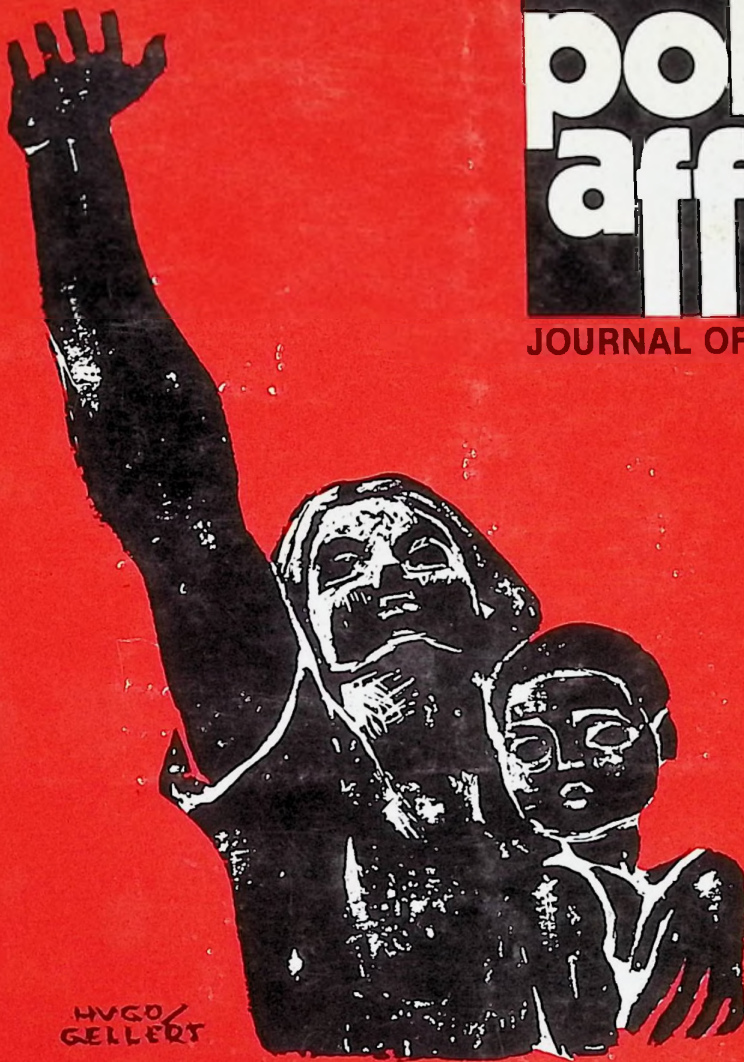


May 1981

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JOURNAL OF MARXIST THOUGHT



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GELLERT

**May Day**  
Editorial Comment

**Reaganomics—  
Rationale and Reality**  
Victor Perlo

**The Battle Against Reagan**  
Daniel Rubin

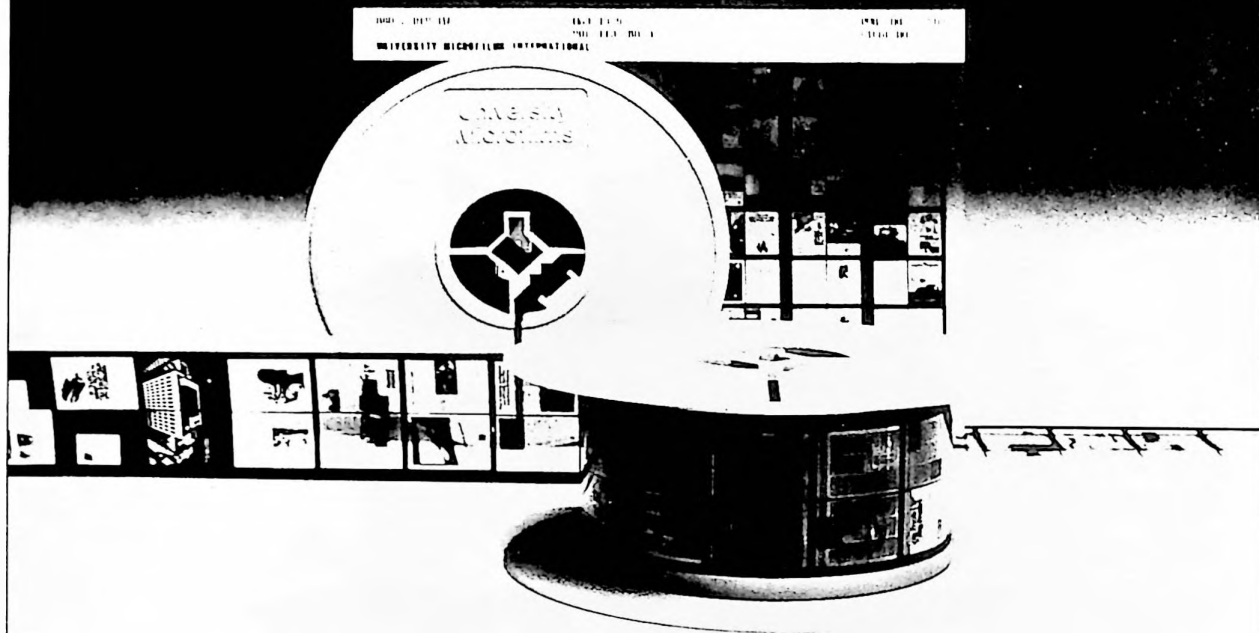
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**The Politics of Soap Operas**  
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# political affairs

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Volume LX, No. 5

May 1981

## Computer Error?

Computers are almost everywhere these days, and their maddening mistakes are often close behind. They may wrongly debit your bank account or bill you for un-ordered merchandise, and then stubbornly refuse to be corrected. Practically everyone has a horror story on this subject.

We regret to have furnished yet another example of the problem with our April issue.

Due to a problem originating with our computerized typesetting equipment, the text of Gus Hall's article—on computers, ironically—was garbled. Several manuscript pages were deleted, while another portion of the text was repeated.

We are printing the full text in this issue, with apologies to the readers.

Let us hasten to set the record straight on one point, however. Even though it is sometimes programmed to impersonate a human being, the computer, like any other machine, is controlled by people. Responsibility for its behavior (?) rests with the people who use it. The machine may malfunction, but to err remains human.

Cover illustration by reknowned labor and people's artist Hugo Gellert, who is currently celebrating his 90th birthday.

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# The Challenge to Our People— May Day 1981

EDITORIAL COMMENT

American workers and trade unionists should be proud that our forebears shared in setting aside one day on which the workers in all countries would gather in common cause as an expression of international workers' solidarity.

The International Workers' Congress, meeting in Paris, July 14, 1889, the centennial of the storming of the Bastille, the fortress symbol of feudalism, called on labor in the cities of the world to organize great demonstrations on some one day. Foremost among the demands which the workers, at the end of the last century, addressed to their respective governments was setting the 8-hour day as the legal workday.

The Paris Congress, uniting workers from 18 European countries, Argentina and the United States, chose for the international demonstration the day that had been picked for 8-hour day demonstrations in the U.S. by the American Federation of Labor at its St. Louis convention in December 1888. That first May Day was May 1, 1889.

Since then, for more than nine decades, oft in the face of frightful repression, the workers have demonstrated, in worldwide solidarity, for their common welfare. Each decade has witnessed a growth in the outpouring. And in more and more countries people's governments have supplanted the exploiters' rule.

The Paris Congress, in 1889, guided by the spirit of Marxism, linked the immediate strug-

gles of the workers with the goal of liberating humanity from capitalism. The congress became, in effect, the founding congress of the Second International.

★ ★ ★

The advent of May 1 this year demands a clear assessment by the workers of the situation in which we find ourselves. Behind the scenes the power of capital is being rapidly consolidated into ever greater monopolistic enterprises in industry and finance and in increasing domination of the great banks, insurance companies and other capitalist institutions over the entire economy. Economic power is being concentrated in the hands of an ever smaller cohort of capitalists and their giant corporations. With the concentration of economic power in the hands of fewer and greater monopolies, political power is increasingly dominated by the same monopolies. Our liberties are steadily curtailed and our culture corrupted by the same power centers.

The most reactionary, most militarist and aggressive, most repressive and racist elements of the U.S. ruling class—and their creature, the Reagan Administration—have brought our country to the brink of a frightening abyss. They would erase even the minimal people's gains, won in a half-century of struggle and sacrifice. They would resort to nuclear war against the Soviet Union in an effort to destroy socialism, to restore colonialism and to establish U.S. dominion over the world—a

truly mad conception in all its parts.

It is historically fitting that the new socialist world, the world led by the workers, is foremost in the struggle against nuclear war and for national liberation. It is fitting, historically, that the Soviet Union, where in October 1917 the workers, under Lenin's leadership, first triumphed over the exploiters, should be in the vanguard of the struggle for peace and liberation.

The attacks on democratic process, on the Constitution, are being blatantly stepped up by the Administration's encouragement of outlawry by the Central Intelligence Agency and the Federal Bureau of Investigation, in its condoning of the Ku Klux Klan and other nazi-spirited organizations, and in its support and training on U.S. territory of gangs of mercenaries for eventual deployment "south of the border."

In Congress a bipartisan offensive against democracy is the intent of the new McCarthyite enterprises being established there.

The Reagan Administration is abetted in its service to the reactionary monopolist circles by the Democratic Party leadership, which betrays its constituency on every front. Bipartisan support of the offensive of Big Business signals, loud and clear, the necessity for the American people to break out of the two-party deadend in which they are caught and to establish their own independent political vehicle that will represent their interests.

The growing anger among the people at the sacrifices which monopoly and the Reagan Administration would impose on them has brought forth a multitude of protest movements and demonstrative and democratic actions.

The Reagan Administration's support of the fascist-militarist regime in El Salvador has

aroused protest from coast to coast, especially among young people, among religious leaders, and others. They correctly discern in Washington's support of the fascist junta in San Salvador a rerun of Washington's support of the fascist junta in Saigon and, at the end of the road, another vast cemetery, this time of Salvadorean and American GIs.

The attempt to crush the liberation forces in El Salvador, to crush the people's government and restore a Somozaist fascist regime in Nicaragua, and to destroy socialist Cuba, are the first steps in a program for imposing militarist imperialism on the Caribbean, and on Latin America from the Rio Grande to Tierra del Fuego.

The supreme task of America's working men and women, this May Day, is to unite the growing protest movements into a torrent that will rebuff the Reagan Administration's reckless course toward nuclear war, will crush the attack on the people's living standards, and repel the White House's apartheid-like racism.

To these tasks the Communist Party and its members devote themselves from this May Day on, as they have in the past. A larger Communist Party will make the people's struggles more effective. It has in the past; it will in the future. We invite you to join in this struggle, for our class, the working class, for our people, for our nation—for peace and socialism.

The well-being of our people and our nation lies in the workers establishing and strengthening the international ties of solidarity with the workers of the socialist countries, with the workers in the other advanced capitalist countries and with the Third World nations.

"Workers of all countries, unite!"

# Reaganomics— Rationale and Reality

VICTOR PERLO

The U.S. economy provides the main base for the international offensive of monopoly capital and is the pivot of its domestic offensive. In the international arena, it is in transition to a war economy—still in a relatively early stage, but with plans already elaborated to go all the way. Domestically, the all-out anti-labor racist drive aims to increase profits at the expense of an unprecedented slash in the living standards of the majority of the population.

These two factors are part of the worldwide class struggle in a time of rapidly increasing internationalization of capital flows and economic inter-relationships. Abroad, U.S. monopoly capital pits itself against the working-class and national liberation movements of the world. It strives to seize the initiative, to stop and reverse revolutionary gains on all continents. In the United States, it is taking advantage of the lack of unity and relative political weakness of the working class to obtain a higher rate of profit and to strengthen its position against imperialist rivals.

*State monopoly capitalism is on the offensive.* The Reaganite talk of “reducing government regulation” and “releasing business initiative from government interference” is a charade to cover the gutting of social and environmental legislation and regulations. The mingling and merging of government and big business in pursuit of the global objectives of U.S. imperialism and the profits of big business have never been greater, and are being intensified all along the line.

Capital’s offensive occurs in a period of very rapid deepening of the general crisis of capitalism. Extremely deep contradictions are irreversibly weakening the world capitalist economy, and the U.S. economy in particular. The offensive of monopoly capital aggravates the contradictions and makes them more intractable. These contradictions include:

*Inflation, which has been a continuous feature of*

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world capitalism since World War II. Inflation has been accelerating during the past two decades. Arising from a complex of causes, it has become an incurable malignancy eating away at the vitals of decaying capitalism.

*Slow economic growth.* During the 1970s the rate of economic growth slowed markedly in virtually all industrial capitalist countries. Not only is there little prospect of a renewed upward surge, but government policies are directed toward holding down economic growth or even forcing declines in the hope of moderating other contradictions and strengthening capital against labor.

The combination of inflation and slow economic growth add up to the phenomenon known as *stagflation*.

*Unemployment* is on the uptrend throughout the world of capitalism. In some European countries, it is at all-time record levels. In the United States, on a cycle-average basis, it is at its all-time high except for the Great Depression of the 1930s.

The slow pace of economic growth is insufficient to absorb both rising productivity and the increase in the population of working age. Also, unemployment is aggravated in the United States and Western Europe by the influx of countless millions of impoverished workers and dispossessed peasants from Latin America, Asia, Africa and the southern fringe of Europe. These migrants have been left without means of livelihood in their homelands, which are being plundered by imperialism and are ruled by imperialist-sponsored regimes that impose extreme class exploitation, economic and cultural backwardness.

*Uneven development.* Lenin’s law of the uneven development of capitalism is especially operative in these crucial directions:

- Japanese and West German imperialism have gained at the expense of British and U.S. imperialism, resulting in a great reshuffling of world trade markets and the world investment balance. U.S. capital is losing ground and British capitalism is declining toward second- or third-rate status.

• Certain groups of developing countries have gained, and they have achieved partial, conditional, economic independence from imperialism. This applies to the members of the Organization of Petroleum Exporting Countries (OPEC), which have seized a large measure of control and ownership of their oil resources, and to such countries as Brazil and Mexico, which have attained medium degrees of industrial development and rapid economic growth. Still under capitalist or semifeudal rule, and still intertwined with world imperialism, however, the economic gains of these countries are not matched by social progress. Class contradictions and conflicts are growing explosively.

• There is uneven development of industries within each country. In the United States the dramatic growth of electronics, computers, aviation, oil and gas production has been at the expense of traditional "smokestack" industries such as auto and steel.

• In the last analysis, the most important form of uneven development is between *socialism and capitalism*: the steady growth and social progress in the USSR and other Council for Mutual Economic Assistance countries contrasted with the stagflation and social regression in the world of capitalism. Socialism, it is true, is affected by the deepening general crisis of capitalism, and by the arms race imposed by U.S. imperialism. But while these capitalist-inspired difficulties complicate and somewhat slow economic development in socialist states—especially where compounded by errors of leadership—they do not and can not stop its advance. The contrast becomes ever more marked, bringing out the overwhelming advantages of socialism for all working people.

The gains of OPEC have deepened two other major contradictions of world capitalism:

1. *The Energy Crisis*. In the post-World War II period, capitalist countries developed a one-sided pattern of energy consumption, especially in their industrial and transport structures, that was based on overemphasized use of the oil, obtained by the Seven Sisters—the biggest international oil monopolies—with tremendous superprofits, from the resources of developing countries. But this pattern ignored the actual level of world re-

serves of various resources. It included a dwindling use of coal—the virtual ending of its production in some European countries—and it failed to develop new sources of energy made possible by the advances of science and technology, or to provide adequate safeguards for nuclear energy. There was also no attempt made to organize rational economy in the consumption of energy.

The energy crisis is used by the oil and coal monopolies (in large measure the same) for unprecedented profiteering at the expense of the working people and as a means of vastly expanding their power and ownership over a wide range of U.S. industry and finance.

2. *Balance of Payments and Currency Crises*. The multiplication of the price of oil and gas has resulted in tremendous imbalances between exports and imports. Some of the oil exporting countries enjoy tremendous export surpluses and accumulate tremendous dollar reserves. In the case of Saudi Arabia and of some other countries, this is completely out of proportion to their population and general level of production, funding a new gang of feudalist, parasitic oil billionaires in world financial markets. Most oil-importing countries have negative trade balances, which have led to currency devaluations—including two devaluations of the U.S. dollar during the 1970s.

Hardest hit have been the non-oil-producing developing countries. Doubly impoverished by their traditional imperialist plunderers and by the increased price of oil, they have accumulated vast debts at extreme interest rates to the great imperialist banks.

This whole situation embodies the ingredients of a potential financial crisis of first magnitude enveloping the world of capitalism.

## U.S. Transition to a War Economy

One part of the military buildup is the acceleration of the strategic arms race in a new, and inevitably vain, attempt to achieve a superiority over the Soviet Union that would enable U.S. imperialism to launch a thermonuclear war and emerge relatively unharmed. Principal elements of this plan are the MX missile program, the Trident submarines and missiles, the project for medium-range strategic weapons in Western

Europe, projected military applications for the space shuttle program, which would convert space into an arena for launching nuclear war. These moves are in gross violation of the spirit, and probably the letter, of a whole series of USA-USSR arms control and peace-seeking agreements.

The other part of the military plan is the accelerated preparation for interventionist campaigns and wars of conquest to establish or preserve neo-colonialist domination in countries of Asia, Africa and Latin America, to reconquer countries liberated from imperialist rule—such as Angola and Nicaragua.

The United States is already deeply involved in the early stages of a "Vietnam-type" war in El Salvador. According to UPI, U.S. military instructors are teaching Salvadorean armed forces the tactics that failed in Vietnam, and "military analysts" expect the war to "go on for another two to four years, followed by as much as six years of scattered terrorism." (*New York Journal of Commerce*, March 31, 1981.)

Thousands of U.S. military men are already in Saudi Arabia and other Middle Eastern countries, along with the provocative AWACS planes, and the drive is intensifying to add permanent U.S. bases to the already extensive network.

Both "strategic" and neo-colonial tasks are assigned the Navy, which has a tremendous buildup in Reagan's program. The super-belligerent Navy Secretary, John F. Lehman, Jr., lays claim to domination of all the world's oceans, no less, and has proclaimed his intention to launch provocative raids off Soviet shores.

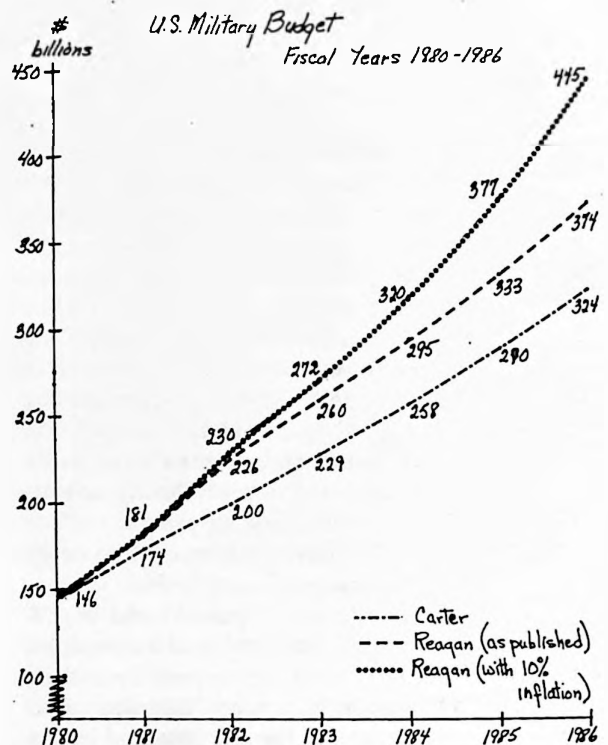
The huge increase in military weaponry will certainly require a substantial increase in the size of the armed forces, which, as combat dangers become more apparent, will not be supplied by voluntary enlistments, despite extraordinary salary increases. Undoubtedly the Administration plans to initiate a draft, but is holding back until its military budget is accepted and its military presence develops further in Central America, the Middle East, etc.

The military budget passed \$100 billion for the first time in 1976. Carter's plan was to double it by 1982 and triple it by 1986, but Reagan has already

gone far beyond that. His 1982 military budget now stands at \$226 billion, and the 1986 projection is \$374 billion (all figures are for fiscal years ending in September and represent national defense budget authority, which exceeds current year cash spending).

These figures, however, understate Reagan's escalation—they are based on absurdly low inflation factors, declining to 5 per cent by 1985-6. Allowing, conservatively, for a 10 per cent inflation rate—although experts claim that the actual rate of price increase for armaments is considerably more—the Reagan military budget will be \$320 billion in 1984 and \$445 billion in 1986, more than three times the 1980 level of \$146. (Chart 1.)

In "real" terms, the military budget is set to rise 13 per cent this year, 16 per cent next year, and 7 per cent thereafter, for a compounded total increase of 73 per cent in six years.



And these figures exclude vast quantities of military and military-related expenditures, also certain to soar. Reagan's budget does not designate



the big increase in the armed forces and house-keeping necessary to operate the enlarged Navy arsenal of missiles, planes and foreign bases. Account must be taken of the big "international affairs" and "space and science" budgets, which are becoming more and more military-dominated, and of the many billions of export sales of armaments through the Federal Financing Bank and other agencies. The related categories of interest on the national debt and veterans' benefits will also be pushed upwards by the skyrocketing military budget and activity.

According to Reagan's own figures, "national defense" outlays will rise from 23 per cent of the budget in 1980 to 37 per cent in 1986. But leaving out the "trust fund" outlays collected for special purposes, like social security, "national defense" comes to 58 per cent of Reagan's "federal funds" budget. With the addition of associated items, it will amount to 80 per cent of the "federal funds" total by 1986!

Vast segments of monopoly capital derive enormous profits and anticipate their further multiplication through this war budget. Unlike the situation in World War II, there is no price control, no holding down of interest rates, no excess profits tax. A broad list of armament contractors anticipate unrestricted, unheard-of profits from this lethal cornucopia of trillions of dollars dedicated to "national defense."

The gigantic MX program alone provides many billions for such major contractors as Thiokol, Aerojet, Hercules, Rockwell International, Avco, General Electric, Northrop, Martin Marietta, TRW, Honeywell, GTE-Sylvania, Boeing, Ralph M. Parsons, Charles Stark Draper Laboratories. And although the drive for profits for the armaments corporations has rarely been the *principal* force behind an expanding military budget, with this kind of incentive it must play a very important part in weighting policy in favor of the most aggressive, belligerent sections of U.S. monopoly capital.

The giant banks, which finance the armament contractors and profit from the usurious interest rates associated with the military budget, are also much involved. J.P. Morgan and Company, whose influence in the Reagan Administration is

apparently considerably enhanced as compared with previous administrations, emphasizes the utilization of the arms buildup to overcome recessions and to put a floor under the U.S. economy: "Defense spending...is developing as an increasingly important sustaining influence on the economy. The sharp rise in output of defense and space equipment, underway for several years...is certain to be further buttressed by the acceleration in defense spending which President Reagan has recommended." (*Morgan Guarantee Survey*, March 1981.)

But these bankers choose to overlook or minimize the negative effects of the arms buildup. Unlike the Vietnam War period, this arms buildup combines tactical weapons for neocolonial wars of conquest with a major strategic arms drive. As such, it will impose much more strain on the U.S. economy. And the U.S. economy, the relative world position of U.S. capitalism, is much weaker than two decades ago. It is far less able to absorb the strain of the military buildup currently projected.

Nobel prize-winning economist Professor Wassily Leontief says, "these huge jumps in military spending will mean higher inflation, a worsening balance-of-payments gap, a drain on productive investment, soaring interest rates, increasing taxes, a debased currency and, in the longer term, more unemployment...you face economic calamity. It is a very great gamble." (*U.S. News and World Report*, March 16, 1981.)

Needless to say, the danger of a devastating war resulting from this buildup and the policy that goes with it is infinitely more serious than the threatened economic calamity. The crude threats of Reagan, Haig and Weinberger against the USSR, Poland, Cuba, Angola, Nicaragua and the oil-producing countries of the Middle East match or surpass in recklessness and arrogance the early cold-war blustering of Truman, Acheson, Dulles, et. al.

### **The Assault on the Working Class**

Throughout the postwar period, U.S. capitalists have made basic gains at the expense of workers, partly rolling back positions won during the union organizing drives and unemployed workers' bat-

tles of the New Deal period. Using the difference between workers' wages and value added in manufacturing as a rough measure of the rate of exploitation, the workers' share has steadily declined while the rate of surplus value has increased from 150 per cent in 1949 to 272 per cent in 1977. This is an unprecedentedly high rate.

Early in the stagflation decade of the 1970s, monopoly capital succeeded in putting its losses in world position wholly on the shoulders of the working people, exacting an absolute decline in the real wage level. Real weekly take-home pay of a worker with three dependents, in 1967 dollars, fell, with cyclical fluctuations, from \$97.10 in 1972 to \$93.60 in 1977.

With the Carter Administration's escalation of the armament race and aggressive foreign policy, the pace of assault on the basic condition of the workers speeded up. Real wages fell to \$89.30 in 1979, \$83.56 in 1980 and \$80.90 in February 1981—and is still falling. One must go back to 1958 to find such a low level. (U.S. Bureau of Labor Statistics.)

The overall decline amounts to one-sixth, with more than half of it compressed within the past two years. As with bourgeois statistics generally, these do not tell the whole story. They understate the erosion in workers' real wages.

During the Carter years this loss was compounded by the beginning of a decline in the relative level of various social benefits, minimum wages, unemployment insurance, etc. In addition, with the average rate of unemployment increasing, workers were without regular earnings for longer periods of time.

These workers' losses did not take place spontaneously, or without substantial resistance and fightback. Monopoly employers used the weapons of plant shutdowns and of shifting production to lower-wage, unorganized areas in the United States and abroad on a tremendous scale. Scores of key plants were scrapped in such major industries as steel and auto, while thousands of smaller plants in light industry "ran away" or converted to sweatshop operations. Protection of workers' elementary rights—minimum wages, maximum hours, protective measures for women

and children, occupational health and safety regulation—was seriously eroded, primarily through the radical reduction of enforcement activity.

With industry dominated by conglomerates—corporations having, in some cases, hundreds of plants producing diverse products—and with a minority of workers in unions, and these divided by industry, monopoly employers have had an increasing advantage in combatting the workers. Unionized workers have been forced to conduct long, costly strikes to defeat employer "take-aways" and have not always been successful.

The anti-labor offensive has a pronounced racist character. On the one hand, the proportion of Blacks, Chicanos, Puerto Ricans, Native Americans, Asians and immigrant workers, especially from Latin America and the Caribbean, increased substantially. On the other hand, discrimination against them in wages and conditions of employment increased sharply.

It is no accident that the peak period of real wages in the United States, the early 1970s, was also the peak period in the ratio of Black to white wages. Nor is it an accident that 1972 was the year the last important civil rights employment law was enacted, and that enforcement has been steadily undermined ever since.

The ratio of Black to white family income declined by 6 percentage points between 1969 and 1979, and by 10 to 15 percentage points in the Northern and Western regions of the country. Outside the South the relative income position of Black people is worse than it was before the great civil rights struggles and legislation of the 1960s. (U.S. Census Bureau, Consumer Income Reports, Series P-60. Chart IV.)

The racist offensive against Black and other minority workers, including undocumented workers, has been the leading edge of the offensive against the entire working class. There is no possibility that white workers can gain through losses of Black workers, only the certainty that increasing discrimination against Black workers will bring losses to white workers also, if less sharp for the present.

The declining trend in real living standards does not reflect a decline in the real productive potential

of the country, in the ability of its working people to maintain better conditions and, among the vast multitudes of impoverished and deprived people, to radically improve their situation.

### Capitalist Superprofits and Luxury

No, the decline in real wages and the increase in unemployment reflect, basically, the diversion of income and wealth to the military and to the capitalist class—and especially to its top layers and their high-level professionals and managers—and the inability of the capitalist economy to adjust efficiently to these sharp, one-sided changes.

All the contradictions, all the barriers that interfere with capitalist production and produce stagnation and crises, are aggravated by these tendencies.

Corporation profits after taxes increased from \$41 billion in 1970 to \$163 billion in 1980, and are scheduled to double again in the next five years, according to banking and Budget Office projections.

“Profitability Goes Through a Ceiling,” is the headline *Fortune* puts over the discussion of its tabulation of the results of the 500 largest industrial corporations.

Never before in the 26 years for which the results were compiled, writes Carol J. Loomis, has the average rate of profit on stock capital gone above 12 per cent for any sustained period. But in the last five years, she writes, the average rate was 14.3 per cent, with a peak of 15.9 per cent in 1979 and a still very high 14.4 per cent in the recession year 1980.

The capitalists, feeling secure with a Republican administration, are flaunting their wealth and high living, as in the 1920s. *U.S. News and World Report* (March 30, 1981) writes of the rising inequality of income distribution under inflationary conditions: “while America’s vast middle class is either losing ground or barely salvaging its living standards, many higher-income individuals are improving their lot through hefty salary hikes and lucrative investments.”

In the deliberately confusing language of the ruling class, the term “middle class” is used to refer to the working class. The article goes on, “millions of middle income families—those earn-

ing roughly \$10,000 to \$30,000 annually—are being pinched to the point of becoming America’s new have-nots.”

The “haves,” in addition to salary and bonus increases matching or exceeding inflation, get “stock awards, deferred compensation and other incentives” that “can bring much more.... Executives are very adept at finding ways to get cash that doesn’t have to go on the W-2 form or into the proxy statement.” Focusing on executives and high-paid professionals, *U.S. News* neglects to mention the super-rich families with hundreds of millions or billions in investments, who get the biggest return of all.

The magazine graphically contrasts the flamboyant life style and profitable investment opportunities of the rich with the pinched situation of the masses.

Along the same line, the *New York Times* (March 29) describes “Life on the Expense Account”—there are “No Cuts Here.” Two-thirds of hotel bills, and most meals at better restaurants, are on expense accounts. The capitalists get their meals free, and both they and their companies avoid paying taxes on that part of their income. It quotes author Sidney Rutberg as estimating expense account living of the capitalists at \$54 billion annually, and rising rapidly.

*U.S. News* says America’s workers are “Angry, frustrated, and losing ground”; their losses “could prompt a new kind of class struggle.”

The class struggle is there, but it is the “old” class struggle of labor vs. capital. Now the capitalists have the initiative, and *U.S. News* fears that the workers will strike back, so it tries to divert the workers to fratricide by pitting the so-called “middle classes” against the “poor”—the recipients of food stamps, medicaid, unemployment insurance and other transfer payments won by the entire working class through years of political struggle. Needless to say, there are serious racist implications in this line, despite the fact that white people, per capita, receive more government benefits than Black.

### The Reagan Budget and Tax Offensive

The Reagan Administration has launched, for the capitalist class, a major offensive against the

working class and middle sectors of the population. Centering around the federal budget, this offensive was started by the Carter Administration, but it has been greatly magnified by the Reagan gang. It is easily the most concentrated, far-reaching assault in American history by big business and its government against the living standards of the people.

The main features, in addition to the outsize military buildup, are the radical slashes in all social and environmental programs—in effect, in all civilian programs other than big business subsidies and administrative provisions—and radical reductions in the already very low taxes on corporations and wealthy people. Aside from the trust fund insurance programs, Reagan's budget reduces civilian spending to a minor fraction of the total, to 13 per cent in 1986. It was 27 per cent in 1970. The cuts are projected to 1986, but in some cases the biggest slashes take place immediately; in other cases, in a year or two.

Entire programs will be completely or virtually wiped out, including CETA (a job program), mass transit operating subsidies, extended unemployment insurance and contributions to the black lung trust fund. Cuts of 30 to 70 per cent are scheduled for food stamps, child nutrition, cultural support and advanced energy programs.

The proposed tax cuts to benefit corporations and the rich are the most far-reaching yet. Through super-fast depreciation provisions, Reagan's plan would cut the effective corporate tax rate from an average of 27 per cent in 1980 to 16 per cent in 1986. By reducing the peak rate on property income to 50 per cent and the maximum tax on capital gains to 20 per cent, and by other Kemp-Roth cuts, the Reagan program would lower the effective rate on the *reported* income of individuals with incomes over \$50,000 from 25 per cent in 1980 to 18 per cent in 1986. Meanwhile, the Kemp-Roth cuts of 10 per cent per year for three years in the general schedule of individual income tax rates just about offset the inflationary bracket creep on lower and middle incomes. And thereafter, the effective income tax rate will increase, while social security withholdings also go up.

The effective withholding rate on persons with incomes under \$50,000, including both halves of

the employment tax, will thus increase from 18 per cent in 1980 to 20 per cent in 1986. Under Reagan's program, therefore, by 1986 corporations and individuals with incomes over \$50,000 will contribute only 16 per cent of federal revenues while working people will contribute 84 per cent.

This class character of the Reagan tax program is pointed out, if in muted terms, by a number of bourgeois economists, cited by Steven Rattner of the *New York Times* in a story headlined, "Economists Find Reagan Proposal for Cutting Taxes Favors Wealthy" (March 15, 1981). According to a study by Citizens for Tax Justice, the combined effect of 9 per cent inflation and the Reagan tax programs would bring about a 15 per cent cut in rates for those with incomes of over \$200,000; no change for those with incomes between \$15,000 and \$50,000; and a 28 per cent *increase* for those with incomes under \$10,000.

And this does not take account of two additional factors. Much of the reduction in effective taxation on corporations and the rich has resulted from Treasury Department regulations rather than from changes in the law. With Merrill Lynch's Regan at Treasury, the pace of these unofficial tax cuts may be expected to quicken. Also, since many of Reagan's budget cuts take the form of diminished grants to state and local governments, these taxes will certainly soar; state and local tax structures are even more regressive than the federal.

### Reaganite Economic Theory

The Reaganites claim that their anti-people maximum profits program will cut inflation in half, bring about rapid economic growth and an increase in labor productivity. They justify this not by logical analysis but by a mystical "rational expectation"—which boils down to wishful thinking, or faith, on the part of the Right-wing neophytes who tout the theory and to sheer deception on the part of the sophisticated capitalist economists who know well that the real purpose is to prepare for war and increase the rate of profit sharply at the expense of the masses.

Bourgeois economists are also well aware of the inner contradictions of Reaganite theory. For example, to double economic growth while cut-

ting the rate of monetary growth in half would require an unsustainable increase in the velocity of circulation of money; or to increase investment on the scale contemplated, while slashing mass living standards, would lead to gross overcapacity throughout the consumer goods industries. To pacify the public, however, the Reaganites say that good results can not be expected immediately. For this year, and possibly next, they say, production will decline, unemployment will rise, inflation will remain high. But there will be marked improvement in a couple of years, they claim, if only the public will be patient and take without protest or struggle the severe blows.

Of course the economic pie-in-the-sky promised by Reagan will never happen. The "rational expectation" will be dashed on its own inner contradictions, if it is not smashed first by the resistance of the working people, on whose backs the program is being executed.

### The Balanced Budget Fraud

Reagan's promise to balance the budget while combining monstrous military budgets with major tax cuts for the rich is not believed by anyone, except perhaps such arrogant Right-wing blusters as Budget Director Stockman and his theorist Arthur Laffer. Even their paper figures show continuing deficits into 1986. But they then deduct an additional \$30 to \$45 billion of "hoped for" savings, which even their economic gurus have been unable to find, in order to project a "balance" at the end of the period.

The entire budget projection, like the military part of it, has to be corrected to a realistic inflation rate of at least 10 per cent. On this basis, Reagan's budget deficit will rise to \$89 billion in 1983; \$112 billion in 1984; \$155 billion in 1985; and \$194 billion in 1986. Even bourgeois economists are predicting deficits in the \$80 to \$90 billion range as early as 1982.

Unquestionably such deficits will contribute to raising the rate of inflation and interest rates. There is a great increase in the probability that thousands of medium-sized and even large financial and industrial corporations which have been operating on the brink of bankruptcy will collapse. And this could readily get beyond the ability of

Washington to shore up with Chrysler-like adjustments, plunging the country into the worst financial crisis since the 1930s. The international repercussions of such fiscal irresponsibility would be very serious in the entire capitalist world.

Invariably, the masses of the working people will be the prime victims of these economic and financial calamities.

### The "Safety Net" Trick

Reagan, while ruthlessly undermining most social programs, leaves almost intact what he calls the "social safety net," consisting primarily of social security, medicare, unemployment insurance and veterans benefits. These happen to be the largest areas of non-military spending.

Unquestionably the beneficiaries of these programs are entitled to and need them as a "safety net." But by-and-large the recipients of food stamps, aid to dependent children, holders of CETA jobs, etc.—that is, those whose benefits are drastically to be cut or wiped out—need the "safety net" no less.

The Reagan strategy is one of *divide and rule*. It aims to isolate the poorest, most exploited, most discriminated against on account of race and sex from the rest of the working class. By promising not to deprive senior citizens and veterans, the Administration aims to hold off political action from the active and relatively powerful senior citizens' and veterans' organizations. In this way, the Reaganites hope, only limited numbers will participate in demonstrations and other actions against the anti-people programs.

*But if the Reagan cuts go through, the senior citizens and veterans will not be spared for long.* Already there is a tremendous clamor for slashing, or even ending, the indexation of social security pensions.

"The Reagan Administration," notes the *New York Times* (March 11, 1981), "chose not to propose cuts in these areas, largely for political reasons. The Reagan aides believed that budget reductions would be easier to achieve if applied to programs that each affected a relatively small number of Americans."

Budget Director David Stockman said that not enough could be saved in the short run to offset the political cost of going after social security at

present. But he indicated that he would go along with chipping away at it now—if others did the chipping.

And that's where the Democrats come in. While Senator Metzenbaum and Representative Savage and the Black Caucus, among others, attack the Reagan program, the Democratic leadership and most of the press strive to "correct" it on the spurious grounds of restoring fiscal responsibility. They refuse to advocate fiscal responsibility in the key areas of the military budget and taxation of corporations and the wealthy.

All sorts of formulas are advanced for cutting real social security benefits, which are currently adjusted each mid-year for the increase in the consumer price index. A major argument is that since workers' real wages are being cut, retired workers' real pensions should also be cut. So, it is said, either do not permit a rise in pensions exceeding the percentage rise in money wages, or manipulate the consumer price index so that it goes up more slowly. The fact is that already the consumer price index, far from "overindexing" inflation, underindexes it. It should be revised upward, not downward. And instead of cutting real social security, medicare, etc., the erosion of real wages should be stopped and reversed.

The false advocates of "fiscal responsibility" are not only going after Reagan's "social safety net." They are also striving to eliminate the nominal cuts in income tax rates for middle- and lower-income taxpayers. If this part of the Kemp-Roth program is quashed, effective taxes on the majority of the people will rise more rapidly than ever before.

### **The Fightback**

Evidence is mounting that the majority of the people are opposed to Reaganism in both its political and economic aspects. Reagan's decline in popularity polls, the large turnouts for demonstrations against intervention in El Salvador, the overwhelming New England town meeting votes for ending nuclear weapons production, the response to calls for marches on Washington against the Reagan war program, for jobs, for the needs of youth, the overwhelming majority of Congress-

sional mail in opposition to the belligerent line of Reagan, Haig and Weinberger, the alternative budget of the Congressional Black Caucus—all these and other developments show that there is a potential in the country for a really powerful, mass, victorious struggle against the big business, Reaganite program of war and poverty.

What is required, above all, is for the many trends of opposition to particular Reagan programs to unite into a massive struggle against all parts of it, and for a minimum program to be evolved to meet the people's urgent needs, to end racist discrimination and segregation, and to restore detente and make a start toward disarmament.

This is a rich country with a highly skilled working class. By drastically reducing the \$226 billion military budget for 1982 and using the funds saved for a five-year civilian program, much could be done to provide a decent life for all the American people, including:

- Construction of 3 million homes per year, publicly owned, good quality, unsegregated, to be rented at 10 per cent of the tenants' income;
- Provision of a good transit system, including commuter lines, for every large city in the country;
- Subsidy of frozen prices of foodstuffs and all other necessities;
- Provision of free education, health and cultural facilities for the entire population;
- Ending of all taxes on people with incomes under \$25,000 and reduction of taxes on those with incomes between \$25,000 and \$40,000;
- Through job creation programs, including the above, and a shorter work week with no cut in pay, the provision of jobs for all able and willing to work.
- Enactment of an effective affirmative action program, including quotas, to increase employment, income and access to quality education and unsegregated housing for Black, Chicano, Puerto Rican, Native American and Asian peoples.

These economic possibilities can become political realities through united political and economic struggles of the working people of the country, people of all races and nationalities.

# The Battle Against Reagan

DANIEL RUBIN

What is required to slow, halt and reverse the Reagan-spearheaded attack by monopoly capital on the interests of our multinational, multiracial working class and people? This is a difficult question, with which the Communist Party, USA, as well as many others, are grappling. The general direction is easier to come by than the specifics.

This is also the type of question with which progressive forces have been confronted throughout history: What is required to defeat reaction and achieve social progress? Karl Marx and V.I. Lenin gave answers to this question for the epoch of the domination of capitalism and the epoch of transition to socialism which, for the first time, were profoundly true and scientific. The theoretical foundations they laid—which must be constantly developed and applied in complex new circumstances—provide the tools for drawing sound conclusions for our situation today.

One important aspect of “what is required” is the question of what can and what can not be learned by the working class and other sections of the population through daily experience with exploitation and oppression, including the Reaganite attacks. Can enough be learned from daily experience to guide a successful fightback? If not, what additional knowledge is necessary? From where can such consciousness come? Are there sources of such consciousness other than the Communist Party?

To determine the qualities of mass consciousness necessary to defeat the Reagan-monopoly capitalist attack, one must examine a number of other problems: *Why* has the Reagan policy come to the fore *now*, and on whose behalf is it advanced? Can it achieve its proclaimed economic objectives? What is a realistic alternative policy? Which social forces can be won to oppose Reaganism, and which among these is most decisive? What hinders the potential opposition from playing a fuller and more active role? What *forms* of

expression of opposition can succeed? Throughout we will make our Marxist-Leninist tools of analysis explicit so that their value for the fightback may be judged.

## Reagan's Policies

It is first necessary to characterize the Reagan policy, including its self-justification. While it has not yet unfolded in every particular, and while there exist divisions within the Reagan Administration, its main lines are all too clear. Its overall aim, internationally and domestically, is to halt and reverse the decline of U.S. state monopoly capitalism through a qualitatively more aggressive and reactionary policy.

Thus it seeks to step up the arms race and to achieve military superiority over the Soviet Union. It avoids serious negotiations for arms limitation and for lessening tensions, viewing them as hindrances to its immense arms program. It takes openly hostile and provocative positions in relation to the USSR. It seeks to intervene in El Salvador and the Caribbean area, the Persian Gulf and Middle East and southern Africa, on behalf of the most racist and repressive regimes. The Administration even attempts to bludgeon other imperialist powers to support this confrontationist policy.

The Reagan domestic policy centers on restoring U.S. economic competitiveness in world markets by severely driving down the standard of living of the people and weakening their ability to resist, while giving a free hand to the monopolies and greatly increasing their profits. It is a policy of reducing programs for working people to a bare minimum, beginning with elimination of most federally supported social welfare programs by 1986. These programs are to be cut 15 to 25 per cent in fiscal year 1982.

A second feature is a three-year tax cut, two-thirds of which, according to Treasury Secretary Donald Regan, will go to the wealthy and big business.

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A third element of the Reagan policy is removal of regulations, won by long struggles, which protect worker health and safety, consumers, the environment and small business. Budget Director David Stockman claims such deregulation will save the monopolies \$100 billion.

Finally, Reagan proposes a "tight money" policy, that is, to keep down the supply of money. The aim is supposedly to control inflation. It also pushes up interest rates. This shores up the value of the dollar—at least temporarily—by attracting investors from overseas, but it tends to slow business activity, especially residential construction, by increasing the cost of borrowing.

Involved in putting across this policy is the promotion of racism to divert white working people and to split the working class. It embraces a racist "writing off" of Black, Chicano, Puerto Rican and other nationally oppressed peoples who are even more dependent on federal social welfare programs than white working people. The Administration opposes affirmative action programs and busing to achieve school integration and brings such open racists as Liberty Lobby attorney Warren Richardson into government. Racist, anti-labor and antidemocratic organizations such as the Moral Majority are encouraged and the fascist KKK and nazis are given an open field.

Political repression—the "unleashing" of the CIA and FBI, the pardon of top FBI criminals—is becoming more evident, and reactionaries arrogantly threaten electoral defeat through their control of the political purse to officials who even conditionally oppose them.

The Carter Administration's policies moved in the same general direction and created the pre-conditions for the Reagan victory. Reagan is qualitatively stepping up this movement and his policies are thoroughly reactionary. As analyzed in Gus Hall's report to the December 1980 Central Committee meeting of the CPUSA, this is not the direction the people were seeking and is not based on an electoral mandate.

It is not surprising, therefore, to find massive resistance growing rapidly on all fronts—foreign policy, economic program, racist and antidemo-

cratic attack. The scope and depth of this resistance already surpasses anything since the 1930s. Internationally, the Reagan policies are being more and more openly rejected by governments and peoples in Western Europe as well as in Africa, Asia and Latin America. Only a handful of the most dictatorial regimes welcome the Reagan policies.

### Self-Justification

The Reagan Administration claims its policies of tough talk backed by an unbridled arms race will restore U.S. world prestige and power, overcome what it claims is the Soviet Union's preponderance of arms, and with that assure peace. But without a turnaround in the economy, according to Reagan, the U.S. will become a second-rate military power, unable to keep up in modern weaponry.

Radical measures (read: radically reactionary), he says, are needed to turn the economy around. The problems are severe: very high inflation, low productivity, a tendency to economic stagnation, loss of competitive position to Japan, West Germany, France as well as the USSR, high unemployment. Continuing past policies will surely lead to more of the same. In the Reagan view, the source of the problems is too much federal government interference with the operation of the free market, leading to loss of investment incentives, inefficiency and low productivity.

The solution, according to the several variants of "supply-side economics," is to increase investment. This, it is claimed, will increase supply relative to demand (curtailing inflation), modernize facilities and reduce costs of production, restore U.S. world competitiveness and get the economy moving again. Eventually, it will also lead to lower unemployment. Elimination of the federal budget deficit by 1984 and a tight money policy will also reduce inflation, encouraging productive investment.

Such is the reasoning that leads Reagan to predict that his program will add 13 million jobs by 1986 and reduce unemployment from 7.8 per cent in 1981 to 5.6 per cent in 1986 and reduce inflation from 11.1 per cent in 1981 to 4.2 per cent in 1986.



## Why Now?

In investigating why these policies and these rationales are being proposed at this time, we should return to the basic conclusion of Marxism that the dominant ideas in a given socio-economic formation defend the interests of the dominant class; that ideas and institutions reflect, in the main, property relations.

In determining the reality of the government's economic policy, we should bear in mind that the source of capitalist profit is the exploitation of the workers, who produce new values in excess of their cost (i.e. their wages). Just as workers as a class can improve their position only by reducing the share of the values they produce which is appropriated by the capitalists, the capitalists can survive in the competitive struggle for maximum profits and improve their class position only by increasing the proportion of new values produced by the workers which they obtain. This ability of capital to exploit labor arises from the capitalist class monopoly of the means of production and the necessity for workers to sell their labor power to the capitalists in order to live. Thus irreconcilability of class interest and a struggle of classes are inherent in capitalism.

While Reagan claims his policies are in the interest of everyone, concrete analysis shows they benefit the monopolies at the expense of the working class, the middle strata and especially the nationally and racially oppressed. For example, in 1982 his proposed tax cuts are \$54 billion, with \$18 billion, or one-third, going to workers and middle strata. But these tax benefits will be almost entirely offset by increases in social security payroll taxes and higher income taxes rates on wages that are increased by inflation.

At the same time, cutting \$48.6 billion in social programs from the budget will mean a loss to workers and middle strata of approximately \$38 billion, significantly affecting virtually every person in these categories. Additionally, deregulation will mean higher prices and medical bills for them, poorer quality goods and services, deteriorating working conditions. To this must be added the negative effects of the immense increase in military budget authorization (to \$226

billion) in terms of higher prices, reduced job creation, diversion of resources from civilian research and development, etc.

Monopoly capital, on the other hand, will gain \$36 billion from the tax cut, while losing—at most—\$10 billion from the budget cuts, for a net gain of \$26 billion. They will enjoy tens of billions in additional income from deregulation and from the \$40 billion increase in military spending over 1981 (all of which goes to protect their world-wide interests). Thus, if Reagan's economic program is fully enacted, it will result in the biggest transfer of wealth from working people to capital in our history.

## The Working-Class Role

Our class analysis is not disinterested. It is motivated by the partisan standpoint of defending the interests of the working class. And since the working class exploits no other group, and therefore has no need to distort reality in order to hide such exploitation, this standpoint also corresponds to an objective, truthful view of reality.

This same consideration also leads to our conviction that the struggle of the working class is the main engine of social progress. Because the working class is the only class whose interests completely and consistently contradict those of the ruling monopoly capitalists, because it works productively together in large numbers, and through this gains the experience of organization and collective struggle, the working class is the only class capable of leading all other strata in the struggles for social progress. These conditions of life and work impel the working class to lead the struggle against reaction, for radical democratic reforms.

These conditions and these concrete class interests inevitably lead to the struggle for a government which will implement a truly radical program of curbing the power of the capitalist monopolies and the replacement of capitalism by socialism—a society in which exploitation will be ended and with it the basis for aggression, war, poverty, unemployment, inflation, racism and the denial of democracy.

For the Communist Party, adhering to a working-class standpoint is not only a matter of application of the basic propositions of Marxist-

Leninist social science. It also reflects the immediate working-class interest of the great bulk of its members.

### The General Crisis of Capitalism

Reagan's policies reflect the perception of their interests by the dominant sections of monopoly capital under particular conditions, conditions not of their choosing. To evaluate a given situation, Marxist-Leninist theory points us toward making an evaluation particularly of objective economic processes and of the correlation of class and social forces in each country and internationally (the world balance of forces). The general crisis of capitalism, which opened with the first break in the chain of world capitalism—the birth of Soviet Russia—is now further deepening. In the competition between existing socialism and capitalism, imperialism has already lost predominance in many fields and is rapidly losing it in the remaining areas of economic, political and social life and ideology. An approximate military parity exists between the two systems. Though imperialism is striving to achieve military superiority, it does not have the strength to realize this goal.

The sphere of imperialist domination continues to shrink, with additional countries taking the socialist road and new defeats being inflicted on colonialism and neocolonialism. Examples of such developments can be seen in events in Vietnam, Cambodia, Laos, Afghanistan, South Yemen, Angola, Mozambique, Ethiopia, Zimbabwe, Nicaragua, Grenada, etc.

Internal contradictions of capitalism are also sharpening. The contradiction between social production and private appropriation has become greatly pronounced under the impact of the scientific and technological revolution and especially its present microelectronics phase. The greater the scale, complexity and interdependence of the production process, the more is social planning required to govern it and to utilize its results positively. But the system of private ownership is governed by the seeking of maximum profits; it is inherently anarchistic and unable to plan on a social scale.

Greater concentration and centralization of capital in the form of larger monopolies, conglomer-

ates and multinational corporations is in part an attempt to adapt to this situation, to provide the necessary huge resources, larger-scale planning and rapid shift in production to keep up with the requirements of the scientific and technological revolution. But it succeeds only in transferring the anarchy and competition for maximum profit onto an even bigger scale with graver consequences. It aggravates such problems as monopoly price-setting, the shutdown of insufficiently profitable production facilities—causing great human suffering and the destruction of huge material values, chronic mass unemployment, the urban crisis in the Northeast and Midwest, uneven regional development, etc. A further consequence is the rapid growth of parasitic profit-taking—the channeling of investment away from productive forms into mergers, speculation, the buying up of exhaustible resources by the oil giants.

Because of these and other features of the deepening general crisis of capitalism, and because of the growing strength of the anti-imperialist forces, capitalism is no longer the main determinant of world social development. The socialist community of states, headed by the Soviet Union, when united with the national liberation movement and the progressive forces in the developed capitalist countries, have displaced world imperialism, headed by the U.S., as the most influential alignment of forces in the world. Even within the capitalist world, the Reagan Administration faces the relative decline of U.S. monopoly capitalism in comparison with Japan, West Germany and other imperialist powers.

Thus the Reagan policy is a desperate attempt—conditioned by *weakness*—to halt these processes. No wonder a section of monopoly capital, reflected, for example, in the *New York Times*, is worried about the Reagan policies. They fear that such a sharp attack on the working people will stir unmanageable "social unrest." They want to move in the same direction, but more slowly, in order to cut the political and social risks.

### "Free Market" Economics

Marxist-Leninists are not crude economic determinists who consider that ideas and policies are merely a mechanical reflection of economic inter-

est. They recognize that ideas and theories have a limited independent life and exert their own influence. Thus, while Reagan's policies basically reflect the interests of monopoly capital in general and of monopoly groups closest to the Administration, the "supply-siders" and Milton Friedman-type laissez faire ideologists influential with this Administration represent a particularly unrealistic extreme of bourgeois thinking. If followed rigidly, their advice would lead to an exacerbation of inter-monopoly contradictions. Pure "free market" ideas conflict with state monopoly capitalism, which is the fusion of private monopolies and the state for the purpose of using the state directly to maximize profits.

Therefore, despite the protestations of the Administration that it aims to end "government interference," in practice things are not turning out quite that way. Government regulations that benefit the monopolies are not being ended. Very little of the billions spent by the government to aid Big Business is being cut. Top corporate executives are more deeply entrenched than ever in controlling government positions. Limited protectionism for the auto and steel monopolies is taking precedence over laissez faire doctrine. And some other measures inspired by doctrinaire "free market" theories may later be reversed when they prove not to correspond to monopoly interests, for example in railroad and mass transit policy.

However, the Reagan economic program is doomed to clash sharply with reality, and not because of certain doctrinal rigidities, but precisely because of its basic class character. It will not overcome the tendency to economic stagnation, though it may produce a relatively mild and short-lived stimulation. It will worsen inflation and unemployment. Herbert Hoover's attempt to treat the Great Depression with trickle-down economics basically similar to Reagan's cast it into disrepute for decades. Margaret Thatcher's government has been dosing Great Britain with the same economic medicine, and the result has been a steeper decline in production, higher inflation and greater unemployment than when the "treatment" began.

Corporations do not lack sufficient funds for investment. Big Oil and other monopolies are

reaping immense profits, but most of it goes into mergers, capitalists' personal consumption and other unproductive uses. The declining purchasing power of workers, combined with the generally shrinking sphere of imperialist domination, for the U.S. in particular, reduces the prospects of the development of profitable new markets large enough to stimulate a \$3 trillion economy.

With generally lagging final consumer markets, increased emphasis is put on investments which cut costs by replacing workers without greatly expanding production. This increases joblessness, which further limits the market in consumer goods. Thus the inherent capitalist tendency of production to outstrip demand will be felt more strongly.

The program will also be inflationary. Tax cuts for the rich and military and other pro-monopoly spending will leave a \$45 billion federal budget deficit in 1982 to be covered largely by government borrowing, that is, by a growth of the money supply. And the continuance of inflation poses a basic obstacle to the balanced development of the economy. Thus the Reagan economic program will tend to worsen the contradictions rending the economy.

Reagan's foreign policies heighten the danger of a nuclear holocaust or of U.S. involvement in aggressive wars against national and social liberation movements. At the same time, they will tend to isolate the U.S. internationally because they so far overreach the real possibilities of the U.S. in the context of the existing balance of forces.

A real alternative to Reagan's program—one expressing the interests of the working class and all anti-monopoly strata—must reject Reagan's false premises. The Soviet Union does not threaten the U.S. They do not have nor do they seek to achieve military superiority. They have repeatedly expressed the desire to negotiate measures for the lessening of tensions, for arms control and disarmament. Reagan's policy of anti-Soviet confrontation and a stepped-up arms race is totally unjustified. Ratification of SALT II, a cut in the arms budget by \$150 billion and a return to detente are in the people's real interest.

Reagan's basic economic premise, that our economic woes can be cured by strengthening the

positions of the monopolies, must likewise be rejected. Quite the opposite is needed: Prices of necessities should be frozen. Unemployment should be reduced by shortening the work week with no cut in pay. Large-scale public works should be initiated building schools, low-cost public housing and other facilities. Non-discriminatory trade with the Soviet Union and other socialist countries should be resumed. Taxes on earnings under \$25,000 should be eliminated, and the rate reduced on earnings under \$40,000. Social welfare programs should be substantially increased. There should be a democratic public takeover of energy and certain other monopolies. All these measure should incorporate concrete goals of affirmative action. All this can be done and a balanced budget achieved by closing over \$100 billion in tax loopholes for the rich, by slashing the military budget, cutting other Big Business subsidies, graft and waste.

### Conditions for a Successful Fight

Reagan has a narrow social base. Only about a quarter of the eligible voters cast their ballots for him, and the bulk of them will be hurt by the Reagan program. Thus a broad array of anti-monopoly forces have a material stake in fighting Reagan.

The working class, Black and white, is the basic force and the cement of the anti-Reagan coalition. It faces the task of achieving internal unity of its various components and of allying with Black, Chicano, Puerto Rican and other nationally oppressed people, with urban and rural middle strata, with women, youth and seniors—groups that cut widely across class lines.

Even some medium-sized capitalists may tend to oppose Reagan. And a section of monopoly capital will have tactical differences over the rate of implementation of austerity measures, on the extremity of the Reagan program, and due to its unrealistic character—particularly in international affairs. Some sectors of monopoly capital also differ as to the tempo and scope of concessions that should be made to mass pressure. They are, however, highly unreliable opponents of Reaganism.

Thus a coalition to defeat the Reagan policies can be somewhat broader than a coalition to radi-

cally curb the powers of monopoly, but is closely related to it and is the main form of its development under current conditions.

Without the widest unity and most thoroughgoing opposition to the Reagan program, its defeat is inconceivable. That unity must be expressed in a host of mass action forms, both broad and militant. It must also be expressed as an increasingly effective force in the electoral arena in 1981 and after, seeking to defeat Reagan supporters, and especially to replace them with consistent antimonopoly candidates. No particular forms of organization or struggle, no particular groups, no matter how influential, powerful or dedicated, are decisive in the absence of such wide unity and mass action.

Such unity, however, requires clarity as to the class nature of the Reagan policies. If the Reagan premises are accepted by wide popular social forces, individual victories may be won, particular cuts may be lessened, postponed or even defeated, but the overall program may still be imposed. It would pose the danger of each particular constituency for a threatened social program fighting alone or even in opposition to another group's interests.

Thus we must strive to achieve unity around an alternative program that unites the interests of all popular sectors, along the lines indicated. Otherwise the unity will be partial and suffer internal divisions. Such unity, however, is not "born pure." It arises from a process of common struggle and clarification.

The "alternative budget" of the House Democrats or the position of Senator Kennedy do not form the basis for a broad and lasting unity. In particular, they suffer from accepting the false premises of the need for greater military spending, of major tax concessions to monopoly and of cuts in social programs, though not to the same degree as Reagan advocates.

The recent proposals of the Congressional Black Caucus express much more consistent opposition to Reagan's reactionary course.

The premises and impact of the Reagan program are both sharply racist. Thus any accommodation to racism will also break the unity of the working class and antimonopoly forces in the

anti-Reagan fight.

The tendency of certain organizations to see only their particular interest and to seek unilateral hegemony over coalitions of struggle hinders the attainment of unity.

The domination of reformism and Right social democracy over many major democratic organizations leads to the acceptance of some of Reagan's premises. It curtails the widest grassroots mass forms of struggle due to concern that the masses will "go too far." In some cases petty bourgeois radicalism and, even more so, phony Leftism, are a factor narrowing the scope of unity and the tactics pursued.

It is possible to achieve sufficient clarity on the main opponent, on program and on the requirements for unity to slow the Reagan attack and even to halt it temporarily. The present level of fightback is already beginning to slow the attack on some fronts and it is picking up steam. It is clear, however, that it has a considerable way to go before achieving the required level.

It is possible that the reactionary attack will be blunted somewhat on the basis of the so-called liberal alternative which accepts the cooked-up Soviet threat, the need to "encourage" Big Business to produce with tax and other benefits and the need to put the lid on social benefits.

This position, however, is not a sufficient basis for reversing the present reactionary attack or even halting it in any lasting way. To the extent that the fightback does not unite on a clearer antimonopoly program, the vulnerability to further reactionary attacks will be heightened.

Life itself is teaching many of the lessons leading to greater class and antimonopoly consciousness. From one tough contract battle after another, and from the daily battle over working conditions, workers know they are facing hard times from the companies. The people can see how the Reagan budget cuts affect them. It will become sufficiently apparent to all that the Reagan program will not cure inflation and unemployment.

The explicit and unspoken racist rationales for cutting social programs are increasingly hard to put across, since so many millions of whites are also beneficiaries of these programs—in fact, constitute the majority of benefit recipients. Thus

from their own experience, spontaneously as it were, millions will learn that Reagan must be fought and that unity and organization are needed to do this.

### Contributions of the CPUSA

The Communist Party, USA has special, unique contributions to make to the level of consciousness and unity of the fightback movement. These are necessary contributions to defeat and reverse the present reactionary direction. Only the Communist Party can bring together the science of Marxism-Leninism with the working-class movement in the fightback.

Marxism clearly shows the real roots of the international and economic problems we confront, the ineffectiveness of proposed reactionary "solutions" to these problems, the need for a unifying alternative program with an antimonopoly content. Such a program contains radical measures, and even more radical measures would be required to sustain the gains that would be achieved by implementing them. Marxism provides the consistent class perspective and the broad, unifying strategy and tactics for a fundamental, lasting defeat of Reaganism.

The working-class internationalist outlook of the CPUSA permits it to project among white workers the decisive question of their support for full economic, political and social equality for Black and other nationally oppressed people, and the rejection of Reagan-stimulated racism. The Party is the most consistent and effective opponent of the Big Lie of anti-Sovietism and anti-Communism, which are used to justify the arms race and aggressive adventures.

Because the Party pursues a policy of industrial concentration, its influence and membership are growing among basic industrial workers and it brings an advanced political consciousness to the working class that no one else can or will.

The Party is effective in making these contributions because it is organized on the principle of democratic centralism. Through the democratic aspect, it is able to gauge the level of understanding at the grassroots all over the country and draw policy conclusions. As a result of the centralist aspect it is able to put its policies into life and

participate in, initiate and organize fightback struggles in the common direction needed for a more lasting rebuff to Reaganism.

There are other healthy Left elements and advanced democratic organizations which make valuable contributions on one or another crucial question. To some extent these contributions are related to the now-pervasive influence of Marxism-Leninism and the socialist countries.

But as the conscious, collectively organized practitioner of this science of society, the CPUSA is in a position to make a uniquely all-sided, advanced and productive contribution.

The Party is active all over the country in the

fightback at many levels—in shops, neighborhoods and in national initiatives. It can lend clarity both through explanation and through involvement in daily struggle. It is active among different sectors of the population, especially among industrial workers. It can be said with justice that the bigger and more influential the Party becomes, the more widespread, broader, stronger and more consistent the fightback will be. It is hard to conceive of the fightback reaching the levels of clarity, unity and mass mobilization required for a more lasting reversal without the Party's influence and size growing substantially.

# The Chip and Robot Revolution

GUS HALL

After many years of incubation and development, microelectronics, integrated circuits—what I have dubbed the chip and robot revolution—is entering on the world scene with giant strides.

Largely unannounced, these microprocessors will hit our industries with the power of a hurricane. The result will be beneficial rains, but also winds that will be as destructive as the rains will be beneficial.

This new technological revolution is bringing with it new advances in production, in consumer goods, in almost every area of human activity. It is a new force that will significantly affect all economic and social relationships. Its impact will be felt on the scale of electricity and atomic energy.

The effect on the working class in the capitalist countries is being clearly signaled by the coining of phrases such as "jobless economic growth," meaning growth without jobs to match.

The chip and robot revolution is occurring worldwide. The overall benefits of the new technology will be available to all countries. It will be a great blessing for the socialist countries, as are all scientific and technological advances. The destructive winds will be limited to the capitalist countries.

In the capitalist countries the monopoly corporations are scheming and conspiring about how to hog the fruits of this new technology to further maximize private corporate profits. This partially explains why so little is being said and written about this explosive new technology. The corporations want to avoid alarming the workers who will be the victims of this hurricane. They want to present its application as an accomplished fact, a fait accompli.

## What is a Chip?

What is the nature of this new technological revolution? The basic kernel of this breakthrough is the development of the microelectronic chip. It

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Gus Hall is general secretary of the CPUSA.

is a chip made of silicone wafers.

The new technology makes it possible to "imprint" on the chip hundreds of thousands of electronic components and most complex complete circuits. Assembled together in large numbers they become powerful computers, while remaining small in physical size. The chip is one quarter the size and thickness of a postage stamp. It is much smaller than a dime.

These tiny chips are revolutionizing the world of communications, of the production process, of home appliances, watches and calculators.

The "mighty chip" makes industrial assembly lines—without human hands—a reality. Such assembly lines are now being set up. The microprocessors automate controls not only over production lines, but also research and design work.

The development of the chip has by no means reached its ultimate potential. While the latest contain 100,000 circuits, the new generation now being designed has a capacity of 250,000. It is currently predicted that within a few years the chip will contain over one million such circuits. Each chip itself is a microprocessor. A microprocessor can execute 800,000 instructions per second.

## The Revolutionary Effects

The basic impact on economic and social conditions will not come from the production of the chips because once designed they can be mass produced rather cheaply. The chip is replacing human hands in its own production process.

The revolutionary effects will come from the application of the technology, especially in the production process. It will be the most dramatic replacement of human labor in history.

In the United States, the chip and robot revolution is now taking on a head of steam because it has finally broken out of the Pentagon-military stockade. During the 1960s and 1970s this phenomenal technology was to a great extent a prisoner of the Pentagon, while the federal government

had subsidized it to the tune of \$3 billion.

It is currently being installed as the programmed brain controlling and regulating most phases of a washing machine, automobile motor, microwave oven and thousands of other instruments and appliances.

The microelectronic processor makes it possible to eliminate many moving parts. For instance, in a sewing machine now in production, the chip replaces 350 cams, gears and other moving mechanical parts. In a West German Telex machine, the chip replaces 936 moving parts. And as the processor replaces these moving parts, it also replaces the workers who were producing those parts.

The most potentially devastating effect of the chip and robot revolution is its capacity to replace human hands, human labor. The chip will replace workers across the board, in all industries and in all skills, from steel and auto workers, machinists, to bank tellers and secretaries. It can replace inventory keepers and warehouse handlers. It is now being applied especially where there are large numbers of clerical workers, for example, in large insurance companies.

The chip is phasing out much of the repair and replacement sector. Fewer moving parts means fewer repairs. As is the case with present computers and TV sets, the electrical components are all on a sheet that can be pulled out and replaced easily and quickly.

### **Current and Future Impact**

So far, U.S. trade union leaders have remained silent about the chip and robot revolution. However, some European trade unions have begun to conduct studies.

In the initial stages of the transfer to microelectronic production methods, these studies reported the following findings:

- National Cash Register, a U.S.-based multinational corporation, has already replaced 22,000 workers in its plants in the U.S., West Germany and Great Britain, while at the same time increasing production.

- A telecommunications corporation in Sweden has replaced 5,000 of its 15,000 workers. A similar type corporation in Great Britain has reduced its work force from 88,000 to 55,000. All

these reductions in work force have taken place while production has increased.

- A Japanese corporation manufacturing TV sets has laid off 50 per cent of its workers, while increasing production by 25 per cent.

- A British plant went from 200 to 20 workers, while increasing production.

- The U.S. textile industry plans to increase production in the next 10 years, while laying off 300,000 workers, by installing the new microelectronic production process.

### **Impact of Chip on Robots**

The robot is one of the robust offsprings of the new technology. The chip makes it possible to program industrial robots to do ever more complex jobs.

The new generation of robots going into production is equipped with "vision and touch" sensors. They will respond to light, nearness to objects, pressures and temperatures, thus signaling the computers to shift, stop or resume action. Some say the new generation of robots is on a "higher intellectual level."

After introducing the first generation of electrical spot welding robot machines, the Lordstown, Ohio, GM plant reduced its work force by 20 per cent, while increasing production by 10 per cent.

General Electric has announced plans to replace 50 per cent of its 37,000 assembly line workers within a few years.

However, in a sense all these present generations of machines are in the initial, model-T stage of the chip and robot revolution. And the birth rate of new generations of robots is rising at a fast clip.

### **Adding Dimension to Contradictions**

The new technology is also changing the patterns of past industrial expansion and capital investments. In the industrially developed countries there is the transition from the extensive patterns of increasing production by building new plants and adding to the work force to intensive patterns of increasing production without increasing the work force or building new facilities.

The chip and robot revolution is a major scientific and technological achievement. It is introducing a new dimension into all economic devel-



opments. And it is bringing with it further proof that the capitalist socio-economic system is outmoded because it turns scientific advances into frightening nightmares for the workers. And what adds to the nightmare is that this new technology is making its appearance at a moment when the general crisis of capitalism is reaching new levels. It is greatly aggravating the already razor-sharp contradictions.

The new technology is sharpening the contradictions between the major capitalist countries. It aggravates trade relations. It is going to be a major new factor in the relationships between the industrial capitalist countries and the developing countries. It will have a dramatic effect on the struggle and competition between capitalist and socialist countries.

In a nutshell, the chip and robot revolution adds a new dimension to all existing contradictions and relationships.

In the U.S. it will effect the relationships between the big corporations and small businesses because it will increase the power and domination of the largest monopolies. Small corporations will not be financially able to enter the world of the new technology.

### **Effect on the Working Class and Class Struggle**

But its most basic and critical effects will be on the working class and the class struggle.

In assessing the effects of the microelectronic processor, the key words are "jobless growth" and "technological unemployment."

Most past technological breakthroughs have resulted in some employment growth. While the new technology has replaced workers in some industries, the economic growth has created new jobs and new industries. And, while new machines have taken over in parts of manufacturing industry, there has been an increase of jobs in the white collar sectors.

However, the microelectronic technology breaks with past employment patterns, first because it is the most directly worker-replacing technology and, second, because it is applicable across the board—in industries, offices and services. It will displace workers even in the industry

that replaces microelectronic components.

This new technology is a major factor in the radical changes taking place in the steel industry.

The basic process of making raw steel from iron ore is being phased out in the United States. This same trend is now also appearing in Japan and West Germany. This part of the steel industry is being fostered in many of the developing and neo-colonial countries. It is the process that most pollutes the environment and damages human health.

In the United States the shift is to "mini-steel plants" that produce higher quality steel from scrap metal. In the mini-plants the new microchip technology makes possible a continuous process with a much smaller labor force. Most of these mini-plants are in out-of-the-way, low-wage, non-union areas. This is a pattern in many of the basic industries. It is a pattern that leads to sick and dying industries, to higher chronic unemployment and to decaying, dying urban centers.

It is clear this new technology is a new weapon in the operation of the multinational corporations. It is they who are shifting the polluting, unhealthy type of industries to developing countries.

The chip and robot revolution is creating new problems for the developing countries generally. While it is true that some industries are being built by the multinationals to take advantage of the lower wages and better tax breaks, there is also an opposite development.

Microelectronics, because it is able to replace workers, becomes a competitor even for the low-paid workers in the developing countries. This competition will result in a shift of capital and production back to the developed capitalist countries. And even the threat of such a shift becomes a factor in reducing still more the wages and living standards in the developing countries.

### **Sharpening the Capitalist-Socialist Contrast**

With each new technological breakthrough in a capitalist society the worker increasingly loses influence or control over the production process and over his relationship to that process.

Increasingly, the machines, computers and chips, in the hands of corporate executives, de-

termine the process. The microprocessors push this separation process to its extreme. This new technology provides the tightest control over every minute, every movement of the worker.

The chip and robot revolution is also making great strides in socialist societies.

Since 1974 its development has been a joint endeavor of the CMEA (Council of Mutual Economic Assistance) countries. The result is ever new generations of more sophisticated microprocessors in all of the socialist countries. This is another area where the U.S. technology boycott/blockade is having the opposite of its intended effect.

Each new technological breakthrough means an advance for the people in socialist society. It is a society in which the people get the benefits of every scientific and technological breakthrough.

The increase in production is passed on to the people by way of wage increases. When machines replace workers the hours of work are cut, without any cut in real wages.

Technological advances will never become a problem for the people in the socialist countries because there are no private corporations to appropriate the products of the new technology.

On the other hand, the same technological breakthroughs present serious problems for the people in the capitalist countries. And the chip and robot revolution is no exception.

As an inevitable result, the class struggle in the U.S. will be even further heightened.

The class collaborators in the trade union leadership are doing what they always do about such problems. They are remaining silent. Like the corporate executives, they are covering up, hoping the chips and robots will become an accomplished fact before the workers realize what is happening.

Like everything else in our exploitive capitalist society of maximum private profits, the chips and robots will be made into instruments of racism by the monopolies.

The chips and robots are replacing human labor

in general, but they are replacing Black, Chicano, other specially oppressed and women workers in greater numbers.

The microelectronics industry itself is by and large an unorganized, low-wage industry. The most tedious and tension-producing work is mainly done by young Black, Chicano and women workers.

It is an industry in which the safety and health standards have not been established.

The production of the silicone wafers is a chemical process. The baking process in extremely hot ovens exposes the workers to many toxic substances.

It is an industry that desperately cries out for a union organizing drive.

What needs to be done? There is an urgent need for an emergency conference, called by the trade unions, to take up:

—Ways of stopping the corporations from stealing the fruits of this new technological breakthrough;

—A struggle for federal laws that would guarantee the transfer of the benefits to the workers and people through commensurate price cuts and wage increases;

—A struggle to prevent all layoffs as a result of applications of the new technology;

—Affirmative action programs, with teeth, that would apply to every application of the new technology.

Mankind is not threatened by machines, or by the new technological and scientific advances, but by the capitalist system which subordinates workers to machines and uses scientific and technical achievements against them for the sole purpose of maximizing profits.

It is only through a united struggle of the labor movement, the trade unions, of all working people that the destructive winds of the new chip-and-robot hurricane sweeping our land can be successfully resisted.

# Robots—Gravediggers of Capitalism

ERNEST DE MAIO

A recurring dream of the monopolies as reported in the financial press is the workerless factory. Thirty years ago a *Business Week* front cover all but shouted "Workerless Factories" in an issue devoted to their visions of the vast profits to be made from the endless flow of products made without workers or wages.

In 1957, the National Association of Manufacturers, which tends to equate technological advance with social progress and human happiness, said: "For the expanding, dynamic economy of America, the sky is indeed the limit. Now more than ever we must have confidence in America's capacity to grow. Guided by electronics, powered by atomic energy, geared to the smooth, effortless working of automation, the magic carpet of our free economy heads for distant and undreamed horizons. Just going along for the ride will be the biggest thrill on earth." ("Calling All Jobs," *NAM*, NYC, Oct. 1957, p.2.) Automation, in short, was the golden chariot that would take us to the promised land.

If this seemed to be pie in the sky, others warned of the dangers of abundance pouring out of the new horn of plenty—automation. Robert Theobald, economic consultant to the UN, fearfully asked, "Can We Survive Abundance?" (*The Nation*, 5/11/63, "Abundance: Threat or Promise?")

Theobald stated that millions of persons could never hope to have jobs. He proposed as a solution a constitutionally guaranteed income that would enable everyone to live in dignity, starting with a base of \$3,200 per year—about \$8,500 in today's dollars. He assumed that the free enterprisers would set aside their drive for profits to promote the general welfare. Mr. Theobald and his proposals were soon forgotten.

Nevertheless, writers on the subject of automa-

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Ernest De Maio is the World Federation of Trade Unions' representative to the United Nations. The above is from a speech given at the University of Wisconsin, at Milwaukee, February 25, 1981.

tion continued to give free rein to their imaginations. Some said that automation would not only eliminate the blue-collar worker but also through automatic data processing many white-collar workers, including much of supervision and lower levels of management. One estimate painted the awesome picture of 2 per cent of the population gainfully employed, supplying the needs of all. Leon Greenberg, productivity expert of the Bureau of Labor Statistics, Department of Labor, testified before a Senate Labor Subcommittee that 200,000 factory jobs were being eliminated each year because of rising productivity achieved mainly through new labor-saving equipment.

Donald M. Michael, in his book *Cybernation—the Silent Conquest*, published 20 years ago, cited Herbert Striner, who proposed exporting blue- and white-collar workers and their families. He didn't say who would decide who goes and where.

A few weeks ago, in a variation of this theme, a Carter-appointed governmental commission recommended that the old industrial cities of the northern snowbelt be abandoned for the balmier havens of the magnolia-scented sunbelt.

It is generally conceded that based on its record of performance automation has fallen far short of its promised potential. The opening paragraph of a special article entitled, "Robots Join the Labor Force" (*Business Week*, July 9, 1980) stated, "Despite a long-standing promise of better productivity, lower labor costs, and faultless performance, robots have never really caught on to the point where they threaten human workers. In fact, no more than 3,500 industrial robots have been installed in the U.S. in the past two decades. But now the picture is changing dramatically."

The writers of the article estimate that those companies now making robots will produce about 3,500 a year by 1985. If the computer companies enter the field, the total will rise to 5,000 and the combined will soar to 200,000 annually by 1990. Aware that its euphoric claims in the past failed to

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materialize, the magazine hedges with a follow-up article, "Racing to Breed the Next Generation"—robots, that is, not children. It remains to be seen if these projections are more reliable than past predictions.

Undoubtedly there will be an increased use of robots linked to CAD/CAM (computer-aided design/computer-aided manufacturing) systems. The big monopolies would like to increase their share of the market by squeezing out their weaker competitors—but the contradictions of capitalism are insurmountable barriers to their maximum or even extensive use.

Nevertheless, the current pace and projected rates of introduction of automated equipment have a calamitous impact on lives, jobs and well-being of the affected workers.

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Robots, the *Wall Street Journal* deadpans, get no pay, need no rest periods, holidays or vacations, are never absent, don't get sick, never strike, receive no pensions when they wear out, and pay no dues. True enough. While the bosses count their blessings over what robots don't need, they should be reminded that robots don't eat food, wear clothes, drive automobiles, or live in houses.

Every worker removed from the corporate payroll is in effect placed on the public payroll—unemployment compensation, food stamps, welfare. Unemployed workers can get no credit. They cease to be consumers of commodities. They may not pay union dues, but they produce nothing and pay no taxes. In addition to the blighted hopes, wasted lives and the humiliation of poverty, they are a bitterly alienated tax burden.

As is the case with many wonder drugs, robots have serious side effects. Whereas workers come for nothing, robots are expensive. They must operate constantly on at least a two-shift basis or their cost advantage is lost. An ill, injured or absent worker is replaced with little cost and minor interruption in the work process. A broken-down robot requires expensive repair or replacement with downtime that can bottleneck production.

Furthermore, while robots don't strike, neither can they be laid off in the recession phase of the economic cycle when sales fall, whereas the

money borrowed at high interest to purchase the robots must be repaid. Idle, strike-bound, or under-utilized robots can be fatal to corporate liquidity. The greater the capital intensity of an industrial enterprise, the less flexible it is in meeting the vagaries of an unstable market.

A slowdown or shutdown of capital intensive plants for any reason is highly destructive of the profits for which the plants were built. The capital intensive steel industry sought and obtained a no-strike agreement from the steel workers' union. The automobile industry, the most highly automated in the U.S., uses more robots than all other industries combined. It is spending billions of dollars for more automated equipment to displace more workers. Yet, their most up-to-date plants are idle weeks at a time to adjust inventories and their lots are jammed with hundreds of thousands of unsold cars.

Westinghouse, General Motors, Ford, Harvester, Rockwell and American Motors have abandoned the production of large household appliances, such as refrigerators, washing machines, dishwashers, clothes dryers, TV sets and radios. These huge plants—GM's Frigidaire alone employed 16,000 production workers in Dayton, Ohio—were closed down because they couldn't operate at the desired level of profit.

Big corporations have been so busy shifting their operations and investments abroad and eliminating workers with robots, automation and speedup in their obsession to maximize profits that they have exacerbated a basic contradiction. Robots not only eliminate workers—they also eliminate customers. Without sales, there are no profits. As their unstable market shrinks, they offset the drop in units sold with fat price increases. Short term, this embellishes the bottom line, but fewer sales mean less production, under-utilization, a drop in economies of scale and irreversible recurrent losses. What were once thriving profit centers are now industrial graveyards.

*The problem confronting capitalists is not the production of commodities, but how to sell what they can produce at a profit.* The workers eliminated at the point of production are also removed from the point of sale. And the relative impoverishment of

those workers who still have jobs continues unabated.

By 1976, for every dollar paid out in wages \$3.70 was created in added value, up from \$2.47 in 1947, \$2.84 in 1958 and \$3.23 in 1967 (U.S. Census of Manufactures). Reducing the workers' share of the wealth created by their labor limits their buying power, thus effectively restricting the domestic market.

Average weekly earnings (private non-agricultural industries) in 1967 dollars went down from \$109.26 in 1972 to \$94.51 in October 1980. The latter in current dollars is \$243.57, which means it is subject to taxation at a higher rate (BLS).

To generate sales, the easy credit of the plastic card is made available to all. The booming economy of the 1920s was fueled by a rapid rise in consumer credit to \$6 billion. Installment buying was new then. At the time, its growth highlighted the disturbing fact that a growing number of people lacked the cash for necessities. Today not to have outstanding credit reflects adversely on one's credit worthiness. Consumer installment debt passed the \$320 billion mark over a year ago. The wild gyrations of interest rates manifest a deep-seated conflict. Personal bankruptcies soared 82 per cent in 1980. The bankers' concern, on the one hand, is to control consumer credit before the entire debt structure collapses and, on the other hand, the pressure of manufacturers and retailers is to expand the market.

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What can not be sold at home must be sold abroad. But the developing countries, excluding some of the oil-exporting nations, lack funds. Therefore, credit has been extended. But the external debt of these countries has passed the 500 billion dollar (\$500,000,000,000) threshold. Brazil, for example, with an external debt over \$60 billion, is unable to earn with its exports the payments for interest, amortization of debts and oil imports. Last year these three items, Morgan Guaranty Trust reported, were 107 per cent of Brazil's export earnings. Furthermore, the interest rates on these external debts float, i.e., they automatically adjust to the rates set by the bankers in the creditor nations. The adverse impact high interest rates have

on auto sales is attested to by the anguished cries emanating from Detroit. Their impact on the weak and unstable economies of the developing countries is disastrous.

The decline in industrial activity in the U.S., Canada and Western Europe reduces the demand for the exports of the developing countries, further aggravating the unequal terms of trade. The inadequate prices of these exports are additionally reduced. The net effect of less exports and lower prices restricts their ability to buy from the developed countries while crippling their ability to service the huge foreign debt.

The specter of massive default on these debts haunts the counting houses of the the money changers. To stave off the impending debacle, more loans are grudgingly granted to extend the debts and pay current interest. The conditions exacted for these loans are the imposition of austerity measures that cause widespread hunger, disease and premature death. The result is economic stagnation, social and political instability.

Increasing trade with the other countries making up the 24 capitalist nations grouped in the OECD (Organization for Economic Cooperation and Development) is frustrated by the economic crises blighting their economies. The contest for world markets has assumed the uglier characteristics of a showdown struggle for survival at the others expense.

With markets shrinking at home and abroad, the substitute market is armaments. Cost-plus contracts larded with liberal cost overruns are highly profitable. However, the dwindling number of jobs generated per dollar spent on armaments provides a diminishing market for consumer goods. There is only one customer—the government. Payment is certain and the demand endless. However, there's a lot more to the arms industry than hardware. Big campaign contributions elect the politicians who pass the enabling legislation and appropriate the funds. Jobs, more properly sinecures, are provided for "deserving" retired generals, admirals and politicians who played the game. Institutional advertising sweetens the media which orchestrates jingoism, national chauvinism and elects compliant politicians. President Eisenhower called it the military-

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industrial complex.

Unfortunately, the government must pay for these expenditures with taxes, the modern form of tribute exacted from the citizenry. As the arms budgets escalate in a vain effort to take up the growing slack in the volume of retail sales, the government exercises its license to counterfeit money by putting the printing presses to work. The wage adjustments the workers get never catch up with the rising prices for which they are blamed.

As the sales decline, plants are closed or operate below capacity. More workers are laid off—some permanently. This is the reality that faces the Hollywood man of jelly beans and make-believe as he presides in the Oval Office of the presidency. President Reagan has on several occasions evoked the memory of President Franklin D. Roosevelt. What were the conditions then?

Unemployment had soared to an all-time official high of 12.8 million in 1933, when he first took office. Four years later, in his second inaugural address, Roosevelt spoke of one-third of a nation ill-fed, ill-clothed, ill-housed.

FDR's New Deal brought hope and some relief to a despairing and languishing nation. But, the partial recovery of 1937 with 7.7 million unemployed relapsed into the deeper depression of 1938-39 when unemployment went up to 10.4 million. The built-in economic stabilizers of the New Deal—unemployment compensation, social security, Wages and Hours Law (40-hour week—25 cents minimum hourly wage), the Wagner Act which protected workers' right to organize and the Federal Insurance Deposit Corporation—all designed to bring recovery and prevent depressions—were in effect in 1938. They failed in their first test.

Only the preparation for World War II, actual participation in it and the pent-up demands of the immediate post-war period brought high employment and relative prosperity. The depression of the 1930s was blamed on technological progress, but automation and robots had not yet arrived on the scene and the OPEC oil cartel did not exist.

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The basic economic forces that brought about the depression of the thirties are still at work. Automation greatly magnifies and intensifies these forces. Recessions are deeper and more frequent. The recovery from the previous recession is incomplete before the onset of the next. Obviously, military expenditures no longer have an expansive impact on the economy. They are, in fact, the major reason for budget deficits, inflation, rising taxes, the growing debt burden and permanent large-scale unemployment. Trapped by our own propaganda, we are taking larger doses of the medicine whose side effects are killing us. There are no military solutions to the complex economic, social and political problems facing the nation and the world. War in this age of technology is an unacceptable risk. There will be no winners and very probably no survivors.

The lead editorial of the January 12, 1981, *Business Week* began, "As Ronald Reagan takes over the Presidency, he must face up immediately to the most serious problem that has confronted the past two Administrations: the inability of the U.S. government to govern."

A new team of millionaire business executives have temporarily relinquished their corporate posts to replace the big business executives representing the same interests in the outgoing Carter Administration. Programmed with the latest electronic gadgetry to recall with the speed of light recorded data of the past, they are ill-prepared to understand or cope with a rapidly changing world in which their positions are deteriorating.

The past is no crystal ball through which to peer faultlessly into the future. Ten Nobel prize laureates in economics analyzing the same data come up with ten different but carefully hedged forecasts of the future. It isn't the science of economics that is dismal, it is those economists whose passing reputations are based on their service to the monopolies by obscuring, rationalizing and justifying the exploitation of the labor and resources of the nation and the world.

The policies pursued by the President are based on the opinions of his economic advisers. Among the contending schools of economic thought are supply-siders, conservative Keynesians and monetarists with variations to suit the taste or

whims of our new maximum leader. At the moment, the supply-siders seem to have the inside edge. Supply-side policies will do for the economy what laetrile does for cancer. It will bring a brief span of false hope while leaving the economy defenseless against the forces that are ravaging it.

Boiled down to its essentials, supply-side economics means that "Big Brother" will legally codify programs that help the corporate rich prey upon the people. What the monopolies want from the Oval Office and the Congress that their political action committees spent a billion dollars to elect is lower corporate taxes, another raise in the investment credit tax, further acceleration of depreciation programs, a slash in the capital gains tax sought by the speculators, a big cut in upper bracket taxes, and an end to all regulations that restrain them at the public trough.

The purpose of this largess, we are endlessly informed, is to provide our disheartened monopolists with the funds and incentives to "Re-industrialize America." Billions of dollars will be diverted from the public treasury, i.e., the peoples' pockets, to the monopolies which will modernize their production facilities with numerically controlled machines and robots that will minimize or eliminate labor. The conditions that cause cyclical recessions will be intensified and magnified.

*Accelerating the pace of change in the methods of production by robotization, within the framework of antagonistic social classes, introduced for the sole purpose of eliminating workers as the means of maximizing profits, as reported quarterly on the bottom line, is the end of the line for the capitalist system.*

Although FDR was, and Reagan is, dedicated to the preservation of the capitalist system, there are important differences in their programs to solve the crises of their system. FDR responded to the demands of the workers for higher wages, shorter hours, union organization, unemployment compensation and social security, whereas Reagan represents those forces that want a "Union Free Environment," lower wages, and a rollback of the inadequate social programs of the Roosevelt era.

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There was resistance, at the time, from what Roosevelt called the "unreconstructed economic royalists," but for the first time this was matched by a countervailing force. The U.S. working class, aroused by years of mass unemployment, poverty and the humiliation of the depression years, gathered its forces and broke the restraints of the corrupt do-nothing leadership of the AFL to form new, aggressive, militant, democratic, rank-and-file all-inclusive industrial unions that challenged the open shops of the mighty monopolies. The workers organized millions of unorganized into the new CIO unions. In the process they gave hope, leadership and support to the oppressed and victimized Blacks, women and other minorities. Together they were building a new independent political movement dedicated to the interests and welfare of the people.

These developments were perceived by the monopolies as a threat to their power and privileges. To blunt and gut this movement it was first necessary to divide it, an inglorious role that Philip Murray, Walter Reuther and James Carey were only too willing to play. Though all had been red-baited in the past, they used this weapon of the bosses to drive out of their unions the progressives, Socialists and Communists who built them.

This once promising countervailing force gave way to accommodation. The unions that were put together over the bitter opposition of the companies to defend and advance the interests of the workers were now hearing from their leaders that unions properly run were good for the company—an attitude the chairman of GM took to the logical next step, "What's good for General Motors," he said, "is good for the nation." It may be unkind to observe that what's happening to GM is happening to the country.

Tripartite councils of government, industry and labor were convened to chart the course on limiting wages and conditions of employment. They never got around to prices, profits, and taxes. They are a sham that restrains the workers, while the monopolies are free to raise prices as high as the traffic can bear. They are also a betrayal of the workers' trust. Union leaders sit across the table from corporate chiefs who spearhead the task force for a "Union Free Environment."

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From there, it is a very short step to negotiating wage cuts. Whatever the rationale, other companies are demanding the same concessions the UAW gave to Chrysler. An article in *Business Week* (February 16, 1981) is titled, "Pleas for Wage Relief Flood into the UAW." The union sent a memo to its 18 regional offices pointing out the concessions made by Chrysler to the union. These include the election of the UAW's president to the Chrysler board and a profit-sharing plan. The memo suggested that these would be difficult for other companies to follow. Four days after *Business Week* hit the newsstands, the *Wall Street Journal* reported that GM and Ford will demand labor-cost concessions from the UAW and "indicated they are prepared in return to offer the union profit-sharing." Profit-sharing, said the *Journal*, is a long-nurtured UAW goal. The companies are now offering to share their losses.

*U.S. News & World Report* pointed out, "A hopeful sign for America's ability to compete world wide: A new study says hourly costs, including fringe benefits, of production workers will be lower in the U.S. in 1985 than in all but two major Western countries." (February 18, 1981, p. 14.) Hopeful for whom? Surely, not for U.S. workers. This study suggests, however, that the big monopolies hope to grab world markets not only through technological superiority, but also by holding down the living standards of American workers.

While real wages in the U.S. have been falling for a number of years, they advanced until recently in Western Europe and Japan. Lately, real wages there have also been going down, but more slowly than in the U.S. Their conditions relative to U.S. workers are better, although in absolute terms all are getting worse.

The trade unions in Europe and Japan are class oriented—they are led by Communists, Socialists and Christian socialists, or coalitions of these three. They all espouse socialism though differing on how to achieve it. They have strong ties to their political parties and in varying degrees are represented in their parliaments and participate in their governments.

However, the capitalists are the dominant economic and political force in all these countries.

Though compelled to make concessions to the powerful trade unions and political parties of the working class, they are motivated by the same drive to maximize profits. They are also subject to the same economic laws and are affected by the same contradictions inherent in their system. All are currently suffering from excess production capacity. The more antiquated facilities not needed now or in the foreseeable future are closed and abandoned.

Unemployment is high and rising in some cases towards depression levels. The response of the European workers is quite different from that prevailing in the U.S. There is a rising tide of struggle at the economic and political levels. The conflict has emerged as a rejection of class collaboration and war as solutions.

The Swedish model often cited by the UAW's Douglas Fraser is a tripartite arrangement that came into being in 1924. The trade union center LO, the employers association and the government would formally determine hours, wages, conditions of employment and social programs. As long as the Swedish economy expanded, the accommodation appeared to work. Relatively high living standards concealed the expanding share of the national product that went to the employers. The economy, adversely affected by this uneven distribution of the national wealth ceased, to grow. The employers refused to accept a reduction in their share. They demanded sacrifices of the workers.

When the workers rejected this austerity, the employers locked them out. The unions retaliated with a general strike. Spokesmen for all sides express the opinion that tripartitism is dead in Sweden.

In the Federal Republic of Germany, the trade unions and the Social Democrats who represent the working class opted for co-determination. There are significant variations in the implementation of this. Essentially, it means that half of the board of directors must represent the workers. With the workers having an equal voice in the policies and practices of the enterprises, it was assumed that industrial peace and social stability had been achieved. The ultimate decision-making power, however, always remained with the



capitalists.

Elaborate charades papered over the rising resentment against the underlying realities as long as the German "miracle" prevailed. But as the economy faltered, co-determination began to disintegrate. In 1979, for the first time in over 50 years, the steel workers of West Germany shut down the industry.

In England, the British Trade Union Congress and Labour Party pursued the policy of nationalization. The public treasury was used to buy basic industries from the capitalists. It was inferred that with public ownership these industries would operate to promote the general welfare.

In practice, public funds were used to bail out companies that were run down and ravaged by the owners. Then the direction of these nationalized industries was turned over to capitalist representatives. British workers are now fighting against wage cuts to avert the closing of their nationalized factories—successfully, it should be noted—in the strike of the Welsh coal miners earlier this month.

The purpose of all these models of collaboration is to gloss over the class nature of capitalist society, to conceal the parasitism of capitalism, to create illusions of mutual interests, to obscure the concentration of corporate control, to blunt the consciousness of the workers, to enervate their resistance and assure their submission to austerity by cooperating with the seemingly inevitable.

The spook that casts its chilling spell in Europe is the radicalization taking place in the mood of the masses. Appalled by the bankruptcy and timidity of the apostles of collaboration in their midst, the workers are winning decisive battles for programs and policies that promote the general welfare, restructuring their organizations to strengthen their democratic input and repudiating those leaders corrupted by collaboration.

The elaborate structures built to maintain the status quo are crumbling. Alienation and polarization compels the capitalists to abandon the relative security of anonymity and openly seize control of the commanding positions of political power. What superficially appears to be a move to the Right is a desperate response to the long-dormant powerful democratic forces that are breaking through the restraining barriers, forces that have put into motion the structural changes that are transforming the social order.

It is not clear, at the moment, what form of class collaboration, if any, will emerge from the shifting balance of forces in the U.S. The top trade union bureaucracy has indicated that it is amenable to accommodation provided some crumbs are tossed its way. But there is considerable apprehension about how much more austerity the U.S. workers will take before all hell breaks loose.

In conclusion, it is abundantly clear there is no future for an economic system that is neither able nor willing to provide socially useful productive employment for its workers and which measures progress in terms of profits regardless of how many workers it removes from the productive process. The capitalist dream of workerless factories has become the nightmare of factories without capitalists.

The monopolies who control our government will continue to use their power to promote their interests, until they are stopped. Large-scale, extraparliamentary activity by organized labor, working together in coalition with Blacks, Hispanics and other minorities, the peace and environmental forces and the intellectuals will guarantee progressive changes in America. The nature of the attack from the reactionary Right is uniting these forces, thus accelerating the pace of change and renewal. Let us get on with the work of making it a reality in our time.

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# Mongolia's Time Machine

JIM WEST

The idea of a time machine or system for transporting people into another century is a favorite subject of science fiction. But no time machine of the most fertile science fiction mind ever matched the reality that appeared on the soil of Mongolia sixty years ago.

Two events took place in 1921 which were destined to lift the entire country out of ancient times into the here and now of the twentieth century. Those two events were the founding of the Mongolian People's Party on March 21 and the victory of the Mongolian People's Revolution on July 11.

This year the Mongolian People's Republic (MPR) approaches an economic level which will equalize it with the other socialist countries in the Council for Mutual Economic Assistance (CMEA).

From the vantage point of its 60th anniversary it surveys the miracle which its time system has wrought, a miracle achieved without the "benefit" of capitalism. Once a backward country ignored by most of the world, it today has diplomatic relations with 90 countries and trade relations with 40.

Before going into the secret of its time machine let us take a look at some of the great changes that have come about.

Sixty years ago Mongolia was a land with no industry, no developed agriculture, no modern communications or transport. A land of illiterate, nomadic herdsmen (arats), Mongolia was a lethargic theocracy. Almost half the male population lived in lamastries and did no productive work. It was a feudal country deprived of its independence by brutal Chinese warlords.

As late as 1925 there were but two doctors in the whole country. Life expectancy was short, illness rife, the population in decline, much like the history of the Native American Indian.

Today, the population is three times larger than what it was in 1921. Life expectancy has reached 65 years—double that of 60 years ago. With 110 hospital beds, 22 doctors and 75 paramedical person-

nel per 10,000 people, it has surpassed Britain, France, Italy and Japan in this respect.

Industrial cities have sprung up, starting with Ulan Bator, the capitol, Choibalsan in East Mongolia and Darkhan, founded 20 years ago. The annual output of the latter city is equal to that of the whole country in 1950. Industry's share of the economy rose from 14.6 per cent in 1960 to 29.3 per cent in 1980.

"Erdenet," an ore-dressing copper-molybdenum combine, with a present capacity of 8 million tons, will reach 16 million tons by 1985, one of the world's largest, making the MPR a major world exporter of this valuable resource.

The country's light industries, including food, today produce more in one hour than was produced in the whole of 1930. Their production in 2½ months equals the whole of the 1960 output.

Genghis Khan set out to seek riches all across Asia and into Europe never knowing that a cornucopia of wealth lay buried in his native soil. Today, over 500 mineral and ore deposits have been discovered with the help of CMEA, including copper, tungsten, fluorspar, etc.

In 1980-85, more than 240 industrial and other projects will come on stream, built or reconstructed with Soviet help. These will account for 50 per cent of gross industrial output.

Highly mechanized crop farming to meet grain needs has developed along with stock-breeding. Twelve huge state farms are fully mechanized and electrified. In 1980 five times more hectares were sown than 20 years ago.

Illiteracy has been eliminated. The cultural arts are flourishing. Science, education and the scientific outlook are well on the way to displacing superstition and ignorance. Women stand on an equal plane with men.

Real income of the population increased by 170 per cent in the 1970s. Taxes on the people make up less than 1 per cent of state revenues.

Most of this remarkable progress took place in the last thirty years when development took off

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Jim West is the U.S. representative to the *World Marxist Review*.

with greatly accelerated speed. But without the course pursued in the first 30 years, the achievements of the second 30 years could not have been made. And these are only some of the more salient features of the totality of Mongolia's their accomplishments.

Little wonder that the Mongolian experience—the first outside the Soviet Union, whose Central Asian republics made a similar vault across the centuries—holds tremendous interest far and wide, especially in such newly-emergent nations as Angola, Ethiopia, Mozambique, Benin and others.

### Discovery and Development

The search for this superb transforming system began with two leaders of underground groups of arats fighting against the miserable, brutal existence imposed by the feudal lords and the loss of national autonomy imposed by the Chinese warlords.

Khorkhuyin Choibalsan had been an eyewitness of the February 1917 revolution in Russia. He and his friend, Sukhe Bator, a typesetter and leader of another underground group, were inspired by the October Socialist Revolution in Russia. Together they visited and sought advice from V.I. Lenin, leader of the Bolshevik Party and founder of the Soviet state.

It was Lenin who outlined a broad plan for bringing into being the conditions that would enable Mongolia to be lifted from antiquity into modernity in a historically short time.

The main components of this new system were: a vanguard party based initially on the arats, working herdsmen; the alliance of the arats with the working class of liberated Russia; a step-by-step, phased process of development through anti-imperialism, anti-feudalism; democratic reforms aimed at overcoming lethargy, activating the masses into a social force capable of determining their own destiny. These were stages in a revolution that would bypass capitalism and set the stage—over a period of time—for socialist construction.

Creatively applying the teachings of Marxism-Leninism to the specific conditions of their own country, Sukhe Bator and K. Choibalsan estab-

lished the Mongolian People's Revolutionary Party (MPRP) in March 1921. The first congress of the MPRP proclaimed its program as national independence, emancipation of the arats and liberation from foreign subjugation by means of armed struggle of the masses. In less than 5 months, in July of the same year, the Mongolian Revolution achieved victory with the takeover of the capital city.

The chief task of the initial period was to foster the revolutionary activity and consciousness of the masses, to awaken them from centuries-old inertia and backwardness. The class approach was manifest in the struggles to uproot the feudal lords, a struggle which met with understanding and active response from the arats.

By 1924, when the third congress was held, the drive to set up local and central government bodies in the form of People's Khurals (peasant councils) was completed. A democratic constitution, the first in Mongolia's history, was adopted.

The third congress proclaimed a non-capitalist way of development based on Lenin's idea, advanced at the second congress of the Communist International, that backward countries, aided by the working class of advanced countries, could enter the socialist road and develop toward communism by stages without going through capitalism (*Collected Works*, Vol. 31, p. 244).

### Birth of a Working Class

A planned, phased approach to development was essential because this was the only way to rally the people for the struggles to advance objectives which they could understand and believe in at each given stage. The time machine would not work without the great mass of people involved in the fight for their own interests in building a better life.

Opposing this approach were those in and out of the MPRP who capitulated to the pressures of the feudal lords who wanted to preserve the old order of things. Others wanted instant change, an immediate going into socialism in the absence of an indigenous working class. Either of these paths would have resulted in separation of the MPRP from the masses, isolation of the Party, wrecking of the time machine. Their influence did great

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harm, retarding development for awhile. The seventh and ninth congresses in 1928 and 1934 defeated these deviations, restored purposeful guidance and the policy of relying on and involving the working masses. Hard work among the people, revolutionary far-sightedness and patience were priority imperatives called for in the manual of successful operation of the time machine.

Soon after the revolution, the Revolutionary Youth League (RYL), trade unions, women's and other mass organizations were established to help enlist the broad masses in building the new life.

Fifteen years after the revolution, in the mid-thirties, a working class began to form and a people's intelligentsia came into being. This was a working class that never knew capitalist exploitation and oppression, that grew up in socialist relations of production with a socialist attitude to labor and society.

In 1940, with the completion of the general democratic reforms, a new constitution was adopted and the tenth congress of the MPRP set the goal of laying the foundation of socialism.

By the end of the 1950s most arats had voluntarily chosen the socialist road by a mass influx into the production cooperatives. This was the result of prolonged, patient, prudent educational work by the Party. Socialist property became predominant in the economy and private-property mentality was overcome.

The numerical strength of the working class has doubled in the last 15 years. In that time, 91,000 skilled workers were trained. Today trade union membership is 387,000 and 190,000 youth belong to the RYL.

The membership of the MPRP has grown to 75,000, of whom 32.4 per cent are workers and 17 per cent are arats. One in every 10 adults is a member of the MPRP. Mongolian society today consists of the working class in the leading role, arats associated in cooperatives and intellectuals.

The process of transforming the MPRP from a revolutionary democratic party into a Marxist-Leninist Party was intimately bound up with and ultimately dependent upon the process of transforming the herdsmen into proletarians through a

vast amount of state, economic and cultural construction. At the same time, its leadership was guided by Marxist-Leninist science from the beginning.

During World War II, the governments of the United States and Great Britain assured the Soviet Union that they would recognize the independence of Mongolia. In an effort to nullify this agreement, the Maoists produce maps purporting to show Mongolia to be part of China, just as they lay claim to the land of all their neighbors.

Anyone can draw a map, but no one will ever succeed in robbing the Mongolian people of their homeland, their independence, their tremendous accomplishments of peaceful labor in building a better life, their unbreakable alliance with the Soviet Union, the firm adherence of their Party to the principles of Marxism-Leninism and proletarian internationalism.

U.S. Communists join with all people of good will in hailing the Mongolian People's Republic and its vanguard party on their 60th anniversary. Our struggle for peace, disarmament and social progress, against U.S. imperialist plans for world domination and intervention into the internal affairs of the countries of the Caribbean, the Middle East and elsewhere are of direct support to the Mongolian people for whom peace is most vital to complete their journey into the twentieth century and to enter the twenty-first century as a fully-developed socialist society.

Through the common struggle for peace, the friendship of the peoples of the United States and Mongolia will flourish and grow strong.

*Note:* The following readings are recommended for those wishing to study further Mongolia's path to socialism:

*World Marxist Review:* "The October Revolution and Mongolia's Path to Socialism," Y. Tsendenbal, August 1977; "Illumined by Theory, Tested in Practice," Y. Tsendenbal, March 1981; "A Leap Across the Centuries," WMR Study Group, January 1981 and *Socialism: Theory and Practice:* "The Formation of Vanguard Parties," M. Kosukhin, February 1981.

# The Politics of Soap Operas

MICHAEL PARENTI

The mass media have a twofold purpose in this society. First, they make money for their corporate owners. The big media are big business, manifesting the same symptoms of high profits and increasing concentration of ownership found in other industries. Second, the media stand ideological guard over the values and interests of corporate America, propagating the conventional virtues of private enterprise and private gain, consumerism, patriotism and militarism. As anyone who has ever flipped a TV dial should know, the viewing public is bombarded with banalities, trivialities, imbecilities—and socio-political orthodoxies.

Socialist and other such dissenting views are, with rare exception, kept out of sight and sound. The social problems of modern capitalist society are glossed over. The devastations of the capitalist economy are ignored. Even if their effects are sometimes touched upon, their causes go unrecognized. And the existing class structure and prevailing distribution of economic and social power are implicitly accepted as the best of all possible systems.

This is as true of the entertainment sector of the media as it is of the news sector. Supposedly, entertainment programs have nothing to do with politics. In fact, they undergo a rigorous political censorship. Shows that treat controversial subjects or offer a progressive viewpoint have trouble getting sponsors and network time. Songs containing references to junk foods, prison conditions, the draft and opposition to U.S. military interventions have been cut from entertainment shows.

When David Susskind submitted five thousand names of people he wished to have appear on his talk show to the advertising agency that represented his sponsor, a third of the candidates were

rejected because of their political viewpoints. The censorship code used by Proctor and Gamble for shows it sponsored stated in part: "Members of the armed forces must not be cast as villains. If there is any attack on American customs, it must be rebutted completely on the same show."

While progressive political views are censored out of entertainment shows, there is plenty of politics of another sort. In situation comedies, adventure programs and detective stories, comic strips and children's cartoon shows, conservative American values are preached and practiced. Far from being "free of politics" the entertainment media can be a highly political form of social control.

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This is nowhere more evident than in that form of daytime television known as the soap opera. Captivating millions of fans between 12:30 and 3:30 every weekday afternoon, soap operas generally portray a white, economically well-off world of young professionals—lawyers, doctors, architects, business executives and their families—who spend their waking hours wrestling with a never-ending succession of personal crises in a society devoid of politico-economic oppression and social injustice. As does so much of capitalism's popular culture, the soap opera reduces all of social reality to interpersonal experience.

Social issues never arise. There is little chance that soap characters will be heard discussing the struggles of working people or the oppressive powers of corporations. The characters are too busy working their way higher up the career ladder and deeper into the romantic labyrinth.

Most of the female characters are wives, mothers and sweethearts, the willing adjuncts of their men. Even those women who have jobs and careers—usually as teachers, nurses and secretaries—retain a primary interest in family affairs. And family affairs have little to do with ex-

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pending long exhausting hours tending to children, cleaning house and worrying about paying the rent. Rather, the women, like the men, engage in an endless round of personal conflicts and emotional traumas. These ordeals are endured in elegant, upper-middle class homes by beautifully groomed people who, even if just lounging around the house, look like they are waiting for the *Vogue* photographer to arrive.

In the soap opera world there are no class differences and certainly no class conflict. When poor people and criminals make an appearance, they are judged not by their economic status but by their moral condition. Indeed, all behavior is seen as morally motivated. The woman who schemes and lies to get a man, and the man who schemes and lies to get a job, are seen simply as evil people.

Rape, alcoholism, unemployment and wife-battering make their appearances but always as personal rather than social problems. People are victimized by other ill-willed people and never by socio-economic conditions like low wages, racism, inflation, environmental contamination or heavy taxes.

In the world of soaps, individuals have an exceptional talent for crisis and misfortune. There's Bill's ex-wife who has a drinking problem and who, now married to Bill's boss, tries to get her former spouse fired from his job and attempts to keep him from seeing his child. Then there's Erica who entices Mary's husband away while planting marijuana in Mary's purse and simultaneously plots to blackmail Fred's homosexual brother. Or that mixed-up young man who, depressed because he flunked out of medical school, attempts suicide only to be saved by his sister who ends up sleeping with him and who thereby finds herself in need of an abortion.

The condition of perpetual catastrophe is enough to impress even a youngster. Slightly dazed by his first—and last—afternoon of watching the soaps, my 11-year old son observed: "What happens to people maybe once in a lifetime happens to these people *every day*." Indeed, the characters who inhabit the world of daytime television are forever contracting fatal illnesses, dying in accidents, getting blackmailed, suffering amnesia, devising or falling prey to nefarious

schemes, getting kidnapped, going insane and—judging from the pregnancy rate—engaging in extra-marital encounters without the slightest understanding of modern birth control methods.

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The soap opera is also endless. There is no final resolution of conflict, only a growing congestion of interpersonal complications. The soaps teach us that individuals can not join together to work toward a harmonious, collective solution of difficulties. Indeed, the message is that interpersonal contact *causes* rather than solves difficulties. The picture is of a bourgeois society composed of powerless, clashing, throbbing egos, devoid of common social and political goals, caught up in an interminable succession of treacheries, seductions and monumental mishaps.

Today, social relations in the United States suffer a good deal from impoverishment and alienation. The loneliness and isolation of "a society without community" is felt during the daytime hours most acutely by those who do not go off to work and have no other hook-in to the social system. The soaps are geared to that audience: mostly housewives and, to a lesser extent, the unemployed, the institutionalized and the retired elderly of both sexes.

Many in this audience come to depend on the soaps for a vicarious human contact. They get hooked on the programs, scheduling their house-keeping chores and shopping trips so as not to miss the daily episodes. For some viewers the line between melodrama and reality evaporates. They begin to treat soap characters as real people, fretting over their plight, writing letters to the characters, advising, warning, and scolding them, treating them as they might their own friends and relatives—sometimes more so.

For millions of viewers confined to the isolation of their households, soap operas offer the fantasy of an all-encompassing family which itself becomes a kind of ersatz community. The soaps, as the writer Carol Lapote once noted, fill out a long empty day spent at home alone, promising the housewife that the family can be everything for her, a place both of love and high drama, as long as she remains within its circle and does not question

anything beyond it. At no time do the soap dramas call attention to the viewer's own atomization and loneliness by presenting a more faithful image of her actual family situation.

In an unpublished study entitled "The Search for Tomorrow in Today's Soap Operas," Tania Modleski writes:

What the spectator is looking at and perhaps longing for is a kind of *extended* family, the direct opposite of her own isolated nuclear family. Most soap operas follow the lives of several generations of a large family, all living in the same town and all intimately involved in one another's lives. The fantasy here is truly a "collective fantasy"—a fantasy of community, but put in terms with which the viewer can be comfortable.

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The soaps do not propagate communal values, only an illusion of community. They appeal to the viewer's *real* human need for companionship and *real* need for community, albeit in a distorted way. Many Americans are so thoroughly bereft of community that they often can not articulate a conscious complaint about the dimension of

shared experience missing from their lives. By engrossing themselves in the crowded torments of soap operas, millions of people ease the pain of their own boredom and alienation.

In exchange for their daily fix, the viewers pay a heavy price to the dominant culture in the form of a continued passivity and isolation. Like any narcotic, daytime television offers a momentary easing of the problem while re-enforcing the conditions for its persistence.

There is evidence, however, that the addiction is not an insurmountable one. In the Co-Op City rent strike in New York some years ago, several of the residents remarked how the struggle had brought them "back to life" and how they no longer wasted their time "sitting in front of the television set." Other individuals, who become active in community or political affairs or who find suitable employment, manifest similar changes in their viewing habits.

When offered something better to do, when engaged in worthwhile actions and linked up to others in meaningful ways, people readily discard the false community and twisted little world of the soap opera.

# DOCUMENTS

## On Ballot Access

SIMON GERSON

Voice of America broadcasts incessantly to the whole world about our "free elections." The truth is otherwise.

From afar, the form looks free; close up, the substance is something completely different. Our electoral system is controlled lock, stock and barrel by the giant monopolies, the big banks and corporations which dominate our economy. They do this through their two old parties who write the laws governing the electoral process.

They not only write the election laws of the 50 states in the Union and the federal election laws; they hold the purse strings for the vast financing necessary to run a U.S. election campaign and they dominate the media—TV, radio and press—essential to getting a candidate's message to the voters.

Hence a deep and pervading cynicism about elections among the voters, with nearly half the eligible electorate absenting themselves from the polling booth.

But there is a rising movement against these anti-democratic restrictions. Many democratic forces of various affiliations have come to recognize that to develop independent political action it is necessary to struggle against the maze of laws that prevent access to the ballot.

Nationally, there is a Committee for Fair Ballot Access, based in Maryland. In Connecticut, a group called VOTER (Voter Opportunity Through Electoral Reform) is pressing for liberalizing the state election laws. In Massachusetts, a series of bills were introduced to the same end. In both states, varied organizations are supporting the liberalizing measures.

Active in all these groups in the fight for democratic reform is the Communist Party. Below we publish the statement made by Si Gerson, chair of the CP Political Action Department, to a joint Senate-House hearing of the Massachusetts legislature on revising that state's stringent election laws. It was delivered at the Massachusetts State House, March 4, 1981.—*Eds.*

The legislation before you to liberalize the election law is significant not only to the people of

Massachusetts but to the country as a whole. What you have here is strongly akin to a constitutional



question, a First Amendment issue.

The right of association obviously presumes the right to associate politically and advance political ideas in an organized form, generally through the agency of a political party. When that right is abridged, directly or by indirection, a fundamental democratic right is weakened. Thus, when an independent party's access to the ballot is so sharply restricted as to make a mockery of the electoral process, democracy itself is undermined.

This point was well made by a conservative jurist, Federal Judge Philip Pratt, in a decision handed down August 19, 1980, in Michigan Federal court. In *Hall v. Austin*, the court, in placing Communist presidential candidates Gus Hall and Angela Davis on the ballot, said:

Unwarranted restrictions on ballot access simultaneously impinge on both the candidate's and his supporters' rights of political activity. Finally, restrictions on ballot access implicate the *public's* right to hear all views in a full and free exchange of political ideas...The participation of independent, dissident, or minority candidates strengthens the democratic process and contributes to free and open political debate. Exclusion of such candidates is thus a form of censorship which affects the rights of even those members of the public who do not support and would not vote for the excluded candidates.

Further in his opinion, Judge Pratt quoted approvingly an article in the *Harvard Law Review* on independent politics:

So long as the two-party system remains entrenched, minor parties and independent candidates have only a slight chance of electoral success. Nevertheless, they perform important functions in the political process. Frequently they raise issues and develop policies long before established parties are prepared to act, and their presence on the general election ballot and participation in election campaigns permits voters to demonstrate support for new and unorthodox ideas...It is therefore plain that the importance of independent and minor party candidates transcends their ability to capture elective office.

Obviously, restrictions that bar minor parties from the ballot prevent them from carrying out the "important functions" referred to by the *Harvard Law Review* writer. Beyond that, by preventing new ideas from access to the political marketplace, a pall is cast on the entire political process.

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It is a sad fact that nearly half the eligible electorate did not go to the polls in the last election. It is something of a cliché by now that the U.S. has the lowest percentage of voting participation of all industrialized nations. "Fewer and fewer Americans believe it necessary, important and even worth their while to cast their ballots," observed Curtis Gans, director of the Committee for the Study of the American Electorate (*Washington Monthly*, October 1978).

The figures on voter participation tell the story of the ominous decline: In 1960 there was a turnout of about 60 per cent of the eligible voters; in 1976 it was about 54½ per cent; in 1978, a mid-year election, it sank to 38 per cent. In 1980, the figure was 53.95 per cent, the lowest turnout in a presidential election in 32 years. So, twenty years after the 1960 election, despite a rise in population and passage of the 18-year-old voting amendment, we had less than a 54 per cent turnout. (Incidentally, since President Reagan got only slightly more than half the vote cast, his so-called "landslide" mandate came from only about 27 per cent of the eligible voters.)

Undoubtedly, a number of factors account for the situation in which about half the eligible voters are alienated from the electoral process. But a central element in that picture is the maze of restrictive laws thrown up by the various state legislatures. As the *Washington Post* pointed out editorially (March 29, 1980):

State legislatures have done their devious best to give Republicans and Democrats an exclusive franchise on the selection of a President.

This feeling that a two-party monopoly exists and that neither party provides a genuine alternative has created a powerful revulsion to the electoral process and a consequent mass abstention from the polling booth. This is particularly true among the poor, the working people, the Black

and Hispanic peoples—precisely those who need the social legislation that can emerge from the electoral and legislative process.

And on the other hand, it is precisely within the framework of an ever-diminishing percentage of voters that Big Business and the superrich can exercise the greatest leverage. In a word, the smaller the vote the greater the power of entrenched wealth and its capacity to corrupt the electoral process to its own narrow, anti-democratic purposes.

Thus we conclude that supporters of democratic rights, irrespective of political affiliation, should staunchly support the liberalization of the election law. Such revision will make it possible for meaningful independent political alternatives to be placed before the electorate and arouse popular interest in and debate around the great issues of our time—the struggles for peace, for jobs, for security, and against racism and sexism.

As I understand it the bills before you revise your election code in a healthy direction, giving greater opportunity for alternative parties and in-

dependent candidates to appear on your ballot.

Let me single out just one question for elaboration, that of the inordinate number of signatures required on independent nominating petitions in Massachusetts. The figure—not to speak of the problems of town clerk verification and time in which to canvass for signatures—is in sharp contrast to that of other states. Some examples:

—Tennessee requires only 25 signatures for each elector;

—Washington calls for only 150 for all electors;

—New Jersey, 800;

—Ohio, 5,000;

—New York, 20,000 and Illinois 25,000.

Why then should Massachusetts, famed for its liberalism, maintain an archaic and basically undemocratic body of election law that in fact legalizes a monopoly position for the two major parties?

We call on all democratic-minded legislators to adopt the measures before you speedily. In so doing you will be strengthening democracy and acting in the finest traditions of your state.

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