

Obama's Speech: "National Unity" in Service of U.S. Imperialism

Barack Obama's "A More Perfect Union" speech has overwhelmingly received accolades from across the bourgeois political spectrum, hailed as "opening a dialogue" on race in America. What Obama gave was, in fact, a "national unity" speech, putting himself forward as the bourgeoisie's best candidate to run bloody U.S. imperialism and keep working people, blacks, immigrants and all the oppressed down. Obama, linked to the Illinois Democratic machine, seems well qualified to be the chief executive of

Break with Democratic Party of War and Racism!

U.S. imperialism, including by refurbishing its credentials in the world arena.

As against the reformist left, which is either explicitly or implicitly behind Obama, we revolutionary Marxists fight to break workers and the oppressed from illusions in the Democrats, the

other party of war and racism. We do not extend any political support to any capitalist politician—Barack Obama, Hillary Clinton, John McCain or Ralph Nader—Democrat, Republican or Green. We stand for the complete political independence of the working class. Our

aim is the forging of a revolutionary multiracial workers party that fights to overturn the capitalist system through workers revolution and to establish a workers government.

Obama sought to run on an "end of racism" message. But in racist, capitalist America, there was no way to disappear race from this race. For days, the media had been playing in endless loops comments made by Jeremiah Wright, a military veteran and, since 1972, a

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South Africa: For a Black-Centered Workers Government!

Zuma's ANC: Repackaging Capitalist Enslavement

Break with the ANC/SACP/COSATU Nationalist Popular Front!

JOHANNESBURG—As he approaches the 100-day mark as the new leader of the African National Congress (ANC), Jacob Zuma is working to consolidate his position as the presumed successor to Thabo Mbeki as president of South Africa. Zuma handily defeated Mbeki at the ANC's 52nd National Congress in Polokwane in December with the backing of the South African Communist Party (SACP), the Congress of South African Trade Unions (COSATU) leadership and the ANC Youth League. Zuma was elected by secret ballot in one of the most divided ANC congresses since 1958, after which a faction broke away to form the Pan Africanist Congress. The top six positions in the ANC were swept by Zuma supporters, including SACP national chairman Gwede Mantashe.

Zuma's champions on the left portray him as an ally of the trade unions and as close to the black masses, while Mbeki is painted as a tool of big business. Among the more than 4,000 delegates at Polokwane, Zuma's supporters accused Mbeki of concentrating power around his presidency and alienating the ANC membership, while Zuma was seen as more approachable and willing to listen to the SACP and COSATU, the ANC's partners in the ruling Tripartite Alliance. In fact, both bourgeois politicians are committed to

maintaining neo-apartheid capitalist rule.

Zuma's election was a distorted reflection of the anger at the base of society over the fact that the last 13 years of neo-apartheid rule had benefitted the white capitalists and the emerging black elite, known as "gravy trainers" or "fat cats," at the expense of the impoverished masses. By neo-apartheid, we mean a situation where the rigid, legally enforced racial segregation and subjugation that defined apartheid are no more, but behind the "liberation" rhetoric of the Tripartite Alliance and the democratic trappings of "one man, one vote," the economic and social foundations of white supremacy based on the superexploitation of overwhelmingly black labour remain intact.

The "coalition" behind Zuma includes prominent black businessmen and a section of the capitalist class that hopes that his popularity among the dispossessed makes him better able to *contain* their anger in this very unstable society. Much of the black population rightly feels cheated because while apartheid is gone, the expectation of achieving racial and social equality has not been met. Under the title "SA's Time Bomb," the weekly *Mail & Guardian* (6 July 2007) observed before the opening of the SACP's 12th National Congress last year: "Mid-winter. An angry wind is blowing through South Africa's wealth-gap. Delivery failures fuel violent protest in bleak townships. Poverty is pushing crime to new levels. Workers want their share of swollen profits."

Today there is constant repression by the Alliance government against people protesting evictions and demanding basic,



Baynes/Die Burger

Top: South African cops enforce eviction of squatters in Delft, near Cape Town, February. Right: Strikers march in Durban during June 2007 public workers strike, largest since end of apartheid government in 1994.



Soobramoney/News24

decent housing and the provision of electricity and water. In the current electricity crisis, the Eskom utility has periodically shut down service not only in the cities

and townships but even in the platinum and gold mines and other key capitalist enterprises. Thousands of miners

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Obama...

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pastor of Chicago’s Trinity United Church of Christ, to which Obama belongs. The pastor’s remarks—many of them pointing to the crimes of the U.S. government—simply expressed the deeply felt anger of much of the black population, and similar remarks can be heard at many a pulpit in America’s black churches; in fact, Trinity is affiliated to a mainstream, predominantly white denomination. Responding to the Wright controversy, Obama, the son of a Kenyan man and white American woman, used his own pulpit in Philadelphia to give his speech on race.

Flanked by eight American flags, Obama delivered his particular Democratic Party version of “national unity” populism, evoking a reconciliation that preserves the racist, capitalist status quo. Declaring that black people’s “anger is real” and that condemning it “without understanding its roots, only serves to widen the chasm of misunderstanding that exists between the races,” Obama went on to pander to anti-black chauvinism. Speaking of black people, he

pointed to “our own complicity in our condition”—blaming the oppressed for their own oppression. He denounced welfare and conciliated racist opposition to affirmative action and school integration through busing. He promoted the “quintessentially American—and yes, conservative—notion of self-help,” echoing Booker T. Washington, who over a century ago preached accommodation to the racist status quo by telling impoverished blacks to pull themselves up by their bootstraps, if they owned any.

In his speech, Obama also promoted protectionist chauvinism, made clear his support for Israel, denounced “radical Islam” and cheered on the imperialist “war on terror.” Speaking of his opposition to the invasion of Iraq, Obama made clear in an interview with right-wing radio broadcaster Michael Smerconish that was excerpted in the *Philadelphia Inquirer* (24 March): “It’s not that I was opposed to war, it’s that I felt that we had a war that we had not finished” in Afghanistan. Smerconish, who found Obama’s March 18 speech “stunning,” recently co-authored *Murdered by Mumia* with Maureen Faulkner, a lying tract aimed at greasing the skids for the execution of

America’s foremost death row political prisoner, Mumia Abu-Jamal, a courageous fighter against black oppression.

Obama began and ended his speech by paying homage to America’s “founding fathers,” claiming that “the answer to the slavery question was already embedded within our Constitution.” What the “founding fathers” embedded in the Constitution was *slavery*. It took a bloody Civil War to smash the Southern slavocracy. But the ensuing defeat of Radical Reconstruction—the most democratic period for black people in American history—left blacks, legally freed from slavery, subject to the tyranny of the defeated slaveowners and KKK enforcers.

Notably, Obama referred in his speech to the “brutal legacy of slavery and Jim Crow.” But he talked about race in order to disappear the brutal realities of racist American capitalism *today*. While refusing to disown Wright, he condemned his “simply inexcusable” comments, declaring that Wright’s “profound mistake” was that “he spoke as if our society was static; as if no progress has been made; as if this country...is still irrevocably bound to a tragic past.”

Black oppression has been and remains the bedrock of American capitalism, which is based on the exploitation of the entire multiracial working class. As we wrote in “The Obama Campaign and the ‘End of Racism’ Myth” (WV No. 906, 18 January):

“Contrary to the myth promoted by Obama and other liberals, black oppression continues to be the central defining feature of U.S. society. It is *materially rooted* in and central to American capitalism. As against both liberal integrationists and black nationalists, our struggle for black liberation is based on the program of *revolutionary integrationism*. While opposing every manifestation of racist oppression, fighting in particular to mobilize the social power of the multiracial labor movement, we underline that full equality for the black masses requires that the working class

rip the economy out of the hands of the capitalist rulers and reorganize it on a socialist basis. Only then will it be possible to eliminate the material roots of black oppression through the integration of black people into an egalitarian socialist society based on a collectivized economy with jobs and quality housing, health care and education for all.”

Obama is the first black candidate with a real shot at being elected U.S. president, the top cop. If he (or Hillary Clinton) wins, it would be significant. But it would do nothing to change the fundamental conditions of working people, blacks, women and the oppressed. Look at the numerous black Democrats who have been employed as mayors and police chiefs of major urban areas—from L.A. to Chicago, Detroit, Philadelphia and elsewhere. Their job has been to *kick working and black people down*, to oversee rampant cop terror and administer the slashing of social programs—their value to the racist rulers is embodied in the statement by black former New York City mayor David Dinkins: “They’ll take it from me.” Obama simply seeks to become the overseer for the whole plantation. The class he serves is a reactionary gendarme internationally and the enemy of the multiracial proletariat and oppressed masses “at home,” not least since the counterrevolutionary destruction of the Soviet Union, which left Washington less restrained in its machinations.

The emancipation of the working class and the liberation of black people can be realized only by the destruction of the American capitalist system through socialist revolution. As stated in the preamble to the program of the Labor Black Leagues, which are fraternally allied to the Spartacist League: “We fight to win the entire working class, including white workers as well as the growing number of Latino and other immigrants, to the fight for black liberation, strategic to the American revolution.”■



TROTSKY

Imperialism and World Economy

By the end of the 19th century, the world capitalist economy was dominated by the monopolies, trusts and cartels of the great powers in North America, West Europe and Japan. Twice in the 20th century—in World War I and II—the imperialists waged war against each other for the redivision of markets and spheres of exploitation. It was in the context of the First World War that the 1917 Bolshevik Revolution took place, the greatest historic victory for the international proletariat. Only the working class has the

social power to sweep away the capitalist order through socialist revolution and lay the basis for an internationally planned and collectivized economy, the essential precondition for human emancipation from imperialist subjugation and war. In his work Imperialism and World Economy, written in 1915 and published two years later, then-leading Bolshevik Nikolai Bukharin outlined imperialism’s development.

The development of the productive forces of world capitalism has made gigantic strides in the last decades. The upper hand in the competitive struggle has everywhere been gained by large-scale production; it has consolidated the “magnates of capital” into an ironclad organisation, which has taken possession of the entire economic life. State power has become the domain of a financial oligarchy; the latter manages production which is tied up by the banks into one knot. This process of the organisation of production has proceeded from below; it has fortified itself within the framework of modern states, which have become an exact expression of the interests of finance capital. Every one of the capitalistically advanced “national economies” has turned into some kind of a “national” trust. This process of the organisation of the economically advanced sections of world economy, on the other hand, has been accompanied by an extraordinary sharpening of their mutual competition. The overproduction of commodities, which is connected with the growth of large enterprises; the export policy of the cartels, and the narrowing of the sales markets in connection with the colonial and tariff policy of the capitalist powers; the growing disproportion between tremendously developed industry and backward agriculture; the gigantic growth of capital export and the economic subjugation of entire regions by “national” banking combines—all this has thrown into the sharpest possible relief the clash of interests between the “national” groups of capital. Those groups find their final argument in the force and power of the state organisation, first of all in its army and navy. A mighty state military power is the last trump in the struggle of the powers. The fighting force in the world market thus depends upon the power and consolidation of the “nation,” upon its financial and military resources. A self-sufficient national state, and an economic unit limitlessly expending its great power until it becomes a world kingdom—a world-wide empire—such is the ideal built up by finance capital.

—Nikolai Bukharin, *Imperialism and World Economy* (1917)



LENIN

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WORKERS VANGUARD

Marxist Working-Class Biweekly of the Spartacist League of the U.S.

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The Spartacist League is the U.S. Section of the International Communist League (Fourth Internationalist).

Workers Vanguard (ISSN 0276-0746) published biweekly, except skipping three alternate issues in June, July and August (beginning with omitting the second issue in June) and skipping the last issue in December, by the Spartacist Publishing Co., 299 Broadway, Suite 318, New York, NY 10007. Telephone: (212) 732-7862 (Editorial), (212) 732-7861 (Business). Address all correspondence to: Box 1377 GPO, New York, NY 10116. E-mail address: vanguard@tiac.net. Domestic subscriptions: \$10.00/22 issues. Periodicals postage paid at New York, NY. POSTMASTER: Send address changes to *Workers Vanguard*, Box 1377 GPO, New York, NY 10116.

Opinions expressed in signed articles or letters do not necessarily express the editorial viewpoint.

The closing date for news in this issue is March 25.

No. 911

28 March 2008

PDC Speaker at SL Black History Month Forum: Mumia's Freedom Would Be a Victory for the International Working Class

We print below, edited for publication, a presentation by Partisan Defense Committee speaker Erica Williamson at a February 23 New York City Spartacist League Black History Month forum.

Mumia Abu-Jamal is a former Black Panther, a MOVE supporter, an award-winning journalist who still fights with his pen from death row against racism and imperialist war. Falsely convicted of the 1981 murder of Police Officer Daniel Faulkner, Mumia was sentenced to death in 1982 because the ruling class sees in him the spectre of black revolt. In seeking to kill Mumia, the ruling class wants to fulfill the threat of FBI head J. Edgar Hoover that "The Negro youth and moderate[s] must be made to understand that if they succumb to revolutionary teachings, they will be dead revolutionaries." Mumia's frame-up shows the continuing legacy of the FBI's COINTELPRO campaign of government violence, harassment and disruption against leftists and black radicals in the 1960s in which 38 Black Panthers were killed and hundreds more imprisoned.

Recall that only two and a half years ago the FBI carried out the coldblooded assassination of Puerto Rican nationalist Filiberto Ojeda Ríos—they did to him what they want to see done to former Panther and Black Liberation Army member Assata Shakur in Cuba and what they would like to see done to Mumia. In defending radical black activists like Mumia and Shakur, in fighting against government repression, in fighting in defense of black and poor people, such as those victimized by the capitalist rulers in the wake of Hurricane Katrina, in mobilizing in defense of our striking trade-union sisters and brothers in Puerto Rico—in all this, we are guided by our understanding that the capitalist state and its courts, and the capitalist system as a whole, have got to go.

Mumia's case is the defining political death penalty case of our generation. It illustrates the racist oppression endemic in this country in its cruelest, most vicious form. It lays bare the essence of the capitalist state as an instrument of repression against working people and the oppressed. We are opposed to the death penalty as a matter of principle—it is not for the state to determine who is to live or die.

Mumia's case represents what the death penalty is all about—a legacy of chattel slavery, the lynch rope made legal.



WV Photo

PDC speaker Erica Williamson at February 23 Spartacist League Black History Month forum in New York City.

Mumia's case also has everything to do with the fact that racial oppression is very much a thriving force in this society. This is contrary to the lie promoted by Democratic presidential hopeful Barack Obama that the civil rights movement brought America "90 percent of the way" toward racial equality. Just tell that to Mumia. Or to the eight surviving members of the MOVE 9 who are still locked away in prison, where in May 1985 they witnessed on television the massacre of their families and members of their organization, including five children, when black Democratic mayor Wilson Goode ordered the Philly cops, backed by the federal government, to drop a bomb on their home.

The capitalist Democratic Party is no answer to ending black oppression. As an oppressed race-color caste, black people are integrated into the capitalist economy but forcibly segregated at the bottom of society. Against both the liberals and the black nationalists, we stand for the program of revolutionary integrationism: black liberation requires a workers revolution that overthrows the capitalist system. Only then will it be possible to eliminate the material roots of black oppression through the full integration of black people into an egalitarian socialist society based on a collectivized economy with quality jobs, housing, health care and education for all.

We fight for integrated class struggle by the multiracial American proletariat. The capitalist rulers use black oppression

as a key wedge to keep the working class divided and from uniting in struggle against them. The power to defend all intended victims of this racist capitalist state is going to come out of the social power of the working class, leading behind it all the oppressed. That means labor strikes and mass protests and demonstrations organized around the power of the labor movement in this country and internationally. What is necessary is to build a workers party that fights to mobilize the working class in the struggle for a workers government.

The fight for black liberation in the U.S. can be a powerful motor force for sparking class struggle against the capitalist rulers. There may not be much class struggle against the capitalist rulers today, in part because the pro-capitalist labor tops have a program of class peace with the bosses. But the perspective of fighting to mobilize workers with their social power in the

streets and at the point of production to stop the legal lynching of an innocent man is a crucial step for the labor movement that must happen. Mumia's freedom would be a victory not only for the fight for black liberation, but for the working class internationally.

We fight for united class-struggle defense and united-front actions to free Mumia. We look to the labor movement, which has the power to bring the capitalist system's wheels to a halt. One example of the social power of labor was the 2005 New York City TWU Local 100 transit strike, which crippled the city. A small example of what we mean by class-struggle defense and united-front action was in Oakland in February 2002, when the PDC and Labor Black League for Social Defense initiated a united-front demonstration, centered on the powerful ILWU longshore union, in defense of immigrants and against the USA Patriot Act and the Maritime Security Act. We vigorously fight against anti-immigrant and anti-Latino chauvinism while challenging the deeply entrenched black oppression that forms the cornerstone of American capitalism. Integrated class-struggle defense is crucial to fighting the backward racism, sexism and anti-immigrant chauvinism inside and outside the unions; it is also critical to smashing the very system that breeds this backward consciousness and whose means of existence is working-class exploitation.

The Partisan Defense Committee is a non-sectarian class-struggle defense organization, which champions cases and causes in the interest of the whole of the working people. Our views are in political accordance with the Spartacist League. We took up Mumia's case over 20 years ago and have fought for a class-struggle defense program modeled after

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JOIN THE CAMPAIGN!

Funds are urgently needed for legal defense!

Make a contribution today, payable to "National Lawyers Guild Foundation" (earmarked for "Mumia") and mail to: Committee to Save Mumia Abu-Jamal, P.O. Box 2012, New York, NY 10159.

Donations earmarked "Mumia" as well as collections at PDC or other events for Mumia's legal defense are receipted and transferred in full to the above NLG account as has been designated by Mumia's lawyer for this purpose.

Organize protest! Pass motions in your unions, campus, community and religious organizations demanding Mumia's freedom. Get your union or organization to make a contribution and join rallies and protests for Mumia. Publicize Mumia's case in your union or organization's newsletter.

Get the facts! New PDC fact sheet pamphlet, *Big Lies in the Service of Legal Lynching* (available in English, German and French—\$.50 each, \$10 for 30) is a detailed refutation of the recent book *Murdered by Mumia* by right-wing journalist Michael Smerconish and Maureen Faulkner, whose lying tract is a rallying cry not only to execute Mumia but for the death penalty itself. The PDC's other Mumia pamphlet, *The Fight to Free Mumia Abu-Jamal—Mumia Is Innocent!* (\$1), lays out the political basis of the state vendetta against Mumia and provides additional detail on the explosive evidence that shatters the decades-long frame-up of this fighter for black freedom. Both these PDC pamphlets politically arm activists in the struggle for Mumia's freedom.

PDC Button: "Free Mumia Abu-Jamal! Abolish the Racist Death Penalty!"—\$1 each. **PDC Video:** *From Death Row, This Is Mumia Abu-Jamal*—\$10 DVD, \$15 VHS. **Bundles of the 4-page brochure:** *Mumia Is an Innocent Man: Free Mumia Abu-Jamal!*—\$2 for 25 copies. Order from/make checks payable to Partisan Defense Committee at our New York City address below.

Partisan Defense Committee

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Jennifer Beach

Prepare Now for Emergency Protests!

On 17 May 2007 the Third Circuit Court of Appeals heard oral arguments in Mumia's case, and there could be a decision at any time.

If the Court rules to uphold the death sentence or denies Mumia's appeals for a new trial or a new hearing, the Partisan Defense Committee and the Labor Black Leagues have called for protests the day after the decision. Others have also called for protests.

For more information see the PDC Web site, www.partisandefense.org

**Mumia Abu-Jamal Is an Innocent Man!
FREE MUMIA NOW!
Abolish the Racist Death Penalty!**

Foreclosures, Unemployment, Union Busting:

Capitalism U.S.A.

Part One of this article appeared in WV No. 910 (14 March).

The collapse of the U.S. housing boom is but the most recent visible manifestation of the debt-ridden financial house of cards that is the capitalist economy. The financial crisis that began last summer is now impacting the domestic economy as a whole. In February, payroll employment fell by 63,000, the biggest monthly drop in nearly five years. On March 20, the Labor Depart-

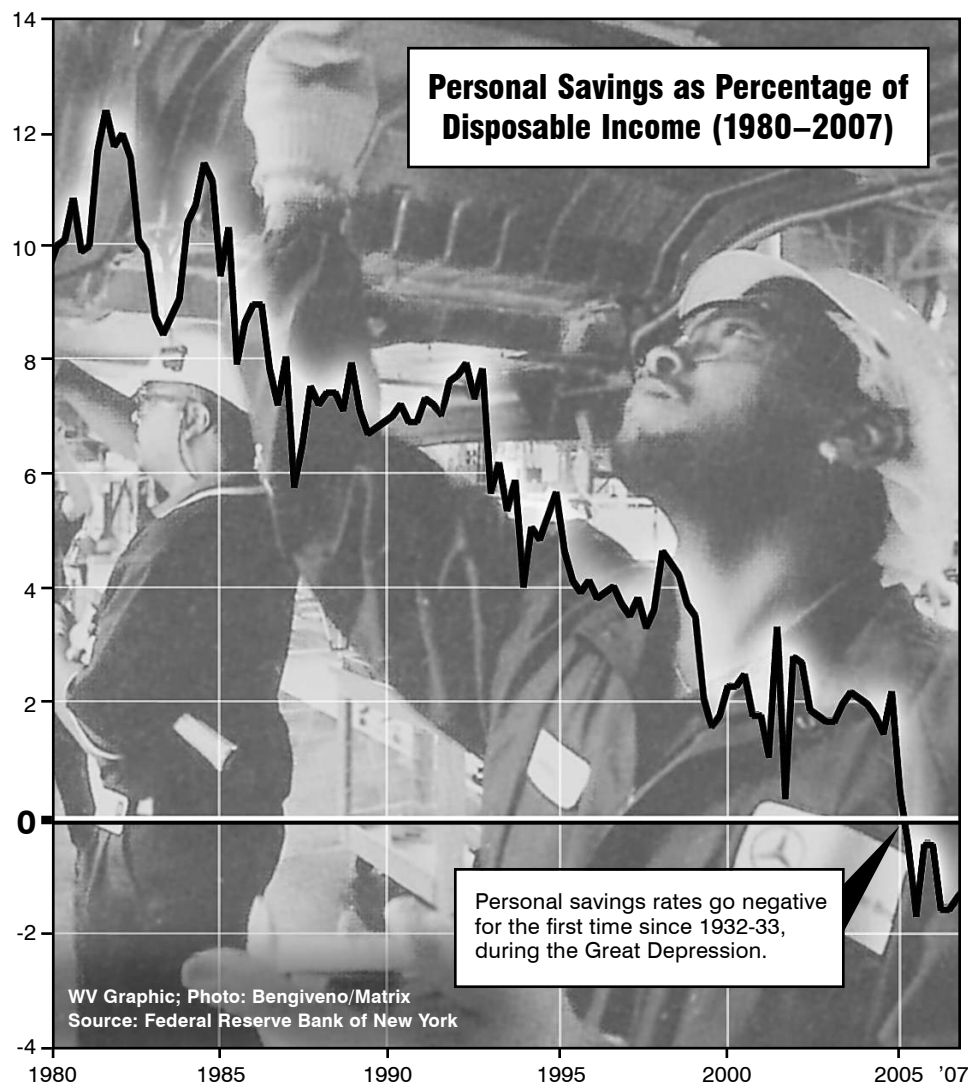
PART TWO

ment reported that the average of applications for jobless benefits for the prior four weeks had reached over 365,000, the highest level since Hurricane Katrina hit the Gulf Coast in 2005. Almost all business sectors are shedding jobs, with the biggest decline in manufacturing and construction. Another index of a downturn is that last month retail sales declined, especially for autos, furniture and consumer electronics.

Meanwhile, financial turbulence continues to batter Wall Street. Witness the spectacular collapse earlier this month of Bear Stearns, a venerable, major investment bank whose risky investments backfired. One financial analyst commented: "Once you have a run on the bank you are in a death spiral and your assets become worthless" (*New York Times*, 17 March). If Bear had gone bankrupt outright, it would have caused heavy losses for the many financial outfits that have lent money to the investment bank or that market their securities through it.

Thus the masters of Wall Street and Washington organized a "rescue" operation. The Federal Reserve (the U.S. central bank) has agreed to guarantee \$30 billion of the firm's "most toxic" investment holdings, while financial giant JPMorgan Chase moved to buy up Bear's stock at \$2 a share, less than one-twentieth the firm's market price a few days before. Bear stockholders, including many of its employees who have their retirement funds tied to Bear stock, are furious and are trying to scuttle the deal and force JPMorgan or another bank to put up more money. Whatever the outcome, no one thinks that the "rescue" of Bear Stearns will ease the financial crisis. The question of the day on Wall Street is: who's next?

Indeed, the Fed has allocated some **\$400 billion** for a series of emergency short-term loans, including for investment banks. For many of these, the government would accept risky investments, including hard-to-sell securities backed by mortgages, as collateral in order to prevent a panicked run on the banks. Moreover, in announcing the Bear deal, the Fed also stated that it was launching a new program to lend money to the 20 largest investment banks that serve as "primary dealers" and trade Treasury securities directly with the Fed. According to the *New York Times* (18 March), "Fed officials raised the stakes by offering investment banks a new loan program without any explicit size limit." This could lead to the whole-



sale transfer of losses from investment banks to the Fed (i.e., taxpayers), "nationalizing" the potential losses of Wall Street parasites caused by the mortgage crisis. Bear Stearns and other investment giants get rescued while working people suffer, many unable to even escape their debts through bankruptcy because of a 2005 bankruptcy "reform" law that received support from Democrats as well as Republicans.

The panicky financial conditions and economic downturn have also demonstrated the bankruptcy, so to speak, of monetarism, which has been the dominant economic doctrine of the bourgeois right since the ascendancy of Ronald Reagan and Britain's Margaret Thatcher in the 1980s. The ideologues of monetarism maintain that the government, in particular, the central bank, can effectively control economic activity by adjusting the amount of money in the banking system along with interest rates. Like many capitalist theorists before them, the ideologues of monetarism believed they could minimize, if not eliminate, economic downturns—i.e., resolve the inherent boom-bust cycles of capitalism. A practitioner of monetarism, former Federal Reserve head Alan Greenspan was hailed as a maestro in bourgeois circles for overseeing for 18 years a massive

expansion of financial wealth. But now the bubble has burst and much of that wealth has disappeared. There is real panic among Wall Street bankers and corporate executives while working people are fearful—and rightly so—about what the economic future holds in store for them.

When the Fed lowered interest rates earlier this month by another unusually large 0.75 percentage point—sending stocks up the following day—it revealed a certain improvisational panic. The impending recession has been accompanied by increasing inflation. The Associated Press (18 March) reported that wholesale prices rose again in February, with prices, outside of food and energy, shooting up at the fastest pace in 15 months. Notwithstanding the recent drop in the price of commodities such as crude oil and gold, the costs of energy, such as gasoline for your car, and basic foods (neither of which are counted in "core inflation" figures) have been consistently rising, hitting working people hardest. A cut in the interest rate by the Fed could serve to further drive down the dollar and fuel inflation. As the *Washington Post* (19 March) stated, "By reducing the interest rate financial institutions charge each other for short-term loans, the Fed makes money more readily and cheaply

available." The *Post* went on to note: "Through higher consumer prices, all Americans would effectively help pay for the rescue of the financial industry. The decline in housing prices might be tempered, but inflation would eat away at real housing values."

According to the *New York Times* (18 March), the Fed currently has a total reserve of some \$800 billion, half of which has already been pledged to rescue failing banks and investment firms. As former treasury secretary under Clinton, Lawrence Summers, pointed out: "There is a fundamental issue, which is that the financial system is short of capital and is under pressure to contract" (*New York Times*, 17 March). As it is, since last summer the Fed had already opened the loan spigot to banks at lower interest rates. But the banks have jacked up their interest rates to borrowers, whether businesses or households, while imposing more stringent conditions for making any loans at all and shunning all but the safest securities. Meanwhile, corporate executives are disinclined to borrow to expand production and employment with an economy that is likely already in recession.

For Class Struggle!

The economic downturn has become one of the central factors in the Democratic primaries between Barack Obama and Hillary Clinton, with each of them proposing plans to stimulate the economy while laying the impending recession on the doorstep of the Republican administration of George W. Bush. But the economic ills suffered by America's working masses are not fundamentally the product of the particular policies of an administration, notwithstanding its overt hostility to workers and the poor. For decades, workers' productivity has drastically increased while real wages have fallen. Economic crises are a result of the irrationality of capitalism, under which social production is based on the private ownership of the means of production.

From the militancy shown by immigrant and black workers in the years-long bitter struggle to organize the Smithfield pork processing plant in Tar Heel, North Carolina, to the 2003-04 strikes by grocery workers in Southern California, to the 2005 New York City transit strike and the ongoing strike against American Axle by the United Auto Workers, working people have shown their willingness to fight to defend their livelihoods. But they face formidable obstacles. Union-busting is a billion dollar industry, and the bourgeois rulers have on their side a panoply of anti-labor legislation and the entire state apparatus—consisting at its core of the police, courts, prisons and military—which exists to defend the rule and profits of the bourgeoisie.

Within the labor movement, the proletariat is saddled by a pro-capitalist union bureaucracy that promotes the lie that the interests of labor and capital are compatible. This bureaucracy, which parasitically sits atop the unions, is on the one hand susceptible to the demands of its working-class base. At times, it is pressured both by labor's ranks and the provoca-

Break with the Democrats! For a Revolutionary Workers Party That Fights for a Workers Government!

tions of the bosses into strikes and other labor action. On the other hand, they have often thrown in the towel or signed egregious give-back contracts. Unions will not get anywhere playing by the bosses’ rules. It is necessary to revive mass picket lines that stop the scabs, sit-down strikes and plant occupations, secondary boycotts and other methods of class struggle that built this country’s industrial unions and that the trade-union tops have by and large renounced today. This poses the need for a struggle against the politics of the current crop of union misleaders in both the AFL-CIO and Change to Win union federations.

Wall Street is not a world unto itself, governed exclusively by the actions and interactions of investment bankers, money managers, corporate CEOs and other “players.” The increasing disappearance of good jobs and their replacement by McJobs, the slashing of pensions and health care benefits, the enormous weakening of the unions—all this and more takes place with the acquiescence of the labor tops. Instead of mobilizing in struggle, they tie working people and the oppressed to the capitalist system, especially through support to the Democratic Party, the other party of American capitalism, racism and war. Every year, millions upon millions of dollars of union

presidency, highly touted by both Barack Obama and Hillary Clinton, was that federal government budget deficits gave way in the late 1990s to surpluses for four straight years for the first time since the boom years of the late 1920s. From the outset, reducing government expenditure was the number one economic priority of Clinton and the “New Democrats.” Shortly after winning the election in November 1992, he remarked: “We’re Eisenhower Republicans here.... We stand for lower deficits, free trade, and the bond market. Isn’t that great?” (quoted in Robert Pollin, *Contours of Descent: U.S. Economic Fractures and the Landscape of Global Austerity*, 2003).

The Eisenhower administration in the 1950s came to power only a few years following U.S. imperialism’s victory in the Second World War, which was accompanied by the devastation of European and Japanese industrial capacity. By the early-to-mid 1950s, the U.S. had by far the largest and most technologically advanced productive capacity of any capitalist country. American-manufactured products dominated world trade, while the dollar, then considered “as good as gold,” dominated international financial markets. Under these circumstances, American capitalism could thus afford to improve the living stan-



Hol/L.A. Times

Homeless on Los Angeles streets.

members’ dues are wasted on backing one capitalist politician or another as a “friend” of labor, as has already begun to happen this election year with some unions supporting Clinton and others Obama (while others are biding their time to see who gets the nomination).

What is necessary is a fight to build a new, class-struggle leadership in the trade unions that begins with the understanding that the interests of labor and capital can never be reconciled. Forged in struggle, such a leadership will link the struggles of the working masses to the fight for immigrant rights, mobilizing for full citizenship rights for all immigrants, and against black oppression, the cornerstone of American capitalism. The need for a fighting union leadership must be part of the struggle to build a revolutionary workers party, independent of and opposed to all the capitalist parties and their politicians, that fights for working-class rule. Within the framework of the capitalist order, trade-union struggles for higher wages and better working conditions are essentially a type of guerrilla struggle. The working class will be subjected to continual attempts to increase the rate of exploitation and to the threat of deepening immiseration until it expropriates the capitalist class through a socialist revolution and establishes a planned economy in which production is for the benefit of the whole of society.

Myths of the Clinton Administration

It is today a widespread illusion—promoted by both the Democrats and the trade-union tops—that the time of the Clinton administration represented “golden years” for America’s working people. In fact, the Clinton administration oversaw the massive slashing of social services, such as welfare, the unprecedented rise in the rate of incarceration, especially targeting young black men, and the further weakening of the unions.

One of the main structural changes in the U.S. economy under the Bill Clinton

Welfare recipients in Los Angeles, 1994. Democrat Bill Clinton gutted welfare in 1996, starving millions of single mothers and their children.



Lehman/SABA

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

This dynamic was clearly exhibited by the telecommunications industry, one of the mainstays of the “new economy” of the late 1990s. The return on capital for telecom companies fell steadily from 12.5 percent in 1996 to 8.5 percent in 2000. Telecommunications was an extreme case of what happened throughout the economy as the boom went bust. *Business Week* (9 April 2001) summed it up—from the standpoint of capital, of course, not labor:

“After years of frantically investing to build up the human and physical capacity to keep up with soaring growth, the U.S. economy is struggling with overcapacity as far as the eye can see. From Intel’s half-finished building in Austin, to the multitudes of identical retail stores that seem to dot every other corner, to the gaping, empty billboards that loom over New York’s Times Square, every sector is struggling with the hangover caused by too many years of too much investment.”

Obviously, for working people there cannot possibly be *too many* job opportunities and goods and services available. What business executives and their ideological spokesmen mean by “overcapacity” is that the U.S. has the actual capacity to produce more goods and services than can be sold *at a satisfactory rate of profit*. Writing in the 19th century, Marx explained in *Capital* (Volume III):

“There are not too many necessities of life produced, in proportion to the existing population. Quite the reverse. Too little is produced to decently and humanely satisfy the wants of the great mass.... “Too many means of labour and necessities of life are produced at times to permit of their serving as means for the exploitation of labourers at a certain rate of profit.”

The stock market boom of the late 1990s was driven by *speculation*, with Wall Street manipulating both the demand for and supply of corporate shares. The price of a corporate share usually contains what Marx called “fictitious capital.” That is, the market value of the outstanding shares of a given corporation is *greater* than actual value of its productive assets such as plant and equipment. The difference arises because the share price includes an *expectation* of future profits. During a stock market boom, the volume of fictitious capital reaches stratospheric levels because the *expectation* of higher stock prices becomes the main factor driving up their price.

Beginning in the 1980s, corporate America, encouraged by changes in tax laws, shifted from pension plans with defined benefits to contributing a certain amount to workers’ 401(k) plans or other types of individual retirement accounts. Working people were in effect forced to provide for their old age by investing in the securities market, weighing potential

gains against risk. Wall Street launched a hard-sell advertising campaign to convince the American public that stocks were the best possible long-term investment. “You can’t beat the S&P 500” became the conventional wisdom propagated in brokerage offices, bank trust departments, the financial columns of daily newspapers and TV ads by big Wall Street firms.

During the 1990s boom, most large corporations repurchased on a massive scale their own outstanding shares, expending for this operation an average of \$120 billion a year between 1994 and 2000. Some 40 percent of after-tax corporate profits, rather than being invested in increasing productive capacity, was instead expended in giving mainly wealthy stockholders windfall gains to artificially inflate share prices. These financial manipulations thus had a *negative effect* on expanding productive capacity, especially in manufacturing. The share of industrial plant and equipment as a percentage of all business assets fell to 18 percent in the 1990s, the lowest level in the entire post-World War II era. Since then, the decline of the manufacturing sector has continued apace. The mainstay of the economy in the first years of the 21st century was the now-collapsed housing boom that added not one whit to real productive capacity.

How Wall Street Fueled Housing-Price Bubble

Not that long ago, most residential mortgages were held by commercial banks or companies specializing in home finance. Then, about the time that the stock market boom went bust in 2000-01, large institutional investors such as corporate and government pension funds, insurance companies and hedge funds (private investment pools accessible only to financial institutions and the wealthy) went into the residential real estate market in a big way. Abetting the massive influx of finance capital into residential real estate was Greenspan’s Fed, which kept interest rates low by historical standards (or even in the negative

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A Spartacist Pamphlet

Imperialism
the “Global Economy”
and Labor Reformism

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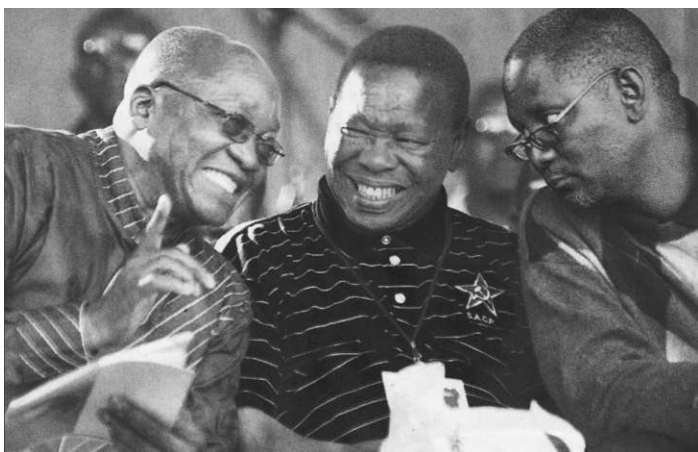
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South Africa...

(continued from page 1)

are facing retrenchment (layoffs) as the bosses threaten to shut down less productive mines.

We noted after Mbeki ousted Zuma as deputy president in June 2005, ostensibly for corruption, that “the SACP and COSATU tops have sought to deflect the growing anger against the government among the working class and township poor into support for the Zuma ‘camp’ of the ANC” (“Permanent Revolution vs. ‘Two-Stage’ Stalinist Betrayal,” WV No. 875, 1 September 2006; reprinted in *Spartacist South Africa* No. 5, Spring 2007). We revolutionary Trotskyists are on principle opposed to the Tripartite Alliance, a nationalist popular front that subordinates the interests of the exploited and the oppressed to the capitalist ruling class. This is a *bourgeois government*, acting as the executive committee managing the affairs of the capitalist class as a whole. We do not extend any political support to any bourgeois politician, be it Zuma, Mbeki or Nelson Mandela. Nor would we run for an executive office of the capitalist state, such as mayor or president. From the local level to the



Theminkosi Dwayisa

Left: ANC president Jacob Zuma (left) with SACP general secretary Blade Nzimande and COSATU general secretary Zwelinzima Vavi. Right: Former COSATU president Willie Madisha with South African president Thabo Mbeki (right).



Business Day

be emancipated only through a socialist revolution that shatters the capitalist state and creates a workers state—the dictatorship of the proletariat.

As under apartheid, the role of the capitalist state in the “new,” “democratic” South Africa is to defend the rule and profits of the Randlords—and the interests of their senior partners on Wall Street and in the City of London—against the oppressed black, coloured (mixed-race) and Indian toilers. The fundamental racial divide between the privileged white

pro-capitalist leadership and programme. There is growing anger, discontent and ferment at the base of the SACP. A revolutionary workers party will be built in political combat against the SACP and other reformist groups, whose best elements must be won away from their class-collaborationist leaderships to the Trotskyist programme.

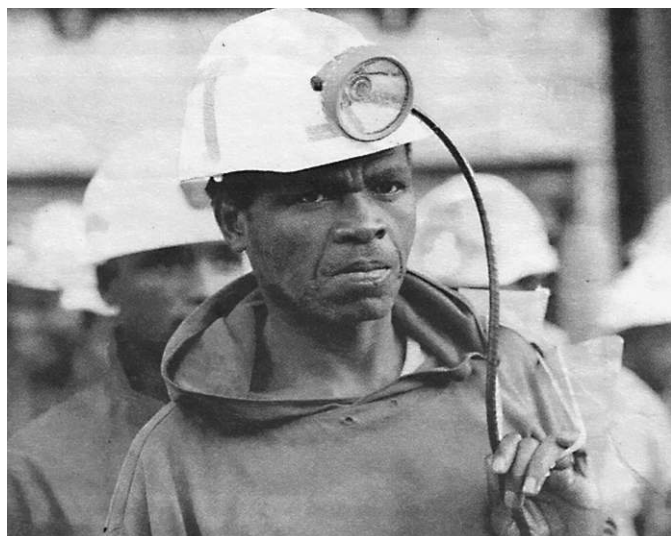
SACP, COSATU Tops: Capitalism’s Labour Lieutenants

By virtue of its role in production, the proletariat uniquely has the ability to withhold its labour power and thereby turn off the spigot of capitalist profit. This gives it the potential to lead all the oppressed to shatter the capitalist system of exploitation, seize the means of production and build a collectivised economy. Heavily overlapping the COSATU bureaucracy, the SACP leadership’s services to the bourgeoisie are not simply on an electoral level. It has been instrumental in containing labour struggle, at the same time providing ministers and provincial premiers to staff the ANC-led government and its repressive state apparatus.

The SACP’s loyalty to the bourgeois order was clearly seen in the 1990 Mercedes-Benz South Africa strike in East London, part of a massive upsurge in black labour struggle during the waning years of apartheid. Workers occupying the plant ran the flags of the ANC and SACP, recently legalised in the course of “power-sharing” negotiations with the apartheid rulers, up the company flagpoles. Recoiling in horror over this display of the workers’ social power, late SACP leader Joe Slovo and National Union of Metal Workers of South Africa (NUMSA) head Moses Mayekiso flew in at the company’s request to get the strikers back to work. As we warned in “South Africa and Permanent Revolution” (*Black*

icies of the RDP were supposedly reversed with the implementation of the 1996 Growth, Employment and Redistribution programme (GEAR). The SACP holds up the RDP as “proof” that an ANC-led government can be pressured to serve the interests of the working class. This is premised on a lying denial of the class character of the Tripartite Alliance: a bourgeois government that serves capitalist interests. The same fairy tale is pushed by reformists like the Democratic Socialist Movement which claims that up until the introduction of GEAR, the ANC could have been won to socialism!

As we noted in our press at the time, the RDP’s promise of reforms was a total sham (“Mandela Regime Cracks Down on Black Labor,” WV No. 637, 19 January 1996). The supposedly progressive period of the RDP largely coincided with the first post-apartheid regime, the Government of National Unity, a coalition between the Tripartite Alliance and the white Nationalist Party of F. W. De Klerk. It was in this context in 1995 that a militant municipal workers strike was fired on by the cops, and a national nurses strike took place. With nurses denouncing Mandela as “the driver of the gravy train,” a number of SACP and COSATU bureaucrats denounced the strike as “counterrevolutionary.” The strike was broken and 6,000 nurses were dismissed by the Eastern Cape provincial government headed by the late Raymond Mhlaba, who was SACP national chairman at the time! This was followed in 2000 by the crushing of a wildcat strike at Volkswagen in Uitenhage, near Port Elizabeth. After Thabo Mbeki, addressing Parliament, denounced the strike as “illegal and unjustified,” SACP leader Blade Nzimande called his speech “very unifying.” The SACP-dominated NUMSA bureaucracy mobilised to break the strike. More than 1,300 workers were fired, and 200



SAPA

Mine workers are strategic section of South African proletariat.

national government, such offices are responsible for commanding the armed bodies of men—the police, prison guards and army—that make up the core of the capitalist state.

Spartacist South Africa, section of the International Communist League (Fourth Internationalist), fights to break the proletariat and oppressed masses from the capitalist Tripartite Alliance and all forms of class collaboration. We fight to build a Leninist-Trotskyist workers party that stands for the political independence of the proletariat. Along the lines laid out by Leon Trotsky’s theory of permanent revolution, we say that the liberation of the exploited and oppressed requires a proletarian revolution that overthrows neo-apartheid capitalism and establishes a *black-centred workers government* that would expropriate the capitalist class and fight to extend workers rule internationally, especially to the imperialist centres of West Europe, North America and Japan.

SACP: A Bourgeois Workers Party

Opposing the fight for socialist revolution, the SACP declares that “the post-1994 democratic state is not inherently capitalist, it is, in fact, a sharply class-contested reality” (*Bua Komanisi!* Special Edition, May 2006). This claptrap flies in the face of the teachings of Karl Marx, Friedrich Engels and V.I. Lenin, who tirelessly argued that there is no such thing as a class-neutral “democracy” and combated illusions that the state can reconcile the counterposed class interests of the bourgeoisie and the proletariat. Every state is an apparatus of repression protecting the social interests and property forms of the dominant class. Summing up the lessons of the Paris Commune of 1871, Marx and Engels declared: “The working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes” (1872 preface to the German edition of the *Communist Manifesto*). The proletariat can

minority living in First World conditions and the mass of the black populace living in Third World poverty continues to exist. To justify its rule, the Tripartite Alliance promotes the ideology of nationalism—the false belief that the black African people, brutally oppressed by the white rulers, all have a common interest that stands higher than class divisions. The SACP packages this class collaborationism as the “national democratic revolution,” a version of the Menshevik-Stalinist programme of “two-stage revolution.”

The false consciousness of nationalism, now reinforced by the replacement of the arrogant technocrat Mbeki by the populist Zuma, is the glue holding the Tripartite Alliance together and the biggest obstacle to winning advanced workers to a Marxist viewpoint. A crystal clear example is the notion spread by the SACP, COSATU leaders and other reformists that black police in post-apartheid South Africa are the workers’ friends. This illusion is reinforced by the fact that some cops in the “new” South Africa formerly served as armed fighters in the ANC’s struggle against apartheid. Black cops under apartheid were despised because they were correctly seen as serving the interests of the oppressor. But now, the line of the ANC and its reformist supporters is that the state, with its majority-black “democratic” government, serves the masses. So a white cop may still be a racist Boer but a black cop is your “comrade.” Meanwhile, they’re doing the same thing: breaking strikes and firing rubber bullets at township and student protesters. The police are paid enforcers of racist capitalist rule. In South Africa and elsewhere, the ICL demands: Cops out of the labour movement!

The reformist SACP, with its decades of deeply ingrained class collaboration, is an obstacle to the fight to forge a revolutionary leadership of the proletariat and the oppressed masses. The SACP is what Lenin called a bourgeois workers party, with a working-class base and a

Kliptown, Soweto. Nearly 14 years after fall of apartheid, South Africa’s black masses continue to live in abject poverty.

Oupa Nkosi



History and the Class Struggle No. 8, July 1991), the SACP, drawing on its credentials for militancy in the fight against apartheid, “is the vehicle through which South African rulers seek to tame the combative black unions and draw them into active participation in the construction of the ‘post-apartheid’ capitalist state.”

A few years later the Mandela government moved to halt a wave of strikes by mainly black workers whose expectations had been raised by the demise of apartheid. This was the period of the Reconstruction and Development Programme (RDP), drawn up by COSATU, which the SACP paints as a golden era in line with its mythology of a “national democratic revolution.” The alleged “pro-worker” pol-

armed cops occupied surrounding townships to suppress resistance.

Last year’s public workers strike was sold out by the COSATU tops, who refused to mobilise unions like the miners and metal workers that had the social power to win the strike. The same SACP that claimed to support the strike acted as strikebreakers via its government ministers: Safety and Security minister Charles Nqakula set the army and cops against the strikers, while Intelligence Services minister Ronnie Kasrils unleashed his spies against the teachers union.

Leon Trotsky, co-leader with V.I. Lenin of the October Revolution of 1917, pointed out in his unfinished 1940 essay “Trade Unions in the Epoch of Imperial-

ist Decay”: “Either the trade unions of our time will serve as secondary instruments of imperialist capital to subordinate and discipline the workers and to obstruct the revolution or, on the contrary, the unions will become tools of the revolutionary movement of the proletariat.” There must be a new, class-struggle leadership of the union movement committed to the independence of the working class from the capitalist state. Forging such a leadership is inseparable from the fight to build a revolutionary workers party through breaking the proletariat from the Tripartite Alliance.

The Popular Front: Not a Tactic but the Greatest of Crimes

At the Polokwane congress, SACP national officers took positions at the very top of the ANC. These are the fruits of the long drawn-out call on workers to “swell the ranks of the ANC,” which plays on illusions that the working class can gain “hegemony” within the Tripartite Alliance. As part of the ANC-led government, the SACP tops bear responsibility for the government’s attacks on workers and the poor as well as the criminal neglect of those suffering from AIDS and HIV.

The ANC/SACP/COSATU alliance is a nationalist popular front, a *bourgeois* formation. As described in the Spartacist pamphlet, *The Stalin School of Falsification Revisited*, “The popular front is nothing more than an expression of the theories and practices of class collaboration—a bloc of organizations and parties representing various classes on the basis of a common program, the defense of bourgeois democracy.” In the popular front, the reformist workers parties accept the limits of the programme of their capitalist “ally.” The SACP/COSATU alliance with the ANC means the subordination of the independent interests of the proletariat to those of bourgeois nationalism. The Tripartite Alliance chains the workers to their class enemies where the capitalists and black elites are the riders and the workers are the horses. This will continue under Zuma.

In Russia, after the February 1917 Revolution, when the tsar’s government collapsed, the reformist Mensheviks supported the liberal bourgeois Provisional Government and later joined it, forming a popular-front government (though the term did not exist at the time). Lenin waged a merciless political struggle against the Mensheviks and those in the Bolshevik Party who conciliated them. This was crucial in preparing the Bolsheviks to lead the October Revolution, which created a workers state. It was in this period that Lenin programmatically converged with Trotsky, whose perspective of permanent revolution laid out that the Russian Revolution would succeed only as a proletarian revolution, supported by the poor peasantry and fighting for international extension. Although betrayed and ultimately sold out by the Stalinist bureaucracy that usurped political power from the proletariat beginning in 1923-24, the October Revolution contains crucial lessons for the fight for proletarian revolution in South Africa and internationally (see “The Development and Extension of Leon Trotsky’s Theory of Permanent Revolution,” WV Nos. 901-904, 26 October, 9 November, 23 November and 7 December 2007).

The history of the international working-class struggle against capitalist wage slavery abounds with betrayals by Stalinism, whose anti-Marxist dogma of “socialism in one country” meant pursuit of the pipe dream of “peaceful coexistence” with world imperialism and opposition to the struggle for international socialist revolution. In many cases workers paid with their blood for the treacherous policies of their leaders. An example was the Second Chinese Revolution of 1925-27, where Stalin’s Comintern ordered the Chinese Communists to liquidate into the bourgeois-nationalist Guomindang (GMD), which led to a bloody massacre of Communists and militant workers by the GMD. In 1935, with the elaboration of the “Popular Front” at the Seventh (and last) Congress of the Comintern, the Stalinists

explicitly and officially embraced the programme of class collaboration with the “democratic” bourgeoisies. Popular-front betrayals were committed in France and Spain in the 1930s, in Chile in the 1970s and elsewhere. Time and again, opportunities for workers revolution were squandered by the Stalinist misleaders. In 1936, Trotsky characterised the popular front as the “*main question of proletarian class strategy*” for this epoch. It also offers the best criterion for the difference between Bolshevism and Menshevism” (*The Spanish Revolution, 1931-39*).

Uses and Misuses of Race and Class in South Africa

The SACP uses the historical overlap between race and class in South Africa to justify its class-collaborationist alliance with the ANC, which dates back to decisions made at the 1928 Sixth Congress of the Stalinised Communist International. This overlap derives from the fact that the European colonial-settler rulers did not allow the development of a black African property-owning class. After the discovery of diamonds and gold in the second half of the 19th century, the capitalist class made fabulous profits in mining and other industries off the brutal exploitation of black, coloured and Indian workers.

It was not until the height of the anti-apartheid struggle in the 1980s, which was marked especially by the militancy of black labour, that the white rulers came to understand the importance of developing a black petty bourgeoisie as a *buffer* between the impoverished black majority and the privileged white minority. This began to take place before the post-1994 procession of ANC cronies riding the gravy train. The appetite by a layer of blacks to be integrated into the dominant white capitalist class was prevalent at the



no credit

1912 founding of the ANC, which was dominated by tribal chiefs, lawyers and other representatives of the black elite.

The ANC’s 1955 Freedom Charter, which many SACPers uphold as a “socialist” document, makes no reference to socialism or to the working class taking power. Raising basic democratic demands like “one man, one vote” and equality before the law, it called for the country’s mineral wealth, banks and monopolies to “be transferred to the ownership of the people as a whole.” While many point to this as a demand to nationalise industry and the land, this was a nationalist-populist call that had nothing to do with the socialist expropriation of the capitalist class. At bottom, the Charter sought to advance the creation of a black capitalist class. In any event, Mandela & Co. dropped all talk of nationalisations soon after “power-sharing” negotiations got under way. Today, while the Alliance government trumpets its “black economic empowerment” schemes, the black “credit card millionaires” remain indebted to the banks and their white sponsors. Hence financial corruption has become the main avenue of capital accumulation for the small layer of black exploiters.

During the 1980s there were huge confrontations between the apartheid regime and the oppressed masses. While defending the courageous anti-apartheid fighters against state repression, we stressed that “the ANC’s policy of ‘making the townships ungovernable’ is designed to *pressure*, not overthrow, the white rul-

January 2000: After more than 4,000 workers at Volkswagen plant near Port Elizabeth staged wildcat strike in defense of suspended shop stewards from NUMSA metal workers union, the South African Communist Party-dominated NUMSA bureaucracy mobilized to break strike. Over 1,300 workers were fired and 200 armed cops occupied surrounding townships to suppress resistance.



Robert Botha

ing class” (“Smash Apartheid! For Workers Revolution!” WV No. 395, 17 January 1986). Simultaneously the ANC had embarked on a campaign to persuade the Western capitalists to divest from South Africa. In 1994 the ANC did consummate its aspirations to share power with the white racist ruling class. Many complain today that the ANC in power has abandoned its “revolutionary” past. But what the ANC is doing is the logical outcome of its bourgeois-nationalist programme. In overseeing the exploitation of “their” own working people, they have acted in a fashion not qualitatively different from what was done by other former bourgeois-national liberation movements, such as those in Algeria or Zimbabwe.

A key factor in the ANC coalition’s accession to power was the 1991-92 counterrevolutionary destruction of the Soviet Union, which for decades had supported the ANC materially and diplomatically. As the Stalinist regime of Mikhail Gorba-

Execution of Chinese Communist in 1927, one of thousands massacred following coup by Guomindang (GMD) leader Chiang Kai-shek. Stalinists subordinated proletariat to bourgeois-nationalist GMD during 1925-27 Chinese Revolution and ordered Communists to join GMD, leading to bloody massacre of Communists and militant workers.

chev fell apart, and in the context of militant labour struggles in South Africa, the ANC embraced “power sharing” with the racist apartheid rulers, a section of whom accepted that ANC rule no longer threatened the white economic oligarchy.

The road to genuine national and social liberation in South Africa is laid out by Trotsky’s theory of permanent revolution, which is based on the understanding that the bourgeoisie in countries of belated capitalist development is too weak, dependent on the imperialists and fearful of the masses to carry out the democratic tasks associated with the classic bourgeois revolutions in England and France. *Only* proletarian socialist revolution can satisfy the acutely felt needs for social and economic justice for the oppressed majority. This perspective is powerfully captured in Trotsky’s 20 April 1935 letter

to his South African supporters: “Insofar as a victorious revolution will radically change not only the relation between the classes, but also between the races, and will assure to the blacks that place in the state which corresponds to their numbers, insofar will the *social* revolution in South Africa also have a *national* character” (quoted in the 1997 ICL pamphlet, *Polemics on the South African Left*).

The task of national emancipation requires the proletarian seizure of power and the establishment of a black-centred workers government, which would fight like hell to extend socialist revolution internationally. “Black-centred” precisely means that it is not racially exclusive but includes a full role and democratic rights for coloureds, Indians and those whites prepared to live under a government based centrally on the black African toilers. As we have noted:

“Instead of the mass starvation and inter-necine tribal strife which have marked the ‘independent’ neocolonial states of black Africa, proletarian class rule in South Africa will open the way to socialist construction, based on the higher levels of industry and culture, in which whites will also have a necessary place.... South Africa is the one place in sub-Saharan Africa where there is the possibility for a workers state, because here the black population has been partially absorbed, at the bottom, into a modern industrialized society which can, based on the revolutionary reorganization of society, provide a decent life for its citizens.”

—“South Africa: Razor’s Edge,” WV No. 376 (5 April 1985), reprinted in *Black History and the Class Struggle* No. 8 (July 1991)

We have defended our call for a black-centred workers government against the Workers International Vanguard League, an organisation based in the Western Cape that is characterised by a kind of “coloured nationalism” and that buys into the big lie that national liberation and racial equality can be achieved under capitalism (see “A Reply to the Workers International Vanguard League” in our 1998 pamphlet *Hate Trotskyism, Hate the Spartacists* No. 1). Against the capitalists’ divide-and-rule policies that pit sections of the working class against each other on colour, national and tribal lines, our call promotes the class unity of the proletariat, from the black miners to the large concentrations of the coloured and Indian working class in the Western Cape and the city of Durban and its surroundings, respectively. It also fights against tribal divisions among black Africans, which were artificially maintained and reinforced under apartheid but which continue to be felt.

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The Development and Extension of Leon Trotsky's Theory of Permanent Revolution

Leon Trotsky in jail in aftermath of 1905 Revolution. Trotsky's 1906 Our Revolution (top inset) included *Democracy and Progress*, which expounded theory of permanent revolution and was republished under title shown bottom inset in Moscow in 1925.

This month marks the 90th anniversary of the Russian Revolution led by the Bolshevik Party of V.I. Lenin and Leon Trotsky. The October Revolution was the defining event of the 20th century. It was the first time in history that the working class took state power, establishing the dictatorship of the proletariat.

The young workers state carried out an agrarian revolution and supported the rights of self-determination of all nations as well as had been the nation-progressive cause of the internationalist world war and inspired class-conscious workers in other countries to try to follow the Bolshevik example. The Third Communist International, which held its inaugural congress in Moscow in 1919, was founded in its spirit.

The October Revolution was a unique event in the history of the world, a unique confirmation of the theory and practice of permanent revolution and proletarian internationalism. Trotsky and his supporters fought against the nationalist slogan of "socialism in one country." Because of Soviet weakness, they were forced to accept the "peaceful coexistence" policy, which was a betrayal of the revolution. Trotsky's theory of permanent revolution was the only theory that could explain the world situation in 1917-1918. The workers state carried out the revolution in 1917-1918. The workers state carried out the revolution in 1917-1918. The workers state carried out the revolution in 1917-1918.

Trotsky formulated his theory in regard to Russia. He argued that the Russian revolution was not a bourgeois revolution, but a proletarian revolution. He argued that the Russian revolution was not a bourgeois revolution, but a proletarian revolution. He argued that the Russian revolution was not a bourgeois revolution, but a proletarian revolution.

From *War and Revolution in Post-Apartheid South Africa*

South Africa...

(continued from page 7)

An ominous example was seen recently in Welkom, Orange Free State, when the National Union of Mineworkers, South Africa's most powerful industrial union, became bitterly divided along tribal lines.

In reviving the call for a black-centred workers government, we note that we incorrectly stopped using this slogan after 2001. This deprived us of a crucial weapon in combating the illusion that the “national democratic revolution” has achieved a “rainbow nation” based on the ANC’s celebrated doctrine of “non-racialism.” Not a day passes in the “new” South Africa without a horrible example of continued racist oppression. In mid January, an 18-year-old white youth killed four black people and injured nine in a shooting spree at the Skierlik squatter camp in North West province. More recently came the revelation of a video shot last year by four white students at the University of the Free State, a stronghold of right-wing Afrikaners, that showed them grotesquely abusing older black workers on the campus, including by feeding them urine-spiked food. This was part of a campaign lasting more than a decade against integrating university residences.

The ANC and Neo-Apartheid Capitalism

In rallying support for Zuma, the SACP and COSATU misleaders point to his plebeian background and history as a central leader of Umkhonto we Sizwe, the ANC’s military wing, during the anti-apartheid struggle. Zuma, who spent ten years on Robben Island as a political prisoner, often sings the Umkhonto song, “Awuleth’ Umshini Wami” (Bring Me My Machine Gun), at his public appearances.

After he was ousted as deputy president, Zuma began playing to the anger at the base of the ANC over Mbeki’s purging and silencing of his opponents, portraying himself as concerned with workers and the poor. While Mbeki is viewed as wanting to move toward breaking the ANC from the SACP and COSATU, Zuma has repeatedly asserted the importance of maintaining the Tripartite Alliance. At last year’s SACP congress, Zuma liberally quoted from the *Communist Manifesto* and thanked the party for helping educate him. COSATU general secretary Zwelinzima Vavi recently told the *Mail & Guardian* (29 February), “We have never presented Zuma as a socialist who will lead a socialist revolution or a messiah with a magic wand. But we are comfortable with his leadership style; he is humble and accessible.”

In the lead-up to the Polokwane congress, Zuma travelled around the world in an attempt to reassure capitalists that he would not change government policy. More recently he suggested to the *Financial Mail*, a mouthpiece for the capitalists, that South Africa might need to reform its labour regulations—i.e., squeeze even more out of the workers. After catching heat from the union tops, Zuma turned around to declare that he would “lay down his life” for the workers. But when the public workers strike polar-



San Francisco, November 1984: International Longshore and Warehouse Union Militant Caucus supporters man picket line calling for solid union action to shut down all work on cargo aboard South African ship Nedlloyd Kimberley. The Militant Caucus, whose work the Spartacist League supported, fought for international labor boycott of all cargo to or from South Africa in solidarity with black South African workers struggle against apartheid.

ised the country last June, Zuma did not even express support for the strikers.

Zuma is a bourgeois populist politician, claiming to represent the interests of the people. But “the people” are divided into classes with counterposed interests. The two fundamental classes in modern society are the bourgeoisie, whose interests Zuma represents, and the proletariat. If Zuma becomes president, he will be the head of the capitalist state that exists to suppress the working class and the poor on behalf of the bosses.

Even within the framework of bourgeois politics, there is nothing inherently progressive about populism. Populist appeals frequently incorporate heavy doses of bigotry, appealing to backward attitudes pervasive in capitalist society. Thus Zuma openly expresses contempt for women and homosexuals. Notoriously, during his 2006 trial on rape charges, which resulted in his acquittal, he ignorantly said that he took a shower after having sex with an HIV-positive woman to prevent him from becoming infected! Mbeki, meanwhile, is infamous for denying that HIV causes AIDS.

Zuma has also called to get tough on crime, which we communists understand to be a code word used to prepare public opinion for further attacks against the poor and unemployed, and especially their immigrant components. He has said that there should be a referendum on bringing back the death penalty if enough South Africans express their support—a previously taboo issue among ANC leaders given the horrors of executions as a tool of apartheid repression. Moreover, the death penalty would be used as a weapon against perceived political opponents of the bourgeoisie, ultimately the proletariat and its vanguard. We are opposed to the death penalty as a matter of principle. We do not accord the state the right to determine who lives or dies.

Zuma also partakes in Zulu traditionalist practices such as polygamy and maintains ties to the Zulu royal family. Many Zulus and others saw Zuma’s dismissal in 2005 as an anti-Zulu plot by Mbeki and other Xhosa central leaders of the ANC. The ANC is not a tribalist organisation; it represents the interests of the (overwhelm-

ingly white) capitalist class against workers of all racial and ethnic groups: Zulu, Xhosa and other black Africans, Indians, coloureds and whites. However, the workings of capitalism ensure that tribal divisions are maintained and fostered under the ANC/SACP/COSATU government.

Lately Zuma has been running from one court to another to fend off revived and expanded criminal corruption, racketeering, money laundering and fraud charges. The charges came down shortly after Zuma’s victory at Polokwane, feeding the view that Mbeki was using state institutions to avenge his defeat. COSATU and the SACP have rallied behind Zuma over the case, calling to drop the charges. If Zuma is convicted at his trial, scheduled for August, he could be prevented from taking office as South Africa’s president following the 2009 parliamentary elections. There is already talk about the ANC replacing Zuma with his deputy, Kgalema Motlanthe, if this happens.

Our position is that the working class has no interest in taking a position on the charges against Zuma per se. The whole affair reeks of bourgeois hypocrisy. South Africa’s government is corrupt from top to bottom, as is every other capitalist government on the face of the earth. From our Marxist standpoint, the worst corruption is the political corruption represented by the SACP/COSATU misleaders’ tying the proletariat to its class enemy in the name of the “national democratic revolution.”

Left Tails of Tripartite Alliance

Spartacist South Africa is unique in calling to break with the Tripartite Alliance and to build a Bolshevik workers party. In contrast, the activity of the reformist left is firmly within the boundaries of the Alliance, reinforcing the political chains binding the masses to neo-apartheid capitalism.

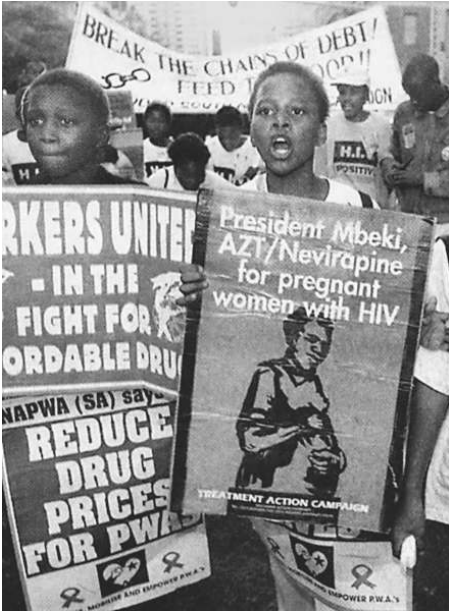
At the SACP 12th National Congress, dissidents centred in Gauteng and Eastern Cape provinces put forward a resolution that the party run its own candidates in the 2009 parliamentary elections, separate from the ANC slate. The argument that this would represent a form of working-class independence was a sham. The resolution explicitly asserted that the “revolutionary alliance led by the ANC” is “an historic and important alliance that should be preserved.” This meant that the SACP would continue to serve in the capitalist government but as part of a coalition with the ANC rather than as ANC ministers. The resolution’s backers included SACP cadres who claim to oppose the ANC but have actively suppressed workers struggles on behalf of the Alliance, not least by helping break the 2000 Volkswagen strike.

Some left groups criticise the SACP for its open embrace of Zuma while calling for mass pressure on Zuma’s ANC to supposedly force it to be responsive to the workers and the poor. This viewpoint is shared by some elements of the journal *Amandla*, which has ties to both the SACP and to bourgeois academics like Noam Chomsky and other spokesmen for the

popular-frontist World Social Forum (WSF). An *Amandla* (20 January) editorial on the Polokwane congress complained that “the leadership struggle has produced no candidate with an alternative to the social liberal or pro market policies implemented by Mbeki.” Covering up the bourgeois character of the ANC, it went on to say that “a popular tsunami” was necessary for “disentangling the ANC from the many threads binding the organisation, some of its leading members and its policies to big business.” Rather than calling to break from the ANC, *Amandla* is simply seeking to apply pressure to reform this bourgeois-nationalist organisation.

The same basic line is offered by the WSF-affiliated Anti-Privatisation Forum (APF), the Keep Left! organisation associated with the British Socialist Workers Party of the late Tony Cliff and the Democratic Socialist Movement (DSM) of Peter Taaffe’s Committee for a Workers’ International (CWI). The APF, to which Keep Left! is affiliated and whose honchos include Trevor Ngwane and former SACPer Dale McKinley, is financed by capitalist institutions like Oxfam (Canada) and War on Want, which receives funding from the European Union imperialists. This is totally in keeping with the World Social Forum, whose backers include such bulwarks of the capitalist order as the Ford Foundation and a number of bourgeois government leaders. The APF has always played the role of a left tail on the Tripartite Alliance, advising it on how to implement capitalism supposedly with a human face.

At a 26 January WSF “day of action” in Johannesburg, Keep Left! leader Alan Goatley shared the stage with SACP Gau-



Protesters in Durban march in 2003 to demand affordable retroviral drugs. ANC-led government denies millions of HIV/AIDS patients access to such medication.

teng provincial secretary Zico Tamela and others. With no words of criticism, they gloated about their renewed unity following the ANC congress. Keep Left! voted for the Tripartite Alliance government in 1994 and 1999 and during that time made an entry into the SACP, which did not last. These Cliffites entered the SACP based on their shared embrace of neo-apartheid rule and the proposition that now that the Soviet Union was no more, they could mix banners with this Stalinist party. These shameless anti-Communists enthusiastically supported the counter-revolutionary destruction of the Soviet Union.

The reformists’ subservience to the Tripartite Alliance was displayed at a 23 February public meeting in Soweto featuring speakers from the APF-affiliated Socialist Group, the Soweto Electricity Crisis Committee, a greater Johannesburg SACP district, Keep Left! and the DSM. While the meeting was titled “Is Jacob Zuma an Answer to the Workers’ Struggles?” the only clear “No!” came from Spartacist supporters and several others who intervened during the floor discussion period. In contrast, Keep Left! spokesman Claire Ceruti bragged, “We brought Mbeki down” and proclaimed

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that without mass protests, Zuma “will almost surely betray us.”

DSM speaker Weizman Hamilton described how his organisation spent nearly two decades as the Marxist Workers’ Tendency *inside* the bourgeois ANC, which they only left in 1996, when, he said, the adoption of GEAR supposedly marked the “turning point in the transformation of the ANC into the conscious agent of capital.” The DSM/CWI’s political support to capitalist parties and governments extends to Venezuela’s nationalist populist strongman Hugo Chávez, the bourgeois Green Party in the U.S. and far beyond. Hamilton cynically intoned that the ANC was never a working-class organisation. As one older black man said during the discussion period, why are we being told now, after all those years of supporting the ANC, that it is capitalist and that we need socialism?

Hamilton repeatedly raised the call on COSATU to form a “mass workers party.” This is not a call to break with class collaborationism but a pitch for a new *reformist* party. The COSATU bureaucrats already have a “mass workers party”: the SACP. Together they act to police the working class and township masses on behalf of the capitalist rulers. Speaking from the floor, Trevor Ngwane of the Socialist Group echoed the DSM’s pitch and stated that such a party would mainly provide an electoral alternative to the Tripartite Alliance.

Spartacist comrades intervened to put forward our programmatic opposition to the nationalist popular front and the reformist left that tails it. One comrade noted that the bourgeoisie deals with opposition not only through repression but also through co-optation. Pointing to the WSF/APF as exemplifying the latter, she described these formations as products of the counterrevolutionary destruction of the Soviet Union and “death of communism” ideology.

Another Spartacist speaker denounced Keep Left!’s line that cops are workers, stating that this tramples on the Marxist understanding of the capitalist state. Ceruti responded by indicating a member of the main police “union” in the audience, saying, “I’m very glad that the comrade from POPCRU is here” and that “police are also people.” The DSM is known for supporting strikes by security guards, prison guards and cops, while a number of SACP dissidents who swear allegiance to the dictatorship of the proletariat are involved in organising police “unions.”

**Leninist Party:
Tribune of the People**

In fighting to build a revolutionary workers party, we raise transitional demands that link the immediate, felt needs of the masses to the proletarian seizure of state power. Such demands can link the township poor, who are often the most combative in fighting for their needs but who lack social power, with the industrial proletariat, which has its hands directly on the means of production. The SACP and COSATU misleaders treacherously keep the township protests isolated from labour struggle, which is not surprising given that they are part of the government enforcing service cut-offs.

To deal with the astronomically high levels of unemployment especially among black Africans, we demand a massive programme of public works and the division of available work amongst all those capable of working through a shorter work-week without loss of pay. Such demands are vital in a country where millions lack decent housing and many have no electricity, telephone, water or even sewage services. The number of people trying to live on under US\$1.00 a day has doubled between 1996 and 2005. Prices of necessities are skyrocketing. We fight for a sliding scale of wages to fully protect against cost-of-living increases! As Trotsky wrote in the 1938 Transitional Programme, “If capitalism is incapable of satisfying the demands inevitably arising from the calamities generated by itself, then let it perish.”

**February:
Workers protest
after six workers
are killed in
furnace explosion
at Assmang
ferromanganese
smelter near
Durban.**



People have been on the waiting list for tiny, flimsy “Reconstruction and Development Programme” houses since 1996, and the backlog has become completely unmanageable. Nationalising privately owned urban land would lay the basis for building racially integrated residential areas, battering down the old apartheid walls and solving the problem of mass homelessness amongst the poor who live in squalid shacks and squatter camps. To finally redress the expropriation of land by white farmers, codified in the 1913 Land Act, and the relegation of rural blacks to the desolate former bantustans, a proletarian regime would expropriate the large commercial farms and promote collectivised and state-owned agriculture under the control of farm workers.

Currently, some 1,000 people die every day because of the criminal neglect of AIDS by the Tripartite Alliance government. The demand for expropriation of the pharmaceutical companies is critical in the fight to provide free anti-retroviral drugs to people with HIV/AIDS. Pouring massive resources into research to find a cure is an international necessity. A revolutionary workers party would call to nationalise all private hospitals and clinics as a step toward providing free, quality health care for all!

A Trotskyist party in South Africa would champion women’s equality, demanding equal pay for equal work and the full integration of women into the workforce as well as free, safe abortion on demand and an end to tribalist patriarchal practices such as *lobola* (bride price) and polygamy. Women were not only part of but often played a leading role in the early trade-union movement and in the struggles against the apartheid-era pass laws and repression in the townships, getting raped and violated in many different ways by the apartheid security forces. As Lenin noted in addressing the First All-Russia Congress of Working Women one year after the Bolshevik Revolution, “There can be no socialist revolution unless very many working women take a big part in it.”

The end of the last academic year and the beginning of the current one in January has seen fierce struggles by students at Wits University in Johannesburg, Durban’s University of Technology, Tshwane (Pretoria) University of Technology and other campuses defending their right to learn. The Alliance government’s response has been police repression, with scores of students arrested and many others fired on with rubber bullets. Free, integrated, quality education through the university level, with a living stipend for all students, and the nationalisation of private schools and universities is our answer to the financial exclusions facing students from poor and working-class backgrounds.

Against the myth that the neo-apartheid rulers are cohering a nation on the foundations left by the white-supremacist regime, we point out that South Africa is not a nation. The boundaries of almost all African states, including South Africa, were arbitrarily drawn up by the imperialists and have no national legitimacy. Anglo American and the other Randlords dominate not only South Africa but also many countries to the north. Our call for a black-centred workers government

is part of our struggle for a socialist federation of Southern Africa.

A large percentage of workers in mining and other industries in South Africa come from neighbouring countries and have been an integral part in building the economy and the labour movement. The leader of the first industrial union of non-white workers, the Industrial and Commercial Workers Union, was Clements Kadalie, an immigrant from present-day Malawi. We demand full South African citizenship rights for all foreign-born workers and their families and for whoever else has made it to this country!

It is in this light that we register our outrage against the brutal, apartheid-style midnight police raid against asylum-seekers from Zimbabwe and other migrants at the Johannesburg Central Methodist Church in January. The cops arrested some 1,500 people, stole legal papers and other personal possessions and assaulted occupants including Bishop Paul Verryn. “Illegal” farm workers from Zimbabwe are regularly rounded up and jailed, often without being paid for their back-breaking labour. With the Tripartite Alliance government using immigrants as scapegoats for entrenched poverty and unemployment, deadly attacks on Somali shopkeepers and other immigrants are growing in the black townships.

South African workers must defend the rights of immigrants as integral to the struggle for their own interests. This stands in counterposition to the COSATU leadership’s protectionist “buy South African” campaign. We fight to build a revolutionary workers party that acts as the tribune of the people, championing the rights of all the exploited and the oppressed—from immigrant workers and the unemployed to women and gays—against the common capitalist enemy. This is crucial in transforming the proletariat from being a class in itself to a class for itself—i.e., conscious of its historical task as the gravedigger of capitalism.

**For Revolutionary
Internationalism!**

The liberation of the black and other non-white masses can never be achieved short of the overthrow of South African capitalism, a system based on white privilege and superexploited black labour. A black-centred workers government would seize the economy from the fabulously wealthy conglomerates that are the true masters of neo-apartheid capitalism. It would expropriate without compensation the industries, mines and banks—the complete antithesis of the late SACP

leader Joe Slovo’s “sunset clauses” for the “democratic” transition, which guaranteed the privileges of the white population that owned everything while blacks owned nothing. The expropriation of the bourgeoisie would begin to lay the material foundations for social equality. But this perspective can only be fully realised through the extension of socialist revolution to the most advanced capitalist countries and the establishment of a collectivised, planned world economy.

Many militants in South Africa believe that a workers revolution would inevitably be crushed by the imperialists and write off the possibility that the workers in North America, Europe and Japan will ever overthrow their “own” capitalist rulers. No one would deny that the U.S. and other capitalist powers represent a formidable obstacle to proletarian revolutions. But the struggles of working people in the imperialist powers against the capitalist bosses—for example, the 2005 New York City transit strike in defiance of the law; last year’s French rail workers strike; this month’s public workers strikes in Germany—underline what we wrote in Part Four of “The Development and Extension of Leon Trotsky’s Theory of Permanent Revolution” (*WV* No. 904, 7 December 2007):

“The imperialist countries are class-divided societies with deep discontents and insoluble contradictions, necessarily leading to class and other social struggles. In the course of sharp class struggle and through the instrumentality of a revolutionary party that patiently educates the working class in the understanding not only of its social power but of its historic interests, the workers will become conscious of themselves as a class fighting for itself and for all the oppressed against the capitalist order.... “Our struggle to forge Leninist vanguard parties is based on the understanding that when such parties become rooted in the working class, this will reflect a qualitative change in the political consciousness of the proletariat.”

A proletarian revolution in South Africa would resonate powerfully among working people throughout the world, from Nigeria’s oil workers and the working masses of northern Africa to working people in Brazil, the U.S., Italy, Greece and elsewhere. Conversely, a successful proletarian seizure of state power in one of the imperialist countries would have enormous revolutionary repercussions in Asia, Africa and Latin America. All this underscores that the fight to build a Bolshevik workers party in South Africa must be waged as part of the struggle to reforge Trotsky’s Fourth International, world party of socialist revolution. ■

Spartacist South Africa

Newspaper of the South African section of the International Communist League (Fourth Internationalist)

Issue No. 5 (24 pages)
US\$1 R2
Subscription (4 issues)
US\$4 R10 (R20 Overseas)

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Thirteen years after the fall of apartheid, it has become increasingly evident to the black masses that the Tripartite Alliance government has not altered the social and economic conditions of the oppressed masses. The right, highly entrenched racial segregation and integration of apartheid is no more. But behind the liberal facade thereof, of the ruling African National Congress (ANC) and the democratic support of "one person, one vote", there

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Capitalism...

(continued from page 5)

once inflation is taken into account).

Financial operators now victimized low-income families, heavily black and Latino, with so-called subprime mortgages—home loans with sky-high commissions and interest rates, often disguised by low initial rates that were then jacked up after a few years. The tidal wave of subprime mortgages had its origins in banking deregulation of the 1980s and '90s. A 21 March piece in the *New York Times* by liberal mainstream economist Paul Krugman noted that to bypass government regulations, Wall Street created a “shadow banking system” that “took over more and more of the banking business, because the unregulated players in this system seemed to offer better deals than conventional banks. Meanwhile, those who worried about the fact that this brave new world of finance lacked a safety net were dismissed as hopelessly old-fashioned.”

The sharp increase in cutthroat competition caused many banks to close branches in minority areas and relocate them in higher-income, more profitable areas. The result:

“Subprime lenders took their place. Because many of these are mortgage and finance companies, they are not regulated as closely as are banks and other depository institutions.... Indeed, it may be that depository institutions set up subprime affiliates for these very reasons.”

—Richard Williams et al.,
“The Changing Face of Inequality
in Home Mortgage Lending,”
Social Problems, May 2005

As Bill Clinton was leaving office, a record 47 percent of black people owned their own homes. For many, it would prove to be a cruel illusion.

The financiers involved in the subprime business knew full well that many

reduced the outstanding balance on their mortgage to \$150,000. They then borrow \$200,000 against their house at a lower interest rate, repay the balance of the old mortgage and use the additional \$50,000 to pay for their children’s education, buy a second car or some other form of consumption. Thus the housing boom of the past half decade has actually resulted in a *decline* in family home ownership in *net financial terms*. While homeowners’ equity has increased by \$4.3 trillion since 2000, outstanding mortgage debt increased by \$5 trillion.

A Ricketty Financial House of Cards

Over the past several years there has been an enormous expansion of debt among all major components of the U.S. economy—households, corporations and the federal government. The past decade and a half has seen the effective disappearance of household savings, which three years ago actually turned negative. That is, American families consumed more than they earned mainly by converting home equity into additional mortgage debt. For most working-class families, the disappearance of household savings and escalation of debt has been mainly caused by the stagnation of real income. The *New York Times* (8 March) noted, “Most American households are still not earning as much annually as they did in 1999, once inflation is taken into account. Since the Census Bureau began keeping records in the 1960s, a prolonged expansion has never ended without household income having set a new record.”

To make ends meet, working people have borrowed against the equity in their homes, maxed out their credit cards or otherwise had recourse to the loan sharks of Wall Street. In 1995, on average U.S. households owed 62 cents in debt for

Dead German soldiers on battlefield, 1917. World War I was interimperialist carnage for redivision of world markets and spheres of exploitation.

Imperial War Museum, London



value derives from that of an underlying asset. A major attraction of using derivatives for speculation is that the amount of money that can be won if the bet pays can be enormous compared to the initial investment. Hillary Clinton—with a little help from a friendly trader—famously parlayed \$1,000 into almost \$100,000 by trading cattle futures. However, the losses in derivative operations can also be astronomical. The French bank Société Générale discovered this recently when a rogue trader’s secret bets on stock market indices went, in the space of a few weeks, from a gain (on paper) of almost \$2 billion to costing the bank a \$7 billion loss.

CDOs, derivatives and other new forms of money capital that were touted as spreading financial risk instead spread financial panic. What we are witnessing is a classic financial crisis such as described by Marx in *Capital* (Volume III): “This confusion and stagnation paralyses the function of money as a medium of payment, whose development is geared to the development of capital and is based on those presupposed price relations. The chain of payment obligations due at specific dates is broken in a hundred places. The confusion is augmented by the attendant collapse of the credit system, which develops simultaneously with capital, and leads to violent and acute crises, to sudden and forcible depreciations, to the actual stagnation and disruption of the process of reproduction, and thus to a real falling off in reproduction.”

Writing in the op-ed page of the *New York Times* (5 March), Stephen Roach, head of East Asian operations for the giant Wall Street investment bank Morgan Stanley, called attention to the parallels between Japan’s financial crisis in the early 1990s and that in the U.S. today. During the late 1980s, Japan’s central bank pursued a “loose” monetary policy fueling enormous speculative bubbles in both the corporate stock and real estate markets. When the bubbles burst, a large fraction of the “capital” of Japanese banks suddenly was transformed into “non-performing” loans. As a consequence Japan suffered years of economic stagnation—the 1990s were later called the “lost decade”—followed by a weak and halting recovery. Roach pointed out: “In Japan, a banking crisis constricted lending for years. In the United States, a full-blown credit crisis could do the same.”

In fact, as Marx observed in *Capital* (Volume III) more than a century ago, “The credit system accelerates the material development of the productive forces and the establishment of the world-market.... At the same time credit accelerates the violent eruptions of this contradiction—crises—and thereby the elements of disintegration of the old mode of production.”

Finance Capital and the Imperialist Epoch

Between the time Marx had written *Capital* and the end of the 19th century, the imperialist system—the system of modern, decaying capitalism—had developed within the most advanced capitalist powers. Underlying the close link between financial crises and the contraction of production and employment is the dominant role of finance capital in capitalist imperialism today.

In his 1916 study, *Imperialism, the Highest Stage of Capitalism*, Bolshevik leader V.I. Lenin emphasized that the

monopolization of production and the dominant role of finance capital impel the imperialist powers to divide the world as they strive for markets and spheres of exploitation in more backward capitalist countries in Asia, Africa and Latin America. Lenin underlined that large banks have become “powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and sources of raw materials in any one country and in a number of countries.” In a 1920 preface to *Imperialism*, he wrote: “It is proved in the pamphlet that the war of 1914-18 was imperialist (that is, an annexationist, predatory, war of plunder) on the part of both sides; it was a war for the division of the world, for the partition and repartition of colonies and spheres of influence of finance capital, etc.”

The struggle of the imperialist powers to redivide markets and spheres of exploitation also led to the Second World War of 1939-45. But there was a major difference: the existence of the Soviet Union, which emerged out of the 1917 Bolshevik Revolution and remained a workers state despite its degeneration under the nationalist Stalinist bureaucracy. In its drive to dominate Europe, Germany invaded and sought to subjugate Soviet Russia. The defeat of the German Wehrmacht by the Soviet Red Army decisively affected the shape of the postwar world. The United States, with the defeat of its main imperialist rivals, Germany and Japan, became the hegemonic world capitalist power. But the global hegemony of American imperialism was blocked by the Soviet Union, which had emerged from the war as the second-strongest state in the world.

In 1991-92, the Soviet Union, internally weakened by decades of Stalinist misrule, was destroyed by imperialist-backed capitalist counterrevolution. An important aspect of the ensuing bourgeois ideological triumphalism over this world-historic defeat for the international proletariat was expressed in the term “globalization.” Henceforth the financiers and industrial capitalists of North America, West Europe and Japan would supposedly exercise untrammelled economic domination throughout the world.

Many leftist critics of “globalization” accepted the basic premise that this constituted a new and fundamentally different form of capitalist rule. They maintained that large banks and industrial corporations had become genuinely “transnational,” that they were no longer tied to particular imperialist nation-states. Opposing this position, we wrote in our 1999 Spartacist pamphlet, *Imperialism, the “Global Economy” and Labor Reformism*: “This view expresses a *liberal idealist outlook* since it implicitly assumes that capitalists do not need state power—i.e., armed bodies of men—to protect their property against challenges from both the exploited classes and rival capitalists in other countries.... Whether undertaken by corporations, banks or other financial institutions, foreign investment depends on the political, economic and military power of the states controlled by the owners of these capitalist enterprises.”

The current international financial crisis has intensified the conflicts of interest between U.S. imperialism and its West European and Japanese rivals. Thus



Striking UFCW grocery workers in Inglewood, California, January 2004. Defense of health benefits was key issue in five-month strike.

of those loans could not be repaid. But they figured that as long as housing prices continued to go up, homeowners in financial difficulty, instead of defaulting on their loans, would refinance their mortgages or sell their homes to pay off their debt.

However, the housing-price bubble was not mainly fueled at the low (subprime) end of the mortgage market. Many affluent petty-bourgeois families and some better-off working-class families were burned when the stock market boom went bust in 2000-01. They were then convinced that housing was a much more secure and even lucrative financial investment than corporate securities. By 2005 over one-third of houses sold were *not* for primary residences but were rather vacation homes or purely speculative ventures. People were buying houses financed by mortgage loans with the intention of “flipping” them, that is, reselling them at a higher price.

At the same time, many families took advantage of the lower interest rates to extract equity from their homes by refinancing. Consider a family that purchased a house for \$300,000 ten years before. Suppose that through a decade of mortgage payments the family had built \$150,000 in equity in their home and

every dollar in income. A decade later the indebtedness ratio had almost doubled reaching \$1.16 for every dollar in income. Many working-class families are one or two paychecks from foreclosure on their homes, repossession of their cars, telling their children that they cannot afford to continue their college education or filing for personal bankruptcy.

In the banking sector, the tremendous expansion of risk and instability since the late 1980s is linked to important changes that have taken place in the structure and functioning of U.S. and global financial markets. The current financial panic was in part set off by a collapse of confidence in the value of CDOs (collateralized debt obligations) and other similar bonds that are issued based on the value of different classes of bundled mortgages, including subprime. The volume of such mortgage-backed securities soared from less than one trillion dollars in 2000 to over \$3 trillion in 2003. The current volume of CDOs circulating in financial markets totals \$6.5 trillion, an amount *greater* than the market for U.S. Treasury bonds.

A key component of the new financial architecture has been the explosive development of derivatives, securities whose

Mumia...

(continued from page 3)

the early International Labor Defense under the leadership of James P. Cannon and their campaign to free Italian immigrant anarchists Sacco and Vanzetti, who were framed up by the capitalist state and executed in 1927 [see “Lessons of the Fight to Free Sacco and Vanzetti,” WV Nos. 897 and 898, 31 August and 14 September 2007]. The policy of class-struggle defense means no illusions in capitalist injustice and all faith in the power of the masses. This understanding is the key to victory in the struggle for Mumia’s freedom. The social power of labor must be mobilized behind Mumia’s cause based on the understanding that he is innocent and the victim of a racist, political frame-up.

But instead, the fight for Mumia has been and continues to be demobilized by a policy pursued by liberals and the reformist left of impotent appeals to the “justice” and “fairness” of the capitalist courts, represented by the call for a new trial and a fairer process. In opposition to mobilizing the multiracial proletariat for Mumia’s freedom, reformists like the Workers World Party and the International Socialist Organization appeal to the bourgeois courts to do

right by Mumia. While the PDC stands for pursuing all legal avenues in Mumia’s case, we know that the pressure of international class struggle is necessary to compel the courts to free him.

The book *Murdered by Mumia* by Maureen Faulkner and right-wing radio journalist Michael Smerconish is a racist smear job on Mumia and on his supporters. It is a rallying cry for his execution, and for the racist death penalty more broadly. The publication of this book shows that there are two clearly defined sides: those who fight for Mumia’s freedom based on his innocence and the forces of racist “law and order” who seek his blood. The PDC published a fact sheet, *Big Lies in the Service of Legal Lynching*, which everyone here should get, read and distribute broad and wide [see www.partisandefense.org].

On February 19, citing procedural rules that bar as untimely the use of evidence discovered after trial and appeal, Pennsylvania’s Supreme Court turned down Mumia’s request for a hearing to present evidence that key witnesses in his 1982 frame-up trial perjured themselves under police coercion. The court once again slammed shut its doors to death row political prisoner Mumia Abu-Jamal, proving that there is no justice in the capitalist courts for Mumia. Still pending in the

U.S. Third Circuit Court of Appeals is Mumia’s appeal from a denial of his application for *habeas corpus* seeking to overturn his conviction. Oral argument in that appeal was held last May, and a decision, either upholding the death sentence, condemning Mumia to a life behind bars or ordering a new trial or additional legal proceedings, could come any day.

The U.S. federal appeals court is not required to consider all the issues that Mumia has raised—even though virtually every democratic right, from freedom of speech and association to a trial based on due process, was violated in Mumia’s case. The court is *not* considering *any* evidence of Mumia’s innocence or the state frame-up against him. The state and federal courts have refused to even consider the confession of Arnold Beverly that he, not Mumia, shot and killed Officer Faulkner. Get the PDC’s 2006 pamphlet *The Fight to Free Mumia Abu-Jamal—Mumia Is Innocent!* [see www.partisandefense.org/pubs/innocent/].

We don’t know when or how the Third Circuit Court will rule. However, we do know that the job of the courts is to carry out capitalist injustice and that Mumia’s case is a textbook example of police frame-up, an object lesson in the class nature of the capitalist state. The capitalist state, with its cops and courts, is a

machine for the organized violence by the capitalists to defend the profit system against working people, minorities and all the oppressed. The state is determined as ever to see Mumia executed or entombed for life. Comrades and friends, we have a real fight ahead of us.

In preparation for a decision—and because no other organization at the time had called for any protest—the PDC and Labor Black Leagues called for emergency demonstrations to take place the day after a decision if the Third Circuit Court of Appeals rules to uphold the death sentence or denies Mumia’s appeals for a new trial or a new hearing [for more information, see: www.partisandefense.org/events/]. After we initiated our emergency demos, other organizations, including the Free Mumia Abu-Jamal Coalition (NYC), have called for similar emergency demonstrations. The PDC will also be building a class-struggle defense contingent for the national Mumia rally in Philly called by the International Concerned Family and Friends of Mumia Abu-Jamal on the third Saturday after a decision. We call on you to take the bus down with us and march under our banner: *Mumia Abu-Jamal Is Innocent—Free Him Now! There Is No Justice in the Capitalist Courts! Abolish the Racist Death Penalty! Mobilize Labor’s Power—For Mass Protest!* ■

Tibet...

(continued from page 12)

supported the counterrevolutionary destruction of the USSR, a world-historic defeat for the international proletariat that has brought devastation and misery to the peoples of the former Soviet Union. In France, the misnamed Ligue Communiste Révolutionnaire, which is associated with Socialist Action in the U.S., immediately solidarized with the lamas, condemning the “repression which is meted out by the Beijing regime” and calling for “self determination” (18 March statement). Their Japanese affiliate, Kakehashi, called for the “right of self-determination for the Tibetan people” and demanded that China “accept an international investigation team” (*Kakehashi*, 24 March).

Meanwhile, the reformists of the Committee for a Workers’ International, which publishes *China Worker* and is associated with Socialist Alternative in the U.S., have declared themselves to be for Tibet’s “right to independence.” They saluted the supposed “radical layers” among Tibetan youth as against the “conciliatory approach” of the Dalai Lama, while admitting that “national independence on a capitalist basis can in no way solve the problems of the impoverished masses” (*China Worker*, 18 March). Enemies of the Chinese deformed workers state, these opponents of the revolutionary internationalist workers movement are willing to consign the Tibetan masses to the return of the lamaocracy. The pseudo-Marxists’ calls for Tibetan “independence” stand to the right of even the Dalai Lama, who admitted in 2005: “As the material development of China moves forward we gain materially, like the railway.

If we were a separate country it would be very difficult and we would not benefit” (*South China Morning Post*, 14 March).

Patterned after the Soviet Union after the usurpation of political power from the working class by the Stalinist bureaucracy, the Chinese workers state was deformed from its inception. The Chinese Communist Party (CCP) of Mao Zedong that carried out the 1949 Revolution was not a party based on the working class, but rather the peasantry. From the start, the CCP regime suppressed independent action by the working class, excluding it from political power. Representing a nationalist bureaucratic caste resting atop the collectivized economy, the Beijing Stalinist regime preached the profoundly anti-Marxist notion that socialism—a classless, egalitarian society based on material abundance—could be built in a single country. In practice, “socialism in one country” meant accommodation to world imperialism and opposition to the perspective of workers revolution internationally.

In their futile pursuit of “peaceful coexistence” with world imperialism, the Stalinist misrulers themselves undermine the defense of the Chinese workers state. The official statements from Beijing condemning the riots in Tibet have laid the blame solely on the Dalai Lama; left unsaid is the role of the imperialists. But as a *New York Times* (22 March) op-ed article by one Patrick French, a former director of the “Free Tibet Campaign” in London, stated, “The International Campaign for Tibet, based in Washington, is now a more powerful and effective force on global opinion than the Dalai Lama’s outfit in northern India.” This “Free Tibet” supporter went on to underline that “the European and American pro-Tibet organizations are the tail that wags the

dog of the Tibetan government-in-exile.” He also noted that “after scouring the archives in Dharamsala” he found “that there was no evidence” to support the claim raised by his and other “Free Tibet” groups that 1.2 million Tibetans have been killed since the Chinese entered Tibet in 1950.

At the same time, Chinese Stalinism has meant nationalism and Han chauvinism. During the misnamed “Great Proletarian Cultural Revolution” that began in the mid 1960s, in which Mao mobilized millions of student youth to buttress his position in an intra-bureaucratic factional feud, Mao subjected the Tibetans to fierce Great Han chauvinism. Tibetan language and native dress were proscribed. Much of what had been at the core of Tibetan culture was simply smashed up and destroyed, although with the beneficial side effect of driving monks into actual labor.

After Mao’s death, Deng Xiaoping lifted the strictures against Tibetan language, attire and hairstyles. At the same time, monasteries were rebuilt and refurbished, and idle monks returned in droves and numbered 40,000 to 50,000 by the late 1990s. Meanwhile, the “market reforms” initiated under Deng have increased Han privilege in the area. The real gains won by the Tibetan masses from the 1949 Chinese Revolution stand alongside continuing inequalities.

Over 92 percent of China’s population is Han. It is vital for the Chinese proletariat to combat the Han chauvinism of the Stalinist bureaucracy and oppose all discrimination against Tibetans, the Muslim Uighurs of Xinjiang and other national and ethnic minorities. What is needed is a fight to sweep away Stalinist bureaucratic rule in China and replace it with a regime based on workers democracy, expressed through workers and peasants councils and rooted in Marxist internationalism. This would be a workers

political revolution, not a social one. It would be based on defending the Chinese workers state and fighting for international socialist revolution. Key to realizing this perspective is the forging of a Trotskyist party in China. The fate of the Tibetan people is inextricably bound up with the struggle for proletarian political revolution in China and socialist revolution in the capitalist countries—from the Indian subcontinent to Japan, the U.S. and other imperialist centers.

Back in 1959, in the aftermath of the failed Tibetan uprising, James Robertson, one of the founding leaders of our international tendency and national chairman of the Spartacist League, wrote a leaflet that was printed in *Young Socialist* (June 1959), newspaper of the Young Socialist Clubs, forerunner of the youth group of the then-Trotskyist Socialist Workers Party (SWP). Robertson was a former member of a Shachtmanite organization that had a “third campist” (i.e., non-defensist) position toward the Soviet Union. An ardent communist, he was won to Trotskyism and joined the SWP. This leaflet, titled “The Tibetan Brigade: Crocodile Tears Stain the Monkscloth” and issued by the Eugene V. Debs Club of Berkeley, was his first statement of Trotskyist Soviet defensism. In it he asserted:

“The real choice for Tibet if Chinese control were thrown off is not independent nationhood but abject dependence on American arms, money and advisors.... “The victory of the Chinese Communist government is clearly the progressive choice in the present contest. However, to recognize this is not to whitewash that regime. But even in its distorted way it is part of great and positive changes on the Asian mainland, changes that eventually will be the Maoists’ own undoing. Through these very achievements the regime will be overthrown by the mass of people anxious to rule their own destinies without the intervention of a privileged elite. That is the future; the Tibetan monk-rulers are the past.” ■

the downward slide of the dollar against the euro has caused alarm in Europe, especially in France. The European plane manufacturer Airbus, citing “life-threatening” losses (jetliners are priced in dollars), is reportedly considering plans to relocate production to Alabama and elsewhere in the dollar zone. Likewise, the recent sharp decline of the dollar against the Japanese yen has hurt major corporations such as Sony and Toyota that are heavily dependent on exports. The German newsweekly *Der Spiegel* (30 November 2007) warned: “Rarely has the world economy been so out of whack or have global imbalances been greater.” The magazine expressed the anxiety of the German bourgeoisie over the deepening financial crisis in the U.S.: “In this case—when the ‘infection spreads,’ as a leading German banker

puts it—banks would be forced to make far more drastic value adjustments. Not only would this poison the spending climate, but it would also undermine foreign investors’ confidence in the US economy. This in turn would lead to a far more substantial slide in the dollar’s value, and probably a crash on the markets, which are still at surprisingly high price levels today.”

The continued existence of the bourgeois nation-state—the central political pillar of bourgeois rule—is a *fundamental barrier* to the rational expansion of productive capacity benefiting working people throughout the world. To achieve that, it is necessary to overthrow the capitalist-imperialist system through a series of proletarian revolutions that lay the basis for an internationally planned, socialist economy.

[TO BE CONTINUED]

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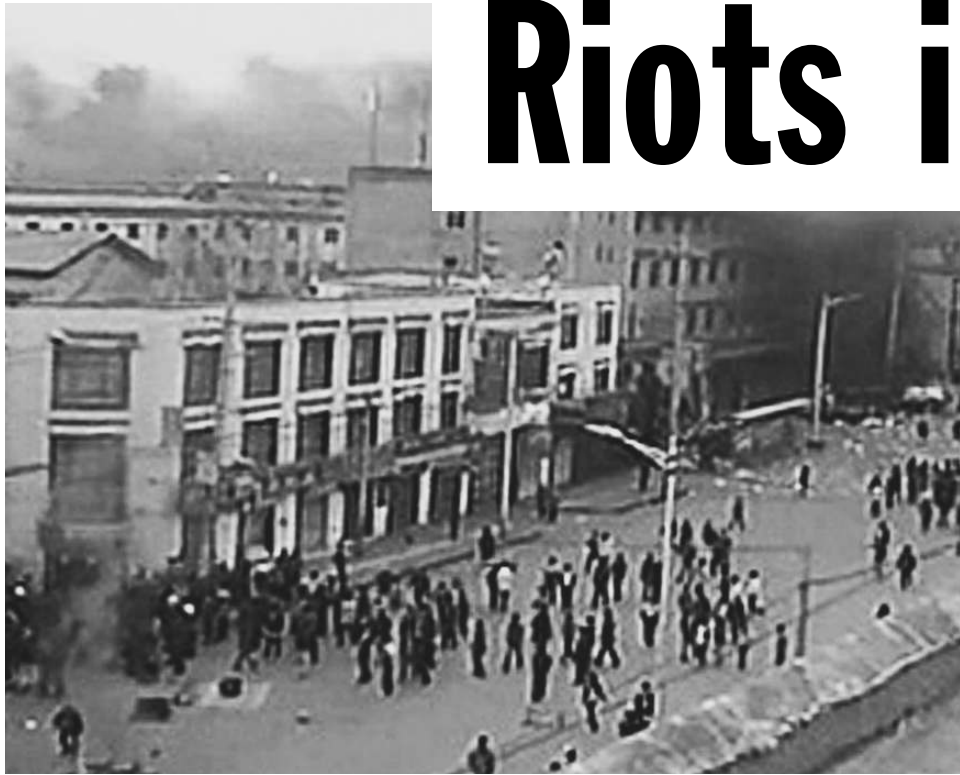
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WORKERS VANGUARD

Defend Chinese Deformed Workers State!

Counterrevolutionary Riots in Tibet



Lhasa: Counterrevolutionary rioters in streets (left). Owner sifts through remains of shop, March 16 (right). Ethnic Chinese businesses have been especially targeted by rampaging mobs.

“An orgy of anti-Chinese rioting.” That’s how the *Economist* online (14 March), which had the only official foreign correspondent in Lhasa, described the protests in the Tibet Autonomous Region. Launched on March 10 to commemorate the anniversary of the 1959 uprising against Chinese rule—an uprising inspired, armed and financed by the CIA—the protests were led by Buddhist lamas and were echoed by coordinated actions in China’s Gansu, Qinghai and Sichuan provinces, where there are substantial Tibetan populations. There was also a march in India from the center of the Dalai Lama’s “government in exile.” Shouting “Long live Tibet” and “Long live the Dalai Lama,” rioters led by monks, often at the head of teenage gangs, rampaged in Lhasa’s old Tibetan quarter, burning and destroying shops run by ethnic Chinese and killing at least 13 people. Among those attacked were also ethnic Chinese Hui, a Muslim minority in the region. The *Economist* (22 March) reported that “shops owned by Tibetans were marked as such with traditional white scarves.... They were spared destruction.”

The protests in Tibet are reactionary, anti-Communist and counterrevolutionary. As Trotskyists (i.e., genuine Marxists), we of the International Communist League fight for the *unconditional military defense* of the Chinese deformed workers state against imperialist attack and capitalist counterrevolution—as we do for the other remaining deformed workers states of North Korea, Vietnam and Cuba. The 1949 Revolution that overthrew capitalist rule in China has resulted in enormous gains for that country’s working and peasant masses, including for the people of Tibet, which, until the victory of Chinese forces there in 1959, was ruled by a pro-slavery “Lamaocracy.” The “Free Tibet” cause originated with the machinations of the CIA and other imperialist forces intent on restoring capitalism in China, which would once again reduce the country to semicolonial subjugation. The call to “Free Tibet” is a rallying cry for counterrevolution and

would in fact mean imperialist lordship over the Tibetan masses. The counterrevolutionary destruction of the Chinese deformed workers state would be a tremendous defeat for the international proletariat, including for the Tibetan people.

Before being crushed by the People’s Liberation Army in 1959, the Lamaist theocracy in Tibet was perhaps proportionally the largest and most idle ruling stratum in human history, economically supported by peasants, growers of barley and herders of yak. At base, this meant that the back-breaking labor was mostly

Chinese deformed workers state established secular education and constructed running water and electrical systems in Lhasa. As a result, the average life span of Tibetans, which had been 35 years in 1950, rose to 67 in 2001. Infant mortality, which was an astounding 43 percent in 1950, dramatically decreased to 0.661 percent in 2000. The recent opening of the Lhasa-Qinghai railway, connecting Tibet to China, has led to economic development and an improvement of living standards. These gains are testimony to the social progress resulting from the

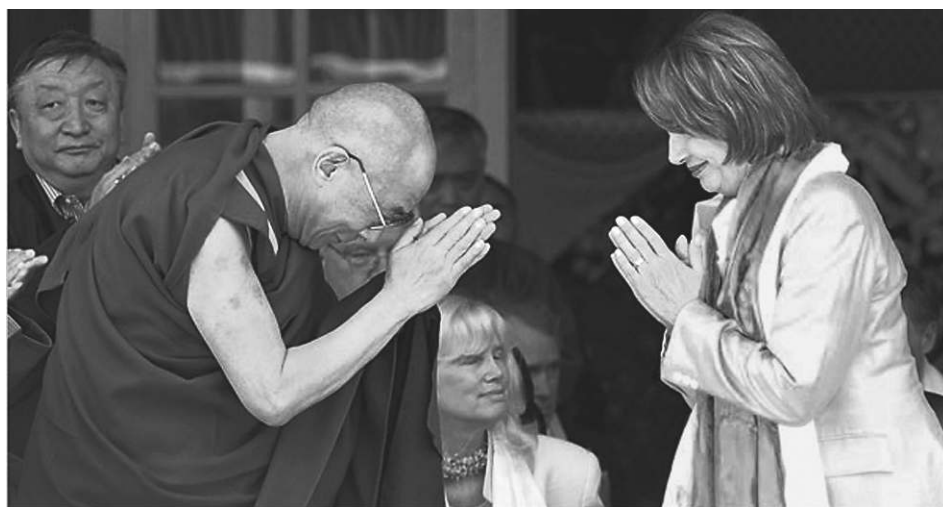
tion, with escalating military pressure. China, the strongest of the remaining deformed workers states, is surrounded by a whole system of U.S. military bases. Along with North Korea, it is on the Pentagon’s hit list as a potential target of a nuclear first strike, while the U.S. program of National Missile Defense has the strategic goal of neutralizing China’s modest nuclear capacities.

The imperialist rulers hope to take advantage of the upcoming Beijing 2008 Olympics to intensify their pressure on China through their support to the Dalai Lama. In a provocation that prefigured the Tibet riots, within a space of five weeks beginning last September the Dalai Lama met with German chancellor Angela Merkel in Berlin, U.S. president Bush in Washington—the first time a sitting U.S. president has met publicly with the Dalai Lama—and Canadian prime minister Stephen Harper. Now, British prime minister Gordon Brown has announced that he will host the Dalai Lama in London this coming May.

While the Bush administration has called on China to exercise “restraint” in Tibet, the Democrats have sought to outdo the Bush gang in belligerence toward China. After the Tibet riots broke out, Democratic House speaker Nancy Pelosi visited the headquarters of the Dalai Lama in Dharamsala, India. In a March 12 statement, Pelosi condemned “the violent response by Chinese forces to peaceful protesters in Tibet.” While Democratic presidential hopeful Hillary Clinton issued a statement declaring that “Chinese repression in Tibet continues,” Barack Obama’s statement echoed Pelosi’s in condemning “the use of violence to put down peaceful protests.” In fact, during the violent riots, China’s security forces “appear to have acted with relative restraint,” as the *Economist* online (16 March) reported.

For their part, the fake “socialists” are marching in lockstep behind their imperialist rulers’ attempts to foment counterrevolution in China, just as they

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March 21: Democratic House speaker Nancy Pelosi with Dalai Lama, leader of “Free Tibet” movement, a rallying cry for capitalist counterrevolution in China.

done by women, since both the monks and a not small portion of the male population, who emulated the monastic life after “sinning” by procreating, were employed in contemplation.

After suppressing the CIA-backed 1959 uprising, the Chinese government abolished *ulag* (forced peasant labor) and put an end to flogging, mutilation and amputation as forms of criminal punishment. The land, livestock and tools of the aristocrats who fled into exile were distributed to the peasants, as were the land and chattels of the monasteries that had participated in the uprising. The

expropriation of the capitalist class and landlords and the institution of proletarian property forms that issued out of the 1949 Chinese Revolution.

Especially since the counterrevolutionary destruction of the deformed workers states of East Europe and, in particular, the destruction of the Soviet degenerated workers state in 1991-92, China has been increasingly in the cross hairs of the imperialists. To promote counterrevolution, they combine pursuit of the economic openings offered by the Beijing Stalinist bureaucracy, through which they seek to encourage internal counterrevolu-