodically in some explosions). Without political expression, the workers' struggle and consciousness develops very slowly indeed. On the other hand, it also sends small layers of workers quickly over to the revolutionary movement without any way stations in the SPs or CPs. It also means that increasingly the trade unions are, however bureaucratized and conservatized, the only organized instruments of workers' struggles, even though for limited aims.

In this sense the development of revolutionary organizations in Europe, although more advanced than in the US, is not all that dissimilar. The revolutionaries today are being tested, and will develop revolutionary parties, primarily through the leadership that they are capable of providing in the existing class struggle.

The destabilization of class relationships flows from both the problems of the world economy and even more particularly, from the measures taken by the ruling classes to alleviate or counter-act these problems. In particular, the universal growth of direct state intervention in labor relations is an attempt to increase productivity and hold down wage increases. World inflation, for the past several years, sparked an international offensive by the working class to regain real wages lost to price increases. The politically explosive events of France in 1968 and Italy in 1969-1970 were both preceded by widespread strike waves, beginning around 1967, for higher wages. In virtually every nation, economic strike waves have become a major political issue. This is certainly the case throughout Europe and in the US and Canada. Already, in some cases, the political nature of these strike waves has produced political crises, in particular in France, Italy, and Quebec. While this is not yet a general phenomenon, it does point to what the future holds in store. For the present, it is an indication of a *relative* loss of confidence on the part of the capitalist classes of most industrial nations, and a growth in the combativity of the world proletariat.

The decline of self-confidence among political elements of the ruling class proceeds from the increasing difficulty in adjusting, let alone repairing, important aspects of the business system, above all the world monetary system; their inability, in most countries, to gain the cooperation of the rank and file of labor for their economic programs; and the general defeat faced by European and American imperialism in the past several years. As was pointed out in the 1972 *Tasks and Perspectives*, this relative lack of confidence expresses itself in the US by the lackluster character of liberalism today. In Britain it can be seen by the defeat of the Labour Party, the inability of the Labour Party to defeat entrance to the Common Market, and by the inability of the Tories to prevent the dislocations produced by entry.

In general, the program for reforming capitalism grows less tenable for the capitalists. With the sole exception of the US, the capitalist rulers of the industrial nations were not able to restrain the workers' fight for higher wages. While these confrontations in the past couple of years and recently, have not turned to open political battles, they have been small defeats for the capitalists. Only this year were the capitalists able to win partial victories in the recent bargaining rounds in Britain, Italy, and Denmark. Finally, the almost universal tradition among the capitalist ruling classes about the current production boom indicates a genuine loss of confidence in their own ability to control things.

At the same time, this loss of confidence is a relative one, not an absolute one. Pompidou pale reflection of DeGaulle that he is, was able to defeat the CP-SP electoral coalition. The government of Italy changed after the 1970 mass strike, but it remained a government not significantly affected by the "working class" parties — much less by the working class. In general, the ruling class is not yet so worried that it is turning to drastic solutions: e.g., Bonapartism or Fascism. The growing intervention of the state is on the basis of the wishes and program of the industrial and financial bourgeoisie, not over and above its desires.

In response to destabilization and the policies of the ruling class, the working class of the advanced industrial countries has continued to fight aggressively. Only in the US was the government able to restrain, temporarily, the activity of the workers in defense of their living standards. In Europe and Japan, the workers have broken most wage restraints and managed, by militant struggle, to keep wages ahead of prices. A brief period of retreat in Europe in the early spring has been followed by more aggressive action by the workers following continued inflation.

To accomplish this, however, strikes have often had to be massive actions by large sections of the class. In most cases, however, the strike movement of recent times has not been political in character. Further, although generally partial victories in which the traditional leadership has been forced into action, these strike movements have shown that the reformist and Stalinist leaders still have hegemony.

The period of the post-war boom laid the material basis for a reformist consciousness among the workers of the industrial nations. This consciousness had been deeply ingrained and scarcely challenged for a generation on a world scale. This meant that for over twenty years, the masses of workers, even the most politically active, followed reformist leaderships, not simply because they were deceived, but because they came to share many of the reformist assumptions of those leaders.

The current response to the destabilization of capitalism reflects how deep this consciousness is. The world economy has, itself, undermined to a growing degree the material basis of this consciousness and forced a militant response by the workers of almost all nations. At the same time, the workers even though more militant and aggressive, continue to follow their reformist leaders and to share many of their assumptions. Thus, even in an upheaval such as France of 1968, the mass of workers continued to follow their traditional leaders. The persistence of this consciousness means that the problem facing revolutionaries is not, as in the days of the early Comintern, a crisis of revolutionary leadership. The workers are not now revolutionary in sentiment. Today's is a crisis in the consciousness of the world working class. The period of destabilization has produced, however, growing numbers of workers who have moved to the left of the CPs and SPs. To a lesser degree, numbers of these workers have even moved toward various revolutionary organizations. The development of this as yet small, but still significant, layer of revolutionary workers in Europe, Japan and Canada (at least Quebec) signifies, for us, the end of political stability and the beginning of the decline of reformist consciousness. The revolutionaries, and advanced militants, must intervene in struggles in such a way as to raise that consciousness so that a break with reformist leaders will become possible on a large scale.

The 1972 *Tasks and Perspectives* defined this period as one "entering a pre-revolutionary period." By itself this formulation is too vague. What must be said is that this is a *period of destabilization* moving toward a pre-revolutionary period *in so far as* the reformist consciousness of the most militant layers of the working class, on a world scale, is transcended through mass upheavals on a general scale; and in so far as this is reflected in the development of an organized revolutionary leadership, firmly rooted in the working class and capable of contending for leadership of the class against the social democracy, bourgeois reformist parties, and Stalinist parties.

By "organized revolutionary leadership" we mean, simply, revolutionary workers' organizations on a scale significantly larger than the political sects and groupings now on the left wing of the labor movement. The period to come is pre-revolutionary, as opposed to revolutionary, because we do not expect the revolutionary layers of the class to be massive enough to pose situations of dual power. To put it another way, the subjective desire for the conquest of power among masses of workers will be prepared by a pre-revolutionary period of general (which does not mean constant, or universal) mass upheaval. Today is not a pre-revolutionary period because the mass upheaval, depth of political instability, and level of workers' revolutionary organization that would characterize such a period is, as yet, lacking.

Nonetheless, the destabilization is the process that lays the basis for the development of such a pre-revolutionary period. When that will happen, how fast, these are questions that can hardly be predicted with accuracy. What we are certain of, and what informs the tasks of this period, is that it *will* happen, i.e., that a long term stabilization of the system is very unlikely.

II. GENERAL INTERNATIONAL TASKS: A FIRST APPROXIMATION

The nature of the current crisis and its consistent character in all the advanced industrial capitalist nations points to certain tasks that are common to revolutionary socialists in these nations. While we will not attempt, here, to take up the tasks of revolutionary socialists in the less developed nations or in the Stalinist world, we believe that the centrality of the industrialized capitalist countries to the world system *and its crisis*, justifies posing some general tasks for the advanced countries. Further advances in the economically underdeveloped world depends, in large measure, on political breakthrough in Europe, Japan, or North America.

The relative weakness of the working classes in the less developed nations, alongside the rise of petty-bourgeois elements based on the state or state-related functions, and the continued domination of Stalinism and reform, has inhibited the workers from fulfilling the tasks posed by the perspective of the permanent revolution. Aggressive support from a growing revolutionary workers' movement in the advanced countries, along with a decline in the influence of Stalinism and reformism, can break this pattern.

Generally, revolutionary socialists in the industrial capitalist nations face a similar political situation: one of isolation from the masses of workers and only tentative (though important) penetration of the more advanced, active elements among the industrial workers. This initial penetration, of course, coexists with, and is deeply related to, the persistence of the reformist consciousness of the past twenty-five years. The process of implanting revolutionary socialists among the advanced militants, whether done by "colonization" or by recruitment of those militants, is part of the same process of overcoming remnants of that consciousness among the militants and generally combating that reformist consciousness among the workers.

The undermining of that consciousness, as it relates to our tasks, is only possible on the basis of participating in and providing leadership for the struggles of the class. Whether we are speaking of the US, Quebec, France, Britain, Italy, Japan, or any other industrial country, the revolutionaries in fact, are finding success, precisely in so far as they are active leaders in today's struggles. If it is clearly a task of revolutionary socialists in the advanced nations to cohere revolutionary workers' organizations — a party where possible, organization dedicated to building a party where not — in this period, it is equally true that this cannot be done unless the organized revolutionaries of today are present in the struggles of the class. Today revolutionary socialists worthy of the name, from our point of view, are organized primarily in propaganda groups or even sects. The task, for all, in this period — indeed, a precondition for entering the next — is that these groups and sects be transformed into genuine workers' organizations.

In this period, and probably for some years to come, it will not be possible to build full-blown *parties* in most countries. Nevertheless, we distinguish between a propaganda group or sect and a genuine revolutionary socialist workers' organization of some proportions and definitely rooted in the class. This is the goal and the primary task of the IS and its international collaborators in the period of destabilization.

The IS has often noted in the past that the rank and file revolt so central to our perspectives in the US is international in scope. We have pointed out that this revolt has an essentially universal character in the advanced industrial countries, in spite of different political levels of the revolt in various nations. It is a revolt, in the first instance, against the effects of a declining capitalist system on the living standards of the working class. It is also an increasingly open revolt against the actual policies of the traditional labor leaderships — although not always a direct attack on these leaders *per se*. This international rank and file revolt is the movement, or potential movement, in which we expect the revolutionary workers' organizations and parties to be born, through a fusion between today's organized revolutionaries and the most advanced militants.

The specific form of the rank and file rebellion varies from country to country, and is politically very uneven. Nonetheless, its general course has been remarkably similar throughout the industrial capitalist world. Inflation and speed-up sparked a shop-floor based, and largely unorganized, rebellion — including the remarkable growth of unofficial strikes, throughout the heavy industries of the capitalist nations. Invariably, this shop-based revolt was local and isolated even in terms of direct action — leaving aside the question of organization. Toward the end of the 1960's this rebellion often took a broad form: unofficial strikes on a national scale at least within leading industries. In a few places, these even erupted into national strike movements with political implications, but this is not yet typical.

Furthermore, the response to wage controls and various forms of incomes policy has been primarily local and partial, even though very militant. The outrageous role of the labor bureaucracy in nearly every country where wage restraints and productivity dealing has become common — which is true in most — has forced the rank and file rebellion and the revolutionaries to see the union, not just the shop floor or industry, as a central arena for political struggle against the bureaucracy and their policies. In Britain, the shop stewards and militants have had to pay far more attention to internal union affairs than in the past. In Italy, the *Comitati Unitari di Base*, for a long time doggedly independent of the unions, have begun to fight within the union's shop floor and local committees. In a number of other countries the rebellion has a more open political form within the unions. In the US, while at a much lower political level, the fight is increasingly within the unions — although at the moment it is very disoriented organizationally and programmatically.

While the ruling class is certainly attempting to integrate the unions and their bureaucracies into the state apparatus, they have not succeeded by a long shot. Trotsky's predictions, made in his unfinished essay, "Trade Unions in the Epoch of Imperialist Decay," have by no means been fulfilled. Indeed the resistance of the workers to statification and bureaucratization, even when and where their political consciousness has been extremely low, has been great enough to retain most of the *forms* of democracy and independence, and even a good deal of the content (i.e., the real content possible under bourgeois democracy). It is not the question of union democracy in the abstract that has led the workers, nearly everywhere, to defend the unions from total bureaucratization and statification, but their elemental fight to defend their living and working standards. As this struggle intensifies, the urge to democratize — that is, make more useful — their unions is met by the equally intensified struggle by the employers and their states to achieve the opposite. Thus, increasingly, the unions become a focus of political struggle, even where the current impulse toward struggle is economic and local in consciousness.

Today's Marxist program must deal in more detail with, and recognize the centrality of, the unions than did, for example, Trotsky's 1938 draft, "The Death Agony of Capitalism and the Tasks of the Fourth International."

If the agitational idea of rank and file organization within the unions has an international character, so do most of the central grievances that have produced the rank and file rebellion. Inflation; speedup and productivity drives; unemployment; and state intervention directed at controlling the unions — all have been the major issues facing worker militants in the advanced industrial capitalist nations. As already noted, the response to these issues has been largely local and partial in nature. That is, workers have responded to wage controls or inflation by demanding higher wages rather than demanding additionally that prices be controlled, wage restraints and state intervention abolished, etc. There are already some exceptions to this, but so far it remains the general pattern.

Thus the actual agitational work of revolutionaries has been limited, generally, to pushing these partial responses to their limits. This is part of the task of developing the self-confidence of the class, as well as pushing today's struggles to their limit. It is a policy that genuine revolutionaries

will have to continue for some time yet. At the same time, the universal nature of the issues and sources of rebellion makes it possible for the revolutionaries to advance certain transitional demands — even though these may have a largely propagandistic character for the moment. In particular, relevant forms of the sliding scale of wages and hours (C.O.L., 30 for 40, etc.), workers' control of work speed and organization; jobs for all; open the books; nationalization of those industries unable to grant a decent wage and decent working conditions; tax the corporations and banks for necessary social and public services, are some of the most relevant.

These demands should be fought for and presented as additions to, or ways of achieving, the partial demands of today. Along with tactical, organizational, and analytic ideas, these demands are a part of the way we point to the need for broad, class-wide, struggle against the conditions of the crisis and attacks by the employers and the state. While never shirking from taking leadership and responsibilities for the partial and day-to-day struggles of the class, the revolutionaries should use every opportunity to point to the need for broader and more political struggle, even to win immediate demands or reforms.

It is this way that we can work to build revolutionary workers' organizations and parties in each nation, and thus begin the task of reconstructing an international socialist party based in the world working class.

III. U.S. POLITICS

The reemergence of crisis in the capitalist system has begun to effect political developments in the US. The weakening of US world hegemony, the changing face of liberalism reflected in the shifting constituencies of the Democratic and Republican Parties and the growing strength of conservatism and the right are some of these important developments. There is a growing convergence in American politics as possible solutions to the problems narrow. The increasing dominant role of the state will further remove the government from the people. But while recent events have shaken the stability and confidence of the government, its ability to rule and control society are still clear.

At the same time, the clear destabilization of the economy has produced changes in the mood of the ruling class. While currently in the height of a two-year boom, many leading spokespeople for the bourgeoisie have predicted that recession is clearly coming. Much of the capitalist class has made clear its agreement with these fears by their actions in regard to production. This pessimism has been further increased by the lack of confidence in the Nixon regime on the part of an increasingly larger section of the bourgeoisie, generated by the total inability of the government to intervene effectively in the economy.

The failure of the old liberal ideology of the 1950's and 1960's can be seen in changes in both foreign and domestic policy. American foreign policy which aimed at furthering US imperialism through limited wars against national liberation movements has collapsed with the US defeat in Vietnam. This defeat signaled to the world, ally and enemy alike, that US imperialism is not all-powerful. The costly defeat politically and economically has led to a breakdown of military alliances the US set up in the early years of the Cold War to "contain Communism." France withdrew from NATO, and the US is no longer interested in maintaining SEATO because of the recent rapprochement with China. The ability of the US to intervene here, pull back there, etc., has been greatly weakened. No longer is the American empire viewed as invincible, and this together with rising competition within advanced capitalism has brought to the fore again the centrifugal tendencies of world capitalism and the rise of nationalism.

At home the social movements of the 1960's exposed the bankruptcy of the old liberalism. As these movements moved to the left and began to demand changes that were incompatible with the system, most of the representatives of this liberalism moved to the right. The liberal ideology of the 1950's and 1960's has been transformed. While the liberals of this period are now conservative, or corporate liberals, a new generation of liberals has come into being. The dividing line in this change was the reaction to the Vietnam war and the student and radical movements of the late 1960's. These were the watershed mark in the changes in liberal ideology. The old bastions of liberalism, such as the Americans for Democratic Action, the Democratic Clubs of California, went into a state of demise, while individuals such as Hubert Humphrey, Hugh Scott, and Daniel P. Moynihan have moved to the right. At the same time, others have taken up the banner of liberalism. This new generation of liberals tends to think of themselves as radicals — but they are tied to the system. Their politics are the politics of consumerism, ecology and peace, but their program is middle class. Ralph Nadar best represents these new liberals. His program is basically to solve the problems of capitalism with more capitalism, i.e. to remove government regulations to allow for more competition. This new liberalism has some adherents and appeal inside the working class.

At the same time, the right oriented racist ideology of George Wallace has put forward solutions to the problems of the society, and also has appeal inside the working class. In the primaries in the summer of 1972 before an attempted assassination put him out of commission, Wallace received the support of significant sections of the working class, including support from the Catholic, Eastern European ethnic groups in the midwest. The appeal of this ideology inside the working class reflects the contradictory consciousness of workers and their alienation from the established parties and cynicism about the possibilities of change. It also reflects racism within the working class.

The growth of support for Wallace also indicates the growing self-confidence and credibility of the right. The failure of established liberalism and the growing awareness of instability today makes real the possibility of even more dangerous developments on the right. This right wing will gain credibility as long as the working class is not able to politically pose as a pole of attraction in the emerging crisis.

These shifts and developments in American politics are reflected in the changing constituencies of the two political parties. For the Democratic Party this is most clearly seen in recent shifts in the traditional base of the Party: the old liberal-labor-black coalition. This is seen most clearly in the changes in liberalism itself and the response of the labor bureaucracy to these changes. The two wings of liberal ideology, i.e. the corporate liberals who see the statification of the economy as progressive, who oppose mass action because of the threat to stability it represents, and whose methodology is permeation; and the new liberals who are anti-labor, sympathetic to welfare rights and the struggles of the specially oppressed, but who advocate pressure group tactics and legislative reform within the system to solve the problems, form two competing political poles in the Democratic Party today. The southern conservative, racist pole in the Party has been weakened by Republican inroads into that geographical base of the Party.

The capture of the Democratic Party last fall by the new liberals in the person of George McGovern represented its rise to power and the disenchantment with corporate liberalism by some sections of the society. McGovern tried to reform the Party by changing laws, and the New Politics forces took over the Party machinery, driving out the AFL-CIO bureaucracy. This development led to a split in the bureaucracy, one of the traditional mainstays of the Democratic Party. The AFL-CIO refused to endorse McGovern and remained technically neutral, allowing for unofficial support to Nixon, and the IBT and Building Trades unions supported Nixon and the Republican Party. Liberal bureaucrats, on the other hand, like Woodcock (UAW) and Wurf (AFSCME) supported McGovern. The fact that many of the rank and file workers supported Nixon reflects the passive support that Meany, Abel and Shanker still have in the labor movement. But the low turnout on election day indicates a growing recognition that none of the candidates have even partially progressive solutions to the problems facing society. Overall the elections reflected the deep apathy and cynicism that exists in the working class. This is a reflection of the apolitical discontent of most workers.

Blacks overwhelmingly supported McGovern, although recent polls indicate that blacks are quite disillusioned with the Democratic Party. This support was more a rejection of Nixon and the Republican Party than support for the Democrats. At present, however, we expect this support to continue because of the lack of any real alternative for blacks and other oppressed peoples to the Democratic Party.

The opposition forces in the Democratic Party, the Coalition for a Democratic Majority representing the Meany, Abel, Shanker wing of the bureaucracy, and corporate liberals have now recaptured the Party machinery. The overwhelming defeat of McGovern in the election made this possible. In this period we can expect these forces to continue to vie for power in the Democratic Party with Henry Jackson best representing the conservative forces, and Vance Hartke, Ted Kennedy and Joseph Raugh representing the "left" liberals.

The Republican Party is also changing in response to these developments. Nixon's southern strategy, which was by and large successful, is a reflection of a major change in US politics. The South is no longer a Democratic Party monopoly - Nixon carried every southern state, and significant local Republican organizations exist throughout the South. Nixon was also successful in winning significant labor support for the Republican Party. His victory is a consequence of both the temporary capture of the Democratic Party by the McGovern New Politics wing of the Party, the current economic boom, the strengthening of alliances with the Soviet Union and China, and also of the growing conservatism on the part of sections of the labor bureaucracy. But Nixon's attempt to build up local patronage machines through his revenue sharing and neo-federal programs had a contradictory effect due to his

refusal to campaign for local Republican candidates. Whatever success Nixon was able to achieve in rebuilding the Republican Party will be at least temporarily undercut by the effect of Watergate on the Party.

The conclusions to be drawn from analyzing these developments in American politics are two-fold. In the first place, there is a tendency toward convergence in the solutions put forward to deal with the growing problems in American society. The basic support of all capitalist political tendencies for the New Economic Policy, for "law and order" and for welfare reform as solutions to the current problems are signs of this. Thus the liberal strategy of electing lesser evil candidates will mean less and less because all politicians are committed to similar policies. Therefore, the efforts to "realign" the Democratic Party, the efforts to develop new leadership for it will produce not new direction for the Party, but rather more of the same old crap. But while there is a growing convergence in political solutions, there are still divisions within the capitalist class on a broad range of questions. *We will begin to see a really united capitalist response only when this class is faced with a united political working class opposition.* Until that level of the class struggle is reached, social movements will continue to win lip service from the more liberal sections of the capitalist class in order that these can be in the position to coopt those movements.

The other important conclusion to be drawn from looking at recent political developments is the growing instability in political alignment reflected in the recent elections. This is especially reflected in the response of the labor bureaucracy to the two political parties. The lack of rejection of the Democratic Party by the labor bureaucracy indicates the general political bankruptcy of the labor movement today. Official labor used to make a big point of calling for the repeal of Taft-Hartley; today this is not even raised. Moreover, they had difficulty in making a united stand vis-a-vis wage controls; while all wings of the bureaucracy gave lip service to the need for controls, different tendencies could be observed in the general response. Woodcock, representing the liberal wing, was the first to criticize the specific application of controls, while at the other end, the IBT and Building Trades bureaucracy were the staunch supporters of Nixon's economic game plan.

But despite the sell-outs labor has received at the hands of all liberal Democrats, most of the bureaucracy still continues to champion these politicians even though they continue to blame the working class for the failure of American capitalism to compete internationally. Today liberal politicians of all stripes are in the forefront of calling for more stringent wage controls and in appealing to jingoistic prejudices through protectionist arguments and policies like the Burke-Hartke tariff legislation. The rank and file meanwhile have begun to search for alternatives, and have found a partial one in the past in George Wallace, while the Building Trades and the Teamsters have begun to champion Nixon and the Republicans. But despite this divergency in the political leaning of the labor movement, we can expect temporarily at least an increase in support for the Democratic Party as it can put forward a more progressive face to the workers and oppressed while it is not responsible for the government.

Similarly, the struggles of blacks and other oppressed groups which have suffered a sharp decline paralleling that of the rank and file movement continue to be tied to the bourgeois parties. Despite Nixon's action in budget cuts, despite the failure of the Democrats to provide meaningful reforms, black allegiance to the Democratic Party is still high.

The absence of the movements for liberation, the student movement, the anti-war movement, etc., from the scene of American politics has produced a superficially conservative atmosphere. By and large, the reason for the existence of these movements in the past is still present today: US presence in southeast Asia continues, racial and sexual discrimination continue, etc. Nonetheless, the mass social movements of the 1960's have dissolved under the impact of their petit-bourgeois leadership into liberalism, reformism, and terrorism. Still, these movements have had an impact on the consciousness of workers today. This, together with the fact that many of the social movements helped to re-legitimize certain forms of mass struggle, have in some cases heightened the level of the class struggle as the instability of the economy takes its toll on the "industrial peace." As destabilization increases, the working class as a clear social force will begin to increasingly occupy a position on center stage of the US political

scene and the social movements of the future will have to look to the working class for leadership much more quickly than in the past, or face a more rapid death in capitulating to the bourgeoisie.

Within the formal governmental structure, other developments are taking place: the growing predominance of the executive branch over the congressional and judicial branches is a response on the part of the capitalist class to "tighten-up." This always happens in the context of any developing crisis as a cursory look at American history will indicate. A recent example of this trend is the fact that Congress played little role in policy over the Vietnam war, all of its complaints notwithstanding. More recently, however, this trend has become clearer with Nixon's attempted extension of "executive privilege" to prevent congressional interference in his ability to make decisions more independently. The strong congressional role in the Watergate affair is an attempt to reverse this trend; but in the long run the trend is in the other direction, as increased instability in the system demonstrates the need for quick, strong action, which is by and large inconsistent with a strong congress. The Permanent Arms Economy and the importance of state intervention into the economy increases this tendency toward centralization of power. The "military-industrial-complex" will continue to play an increasingly important role as the monopolization and militarization of capital increases. This means that the government will become less democratic and further removed from the people.

Clearly one of the most important developments in US politics in general has been the shaken confidence in the government, both in its self-confidence and in the confidence of the people in it. The defeat in Vietnam, the continuing monetary crises, the trade deficits, permanent inflation, unemployment and the inability of the New Economic Policy to alleviate the growing economic instability all have had the effect of shaking people's confidence in the ability of the government to solve the growing problems in the society. The recent and spectacular development in this area is the Watergate scandal.

The break-in at Watergate has burst into a general government crisis overshadowing even the infamous Teapot Dome scandal of the mid 1920's. Polls indicate that over half of the population believe Nixon to be involved in at least the cover-up, his popularity has reached an all-time low, and the possibility of his resignation or impeachment has been raised by a few. So far Nixon has not been able to stem the tide against him. Moreover, the realization that the criminal activities were not limited to spying on the opposition, but reach into practically every part of the federal bureaucracy, has made many wonder where it will end.

The Democratic Party and the liberal press establishment are still making hay of these continued revelations. In fact, Watergate is clearly part of a liberal political tendency to try to turn the national focus to this type of conspiracy as the primary cause of the ills of society.

But what is important is the long term effects of the Watergate affair on the political situation. The most important aspect of this scandal is the paralyzation of the government at a time when strong action is required to deal with the growing economic problems. Runaway inflation and an overheated economy require such action, but the government's catatonic state means that it is essentially unable to respond effectively to these problems. Hence Nixon's response has been both sluggish and dramatic. Against the advice of his economic advisors he announced the thirty day price freeze in response to the political situation, not the economic problems. With the growing demand for price controls to deal with inflation, Nixon did not feel strong enough to buck the political pressure and he also felt the need for dramatic action. But, as stated earlier, this is no solution from even the capitalist point of view to this problem.

Secondly, strong decisive leadership and international confidence in that leadership is required to restore faith in the American dollar. But the weakened role of the presidency has had the opposite effect. Speculation between gold and the dollar continues to be a problem; this is in part due to the effect of Watergate and the lack of confidence internationally in the American government.

Finally, Watergate will play a role in undermining the general faith of people at home and abroad in the US. The immensity of this corruption will tend to make the American people more cynical about

the system and less open to the vision of the "American Dream." This developing consciousness is significant, and will have the effect of undercutting the general confidence of the people in the government's ability to solve the growing problems of the system. This consciousness will become more important as the government is forced to take on the working class more and more, and increase the exploitation and oppression of the system in an attempt to solve its problems. However, the weakness of the left — perhaps best shown by the failure to capitalize on the Watergate scandal — has enabled the Nixon government to go on longer. The inability to mount a real drive around the Watergate incident on the part of any section of the left today means that the left as a whole is unable to provide an alternative to the cynicism and pessimism that is so widespread today. It is in these ways that the Watergate affair will prove to be significant.

The crisis in confidence is not limited to domestic problems. As mentioned earlier, internationally the US has suffered a loss of esteem in the eyes of friend and foe alike. The defeat in Vietnam and continuing economic instability are mainly responsible for this, but Watergate has added its impact. The weakened position of the presidency clearly raises questions about Nixon's ability to carry out his foreign policy decisions, and has brought about new monetary problems. Less and less can the international capitalist class look to the US as the leader of the "free world". At the same time, this loss of credibility will affect relations with the Bureaucratic Communist countries. This increased international instability will mean more go-it-alone strategies, contributing to the nationalist tendencies alluded to earlier.

In general then while the confidence of the capitalist class has been shaken, it has not been defeated. While the American Dream no longer has the ability to sooth the growing frustrations of workers, poor and oppressed, credibility and faith in the American system still exists. In fact, we can predict that the problems of the Republican government will lead directly to increased support for the Democratic Party in the 1974 off-year elections, both locally and nationally. Not in the position of having to take responsibility for the increasing attacks on workers and the specially oppressed, and without the Watergate scandal like an albatross around their necks, the Democrats will be able to appear progressive, and with false promises of reform be able to win substantial support from these groups. Nonetheless, the American political scene will continue to be unstable and the bases of the two major parties will continue to shift in response to the developing problems in the capitalist system. The key factor increasingly will be the working class, which will begin to re-emerge as a central political and social force in the US and world politics.

IV. GENERAL TASKS OF REVOLUTIONARIES

THE TASKS OF A SECT

"Sects are justified (historically) so long as the working class is not yet ripe for an independent historical movement. As soon as it has attained this maturity, all sects are essentially reactionary." (Marx, in Marx & Engels, *Selected Correspondence*, p. 326).

The IS is a sect. As a sect we have two major goals. All our immediate tasks flow from these goals: *The creation of a revolutionary vanguard party as part of a self-conscious working class movement; and the creation of that movement itself.* It is clear that we alone, as presently constituted, cannot build the revolutionary party by recruitment, splits or fusions, or single-handedly build the independent working class movement. Yet it is important to understand that all our activity, including our role in existing movements, and our propaganda work flow from these two goals. Our tasks, while related, will be significantly different when this stage in the historical development of the revolutionary workers' movement is achieved. To say this is not to say that we do not see and point beyond this development, but it is to say that we see these twin aims as guiding all of our work today. Everything we do, in our day to day work and immediate tasks and perspectives, flows from the absolute necessity of achieving this stage in the class struggle.

Secondly, it is clear that these two goals are integrally related. The creation of a revolutionary party and revolutionary leadership cannot take place outside the context of the creation of an independent working class movement. A black, Latin and working class cadre can only be trained in struggle. This working class movement will develop out of the class struggle itself. Working class struggle alters the objective conditions that form consciousness by changing the context from that of the powerlessness of the individual facing the capitalist system, to the power of the working class solidarity. This change in consciousness opens up new possibilities that in the context of powerlessness are utopian.

To counterpose these two tasks, and to see our role as related to only the building of a revolutionary party, is to misunderstand the relationship of that party to the class — the relationship of the leadership of the class to the masses of workers. The question of party and class does not arise only at the point of taking power, when the workers' state must be based upon the broadest organizations of the working class—workers' councils—and the revolutionary party making up its vanguard elements—its leadership. Nor is it a question only when the masses of advanced workers are beginning to form and join the revolutionary party. It is as important today as at any of those other points in time. Thus the role we play in rebuilding a self-conscious working class movement, and our leadership role with the developing rank and file leadership is integrally tied to our task of building the revolutionary party. Only by playing an active role today based upon our program and perspectives will we be laying the basis for playing the role of the conscious revolutionary leadership of the class tomorrow. This is the correct relationship between party and class — it must always guide our work.

THE TASKS OF A PROPAGANDA GROUP

Defining the IS as a sect is not enough — the IS is a propaganda group. By this we mean that the primary tasks of the IS in existing movements of the specially oppressed and the working class is that of propaganda. Lenin in *Left Wing Communism* had this to say about the propagandistic tasks: "As long as it was (and inasmuch as it still is) a question of winning the proletariat's vanguard over to the side of communism, priority went and still goes to propaganda work." Until there exists a vanguard of the working class won over to revolutionary socialism, winning the advanced workers and the advanced elements of the movements of the specially oppressed remains our task. But our self-conception of the IS as a propaganda group does not mean that we do not involve ourselves in the day-to-day struggles that exist now. Our propagandistic tasks are totally interrelated with our participation and our leadership role in the developments inside the working class today. It is through our activity and our participation in the on-going movements and struggles that we are able to get a hearing for our ideas, our propaganda.

We quote the following excerpt from the 1946 convention bulletin of the Workers Party on the nature of a propaganda group:

"The first period [of a revolutionary organization] corresponds to the inescapable necessity of assembling and consolidating the initial cadres of the party, its central core, around the fundamental principles and program of the party. The principal task of the organization, to which everything else is rigidly subordinated is propaganda, that is, the putting forward and the defense of a whole series of connected ideas (the basic principles and program) to a comparatively limited group of advanced elements. Organizations which seek to skip over this stage are sure to flounder and disintegrate. There is no other way of establishing the *distinctive* character of an organization, of justifying its *independent* existence (that is, its existence separate from all other organizations), of welding together the forces capable of eventually taking on the flesh and blood of an effective mass organization and of setting large masses into motion as a class."

Many of the most central programmatic ideas for this period appear elsewhere in this document. We will not repeat them here. Here, we wish only to put down some of the most important programmatic ideas and demands in slogan form that the IS should use in its agitation and propaganda in the coming year.

1. **THE ECONOMIC CRISIS:** The destabilization of capitalism has produced a direct attack on the working masses, above all, in the form of inflation, wage controls, speed-up and unemployment. The workers must not pay for the instability of capitalism. We counterpose to ruling class attempts to stabilize prices by reducing labor costs the demand for the *Control of Prices and Profits, Not Wages*. In the face of inflation, we demand and fight for *Wage increases with no price increases*. We demand *Jobs for All*. The labor movement must fight for *30 for 40* and *against all productivity deals or attempts at speed-up*. We call for *massive public works to rebuild the cities and put the unemployed to work*. These public works should be paid for by *Reconverting the Arms Economy* and by *Taxing the Corporations and Banks*. If employers cannot provide jobs at decent income, we *open the books*. If they cannot pay, we call for *nationalization under workers' control*.

2. **THE SOCIAL CRISIS:** The crisis of the world capitalist system has also produced a growing social crisis. The cities we live in, public and social services we depend on, have declined and decayed. The social existence of the urban masses, particularly black people, has grown worse. Urban decay has already followed many white workers to the suburbs. Every new government policy breeds despair and further misery. The working class must fight back. Jobs for all, already mentioned, and the demands to rebuild the cities, for public works to be paid for by the corporations and banks and by reconverting the arms production toward the needs of people, would push back decay. For the oppressed sections of the working class, resistance to this decay is an urgent need. *We call on black and latin workers to take the lead in demanding that the labor movement, as well as the movements of the oppressed, fight for these demands*. In the social crisis, the current system of taxation and public funding is a social wedge between the oppressed and better paid and organized sections of the working class. We demand that *no income under \$12,000 be taxed*. *Tax the rich with a sharply graduated income tax* — confiscate all income above \$50,000.

3. **FOR SOCIAL EQUALITY:** The IS demands complete equality for all people, particularly the oppressed minorities, national groups, and women. While racism, sexism, and other forms of chauvinism will only end with socialism, we demand equality today. *End all forms of racial, national, and sexual discrimination*. *Jobs for all blacks, Latins, native Americans, women*. *Preferential hiring for the oppressed*. The IS asserts the *right and urgent need for the independent organization of oppressed people to fight for their own needs*. We demand an *end to police terror in the ghettos*.

4. STRENGTHEN AND DEFEND THE LABOR MOVEMENT: To defend the interests of workers effectively, the labor movement must expand its strength. The unions should launch an aggressive organizing campaign to *Organize the unorganized*. Rather than the current random organizing, unions should organize along industrial lines. *Strengthen bargaining through coordination in contract round and the use of coalition bargaining. Defeat and repeal all anti-labor legislation.* Build solid shop floor organization by fighting for the principle of *a steward for every forman*.

5. FIGHT IMPERIALISM EAST AND WEST, *Immediate withdrawal of US troops from all foreign countries.* Disband NATO, CENTO, SEATO, etc. The working class had paid in income and blood for every imperialist adventure by the US ruling class. Not only must we oppose further or current wars, but the politics that cause them. We say *end foreign aid*, which is nothing but a gift to support other ruling classes. *No trade or tariff wars.* In particular, *we call for total withdrawal of US troops, advisors, and aid from Indochina.* We assert our support to all struggles for national liberation. We call on the labor movement to support those liberation movements on our very doorstep: *Independence for Puerto Rico, support the radical labor movement of Quebec for national liberation and economic justice.*

6. DEFEND DEMOCRATIC RIGHTS. From anti-strike laws to government spying, the US government is undermining existing rights. As socialists, we defend democratic rights and fight to broaden them. *No infringement of the Right to Strike. End government spying on its political opponents. Free all political prisoners. Give prisoners the Right to Organize.*

7. BUILD A MOVEMENT FOR A LABOR PARTY. The American working class needs its own political party more than ever.

While by no means the totality of our program or the limits of the ideas we will present in our press and publications, these demands and slogans will be propagandistic in form.

V. TASKS OF THE I.S. IN U.S. POLITICS

The major task of the IS in the coming year is, of course, the continuation, consolidation, and intensification of our intervention in the labor movement. It is central to our analysis of the crisis of capitalism and of the role of a socialist propaganda group in fighting for a revolutionary party that the bulk of our political tasks, including propaganda tasks, will be carried out in the labor movement. It is here that socialists can have the greatest impact, over time, and it is here that the *core* of the future revolutionary party is to be found. We recognize that we must make hard choices and set clear priorities for our work if we are to play the role demanded of us. For this reason we choose, without apology, to center our work as an organization in the labor movement. Even in discussing in our press and publication the important aspects of the crisis and the social movements that exist or arise outside the organized working class, we direct ourselves primarily to the advanced militants in the unions. While few social problems facing the working class as a whole are limited to industry, much less to the unions, they are virtually all reflected there. In any case, it is our estimate that it is in the organized labor movement that we can have the greatest effect on any issue, today. Only a mass, or semi-mass *party* could carry on general agitation in society at large.

Nevertheless, other social movements do exist, other issues do demand our attention — even if our intervention on them is limited to propaganda and the written word. The current crisis of destabilization necessarily brings in its wake a deepening social crisis. Urban decay, persistent cut-backs in public and social services, a national housing shortage, the decline of mass transit available to the working class, unemployment, inflation, etc. While the mass movements of the 1960's have completely disappeared, and are not likely to revive as yet and certainly not in their past form, sporadic movements and campaigns arise with considerable regularity. The meat boycott was one of the more massive campaigns of recent years. Though based on a misleading tactic, the meat boycott pointed to the enormous anger over inflation, and the fact that for the first time in years large sections of the working and lower middle classes actually felt a decline in their living standard. More localized, but more frequent, are the various forms of resistance to the realities of ghetto life. Among black and latin people rent strikes, consumer campaigns, anti-police-terror campaigns, short campaigns for jobs or job training programs are common. Most of these, however, are led by "organizers" or forces close to or part of one or another government sponsored poverty programs. In some cases, they are led by elements similar to Jesse Jackson in Chicago, or the WRO staff. All of these leadership elements are not only reformist, as was the leadership of the past mass movements, but timid beyond comprehension and utterly entangled with the Democratic Party. Lacking a mass base in motion, they do not even have the apparent independence, nor do the groups they lead have the potential volatility, of the earlier mass movements and their leaders. At this point, only a fairly coherent working class movement could give real life to these sporadic campaigns and out-bursts of activity and resistance.

It has been and remains our perspective for these movements that black and latin workers should take the lead in revitalizing ghetto based movements and workers, generally, the lead of movements against inflation, etc. This is in line with the need to address ourselves primarily to the worker militants. At the same time, however, we do propose programmatic ideas and directions for these movements — at this point largely in our press. Our proposals to these movements are determined and guided by our overall program for the period, and not simply by the momentary tactical needs of these movements. We have never, and do not propose to start now, presented our programmatic ideas for these movements in opposition to the minimal demands or tactics of direct action they currently employ. Nor are they presented as a *sine qua non* for our participation, where participation is possible, for political support. Nevertheless, our analysis of the period points toward certain directions we must propose to most community or consumer based movements or campaigns in the coming year, including community based movements for jobs, housing, day care, etc.

We urge these movements to rely on their own activity and not to place any faith in the politicians of the Democratic or Republican Parties. We are not opposed to making demands on those

parties or on the government generally — on the contrary. But we do assert that such demands are most effectively fought for when the politicians find themselves confronted with an independent movement. We call on the ranks of these movements to demand independent action by their leaders and to demand that these leaders break with their political bosses. In short, we wish to expose these leaders. We state consistently that we do not believe leaders who are tied to capitalist politicians can carry out a militant fight. Given the sporadic, disorganized, and non-mass character of these various campaigns and most social action today, it is our analysis that political action independent of the capitalist parties can, with few exceptions, only become effective if it emanates from the labor movement. Thus, *we call on these various movements or campaigns to orient toward the labor movement; that is, to call on the unions for support in their fight for housing, day care, jobs, job training, etc.* Each of these issues, and many others, can easily be shown to be in the interests of labor. *The political concept we put forward is independent political action and a labor party.* While we should also attempt to give concrete tactical advice to any current struggle, our primary relationship to such struggles, today, will have to be propagandistic and educational.

The reason for emphasizing a turn to the labor movement and the labor party is of course, to prepare the militants, both in the unions and in these community based struggles, to play a role in the building of a working class movement that is not limited to the shop floor. This is, today, a propaganda task. To attempt tactical intervention in these movements with any regularity would dissipate our resources, and impair our ability to play that role in the labor movement where our intervention can have the greatest effect. We must not lose sight of this fact.

In addition to these community based movements, there remain the remnants of the organized black, latin, and women's movements. The specific perspectives for these movements and organizations are spelled out in considerable detail in other perspectives documents, and no attempt to reiterate them will be made here. What is important here is to place them in the context of our overall tasks.

The black liberation movement, the various black organizations, and the persistence of a high level of radical black consciousness and the centrality of racism to everything that happens in the US makes the question of black liberation a priority concern of the IS. *For us black liberation is second only to, and even central within, our direct labor work.* The course and pace of the class struggle in the US has been deeply affected by the role of black workers. Indeed, no revolutionary organization that fails to recruit and hold black working class and intellectual cadre will be able to play a leading role in building a revolutionary party in the US.

Though the specifics will be dealt with in a separate document, it is central to this perspective that the IS propose a strategy and program for the black liberation movement. Our intervention in that movement and around the issues posed by racism will be a political intervention, and not simply a statement of support. Both our size and the actual state of the black movement today means that the bulk of this political intervention will take the form of propaganda. The major exception to this will be in the labor movement, where we put forth a program for black workers that is both agitational in part and propagandistic. This program is spelled out in the labor document.

The recruitment of black workers has a special importance to us. But like the recruitment of workers generally, it is a long term task. To prepare the IS to recruit and hold black workers in significant numbers, we must recruit and train black intellectual cadre today. This means that one of the priorities of the IS is to recruit young black intellectuals off campuses around the country. Educational forums that can attract and interest blacks should be heavily publicized at campuses with large numbers of blacks. Further, those campaigns we do conduct or participate in outside of our direct labor work should be designed with an eye to involving black students or youth. In particular, *our current prisoner work and activity around Third World legal-political defense cases should be geared to involve blacks.* It is part of the general black liberation work for those not involved in direct labor work, which we view as a high priority.

In general, the same is true for the various oppressed Latin groups in the US, particularly Chicanos and Puerto Ricans. Beyond consistent propaganda about the oppression of and movements of these Latin groups, we should seek a modest intervention in areas of central importance to Chicanos and Puerto Ricans. In both cases this may involve direct work by a small number of comrades in important political defense cases. Additionally, the prisoners work, in particular the Book Fund, can be used to make regular contact with Latin organizations and defense cases. Nationally the Farm Worker campaign can provide a focus for reaching and involving us in joint work with Latin activists.

The IS must develop and clarify its analysis of the precise social position of Chicanos and Puerto Ricans in American capitalism. Thus far, our line on the Puerto Rican people is the better defined of the two. That is, the Puerto Rican people are a nation, and not just an oppressed minority in the US. We support the movement for Puerto Rican independence and national self-determination, within the context of the permanent revolution perspective. We have yet, however, to define the precise nature of the oppression of the Chicano people of the US. Clearly, this must be done soon. Our practical line for both groups in the US is consistent both with an internationalist outlook and our attitude toward oppressed social groupings in the US. That is, we urge Chicanos and Puerto Ricans living in the US to join and participate in the class struggle here — without in any way dropping their own special demands.

As with other movements, the short-lived but influential mass movement for women's liberation has waned. In its place remain, as already noted, a few large reformist organizations, and scores of small and dispersed radical groups of women. The mass movement that did arise, however, rapidly transformed the thinking of millions of women from unconscious passivity to various forms of a "women's rights" consciousness. That movement also made women's rights and equality a general political issue in the US. Just as it affected bourgeois politics and mass social consciousness, the women's movement transformed the Left. Virtually all left-wing organizations in the US moved from total neglect, and therefore *de facto* male chauvinism on the women's question to one or another stance (or posture) favoring women's liberation. The IS has been no exception to this fact. Now, however, that the mass women's movement has declined, the formal position of many groups on this question is beginning to fall into disuse. It is essential that this not happen in the IS. The recent split in the IS saw a minority (the "Revolutionary Tendency") develop a highly elaborated and articulated retreat on precisely this question, among others. The RT represented capitulation to the growing sectarianism of the Left at the moment, *and* the slow but growing retreat of the Left from a principled support of women's liberation within our own ranks. It is essential no further retreat of this sort occur. For the IS the question of women's liberation remains a central area of concern. *As a political priority, even if one limited primarily to propaganda at the moment, women's liberation follows only our direct labor work and the question of black liberation.*

A good deal of our agitational and educational work on women's liberation will take place within the labor movement — which is discussed elsewhere. At the same time, however, we must direct our ideas at what remains of the radical wing of the women's liberation movement. We wish to direct its attention to working class women and propose the programmatic ideas as well as tactical steps for doing that. Although we expect the possibilities for action or organization are slim for the coming year, *we put forth the idea of rebuilding the independent women's movement as an aggressive, independent mass movement*, fighting both for the immediate rights and demands of women and for the long-range goal of women's liberation. As loyal and aggressive advocates of such a movement, we point out, along with our support for immediate and democratic demands, that only socialism can destroy the material base of women's oppression. At the same time, we point to the need for a strong working class women's movement to fight for the special needs of women in the context of the proletarian revolutionary alternative.

Whether a mass party or a small propaganda group, the socialist movement must always seek to renew its ranks with youth. The youth of the working class, and even student youth, have always proved to be among the most radical and aggressive elements of the revolutionary organization as well as of the class. The IS has fallen behind on this matter since the student movement collapsed. Today there is no possibility of large scale intervention on campus. Nor would this, in itself, be a desirable direction for the IS. Our primary task remains implanting ourselves in the working class and its struggles — and the urgency of that task is even greater now. Nevertheless, we must guarantee that our press and publications, i.e., our regular propaganda, reaches high school and college students with regularity. It is our estimate that, although there is no movement among students, there is a significant residue of radical and even pro-working class sentiment in the high schools and campuses. We cannot orient our paper toward the immediate concerns of students, except to a very limited degree. The paper and the theoretical journal must reflect our actual priorities — labor, the crisis of destabilization, black and women's liberation, etc. It is however, precisely those students interested in broad social issues that we want most to reach in the coming year. This is better done by our primary orientation toward advanced worker militants. In this way, we demonstrate to radical youths our seriousness about building a revolutionary party in the working class. The theoretical journal should, of course, be of interest to serious left-minded students. Thus, our publications should be used to reach consistently and recruit radical students to our politics and organization.

Though the IS will have other political work outside of the labor movement, these are the primary non-trade union areas we must concentrate on in the coming year. The contours of the period, and the size of the socialist movement point to the fact that socialists can gain the greatest visibility (though not publicity) by working in, educating within, influencing and leading the rank and file movement that is developing today in the heart of the class struggle. No gimmicks or get-rich-quick schemes can substitute for this work and this perspective. Without in any way limiting our political concerns, we reaffirm that all of our immediate tasks in US politics are focused around our intervention in the labor movement, the highest priority and most urgent task we face.