Marxism, the International Committee, and the science of perspective: an historical analysis of the crisis of American imperialism

Part Two

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On the weekend of January 8-9, the Socialist Equality Party held a meeting of its national membership in Ann Arbor, Michigan. The opening report was given by David North, the national secretary of the SEP and chairman of the editorial board of the World Socialist Web Site*. The report is being published in three parts. The second appears below; the third part will be published tomorrow. The* first part *was published January 11.*

Exactly 20 years ago this week, in January 1985, delegates from various sections of the International Committee of the Fourth International (ICFI) traveled to England to attend the 10th Congress of the International Committee. It turned out to be the last international congress presided over by the British Workers Revolutionary Party (WRP), led by Gerry Healy, Cliff Slaughter and Michael Banda.

By this point, a political crisis had been building up within the international movement for more than a decade. During the previous three years, an effort to discuss and examine incorrect philosophical conceptions and serious errors in the political line of the International Committee had been suppressed by the WRP leadership. By the time the ICFI assembled in January 1985, the entire world movement was dangerously disoriented—and the Workers Revoluti onary Party was in the worst shape of all. The draft perspectives resolution prepared by Slaughter sought to mask its analytical vacuity with rhetorical bombast. A typical passage proclaimed, "The objective laws of capitalist decline now operate without hindrance. They have broken through." If this were true, it would have meant that a situation had arisen not only unprecedented in the history of capitalism, but also one which Marx himself would have considered theoretically and practically impossible.

To assert that the laws of capitalist decline operated "without hindrance" could only mean 1) that all subjective resistance to this decline on the part of the bourgeoisie itself had come to an end; and 2) even those countervailing tendencies that emerge naturally from within the processes of capitalism itself to attenuate, if not entirely reverse, the decline had become entirely inoperative. In other words, the socio-economic dialectic of capitalism as a world historical system had simply ceased.

Another passage proclaimed that "The reality is that the decisive revolutionary battles are already engaged." Even as these words flowed from the tip of Cliff Slaughter's fountain pen, there were unmistakable signs that the working class was in retreat all over the world. If it were true that the "decisive revolutionary battles" were in progress, then one would have been compelled to acknowledge that they had been lost.

In a similar vein, Slaughter, intoxicated by his own rhetoric, declared that "The proletariat of the United States, undefeated, enters struggles of a revolutionary nature simultaneously with those of the rest of the world." In fact, the working class in the United States had experienced since Reagan entered the White House four years earlier an unbroken series of major defeats. Betrayed and discouraged, strike activity had fallen to its lowest level in decades.

That such passages could be presented as a serious contribution to the elaboration of revolutionary perspectives testified to the theoretical bewilderment and political bankruptcy of the WRP leaders.

Given the extraordinary political history of the leaders of the Workers Revolutionary Party, particularly that of Gerry Healy, the situation at which they had arrived was deeply tragic. Healy's personal participation in the revolutionary socialist movement had spanned more than a half-century. He played an important role as a supporter of James P. Cannon in the international fight against Pabloite revisionism that led to the founding of the International Committee of the Fourth International in 1953. During the following decade, Healy resisted the theoretical and political backsliding of the Socialist Workers Party (SWP) in the United States and opposed its schemes for an unprincipled reunification with the Pabloite movement. The survival of the International Committee, in the face of extremely unfavorable political conditions, was due largely to Healy's indefatigable defense of basic Trotskyist principles. Without the struggle that he led, the Workers League (forerunner of the Socialist Equality Party) would never have come into existence.

Furthermore, it was largely due to Healy's efforts that the International Committee—particularly in the aftermath of the split with the SWP in 1963—paid careful attention to signs of mounting economic crisis within world capitalism. In contrast to the Pabloites, whose opportunist politics reflected their own deep-going faith in the stability of post-World War II capitalism, the ICFI followed closely the growing signs that the financial and monetary foundations of world capitalism, put into place at the end of World War II, were coming under serious strain. The International Committee was, therefore, in a position to understand the far-reaching economic and political implications of the decisions made by the Nixon administration in 1971, which brought to an abrupt end the "Golden Age" of post-World War II capitalism.

On a Sunday evening, the 15th of August 1971, President Richard M. Nixon went on national television to announce that he was taking a series of economic measures in response to the sharp deterioration in the international trade and payment balances of the United States, as well as signs of mounting inflationary pressures. He announced that the United States would no longer honor its obligation, in accordance with the rules of the international monetary system that had been established in the aftermath of the Bretton Woods conference of July 1944, to convert upon

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demand the dollars held by its international trading partners into gold. This development went largely unnoticed by the Pabloites. For the International Committee, however, it represented the most significant economic development since the end of World War II and set the stage for an immense deepening of the world economic crisis and intensification of international class conflict. At the very heart of this crisis was the deterioration in the world position of American capitalism.

In its analysis of this development, the ICFI reviewed the significance of the international economic system whose foundations were laid at the Bretton Woods conference in 1944, during the closing stage of World War II. Outside the United States, the old bourgeois powers of Europe lay in ruins. The French bourgeoisie was politically discredited and its financial system had been shattered. Hitler's regime had plunged German capitalism into the abyss and the entire country was in flames. The cost of the Second World War, which had followed the first after an interval of only 20 years, had bankrupted Britain. Throughout Europe, the working class had taken the offensive against fascism and imperialist barbarism. The popular sentiment for a revolutionary settlement with capitalism was overwhelming. A similar situation was on the agenda in Japan, where the war was rapidly heading toward its horrifying denouement. Throughout Asia, the Middle East and Africa, the tide of anti-imperialist and anti-colonial struggles was rising.

Amidst the chaos of war, the United States remained the great bastion of capitalism. The war had shattered all its international capitalist competitors, and it was in a position to dictate to its prostrate rivals the terms of the world economic order that would emerge from the ashes of war. The American ruling class, however, understood very well that its own fate depended on the survival of capitalism in Europe. Were the post-war revolutionary wave to sweep over the European continent, establishing working class power throughout the old centers of capitalism, the ultimate fate of an isolated American capitalism would be sealed. Thus, in a series of far-sighted decisions, the American ruling class resolved to mobilize its immense industrial and financial resources to stabilize and rebuild the world capitalist system. The foundation of this economic plan involved the creation of a new international monetary system, which would provide the resources necessary for the re-establishment of world trade, after a decade of disruption caused by depression and war, and the rebuilding of Europe and Japan.

The financial disasters of the post-World War I era had convinced the United States that the expansion of world trade and the rebuilding of world capitalism were incompatible with the credit-restricting regime of the old gold standard. But what could replace gold as the prime instrument of credit and trade? The simple answer was the US greenback.

Under rules established by the new International Monetary Fund, which was created in 1947, the US dollar would serve as the world's principal reserve currency—that is, as the currency through which the great bulk of international trade would be transacted. All international currencies would have their value calculated in terms of the dollar. As for the dollar, its value would be defined in relation to gold—to be precise, $35 equaled one ounce of gold.

Underlying this arrangement were two important facts: first, a very substantial portion of the world's gold supply was held in the vaults of Fort Knox, in Kentucky. Second, and more important, the massive industrial supremacy of the United States after World War II guaranteed that its trade balances would record large surpluses. Dollars invested or transferred overseas would eventually be repatriated as foreign countries purchased American good and services.

Thus, the post-war monetary system—which was a dollar system anchored to gold—was an expression of the global supremacy of the United States in the affairs of international capitalism. To the extent that one can speak of an era of American hegemony, it was the period defined by the operation of the Bretton Woods dollar-based world monetary system.

However, the Bretton Woods system contained within it a fatal contradiction. The successful operation of the system was premised on the ability of the United States to maintain a positive ledger on its trade and payments accounts even as it provided Europe and Japan with the capital to rebuild their industries, and provided a market for their exports. It was unavoidable that the revival of European and Japanese industries would undermine the once unchallenged supremacy of the United States in world markets and have an impact on its trade and payments balances. The resulting accumulation of dollars overseas, which eventually would grow to be substantially in excess of the value of American-held gold reserves, would eventually call into question the viability of the Bretton Woods system. A European economist, Robert Triffin, called attention to this contradiction in the late 1950s. By the mid-1960s, it was widely apparent that the stresses on the system were growing more severe. The crisis was exacerbated by the increased financial pressure on the US budget caused by the cost of the war in Vietnam and the financing of new social programs that had been conceded by the American ruling class in the face of mass struggles.

As the ICFI had anticipated, the breakdown of the Bretton Woods system had far-reaching economic, political and social consequences. International economic relations were destabilized to a degree unknown since the 1930s. The old system of fixed exchange rates gave way to a new and unpredictable system based on floating currencies, with the value of each national currency being determined by the market. As for the dollar, no longer convertible into gold at a fixed price, it entered into a process of protracted decline. The devaluation of the dollar led almost immediately to an eruption of global price inflation and a collapse of share values on the equity markets. By 1973, world capitalism confronted the most dangerous combination of political and economic crises since the 1930s.

These developments substantiated the analysis that the International Committee had made of the global crisis of world capitalism. The 1970s was a decade that witnessed a revolutionary upsurge of the working class. In response to inflation, the working class went onto the offensive. The strike of British miners in the winter of 1973-74 forced the resignation of the Tory government. In April 1974, the fascist dictatorship in Portugal collapsed, followed in July by the collapse of the military dictatorship of General Papadopoulos in Greece. One month later, in August 1974, Richard Nixon resigned from the presidency. Less than a year later, in April-May 1975, the imperialist war in Vietnam and Cambodia came to a humiliating conclusion.

But this upsurge was crippled by the counter-revolutionary policies of the Stalinist and social democratic bureaucracies in the international labor movement. Even in Iran, where the strikes by oil workers in late 1978 were decisive in crippling the regime of the Shah (who had been installed in power by the CIA in 1953), the policies of the Stalinists prevented the victory of a socialist revolution. Instead, power fell into the hands of religious and nationalist forces. The betrayals of working class struggles provided imperialism with the necessary time to work out its own counter-revolutionary strategy and go on the offensive against the working class.

As the political tide turned, the British Workers Revolutionary Party failed to make a fresh assessment of the situation and introduce the necessary changes in its own practice. Cliff Slaughter had often warned the sections of the ICFI: "When your perspectives have been confirmed, recheck your perspectives." But the WRP failed to follow its own counsel, and was unable to adapt its practice to the shift in the political situation. As the prospects for socialist revolution faded, the Workers Revolutionary Party sought to maintain its organizational momentum on the basis of new and opportunist relations with sections of the British labor bureaucracy and bourgeois national movements in the Middle East and Africa. Turning its back on the lessons of the ICFI's long struggle against revisionism, the WRP developed a political line that increasingly resembled that of the

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Pabloites. Moreover, in its one-sided fixation on what were perceived by Healy to be the organizational imperatives of the WRP, the line of the British section assumed an increasingly nationalistic orientation. The work of the ICFI as an international party was more and more subordinated to the national "party building" activity of the Workers Revolutionary Party.

The crisis that erupted inside the WRP in the summer and autumn of 1985 was the inevitable outcome of its protracted retreat from Trotskyist principles and the political disorientation that was a consequence of that betrayal. The WRP had come to place greater value on its various alliances with labor bureaucrats, bourgeois nationalists and petty-bourgeois radicals than on its fraternal relations with its comrades and co-thinkers in the ICFI. Even in the autumn of 1985, as they stood amidst the wreckage created by their disastrous policies, WRP members boasted shamelessly of their new ties with various anti-Trotskyist tendencies. At a public meeting in London, Slaughter ostentatiously offered his hand to Monty Johnstone, one of the most notorious and unsavory representatives of the British Communist Party.

Underlying these actions was a completely false assessment of the international political situation. It occurred to none of the leaders of the WRP that the various national reformist and opportunist organizations which they were now courting were themselves on the brink of disaster. Having abandoned systematic and serious work on international perspectives, the WRP had completely failed to take notice of the new tendencies in world capitalist economy, let alone consider their implications for the development of the international class struggle.

In the aftermath of the split with the Workers Revolutionary Party in February 1986, the International Committee confronted two critical and inter-related theoretical tasks. The first was to make a detailed analysis of the roots of the betrayal of Trotskyism by the Workers Revolutionary Party and to answer its attack on the history of the Fourth International. The second was to resume the critical perspectives work that had been abandoned by the WRP. The critique of the WRP and the fresh appraisal of the history of the Fourth International enabled the International Committee to reestablish its conscious historical link to the entire programmatic heritage of the Trotskyist movement, all the way back to the founding of the Left Opposition in 1923. At the same time, the resumption of systematic work on international perspectives was necessary in order to reorient the work of the ICFI in accordance with the real objective tendencies of development in the world capitalist economy.

At the fourth plenum of the International Committee in July 1987, the following question was posed: of what tendencies in the development of world economy and the international class struggle is the Fourth International a necessary expression? Considered historically, there existed a profound relationship between the development of the productive forces of capitalism on a world scale, its corresponding impact on the growth of the working class as a social force, and the political forms through which these objective socio-economic tendencies found expression in the historical development of the international Marxist movement.

The founding of the First International in the mid-1860s was the political anticipation of the emergence of an international proletariat on the basis of the expansion of capitalist industry and trade on a world scale. The still immature forms of this real economic and social process were insufficient to sustain the efforts of the First International, which ceased practical activity in the mid-1870s. However, within less than two decades, the extraordinarily rapid growth of industry in Western Europe and North America stimulated the development of a new industrial proletariat and its movement toward independent political organization. At the same time, the expansion of the colonial system was drawing masses throughout the world into the vortex of international capitalist development.

The founding of the Second International in 1889 reflected this new stage in the development of capitalism and the resulting growth in the size and economic significance of the new industrial working class. During the next quarter century, the development of the Second International was bound up with the expansion of capitalist industry. While this process was, in essence, international, the dominant form of its expression was the growth of mighty national industrial economies and the emergence of powerful national labor organizations. To be sure, the Second International upheld the perspective of international working class solidarity; but the practical work of its sections was deeply embedded in the foundations of national industry. As the Second International entered the second decade of the twentieth century, it failed to appreciate the extent to which the growing menace of imperialist militarism reflected the erosion of the sovereignty of national economies beneath the pressure of world economy.

The eruption of World War I, the collapse of the Second International, and the emergence of the Third International were the expressions of this fundamental change. As Trotsky explained:

"On August 4, 1914, the death knell sounded for national programs for all time. The revolutionary party of the proletariat can base itself only upon an international program corresponding to the character of the present epoch, the epoch of the highest development and collapse of capitalism. An international communist program is in no case the sum total of national programs or an amalgam of their common features. The international program must proceed directly from an analysis of the conditions and tendencies of world economy and of the world political system taken as a whole in all its connections and contradictions, that is, with the mutually antagonistic interdependence of its separate parts. In the present epoch, to a much larger extent than in the past, the national orientation of the proletariat must and can flow only from a world orientation and not *vice versa*. Herein lies the basic and primary difference between communist internationalism and all varieties of national socialism" (*The Third International After Lenin* (London, 1974), pp. 3-4).

When Trotsky wrote these words in 1928, the conception that world economy formed the essential foundation upon which revolutionary strategy must be developed was already under attack within the Communist International. The Stalinist program of socialism in one country was the antipode of the internationalism which constituted the strategic basis of the conquest of power by the Bolshevik Party in October 1917. The Stalinist conception that the development of the Soviet national economy would be the primary and decisive determinant of the success of the socialist project in the USSR represented a reversion to the nationalistic outlook that had prevailed in the Second International. It is worth noting that Stalin's perspective found a response within the leaderships of many sections of the Communist International, which shared his conception that the immediate national conditions encountered by the working class in each particular country should form the real starting point of practical activity.

Among those who not only defended Stalin's nationalistic orientation but also sought to justify it theoretically and politically was Antonio Gramsci. "To be sure," he wrote, "the line of development is toward internationalism, but the point of departure is 'national'—and it is from this point of departure that one must begin" (*Prison Notebooks* (New York, 1971), p. 240).In light of the subsequent history of the Communist Party of Italy, which rescued the bourgeoisie and Italian capitalism after the collapse of the Mussolini regime and evolved into a left reformist national party *par excellence*, the political implications of Gramsci's position have been made explicit. It is not surprising that the Italian Stalinists embraced the memory of Gramsci, who had died in the 1930s as a result of abuse he had suffered at the hands of the fascists, and honored him as their theoretical inspiration.

The Fourth International was founded by Trotsky in 1938 in response to the Stalinist degeneration of the Third International. The eruption of the

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second imperialist world war demonstrated in the most tragic manner the primacy of world economy and world politics. However, paradoxically, the restabilization of capitalism in the aftermath of the war, on the basis of Bretton Woods, led to a revival of the program of national reformism in the international labor movement.

The renewed expansion of world trade, the growth in the GDPs of national capitalist economies, and even the extraordinary improvement in living standards in the Soviet Union during the 1950s and 1960s provided the national reformist parties, including the Stalinist organizations, with a new lease on life. But however impressive the rise in GDPs and even living standards may have been during this period, this period proved to be no more than a somewhat protracted Indian summer of national reformism. The breakdown of the Bretton Woods system and the onset of a protracted economic crisis characterized by recurring bouts of inflation, recession, rising unemployment, a prolonged slump in profitability and a shift by the bourgeoisie, most notably in the United States and Britain, to a vicious counteroffensive against the working class, led to the complete collapse of national reformism as a viable policy.

It was under these conditions, in the summer of 1987, that the International Committee began preparations for the drafting of a new perspective resolution. To answer the question posed at the beginning of this discussion at the fourth plenum, the International Committee directed its attention to a study of the new forms of global capitalist production that had emerged during the late 1970s and early 1980s, facilitated by the developments in computer technology and the availability of faster and less expensive forms of communications and transportation. The creation of the transnational corporation represented a qualitative advance in the global integration of capitalist production and finance. This development raised to a level of unprecedented tension the historic contradiction between world economy and the national-state system within which capitalism is historically rooted and which remains the basic unit of political organization.

A revolutionary solution to this crisis could be found only on the basis of socialist internationalism, that is, through the political and practical unification of the international working class. None of the existing, nationally-oriented parties and organizations of the working class—Stalinist, social democratic or labor reformist—could solve this crisis. Indeed, the unending series of defeats they had suffered in the recent period flowed inevitably from the utter impotence of their national orientation in the face of the new forms of international capitalist organization. Only the international program of the International Committee corresponded to the challenge posed to the working class by the global integration of capitalism.

To be continued

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