

## AMENDMENTS TO RESOLUTION C1 -- THE ECONOMIC PERSPECTIVE

**MOTIVATIONS. (1) STOP CRYSTAL BALL GAZING.** The 1975 Economic Perspective was wrong in important ways. It predicted higher unemployment by the end of 1975. It scoffed at the political and economic feasibility of using tight money, welfare cuts, and chronic unemployment to bail the system out of depression. It predicted a credit crunch, crowding out of capital formation, and hyper-inflation as the boom got going in 1976. It saw big wage increases coming out of the 1976 contract round. But on the basic point that there would be an upswing in the economy within a longer period of stagnation, the 1975 Economic Perspective was absolutely correct.

The 1976 Economic Perspective is also full of predictions about the fine details of the economy. It says: The boom will be a strong one; there will be a boom in investment in plant and equipment; and there will be double-digit inflation. The basis given for these predictions is no sounder than the basis given for the false predictions of 1975's Perspective. The 1976 Perspective gives no hint as to why the 1975 Perspective was so full of flawed details.

It is time to call a halt to crystal ball gazing. It's time to call a halt to inflation and bust mongering. It is time to get to work in future Economic Perspectives on what counts to the IS. What counts is the relation of the class struggle to objective economic conditions. And here it is the broad features of the class struggle that we wish to identify within the economic period. It is on those broad features that our policies for intervention can be based. In particular, it is important to know the movements the class will make in regard to an overall boom-recession cycle in a period of stagnation.

On this point, the economic outlook of the IS has fallen down. In the early months of 1975, the leadership led us to expect virtual rebellion when SUB would run out in Detroit. Later, in the 1975 Economic Perspective, we were told workers would feel more ready to take action in the economic upswing. The evidence for this has been very spotty: In the first half of 1976 wages rose at an annual rate of only 6% -- less than in 1975 --, and in April 1976 there were fewer strikes beginning than in April 1975 -- the bottom of the recession. Resolution 5 of the 1976 Economic Perspective talks only about building leadership of the rank and file movement in the boom, not about a workers' upsurge. There is a swinging back and forth here without a firm view of the response of the working class to the period.

**(2) SMOOTHING OUT THE CYCLES.** The theory of the Permanent Arms Economy is only applied half-way in the IS Economic Perspectives. The theory is used to account for the post World War II boom. But it is not applied to understand fully the current period of stagnation that began around 1968. Rather the tendency is to see this period as one with the traditional cyclical feature of intense downswings. In the IS Economic Perspective, the 1974-75 recession is called a "depression" and a "bust" is predicted for 1978. Yet it is clear that there are significant forces smoothing out the cycles during this period of stagnation.

With military spending up to 7% of GNP in the current fiscal year in the US, one would think the moderating effects of military spending alleged by

the Permanent Arms Economy theory would be given their due in the IS Economic Perspective. Capital investment in armaments was the backbone of capital investment in early 1976. This has not only stimulated the economy, but slows the process of over-investment in the private sector. Moreover, it puts a bottom on recessions, just as it did between 1950 and 1965.

In addition, there is the ability of the state to moderate the rate of growth with monetary policies and to make high unemployment politically feasible with benefits that deal with at least the majority of the unemployed whose unemployment runs roughly two months. Classical swings of large amplitude--up or down--are not then a necessary consequence of the end of the post World War II boom and the beginning of a stagnation period of indefinite extent. Capitalism has not solved the problem of how to make growth an over-all characteristic of the economy in this decade. But it does not follow that the downswings of the period of stagnation must be as deep as IS Economic Perspectives call for.

(3) THE CLASS STRUGGLE DURING STAGNATION. To develop a view of the relation of the class struggle to economic conditions, the correct economic conditions must be identified. Those conditions are not booms followed by busts of great intensity. They are relatively short fluctuations within stagnation, moderated by state measures, including a vast arms economy.

The older view that the working class movement was stronger after a bust than during it has many verifications. But those verifications belong to periods of economic cycles of the older type. That view cannot be automatically-applied to the current period. The strategy must be one of building the rank and file movement with continuous effort throughout this period of stagnation. (This is precisely the strategy of the resolution on the Employers' Offensive, but it is not one that jibes with the resolution on the Economic Perspective.) Stagnation itself becomes the focus and not the upward or downward fluctuations within it.

Different sections of the working class will have their consciousness affected differently by an upward fluctuation, or by a downward one. In adapting to those shifts in consciousness, the IS must be basing itself on a clear strategy for this entire period of stagnation. One does not find the reason why the Teamsters were willing to strike in April 1976 by using the analysis of the boom in either the 1975 or the 1976 Economic Perspective. For, whatever the reason, it has had little weight in moving the Auto Workers, who as yet show no signs of readiness for a rank and file contract fight in September 1976. In understanding differences between Teamsters and Auto Workers now, it is more fruitful to look, less at the boom, and more at the way the over-all period of stagnation affects the specific industries and unions involved.

(4) INVESTMENT <sup>IN</sup> PRODUCTION GOODS. Finally, it is significant that no satisfactory account is given by the 1976 Economic Perspective of the strength of the current boom. The 1975 Economic Perspective predicted a weak boom, fueled by government deficit spending. Now there is a strong boom that the 1976 Perspective attributes to the Employers' Offensive.

The shallowness of the boom was originally attributed to, among other things, the drain of profits into the so-called waste spending of the arms economy. This year the same drain of profits is said to be the cause of

stagnation, but still the boom is rightly noted to be strong, and a capital spending boom--which has not yet materialized--is predicted.

What is wrong here is the explanation of stagnation itself. Arms spending would indeed be the cause of stagnation if arms spending were the basic factor holding up investment in plant and equipment in industries that are productive. Suppose, for example, the economy were capable of generating ever larger masses of profits, but that arms spending sucked up an ever growing proportion of these profits, so that less profits are left each year for productive investment. Then indeed stagnation caused by arms spending would result.

The facts are different. In productive industries, ever greater investments are needed in order to keep turning a profit. The threshold for new capital investment in each industry tends to become higher. And yet the mass of profits does not grow proportionately. Faced with this falling rate of profit as a condition of growth, investors in capital goods quite naturally become more hesitant. The result is general stagnation, with cycles whose upswings are made possible by employers' offensives and government deficit spending. Arms spending, at this point, can at best exacerbate, without causing, this stagnation.

From this perspective of the falling rate of profit things fall more easily into place. Arms spending--being relatively constant through a cycle--leaves more capital available for investment in an upswing than in a downswing. The healthy profits of the current boom were due to several factors. On the one hand, costs of production have not had to include the costs of using new and more expensive plant and equipment. Older investments have been more fully utilized. On the other hand, the typical increases in labor productivity for initial phases of upswings--the employers' offensive--has occurred. Yet wage gains are still ahead of productivity increases, so that unit labor costs are rising at an annual rate of 2%--compared to 15% during the recession. Also, on the demand side, the boom has been spurred on by the large government deficit incurred during 1975-76.

The slowness of recovery in the investment area is a symptom of the stagnation of the period. If we are indeed in a period of stagnation, the investment boom in this upswing will be moderate. The obsolescence of plants is not an adequate basis on which to predict an investment boom. The effect of large capital outlays on the rate of profit will determine whether there is indeed an investment boom.

AMENDMENTS. To Cl.1. Replace the sentence beginning on line 4 with:

The reason for the greater depth of the boom as well as the relative health of American Capitalism has been, on the one hand, the reduction of constant capital--plant, equipment, and materials--costs due to the slowness of the investment recovery, to the steady advance toward fuller utilization of capacity, and to the cheapness of raw materials, and, on the other hand, the reduction of variable capital--wage--costs due to the success of the employers' offensive against American workers.

To Cl.3. Replace the last sentence with:

Nonetheless, since this is a period of over-all stagnation, investment in production goods has been slow to recover after the 1974-75 recession, and investment in production goods during the current boom will not reach the heights characteristic of the post World War II boom.

To C1.4. Replace with:

Inflation may curtail the boom. The rate of inflation will be dependent on whether the government is forced to abandon its tight money policy, whether full capacity is reached too soon in key industries thereby creating shortages, and whether the boom will need the continued stimulus of large-scale government deficit financing.

To C1.5. Replace with:

In this period of stagnation, capitalists will provide no significant breaks for the working class, even during economic upswings. High unemployment and static wage levels will accompany both downswings and up swings. This will produce over time the widespread awareness that the capitalist system can no longer improve living and working conditions significantly. These circumstances will lead to the success of IS's efforts to build the rank and file movement.

Milton, Bloomington

June 24, 1976

AMENDMENTS TO RESOLUTIONS DI-2 -- INTERNATIONAL PERSPECTIVES

MOTIVATIONS. (1) THE LEVEL OF STRUGGLE. The 1976 International Perspectives reinforce illusions about the revolutionary potential in Southern Europe in the present period. Workers' Power played a big role in creating those illusions.

In fact, revolutionary socialism is now on the defensive in Southern Europe. In Italy workers' commissions have become bureaucratized and the coalition of the revolutionary left, the Proletarian Democracy, was badly beaten in the national elections on June 20. In Spain the defeat of the strike wave in January has shifted the focus onto whether bourgeois democracy will come from above through the capitalist representatives in the government or from a CP manipulated move on the part of the working class. In Portugal there has been no recovery from the defeat of the revolutionary left on November 25, and the CP maintains its ability to prevent the working class from taking decisive actions.

The slogan socialism-or-fascism, used by the International Perspectives, is too rough edged to capture the situation. In Portugal the autonomous organizations of the working class can be transformed into instruments of control over the working class within the framework of a bourgeois democracy. There is no necessity to "crush" the working class under fascist repression in order to destroy in this way these organs of workers' control. The construction of the institutions that constitute and that defend bourgeois democracy is on the agenda in Portugal as far as the great majority of the masses is concerned.

This of course does not mean that there is no place for revolutionary politics. It is time to build a mass revolutionary party in Portugal. What it does mean is that we should rid ourselves of illusions about revolutionary politics becoming central to the masses in Portugal in the near future. Agitation for an insurrection has little relevance there now.

Similarly in Spain there is no evidence that the main contradiction is anywhere else than squarely within the camp of supporters of bourgeois democracy. Within that camp the "progressive" capitalists are pitted against the new coalition, the Democratic Coordination, in which the CP, with 90,000 members, has a dominant role. The CP will try to use the working class to produce a "rupture" with fascism. But its firehose tactics in the Madrid general strike indicates the CP would be in a strong position to prevent the rupture from becoming a mass working class movement toward socialism.

For a year now we have been hearing about imminent breaks of significant forces from the CP in Portugal. We are now told that the CP's have only to make clear their reformist aims in Southern Europe for the working class to flock to the banner of the revolutionary left. None of this makes any sense. The level of struggle in the sense of the more or less advanced nature of the issues that dominate the working class political arena still leaves the CP with enormous flexibility. The task of revolutionary socialists in those countries is still to get revolutionary politics into the center of the political arena.

The CP's of Southern Europe are an expression of the correlation of forces-- forces of classes within national boundaries and forces of weaker and stronger nations within western imperialism. In Portugal, for example, the organizational strength and the political restraint of the CP provides a shield for the Portuguese working class. It is a shield against Portuguese capitalism,

against the reactionary masses of the North, and against the possibility of imperialist military intervention. The CP promises to avoid provocations which would pit the coastal working class against the majority of the North. Without a realistic program for gaining the support of the northern small peasant and city dweller, the revolutionary left will not be able to shift the correlation of forces significantly enough to break the hold of the CP on the workers.

To ignore the CP's as genuine expressions of the correlations of forces in Southern Europe and to speak in subjective terms of the "betrayals" of the working class by the CP's is to put revolutionary wishes in place of objective conditions.

(2) UNCONDITIONAL IS NOT UNCRITICAL SUPPORT. The IS should support the PRP in Portugal unconditionally. The PRP aims at building a party that will wage a battle for genuine socialist revolution. With that aim we can wholeheartedly agree. By contrast we could support the MPLA in Angola only conditionally in so far as its aim was to wage a battle for a free but nonetheless capitalist Angola.

Giving unconditional support to the PRP does not, however, mean closing our eyes to the realities in Portugal. We can be critical of the PRP's evaluation of the situation there and of its tactics while still supporting it unconditionally. Most of the reporting in Workers' Power has reflected the PRP's own glossy assessment of events prepared for international consumption. This assessment has conflicted with major reports received from our own comrades who have actually visited factories, tenant commissions, farms, PRP headquarters outside the center in Lisbon, and the headquarters of other parties.

There are lots of problems concerning the evaluation of the situation and the tactics of the PRP. The PRP sees fascism in the wings, thereby playing to the tendency of the Portuguese masses to view everything they don't like as a "fascist" deed. The working class "upsurge" since February seems to have played itself out in a few strikes and fights at campaign rallies. The CP was supposed to have been losing militants because of its role in pulling the strike wave up short. The popularity of Otelo among workers in certain militant workplaces in the recent presidential campaign is supposed to indicate a real rebirth of revolutionary fervor among workers generally. Despite the consolidation of the institutions of bourgeois democracy and the institutions that support it, including the military, the government is supposed to be unable to govern. The presence of the PRP in the unions that struck in March was supposed to show that the PRP was taking the needed steps for doing genuine economic work in a period of revolutionary pause in the unions and workers' commissions. Yet there is no indication that the PRP has changed its perspective of doing political work--educating for the insurrection--in workers' organizations while other parties do economic work--wages, cost of living, housing, health care, working conditions.

The IS should publish in its bulletin the facts its comrades report. It should not gag British comrades visiting this country in regard to their views on Portugal. Let the facts come out! Workers' Power should no longer force on us the role of cheerleader. We can be boosters back in the stands and still do all that international solidarity requires. As boosters we can frankly admit to bad plays and to the strength of the opposition.

Among the opposition are the Maoist UDP. Yet since the Maoists are in "crisis" they somehow don't count. Yet in Portugal the PRP hasn't pulled away from the pack on the revolutionary left. It is still neck and neck with the UDP. In Spain any list but ours of the revolutionary left includes the Maoist groups ORT, MCE, FRAP (created as a front by the PCML), and OMLE. The ability of such groups to lead major regional actions testifies to the fact that the heightened class struggle of the '70s hasn't left Maoism in the lurch. In Italy the major revolutionary left groups--Manifeste, AO, and LC--support Mao's stance as a foil to the revisionism of the CP. A less polemical approach to the strong Maoist element within Southern Europe's revolutionary left is long overdue.

AMENDMENTS. To D1.3. Replace the last two sentences with:

To break the hold of the SP's and CP's, the parties of the revolutionary left must develop programs and methods of struggle that will be recognized by the workers represented by unions and workers' commissions as realistic means for fulfilling their interests in the given period.

To D1.4. Replace the first sentence with:

There is now a revolutionary current in the European working class.

To D1.4. Drop the third sentence: Maoism is in crisis.

To D2.1. Replace the last two sentences with:

Unless the working class seizes all power, the institutions of workers' control cannot survive.

To D2.3. Replace the first sentence with:

The right-wing coup of November 25 was made possible because of the loyalty of many Portuguese workers to the Socialist and Communist parties.

To D2.3. Replace the first part of the 4th sentence with:

If the revolution fails it will not only be due to the correlation of class forces expressed in the existence of a strong SP and CP ...

To D2.4. Replace the passage from line 4 to line 15 with:

However, since November 25 there has been no widespread upsurge of the working class. Regional actions do, however, indicate that the working class is still capable of a general offensive. Otelo's popularity among workers in militant workplaces during the presidential campaign indicates that the idea of government based on organs of popular power is still alive. Despite the consolidation of state power since November 25, events could precipitate a general mobilization of the working class. Taking state power would surely be a central thrust of this mobilization. But to hold state power, the working class must win the masses of the North to revolution, and the PRP must be in a position of providing leadership.

Milton, Bloomington  
June 25, 1976

Amendment to Convention Resolutions  
Submitted by NYC Teachers Branch  
International Perspectives  
Resolution D2: Portugal and Spain

ADD as point 6; *withdrawn*

The support which the IS has extended to the PRP was both legitimate and principled. It has however been marked by some serious defects:

- 1) Support for the PRP does not mean that we necessarily endorse all their politics and programs. A critical assessment of these policies is our duty to the PRP and to our own cadres as well if we are to learn the lessons of the set-backs as well as gains in Portugal.
- 2) The failure of the organization to participate in the discussion within our own international movement on the events in Portugal cannot be condoned. It was an act of political irresponsibility to our own members as well as our co-thinkers abroad.
- 3) In the coming year, it is desirable and necessary that this delayed discussion be encouraged and debated, and shall be carried in our internal documents.



AMMENDMENT TO INTERNATIONAL PERSPECTIVES

PORTUGAL AND SPAIN: D1 and D2, Add. Point 6.

SPONSORED BY:

Diane E. Seattle  
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- a) The future of the Portuguese revolution continues to lie with the ability of the ERP to become a mass revolutionary workers' party.
- b) In the past year we have actively given our support to the ERP: we organized speaking tours, raised money and supported the ERP in our press. Many comrades actually visited Portugal and saw first hand the revolutionary process.
- c) We have not, however, discussed and debated the actual events and the progress of the Portuguese revolution within our organization. We have not been part of the discussion of the problems and perspectives of the revolution which has taken place within our international tendency. We have not trained our members in the ongoing lessons of the revolution.
- d) This is the result of the mistaken policy of the organization's leading body, the E.C., which has discouraged a full and ongoing discussion of the Portuguese revolution within our organization.
- e) This restriction cannot continue. The Portuguese revolution is a living revolution. We must learn its lessons now, at least as best we can. We must do this even if it means a critical evaluation of the ERP itself. We give unconditional support to the ERP, but this does not mean that there can be no critical evaluation of the ERP's tactics, policies and direction. This too is part of our duties as revolutionary internationalists.

AMENDMENT TO CONVENTION RESOLUTION A-4: THE FIGHTS TO COME

ADD AS POINT #8:

New York City is a spearhead of a nationwide attack on all public employees and their unions and, through that, an attack on all workers. The bankruptcy of the union bureaucracy is apparent as every attempt to push their ~~only~~ only strategy, reliance on the Democrats, collapses in the face of the Dems' intimate involvement in passing on more and more cutbacks. In the UFT, the largest union local, the strongest, and at present the hardest hit municipal union, there is, for the first time since the formation of the union, a crack in the support for the leadership. Through the efforts of the NYC UFT branch and friends, we have been able to take advantage of the situation to build a rapidly growing and successful rank and file group which is gaining widespread support throughout the union. This work will continue. The national organization will commit resources to aid the work of these comrades.

MOTIVATION:

As described in the Political Perspectives Document, city workers as a rule have been least able to fight back against the employers' offensive throughout the country. In NYC we're already seeing how the success of the ruling class' offensive against the unions, and the complete capitulation of the union bureaucracy, is already having an effect on the inability of workers in the private sector to fight back. Employers have gotten bolder and workers more demoralized.

Public workers are becoming increasingly angry at what's happening to them but don't yet know how to fight back. They see in some sense the bankruptcy of the union leadership's strategy of reliance on Democrats but don't see an alternative.

In the UFT, the hardest hit and previously most powerful municipal union, the anger has risen to such an extent that we are seeing for the first time a crack in support for Shanker and the beginnings of an actual opposition movement. Since the establishment of the NYC UFT Branch in Jan. 76 we have been able to initiate a rank and file group of growing strength and importance, New Directions. We now put out a monthly newspaper with 22,000 distribution (5 issues have been printed to date). New Directions is now a group of about 50 active teachers and 150 other teacher contacts who help in distribution. An excellent caucus program has been approved and the group has initial plans to run against Shanker and his caucus in next spring's elections. We hope to base our campaign on the upcoming contract fight (the UFT contract expires Sept 77). Already members are running for office in their school chapters under the name of New Directions- and winning.

Our resolution has two points: First the work is important, not only toward affecting class struggle in NYC (this is our only real response to the NYC Crisis), but also because if we are successful locally in pushing the union bureaucracy to start fighting back against the offensive on municipal unions, it will have an effect on the ability and willingness of public workers nationally to fight back, and it will have consequent effects on the private sector as well. After all, a fight against Shanker in his own backyard will be a shot in the arm to all rank and file movement in the AFL-CIO in view of the fact that he is a Vice-President of that organization. Therefore we propose that UFT work continue and that the national organization lend its support to our work. ✓

This is not in any way an attempt to undermine the basic priority industrial work of the organization. It is an attempt to present the IS's strategy for dealing with the crisis in capitalism in NYC- the hardest hit city in the country.

AMENDMENT TO INTERNATIONAL RESOLUTION.

Resolution D 3 ---- Southern Africa

ADD 5. This year we must increase our political support and activity around the revolution in Southern Africa. This will be an increase in our commitment to internationalism as well as to the Black liberation struggle at home. Specifically, this means that the International Subcommittee and the steering committee of the National Black Caucus should work out perspectives. This would include for example, holding a 'cadre school' (similar to the one held on Portugal last fall) to educate the membership on Southern Africa; production of a pamphlet on the movement in Southern Africa; in the fall we will organize a speaking tour on the struggle in Southern Africa if possible with ZANU or other such organizations; our work will also include where possible, setting up support committees, calling and participating in rallies and demonstrations.

The next meeting of the new national committee should also discuss the perspectives and activity.

Fred, National Black steering committee

Barbara W.

Amendment to Resolution B-3-----

Add new point 4, renumber other points.

4. In addition, Worker's Power will initiate this fall the publication of a monthly magazine section of the paper. This will appear as a centerfold section of the paper. This will carry a few longer, more substantial, and analytical articles on the major issues of the day which we have been reporting on in WP. This monthly magazine section will replace plans for any independent journal and also the educational notes.

Motivation: We don't have the resources to put out an independent publication at this time, nor the distribution system for it. But we do need some format for publishing longer articles, not only for our own members (like educational notes) but also for our contacts and periphery. In WP we already have the distribution network, and as a centerfold we will assure that the magazine reaches our most important contacts and all our members without having to distribute and sell a completely separate publication. With such a magazine, we could have included in it over the past year the centerfold on the teamsters, redbaiting, the educational notes articles on Angola, etc. I want to emphasize that the idea is not to have the magazine in order to get more transitional politics into the paper. That should be done throughout the paper. The purpose of the magazine is to provide a format for longer, more analytical articles.

Submitted by Mike U.  
NY CWA branch