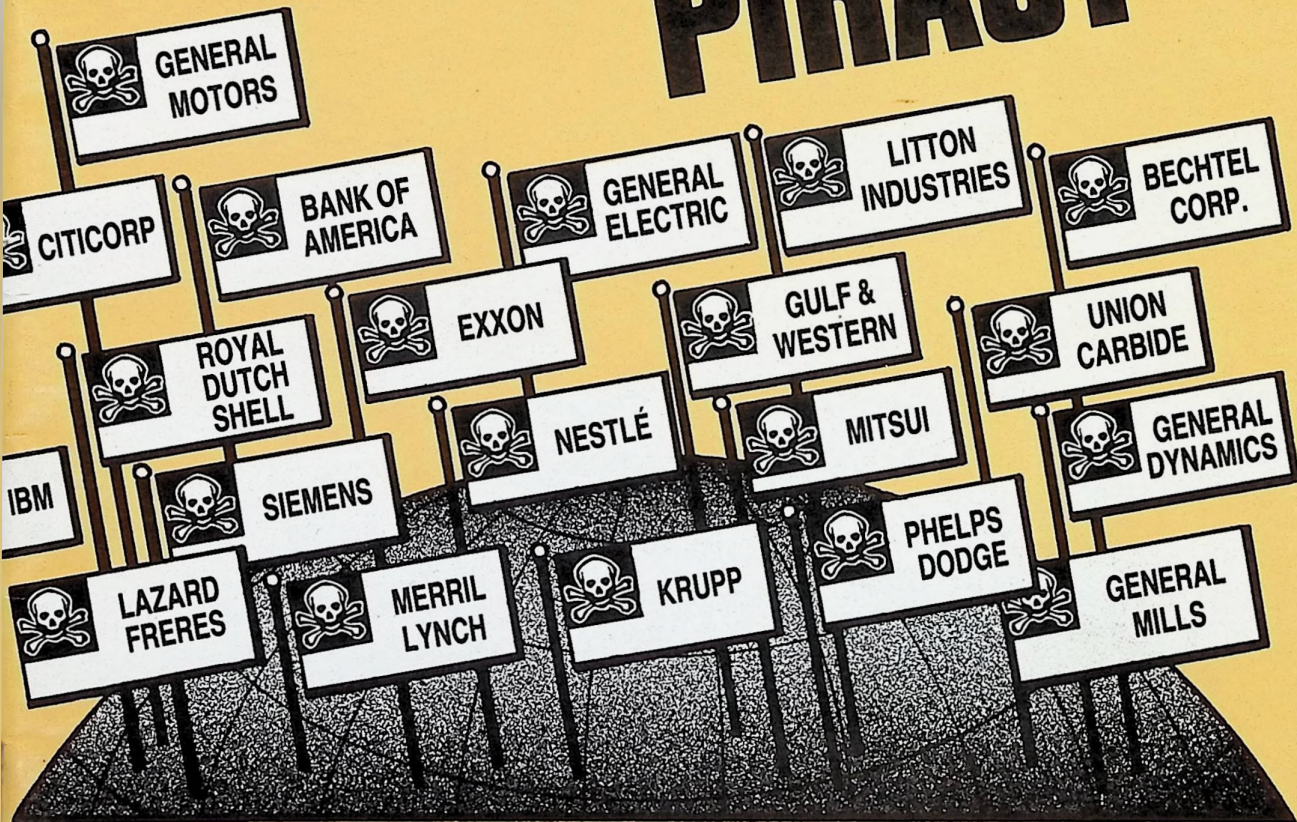


# political affairs

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# TRANS- NATIONAL PIRACY



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Editorial Comment

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Communist Party of Israel

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# Lessons of Chernobyl

EDITORIAL COMMENT

What occurred at Chernobyl was a serious accident. It was a tragedy which took human lives, injured scores of people, was enormously costly and required truly heroic efforts to contain. Chernobyl was a sobering instance of a fantastically powerful nuclear technology temporarily slipping from human control.

This was the reality of Chernobyl. There are serious conclusions to be drawn from the event.

But there is also the "other Chernobyl": the media event in a continuing cold war campaign by the Reagan Administration, the fortuitous occasion for hysterical anti-Sovieteering. In the first days after the accident, General Secretary of the CPUSA Gus Hall predicted that the fallout from *this* campaign would be more dangerous and insidious than the residue of the nuclear accident itself. That has indeed proven to be the case.

This "other Chernobyl" carries lessons of its own.

**W**hat lessons can be drawn from the Chernobyl accident concerning the safety of the nuclear power industry in the United States?

Serious accidents at nuclear facilities have not been confined to those of a single design. The plant at Chernobyl was an electrical energy generation plant based on graphite damping (there are nine plants using similar technology in use in the U.S. today). But accidents have also occurred in light water plants (Three Mile Island) and heavy water plants (Chalk River, Canada), both of the pressurized and boiling water type. They have occurred at military plants (Idaho Falls) and research facilities (Detroit). The countries where such accidents have occurred include the USA, Canada, West Germany, Japan, France, Britain, Belgium and Switzerland. Three decades of experience make it clear that inherently safe designs—designs in which a malfunction would reliably lead to an automatic shutdown without release of radioactive materials—have not yet been developed.

The widely propagandized charges that the Chernobyl facility lacked safety features incorporated in U.S. nuclear plants are false. It was alleged, for example, that the Chernobyl plant had no steel-and-concrete "containment." It did, in fact, have a containment designed to withstand pressures similar to those specified in U.S. plant design. In addition, the Chernobyl reactor

had a large basement water pool to absorb excessive steam pressure; a chamber of nitrogen around the reactor that, unlike oxygen, will not support fires; duplicate and well-protected power cables; modern control equipment of the same type used in Western reactors; and valves and seals that could be used to separate problem areas from the rest of the plant. (*New York Times*, May 19, 1986.)

The false charges that the Soviet nuclear industry operates with safety standards below those employed in other countries have been disseminated, among others, by the Atomic Industrial Forum, the U.S. Committee for Energy Awareness and the Edison Electric Institute—all industry associations which have a vested interest in covering up the risks to which the nuclear industry is subjecting the American people.

Because of its extensive safety system, the operators of the Chernobyl plant did not anticipate that such an accident was possible. The chemical explosion which breached the plant's safety features had never occurred before during extensive operation of similar plants, nor was it anticipated in any of the simulations of possible plant malfunctions.

After the accident, there was a tremendous mobilization of resources at Chernobyl to contain the disaster and to protect the population from its consequences. An evacuation team of 1,000 bus drivers was mobilized literally in a matter of hours; subway workers from nearby Kiev tunneled beneath the crippled plant to seal it off from contact with water supplies. Schoolchildren were removed to summer camps. Helicopters dumped tens of thousands of tons of material to smother the fire and seal off the ra-



dioactive materials. The entire effort was directed by national and local authorities, with the participation of top scientists. Without such decisive action, the damage could have been much worse.

Can one imagine a similarly swift and efficient evacuation of heavily-populated Long Island in the event of an accident at the Shoreham nuclear plant? To pose the question is to answer it, since Long Island officials assert that such a plan can not even be formulated, much less successfully implemented.

The failures which lead to nuclear accidents may be of people or equipment, or may be caused by design flaws. But breakdowns, both human and mechanical, are always possible. In such complex systems, so are design flaws and oversights. Even the best design can only extend the probable time between failures, and only attempt, by creating backup systems, to prevent an isolated failure from having critical consequences.

The greater the possible scale of an accident, the lower is the acceptable risk of its occurrence. As the Three Mile Island and Chernobyl accidents both demonstrate, the potential consequences of a malfunction of a nuclear electrical generation plant are huge. Yet the U.S. Nuclear Regulatory Commission estimates that the chances of a Chernobyl-type accident during the next twenty years in the United States are one in two. Clearly, this is an unacceptable risk.

Thus, the Chernobyl accident again raises, in the most urgent possible manner, the need to stop the commissioning of new nuclear facilities in the U.S.

One of the conclusions that can be drawn from this accident is the need for the U.S. and the Soviet Union to combine their resources for the development of nonpolluting, inexhaustible fusion energy.

**N**ews of the Chernobyl accident was received by most of the American public with human sympathy. These sentiments were epitomized by the assistance rendered by Drs. Robert Gale, Paul Terasaki and Richard Champlin, specialists in bone marrow transplants, in treat-

ing victims of radiation poisoning.

The response of the Reagan Administration and the Western mass media, reflecting the nature of monopoly capital itself, was anything but human. The Administration's attitude was visible in the image of Secretary of State Schultz at a news conference, grinning and gloating, "The deaths were many times more than the Soviets reported."

The Reagan Administration, charging the Soviet Union with presenting inadequate information, took to holding its own daily press briefings on the accident. But if, as they claimed, they had inadequate information, what was the content of their briefings? Malicious lies.

Not satisfied with the report of damage to one reactor, they invented the story of a core meltdown. And then they put out "news" of a *second* meltdown, and of a fire that would burn "for weeks."

As it turns out, there was no core meltdown and the fire was extinguished within several days. The U.S. intelligence services, having their own satellites stationed over the Soviet Union, certainly had confirmation of the truth of Soviet reports about the fire. But they never released photographs from the spy satellites.

Taking their lead from the administration of the Great Prevaricator, the U.S. press showed itself to be anything but free and truthful. They dutifully reprinted, in blaring, sensational headlines, every falsehood from government sources. And they proved to be willing and even eager disseminators of the wildest fabrications from other sources.

Thus, UPI put a story on the wire that 2,000 people had died at Chernobyl. This story appeared in the great majority of commercial news outlets. The story was attributed to a UPI correspondent in Moscow who had contact with an unnamed woman in Kiev who allegedly had hospital contacts. This was the entire basis for a story broadcast to tens of millions of people.

In a letter to two Soviet publications, T. Yatsenko, who identified herself as the source of the story, said she had spoken of only two deaths—exactly as Soviet spokesmen reported—and not 2,000. A month later UPI, offi-

cially retracted their report. In the end, the reports of thousands of casualties and mass graves proved to be based on—nothing. Nothing but the desire for blood.

Unfortunately, UPI's retraction was seen by only a small fraction of those originally misinformed.

Similarly, two nationwide television networks showed film (for which they paid \$11,000) which purported to be of the burning Chernobyl reactor. But after the film was aired, it was identified by the residents of Trieste, Italy, as being of a cement plant in their vicinity. "We were had," said anchorman Tom Brokaw.

But why were they so easily "had"? Why the rush to publish and to broadcast stories which the slightest effort at verification would have discredited?

The desire to sell more papers and hold viewers' and listeners' attention was the least of the reasons. Contrast their treatment of Chernobyl with the quickly-forgotten disaster at the Union Carbide chemical plant in Bhopal, India, where there really were 2,500 fatalities.

The Chernobyl accident was seized upon by the Administration, and, on cue, by the managed media, as an opportunity to depict the Soviet leadership and socialism itself as indifferent to human life. They sought to discredit the Soviet Union as a trustworthy partner in negotiations and agreements, and thus to poison the atmosphere, raising new obstacles to a second Summit meeting.

They wanted to divert the world's attention from their own continued nuclear testing, which the Soviet Union had unilaterally halted last August.

And, not least, the hullabaloo around Chernobyl was meant to cover up the sordid record of the U.S. government and monopoly corporations in precisely the field of nuclear safety.

As for the information supplied by the Soviet press, it has proven to be completely truthful and responsible. The Soviet press, like the Soviet authorities, sought to organize a campaign of assistance to bring the severe threat under control and to protect citizens from potential danger. They sought to avoid spreading panic which, under the circumstances, could have

magnified the dangers and the damage.

**W**hat happened at Chernobyl, grave as it was, was an accident. It was caused by a flaw in a system whose intent was constructive. It can in no way be compared to systems and policies whose aims are to kill and destroy. It can not be and must not be allowed to cover up continuing U.S. preparations for nuclear war.

The power of the atom has already been deliberately used to kill, twice—at Hiroshima and Nagasaki. And it was not in anger, but in cold calculation. The object of U.S. ruling circles was to challenge and eventually destroy socialism. These are the precise sentiments which motivated the imperialist response to events at Chernobyl.

Even if one is gullible enough to accept the fiction that Truman thought Hiroshima was purely a military objective, one can't excuse the bombing of Nagasaki on the same grounds. For the results of Hiroshima were known in the Oval Office when the order was given to drop the second bomb on another civilian center.

Accidents are one thing. Calamities that result from conscious decisions are something else. And the U.S. nuclear testing which continues, in defiance of world public opinion, under the Nevada desert, is to produce weapons that can have no purpose except mass annihilation.

We have lived next to such fearfully destructive systems now for decades. The accident at Chernobyl, like the failures of other sophisticated technological systems (including the Challenger, Atlas and Titan rockets), should prevent us from being lulled into complacently believing that this will continue forever. All of the considerations which lead to the sudden and unexpected failures of these systems apply with equal force to weapons control systems.

When the consequences of an accident are total—extermination of mankind—then the acceptable risk of failure is zero. We can not coexist with these weapons indefinitely. In the long run, either we must destroy them or they will destroy us. That is why the Soviet proposal to scrap all nuclear weapons is the only sane path. All others lead to self-destruction. □

# Reagan's War On Libya

## Causes and Cure

HERBERT APTHEKER

Averell Harriman, James Forrestal and Lucius Clay were chatting at lunch in ravaged Berlin, late in May 1945, shortly after the city had been torn from Hitler's grasp by the Soviet Army. "Hitler's greatest crime," these worthies agreed, according to Forrestal, was "opening the gates of East Europe to Asia." (Walter Millis, ed., *The Forrestal Diaries*, New York, 1951, p. 79.) Hitler, with all Europe in his fist, had managed to kill over fifty million people and maim scores of millions and tear apart whole civilizations and annihilate entire peoples. The three Statesmen had seen it all—including the ovens—but they concluded in effect that Hitler's greatest crime was—to lose! This is to say, his greatest crime was to "permit" defeat by the USSR, thus opening Europe to "Asia"; to open the imperial world to the effective strivings of the "lesser breed"—workers, peasants, the "huddled masses yearning to breath free"—and most of them, colored.

Among those able to bid, successfully, for national liberation as a result of fascism's defeat were the people of Libya. They had endured colonialism for centuries—first under the Ottoman Empire and, beginning in 1912, under the Kingdom of Italy and then the Italy of Mussolini. The occupation was marked by continual uprisings, especially sharp under fascist rule, when Mussolini's henchmen, Badoglio and Graziani, waged repeated "wars of pacification" against the "bandits" and "terrorists."

British and U.S. troops drove out the Italians (and Germans) during World War II and an Allied Administration was established. This was understood to be temporary; in 1949 the United Nations voted that Libya's independence should be affirmed by 1952. This was done; a king was installed and Libya entered the

UN as a universally recognized sovereign state in 1955. Three years later important discoveries of oil and natural gas were made in Libya; Great Britain and the United States now heavily subsidized the royal government. British and U.S. corporations took over ownership of the precious resources, and both Great Britain and the United States were provided military bases in the country—the U.S. with the enormous Wheelus Field air base.

Under the King—as these events demonstrated—the national integrity of Libya was being threatened; meanwhile, also, social measures to assist the populace were absent. Widespread unrest ensued; a movement to replace the monarchy, led by the 27-year-old Muammar Qaddafi, succeeded. So impotent and isolated had the monarchy become, this fundamental governmental change was accomplished peacefully.

The revolutionary coalition was profoundly nationalist, deeply religious (but not in the fundamentalist sense of a Khomeini) and, while rejecting Marxism-Leninism, did explicitly adopt aspects of socialism. The latter included the nationalization of the natural gas resources and of several oil corporations while insisting upon 51 per cent ownership (with compensation to the former owners) of four remaining major foreign oil corporations. By 1970 all British armed forces had been removed from Libya; that same year the United States was obliged to withdraw from Wheelus Field. Libya became a part of OPEC, a leader among more radical Arab states, a supporter of the PLO and an ardent foe of Washington's pro-Israeli stance. It pursued also a relatively enlightend social policy, especially in terms of mass education—for girls and women as well as for boys and men.

Especially since the Israeli-Arab war of 1973, in which U.S. supplies played a decisive

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Herbert Aptheker is editor of *Jewish Affairs*.

role in Israel's success,<sup>6</sup> the estrangement between Tripoli and Washington has intensified. The *Nation* correctly noted, in an editorial (April 26, 1986) that the decision to attack Libya had been made in Washington "many years ago." CIA intrigues failed. By 1980 the commercial press was spreading stories about Qaddafi as the "terrorist mastermind," the Libyan Embassy was forced to close in Washington, and George Will—Reagan's alter ego—called Qaddafi a "mad dog" five full years before the President of the United States permitted himself such language. By 1981 the Libyan air force was suckered into reconnaissance flights over the U.S. Mediterranean fleet and two of its planes were shot down.

Washington's stories of the wildest nature concerning Qaddafi's terrorist teams and assassination squads were soberly reported as fact by a compliant media. Though the members of the team making up the Reagan Administration—from top to bottom—are known to the world as a pack of pathological liars and have been exposed as such scores of times, no concoction out of Washington concerning Libya was reported as other than the gospel truth. Indeed, evidence was not only not offered; it was not requested.

Meanwhile it is true that Qaddafi has made baiting remarks that did not help his case and some evidence does exist of his employment, infrequently, of highly questionable and Machiavellian techniques. He and his staff are amateurs, however, compared to the murderous, imperialist *policy* implemented by Washington since the end of World War II and intensified by Reagan.

Terrorism—i.e., indiscriminate attacks upon individuals and groups—politically is a regressive policy which invariably boomerangs. Its *source*, however, normally lies in great injus-

tice by overwhelming forces. Specifically, in the Mid-East, it lies in the Washington-Tel Aviv anti-Arab policy marked by invasion, occupation and gross injustice, permeated with racism. The basic expression of this contemptible policy is the forcible denial to the Palestinian people of their right to self-determination and to nationhood. This, prolonged for decades, induces deep frustration and fierce rage; they often produce desperation and that in turn suggests terrorism as a tactic. The latter—filled with opportunities for provocation—does not succeed and its very failure often intensifies the frustration—and the awful cycle is repeated. When, as in the actual case of the PLO, this tactic of terrorism is denounced, the repudiation is denied by the oppressor so that the unanswerable justice of the cause being advocated may be ignored. To add to the inequity, Israel not only denies a homeland to the Palestinians, it seizes and occupies lands belonging to other Arab peoples!

**S**pecial note must be taken of the extraordinary corruption and culpability of the capitalist media in the United States. Michael Parenti, in his splendid book, *Inventing Reality* (St. Martin's Press, New York, 1986), has documented this persuasively. A prime illustration of his theme has been that media in the recent months, especially on this "terrorist" charade, and on Libya in particular. (One must add, though this is not the present essay's focus, the Chernobyl nuclear reactor accident.)

A dean of Washington correspondents, James Reston of the *New York Times*, writing under the subhead, "Public Relations Is Running Amok," reports that: "Publicity is not merely an instrument of government here these days: it is government." He adds: "In over 40 years in Washington I can't recall a period when so much obvious nonsense, even so many distortions of fact, have gone by unchallenged or been dismissed with scarcely more than a whisper by the public" (April 9, 1986).

Within a week, Reston's point would be confirmed by the press and television response to Reagan's war upon Libya. U.S. forces struck with naval and air power in the early hours be-

<sup>6</sup> In light of later events, it is worth recalling that none of the Western Powers (except Portugal) allowed the U.S. to overfly its territory in supplying Israel. This so infuriated Kissinger that he allowed himself to explode: "I don't care what happens to Western Europe. They can all go to hell as far as I'm concerned." See Raymond L. Garthoff, *Detente and Confrontation: American Soviet Relations from Nixon to Reagan*, Brookings Institute, Washington, 1985, pp. 401-2.



fore dawn, hurling bombs upon a city of one million people in Tripoli and half a million in Benghazi. The media hailed the event as a heroic exercise in virtue. Wrecking buildings—including such military targets as the French Embassy—wounding hundreds, killing scores—avowedly seeking the overthrow of a universally recognized government—and all this by a Great Power of a quarter of a billion population against an African nation of some four million!

Acting contrary to the advice of almost all NATO allies, contrary to the provisions of the U.S. Constitution, contrary to the Charter of the United Nations—and militarily accomplishing nothing, with five of its planes dropping no bombs and another brought down by Libyan gunners—all this to the wildest hosannas from a prostituted press, radio and television complex taking seriously the vaudeville act of Shultz-Weinberger and hysterically applauding the closing act by the Old Ham.

Of course, most of the European world—let alone the world of Asia, Latin America, Africa and the Mid-East—was aghast. Thus, even Ferdinand Mount—a policy adviser for Prime Minister Margaret Thatcher from 1982 to 1984, writing in London's conservative *Daily Telegraph*—begins his comment: "Americans still do not understand the shock and outrage felt throughout Europe, Britain not excluded" (reprinted in the *New York Times*, April 29, 1986).

The best even Anthony Lewis could do—and he is certainly one of the least offensive of regular columnists in the bourgeois press—was to suggest "Reason for Doubt" and to raise "Hard Questions on the Libya Raid." The latter managed to avoid really "hard questions," such as the relationship of Reagan's attack upon Libya to the U.S. Constitution and the UN Charter.

As for the former, the only serious objection voiced in the media—so far as I know—came in an excellent Op Ed piece in the *New York Times* (April 23, 1986) by Rep. Don Edwards (D.-Cal.) who is chairman of the House Subcommittee on Civil and Constitutional Rights. Edwards pointed out that Reagan's war act violates not only the original Constitution

whose First Article specifically gives Congress alone the right to declare war. Edwards added that the 1973 Resolution, passed after the Vietnam experience, attempted to recapture Congress' control over warmaking, but it watered down Article I of the Constitution. That Resolution requires that the President "consult" Congress before using the armed forces of the nation, and adds that even after such consultation such forces are not to be used longer than sixty days without specific Congressional authorization. But, as Mr. Edwards pointed out, Reagan consulted "only a handful of congressional leaders" and did not do even that until "the bombers were in the air"! Representative Edwards is moderate when he offers the opinion that Reagan's act "almost certainly was an unconstitutional usurpation of the war-making power." Why "almost"?

As for the United Nations, it must first be observed that there *was* a United Nations Security Council Resolution which *did* condemn the U.S. air attack upon Libya. One must write with this emphasis in the U.S. because the only report of this appeared incidentally in a *New York Times* story by Bernard Gwertzman (April 23, 1986) headlined "U.S. Rebukes Thais on Libyan Vote." The headline correctly conveys the story's main content: the vote of Thailand, not the fact of UN condemnation. Nine votes in the Council are required to make a Resolution a "binding vote," which then required veto by the U.S. and some NATO allies. But Thailand did cast its vote for condemnation, although Gwertzman wrote that Washington's pressure against that "had gone to the highest levels in Bangkok" and though the Thai delegate announced he acted "with a heavy heart."

He did so act, however, together with the Congo, Ghana, Madagascar, Trinidad and Tobago, the United Arab Emirates, Bulgaria and the USSR; they registered their condemnation of "the armed attack by the United States of America, in violation of the United Nations and the norms of international conduct."

The bombing of Libya clearly violated Article I of the UN Charter "to maintain international peace and security and to that end to take

effective *collective measures* for the prevention and removal of threats to the peace." (Italics added.) The bombing of Libya clearly violated Article II, Paragraphs 3 and 4 of the UN Charter:

All Members shall settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered [and] All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state.

The bombing of Libya by the United States clearly violated Article 33 of the UN Charter: "The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, *first of all*, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice" (italics added). Article 37 of the Charter says that if the means stated in Article 33 do not work then the disagreement should be referred to the Security Council. And Article 51 of the Charter does not by any stretch of the imagination—contrary to Mr. Shultz—justify the bombing of Libya, for while that Article affirms the right of self-defense, it affirms that right *only* "if an armed attack occurs against a Member of the United Nations"—clearly meaning such an attack, for example, as is being carried out by U.S. mercenaries with U.S. equipment every day against Nicaragua—and was carried out by the U.S. Navy against a Libyan vessel in March 1986 and, especially, against two highly populated cities of Libya in a surprise assault on April 14, 1986.

**T**wo basic operating precepts of U.S. post-World War II foreign policy are commitment to capitalism and opposition to socialism; and opposition to self-determination and national liberation movements which, insofar as they undercut imperialism, also, whether consciously or not, simultaneously challenge capitalism. Robert Heilbroner wrote truly in the pre-reactionary days of *Commentary* when he

noted that the U.S. government

prefers hunger and want and the existing inadequate assaults against the causes of hunger and want to any regime that declares its hostility to capitalism. (April 1967, p. 38).

Professor Richard A. Falk, a pre-eminent authority on international law, noted over twenty years ago that

the continuing existence of formal commitments based on the doctrine of non-intervention seem to give the West, and especially the United States, the debilitating alternative of cold-war frustration and international lawlessness. (R.A. Falk, "The International Law of Internal War," in J.N. Rosenau, ed., *International Aspects of Internal War*, Princeton, New Jersey, 1964, p. 189.)

Relevant to our inquiry, also, is the observation of Professor Manfred Halpern, of Princeton (who served for ten years as an adviser to the State Department):

No state has the sovereign right to intervene in the internal affairs of another sovereign state. Such a "right" is not merely a contradiction in terms but an attack on the very system on which the freedom of every nation rests. (Manfred Halpern, "The Morality and Politics of Intervention," in J.N. Rosenau, ed., cited work, p. 275.)

When one comes to an African nation like Libya (or a Latin American nation, like Nicaragua or the Dominican Republic), one meets from Washington the distinct odor of racism and chauvinism. This is mixed with elitism in the case of movements or governments which spring from the masses and seek to serve basic mass needs. This latter component—this snobbish class feeling—is especially marked in the traditional diplomatic response to the Soviet state—that vast land of workers and peasants in power and of one hundred different but equal nationalities.

Thus, when Calvin Coolidge ordered the marines into Nicaragua against the "bandit" Sandino, he explained with wide-open eyes: "We are not making war on Nicaragua any more than a policeman on the street is making war on

passers-by." (Albert K. Weinberg, *Manifest Destiny*, Chicago, 1963, p. 441.) Again, one senses the same kind of fantastic "innocence" in the "explanation" offered by a U.S. admiral concerning the occupation of the Dominican Republic before World War II. The United States, he remarked, did not intend "to acquire by conquest any territory nor to attack its sovereignty, but our troops will remain until all revolutionary movements have been stamped out" and measures deemed appropriate by Washington have been implemented. (Sumner Welles, *Naboth's Vineyard: The Dominican Republic, 1844-1924*, New York, 1948, 2 vols., II, p. 777.)

Thus, here in Libya (and again in Latin America) the U.S. Administration "has nothing against the Libyan people," as Ronald Reagan said; it will merely kill a few dozen because it disapproves of their government—and all this does not violate the Charter of the UN! Reagan added that if he thought it necessary he would repeat his "lesson" again and again with, apparently, no termination in sight except perhaps genocide, or generalized war!

Naturally, as already noted, the reaction abroad has been hostility to the point of horror. E.P. Thompson, internationally known British historian (and honorary member of the American Academy of Arts and Sciences) and a founder of the European Nuclear Disarmament Movement, stated in giving an account of this feeling in Western Europe, perhaps the NATO countries should invite the U.S. to leave the alliance—or should expel it. Thompson stated that Europeans would feel safer without the Tridents and F-111s and Poseidons and rapid deployment forces; the Mediterranean, he added, would again be peaceful and all but President Rambo would be welcome to vacation there!

In the United States, too, after the first flood of warlike jingoism faded, saner heads be-

gan to voice opposition. Certainly this did not include the extreme Right—such as the American Jewish Committee or the Anti-Defamation League of B'Nai B'rith, whose ultra-nationalism has driven their leaders quite berserk, nor did it include Reagan's pal, the evangelist Pat Robertson, who, two days before the bombing, publicly called for the killing of Qaddafi.

But opposition did come from the leadership of both the World Council of Churches and the National Council of Churches. Dr. Arie Brouwer, General Secretary of the latter, wrote President Reagan: "Actions such as the bombing of Libya do not merely tarnish our image in the world, they corrode the soul of America" (*Christian Century*, May 7, 1986). Over 160 leaders of the American Baptist Churches condemned the bombing, the U.S. branch of the global Catholic Peace Movement deplored it, as did individual Catholic bishops, such as those in Chicago and Detroit. Many more religious leaders added their names to the impressive roll of honor, including Bishop V.R. Anderson of the African Methodist Episcopal Church, Rabbi Leonard Beerman of Leo Baeck Temple in Los Angeles, and the Rt. Rev. Paul Moore, Jr., Episcopal Bishop of New York.

More apt words to conclude this examination of the most recent example of Reagan's international gangsterism comes from a former attorney general of the United States. Ramsey Clark writes (*Nation*, May 3, 1986, p. 605):

Reagan's subversion of truth and the rule of law is the greatest threat facing the American people and indeed the world. We are responsible for our President's actions because we have the power to prevent them. If we care for the truth and for who we are, and if we want to restore the integrity of our constitutional system, we must demand the impeachment and trial of Ronald Reagan. □



# The New Crisis in Oil

VICTOR PERLO

The price of crude oil was cut in half during the first three months of 1986. Never before in capitalism's history has there been such a momentous drop in such a short period. It slashed the value of a year's world oil production by \$300 billion.

This was accompanied by other extremely sharp economic changes. In a very brief time, the exchange value of the dollar against leading rival currencies, the yen and the deutschmark, declined 30 per cent. There was a rapid drop in the U.S. interest rate. The enormous imbalance in world trade, especially the trade deficit of the United States and the trade surplus of Japan, became still more extreme. The gains of Japanese monopolies at the expense of U.S. monopolies accelerated. The trillion dollar debt crisis of developing countries deepened.

In a fundamental sense, this complex of events testifies to the increasing instability and anarchy of capitalist production, which is even more pronounced in capitalism's international economic relations.

Of all these changes and crises, the collapse of oil prices has the most far-reaching impact. Among the questions it raises are:

- a) What is the world economic and political background of the collapse?
- b) What are its economic consequences and immediate political implications?
- c) What is its specific impact on the U.S. economy?
- d) What are the elements of a working-class response to the resulting situation?

## ECONOMIC BACKGROUND OF THE CRISIS

**P**rimarily commodity prices generally increased rapidly during the 1970s. This trend was reversed during the 1980s. In the '80s, com-

modity prices have declined, although with substantial fluctuations.

In the United States, the index of spot commodity prices (excluding petroleum) peaked at an all-time high in December 1979, at *three times* the 1967 level. It has declined regularly since then, by one-quarter as of February 1986.

From 1967 to March 1981 U.S. crude oil prices soared *eight times*, but by March 1986 had dropped by more than half from the peak. World oil price fluctuations were more extreme. From 1970 to 1981 they multiplied *twenty-two times*, then plunged almost two-thirds by the spring of 1986.

The objective basis for the sharp increase in primary commodity prices during the 1970s was a faster increase in demand than supply. For over a quarter of a century after World War II, capitalist industry increased at the fastest rate in its history, about 6 per cent per year. World capacity for production of many raw materials failed to increase that rapidly. And because of their low prices—many raw materials were produced under colonial or neocolonial conditions—there was little incentive to economize on their use or to develop new sources. This came to a head in the early 1970s. Raw material prices multiplied rapidly.

In the same period the structural crisis of world capitalism emerged, accompanied by a marked reduction of its growth rate. This gradually undermined the basis for the higher raw material prices.

With the increasing world-scale anarchy of capitalist economy, adjustments to changed supply/demand balances do not take place gradually, but spasmodically, in extreme increases or declines, with severe, sometimes catastrophic impact.

The rise in primary commodity prices during the 1970s temporarily relieved the price scissors against many developing countries and stimulated their economic growth. It also provided a credit base for borrowing and encouraged the fivefold multiplication of Third World

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indebtedness. It stimulated inflation in finished goods prices and raised interest rates, which trends continued for years after raw material prices had turned downward.

The rapid increase in finished goods prices and soaring interest rates in the 1980s, combined with declining raw material prices, again very rapidly widened the price scissors against Third World countries. This, in turn, created the current international debt crisis, for which no solution is in sight.

### SPECIFIC FEATURES OF THE PETROLEUM MARKET

**T**he price of petroleum increased much faster than the prices of other primary commodities for both economic and political reasons.

**Economic:** Use of petroleum products increased very rapidly, tripling in the United States between the end of World War II and 1973. Petroleum use in Western Europe, Japan and other parts of the world also increased rapidly. During the 1960s, the United States became an important importer of oil. By 1979 imports accounted for 45 per cent of the supply of petroleum and its products, as domestic output reached its limit with existing wells. This created a more favorable situation for sellers of petroleum than for sellers of most other raw materials.

**Political:** Anti-imperialist struggles in developing countries have long focused on oil. Mexico pioneered in the 1930s by nationalizing its oil. Venezuela exacted better terms from the transnational oil companies. In 1960, the major African and Asian producers joined with Venezuela to form the Organization of Petroleum Exporting Countries (OPEC) as a collective bargaining agent with the Seven Sisters (the major integrated oil companies which controlled the world oil industry). Until 1973, they were able to win only minor concessions.

But the defeat of colonialism in Iraq, Algeria, Libya and some other countries and the accession to power of anti-imperialist govern-

ments changed that situation. These countries nationalized all or part of the foreign-held petroleum industries and campaigned actively for OPEC to regulate production and raise prices. Reaction to Israeli aggression against Egypt in 1973, with imperialist and especially U.S. backing, spurred the Arabian Peninsular countries—the largest oil producers—to join with the Left governments in a decisive move on the price front. By the late 1970s, the former very low price had multiplied seven times. Emboldened by success, even the more conservative governments nationalized part of their oil, and by now the bulk of it is under national ownership.

These developments provided the material means to begin industrialization, to overcome a heritage of extreme technical-scientific backwardness and raise living standards. The extent of these accomplishments varied, depending on the political character of the regime, the relative importance of oil in the national economy, the level of economic development and the size of the population.

However, by the end of the 1970s, the OPEC countries needed to advance to a higher stage of anti-imperialist struggle in order to consolidate the gains made and to take further steps forward. This required the overcoming of despotic, repressive and feudal regimes in some countries, nonalignment in world affairs, including exclusion of imperialist military involvement, and establishment of substantial political and economic relations with the socialist countries.

Economically, it required longterm contracts at stable, realistic prices for exported oil and use of more of the proceeds from oil sales to developing domestic industry and agriculture and raising mass living standards.

A practical program incorporating some of these measures is spelled out in the United Nations Resolution and Program of Action for a New World International Economic Order. Their achievement would certainly require extensive practical collaboration with the Soviet Union and other socialist countries, whose assistance has been crucial in the decisive advances of such countries as Cuba and Mongolia.

Especially important was the need for OPEC countries to solidify their unity, so as to be able to successfully overcome the inevitable counterrevolutionary attacks of imperialism.

By the same token, it was and remains important for labor and progressive forces in capitalist countries to support the anti-imperialist struggles of the OPEC countries, as well as developing countries generally. That is increasingly seen by the U.S. trade union movement, for example, in the case of Nicaragua and the anti-apartheid struggle in South Africa.

### POLITICAL FACTORS UNDERMINING OPEC

**S**everal of the OPEC member countries moved forward on the road to major constructive anti-imperialist advances, with a long-term socialist perspective. There were significant democratic gains in other member countries. However, in most of the OPEC countries, including the largest oil producers, there was no political progress. In some cases the situation worsened. Iraq, Algeria and Libya had played a major role in the first years of OPEC's anti-imperialist struggles. But Iraq's government turned away from this path and moved toward anti-Communist and brutally repressive policies. The Khomeini regime in Iran also turned sharply to the Right. Meanwhile, these two countries have dissipated their strength in a prolonged, senseless war with each other which only benefits imperialism.

The feudal ruling cliques in Saudi Arabia, most other Persian Gulf OPEC members, and the governments of a number of other member states, rather than spending oil revenues to achieve political and social progress, dissipated vast sums on luxury goods. They deposited a major portion of their receipts in banks and securities in the U.S. and in other imperialist centers, making themselves hostages to Washington.

An important setback occurred when Mexico refused to join OPEC. Mexico was the first

developing country to nationalize its oil and develop it as a major industry, despite attempted embargoes of U.S. equipment. But in this period, after major new oil discoveries, Mexico drastically increased production and became the largest foreign supplier of oil to the United States. This contradicted OPEC's attempt to balance supply and demand for petroleum on the world market.

The U.S. oil monopolies have by no means given up their interest in OPEC oil. They maintain lucrative contracts for operating oil fields in Saudi Arabia and some other OPEC countries, and continue to own and operate oilfields in various member countries. Moreover, the American and Anglo-Dutch oil monopolies still largely dominate the transportation and distribution of petroleum on the world market.

U.S. imperialism is especially active in striving to prevent and roll back anti-imperialist victories in oil rich countries. Two-thirds of the U.S. Navy is concentrated in the Persian Gulf and Mediterranean Sea, the main bases for aggression against oil producing countries. U.S.-supported Israeli aggression aims to maintain political and military domination over the entire oil producing area of the Middle East and North Africa. U.S. collaboration with and support of South African intervention in Angola aims at attaining a free hand over oil properties in Angola, and puts pressure on nearby Nigeria, in which Britain and the U.S. have oil interests.

U.S. military bases in the Philippines and naval fleets in the Pacific aim at neocolonial domination of the Far East, in which oil properties play a major role.

The adamant refusal of the U.S. to revive the Geneva talks on the Middle East, which the U.S. cochaired with the Soviet Union, stems in considerable measure from the knowledge that such talks would hasten the winning of a homeland for the Palestinian people, stop Israeli aggression, and create a climate conducive to the struggles of the peoples of oil producing countries for anti-imperialist transformations, to obtain the full benefit of their oil resources without fear of military intervention by the U.S. and its Israeli satellite.



Ending the Iraq-Iran war, changing repressive and anti-Communist governments, winning major social reforms and ending one-sided relations with imperialist powers are essential political conditions for the consolidation of the partial victories won by the OPEC countries in the 1970s, and their extension to benefit all the peoples of the oil producing countries and the developing countries of the world.

### **ECONOMIC FACTORS UNDERMINING OPEC**

**P**rices for primary products on the capitalist world market are especially unstable, as demand and supply are controlled by different, uncoordinated forces. This instability is compounded by the sharp cyclical fluctuations of capitalist world economy and by structural changes, especially in the current period.

Characteristically, changes in supply lag far behind changes in demand. This gives rise to alternating periods of shortage, accompanied by rapid price increases, followed by a period of surplus, causing equally rapid price declines.

Based on the experience of the 1970s, OPEC governments, governments of capitalist countries and directors of oil companies expected the price of oil to go up indefinitely, along with the market for oil products. But by the second half of the decade the price of oil was sufficiently high so as to moderate demand and stimulate new sources of supply. And when OPEC tripled the price of oil in the 1979-81 period, it accelerated processes which radically changed the oil market.

Major increases in production came from Mexico, the North Sea and Alaska. Economies in the use of oil were accomplished by application of new, energy-efficient technologies. These were hastened by legislation downsizing automobiles and limiting their gasoline consumption. Electric power stations and other industrial users switched from oil to coal and nuclear power. Consumption of oil was further reduced by the world cyclical crisis of 1980-1982.

U.S. consumption of oil declined one-fifth between 1978 and 1983, and has recovered very little since.

The OPEC countries, responding to declining oil prices, attempted to stabilize the situation by successive slashes in their production. By 1985, OPEC production was cut in half. Saudi Arabia, the largest exporter, absorbed the biggest cuts. Its output was slashed from 9 million barrels per day in 1980 to barely 2 million barrels late in 1985. In a market situation beyond their control, OPEC members' disagreements sharpened; they more and more violated agreed production ceilings. Finally, at the end of 1985, Saudi Arabia doubled its then low output. This was the spark that turned the weakening of the world petroleum market into a rout.

Subsequent attempts by OPEC to put a floor under prices by agreeing on allocation of production among members have not been successful. They face the very serious obstacles of already low levels of output of some members and strained finances of others. Saudi Arabia's hope that the new low prices would force Britain and Norway to reduce North Sea production and cooperate with OPEC have also been unfulfilled. The Thatcher government, closely allied with the Reaganites, joins in giving priority to the political goal of destroying OPEC as an effective anti-imperialist force. However, very recent developments suggest a possible move of both Norway and Mexico toward cooperation with OPEC.

### **IMPACT OF THE CRISIS ON CAPITALIST ECONOMY**

**T**he crisis in oil deepens and complicates the structural crisis of world capitalism, especially in the United States and other oil producing countries (the U.S. is both a major producer and a major importer). At the peak of the oil boom, close to two million people in the United States were employed in prospecting, drilling, producing, refining and transporting oil and

natural gas. Capital investments in petroleum and related industries, nationally and internationally, were greater than in any other industrial sector. Now this sector is undergoing major, long-lasting decline. It joins steel, non-ferrous metals, farm machinery, civilian shipbuilding, railroad and other basic industries in structural decay.

The structural crisis is also severe in such countries as Mexico, Venezuela, Nigeria and Indonesia, where there has been one-sided development of petroleum, to the neglect of and in many cases at the expense of agriculture and industries needed for national consumption. This has led to dependence on export of oil to major capitalist countries, imports of capital and consumer goods, and a vast accumulation of debt.

Imperialism has adopted unspeakably cruel policies towards the debt-laden Third World countries, both those which produce oil and those which do not. Operating through the International Monetary Fund, in which Washington has the leading voice, the imperialist banks have decreed radical reduction of imports, consumption and living standards, imposing on the working class real wage cuts of 30 per cent below the extreme poverty that prevailed. This dooms hundreds of millions of people to hunger, and many millions to death from starvation, while increasing the already extremely high levels of unemployment.

For the most part, the ruling classes of the indebted Third World countries have yielded to imperialist pressures in order to avoid unleashing the revolutionary energies of their own populations, and to protect their own "flight capital" in its safe haven in the United States. However, some of the countries have resisted to a certain extent—notably Peru and Bolivia, which are relatively minor oil producers.

The money-center banks, which hold a large part of the debts of the Third World countries, refuse any serious concessions, feeling confident that Washington will bail them out in the event of default.

Contradictory factors influence trends in the world demand for oil. In view of the lowered price, the trend of oil consumption is al-

most certain to be upward, while production in the United States and some other high cost areas is likely to decline. But currently unused capacity in the OPEC countries is sufficient to make recovery of oil prices to former peak levels, or close to them, unlikely for several years.

The impact of the decline in oil prices on developing countries is mixed. It eases the pressure on those that import oil, and in combination with declining interest rates, makes it possible for Brazil and some other countries to make payments on their huge debts. But it vastly complicates the crisis of Mexico, Nigeria and other oil exporting countries. It does not resolve the international debt crisis. The peoples of the debtor countries still require a revolutionary solution, including cancellation of debts and substantial assistance from capitalist countries, which have so long plundered them, to begin closing the enormous and widening gap between the developing countries and the developed capitalist countries.

#### CRISIS EFFECT ON THE UNITED STATES

**T**he initial response of Big Business to the halving of oil prices was a huge stock boom on Wall Street. There was euphoria in financial boardrooms and Washington power centers. This was spurred by the prospect of higher profits for industrial and transport companies whose fuel and energy costs would be reduced, and anticipation of lower inflation stimulating economic activity. Equally important was the conviction that the weakening of OPEC represented a major victory for imperialism over the forces of national liberation and anti-imperialism. This euphoria contributed to the atmosphere in which the Reagan Administration dared to carry out its criminal bombing of Libya.

However, the actual, complex economic and political consequences are far from justifying Wall Street's euphoria.

In economic terms, the decline in the world price and reduction of the volume of interna-

tional trade in oil has had dramatic impacts.

During the 1970s, oil companies ordered tankers under the illusion that the volume of trade would continue to increase rapidly for the indefinite future. By the early 1980s, it became evident this would not be the case. Shipping capacity was far in excess of the volume of oil and other commodities moving in international trade. Transport prices declined, bankrupting many shipping companies. Whole fleets of oil tankers were scrapped. The civilian shipbuilding industry of the United States and many other capitalist countries virtually folded, to be replaced in part by the corruption-ridden 600-ship Navy program. Japan and South Korea now control three-fourths of the shrinking civilian shipbuilding market.

Peak prices of oil led to frenzied formation of exploration and drilling companies, expansion of such activities by the major oil companies and corresponding growth of the oil service industry, of bank and office building construction. There was an influx of population seeking jobs and an all-around boom atmosphere in the Texas-Oklahoma-Louisiana area, Wyoming and parts of California and Alaska.

UNEMPLOYMENT RATES  
IN MAJOR OIL PRODUCING STATES  
1981 AND FEB. 1986

	1981	Feb. 1986
Louisiana	8.4	13.2
Alaska	9.3	11.5
Wyoming	4.1	10.3
New Mexico	7.3	9.2
Texas	5.3	8.8
Oklahoma	3.6	7.8
California	7.4	7.7
USA Total*	7.6	7.3

NOTE: Seasonally adjusted. State figures are not available on a seasonally adjusted basis.

SOURCE: U.S. Bureau of Labor Statistics.

This reached its height in the early 1980s, with the peaking of oil prices. Since 1984 there have been many failures of smaller oil companies, a growing number of vacancies in office buildings and defaults on debts and mortgages. The drop in oil prices coincided with declines in farm prices and a crisis in the agricultural enterprises

of the Southwest. Scores of Texas and Oklahoma banks, including very large ones, were in financial difficulties.

The collapse of oil prices in early 1986 sharpened the crisis symptoms. Today there is a full fledged economic crisis in the major oil-producing states. Reports of mass distress in Oklahoma remind one of the "dust bowl" days of the 1930s. Washington bank authorities are desperately trying to get out-of-state banks to "take over" failing banks in the oil country. The situation, which has merely curtailed the Texas millionaires' conspicuous luxury lifestyle, has already brought economic disaster, poverty and hunger to hundreds of thousands of workers and their families. Hispanic, Black and Native American workers are most acutely affected.

Petroleum industry employment was concentrated in exploration and drilling. But the number of active drilling rigs gradually declined from more than 4,000 in 1981 to 2,000 in 1985. In the first four months of 1986 it plummeted to fewer than 1,000. By March, oil industry employment was more than 200,000 below its peak and falling faster and faster each month.

In 1981 unemployment in Texas, Oklahoma and Wyoming was far below the national average. But now the major oil producing states have unemployment above the national average. And the layoffs in the oil country have continued since February.

Note that the most dramatic increase in unemployment was in Wyoming. During the oil boom, mining employment in Wyoming exceeded construction and manufacturing employment combined.

A rough estimate suggests that the average rate of unemployment, excluding the oil states, declined from around 8 per cent in 1981 to under 7 per cent in February 1986.

**PEOPLE'S  
SOLUTIONS TO  
END THE CRISIS**

**T**he strategy of the Reagan Administration is to combine economic pressure on OPEC with



intensified military pressure. The ultimate objective is to restore the transnational corporations' direct control over developing countries' oil. The bombing of Libya is a brazen expression of that strategy. The primary role played by the CIA in the organization of the Afghan counterrevolution is openly explained as related to determination to maintain control over the nearby Persian Gulf.

That these actions take place across the globe from the United States, and almost at the doorstep of the USSR shows the provocative recklessness of this policy.

In strictly economic terms, capitalist groups have conflicting ideas about how to respond to the drop in petroleum prices. The Reagan Administration has primarily counted on political gains from the weakening of OPEC and economic gains from obtaining crude oil at lower prices.

Oil companies, which depend mainly on production of crude oil in the United States, seek a high import tariff that will automatically raise the domestic price of oil and permit them to restore their former rate of profit at the expense of consumers of petroleum products. Vice President Bush, financially and politically allied with such forces, advocated this before being squelched by his boss in the White House.

A third capitalist proposal is to take advantage of the lower price to impose a large excise tax on consumers of petroleum products to help finance the ever-expanding military budget.

None of these proposals, nor any combination of them, are good for the working people of the country.

From the people's point of view, the transnational oil companies and their smaller domestic satellites, while accumulating untold billions of profits, have made a mess of matters in terms of the true national interest and world peace and prosperity.

A central necessity for dealing with the problem is to nationalize the oil and gas industry in all its aspects, to operate it in an integrated and steady way for the maximum benefit of workers in the industry and the entire pop-

ulation as consumers of petroleum products.

The policy of a nationalized oil industry would be to restore petroleum operations to a high level, and generally to reverse the trend toward parasitism. It is not advantageous to the American people to have more and more production carried on in other countries at very low wages, while the ruling class lives luxuriously from the profits derived from the plunder of those countries.

Imported petroleum—that would still be necessary—would be bought under long-term contracts at stable prices.

The products would be sold to consumers at moderate prices, without enormous markups over cost. Markups of 100 per cent or more have characterized the petroleum industry and have become even more pronounced with the decline in crude oil prices.

Gasoline and fuel can be provided at relatively low prices to consumers, yielding ample funds for union wages and salaries to workers involved in the production, refining and distribution of petroleum products, by the elimination of the huge profits now flowing to the oil corporation executives, bureaucrats, stock and bondholders.

Needless to say, oil workers, through their unions, should have a major voice in the operation of the nationalized industry.

Such a program requires election of a government orientated to peace, disarmament and satisfaction of the people's needs. It would give technical and economic development assistance to meet the vast unfilled needs of the three billion people living in the underdeveloped regions of the world, providing a market at fair prices for goods produced in the United States and other countries.

Such measures would contribute to the defeat of the antilabor offensive of Big Business and reverse the declining share of workers in the fruits of their labor. It would provide favorable conditions for winning a program of full employment, higher real wages and shorter hours, decisive affirmative action programs to achieve economic equality of different races and sexes. □

# Contract Negotiations in Steel

DENISE WINEBRENNER

The 1986 steel negotiations are at a critical stage. On June 1, contract talks open between the United Steelworkers of America (USWA) and the United States Steel Corporation, one of the largest monopolies and the largest steel company. The talks begin just two months before the contract expires on July 31.

Steelworkers are caught in the web of the structural crisis of capitalism, a web spun by steel companies whose only interest is maximizing profit. In the words of U.S. Steel chairman David Roderick, "We are in business to make profit, not steel."

Lynn Williams, President of the USWA, described the human consequences of Roderick's statement. Speaking in Cleveland last April, Williams said, "In 1979, there were 435,000 basic steelworkers. Today, there are only 200,000."

Membership in the USWA has been slashed in half as a result of steel companies' ruthless policy of closing mills.

The American Iron and Steel Institute predicts that in the next four years 30,000 of the remaining 200,000 families who use mill paychecks to buy groceries will be using state unemployment checks instead (at least until they run out after 26 weeks).

The rusting, padlocked mills which dot the landscape like ugly tumors and the thousands of "For Sale" signs on neat homes in the communities around those mills are the reality of "business to make profit." It is the steel companies which are abandoning steel manufacturing in the U.S., not the steelworkers.

Steel companies pursue maximum profits not only because Roderick, Donald Trautlein (Bethlehem Steel) or Dennis Carney, formerly of Wheeling-Pitt, are greedy, antiunion individuals. They act according to the laws of capitalism. No matter who sits in the boardrooms at U.S. Steel, Bethlehem or any other company, their

decisions are based on profit for the privately owned companies and banks, not the benefit of steelworkers and their communities.

Consistent with "pursuit of maximum profit" is the export of capital. The profits created by the brains and backs of U.S. workers belong to private banks and companies, which invest those collectively-produced profits anywhere they choose. Steel companies and the banks which control them choose to build mills in Brazil and South Africa.

Among the features of the structural crisis of capitalism is permanent unemployment of basic industrial workers. Steel companies take advantage of this pool of skilled workers by contracting out—they hire outside, nonunion shops to perform union jobs. Often a company will layoff steelworkers and contract out their work. When their unemployment benefits run out, the desperate workers will seek work with smaller outfits. And then they may find themselves doing their old jobs again, nonunion, at less than half the pay they formerly made for the same work, and with no benefits. At the Gary Works of U.S. Steel, half of the workforce is employed by non-USWA contractors.

The union has been campaigning on this issue. It has been sharply critical of the ultimate example of contracting out, the Pohang Steel ploy. U.S. Steel has made a \$150 million deal with Pohang of South Korea to import semifinished steel slabs, resulting in the closing of the USS Geneva Works in Provo, Utah.

"U.S. Steel would in effect be paying wages of \$3 an hour to [South] Korean steelworkers, providing unfair competition to steelworkers here and helping to subsidize a virtual dictatorship which outlaws effective labor unions and tramples human rights," said Williams.

Absolutely true. However, efforts by the union to stop the hemorrhage of jobs overseas are hampered by the mistaken view that co-sponsoring protectionist legislation with the

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steel companies is the only solution.

Five companies and the union have decided to launch a campaign to lobby Congress to pass protective trade legislation. Together, the union and companies have taken out full page ads pleading their case to the public. They are currently sending delegations to Washington.

This approach diverts attention from the main roots of the industry crisis. The roots of the problem lie in the structural crisis of capitalism, which has caused the U.S. market for steel to decline. It also ignores the contract concessions, substitution of new materials and the monopoly prices charged by the industry. The anti-import legislation proposed by the USWA and five of the six steel companies (U.S. Steel is not participating in the current campaign) does not address any of these problems.

In fact, the proposed legislation protects profits, not jobs. Its net effect would be to allow steel producers to further raise prices, which would further shrink the market for steel. This would mean less production and fewer jobs.

USWA President Williams has recognized that the problem lies in the export of capital, saying, "We must see that capital is mobile, workers are not."

The winning approach to stop the export of capital is in fighting for legislation to limit companies from maximizing their profits overseas. That would include taxing profits made in low-wage countries. A step toward limiting the mobility of capital is support of the Pease Bill, H.B. 4412. This bill aims to curb imports from countries under Right-wing dictatorships, such as South Korea, Taiwan and Chile.

Communist steelworkers, recognizing the structural crisis of capitalism and the corporate profit motive as the causes of their situation, are organizing for the nationalization of the industry. It is, they argue, the only way to stem the tide of plant closings and to reopen the already rusting mills. They say that taking steel production out of the hands of the private owners and putting it into public ownership under democratic control will protect their jobs, their union and their communities.

Nationalizing the industry would change

the framework of all future contract negotiations. Rather than trying to hang on to what jobs remain, defending themselves from companies which threaten plant closings, bankruptcies and mergers, steelworkers would be in a position to aggressively fight for a strong, working industry producing the steel needed to rebuild the decaying infrastructure of the country. Nationalization under democratic control would stop the companies from beating steelworkers over the head with plant closings, Chapter 11 bankruptcies and merger-mania.

Ultimately, in the Communist view, socialism is the only way to make job security a reality. But public ownership would be a big step in the right direction. It would take control away from the private owners who today are eliminating jobs and closing mills in order to maximize profits.

Finally, the USWA needs to unite with metalworkers in other countries fighting the transnational corporations. This includes setting aside political differences and meeting with unions affiliated with the World Federation of Trade Unions (WFTU).

#### **OBSTACLES WHICH THE UNION MUST OVERCOME**

USWA efforts to achieve decent contracts in '86 are further complicated by the breakup of coordinated bargaining. Since 1956, the industry had bargained as a unit. For 30 years there had been one national contract, and in 1959, when the union and companies could not reach a settlement, one national strike. With their strength united by coordinated bargaining, steelworkers were able to make significant gains.

U.S. Steel, starting in 1976, led the charge which broke up coordinated bargaining with the union. In the coal industry, U.S. Steel, which chaired the Bituminous Coal Operators Association (BCOA) refused to sit down with the United Mine Workers of America (UMWA). Miners had to march on the U.S. Steel building in the winter of '78-'79 to force them to meet with the union. After U.S. Steel got to the table, the BCOA still forced miners to walk the picket

lines for 111 days to get a national contract.

That same year U.S. Steel, which also chaired the steel industry bargaining council, nudged out Wheeling-Pitt, chipping away at USWA strength in coordinated bargaining.

By 1986, steel companies had abandoned coordinated bargaining entirely, forcing the union into company-by-company contracts.

On the advice of a banking firm, Lazard-Freres, the union went along the new policy and is now bargaining separate contracts with the six major companies.

Beginning in January, the union called for early negotiations. All the companies but U.S. Steel replied. The union agreed to separate contracts with each, based on the needs of the company.

The first two separate contracts, with LTV and National, have resulted in major setbacks for the union. At LTV, in the name of trying to save the company and get some relief for their laidoff brothers and sisters, steelworkers made concessions amounting to \$7,000 a year per worker. The ink was hardly dry on the LTV contract when it laid off 1,700 steelworkers in Cleveland.

At National, although the wage and benefit package cuts were not as severe, the grievance procedure was weakened.

The May edition of *Steel Labor* explained the setbacks, saying, "the settlements to date indicate that, with the break-up of the Coordinating Committee, Steel Companies' negotiators are able to tailor contracts geared to special needs of USWA members and the specific facilities where they work."

This "partnership" approach is the main weakness of the union's negotiating strategy. It has been and continues to be deadly for steelworkers and their communities. It flies in the face of reality. The steelworkers should not come to the bargaining sessions expecting to dance, because the companies have fired the band and cancelled the hall.

There is, however, a trend within the International union away from cooperating with the companies. Despite the difficult situation and the voices of gloom and doom in the press, de-

signed to isolate locals and quash the militancy of the union, steelworkers are prepared to fight back tooth and nail.

Bethlehem Steel got a real shock when it attempted to whipsaw the union and demanded massive wage and benefit concessions. Unified resistance of the local union presidents under the banner of "one union, one company, one contract" defeated Bethlehem's demands for 11 separate agreements in one company. The organized fight has brought the company back to the table. Local union presidents at Bethlehem saved workers' vacations from the concessionary ax.

At one local union, USWA 6787, Bethlehem, Burns Harbor, the strike committee has held plant gate demonstrations against the company, raised money for the strike fund through dances, and kept members up-to-date on talks. Through an active, organized fightback, directed at Bethlehem, steelworkers there have successfully resisted the company divide-and-conquer tactics.

As we go to press, Bethlehem and the USWA leadership have reached an agreement on a contract. Local union presidents have reportedly voted in favor of the contract, 20-6, and it now goes to the membership.

#### **U.S. STEEL— TOUGHEST SHARK IN THE WATER**

With Inland and Armco on hold, the toughest shark in the water lies in wait, U.S. Steel.

While the other steel companies agreed to negotiate early with the union, U.S. Steel, which reported a \$6 million profit (according to *Steel Labor*) in their steel division for the first quarter of '86, did not.

U.S. Steel will go for the jugular and demand massive concessions. They may even try to break the union. These are the toughest negotiations.

U.S. Steel has said publicly that it will demand the sum total of all concessions granted to the other five steel companies. It has also proclaimed in the press that it wants the Wheeling-Pitt contract—Wheeling-Pitt tried to drag the



union down through Chapter 11 bankruptcy proceedings and U.S. Steel is clearly nowhere near Chapter 11.

Taking their cue from the Wheeling-Pitt strike of a year ago and the strike in the can industry this year, where stiff resistance to company concessions resulted in advances for steelworkers, many USWA locals have set up their own strike committees. These committees, established before negotiations even began, have helped to unite rank-and-file members around the union program.

Included in that program is holding the line on benefits and vacations, minimizing wage givebacks, rejecting mandatory LMPTs (voluntary Labor Management Participation Teams were put in the contract in 1983) and keeping the grievance procedure intact, defending affirmative action, the Consent Decree and ending contracting out.

Steelworkers have an ace in the hole: unity in struggle. One year ago, Wheeling-Pitt, led by former U.S. Steel vice president Dennis Carney, tried to bust the union and drive steelworkers into the poor house. Steelworkers struck all nine plants of the company in three states. From Baltimore to Chicago, the USWA sent in busloads of members to help man those lines. Over \$300,000 was raised in plant gate collections. Central labor bodies sent delegations and raised money. Other unions, including the UMWA, carried placards in front of the gates. The International fought the complicated legal battle for unemployment compensation and won. They organized health care for strikers. Wheeling-Pitt steelworkers and members of the community used mass picketlines to stop trains. Steelworkers appealed to the communities for support, and small store owners, churches, civil rights groups and politicians answered the call. (In appreciation of the support for their strike, steelworkers have donated a recreation shelter to the

Steubenville area on the Ohio river.)

It was a unified, mass movement. It saved the union and forged a contract.

To beat back U.S. Steel will take such a mass movement, and more. Unity on a common program of all the U.S. Steel locals and union unemployed committees will halt company whipsawing. A good basis exists for steelworkers to appeal to all of their allies, in politics, in the labor movement, the Rainbow Coalition, the peace movement and in the anti-apartheid coalitions.

The forces exist for the USWA to defeat U.S. Steel.

Communist Party districts and clubs and all other progressive forces should be prepared to mobilize support for the workers at U.S. Steel. In the event of a strike, assistance could include everything from collections and donations of food and money by local unions and other mass organizations, resolutions of support, keeping an ear to the ground against moves to hire scabs, writing supporting letters to the editor, explaining the confrontation to neighborhood groups.

The Communist Party has its unique contribution to add to winning the struggle. Only the Communist Party will put this critical struggle within the framework of the struggle against Reaganism, against the corporate offensive and for peace and a real people's alternative.

The *People's Daily World*, a permanent presence at some gates over the past 10 years, will keep the news coming. Plant gate distributions, not only at U.S. Steel but at all kinds of industrial plants, should be at the top of the agenda. It takes mass distribution of the working-class press to help build a mass movement.

The battle at U.S. Steel is a turning point. Steelworkers face the bared teeth of state monopoly capitalism. United, the USWA can win.

# No Annexation or Occupation For Peace in the Middle East

CENTRAL COMMITTEE, CPI

One of the basic aims of the aggressive war in Lebanon was to break the Palestinian national movement and to paralyze the struggle of the Palestinian people against occupation, for national freedom and independence. The plans of the Israeli government have failed in Lebanon as well as in the occupied territories. The just and courageous struggle of the Arab Palestinian people against occupation and for a just peace continues and is expanding.

The Syrian Arab population in the occupied Golan Heights (annexed by Israel in 1981) has reacted by waging a long general strike and by a refusal to accept Israeli citizenship, emphasizing its link with the Syrian homeland.

In view of all these failures, the Peres-Shamir government has intensified oppression in the occupied territories. In accordance with orders of Defense Minister Yitzhak Rabin of the Labor Party, collective punishments are inflicted upon the inhabitants of entire cities, villages and refugee camps. Administrative mass arrests are carried out. Palestinian public personalities are deported from their homeland. Demolition of houses has become a system. Universities are closed for long periods. Elected municipal and village councils are disbanded. Mayors have been removed from office and officers of the occupation army appointed in their place. The jails are overcrowded. An additional prison—the ill-famed Alfará prison—has been built, where they are trying to break the spirit of young Palestinians. The methods of suppression have become crueler. There is a scheme to disperse the residents of the refugee camps in the Jerusalem area and to demolish the camps.

The Israeli government completely disregards international law and violates the most elementary human rights in the occupied territo-

ries. In these territories a terrorist Jewish underground has grown among the colonialist settlers, which carries out pogroms in the Arab refugee camps, villages and towns. They have committed abominable murders of innocent Arabs and were responsible for attempts on the lives of mayors in the occupied West Bank.

The attitude of the government and the courts towards those criminals is a shameful stigma upon Israeli society. Deals were made with the criminals and their indictments were changed to lighter ones. An open campaign is waged by government ministers and members of Knesset in favor of amnesty for the heads of the terrorist underground, who have been called "loyal sons who have erred." Gangs from among the settlers openly threaten armed insurrection when any part of the occupied territories is renounced. They threaten civil war and constitute one of the main sources of the danger of fascism in Israel.

Our Party, together with all antifascist forces, demands the colonialist settlers be disarmed, to check fascism before it is too late.

The land robbery and the colonialist settlements in the occupied territories continue. Wide areas are declared "state land" and requisitioned. Other areas are designated closed and seized for the requirements of the occupation army. Further extensive stretches of land are requisitioned for "public purposes"; other areas are transferred to private or public Israeli ownership through dubious land transactions, carried out by means of fraud, forgery, pressure and threats. Despite the public scandal that broke out around land speculators in the occupied territories, the authorities cover up.

Over 50 per cent of the land in the West Bank is now controlled by occupation authorities, settlers or companies.

The process of confiscation of lands and colonial settlements is intended to perpetuate the

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Excerpted from the Report to the 20th Congress of the Communist Party of Israel, December 4-7, 1985.

occupation and to annex the territories and to sow despair among the Palestinian people. But the historical experience of national liberation struggles proves that colonization by the occupiers has never decided the final results and the aims of the colonizers are not achieved.

The policy of occupation and colonization constitutes a serious danger to Israeli society. The settlers (Gush Emunim and others) have set up a state within a state, with political and economic institutions of their own, military units of their own, special laws that exempt them from every law and jurisdiction. No wonder that a terrorist fascist underground has grown among the colonial settlers.

Since 1967, Israeli capitalists and companies have used the occupied territories as a source of big profits and further enrichment. The occupied territories, with their million inhabitants, are a wide market for Israeli industrial and agricultural products. The "open bridges" with Jordan make it possible to ship Israeli goods to more distant markets in the Arab world.

The occupation regime prevents independent economic development in the occupied territories, with the aim of keeping them as a colonial possession for the Israeli bourgeoisie, as a market for Israeli goods and a reservoir of cheap labor, without social rights. Almost 100,000 workers from the occupied territories are employed in Israel and constitute 7.3 per cent of the labor force in Israel.

Under the shadow of occupation and due to the "open bridge" policy of economic cooperation with Jordan, a parasitic bourgeois group is growing in the occupied territories, engaged in mediation and smuggling of Israeli capital to foreign countries. The occupation authorities encourage this group and try to use it to perpetuate the status quo.

The American initiative "to improve living conditions" in the occupied territories is also intended to strengthen this parasitic bourgeois group by granting crumbs and benefits in the form of an "economic development plan" based on cooperation with American and Israeli capital. The initiators of this plan hope to foster social elements that support settlements, based on cooperation between Arab and Israeli reaction

under the auspices of American imperialism.

The Amman agreement has deepened disunity among the Palestinian people in the occupied territories. The Palestinian popular masses continue their just, courageous struggle against occupation and oppression, hoping for the restoration of unity of the PLO on an anti-imperialist basis.

The Communist Party of Israel expresses its solidarity with the struggle of the Palestinian Arab people against occupation, for freedom, national independence and peace. We reject the attempt of the ruling circles in Israel to distort the essence of the struggle of the Arab Palestinian people for national liberation and present it as a terrorist struggle. The Arab Palestinian people does not fight against the existence of the sovereign state of Israel, but for the establishment of their own independent state. The occupation authorities and the colonial settlers carry out acts of terror against the Palestinian population. They want to perpetuate the occupation by military means and deprive the Arab Palestinian people of their right to live as free people in an independent state.

It is the right of a people who are subject to occupation to fight against that occupation by all means. But we condemn the acts of adventurist elements among the national liberation movement who carry out acts which hit innocent Israeli civilians. Our Party, as a matter of principle, opposes such acts, which only harm the just struggle of the Palestinian people.

The draft law submitted by the government to the Knesset prohibiting meetings and dialogues between Israelis and Palestinians to promote the cause of peace is an antidemocratic law. The Communist Party of Israel will continue to hold meetings and dialogues with the representatives of the Arab Palestinian people, with PLO representatives, to advance the cause of peace for the benefit of both peoples.

The Palestinian Communist Party, operating in the occupied territories under conditions of illegality and persecution, fulfills a historical task in the struggle of the Arab Palestinian people. The Palestinian Communist Party works consistently for the consolidation of the patriotic unity of the masses of the Palestinian people

and the restoration of the unity of the PLO on the basis of a program for a just and realistic peace, according to the resolutions of the 16th Palestinian National Council and Aden-Algiers agreements and on an anti-imperialist basis.

From all public rostrums, in the Knesset, Histadrut, in the municipal councils, in public organizations, in the press, in the mass media and in protest actions and demonstrations; through the courts and with the help of Communist and democratic lawyers, we shall express our solidarity with the Arab Palestinian people in their just struggle. We shall mobilize public opinion in Israel and in the international arena against the crimes of the occupiers, against the terror of the colonialist settlers and for a just and stable peace.

In our struggle against occupation and oppression, we not only defend the national rights of the Arab Palestinian people and their human rights, but we also build bridges of friendship between our two peoples over the abyss of hostility and chauvinism, and strengthen the noble struggle for peace.

#### LESSONS AND REPERCUSSIONS OF THE WAR IN LEBANON

The war in Lebanon, launched by the Israeli government on June 6, 1982, was part of a joint American-Israeli strategy in the Middle East. The war, which has still not ended, is a new, more extremist stage in the American-Israeli aggression against Lebanon. It was preceded in 1978 by the Israeli invasion into Lebanon, named the "Litani operation."

Our Communist Party and the Democratic Front for Peace and Equality stood from the first moment against the war in Lebanon, condemned the Begin government and the Reagan Administration, who launched the war. The Knesset faction of the Democratic Front for Peace and Equality was the only faction that tabled a motion of nonconfidence in the government. Without the initiative of the DFPE, the Knesset would not even have discussed the war. All the other factions behaved according to the principle of false patriotism: "Quiet, they are shooting."

On June 8, 1982, only two days after the Is-

raeli army invaded Lebanon, the Knesset held the debate on the nonconfidence motion. Only our faction voted against the war and for nonconfidence. Nine Knesset members decided not to take part in the voting. All other Knesset members voted for the war. Some justified themselves after the failure of the war, claiming they thought the invasion would stop at 40 kilometers and that the war would continue only three days. This is an adventurist position. Consent to the principle that the army of one state is entitled to invade another state; the attempt to solve the Palestinian question by military means and to impose American-Israeli rule on Lebanon are fundamentally unacceptable.

The Knesset members of the Alignment [coalition led by the Labor Party—Ed.] attacked sharply the nonconfidence motion and even called it a "provocation." After the failure of the war, some of them recalled that they actually opposed it, but voted for it. This points to the degeneration of these leaders; they gambled on the success of the war, presumed that its aims would be reached and hoped to share the "glory" with the Likud [coalition of Right parties led by Herut—Ed.] government. But since the failure of the war has become clear, they are trying to escape responsibility.

Against the background of the aggressive nationalist policy of the Likud government and the support of this policy by the Alignment, the historical responsibility shown by the Communist Party of Israel for the fate of our peoples and our homeland is evident. By our struggle, from the first moment, against the war in Lebanon, we have proved again who really cares for security and who threatens it; whose policy is an anchor of salvation for Israel and who is liable to bring only disaster upon our peoples.

The war in Lebanon proves that Israel has not the power to "solve" the Palestinian question by military means, nor impose its will on the Lebanese people. The war in Lebanon is a political as well as military failure. It has not removed the trauma of the war in October 1973, as its organizers hoped, but created an additional trauma, which is still deeper.

The aggressive war in Lebanon has not attained any basic aim that the organizers of the



aggression hoped to achieve:

- The war did not succeed in liquidating the struggle of the Palestinian people, nor its recognized representative. Despite the crisis inside the PLO, the Palestinian problem has remained the center of the Israeli-Arab conflict;

- The war has not succeeded in imposing the rule of the fascist Phalange, the allies of the Israeli government, in Lebanon;

- The war has not succeeded in bringing the downfall of the anti-imperialist regime in Syria and liquidating its influence in Lebanon. On the contrary, Syria has remained the main external factor in Lebanon. The scheme was: After subduing the Palestinians and Lebanese, to launch a military offensive against Syria, to force Syria to abandon its independent policy and to sever its relations with the Soviet Union. The minister of the war in Lebanon, Ariel Sharon, confirmed this when he said, "The war might develop into a total war against Syria." But the result was different. In self-defense, Syria strengthened its ties with the Soviet Union. The Soviet Union, for its part, warned the USA and Israel that if Syria were attacked it would not stand alone. Thus the Soviet Union saved the people of Israel and the Arab peoples from a still more serious war.

- The war in Lebanon has also proved that the USA, the senior partner in the aggression against Lebanon, has not the power to impose its will on the Middle East. The Reagan Administration was forced to withdraw the U.S. marines from Beirut and to remove its warships from the Lebanese coast. This was a serious political defeat of American imperialism.

The aggression in Lebanon, although it did not attain its basic aims, had the most serious consequences. It cost a great many casualties and caused destruction and ruin. Israel itself suffered some five thousand killed and wounded. As a result of the war in Lebanon, Israel's economy and society are on the verge of collapse; racism is expanding and the danger of fascism has grown; Israel has lost almost every independent status and become a satellite depending entirely on Washington.

The war was deadly for the Palestinian and Lebanese people. It was an aggressive war,

waged with methods of extermination and scorched earth. Tens of thousands of Palestinians and Lebanese were killed and wounded. Cities, villages and refugee camps were destroyed. The massacre in the refugee camps of Sabra and Shatila shocked the peoples of the world.

A mass movement against the war in Lebanon developed in Israel. For the first time in the annals of Israel, our Communist Party was not isolated in its struggle against aggressive war. The previous aggressive wars (1956, 1967) kindled by Israeli governments were supported by all political parties and circles except our Party. In the course of the war, the resistance became broader and included further circles with different political and ideological opinions.

The intensification of the struggle of the Lebanese people against Israeli occupation has turned the stay of the Israeli army in Lebanon into a most dangerous task. The political and military establishment in Israel has lost much of its previous prestige. The struggle of the Lebanese people, with the support of Syria, for liberation from Israeli occupation; the sympathy of the world public for their just struggle; the growing struggle in Israel against the war—all these forced the "national unity government" to decide on a withdrawal from Lebanon. This was a confession of failure.

However, the Peres-Shamir government has decided to leave and not to leave Lebanon. It decided to shorten the lines but continue to occupy in Southern Lebanon a territory designated the "security strip." Israeli forces continue to invade Lebanese villages and Palestinian refugee camps outside the "security strip" and commit there atrocious acts against the civilian population. Air and sea bombings of Palestinian refugee camps and Lebanese localities continue. Casualties include many women, children and old people. The Israeli navy continues to attack Lebanese ports and carries out piratical attacks against ships sailing to and from Lebanon. Israeli political and military intervention in Lebanon continues in old and new forms. Nor is the danger of a war against Syria over.

Our Party is fighting against the aggressive policy of the government, for a full withdrawal

of the Israeli forces from Lebanon to the international border, for an abrogation of the "security strip" and a dispersal of the mercenary gangs cynically called the "South Lebanese army."

We are fighting to stop all Israeli intervention in Lebanon. This is also the way to avoid further Israeli casualties and reach an agreement granting security to the inhabitants on both sides of the border, in Galilee and in Southern Lebanon.

The argument inside Israel on the war in Lebanon roused questions regarding the basic Israeli policy toward the Palestinian people and regarding the neighboring Arab states, and led many to a reassessment of previous wars

The head of the Likud government, Menachem Begin, admitted that the war in Lebanon was not launched because there was no choice, not because Israel was in danger, but for political goals. "This was a war of choice," he said. But he claimed also, "all previous wars, except the War of Independence, were wars of choice." Thus Begin disavowed the lie, which is accepted by the whole Zionist and religious establishment, that Israel's aggressive wars were wars that started because there was "no choice," to prevent the "liquidation of Israel." The myth that wars initiated by Israel were wars of defense suffered a serious blow.

Experience has proved time and again that the evaluation of these wars by our Party is correct. We told the people the truth, while other parties supported the official lie of the Israeli governments at the time of the French-British-Israeli aggression against Egypt in 1956 and again, with American backing, in 1967.

The minister of the war in Lebanon, Ariel Sharon, defined, in an Israeli television interview (May 5, 1985), the use of lies as a traditional principle of the ruling circles in Israel. Not only in the war in Lebanon, he said, have we lied. Also in previous wars: "In 1956 we said that we were going to strike at saboteurs' bases in Sinai, and no such base existed there." Sharon goes still further. He denies that the whole War of Independence (1946-1949) was a "war of no choice." In an article in *Yediot Aharonot*, May 31, 1985, he writes:

The norm that we seek to fight "political wars" (which are, by definition, also wars "of choice") was already applied in the War of Independence. As David Ben Gurion, too, defined it: "Till the first cease fire we were fighting for our lives. Since then we have carried out mainly political actions by military means" (*War Diary*, p. 914). And really, which "danger to the Israeli community or to part of the community" have we forestalled in the War of Independence when we conquered the Negev, Eilat, Bin Gedi or Nazareth? And which danger was forestalled by the conquest of Sharm-el-Sheikh (twice?) and the bloody casualties suffered for years along the Suez Canal . . . and this is only part of the list.

And Sharon continues:

Indeed, our wars were all "political" and "wars of choice." Their aims varied from creating a "new order" in Egypt (the downfall of Nasser) and preventing a "new order" in Jordan, through sovereign demands in Sinai (Ben Gurion declared at the end of the Sinai campaign in 1956 that we were fighting for the establishment of the "Third Kingdom of Israel" Which goal can be more "political?"), the annexation of areas in Eretz-Israel and the Golan Heights, and securing economic interests. And indeed, all our wars were "political" and "wars of choice." The definition of the Peace of Galilee Campaign (war in Lebanon) as a political "war of choice" was therefore quite accurate.

These are the words of Ariel Sharon.

When two thieves quarrel, the truth comes out. Time and again it has been proved that our Party has always told the people the truth, has correctly evaluated the nature of the wars. Our Party also correctly evaluated the war of 1948:

In 1948 the people of Israel fought for national independence, for liberation from the British foreign rule. However, the Zionist leadership and the Israeli government have betrayed the struggle for independence and the aspirations of the people. They sold Israel's independence to American imperialism and, in partnership with Arab reaction and according to an agreement with King Abdullah, they acted to prevent the establishment of the independent Palestinian state. The Zionist leadership has made efforts to conquer as many areas as possible and to drive out as many Arabs as possible from the country, and the re-

sults are well known. (*60 Years of the Communist Party of Israel*, pages 54-55.)

If the state of Israel had pursued the policy advocated by our Party, Israel would long since be living in security and peace with all its neighbors, including the independent Palestinian state.

#### **FOR A COMPREHENSIVE, JUST AND STABLE PEACE**

Developments in recent years have proved again that policies of the ruling establishment in Israel do not lead to peace, but to wars to perpetuate conquests and which subordinate Israel to the strategy of American imperialism and NATO.

It is evident to anyone not detached from reality that the only possibility of reaching a real, comprehensive, just and stable peace with the Palestinian people and with all our neighbors lies in the program of the Communist Party. Our program is based on justice and political realism, on respect for the rights of all peoples and states involved in the Israeli-Arab conflict.

The peace program suggested by our Party is the only program whose implementation will make it possible to put an end to the wars between Israel and the Arab peoples and at last give our peoples security. The implementation of the peace program suggested by us will enable Israel to get rid of the dangerous dependence on American oil and arms magnates, and take the road that leads to real economic and political independence. Peace will make it possible to diminish considerably military expenses, help to solve economic and social problems, allow for economic growth, supply jobs to the unemployed and allow allocation of much larger sums to health services, education, housing, welfare, culture and sport. The comprehensive, just and stable peace will help to solve the hard problems of the inhabitants of poor neighborhoods and villages.

Peace will create more favorable conditions for the recovery of Israeli society, which is threatened by fascism and is experiencing, alongside the economic and social crisis, a pro-

cess of brutalization and moral crisis.

Peace will create more favorable conditions for the struggle against racism and abrogation of the policy of national discrimination and oppression against the Arab population in Israel.

Peace will create better conditions for the struggle to end communal discrimination in all spheres.

Peace will bring about an essential change in the international status of Israel. Israel will extricate itself from isolation, in which its fate is entirely in the hands of American imperialism, and will gain wide international connections, including diplomatic, economic and cultural relations with the Arab states, with the Soviet Union and the other socialist countries, and also with the independent, nonaligned states of Africa, Asia and Latin America.

The just peace program proposed by our Party is accepted by the overwhelming majority of states in the world and is incorporated in the resolutions of the UN General Assembly and Security Council. Our program is also acceptable to all the Arab countries sharing borders with Israel and is compatible with the resolutions of the national councils of the Arab-Palestinian people and with the summit resolutions of the Arab states in Fez.

#### **AN INTERNATIONAL CONFERENCE IS THE ONLY WAY**

In the present situation, an international conference under the auspices of the United Nations is the only way to solve the Israeli-Arab conflict. All parties involved in the conflict must take part in this conference: Israel, the PLO as the exclusive representative of the Arab-Palestinian people, the Arab states, the Soviet Union, the United States and other interested states.

The political consensus of the Alignment and the Likud is reflected by their joint opposition to an international peace conference. Instead, they suggest "direct" negotiations with a Jordanian or a Jordanian-Palestinian delegation which would include only those Palestinians on whom the Israel and the USA agree, with America as the exclusive mediator.

Behind the opposition to an international conference stands the opposition to a just and

comprehensive solution and opposition to the participation of the PLO and the Soviet Union in the efforts to reach a settlement.

The arguments against participation of the Soviet Union, as Prime Minister Peres defined them, are that the USSR supports "extremist Arab positions" and does not maintain diplomatic relations with Israel.

These are not reasons but excuses. Defining the Soviet peace program, which includes establishment of an independent Palestinian state alongside Israel on the West Bank, in the Gaza Strip and East Jerusalem, providing effective international guarantees for the security of all states, and recognition of the right of Israel to sovereign existence and security like other states, as support of an extremist Arab position is sheer demagoguery.

The argument of an absence of diplomatic recognition is also only an excuse.

The Soviet Union is prepared to restore diplomatic relations with Israel if the reasons that caused their severance are removed. The Soviet Union has never changed its principled position toward Israel, supporting its right to sovereign existence and security. The aggression by the Israeli government is responsible for the severance of relations.

If the absence of diplomatic relations were the reason for the opposition of the Israeli government to an international conference, Prime Minister Peres would say: If diplomatic relations are renewed, we shall go to the international conference proposed by the Soviet Union and the UN. But he doesn't say that.

At the 1973 Geneva Conference on the Middle East, held under UN auspices, the Soviet Union and the USA served as chairmen. Israel participated, even though the positions of the USSR at the time were identical to its present position and even though then, too, there were no diplomatic relations between the Soviet Union and Israel.

Not all the parties involved in the conflict took part in the Geneva Conference. Among the states in that region, only Israel, Jordan and Egypt participated. There was no Palestinian representation and Syria and other Arab states did not participate. Therefore, consent on the

part of Israel to an international conference with representatives of the PLO on an equal basis with other delegations would mean the beginning of a change in official Israeli policy.

After the Geneva Conference, it was planned to include additional participants. On October 1, 1977, the foreign ministers of the USSR and the USA, Gromyko and Vance, signed an agreement according to which the Geneva Conference should have met again in December of that year, with the participation of a united Arab delegation, in which the PLO should have been represented on an equal basis. This was a compromise to continue a serious peace process. The USA withdrew from the signed agreement and initiated, together with Begin and Sadat, the Camp David plot against a comprehensive, just and stable peace and against the right of the Palestinian people to self determination.

The real reason for the opposition of the USA and Israel to an international conference is their negative attitude towards a comprehensive solution of the conflict. They are interested in our region remaining a powder keg, and seek the creation of a regional military bloc under American auspices. They seek to break the national liberation movements and the independent anti-imperialist states.

The renewed American efforts to reach a second Camp David accord are also not intended to advance a comprehensive peace in our region, but to annihilate Palestinian independence and the PLO, to isolate Syria and other anti-imperialist states. The USA uses economic and diplomatic pressure to achieve its strategic aims. At the same time, American imperialism threatens openly to start a war against Syria and other independent states which it calls "terrorist."

We have to warn the partisans of peace against the American schemes, which only delay peace and might bring disaster on the people of Israel and all peoples of the region and even endanger world peace.

The very consent of Syria and the PLO to sit together with the official representatives of Israel is an expression of readiness to recognize Israel on a basis of reciprocity. Likewise, the po-



sitions with respect to the solution itself are perfectly clear: All states bordering Israel, as well as the PLO, are prepared for peace with Israel, based on the withdrawal of Israel from all the Arab territories occupied by Israel since 1967. However, the leaderships of the Likud, the Alignment and of the other Zionist parties are opposed to this and demand territorial annexations. Under these conditions it is clear that even if direct negotiations continued many years, no accord would be reached. It would be like treading water, and the occupying state—Israel—would only try to win further time to expand the colonization of the Palestinian territories and the Golan Heights, and to prepare, together with the USA and NATO, implementation of their global plan by all means, including military.

The ruling circles in Israel vehemently refuse to withdraw from the occupied Palestinian and Syrian territories and are not prepared to recognize the right of the Palestinian people to self-determination. Therefore, instead of taking into "consideration" the opposition of the Israeli and U.S. governments to an international conference, it is necessary to overcome this opposition. Without an international conference, no peace, and without peace there will be no security.

Those who oppose an international conference prevent, consciously or unconsciously, the resolution of the Arab-Israeli conflict and help preparation of further wars between Israel and the Arab peoples.

#### **THE PEACE PROGRAM PROPOSED BY THE CPI**

1. Israel will withdraw from all the Arab territories which it occupied since the aggressive war in June 1967.

2. The right of the Arab-Palestinian people to self-determination and establishment of their independent state in the West Bank, including East Jerusalem and the Gaza Strip, must be respected.

3. The Golan Heights will be returned to Syria.

4. A just solution of the problem of the Pal-

estinian refugees must be guaranteed, in accordance with the UN resolutions recognizing their right to choose between returning to their homeland and receiving compensation.

5. The right of Israel and the Arab states, including the independent Palestinian state, to sovereign existence and development in conditions of peace and security must be respected.

6. All parties shall renounce every claim of belligerency and respect the sovereignty and territorial integrity of all states in the region, including Israel and the independent Palestinian state, and their right to live in peace in recognized and secure borders, free of threats or use of force.

7. The peace conditions shall be anchored in treaties between the states, that will constitute the legal basis for peaceful coexistence between them.

8. The annexation of East Jerusalem, occupied by Israel, shall be abrogated. East Jerusalem shall be under the sovereignty of the independent Palestinian state. West Jerusalem shall be recognized as the capital of Israel and East Jerusalem as the capital of the independent Palestinian state. Within the framework of the peace settlement, there is room for arrangements that guarantee cooperation between Israel and the Palestinian parts of the city in municipal affairs as well as free access to the holy places of the various religions, free movement between parts of the city, and so on.

The peace settlements will open the way to further agreements between Israel and the independent Palestinian state and other neighboring states on various issues, including economic issues.

It is necessary to abrogate the Camp David accords, which deny the right of the Arab-Palestinian people to self-determination and which extract the handling of the Middle East crisis from the United Nations framework. It is necessary to abrogate the Amman agreement, which is an infringement upon the right of the Arab Palestinian people to self-determination.

The peace settlement obliges the dismantling of all colonial settlements in the occupied territories. □

# Transnational Monopoly and Contemporary Capitalism

STANISLAV MENSHIKOV

The 27th Congress of the CPSU put special emphasis on new economic and political phenomena in contemporary capitalism. As stated in the Political Report of the Central Committee to the Congress, and also in the new edition of the Program of the CPSU, "The capitalism of today . . . is in many ways different from what it was in the early and even in the middle of the 20th century." (Mikhail Gorbachev, *Political Report of the CPSU Central Committee to the 27th Party Congress*.) On the one hand, the overall framework of monopoly capitalism is retained, with all its main features, as defined by V.I. Lenin. On the other, the basic traits of imperialism do not remain unchanged, and, as time passes, are filled with new content.

This is inevitable since contemporary capitalism is under the influence of powerful, historical, revolutionary forces, which are changing the appearance of our planet. At the same time, due to internal laws of capitalist development, there is an increasing conflict between productive forces and relations of production which forces capitalism to adjust and modify its forms of operation, methods of domination, means of making policy.

During World War I, Lenin concluded that monopoly capitalism was being transformed into state monopoly capitalism. This became even more apparent with the onset of the Great Depression of the 1930s. Contemporary capitalism is state monopoly capitalism, but is experiencing further deep transformation. In its earlier form it proved unable to tackle either the deepening of cyclical crises in the 1970s and 1980s or their intertwining with the long-term structural crisis, mass unemployment, inflation,

budget deficits, government debts. In search for a way out, state monopoly capitalism changes its forms, accents direct attacks on the standard of living and rights of workers. Political power is being usurped by transnational corporations and the military industrial complex.

In short, this is an important new phase in the evolution of state monopoly capital. This article deals with the changes in imperialism, caused by the rise of transnational capital. Such changes do not exhaust all new manifestations of state monopoly capitalism, but are important, since they affect its very deep foundations.

## THE RISE OF TRANSNATIONAL MONOPOLIES

Corporations with control over enterprises abroad first became prominent in the early twentieth century. More often than not, they controlled sources of cheap raw materials in colonies and dependent countries. After World War II, U.S. monopolies increasingly expanded into foreign manufacturing, creating the first transnational corporations (TNCs) in their current form. Since the late 1960s, U.S. firms have been joined by German, British, French and Japanese companies, so that in the 1970s TNCs became a typical general phenomenon. By the mid-1980s, total foreign capital under their control was estimated at \$600 to \$800 billion, a six to eight-fold increase as compared to 1967. The total number of foreign affiliates controlled by TNCs, according to UN data, has surpassed 100,000, with more than two-thirds of them in developed capitalist countries.

The rapid rise of the TNCs was caused primarily by the fact that concentration of production had overgrown national boundaries, reflecting salient features of today's productive forces:

1. The potential of mass production has in-

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The following is printed as a contribution to the discussion of current developments in capitalist economy. Stanislav Menshikov is a Soviet specialist on questions of international economy and the author of *Millionaires and Managers*, a study of the structure of U.S. finance capital.

creased to the extent that national markets of large, not just small, countries have often become too narrow to guarantee maximum profits.

2. Optimizing large-scale production necessitates international specialization and cooperation of enterprises in different countries, tied together in complexes under one control, not just by international commerce.

3. New techniques and technologies of production control, programming, communication and transportation have made it physically possible to manage from one center large numbers of plants situated all over the world.

The growth of the TNCs was also caused by sharper competition. For mature monopoly capitalism, oligopoly, i.e., domination of most industries by a few large corporations, has become typical. To expand without destroying high monopoly prices, oligopolies have to diversify, moving first to other industries in the same country, then to the same industries in other countries. Oligopoly makes transnationalization a necessity.

As Lenin noted, "Crises of every kind—economic crises most frequently, but not only these . . . increase very considerably the tendency towards concentration and towards monopoly." (*Collected Works*, Vol. 22, p. 209.) Crises of the 1970s and early 1980s have strengthened the tendency toward international concentration, growth of TNCs and mergers between them.

Initially the fight for international markets between monopolistic giants of different countries was waged mainly in foreign trade. Since the 1970s, it has increasingly been transferred to export of capital. To control a foreign market it became imperative to set up plants inside it. This also helped overcome protectionist barriers. By the end of the 1970s, total sales of foreign subsidiaries of U.S. TNCs were four times as large as total U.S. commodity exports. For British TNCs the relation was two to one, for German and French, one to one. The share of foreign subsidiaries in total sales of TNCs increased from 30 per cent in 1970 to 40 per cent in 1980; in total number of employees from 39 to 46

per cent; in total net profits from 49 to 53 per cent. Thus, by the early 1980s an important frontier had been crossed—more than half of the surplus value appropriated by the TNCs came from foreign enterprises.

### TRANSNATIONALS AGAINST THE WORKING CLASS

One of the principal motives for the expansion of TNCs was to strengthen monopoly's position vis-à-vis the working class. Capital exports were traditionally directed to countries with cheaper labor. Corporations still move production from developed to developing countries. This is supplemented by manipulating output and employment between plants of the same TNC situated in different developing countries. It has become a major pressure on unions and on incomes and rights of working people. Examples are numerous: Litton Industries, annoyed by strikes in the U.S., moved its production of typewriters to the FRG and Britain. Workers were fired without warning, severance pay or other compensation due under the contract.

Ford, in order to reduce union activities at its plants in Western Europe, redistributed production so that in case of a strike in one country it could continue production at parallel plants in other countries. Surplus capacity was created to be put to use in case of a strike emergency.

Another way to "discipline" workers and to increase the rate of exploitation is to reorganize plants by agreement between TNCs. The jointly-owned plant opened by Toyota and General Motors in Fremont, Cal. is a former GM factory shut during the auto crisis. Toyota re-equipped the plant, importing from Japan automated assembly lines and 170 robots. It rehired less than 2,500 workers out of 7,000 who had worked there previously. Production efficiency and greater flexibility in using labor were the stated reasons. The aim was to halve the time required to produce a car, as compared to the prevailing rate in the U.S.

The *International Herald Tribune* (Feb. 25, 1984), describing transnationalization inroads in California, indicated that it is far more impor-

tant for local firms to find markets in Japan or Hong Kong than to maintain production and employment in Los Angeles and other cities of the state. More than half the cars running on its roads are foreign-made, but TNCs are decisively against protectionism and are fully satisfied by higher rates of exploitation introduced by Japanese TNCs.

Even before the onset of the "conservative wave" and in addition to it, TNCs have started the practical implementation of the strategy of "class revenge." The examples given above from U.S. experience could be easily supplemented by similar cases in Western Europe. There is a striking similarity in the general anti-working-class behavior of transnational capital all over the capitalist world.

#### **A NEW FORM OF CAPITAL**

In the course of their evolution, the TNCs pass through a number of stages. The first starts with the creation or acquisition of a small number of enterprises abroad. At this juncture, maintaining and expanding its position in the domestic market is the predominant interest of the corporation. The operation of foreign subsidiaries is subordinate to this major goal.

At the second stage, the role of foreign operations is greatly expanded, and their management becomes an independent function within the TNC. Its interests are often divided and in conflict with each other: at times the drive to dominate foreign markets prevails over preserving positions in the domestic economy.

Finally, at the third stage, the prevailing business criteria of the TNC become global. The company acts as if it has been torn away from its domestic soil. Though one of the countries where it operates remains the home country of the TNC, the interests of individual countries, including the home country, are subordinated to maximizing the firm's global profit.

In its highest manifestation, transnational monopoly capital, torn apart from national soil, unquestionably becomes a new form of capital, different from all others. It is true that the

boundary between monopoly capital, which is mainly concerned with its own national economy, and transnational monopoly capital, which operates as if it is above national economies, is very flexible. However, a new dual structure is created within the boundaries of both developing and developed capitalist countries: on the one hand, national capital—including its nonmonopolized and monopolized sectors, and, on the other hand transnational capital, which includes both home-based TNCs with a major part of their capital and production abroad, and domestic enterprises controlled by, or acting in close union with, foreign capital.

It would not be correct to completely identify home and foreign-based TNCs. The correlation between the two depends on their comparative positions in the economy and political structure of a given country, on the degree to which their interests coincide or clash both within and outside the country. These and other factors determine whether relations between these two parts of the transnational sector are relatively cold and unfriendly or warm and allied. But more often than not, there is a close cooperation and coordination of strategy.

Relations between the internal and transnational sectors also vary. In some cases they supplement each other, with the domestic sector, though formally independent, working for and servicing the transnational one. Such a situation, for example, prevails in Japan. In other cases, the two are in deep conflict, since the activities of the TNCs—both home and foreign-based—are directly harmful to the interests of nationally-oriented capital. This is clearly the case in the United Kingdom. An intermediate situation exists in the USA, FRG and France, where relations between the national and transnational sectors are based on conflict and compromise.

#### **TRANSNATIONAL FINANCE CAPITAL**

In the 1970s not only did the rise of the TNCs accelerate, but an important new phenomenon came to the fore—transnational banks (TNBs).



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According to UN data, 43 out of 50 leading commercial banks in the capitalist world have foreign affiliates and subsidiaries totalling more than 4,000. Of these, 61 per cent, with 79 per cent of assets, are situated in developed countries. Underlying this trend were a few major factors:

1. In their expansion abroad, banks followed their largest clients—the TNCs.

2. Foreign bank affiliates became an important source of additional money capital—both personal and corporate savings—accumulated in other countries.

3. Slower economic growth made profitable placement of excess loan capital a major problem. This was especially true of Japanese banks, which had previously concentrated wholly on financing domestic industry. Now, with the slowdown, they were forced to seek clients abroad.

4. The rapid expansion of Eurocurrency, Eurobond and Eurostock markets made foreign bank expansion a necessity. To tap and serve these markets, banks had to establish affiliates and subsidiaries on the spot.

Increasingly profitable were TNBs' loans and credits to developing and other countries. Oligopolistic positions of TNBs helped drive up interest rates and thus aggravate the external debt problem of developing nations. Another source of quick profits was currency speculation, which became particularly easy to indulge in through the banks' affiliates in various leading world financial centers. Wide gyrations of exchange rates helped secure profits both in rising and falling markets.

Investment banks established themselves as leading underwriters of Eurobonds and Eurostocks issued by the TNCs. Even leading U.S. corporations had to approach the Euromarket in search of additional funds. Leading investment banks of different countries participated in underwriting consortia, but they also had to merge in order to maintain their dominant position. Thus, in 1985 the three Lazard Freres firms in New York, London and Paris set up a joint partnership to coordinate their operations on a global basis. The Swiss Crédit Suisse acquired

control over the international operations of the Wall Street firm White Weld. Dillon Read (New York) sold part of its stock to a large Swedish banking concern, etc.

With the internationalization of investment banks and the stock markets, the trend toward multinational ownership of the TNCs and TNBs became more pronounced. This accelerated the fusion between transnational industrial and banking monopolies and thus the rise of transnational finance capital (TNFC). The forms of this fusion were manifold.

- accumulation of large portfolios of stocks of TNCs in banks, insurance and investment companies;

- increasing ownership by TNCs of banks' stocks;

- simultaneous ownership of stocks of TNCs and TNBs by the same groups of large stockholders;

- closer business and financial ties between TNCs and TNBs. In addition to coordinating capital investment programs of TNCs, maintaining credit lines for them and extending preferential loans to large customers, the TNCs involved themselves in managing reorganizations, mergers and acquisitions on an international level. Both sides profited by the mutual flow of confidential business information;

- personal union and interlocking directorships between TNCs and TNBs.

According to the French author, Pierre Grou (*La Structure Financiere du Capitalisme Multinational*, Presses de la Fondation Nationale des Sciences Politiques, Paris, 1983), the fraction of the 500 largest TNCs controlled by banks increased from 13 per cent in 1965 to 26 per cent in 1978. One of the leading TNBs, Morgan Guaranty Trust, through its trust department has accumulated controlling shares in 12 TNCs. It is also a leading stockholder in 24 other corporations, and is among the three largest stockholders in yet another 36 companies. The total number of TNCs with which it is closely associated by stock ownership or management is no less than 70.

The fusion of TNCs and TNBs inevitably leads to the transnationalization of finance oli-

garchic groupings. Initially such groups developed within various national economies. But in the last decade they not only became predominantly transnational, controlling hundreds of firms and banks in other countries, but also combined with finance groupings of other countries to form multinational financial empires.

At present, the majority of national financial groupings have retained control over their principal banks and industrial concerns. Our analysis of 50 of the largest TNCs and 20 TNBs (based in the USA, United Kingdom, FRG, Japan, France, Italy and Netherlands) shows that only two of them are under evident foreign control. But growing internationalization of capital ownership is evident in increasing numbers of foreign directors on the boards of TNCs and TNBs. For example, foreign board members in U.S. corporations, which were nonexistent some 20 years ago, are now present in such leading U.S. concerns as Exxon, E.I. Dupont de Nemours, General Motors, Chrysler, Texaco, ITT, Occidental Petroleum, United Technologies, Citicorp and others. Some directors of U.S. TNCs and TNBs simultaneously serve on the boards of leading foreign concerns. Thus, Robert McNamara is director of both San Francisco's Bank of America and Royal Dutch Shell, based in the Netherlands. Former U.S. Secretary of Commerce John Connor now heads the U.S. affiliate of the Schroeder bank. The board of directors of IBM (UK) includes the chairman of the leading London Rothschild family bank and other members of the British financial oligarchy. Many TNCs and TNBs nowadays have also set up international and regional advisory boards, where foreign representatives are even more prominent than on boards of directors.

Powerful objective forces are at work which help drive together finance groupings of various countries. When leading banks, based in different countries, merge (as in the case of Lazard Freres) the door is open for intertwining between TNCs closely associated with such banks. When TNBs open subsidiaries in foreign countries they inevitably create intimate ties with local industrial firms and banks. All major TNCs use foreign, as well as domestic, banks as

sources of credits and financial services. A look at the lists of largest clients of leading banks shows that they include scores of foreign-based TNCs. All this leads not so much to the absorption of one national finance group by another, but rather to joint control over industrial and banking empires and to dividing spheres of interest within individual TNCs and TNBs.

The community of economic and political interests of the transnational plutocracy is evidenced by such organizations as the Bilderberg Club, Trilateral Commission and other associations of business elite representatives of different countries. This also shows that cosmopolitan plutocracies clearly realize both the fact of their own existence as a particular social stratum and the need to coordinate their policies and strategy.

In spite of this, the tendency toward transnationalization not only has not eliminated rivalry between financial groups and national imperialisms, but, on the contrary, in many ways served to strengthen it. This is evidenced by substantial changes in the relative strength of the TNCs based in different countries, and by their acute competition, particularly in the 1970s and 1980s. Fighting each other, transnational monopolies seek the support of the bourgeois state and endanger national interests and national sovereignty. The relation between the TNCs and nation states deserves special attention.

#### TRANSNATIONAL CAPITAL AND NATIONAL STATES

We have already mentioned the particular flexibility of TNCs and their capacity to maneuver resources on a global scale. Thus they are able to substantially influence output, employment and financial conditions of national economies. Often, particularly in the case of smaller countries, TNCs and TNBs tend to violate or bypass local laws and try to turn such countries into their neocolonies.

In the course of the current structural crisis, interests of transnational finance capital have often clashed with the direction of government



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economic intervention in large capitalist countries. Traditionally, governments have attempted to stimulate and support enterprises and industries in difficult economic situations, since this affected general business conditions in the country and thus the profits and well-being of the national bourgeoisie. Contrary to this, the TNCs more often than not tend to close down and liquidate failing enterprises and even curtail whole industries (e.g., steel). This approach tends to clash with economic policies of nationally-minded governments.

As comrade Mikhail S. Gorbachev indicated in his report to the 27th Congress of the CPSU,

A new knot of contradictions has appeared and is being swiftly tightened *between the transnational corporations and the nation state form of society's political organization*. The transnational corporations are undermining the sovereignty both of developing and of developed capitalist countries. They make active use of state monopoly regulation when it suits their interests, and come into sharp conflict with it when they see the slightest threat to their profits from the actions of bourgeois governments.

Some theoreticians of the TNCs have been propagating the necessity of a gradual elimination of the nation state. According to such authors, the nation state is but a passing phase of the organization of society. To quote one of them, Endel-Jacob Kolde (USA), "A wider and more flexible structure is the categorical imperative for a new epoch." (*Environment of International Business*, Kent Publishing Co., Boston, 1985, p. 479.) He feels that it is inevitable that functions of nation states will diminish within larger supranational agglomerations, where the TNCs would enjoy unlimited scope for their activities.

A prominent executive of IBM sings the same tune: "For business purposes the boundaries that separate one nation from another are no more real than the equator." (Quoted in *The Changing Anatomy of Britain* by Anthony Sampson, Vintage Books, New York, 1984, p. 369.) The British author, Anthony Sampson, critical of the TNCs, poses a rhetorical question:

"Have the great corporations become permanent world institutions, more permanent than some nations themselves?" (op. cit., p. 371.)

In actual life, antinational ideas of the TNCs serve as a cover for the hegemonistic and imperial ambitions of U.S. and some other, smaller, national imperialisms, who tend to expand their field of domination. This is in contrast with the existence of more than a hundred sovereign states—a fact which they are not able to eliminate or completely ignore. Therefore, the strategy of the TNCs and TNBs is to penetrate the existing form of government, merge with it, impose their control over it and make it subordinate to its wishes.

The attitude of the TNCs toward the state is not straightforward. Transnational monopolies object to government activity if it comes into conflict with their demands. For example, they are critical of taxation, if they consider it excessive, and of social legislation, since it tends to make labor more expensive. But TNCs are much in favor of profitable government contracts, of access to government subsidies and other financial preferences, of the practically free utilization of new technologies developed with government money, of the possibility of influencing politicians and using their support inside countries, especially on the international arena. As transnational finance capital becomes more powerful, the contradiction, "nation versus TNCs" is usually solved in the following ways: (1) transnational monopolies naturally merge with the state, first and foremost in their home country; (2) government policies undergo thorough change to serve the interests of transnational capital; (3) governments of home countries are used both to coordinate policies with other governments and to unilaterally promote the interests of their own TNCs in other countries.

The forms of TNC fusion with the state are numerous. The essence of the process is that transnational finance capital integrates with national economies, gains control over key sectors and industries, penetrates important government departments and organizations. When a TNFC controls the government in the home

country, its conflict with national interests is not always apparent. This is, for example, true of the U.S. and Japan. However, when transnational capital merges with foreign governments, then it objectively undermines national sovereignty not only of relatively weak, but also of strong, industrially developed countries.

If one looks into the substance of contemporary neoconservative policies in the U.S., Britain, FRG, Japan and now in France, it becomes evident that they reflect, first and foremost, the interests of transnational monopoly. As to the interests of the national bourgeoisie, to say nothing of the interests of the working people, they are simply ignored or moved to backstage. Superficial similarities with traditional Keynesian policies, which arise in observing forced, but *not* specially planned, budget deficits, serve to mask the deep gap separating such policies from the time when the ruling class played games of "social harmony" and the "welfare state." Tactics of making concessions to working people and of social maneuvering have not been completely abandoned, but the contrast with the era of prevalent bourgeois reformism is all too evident.

An analysis of U.S. administrations in the 1960s, 1970s and early 1980s shows that many cabinet ministers, especially secretaries of state, defense, treasury, commerce, as well as their deputies, have been increasingly recruited from executives of leading TNCs, or have moved to the latter after serving in the government—or both. Of course, domination of Big Business in the U.S. government is not a new phenomenon, but it is the increasing role of the TNCs and TNBs which is now particularly significant.

Both secretary of state George Schultz and secretary of defense Caspar Weinberger come from the Bechtel Corporation, which is a leader in worldwide construction projects. White House chief of staff and former secretary of the treasury Donald Regan comes from the largest stock-brokerage firm on Wall Street—Merrill Lynch, which is also a transnational concern controlling banks and investment firms in 30 foreign countries. Another transnational banker, James Whitehead, who was a senior

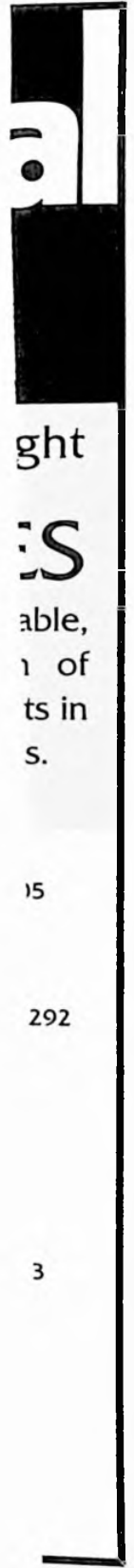
partner of Goldman-Sachs, became deputy secretary of state. The list of permanent clients of this bank includes not only U.S., but also Japanese, West German, French, Dutch and other TNCs and TNBs. Whitehead's predecessor in the State Department, K. Dam, moved to a vice-presidency in the transnational IBM. These are just some examples out of many.

The Flick affair in the FRG, which is a case involving scores of corrupted politicians, is also interesting in that it shows close ties of government with both FRG and U.S. transnational monopolies. The Flick concern itself is one of the leading FRG-based TNCs. It is also a large stockholder in W.R. Grace (U.S.) with plants in 38 countries. Deutsche Bank, which recently took control of the Flick interests and has itself widely subsidized politicians and intelligence officers in the FRG, has affiliates and subsidiaries in 12 foreign countries. Prominent on the list of subsidy providers to West German politicians is also New York's Chase Manhattan Bank. Close ties to U.S. finance capital are no coincidence. Corruption by Flick and others helped bring about the move to the Right in FRG political life and the final decision to accept Pershing II missiles in West Germany.

The U.S. government and Congress itself are closely connected nowadays to foreign-based transnational monopolies. Former prominent figures of the Reagan and previous administrations are among leading lobbyists for Japanese and other foreign concerns, as recently shown in the *Washington Post* and the *New York Times*.

#### TRANSNATIONAL FORMS OF STATE MONOPOLY CAPITALISM

In addition to the fusion of TNCs with the nation state, the tendency has also emerged to use international state monopoly formations for the same purpose. In the 1960s, regional integration in Western Europe promoted mergers of local corporations to create strong competitors of U.S. companies. In the 1970s and 1980s, worsening economic conditions, sharper competition and closer TNC ties on both transatlantic



and transpacific levels laid the basis for wider coordination of economic policies and strategies among the three major centers of imperialism. Regular meetings resulted of the Big Seven, ministers of economics and finance within the OECD, special meetings to discuss pressing monetary matters, such as the "soft landing" of the dollar, etc.

The effectiveness of such meetings has been relatively low, and most acute issues dividing the members of the imperialist "triangle" remain unsolved. Most participants resent dictatorial methods used by the U.S. Administration to impose its will on others. However, there is more cohesion on policies aimed against working people. Thus, representatives of all leading capitalist states are united in asserting that "anti-inflationary" measures (i.e. pressure on wages, cutting down social expenditure) should take precedence over measures to fight unemployment and promote employment. In accordance with the wishes of the TNCs, common policies are pursued to cut down on capacity in industries suffering from the structural crisis. There is also a common tough policy toward developing countries.

Transnational forms of state monopoly capitalism are clearly manifested in the sphere of armaments. The growth of international trade in arms has brought about the fusion of military concerns, not only with their own, but also with foreign defense departments. Within NATO there is growing coordination of national armaments production programs, more "division of labor" between military corporations of various countries, as well as joint ventures in armaments output. Similar intergovernmental coordination is effected between the U.S. and Japan. With support from the U.S. and other TNCs, powerful military-industrial complexes have been built up in South Africa and Israel.

A new step towards transnationalizing military industrial complexes was taken when the U.S. Administration started integrating other countries into the "Star Wars" program (SDI). Foreign participation in SDI is provided at both the intergovernmental and corporate levels. European and Japanese firms, which have agreed

to participate in the SDI, become contractors or subcontractors of the Pentagon, i.e., they become dependent on the U.S. Department of Defense for financing, access to special technologies and equipment, etc. These are not short-term commercial relations of a passing nature, but close ties intended to remain for decades and aimed at an ever-growing armaments market. In such a way, foreign firms are drawn into the "revolving door" system where industrialists depend on the military, the latter on industrialists, and where regular mutual penetration and intertwining create one cosmopolitan militaristic caste. The participation of foreign governments serves to fasten together this unholy alliance, makes it broader and farflung, incorporating military brass, government bureaucracy and the ideological apparatus of the U.S., West Europe and Japan.

The realization of this danger has brought about Eureka, a transnational program intended to unite corporations and governments of Western Europe in a mutual effort to promote the competitive power of the region vis-a-vis the U.S. and Japan in new spheres of technology.

Both the SDI and Eureka reflect different strategies of various national imperialisms, but they also show deep objective changes in monopoly capitalism. Transnationalization, on the one hand, strengthens the centripetal tendencies in imperialism, drawing together TNCs, TNBs and military-industrial complexes of different countries. On the other hand, it leads to mutual repulsion, conflicts, rivalry, i.e., to the strengthening of centrifugal forces.

#### **OPPOSED TO THE CONCEPT OF ULTRA-IMPERIALISM**

It was Karl Kautsky who, in the early part of the century, asserted that the higher concentration of production and capital would finally result in "ultraimperialism" and a unified world "super-trust" where no place would be left for interimperialist conflicts and contradictions, and that capitalism by itself would become "peaceful."

V.I. Lenin theoretically refuted this concept, showing its groundlessness, unreality and



reactionary character. History showed Lenin's analysis to be correct and consistent with facts. Concentration, indeed, has outgrown national boundaries, has led to transnational monopolies and internationally intertwined finance capital, to attempts to integrate state monopoly capitalisms of different countries. But neither did this abolish separate national imperialisms, nor did it call off contradictions between them. A new, even deeper contradiction has appeared, transcending imperialist rivalry, i.e., the contradiction between the urge of U.S. state monopoly capitalism, supported by its TNCs and TNBs, to dominate and turn into its appendages not only the developing world, but also competing detachments of national and transnational capital in developed countries. The danger of war did not disappear but became even greater—due not so much to the confrontation between the two social systems, but, first and foremost, to hegemonistic ambitions of one imperialist power multiplied by the destructive force of nuclear arms.

All this has objectively tied together processes, which are seemingly far apart. In our time, the fight for national sovereignty, against subordination to transnational (primarily U.S.) capital, is combined with the struggle for nuclear disarmament, lowering international tension, for a return to detente. As noted in the *Program of the CPSU*,

A realistic assessment of the actual alignment of

forces is leading many statesmen and politicians in capitalist states, too, to an understanding of the danger involved in continuing and extending the arms race. (*Program of the Communist Party of the Soviet Union. A New Edition*, Progress Publishers, Moscow, 1986, p. 31.)

"Realistic assessment" means, first and foremost, understanding the danger of sliding into a nuclear catastrophe. But it also means realizing that reduction of nuclear armaments, liberation from the notorious "nuclear umbrella," achievement of stability in international relations, will help strengthen national sovereignty and prevent a new colonization of nation states by an imperialist power set for world domination. Thus the fight for national sovereignty serves to strengthen the potential of peace forces opposing imperialism.

And another important conclusion. Capitalism has grown up to the possibility of integrating its material, scientific, technical and financial resources into large international programs both on the corporate and the state monopoly level. Such capitalism is a strong and dangerous opponent to world socialism not only in the military and political sphere, but also in the arena of economic competition. Both the new edition of the *Program of the CPSU* and other materials of the 27th Congress of the CPSU warn against a simplistic presentation of contemporary capitalism and of the perspectives of the struggle for social and national liberation. □



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## 'Inventing Reality'

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Michael Parenti, *Inventing Reality*, St. Martin's Press, 1986, \$16.95 cloth, \$10.95 paperback.

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The executive editor of *Harper's Magazine*, Michael Pollan, couldn't help being impressed with this book. But, his review concluded, "Flawed as it is, the press is probably a truer mirror of our politics than its critics on either the left or the right would have us believe." With those few words, Pollan indicated he either had not read *Inventing Reality* or he had not approached it with an open mind. For he misses author Michael Parenti's main point. The press is a true mirror of the nation's politics, a reflection of its class structure, its power relationships and its class inequities. It is a mirror of the ability of the few who actually run the society to shape the perceptions of millions of people.

"For better or worse, the press generally defines the news as what politicians say," wrote Pollan in the *New York Times Book Review* (April 6, 1986), appearing to take issue with something in Parenti's book. In fact, Parenti accuses the media of letting politicians define the news—politicians of a rather narrow range of opinions, reflecting almost always a class point of view, that of their own class.

Pollan allows that Parenti has produced a "forceful" critique of

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### CARL BLOICE

the U.S. major mass media and provided "a valuable rebuttal to the drumbeat of criticism of the news media from the far right." But Pollan maintains that the book is flawed. By what? Parenti, he suggests, is "simplistic and doctrinaire" and errs by painting the media in "broad Marxist strokes."

So there we have it. The *New York Times Book Review*, notorious for avoiding works of authors on the Left, gets the editor of the Centrist *Harper's* to review a book critical of both the *Times* and *Harper's*—one directly, the other by inference. Using Parenti's charge of media bias against the Left to fend off charges of media bias from the Right, Pollan says, in effect, if we're so Left why is the Left attacking us?

Thus the Center is defined as wherever the *Times*, Pollan and *Harper's Magazine* find themselves at any particular moment, menaced on two fronts. Omitted from such a discussion is any examination of the central thrust of Parenti's work.

Parenti demonstrates that, despite a nuance here and a nuance there, the major mass media in the U.S. are dominated by corporate monopolies. They determine the political core of what goes out in the papers and over the airwaves. They do so through hiring policies, story selection and editorial control. What's more, while the media have always been a class instrument, recent years have witnessed a rapid concentration of media ownership into fewer and fewer hands and a closer collaboration

with government.

Parenti writes:

The truth is, that while the press may not be totally uncritical nor totally adulatory toward the big business community, it is not an autonomous adversary, independent of the corporate class.

That is hardly a broad Marxist stroke (if such a thing exists). It describes reality. It is a description that's hard to argue with. Pollan doesn't even try. Instead he falls back on the false assertion that Parenti "ignores many details."

Over the past few months, I have been interviewed a number of times by reporters in connection with the publication of the new *People's Daily World*. When I speak of the myth of objectivity in bourgeois journalism, nine times out of ten I get an argument. Parenti sums it up well

Journalists (like social scientists and others) rarely doubt their own objectivity even as they faithfully echo the established political vocabularies and the prevailing politico-economic orthodoxy. Since they do not cross any forbidden lines, they are not reined in. So they are likely to have no awareness they are on an ideological leash.

They usually do not. This despite the fact that they can tell endless tales of good stories spiked by policy-minded editors. They know of newsroom decisions to deliberately turn a major public demonstration or rally into a nonevent by grossly understating attendance and burying the report in the back pages. They have seen good reporters banished to the "style" section as punishment for overzealous reporting.

More often than not, the inquiring reporters will point to the connection between the *People's Daily World* and the Communist Party and suggest that someone like myself can not be an "objective" journalist because of that connection. The irony that they overlook is that, while I write for a newspaper that I believe in and belong to a political party whose policies I help shape, they have no say whatever in the position taken by their publishers and most likely would get into trouble should they ever try.

Reporters can come up with many reasons for the sorry state of U.S. journalism. They sometimes take off time to write about it and articles on the subject appear in the many journalism reviews. The explanations usually center on the foibles of some individual, technological limitations or organizational and structural problems within the news establishments themselves. The one conclusion that they do not come to, which they studiously avoid, is the cash nexus. But it does not go away because it is ignored.

The problems of contemporary mass media can not be explained without a class analysis. Marxism just happens to be the only tool available for making such an analysis. Unless one understands the relationship between the base and the superstructure, as shown in Marxist thought, one will not fully understand what really goes on daily at NBC, CBS, CNN, ABC, *Harper's Magazine* and the *Times*.

However, understanding the theory doesn't prove the case. Analysis becomes useful when ap-

plied to specific reality. This is what Parenti has done with great skill and thoroughness and clarity.

In some ways the strongest chapter in *Inventing Reality* is "Giving Labor the Business." The link between who owns the media and what gets reported and how is clearest when the boss press defends the boss class against the workers they exploit. Parenti writes:

With its monopoly over mass communications, business has been able to present a largely unchallenged picture of "Big Labor" as an avaricious, narrowly self-interested, and often irrational force that does itself, the economy, and the public no good, driving up prices with its incessant demands, making gains only for itself while creating costs that must be passed on to the rest of the public . . . Labor has no means of countering this negative image among the general public.

Not exactly true. There is the labor press, the alternative media and the Left press. Most importantly, there is the new *People's Daily World*, the nation's first national, daily working-class newspaper. It is dedicated to defending the interests of working people with the same vigor with which the masters of the Big Business media defend the rich and powerful.

It might be said that Parenti is speaking only of the "mass" media. However, it would be wrong to think of the new newspaper as anything but mass. How much of an audience it reaches and, therefore, to what extent it is able to serve as an antidote to the corporate organs depends a lot on what its support-

ers will accomplish in the weeks and months ahead in building its circulation and how well the paper plays its role.

The picture of the mass media painted in *Inventing Reality* certainly makes a good case for the need for the *People's Daily World*. The book is also a strong argument for the organized labor movement in the country to have its own mass media outlets.

The book does have a fault. It is biased toward the East Coast. With the exception of a few citations of the *Los Angeles Times*, the country west of the Hudson River, and certainly that west of the Rockies, hardly exists. The South, Midwest and Pacific Coast have their own media histories and traditions and they differ somewhat from that of the Eastern media establishment. For instance, these regions have so far managed to escape the journalistic degeneracy that results in the two major New York tabloids. There is also a Left and labor journalistic history out there that continues to be uniquely relevant to all the matters Parenti discusses.

*Inventing Reality* should be widely read. It is an important work that speaks directly to today's headlines. In his introduction, Parenti writes,

This book is an attempt at understanding how and why the media are the way they are so that we might better defend ourselves not only by talking back in the privacy of our living rooms but by organizing and struggling to become the active agents of our own reality.

It succeeds. □



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## Letter to our readers

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Dear Readers: We're pleased but not smug over our circulation growth since our report to you at the end of last year. Our big promotion drive, which your contributions made possible, gained us 130 ten-year subscribers, who enhanced their personal libraries with the 21 volumes of the *Marx/Engels Collected Works*. It also added 265 one-year subscribers who received the special premium of Gus Hall's autographed *Fighting Racism*. These, together with the new subs that came in through regular channels, increased our total subscription list by 11.5 per cent.

We're not smug because all this proves that our readership potential is there for the tapping if we keep at it. We're staying with the special offers that have done so well and are trying a new push. Last month we began a state-by-state campaign to use the magazine as its own best sales pitch. We're sending

an *unsolicited, free*, three-month trial sub to selected lists of people. Illinois is where we're starting and first returns are promising.

Our own readers are our most avid promoters:

Clara Krell writes from NY, "Just finished reading Phil Bonosky's review, 'The Anatomy of a Lie'. This is such a great article, putting straight in a capsule so much of the discussion on this matter, that I must send a thank you by way of this contribution." Peter Noble, MI, writes, "I already sent you a contribution and am responding to your second appeal—enclosed please find a donation. The Aptheker articles in the September and October issues were worth a million bucks—to use a capitalist expression!"

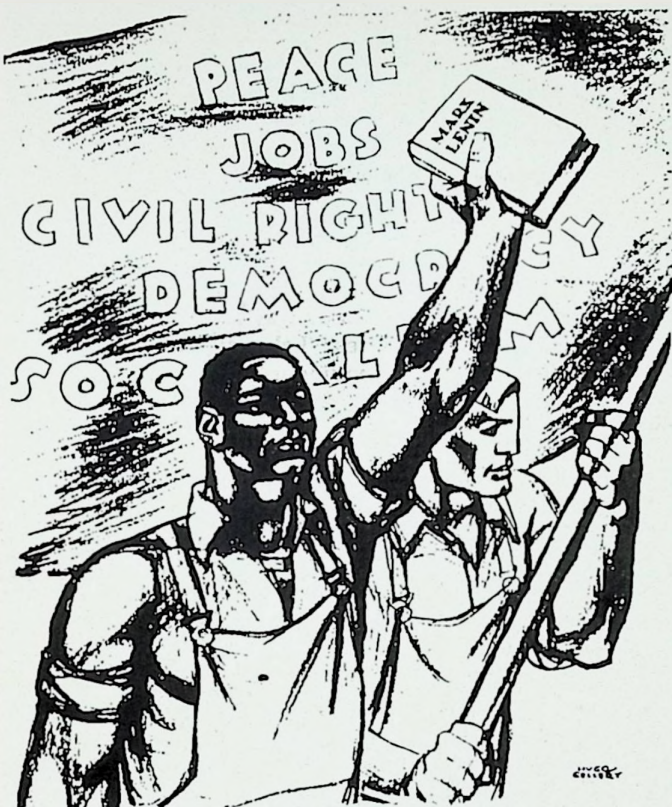
Since our last circulation column, here is the list of those of you who have generously supported our campaigns and appeals:

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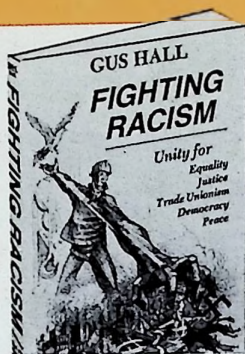
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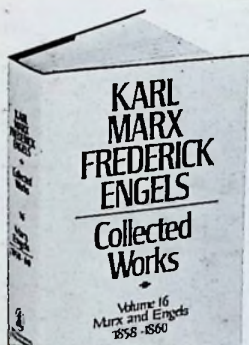
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