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Greensboro, N.C., February 2.



THOUSANDS MARCH AGAINST KU KLUX KLAN TERRORISM

ERNEST MANDEL

WHAT SOARING GOLD PRICE REVEALS

HOW THE REVOLUTION IN AFGHANISTAN UNFOLDED

Thousands in U.S. Say 'No' to Klan Violence

By Michael Baumann

GREENSBORO, North Carolina—Chanting "Fired up, can't take no more!" and "What are we going to do? Stop the Klan!" 7,000 demonstrators marched through the streets of this southern industrial center February 2. In this same city, only four months earlier, five antiracist protesters had been gunned down in broad daylight by the racist, ultrarightist Ku Klux Klan.

The march was a resounding repudiation of Klan terror and a major victory for civil rights and the southern labor movement. One of the biggest protests in recent memory against the anti-Black, anti-union Klan, it dealt the ultrarightists and their backers a major blow in a state they had sought to portray as a stronghold of reaction and racist terror.

The march proceeded successfully without a single incident of violence despite weeks-long efforts by local employers, police, courts, and government officials to prevent it from even taking place.

The marchers were mostly young and about one-half were Black. They came from the local area, the entire South, and from as far away as California to demand a halt to the Klan's terror.

Preparations for the demonstration received a big boost the day before through a series of commemorations held at a largely Black local college, North Carolina Agricultural and Technical (A&T). The day-long celebration which was widely publicized in the press and on television, greeted the return of four heroes from Greensboro's rich history of struggle for civil rights.

These were the four A&T students who initiated, twenty years earlier, the sit-in movement to desegregate Woolworth lunch counters—one of the opening shots in the Black civil-rights movement that ended legally enforced segregation in the United States.

A&T Chancellor Lewis Dowdy hailed the action by the four former students—Jibreel Khazan, David Richmond, Joseph McNeil, and Franklin McCain—as having "marked the start of the greatest movement for freedom in this country." He

called on Greensboro and the country as a whole to "pay their respects" to the four pioneers of the sit-in movement.

Later that day, at the invitation of the same store that had refused to serve them twenty years earlier, Khazan, Richmond, McNeil, and McCain returned to Woolworths flanked by TV cameras and reporters from across the country. This symbolic step dramatized the determination of Black people to never give up what they have won through struggle.

Speaking to an audience of 3,000 students at A&T that day, Andrew Young, former U.S. ambassador to the United Nations, endorsed the next day's demonstration and rally. "I hope you will be part of the number that no man can number at the march tomorrow," Young said. His statement, reported on television and on the front page of the next morning's paper, reflected the tremendous opposition to local authorities' attempts to prevent it from taking place.

Using every means at their disposal, the mayor, city manager, governor, local press, and the State Bureau of Investigation (SBI—the North Carolina "red squad"), sought to limit participation in the demonstration, portraying it as the potential scene of massive violence.

In the days preceding the march, local officials:

- Refused until the last possible moment to issue the parade permit necessary to assure the march's legal status.
- Refused up to the last minute to grant permission to use the local colosseum, the only public building of sufficient size for the concluding rally.
- Applied behind-the-scenes pressure, through the SBI, to prevent demonstrators from arriving from other southern cities by requesting bus companies to cancel chartered buses.
- Sent SBI agents onto local campuses to harass and "interrogate" student supporters of the march.
- Used the local press and television day after day to portray the march as the work of "Communists," "outside agitators," and violence-prone individuals and organizations likely to "provoke" clashes with the peaceloving Klan.
- Invoked a "state of emergency" authorizing police to search demonstrators for weapons.

All of these efforts at intimidation failed. The success of the march in spite of them added to its significance as a blow against not only the Klan, but as one speaker at the rally put it, against the men in the "three-piece suits" who use the Klan as an

instrument against working people—both white and Black.

The marchers braved subfreezing temperatures to walk nearly four miles through the streets of the city, chanting all the way. They were led by a spirited contingent of Black students from A&T who carried a thirty-foot banner bearing the march's message: "Unite to Stop Nazi-Klan Terror."

The particular incident of violence the march had been called to protest occurred November 3, 1979. On that day Klan gunmen, in full view of television and press photographers, fired into the ranks of a small antiracist demonstration. They killed four of the protesters on the spot, fatally wounded another, and hospitalized at least ten more.

Four of those killed were involved in union organizing. All five were members of the Communist Workers Party (CWP), a grouping of Maoist origins that includes a number of longtime activists from the Black and student movements in North Carolina.

Public outrage over the killings forced the arrest of fourteen of the Klansmen, all but one of whom have since been released on bail. The police, who had provided the Klan with information about the demonstration in the preceding days, left the rally shortly before the shooting occurred. When they returned, in addition to arresting the Klan gunmen they also arrested several of the demonstrators—including CWP leader Nelson Johnson and a number of CWP activists—on outrageous charges of "inciting to riot." Defense of these victims of police collaboration with the Klan was an important part of the march and rally.

At the assembly site the marchers began arriving at 9 a.m., first in tens, then in hundreds, then in thousands.

Demonstrators by the busloads arrived in chartered vehicles from New York; Philadelphia; Cincinnati; Washington, D.C.; Newport News and Norfolk, Virginia; Birmingham, Alabama; Atlanta; Newark; and a host of other cities.

According to officials of the February 2 Mobilization Committee, the sponsor of the action, nearly 400 civil-rights, political, trade-union, and religious organizations were represented at the march.

Among the political groups that took part were the Communist Workers Party; Socialist Workers Party, whose vice-presidential candidate Matilde Zimmermann marched in the action; Workers World Party, Communist Party (Marxist-Leninist), Revolutionary Communist Party, Revolutionary Socialist League, and International Socialist Organization. Conspicuous by its absence was the Communist Party.

Of the some twenty speakers who addressed the concluding rally, the one who struck the most responsive chord was Rev. Ben Chavis, himself the victim of racist

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violence and a political frame-up. Chavis, one of the Wilmington (North Carolina) Ten, was released last December from prison after serving nearly four years of a thirty-four year sentence on fabricated charges of arson.

Dedicating his remarks to the memory of the five slain members of the Communist Workers Party, he said "it matters not what their political ideologies were. It matters that they have given their lives for everybody in Greensboro, for everybody in the world today."

Referring to the harassment from government officials, he said: "They said it would be impossible for us to hold this demonstration."

But we had it, he continued, as the crowd rose in applause. And one of the things we're going to do here is to "send a message to Jimmy Carter:

"There ain't going to be no reinstating the draft!"

To wild cheering from the largely draft-age audience, he added:

"We're not going to fight no more wars for capitalism!

"We're not going to fight no more wars for imperialism!

"We're going to keep on marching!

"We're going to tear this system down!"

He then linked the march and rally to the struggle of oppressed people around the world against U.S. domination.

"The reason why people burn that flag down around the world is because we the people have allowed our government to wreak suffering on millions of people. In Iran and Afghanistan and anywhere else in the world where the U.S. is in trouble, we're only reaping what we sow. That's all."

Other speakers at the rally included Dick Greenwood, representing William Winpinger, president of the 1-million-member International Association of Machinists; Rev. Fred Shuttlesworth, Cincinnati SCLC; Rev. Joseph Lowery, president of SCLC; and Robert Locklear, a representative of the Lumbee Indian Nation, a North Carolina tribe that has fought Klan violence;

Also, Anne Braden, a veteran activist in labor and civil-rights struggles in the South, representing the Southern Organizing Committee for Economic and Social Justice; Phil Thompson of the Communist Workers Party; Kevin Buncom, president of the A&T student body; Skip Robinson of the United League of Northern Mississippi, which has fought white racist terror in Tupelo, Mississippi; and the Rev. Lucius Walker, one of the central organizers of the action.

Walker stressed that antiracists in the United States must link up with the oppressed around the world for both face the same enemy—the United States government.

"We must stop soft-peddling the fact

that the United States is the oppressor in Iran," he said to cheers and applause from the audience.

"What the U.S. has done in Iran is to create the conditions for war."

Greenwood of the Machinists Union voiced a central theme of the march and rally, echoed by many of the other speak-

ers, when he stressed the need for an alliance of labor and the civil-rights groups. Referring to the American union movement as a whole, he said:

"We know we can't go it alone.

"We're in trouble and we need help.

"Into the 1980s for economic and social justice!" □

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Mideast Regimes Reject Carter's Offer of 'Protection'

By Fred Feldman

In the wake of the dispatching of Soviet troops to block U.S.-supported counterrevolutionary forces in Afghanistan, the Carter administration is trying to line up governments of Muslim countries behind its war moves. But so far Washington has little to crow about.

In his State of the Union address, Carter threatened to invade the Middle East in order to "protect" it from "Soviet aggression." This kind offer did not sit too well with many Arab governments.

Iraq's foreign minister charged that Carter was "trying to justify and pave the way for a military interference in several countries of the world, particularly the Arabian Gulf."

"We will confront this new chapter of American arrogance, hegemony, and gun-boat policy," declared the Palestine Liberation Organization.

Of the Arab regimes, even some of the more reactionary opposed the invasion threat. "We refuse any form of foreign interference in our internal affairs," said Abdul Aziz Hussein, Kuwait's minister of state for foreign affairs.

These stands reflect the hostility that millions of Arab working people feel to Washington's military and economic domination of their countries.

They know that it is U.S. oil companies, not the Soviet Union, that have drained them of their wealth for decades.

They know that it is the U.S. government, not the Soviet Union, that arms expansionist Israel to the teeth and has backed it in four wars against Arab peoples.

They know that it is the U.S. government, not the Soviet Union, that has massed an armada of warships near the Persian Gulf to threaten Iran.

That is why any Arab government that endorsed Carter's invasion talk would lessen its own chances of survival.

In fact, the Soviet Union is not the main target of Washington's threats. A "senior administration official" told *New York Times* correspondent Bernard Gwertzman January 24 that a crisis requiring U.S. military intervention was "most likely to occur because of Soviet subversion of a country such as Iran rather than the direct entry of the Soviet Army."

"Soviet subversion" is Washington's favorite code for the struggles of the workers and peasants against imperialist domination. What Carter fears is not a Soviet march toward "warm water ports" or Arab oilfields but that working people in Pakistan, Saudi Arabia, and elsewhere will

take a cue from the Iranian and Afghan revolutions.

The prospect of new revolutionary upheavals haunts the Carter administration as it presses ahead with its military buildup. In the January 28 *New York Times*, Henry Tanner reported that, "if all goes well," U.S. planes will soon be using bases in Somalia, Kenya, and Oman.

But, he added, "the crucial question is whether the United States will be able to build up its air and naval power in the region without provoking political storms making the military gains illusory."

The reluctance of many capitalist governments in Muslim lands to take a blatantly pro-imperialist stand led to conflicts around the conference of foreign ministers of Islamic countries held January 27-28 in Islamabad, Pakistan.

The conference was engineered by the Saudi Arabian monarchy and Pakistani military dictatorship with the unabashed support of Washington. Its sole purpose was to denounce the Soviet role in barring the way to a Chile-style counterrevolution in Afghanistan.

The "Steadfastness Front" (a bloc of the Palestine Liberation Organization and the governments of Syria, Libya, Algeria, and Southern Yemen) called on January 16 for postponing the conference.

It charged: "America claims that it is protecting Islam and the Moslems and, at the same time, continues to plot against the Iranian revolution and continues to provide Israel with sophisticated weapons to maintain its occupation of Arab territories." When the postponement move failed, Syria and Southern Yemen, along with the Karmal government in Afghanistan and three other regimes, refused to attend the Islamabad gathering.

In Iran the announcement by Foreign Minister Sadegh Ghotbzadeh that the government would be represented at the conference sparked a debate.

According to a Reuters dispatch in the January 27 *New York Times*, the students holding the U.S. Embassy denounced the conference as a "conspiracy against the Iranian revolution." The Qom Theological Society and the Revolutionary Guards also made critical statements.

Iranian officials demanded and obtained a one-day postponement of the conference. It had originally been scheduled for January 26, in open conflict with Palestinian protests against the official opening of diplomatic relations between the Israeli and Egyptian regimes.

When the conference agreed to add U.S.

threats against Iran to the agenda, the Iranian government sent a deputy foreign minister to Islamabad.

As expected, Washington scored a propaganda point when thirty-six representatives voted for a resolution echoing Carter's call for the withdrawal of Soviet troops and suspending Afghanistan from membership in the body. None were reported to have opposed these measures.

The conference tried to legitimize the Afghan ultrarightists by hearing a representative of the Islamic Alliance for the Liberation of Afghanistan, a newly formed bloc of six pro-imperialist groups.

But nine governments withheld support from a proposal to break off diplomatic relations with Kabul, and eleven refused to endorse a motion "envisioning" the possibility of "nonparticipation" in the Moscow Olympics.

The Afghan revolution wasn't the only target of the organizers of the Islamabad meeting. According to a report in the January 30 *New York Times*, representatives of Tunisia, Iraq, Saudi Arabia and a few other countries sought to pressure the Iranian government to release the hostages in the U.S. Embassy. There was no suggestion of support to Iran's demand for the return of the shah.

Kamal Kharrazi, Iran's Deputy Foreign Minister, replied: "No compromise. We are not men of compromise. We will release the hostages when America returns the shah."

To provide some cover for its pro-imperialist stance, the conference criticized the Carter administration for its threats against Iran, and for backing the Camp David Accords. □

Just Stay Home

On January 31, the United States Senate voted 87-1 to slash government benefits to disabled workers.

A supporter of the cut, Senator Russell B. Long of Louisiana, explained it this way:

"Beneficiaries do not have to pay taxes on these benefits. They have no work expense. They do not have to take transportation to and from work. They do not have to launder their clothes as often. They can stay home."

Relenting slightly, the Senate passed a last-minute amendment allowing terminally ill workers to begin collecting disability payments immediately, forgoing the five-month waiting period normally imposed.

Thousands in U.S. Protest Carter's Draft

By David Frankel

Within days of President Carter's January 23 speech, with its moves toward reviving the draft, young people across the United States took to the streets to tell Carter: "Hell no, we won't go!"

Twenty-five hundred rallied at the University of California at Berkeley; 1,800 at the University of Minnesota in Minneapolis; 1,000 at the University of Oregon in Eugene; 800 at Harvard University in Massachusetts; and 800 at Columbia University in New York. Thousands more demonstrated in other parts of the country.

Answering the war propaganda from the big-business media and the Democratic and Republican parties, the protesters chanted slogans such as:

"No Draft—No War—No Nukes!"

"Exxon, Mobil, what do you say—we won't fight your war today!"

"We won't kill for Capitol Hill!"

Thousands of young women have joined in the antidraft actions. Right-wingers have tried to undermine support for the Equal Rights Amendment (ERA) to the U.S. Constitution by pointing to the possibility that women may have to register for the draft if Carter's plans are approved. "ERA—yes! Draft—no!" has been the response of women's rights activists.

Melissa Merchant, a coal miner and member of the Young Socialist Alliance,

told 250 demonstrators in Morgantown, West Virginia, "We have to say we oppose the draft for everyone, men and women. The Equal Rights Amendment doesn't mean the right to die."

A similar point was made by Cynthia Jaffe, a student at a Wesleyan College in Middletown, Connecticut. She told a rally of 200 January 30: "Women want equality in life, not in death. The only response for women to take is to oppose the draft."

Unlike the much smaller right-wing actions against Iranian students that took place in the United States after the occupation of the U.S. Embassy in Tehran, this outpouring of antidraft actions was not encouraged by the government or the mass media. On the contrary, for months these sources have been claiming that the "Vietnam syndrome" is at an end and that there is now a prowar majority in the United States.

Of course, government propaganda in the wake of events in Iran and Afghanistan has succeeded in sowing substantial confusion. But the lack of success in turning this into prowar sentiment was indicated by an Associated Press-NBC News poll that found that those aged eighteen to twenty-four—who would be the first to be drafted—oppose any draft by a margin of 55 to 40.

Carter's call for a reinstatement of draft registration has also sparked an extensive debate among workers. "Of course I'm opposed to the draft. I'm eighteen," was the way one young worker at Bethlehem Steel's Sparrows Point plant in Baltimore summed up his feelings.

Women at the Danley Tool factory in Cicero, Illinois, were talking about "another Vietnam on the way" after Carter's speech.

Those against the draft are generally the most outspoken, according to the U.S. socialist newsweekly, the *Militant*, but there are many who believe that the United States faces a real military threat. One Sparrows Point worker said he would go if drafted "because this time it will be different from Vietnam. This time it really is a serious threat."

The draft discussions rapidly become part of a larger debate about U.S. foreign policy, the *Militant* reports. Most workers are still confused about what is happening in Afghanistan. They often compare the Soviet intervention there to the U.S. role in Vietnam or to the Soviet invasion of Czechoslovakia.

At the same time, there is a deep suspicion that the U.S. oil industry is behind the war danger. At the McDonnell-Douglas aircraft plant in Long Beach, California, one young woman responded to the idea of being drafted with, "There is no way I'm going to give up limb or life for the oil companies, because they will raise prices anyway. Let them fight their own wars!"

This has also been a theme in antidraft demonstrations. One speaker at a rally in Minneapolis January 30 pointed out: "We used to fight wars for freedom and justice, they said. But now we fight them for oil."

It is clear that the debate that has begun is far from over. The United States Student Association has called for a series of antidraft teach-ins on college campuses this spring, and local antidraft coalitions have been formed in cities around the country. These groups will be trying to involve support from the trade unions.

And a few workers are also beginning to think of political action against the draft. A white worker at Sparrows Point suggested circulating an antidraft petition within the plant.

And at Twin Cities Ford plant in St. Paul, Minnesota, an air force veteran still of draft age found a leaflet for a campus antidraft demonstration in the locker room. He taped it to one of the windows of a truck moving up the assembly line. Now he wants more leaflets to distribute.

Opposition to being dragged into a war by Washington is far deeper among the American people today than at the beginning of the Vietnam War. The growing combativity in the working class, especially among young workers, means that the potential exists to involve the labor movement in antidraft protests right from the start. □



Militant/Kris Huget

January 30 antidraft rally at Columbia University in New York City.

How FSLN Handled Strike at Managua Construction Project

By Pedro Camejo

MANAGUA—To help alleviate the 30 to 40 percent unemployment in Nicaragua, the Sandinista-led government is attempting to create jobs.

One such project is the construction of a public park here named after the child martyr, Luis Alfonso Velázquez. This particular project was chosen because it is labor-intensive, providing many jobs with little capital expenditure. The park will require no purchases on the world market, helping to preserve the government's meager currency reserves for other needed imports.

Construction of this park has also taken on symbolic importance in Nicaragua. It encompasses the old downtown area of Managua destroyed by the 1972 earthquake and left in permanent ruin by the Somoza dictatorship, which used the international reconstruction aid for personal enrichment. The new government has set out to clean up central Managua and turn it into a huge recreation center.

One part of the park already completed is an area where Nicaraguan musicians gather to perform at no charge. Beer and other refreshments are sold.

To expand the number of jobless workers employed on the project within the constraints of extremely limited funds, the government recently decided to lower the hours of work of those already working. The daily wage was to have been lowered accordingly, with the resulting excess funds going to hire on other unemployed workers. (The 1980 economic plan of the government includes the creation of 15,000 new construction jobs.)

On January 14, 4,000 Managua construc-



Nicaragua faces immense job rebuilding destroyed facilities.

tion workers went on strike to protest this proposal and to demand that they be paid the daily wage established by contract prior to the July 19 overthrow of Somoza.

Three days later, on January 17, the government granted this demand. It also said that a worker-administered lunch kitchen would be established on the construction site, along with a store to sell basic foodstuffs to workers' families at a minimal price. Each worker will be permitted to buy differing quantities of food at reduced prices, depending on the size of their families. The government also agreed to pay the workers for the three days they were on strike.

Although the government granted the demand for higher wages, the Sandinista National Liberation Front (FSLN) and Sandinista Trade Union Federation (CST) argued before mass meetings of the striking workers that the government's original proposal was in the best interests of the Nicaraguan working class as a whole.

Yet, unlike capitalist governments, which would have tried to attack and demobilize the workers in order to break their strike, the FSLN-led Nicaraguan government sought to bring the workers together in mass assemblies to debate the issues openly. The FSLN and CST leaders recognized that many workers believed that they were victims of an unjust decision.

At the meetings, representatives of various workers currents, including the CST, discussed and debated the issues.

FSLN leader Daniel Ortega, a member of the government junta, explained that the workers must look at the country's problems from the standpoint of their entire class, not just as individuals. He explained that the revolution had already raised the real wages of workers by a whole series of social programs. The most recent example is the 50 percent reduction of all rents on working-class housing.

Ortega acknowledged that the wages of the construction workers were low, but he explained that the government's only current alternative would have been to leave hundreds of other workers unemployed.

At the mass assemblies, the FSLN and

FO Leaders Arrested, Paper Shut Down

MANAGUA—The offices of the Frente Obrero's daily newspaper *El Pueblo* were occupied by Sandinista troops January 23, and seven FO leaders were arrested.

On January 31 charges of violating Articles 3 and 4 of the Public Order and Security Law were filed by the government against nine FO leaders—the seven arrested earlier and two others still being sought. Articles 3 and 4 deal with destruction of property, unauthorized possession of arms, and distribution of propaganda "that seeks to dam-

age the popular interests and abolish the conquests achieved by the people."

The repressive moves against the Frente Obrero were accompanied by a series of statements by FSLN leaders accusing the FO of counterrevolutionary activity and "sabotaging production." FSLN Organization Secretary Carlos Carrión declared in a *Barricada* interview January 28 that the FO's actions "only go to benefit the Somozaists and the most reactionary and retrograde sectors of imperialism that are trying to hold back our revolution."

Fred Murphy, February 1

CST leaders debated speakers from the CGT-i, a trade-union current led by one of the three pro-Moscow Stalinist parties, and the Frente Obrero (FO), a union current led by an ultraleft Stalinist group that orients toward the ruling bureaucracy in Albania.

The CGT-i and FO both have influence in the Managua construction union and encouraged the workers to strike against the proposal of the Sandinista government. During the strike assemblies, the FO argued, among other things, that the park was not essential. If a hospital were being built, instead, it said, the workers would have accepted the lower wages.

Ortega answered that a hospital would require construction materials and equipment that are not available and are currently beyond the resources at the disposal of the government.

After settlement of the strike, the revolutionary CST current among the workers launched a campaign to win the leadership

of the construction union, arm it with a class-conscious perspective, and help involve the workers in decisions affecting the country and the course of the revolution.

Part of the strike settlement included a call for new union elections February 3. This was agreed to both by the CST and by the FO-CGT-i bloc.

The agreement has three parts.

First, the 5,000 employed construction workers in Managua will have the right to vote.

Second, the election will be organized and voting credentials issued by a special commission that will include a representative of the labor ministry and one from each of the two tendencies. The vote will be secret and the ballot will include three spots: one for the CGT-i led slate, one for the CST slate, and one blank for workers wanting to vote for some other candidates.

Third, the results will be announced on

February 3 before a general assembly of the union.

This plan will bring all Managua construction workers under one union.

Behind the strike are the terrible economic problems facing Nicaragua. The CGT-i and FO have sought to gain factional advantage from these problems, hoping to erode the FSLN's standing among the Nicaraguan workers and peasants.

The revolutionists of the FSLN are attempting to better the conditions of all Nicaraguan workers—employed and unemployed, skilled and unskilled. They have followed a policy of trying to help the poorest workers first.

January 21

France, U.S. Rush to Bolster Tunisian Regime

Several hundred guerrillas staged an attack on a Tunisian army barracks and police stations in Gafsa, a phosphate mining town, on January 27. The attack coincided with the second anniversary of a 1978 general strike that was savagely crushed by the Tunisian government.

The battle in Gafsa, a town of 30,000 in central Tunisia, raged for more than a day. The government reported that forty-one people were killed and more than a hundred wounded. Twenty-two of the dead and about ninety of the wounded were Tunisian soldiers or police.

The fighting has severely shaken the right-wing government headed by President-for-Life Habib Bourguiba. Bourguiba called on France, the former colonial ruler of Tunisia, and the United States to come to his aid.

Five French naval vessels were dispatched to North Africa in response to the request, and the Pentagon announced on January 30 that it would supply Tunisia with new helicopters and armored personnel carriers.

In Rome, the Tunisian Resistance Army

After Centuries of Monarchy

Elections Held in Iran

By Cindy Jaquith

After centuries of domination by monarchy, Iranians went to the polls January 25 to elect a president. More than 100 candidates had entered the race.

The Interior Ministry announced January 28 that Abu al-Hassan Bani-Sadr had won the election, with 10.7 million votes or 75 percent of the ballots cast.

As Iran's minister of Financial and Economic Affairs, Bani-Sadr had earlier announced plans to create more jobs, nationalize some U.S.-owned industries, and cut interest rates in half.

After his election he told the French daily *Le Monde* that in order to free the hostages at the U.S. Embassy, "the American government must first of all issue a declaration acknowledging the crimes it committed in Iran through the imperial regime, as well as our right to begin proceedings against the Shah and his followers. The problem of the hostages can then be easily resolved."

Slightly more than 14 million of the 22 million eligible voters turned out for the election. Naval chief Ahmad Madani came in a distant second with 14.6 percent of the vote. He had directed his campaign appeals to those middle-class Iranians who have grown hostile to the revolution.

Darioush Farouhar, former minister of labor, received 0.9 percent. Labor ministry officials have grown increasingly unpopular because of their resistance to workers' demands for greater control in the factories.

Foreign Minister Sadegh Ghotbzadeh

got 0.3 percent, reflecting in part widespread opposition to his role in censoring the media.

Less than ten candidates were ruled eligible for media time in the race. Masoud Rajavi, candidate of the Mujahedeen, was disqualified after a decision that only those who voted in favor of the new constitution could run.

Rajavi's platform included support for the rights of Iran's oppressed nationalities. Most Kurds reportedly boycotted the elections in protest of Rajavi's disqualification.

In an effort to avert the boycott, the central government announced on the eve of the elections that troops would be withdrawn from two cities in Kurdistan. Ayatollah Ruhollah Khomeini promised that the constitution would be changed to recognize the right of Sunni Muslims to control the courts in areas where they are a majority. Most Kurds, Baluchis, and Turkomen are Sunnis.

Mahmoud Sayrafiezadeh ran for president as the candidate of the Revolutionary Workers Party (HKE). He advocated full rights for oppressed nationalities and a government run by workers and farmers as the way to achieve independence from imperialism.

The Islamic Revolutionary Council has called for parliamentary elections to be held in one month. Council spokesman Ali Akbar Moïnfar said that the elections would be open to all political parties "regardless of their ideological inclination." □



claimed responsibility for the attack on Gafsa and stated that some 250 Tunisian troops had been killed in the fighting. The Tunisian government has charged that the attackers were armed and trained by Libya and expelled that country's ambassador.

How the Afghan Revolution Unfolded

By Ernest Harsch

The April 27, 1978, insurrection in Kabul, which overthrew the regime of President Mohammad Daud, was a momentous event in Afghan history.

Suddenly, all the social tensions that had been building up within Afghanistan burst through to the surface. A social revolution was set in motion—in one of the most impoverished and economically underdeveloped countries in the world.

Afghanistan on the eve of the revolution was a country beset by severe social problems. Its nearly 20 million inhabitants were burdened with extreme poverty, rampant disease, high unemployment, and glaring inequalities.

The expectations of change that had been aroused among the Afghan masses by Daud's overthrow of the monarchy in 1973 had evaporated. After five years of empty promises, stepped-up repression, and growing imperialist dominance, disillusionment with his regime was rife.

Under the influence of this sharpening discontent—and the repressive blows of the Daud regime—the two major factions of the People's Democratic Party of Afghanistan (PDPA), a pro-Moscow Stalinist current, reunited in July 1977. Babrak Karmal's Parcham (Flag) faction, which had previously supported Daud, now joined with Noor Mohammad Taraki's Khalq (Masses) wing to oppose the government and its policies.

The party's influence grew. Its clandestine political work within the armed forces brought it new recruits among troops and officers alike.

The PDPA members within the military had already begun mapping out plans for a possible insurrection as early as 1976. But according to Taraki, the party waited, in order to see if Daud would fulfill his promises to carry through a land reform and other measures. Daud, of course, did nothing of the kind. Finally, in April 1978, the PDPA leadership's last political illusions in Daud were shattered by a sharp government crackdown aimed at beheading the party.

On April 17, Mir Akbar Khyber, a prominent university professor and former editor of the PDPA's *Parcham* newspaper, was murdered in Kabul.

The news of Khyber's death provoked a popular upheaval. About 15,000 young men and women gathered for his funeral, carrying red flags and shouting antigovernment slogans. Taraki led the procession to the American embassy, where the demonstrators denounced the role of the CIA and the Iranian secret police in Khyber's death. Other demonstrations followed.

On April 26, Daud cracked down even harder. Taraki, Karmal, Hafizullah Amin, and several other top PDPA leaders were detained or placed under house arrest. Amin, who was in charge of coordinating the party's work within the military, managed to smuggle out instructions for the insurrection to begin.

The next morning, at 9:00 a.m., Colonels Abdul Qadir and Aslam Watanjar, both party members, led the armed uprising against the Daud regime. The tank regiments and air force were quickly brought under their command. Meanwhile, large crowds organized by the PDPA gathered at the central park in Kabul to protest against the regime.

By 5:00 p.m., insurgent tank units reached the central prison where Taraki, Amin, and other leaders had been taken; they knocked down the walls and freed the prisoners. As the party leaders were taken in an armored car to Radio Afghanistan, now the headquarters of the insurrection, thousands of persons lined the streets to cheer them on.

In cities and garrisons around the country, party members and supporters within the military arrested all the generals and seized control of their areas.

At 7:00 p.m., the PDPA went on the air in Kabul to proclaim the overthrow of the Daud regime. "For the first time in the history of Afghanistan," the radio declared, "the last remnants of monarchy, tyranny, despotism and the power of the dynasty of the tyrant Nader Khan¹ has ended, and all powers of the state are in the hands of the people of Afghanistan."

Daud, however, continued to hold out in the presidential palace, where fighting raged through most of the night. During the final assault by tanks and jet fighters, Daud and his closest advisers and relatives were killed.

A Popular Revolution

The victors of April 27 renamed the country the Democratic Republic of Afghanistan and set up a new government. Taraki was named president and prime minister, and Karmal and Amin became deputy prime ministers. All the positions

1. Nadir Khan came to power in 1929 with the backing of British imperialism, following the overthrow of Amir Amanullah Khan. Nadir Khan's son, Zahir Shah, ruled until 1973, when he was overthrown by his cousin, Mohammad Daud.

in the twenty-one member cabinet and the thirty-five member Revolutionary Council were held by PDPA figures.

Although the PDPA tried to assure "patriotic merchants" and "national capitalists" that they still had a place in Afghanistan, no political representatives of those classes were brought into the government.

Since the PDPA had been forced to operate underground during the previous years, many of its leaders were still relatively unknown to the population in general. Its base of support was limited, concentrated in some of the major urban areas. Yet the party's overthrow of Daud was tremendously popular.

In a dispatch from Kabul in the May 6, 1978, *New York Times*, correspondent William Borders reported:

Soldiers who distributed the Government newspaper from army buses were besieged at every corner by crowds of eager buyers. Even people who are illiterate—as nine out of ten Afghans are—seemed eager to study the photographs, which showed the extensive damage done during the coup and scenes of "citizens welcoming the elimination of the despotic sultanate" of President Daud.

The paper also carried accounts or photographs of "citizens happily welcoming the revolution" in every other region of the country. . . .

Borders later reported that according to most foreign journalists, "nearly every Afghan they interviewed said he was delighted at the coup."

Daud's former palace was thrown open to the public. Gérard Viratelle reported in the May 13, 1978, *Le Monde* that "hundreds of thousands of turbaned and tanned Afghans" were flocking to the palace, "often coming from the interior of the country," to see for themselves how lavishly Daud had lived—and where he had died.

Rallies, processions, and meetings were held in many towns and villages to hail the overthrow of Daud and express support for the new regime. Soldiers were garlanded with flowers.

On May 1, just a few days after the insurrection, May Day was openly celebrated for the first time as a legal holiday.

The new government soon began to explain its aims. At a May 6 news conference, Taraki declared, "Our main objective is to secure the welfare of the workers and the peasants. . . ."

Taraki delivered the regime's first major policy speech three days later. He said that the April 27 insurrection was the beginning of a "democratic and national revolution" led by the PDPA. He outlined a thirty-point program calling for agrarian reform, the abolition of feudal property relations in the countryside, the granting of national rights to Afghanistan's various national minorities, universal primary education, and equality between men and women.

In the early days of the revolution in particular, Taraki and the other party

leaders avoided calling themselves "Communists" or "Marxists."²

However, in an interview over Cuban television, Deputy Prime Minister Hafizullah Amin, who was also serving as foreign minister at the time, stated that the process under way in Afghanistan was "a revolution that heralds a socialist revolution" (English-language weekly *Granma*, June 4, 1978). Over time, the PDPA was increasingly referred to as "the vanguard of the working class."

Taraki declared repeatedly in speeches and statements, "The goal of our revolution is a total break with our feudal past. We aim for the elimination of poverty, adversity and class exploitation, and the uplifting of the Afghan people."

The opening of the Afghan revolution spread alarm in reactionary circles far and wide. Immediately after the April insurrection, the Iranian and Pakistani regimes closed their borders with Afghanistan and placed their armies on alert.

In the United States, more than 270 top generals, admirals, diplomats, officials, and others hastily gathered at the NATO Atlantic Command in Annapolis, Maryland, in late June to discuss the Afghan upheaval. Their conclusion? Imperialist interests in the region were seriously threatened.

While feelers were put out to possible counterrevolutionary Afghan allies, a propaganda campaign against Afghanistan was launched in the imperialist press. A common theme of that campaign was to portray the April insurrection as a "Soviet-engineered" coup.

Although the leaders of the PDPA had been educated in Stalinist politics and looked to Moscow for support, there is no sign that the Kremlin itself had a hand in Daud's overthrow, approved of it, or even knew about it in advance. An American State Department official later admitted, "We have no evidence of any Soviet involvement in the coup."

First Steps

Despite the enormous objective difficulties and problems of leadership facing the Afghan revolution—including stiff opposition from imperialism and the Afghan exploiting class, as well as sharp factional disputes within the party³—the new PDPA government moved swiftly to begin imple-



Demonstrators march in support of revolution, Kabul, May 1979.

menting its democratic program. As it adopted more and more measures in the interests of the workers and peasants, the PDPA was able to broaden its base of support.

One of the first acts of the new regime was to wipe out the last vestiges of royal power and influence. The overthrow of Daud (who was himself a cousin of the exiled former king) broke the royal family's hold on political power. A few days after the insurrection, all land and property of the royal family was confiscated, and many of its members lost their citizenship. Within several months, about 300 to 400 big landowners, many of them part of the old aristocracy, had been stripped of their lands.

Daud's Republican Guard was dissolved. All but one general was dismissed from the armed forces. Thousands of persons were removed from the state apparatus and many senior civil servants and diplomats were replaced by young party supporters.

However, while the top officer corps of the military was purged, the armed forces themselves remained largely intact, as did the police. Rather than dismantling these old repressive bodies and replacing them with a new revolutionary army and militia, the party tried to transform them through a simple change in leadership. This was a serious error that would later hamper the defense of the revolution.

Up to 13,000 prisoners were freed from Daud's jails and the police files on thousands of others were publicly burned. Freedom of religion was reaffirmed, and a number of key Islamic religious figures declared their support for the new regime.

Price controls were imposed on basic necessities in the markets of Kabul. The cost of bread was cut in half. Free emergency medical care was introduced in some areas. Working hours were reduced, and some low-paid categories of workers were given higher wages.

Within days of taking power, the PDPA legalized trade unions for the first time in

Afghanistan's history. In mid-May, workers at a textile mill in Kabul met and voted to launch the first union. Speaking at an assembly of textile workers, Industries Minister Mohammad Ismail Danesh stressed the importance of labor organization and called the establishment of the textile union the beginning of a "process of forming trade unions nationwide."

Other unions were subsequently set up in Kabul, Helmand, and elsewhere in the country. But they remained relatively weak organizations, in part because of the small size of the working class. There are only about 330,000 industrial workers (in manufacturing, construction, mining, transport, communications, and other sectors) out of a total estimated labor force of 5.6 million.

A mass literacy campaign was initiated, an especially important step in a country where from 90 to 95 percent of the population cannot read or write.

The literacy drive was organized by the National Agency for the Campaign Against Illiteracy. More than 5,000 unemployed university graduates were recruited as teachers. Within a little more than a year, 600 new schools had been built, many of them in rural areas and in smaller towns and villages. By the end of 1979, up to 500,000 adult Afghans were attending basic literacy classes (another 500,000 had enrolled but dropped out).

Higher education was expanded. By November 1979 there were 22,000 students in universities and other higher educational institutions, compared to just 8,000 in 1975-76.

Historically, Afghanistan has been dominated by the Pushtun nationality, which comprises nearly half the population. The Tajiks, Uzbeks, Hazaras, Turkomans, Baluchis, Nuristanis, and other national minorities were discriminated against under previous regimes.

Upon taking power, the PDPA began to grapple with this problem. Primary education, which was previously conducted in Pushtu or Dari (the Afghan dialect of Persian), was altered to include instruction in the various local languages. Within weeks of the insurrection, radio and television programs were being broadcast in Uzbeki, Baluchi, Turkomeni, and Nuristani. Newspapers in Uzbeki and Turkomeni were established. *Khalq*, a weekly organ of the PDPA, is published in five languages.

Since the leadership of the PDPA is drawn from most of the nationalities, the composition of the government itself was radically altered. Pushtuns, however, continue to play the most prominent role, both because of their numbers and their previously greater access to education.

Women, too, have won important gains. Under the semifeudal social relations that predominated in much of the country, young women were still being sold into marriage and women were barred from

2. In a letter to the Communist Party of India just two weeks before the Kabul insurrection, Taraki was much more open about the PDPA's politics. In it, he declared, "May the unity of international communism and workers movement flourish on the basis of Marxism-Leninism and proletarian internationalism."

3. The imperialist intervention, the objective problems of the Afghan revolution, and the political approach of the PDPA leadership will be examined in greater detail in a subsequent article.

education and almost all sectors of employment outside of the home and field.

Decree No. 7, adopted in 1978, proclaimed the legal equality of the sexes, abolished arranged marriages, and drastically reduced the traditional bride price (from between \$1,000 and \$10,000 to a token \$7). One of its aims, the law stated, was to end "the unjust feudal-patriarchal relationship between husband and wife."

Dr. Anahita Ratebzad, the only woman member of the PDPA Central Committee, was prominent in the early days of the revolution in trying to encourage women to become politically active and to fight for their rights. To provide a vehicle for organizing and mobilizing women, party members set up the Khalqi Organization for Afghan Woman (KOAW), which played a visible role in many of the marches, demonstrations, and rallies in support of the revolution.

'Land to Those Who Work It'

Given the dominance of agriculture in the Afghan economy and the survival of semifeudal property relations in the countryside, land reform was the single most important question facing the new authorities in Kabul. Any government serious about developing Afghanistan's economy and improving the social conditions of the population could not avoid taking on the big landlords.

When the PDPA came to power, agrarian relations were extremely unequal and backward. About 470,000 peasant families owned only one acre of land or less; another 660,000 families owned no land at all. Meanwhile, a bare 4 percent of the landholding population owned 41 percent of all cultivable land.

As a result, some 60 percent of all peasants had been forced to become tenants or sharecroppers on land rented from the big landowners, to whom they had to pay up to four-fifths of their crops and provide labor services. Many peasants were tied to these farms under conditions of virtual serfdom, through constant indebtedness to the landlords.

The first blow on behalf of the impoverished peasantry came with Decree No. 6, adopted just a few months after Daud's overthrow. The decree cancelled all debts by poor and landless peasants to the landlords, a measure that directly benefited 3 million peasant families. The cancelled debts amounted to \$750 million.

On November 28, 1978, came Decree No. 8, which promulgated a sweeping land reform. It placed a ceiling of 15 acres (more for land of poorer quality) on all individual landholdings, a provision aimed at the big landlord class. All holdings above that ceiling were to be expropriated without compensation and distributed free to poor and landless peasants.

The basic purpose of the land reform, according to the decree, was to eliminate "the feudal and pre-feudal relations from

the socio-economic system of the country," to raise agricultural production, and to popularize, consolidate, and deepen "the unity of workers and peasants for the purpose of further strengthening of the unity of the people of Afghanistan for construction of a society void of hostile classes and free of exploitation of man by man."

The land reform decree came into effect on January 1, 1979. Over the next six months, most of the big landlords who had not already fled the country had their estates expropriated and handed over to the peasants, under the slogan, "Land belongs to those who work on it."

According to Mir Ahmad, a leader of the PDPA's youth group, the land could not be redistributed through proclamation alone. He said that "the peasants also personally took part in this process. Whoever worked with the land, they took the land." (Interview in *Workers World*, November 23, 1979.)

According to the government, several hundred thousand peasants joined cooperative associations.

In late May 1979, mass meetings and marches of workers and peasants were held in support of the land reform program in Kunduz, Balkh, Ghour, Ghazni, Herat, Kandahar, Fariab, Jawzjan, Baghlan, Nemark, and other provinces, as well as in Kabul itself.

By June, the government announced that the first phase of the agrarian reform was completed. Altogether, 1.4 million acres of land had been distributed free to 248,000 peasant families.

Within several months, plans were already being drafted for a second phase of the land reform program, in which greater emphasis was to be laid on steps to increase agricultural production through the introduction of more modern farming techniques, greater use of fertilizers, improved irrigation, stepped-up imports of tractors and other equipment, and the further organization of peasant cooperatives.

Hundreds of thousands of peasant families are still without land, or have too little to subsist on, but the expropriation of the big landlord class was nevertheless a powerful blow on behalf of all the toiling masses.

Building a Mass Base

When the PDPA seized power in April 1978, it was not a mass party, nor did it have a substantial and organized base of support. It claimed to have 50,000 members, but according to Fred Halliday its real membership was most likely under 10,000.⁴ The bulk of them were concen-

trated in the major cities.

To mobilize broader support for the revolution—and to help initiate and carry through its social program—the PDPA appealed to the masses, particularly in the cities. Rallies, meetings, and marches were frequently organized in Kabul and other towns and villages in support of the government and its various measures and in opposition to the terrorist actions of the imperialist-backed counterrevolutionaries.

On October 23, 1978, the government changed the country's flag, adopting a predominantly red one. A subsequent dispatch in the January 16, 1979, *Wall Street Journal* reported that in Kabul alone "more than 150,000 persons . . . marched to honor the new flag on the day it was unfurled. Similar demonstrations of support occurred in other cities. The marches were organized, but witnesses say the participants appeared genuinely enthusiastic."

Correspondent Jonathan Randal reported from Kabul, "From the looks of banners and slogans all over town, Afghan loyalty to the government can scarcely be questioned" (*Washington Post*, June 11, 1979).

In a study of the PDPA regime in the July-August 1979 *Problems of Communism*, a U.S. government publication, Louis Dupree took note of "the demonstrations staged daily in Kabul in support of the government. . . ."

To help consolidate this base of support, the PDPA likewise sought to initiate greater organization, almost entirely under party control. Party cells and committees were launched throughout the country, even in some of the remotest parts.

In addition to the trade unions and the women's organization, KOAW, party members helped set up the Khalqi Organization for Afghan Youth to mobilize the support of students and other young people.

Shortly after April 1978, committees began to be established around the country to help fight against the counterrevolution. Known as Committees for the Defence of the Revolution, these bodies were composed largely of workers and peasants, many of them armed. By late 1979, the government was claiming that 70,000 persons had joined them.

The defense committees served more than just a military function. They were also intended to help advance political mobilization. Committee members, in interviews in the Afghan press, linked their activities to the implementation and defense of their social gains, especially the land reform.

Foreign Minister Shah Wali, in an interview in the November 12, 1979, *Kabul Times*, explained, "The idea behind the organization of these [committees] was to struggle against the anti-revolutionary elements and rally the toiling people be-

4. Fred Halliday, "Revolution in Afghanistan," *New Left Review*, No. 112, (November-December 1978). This is a useful article, giving some of the most important historical and social background to Afghanistan, as well as the development of the Afghan revolution during its first year.

hind the revolutionary programmes. Further, they are meant to encourage the working people to participate in the building of a new society and take part in the affairs of the khalqi government. These committees will help and guide the people to construct roads and bridges and implement their health programmes. . . . They will encourage the people to enroll in literacy courses."

Soviet Aid

With the overthrow of the increasingly proimperialist Daud, close relations between Kabul and Moscow were soon reestablished.

Soviet ties with Afghanistan were not new, however. Even before the coming to power of the PDPA, the Soviet Union was Afghanistan's main trade partner and the greatest source of its foreign aid. The Afghan military was armed with Soviet equipment and many officers received training in the Soviet Union.

To Moscow, these ties were important, no matter what the regime in Kabul. The two countries share a 1,000-mile border. A number of Afghanistan's nationalities—such as the Tajiks, Uzbeks, and Turkomans—live on both sides of it. For decades, Afghanistan served as a military "buffer" state on the Soviet Union's southern border, at a time when American imperialism was strengthening its military position in Iran, Pakistan, and Turkey. Afghanistan did not join the U.S.-dominated Central Treaty Organization (CENTO).

The conservative bureaucracy in the Kremlin did not want to see a revolution unleashed in Afghanistan. The Stalinists fear the impact that the world revolution can have on the Soviet workers themselves, undermining the privileged caste's parasitic hold on political power. They would have preferred the status quo in Afghanistan, since social upheavals like the one that has begun there upset the Kremlin's class-collaborationist dealings with imperialism.

But like it or not, the revolution in Afghanistan broke out. The Kremlin could not ignore it. Its strategic interests in Afghanistan remained, and the appeals of the new government for Soviet assistance put added political pressure on Moscow to step up its support.

Within about a half year of the beginning of the revolution, some forty new economic aid agreements between the two countries were signed. In December 1978, a treaty of "friendship, good-neighborliness, and cooperation" was concluded, providing for extensive collaboration in industrial development, transport, communications, agriculture, energy, exploitation of Afghanistan's natural resources, military defense, and other fields.

In 1979, Moscow agreed to build a large copper mining and smelting project in Logar province. The draft of the Afghan regime's first five-year economic develop-

ment plan, which was released the same year, was predicated on the receipt of substantial Soviet assistance.

As the American-backed counterrevolution became an increasingly serious threat to Kabul, Moscow was impelled to move in even more heavily—culminating in the dispatch of Soviet combat troops in December 1979 to help beat back the reactionary bands. The Kremlin did not want the PDPA overthrown by the ultrarightists, who would have set up an openly proimperialist regime on the Soviet Union's border.

'Panic in Bourgeois Circles'

When Taraki, Amin, Karmal, and the other PDPA leaders seized power in April 1978, their aim was not to initiate a socialist revolution in Afghanistan. They insisted, repeatedly, that their basic goal was limited to abolishing the country's feudal system and carrying through a "national democratic revolution." Like Stalinists elsewhere, they held that the working class could come to power and begin the construction of a socialist society only at a later stage, after the country had been industrially developed.

Immediately after the insurrection, Taraki sought to reassure the handful of capitalists in Afghanistan that they had little to worry about. He claimed that the PDPA represented the interests not only of the workers, peasants, and petty-bourgeoisie, but also of the small-scale capitalists. (There are almost no big capitalists in Afghanistan, since all banks and large industry have been government-owned for years.)

Hafizullah Amin, who came to power in September 1979 after Taraki was overthrown and killed, continued with these overtures. In a speech outlining the regime's economic policies, he promised to "help develop the private sector and assist the activities of patriotic merchants and national capitalists" (*Kabul Times*, October 25, 1979).

Such gestures notwithstanding, Afghanistan's propertied classes, including the capitalists and merchants, placed little confidence in the new regime.

U.S. Out of Vieques! Independence for Puerto Rico!

[The following statement was issued by the 1979 World Congress of the Fourth International.]

The struggle of fishermen in Vieques against the occupation and use of their island for "war games" by the U.S. Navy expresses the deep-felt desire of the Puerto Rican people as a whole to rid themselves of the yoke of imperialism. And it shows that they don't want their country to be used as a military base for Washington's counterrevolutionary objectives in the Caribbean.

They chafed at the profit controls that had been imposed on their businesses. They viewed with concern the establishment of the country's first trade unions. They dreaded the implementation of the regime's draft five-year economic plan, which called for the establishment of state control over foreign trade and the nationalization of 51 percent of every large industrial concern not already in government hands. Those who were tied to the landlord class were directly hit by the agrarian reform. All of them feared that the revolution would continue to deepen, threatening the maintenance of capitalist property relations and their own class survival.

Less than three months after the beginning of the revolution, an Afghan businessman in Kabul remarked to a foreign journalist that "the rich are cutting their losses and leaving the country in droves."

A report from Kabul in the November 8, 1978, *Los Angeles Times* noted that there was "panic in the old bourgeois circles in Kabul. . . ." In addition, "Merchants are moving their stock out of the country, fearing the government will step into commerce."

Although there are still merchants and capitalists operating in Kabul and other areas, many have gone over to the counterrevolution. One of them, Sayed Ahmad Gailani, a former owner of the Peugeot auto dealership in Kabul, now heads the Afghanistan Islamic and Nationalist Revolutionary Council, one of the more significant counterrevolutionary organizations fighting against the regime.

The imperialists, too, placed no confidence in the new Afghan regime. As they do throughout the colonial and semicolonial world, they opposed the PDPA's efforts to carry through land reform, achieve greater national independence, and implement other democratic tasks. They were alarmed that the revolution could deepen and provide an example to oppressed peoples elsewhere.

With Washington in the lead, the imperialists moved in behind the counterrevolutionary bands. Their goal was nothing less than to strangle the Afghan revolution. □

A direct colony of the U.S., Puerto Rico is exploited economically, oppressed socially, and dominated politically. From the \$18 billion invested in the colony's economy, U.S. business extracts whopping profits while the great majority of Puerto Ricans suffer from massive unemployment and horrendous poverty. And the FBI and other U.S. police agencies savagely repress the just struggles of Puerto Ricans fighting for their freedom.

U.S. Out of Vieques!
Independence for Puerto Rico!

Selections From the Left

[This week's column is devoted to assessments of the Soviet intervention in Afghanistan.]

Socialist Voice

Published fortnightly in Montréal. Presents the views of the Revolutionary Workers League/Ligue Ouvrière Révolutionnaire.

“. . . what is happening in Afghanistan is a social revolution. A revolution that the imperialist governments, including Canada's, are out to destroy,” declares a front-page statement in the January 21 issue.

“The issue in Afghanistan is not Soviet intervention, but the growing imperialist intervention—aimed at taking back the gains won by the Afghan masses—that finally forced the Soviet government to respond,” the statement continues.

An article in the same issue by Léon Peillard and François Moreau reviews the threatening economic and military actions taken by Washington and its allies in recent weeks.

“These measures,” they note, “are directed not only against the Soviet Union, but also and above all against the workers and peasants of Iran, Afghanistan and Pakistan, and against the Palestinian revolution. . . .”

“The imperialists are trying to reverse the relationship of forces, which is becoming more and more favorable to the oppressed and exploited around the world.”

After describing the gains made by the Afghan workers and peasants following the overthrow of the Daud dictatorship in April 1978, Peillard and Moreau point out that “all propertied classes turned against the new regime. . . .”

“With imperialist aid, the rebels based on Afghanistan's still very strong tribal structures mounted a ferocious resistance to the government's efforts to modernize the country. They created centers of armed resistance everywhere. . . .”

“The increasing difficulties encountered by the Afghan government led Moscow to deeper involvement—through first material aid, then military advisors, and finally the involvement of its own troops.

“Faced with the American imperialist threat of economic sanctions against Iran, and the preparations to reinforce the U.S. military presence in the Indian Ocean and the Persian gulf, the Soviet bureaucracy could not help but be seriously concerned with the progress of pro-imperialist forces in Afghanistan, which shares a 1,000-mile border with the USSR.

“Moscow felt compelled to intervene. The fear of seeing a friendly government re-

placed with a pro-imperialist government hostile to Moscow was the main reason for the Soviet intervention in Afghanistan. . . .”

“Whatever our criticisms of the Soviet and Afghan regimes, we cannot remain neutral or wash our hands of this confrontation. A victory for the reactionary forces in Afghanistan would represent an important victory for imperialism. Establishment of a counterrevolutionary regime in Kabul would reinforce reactionary forces in Iran, increasing the danger to the Iranian revolution. This would allow a consolidation of all the pro-imperialist forces in the region, increasing the threat to the Soviet workers state.

“Washington's plans must be defeated. The key task is to defend the Soviet workers state and the Afghan revolution.”

klasse-kampen

“Class Struggle,” published weekly in Copenhagen by the Revolutionary Socialist League, Danish section of the Fourth International.

A statement adopted by the Revolutionary Socialist League (RSF) Central Committee January 11 demands that “the Danish government reverse its decision to stop economic aid to Afghanistan,” that “the government not participate in any kind of boycott or economic war against the Soviet Union, Afghanistan, or Iran,” and that the government “put an end to the latest NATO rearmament plans. . . .”

In regard to the struggle within Afghanistan, the statement points out: “As soon as the agrarian reform was started the guerrilla groups started an armed struggle against the regime.” The participants in these bandit groups “were deposed landowners, former military officers, monarchists, smugglers, opium dealers, and usurers.”

Because the central government was weakened by factional divisions and its popular support was undermined by repressive measures, “there was a real danger that the reactionary guerrillas would be able to overthrow the Kabul government, throw back the reforms, and install a pro-U.S. government that would be ready to invite U.S. troops into the country.”

Faced with this prospect, Moscow ordered its army into action. The statement insists that “the bureaucratic methods of the Soviet leaders cannot lead to the conclusion that the workers movement has to close up ranks behind the imperialist demands for the withdrawal of Soviet troops

from Afghanistan. . . .”

“Under the present circumstances the Soviet troops are necessary to prevent the landlords and other reactionary groups—together with U.S. imperialism—from installing a regime similar to the one in Pakistan, one which would immediately roll back the gains of the masses.”

世界革命

“Sekai Kakumai” (World Revolution), central organ of the Japan Revolutionary Communist League (Japanese section of the Fourth International). Published weekly in Tokyo.

Commenting on the events in Afghanistan in the January 14 issue, Goro Hayashi declares that “the essence of this situation, although it takes the form of a U.S.-Soviet conflict, is the advance of the anti-imperialist struggles of the workers and peasants of Western Asia.”

Hayashi describes the joy with which the masses greeted the downfall of the Daud regime in Afghanistan and the massive support for the reforms undertaken there since 1978. However, he says, the coup by Amin in 1979 and the repressive measures that followed it, along with stepped-up actions by rightist forces, “plunged the Afghan revolution into a crisis. . . .”

“But with the Karmal ‘coup’ and the Soviet military intervention, the Afghan revolution has been saved—and none too soon. The basis for driving through the revolution, with the agrarian reform as its axis, has been saved. . . .”

“It is clear what stand should be taken by working people around the world. First of all is the defense of the Afghan revolution from the Pakistani-backed counterrevolutionary guerrillas . . . and from Carter's military threats.”

Turning to the Soviet military intervention, Hayashi explains: “Moscow in the recent period has tried to counter the military strength of the United States and other NATO powers by . . . linking up with revolutionary upsurges in places such as Angola, Ethiopia, South Yemen, and Afghanistan. This is a reflection of the favorable relationship of forces between revolution and counterrevolution internationally, but at the same time it represents an attempt by Moscow to stop the development of these revolutions halfway. What the Soviet bureaucracy is interested in is . . . only to draw around itself a series of left-leaning military bonapartist regimes that will ensure it military strongholds against the United States and NATO. The intervention in Afghanistan as well is entirely within this framework.

“But in that case, should working people around the world demand of the Soviet bureaucracy that it withdraw its troops from Afghanistan? Certainly not. That

would only work to the benefit of Washington's counterrevolutionary intervention through the Pakistani military regime. Any idea that 'there would be no American intervention if the Soviet Union did not intervene' is utterly false."

In conclusion, Hayashi declares: "In this situation working people throughout the world are called on to take a clear class stance.

"Do you defend the Afghan revolution, with the agrarian reform as its axis? Or do you support the counterrevolutionary guerrillas of the landlords and the feudal ruling classes?

"Do you oppose the Pakistani/American military intervention, or do you help open the way for that intervention by joining in the anti-Soviet chorus?

"Do you demand of the Soviet bureaucracy that it give real support to help bring about the victory of the Afghan revolution or do you demand that it pull its troops out?

"You can't have it both ways; it's either one or the other. We stand firmly for the defense of the Afghan revolution, and are trying to organize a mass struggle along these lines."

THE MILITANT

A socialist weekly published in the interests of the working people. Printed in New York City.

"Democratic and Republican politicians and the big-business new media are trying to convince American working people that our interests are threatened because Soviet troops are helping Afghan workers and peasants defend their country from right-wing terrorist bands," says a front-page editorial in the January 18 issue.

After describing conditions under the former dictatorship and the gains made by the masses after the April 1978 revolution, the editorial points out:

"Washington never said a word to protest Daoud's vicious repression, nor lifted a finger to improve social conditions in Afghanistan. But it immediately set out to strangle the gains of the Afghan masses. . . .

"Unable to launch a direct military intervention because of the deep sentiments of American working people against another Vietnam-type war, Washington has sought to carry out its operations through intermediaries. In this case it has mainly been through the U.S.-dominated military dictatorship in Pakistan. . . .

"Another method of financing the Afghan rightists is the international heroin trade. . . .

"Evidence has appeared in the international press that the CIA is directly involved in the training of Afghan rightists. . . .

"With this powerful array of international forces ranged against the revolu-

tion, the Afghan government turned to the Soviet Union for aid. Money and advisers were provided. When it looked like the imperialist forces might pull off a bloody Chile-style counterrevolution right on its southern border, Soviet troops came in.

"So the issue is not Soviet intervention, but a growing U.S. intervention—aimed at taking back the gains won by the Afghan masses—that finally forced the Soviet government to respond.

"If the Afghan and Soviet forces are successful in defeating the reactionary, right-wing offensive, the Afghan people will be in a much better position to achieve their aspirations.

"The Soviet move in Afghanistan has also put a big crimp in Washington's war drive against Iran, making it harder for Carter to drag us into another Vietnam there. . . .

"The real threat to peace and to the interests of American workers and farmers comes from Washington, not Moscow. The real threat is Carter's campaign to aid the right-wing Afghan guerrillas, to beef up the Pakistani dictatorship, to establish military bases in the Middle East and Africa, and to squander more billions on the war budget. . . .

"We should oppose any attempt by the U.S. government to intervene in Afghanistan, either directly or by bolstering the regime in Pakistan. We should call for the immediate resumption of full trade and diplomatic relations with the Soviet Union."

rouge

"Red," weekly newspaper of the Revolutionary Communist League, French section of the Fourth International. Published in Paris.

The initial assessment of the Soviet intervention into Afghanistan in *Rouge* was an article by Vincent Kermel in the January 4 issue. Kermel stated that "the massive Soviet presence, now numbering several thousands of soldiers, can only inflame Afghan nationalist reactions and throw the peasant masses into the arms of their feudal and religious leaders, where this has not been done already by the Amin regime's repressive policy."

An editorial the following week, by Kermel and Antoine Artous, argued that the democratic reforms that had taken place in Afghanistan since the April 1978 coup were more the result of a "modernizing" desire of the urban petty bourgeoisie than "of the mobilization of the worker and peasant masses." The Soviet Union gave "unconditional support" to the various Afghan regimes without concerning itself with the real interests of the masses.

These regimes' reforms from above and their constant internal struggles caused them to act in an increasingly authoritar-

ian manner that led to the "contraction of their social base," while the reactionary-led Islamic guerrillas received more and more support.

The interests of the Afghan masses, say Artous and Kermel, were not served either by the Soviet Union's unconditional support to Taraki and Amin nor by its military intervention. The masses were given a "false choice" of either supporting the new bureaucratic regime of Babrak Karmal, which was imposed by the Soviet troops, or the reactionary guerrillas supported by imperialism.

Kermel and Artous conclude: "we unreservedly condemn the Soviet intervention. Not because we shed crocodile tears with all those who have so far shown so little interest in condemning the policy of imperialism, which in fact unceasingly challenges the rights of people to determine their own destiny. But rather because the Soviet army is not in Afghanistan to help the masses to emancipate themselves, because the struggle for socialism is inseparable from the struggle for the self-determination of peoples."

The January 18 issue of *Rouge* argues that it is not correct to compare the Soviet interventions in Czechoslovakia and Afghanistan. In Czechoslovakia the Soviet bureaucracy intervened against a mass antibureaucratic movement, the logic of which was to struggle for real socialist democracy. In Afghanistan, however, the Soviet intervention is "against guerrillas led by feudalists."

The article "condemns this intervention," whose effect will be to drive a large portion of the Afghan masses to the banner of Islam being brandished by the feudal reactionaries. It adds that "our criticism is made from the standpoint of the fight against the feudal reactionaries. We do not remain neutral commentators in the confrontation between social forces now taking place in Afghanistan, even though this confrontation is taking on a distorted aspect."

Given that the invasion has taken place, *Rouge* continues, "the withdrawal of Soviet troops would, in fact, mean the collapse of the struggle against the Afghan reactionaries and would strengthen imperialist positions." Therefore, *Rouge* is "not campaigning for their withdrawal, even though we have no illusions about the USSR's goals."

If the Afghan masses are to really move toward their social and political emancipation, the article concludes, they will have to move "not only against the feudal reactionaries, but also against the Kremlin's policy."

Rouge notes that the imperialists are using the Soviet intervention to whip up anti-Soviet opinion around the world. Much of the imperialists' success on this score is the result of the fact that real socialist democracy does not exist in the Soviet Union and that minority national-

ties there still suffer oppression. This paves "the way for imperialist propaganda, and makes [Soviet] military intervention seem like an act of violence, not liberation."

INFORMATIONS OUVRIERES

"Workers News," open forum for the class struggle. Published weekly in Paris. Reflects the views of the Internationalist Communist Organization (OCI).

In the January 19-26 issue, a two-page declaration on Afghanistan by the Parity Committee for the Reorganization (Reconstruction) of the Fourth International denounces the Soviet intervention as "counterrevolutionary."

The Parity Committee is a body made up of the Organizing Committee for the Reconstruction of the Fourth International (OCRFI), and the Leninist Trotskyist Tendency and Bolshevik Faction, two groupings that recently split from the Fourth International.

According to the Parity Committee, the Soviet Union has "brutally trampled upon the right of the Afghan people to determine their own destiny" and in doing so has caused "the hostility of millions and millions in the semicolonial countries" against the USSR.

The declaration rejects the Soviet claim that it was answering an appeal by a "friendly government" for aid against local reactionaries and imperialism. If that were the case, argues the Parity Committee, "the leaders of the USSR would only have had to order their troops to leave their weapons in the hands of the revolutionary movement of the Afghan masses.

"Neither in China, nor in Cuba, nor in Iran, nor in Nicaragua, has there been an intervention by Russian troops, and in these places imperialism suffered defeats or was thrown out. This is additional evidence of the counterrevolutionary character of the intervention, which denies the right of the Afghan people to decide for themselves."

In fact, says the committee, "the counterrevolutionary policy of the bureaucracy threatens to throw the Afghan workers and peasants into the arms of the reactionary leaders."

The Soviet bureaucracy intervened in Afghanistan, the declaration maintains, to "reestablish order." If at some future date the present capitalist property relations were overturned, the Parity Committee would call for unconditional defense of those measures against imperialism, although "that would in no way change the counterrevolutionary role of the bureaucracy."

Under the subheading "United Secretariat Divided" the declaration quotes without comment an editorial in the January 11 *Rouge* condemning the Soviet intervention. On the other hand, it has harsh

words for the position of the Socialist Workers Party in the United States as expressed in the January 18 *Militant*. Although the Parity Committee does not agree on whether it is reorganizing or reconstructing the Fourth International, there is total unanimity that from a Trotskyist perspective "it would be putting it mildly to say that this editorial constitutes a genuine scandal."

In fact, according to the declaration, "this editorial justifies the USSR's intervention in terms that only [French CP leader] Georges Marchais, among all leaders of Western Stalinist parties, has used so far."

Socialist Challenge

Newspaper sponsored by the International Marxist Group, British section of the Fourth International. Published weekly in London.

Articles in the four issues published since the Soviet intervention in Afghanistan have consistently condemned the move but taken different positions on whether socialists should call for the withdrawal of Soviet troops.

On the back page of the January 3 issue, under the headline "Soviet Troops Out of Afghanistan!" Tariq Ali writes:

"The decision of the Soviet Union to send troops . . . and occupy parts of the country must be condemned on every count. . . .

"Genuine revolutions can only succeed with mass support. Any attempt to substitute Russian soldiers for the people of Afghanistan can end only in disaster. . . .

"That is why we have no hesitation in calling for the immediate withdrawal of Russian troops. Far from aiding the struggle against pro-imperialist forces in Afghanistan, they can only hinder it. All observers are agreed that the motley collection of religious oppositionists have mass support, but no coherent political project. The entry of Soviet troops may well help give them one."

An editorial in the January 17 issue takes a different position. It states that while "socialists cannot welcome" the Soviet intervention, they must also take note that the "very fact of the invasion has changed the political conditions" in Afghanistan.

"The possibility of a full-scale civil war has now opened up. Socialists will be forced to say which side they support in the military conflict.

"We dissociate ourselves utterly from the bureaucratic and reactionary motivation behind the Soviet invasion, but in the present situation a call for the immediate withdrawal of troops would be tantamount to being in favour of the victory of the rightist forces and the reversal of any

gains by the Afghan workers and peasants in the last decades.

"Imperialism is the main enemy."

Three letters in the same issue take exception to the article in the January 3 issue.

The January 24 issue, reviewing the response in the workers movement to the Afghan events, also takes up the earlier article.

"Socialist Challenge for its part had no hesitation in condemning [the imperialist] war drive, and opposing the Soviet Army's intervention into Afghanistan as a boost for that war drive.

"An article by Tariq Ali in the 3 January issue of the paper put this position, going on to call for the immediate withdrawal of Soviet troops. An editorial published on 17 January disagreed with this latter point, arguing that this would be tantamount to calling for the victory of the Islamic rightist guerrillas."

Accompanying selections from the press of the workers movement include the January 18 *Militant* (U.S.) editorial excerpted elsewhere in these pages.

COMBATE

"Combat," weekly organ of the Central Committee of the Revolutionary Communist League (LCR), section of the Fourth International in the Spanish state.

An article in the January 9-15 issue blasts the Spanish CP for condemning the Soviet intervention in Afghanistan. It asks:

"When imperialism calls on the Eurocommunist CPs to take the logic of their position to its final conclusion, to follow up their condemnation with support for freezing SALT II, for the boycott of the Olympics, for the economic reprisals against the Soviet Union such as the cut in grain sales, and for imperialism's diplomatic offensive in the United Nations and the Security Council as the only way . . . to make the Soviet troops withdraw, what will be their answer?"

In a statement to the press, published in the following week's issue, the LCR spells out its own position. The statement says, in part:

"1. The political conditions under which the invasion of Afghanistan by Soviet troops occurred were determined by imperialism's offensive in the region. . . .

"2. In this context, at the moment of the Soviet invasion the regime headed by Hafizullah Amin was in a process of total disintegration. . . .

"3. Following the invasion, imperialism orchestrated an enormous and hypocritical campaign . . . denouncing the Soviet Union and demanding the immediate withdrawal of its troops. . . .

"The LCR opposes this campaign and denounces it in all its aspects. It is impe-

rialism that bears responsibility for the present danger of war.

"4. But our firm denunciation of this campaign in no way signifies support for Soviet policy in Afghanistan, even less for its invasion of the country. . . . The invasion in no way corresponds to the needs of the Afghan revolution, but rather solely to the needs of the Soviet bureaucracy. . . . It is the people of Afghanistan who must defend themselves and defeat the counter-revolution.

"With this in mind, we must demand a halt to imperialist aid to the Muslim guerrillas. As for the Soviet Union, it must limit itself to promoting the struggle of the Afghan people against reactionary aggression and prepare to withdraw its troops from the country. The present attitude of the USSR is contrary to the interests of the Afghan revolution and discredits socialism in the eyes of the workers of the world."

DIRECT ACTION

Socialist weekly published in Sydney, Australia. Presents the views of the Socialist Workers Party.

A statement by the SWP Political Committee, printed in the January 17 issue, says in part:

"The Socialist Workers Party unconditionally defends the action of the Soviet leaders in sending troops into Afghanistan. Our support for this move is based on the following considerations.

"Firstly, we support the right of the Soviet workers state to take measures necessary to protect itself against imperialist military threats. . . .

"Today . . . the U.S. rulers are beating the drums of a new war drive. . . .

"In the context of these war moves by Washington, the USSR was compelled to act to stop Afghanistan being turned into an imperialist war base—which would directly threaten them.

"Moreover, as a workers state, the Soviet Union has a clear obligation to provide aid, including troops if necessary, to struggle against oppression and exploitation throughout the world.

"When workers and peasants are fighting around just demands, a workers state cannot stand by and allow them to be butchered simply because it is separated from them by national boundaries. . . .

"In sending troops into Afghanistan to defend the Soviet workers state, the Soviet leaders are also aiding the Afghan workers and peasants in their struggle against the imperialist backed landlord-capitalist counter-revolution. . . .

"In thwarting imperialism's plans to secure a new base for its operations in South West Asia, the Soviet Union has struck a blow in support of all fighters against imperialism."

Turning to the Australian government's

support for U.S. economic and diplomatic moves against the USSR, and the similar actions taken by the Australian rulers, the statement declares: "These reactionary moves do not serve the interests of working people in any way."

The statement continues: "While workers should uncompromisingly defend the decision by the Soviet Union to aid the Afghan revolution, that does not mean they should uncritically support all the actions of the Soviet and Afghan leaderships.

"These leaders are not revolutionaries but conservative bureaucrats who follow the traditional policies of Stalinism.

"They are not defending the gains of the Afghan workers and peasants out of a commitment to the world socialist revolution, but because they know that in order to defend their positions of privilege, they must mobilise the masses against imperialism—even if this temporarily runs counter to their overall goal of peaceful coexistence and collaboration with capitalism.

"They know that they can only mobilise this support by pushing ahead with policies, such as land reform, which are in the interests of the workers and peasants."

was fun

"What Is To Be Done," fortnightly paper of the International Marxist Group (GIM), German Section of the Fourth International. Published in Frankfurt, West Germany.

In its two issues since the dispatch of Soviet troops into Afghanistan, *Was Fun* has devoted extensive coverage to the events there.

Siegfried Kreischer, in an article entitled "USA Prepares War Against Afghanistan" in the January 10 issue, explains how Washington has aided the Afghan counterrevolutionaries and goes into the background of the Afghan revolution. Despite the counterrevolutionary character of the Soviet bureaucracy, he says, Moscow sent troops into Afghanistan "to stop the advance of reaction" on the Soviet Union's southern border.

The January 24 issue devotes seven pages to Afghanistan and related topics. It includes articles opposing the imperialist call for a boycott of the Moscow Olympics, warning of the threats of military build-up and aggression by the West German government in alliance with Washington and NATO, exposing the character of the Afghan counterrevolution, and examining the evolution of Soviet foreign policy from the Russian revolution through to the present.

The same issue also includes a declaration of the GIM Political Committee, headlined, "USA, NATO, Federal Republic of Germany, Hands Off Afghanistan and Iran!"

After summarizing the development of the Afghan revolution and the imperialist opposition to it, the declaration states, "The military intervention of the ruling bureaucracy of the Soviet Union is, in the interests of its own bureaucratic policies, clearly a reaction to the growing strategic threats of U.S. imperialism along its Asian borders. . . .

"In this context, the demand for 'Soviet troops out' simply means that U.S. imperialism would be given a free hand to turn Afghanistan into a staging area against the Iranian revolution and the Soviet Union and to roll back the social reforms that have been initiated since 1978."

"Nevertheless," the declaration continues, "revolutionary Marxists condemn the methods followed by the Soviets in Afghanistan, which, despite the intended outcome, run counter to the interests of the Soviet workers state and the Afghan revolution. . . .

"The tanks of the Soviet bureaucracy cannot substitute for the mobilization, action, and independent organization of the masses."

Socialist Action

Published twice monthly in Auckland, New Zealand.

Referring to the land reform, the legalization of trade unions, the recognition of the rights of women and the oppressed nationalities, and other progressive measures that followed the April 1978 revolution in Afghanistan, an editorial in the January 18 issue declares:

"It was the impact of these gains in a region of the world where masses of people were already in ferment, which worried the imperialists, not any alleged 'Soviet domination.' It was these steps which caused the United States to cut off aid and block loans to Afghanistan from the beginning of the revolution. It was this progressive development which has led to the hate-filled propaganda campaign against the Afghan government and Soviet assistance provided to it over the past two years, and to the attempt to stir up counter-revolution on the borders of the USSR.

"What the Soviet Union has prevented in Afghanistan is another Chile. . . .

"The imperialists are accusing the Soviet Union of upsetting 'world peace.' But it is the world-wide economic interests and military policies of the imperialist powers, which are the real threat to peace.

"In stepping into Afghanistan to put an end to imperialism's dirty manoeuvres, the Soviet Union has struck a blow against the real source of war in the world."

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Behind the Soaring Price of Gold

By Ernest Mandel

The dizzying rise in the "price of gold" is generally attributed to two factors: the decline in the purchasing power of the dollar and speculation fueled by "political uncertainties." In other words, it is attributed to anticipation that there will be future even more pronounced depreciations of the dollar and other paper currencies used internationally as means of exchange and payment.

No one will deny that this interpretation contains elements of the truth. But when boiled down to its essentials, it is clearly insufficient to explain the apparently unlimited rise in the "price of gold," as expressed in paper dollars.

What is most striking is the disproportion between the two indexes. In 1979, the rate of inflation in the United States was 13% while gold went up 100%. Since 1971 the purchasing power of the dollar has declined 70%, but the "price of gold" has increased more than ten times, that is, more than 1,000%.

Gold is a commodity, a product of human labor like all other commodities. A fraction of the available overall capacity to perform labor (that is, of the available overall productive resources) is devoted to its production. To believe that its "price" (in paper money) can depart totally and for an extended period of time from its value (i.e., that it can change in relation to the price of other commodities, without any link to the development of productivity of labor in the gold mines relative to productivity in industry and agriculture) is to believe that the "speculators" can prevent the law of value from operating. This is obviously contrary to the fundamental theses of Marxist economic theory.

Some who explain the rise in gold by inflation and speculation add a full-blown conspiracy theory. They say that American imperialism has deliberately provoked the situation by continuing to inundate the world market with increasingly devalued dollars, the aim being to redress at low cost (for all practical purposes, the printing expenses incurred in producing more dollars) the big deficit in its balance of payments.

This explanation presupposes that the imperialist leaders are ignorant nearly to the point of unconsciousness. For it is clear that the rise in the gold market has become an additional factor—and no small one—in the modification of the interimperialist relationship of forces, to the detriment of the United States.

It is therefore necessary to uncover the fundamental and more complex causes for the increasingly rapid rise in the market

for gold. The answer lies in the transformations that have occurred in the structure of "late capitalism" in the last few decades, as well as in the forms that have been taken by the long depression in which the international capitalist economy has been mired for the last few years.

The Dual 'Market for Gold'

Gold is first and foremost a commodity like any other, a product of human labor. But gold is also a particular kind of commodity, different from all the others in that it is the commodity that has been adopted as the universal equivalent—that is, as the exchange value of all commodities, as the universal money of the world market.

In its aspect as a normal commodity, it is subject to all the laws of the market. If the price of gold watches or jewelry becomes excessively high, sales of such items would decline, leading to a drop in production and to a movement of jewelry and watch capital to other sectors of the economy.

But in its aspect as the commodity of general equivalence, there cannot be any "decline in the sales of gold." Any additional quantity of gold actually produced will always find a buyer, not for use as raw material in the luxury industries but because of its aspect as universal money—either to be placed in circulation, to increase the reserves of the central banks, or to be hoarded by individuals.¹

This apparent contradiction between the two use-values of gold—as the raw material of the luxury industries and as the universal money (i.e., as the basis of the entire system of paper currency and credit)—is normally no problem so long as the international monetary system is formally based on either the gold standard or the gold-reserve currency standard, with

1. "... at the sources of their production the precious metals are directly exchanged for other commodities. And here we have sales (by the owners of commodities) without purchases (by the owners of gold or silver). And later sales, again without subsequent purchases, merely bring about a further distribution of the precious metals among all the owners of commodities. In this way, hoards of gold and silver of the most various sizes are piled up at all the points of commercial intercourse. With the possibility of keeping hold of the commodity as exchange-value, or exchange-value as a commodity, the lust for gold awakens. . . .

"... The hoarding drive is boundless in its nature. Qualitatively or formally considered, money is independent of all limits, that is it is

the reserve currencies being convertible into gold. Under these circumstances the central banks set a stable purchasing price for gold. And since they have sufficient resources to ensure that it is respected, a single price for gold reigns in both the private and institutional (relations between central banks) market, with a narrow margin of fluctuation between the two.

This does not at all mean that the central banks have exempted the gold-mining industry from the law of value. It simply means that capital that cannot obtain an average rate of profit at the price of gold set by the central banks is withdrawn from the gold industry. The less profitable mines are shut down, and the profit differential obtained by corporations that exploit the richest mines continues to fluctuate according to ups and downs in the relative costs of production—always, however, in accordance with the fixed price set by the single buyer: the central banks.

The gold-mining industry, in other words, does under these circumstances remain subject to objective economic laws. But these laws are applied not through fluctuations in price but through fluctuations in production and in the profit differential.

On the whole, this is how the system functioned until 1971. It is true that since 1968 the "gold pool"—the means by which the capitalist central banks sought to control the price of gold on the free market—has ceased to function, and that a growing gap has been established between the price of gold on this "free market" and its price on the institutionalized market within the International Monetary Fund and between the central banks. But this gap was minimal in contrast with the sharp rise in the "price of gold" that followed.

The beginning of this rise can be fixed precisely—the decision by the Nixon administration in 1971 to eliminate the dollar's convertibility to gold. This decision

the universal representative of material wealth because it is directly convertible into any other commodity. But at the same time every actual sum of money is limited in amount, and therefore has only a limited efficacy as a means of purchase. This contradiction between the quantitative limitation and the qualitative lack of limitation of money keeps driving the hoarder back to his Sisyphean task: accumulation. He is in the same situation as a world conqueror, who discovers a new boundary with each country he annexes." [Karl Marx, *Capital*, vol. 1, (Harmondsworth, Middlesex: Penguin Books, 1976), pp. 228-231.]

totally changed the nature of the gold market. Once the central banks stopped buying current gold production at a price fixed in advance, gold-the-universal-equivalent became a commodity that in any quantity automatically found a buyer in the market.

The situation changed from one of monopsony [a single buyer] to one of monopoly. The laws of mining profitability applied. *The value of gold was now determined by the mines exploiting the least-profitable lodes.* That meant an increasingly rapid rise in the value of gold, for as the price climbed (following value) less and less profitable mines, which had previously been closed, reopened. This automatically brought about an increase in the value of gold, as well as an increase in the profit differential of mines exploiting the richest lodes.

"Since 1889, when the first mine was dug in the rich, gold-bearing rock of Witwatersrand, there has never been a year to match 1979 for the planning, construction, and opening of new mines in South Africa" (*Neue Zürcher Zeitung*, October 10, 1979).

"A second gold-rush is beginning to occur in the West." (*New York Times*, July 28, 1979.)

In other words, the inconvertibility of the dollar and the attempts to "demonetize gold" have eliminated the ceilings that limited the production of gold through a price fixed by the central banks. The production of gold is tending to increase, which means an increasingly rapid rise in its value, determined by production costs in the poorest mines.

Far from defying the labor theory of value, the sharp rise in gold is explained by applying this theory in conditions of unlimited demand (structural shortage), as Karl Marx did in volume three of *Capital*, particularly in the section on ground rent.²

When we say that production tends to increase, this should be understood in a relative, and not necessarily absolute, sense. For it could also mean that the production of gold will tend to decrease less than it would have decreased at a purchasing price set by the central banks.

This explanation is confirmed by two groups of data. The first is the price of gold, which shows clearly that the real point of no return in the evolution of the "price of gold" was the moment at which inconvertibility of the dollar was declared (see graph on London gold prices).

The second concerns the evolution in the profits of the South African gold mines that exploit the relatively richest lodes. In 1978, these profits leaped 65% in comparison with the year before. (*Banque des Règlements Internationaux*, 49th Annual



Drilling for gold in a South African mine.

Report, June 11, 1979, Basel, Switzerland.) An increase of the same proportion is predicted for 1979. (*Neue Zürcher Zeitung*, September 18, 1979.)

The profit differential of the mines that exploit the richest lodes is increasing at a dizzying rate. One example is the St. Helena mine, where costs of production are about \$100 per ounce. The superprofits that this makes possible when the sale price is \$400 an ounce (as it was last year) is easy to calculate, not to mention what happens when the sale price reaches \$500 or \$600!

A third set of data could be added, the increase in the worldwide production of gold, previously in a long-term decline. It is true that at first glance this data is less conclusive, because the increase is more modest. Gold production was 955 tons in 1975 and rose to only 1,070 tons in 1979.

But it should not be forgotten that reopening old mines takes time, and that the additional quantity produced in the least-profitable mine in no way determines the evolution of the value of gold. If the ounce of gold produced under the least profitable conditions finds a buyer, that is sufficient

to assure its owner the average rate of profit—that is, to have his costs of production determine the value of gold.

Value of Gold and Price of Gold

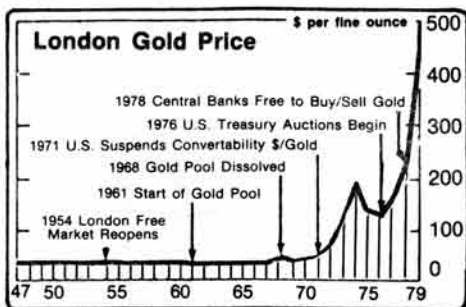
The rise in the "intrinsic" value of gold and its determination by the costs of production in the least profitable mines, in accordance with the transformation of the market for gold, is therefore an initial objective element explaining the soaring "price of gold" as expressed in paper dollars. But it is not the only one.

In a system of metallic money, that is, in a system in which all money is gold, the term "price of gold" makes no sense. Price is the monetary expression of value. The "price of gold" would be the value of gold expressed in . . . gold—an ounce of gold is equal to an ounce of gold.

Things are different in a system of paper money. Here the term the "price of gold" expressed in paper currency is in reality the reciprocal of the quantity of gold each unit of currency effectively represents. The formula "an ounce of gold is worth \$35" would thus mean in reality that a dollar represents 1/35 of an ounce of gold.

In a system where enforced circulation of paper currency is combined with a process of permanent inflation, the rise in the "price of gold" will of necessity reflect the depreciation of the currency. When excessive issuance of paper money, combined with excessive inflation of bank credits, creates a situation where an ounce of gold is no longer represented by \$35 but by \$100, the price of gold in paper dollars must triple—all other things remaining equal.

But in the long term other things do not



2. See, in particular, chapters 38-42 in the third volume of *Capital*. Also, more generally, chapter 10 of volume 3.

remain equal. If the cumulative rate of inflation over thirty to thirty-five years is 300%, this applies to the *average* increase in the price of all commodities. However, while there are indexes of the average rate of increase in the productivity of labor in industry and agriculture, it would be surprising if the gold-mining industry were to show a similar or identical rate of increase.

For obvious reasons, linked to the natural conditions under which gold is extracted from the earth, labor productivity in the gold mines will have a tendency to increase at a slower rate than in contemporary industry and agriculture. This rule is broken only when very large gold fields or hoards, new and rich, are suddenly discovered. This has happened only three times in the history of capitalism: in the

having increased only half as rapidly in gold mines as in the rest of industry), the "price of gold" expressed in paper dollars can be expected to climb 600%, without even taking into account what happens in the sphere of gold production (that is, without taking into account the widening of production through exploitation of increasingly marginal mines).

In schematic form this application of the labor theory of value can be represented in the following terms:

Initial situation: One ounce of gold equals one ton of steel equals one day of labor.

The price of the ounce of gold and the ton of steel are both \$20.

Thirty years later: One ounce of gold is

gold" is therefore the product of the average rate of inflation and of the increase in the value of gold in relation to average value of other commodities.

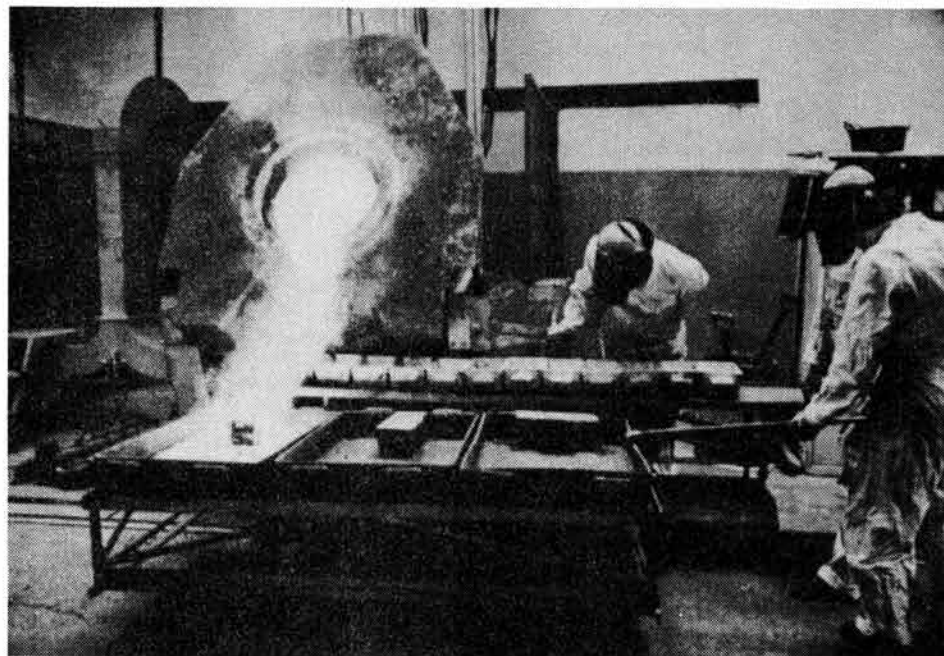
The increase in average productivity in industry and agriculture between 1910 and 1980 can be roughly estimated at about 800%, in contrast with a figure of only about 250% in the gold mines of South Africa. The appreciation of gold in relation to the average of other commodities is therefore roughly 300%. The average rate of inflation in the United States between 1910 and 1980 was in the neighborhood of 750%. The "price of production of gold" expressed in depreciated dollars should therefore be 22.5 times \$20, or \$450, taking into account the entry into production of marginal mines. (The "price of gold" in 1910 was \$20 an ounce; it had remained stable for nearly a century prior to the devaluation of the dollar in 1934, which raised it to \$35.)

Finally, it must be kept in mind that in the capitalist system market prices are never identical to the value of a commodity (or more precisely, in the case of gold, to the price of production in the least profitable mines), but oscillate around this value, influenced by fluctuations in supply and demand.

It is a fact that for twenty years the demand for gold in the private sector has increased faster than the supply. This is due above all to the rise in industrial requirements (but an element of hoarding intervenes here as well, for a considerable proportion of the gold jewelry produced is purchased with this in mind). It is also due to private hoarding, which has now reached the level of several hundred tons a year.

To these two long-term factors has been added, since the early 1970s, a third: the accumulation of enormous holdings in fast-depreciating paper dollars by private capitalists and public institutions outside the United States. Now, *part* of these holdings represent a *growing potential or effective demand for gold, in face of a more or less stable supply*.⁴

The total holding of dollars by non-Americans has risen steadily since the



Molten gold being poured into molds.

sixteenth century, with the gold of Mexico; after 1848, with the gold of California; and after 1890, with the gold from the Rand, in South Africa.

When labor productivity increases less quickly in gold mines than in industry and agriculture (and all the more so when it declines), the same quantity of gold will exchange for a growing quantity of steel, textiles, wheat, and so forth. (Or, and this amounts to the same thing, the same quantity of industrial and agricultural products will exchange for a decreasing quantity of gold.) In this situation there is an increase in the *relative value* of gold in relation to other commodities.

Inflation in paper money obviously can mask a decline in the value of commodities. When we say that the index of average prices has increased 300% but that in the same period the relative value of gold has doubled in relation to other commodities (the productivity of labor in gold mines

produced in $\frac{1}{2}$ day's labor.

One ton of steel is produced in $\frac{1}{4}$ day's labor.

One ounce of gold equals two tons of steel.

The price of a ton of steel equals $\frac{1}{2}$ ounce of gold, that is \$60, given an apparent rate of inflation of 300%.³

One ounce of gold now represents \$120 (this is its "price" in depreciated paper dollars).

The six-fold increase in the "price of

3. We say an apparent rate of inflation of 300% because this simply expresses the increase in prices in depreciated paper money. The real rate of inflation, taking into account the fact that prices have risen while value has fallen, would be somewhere between 600% and 1,200%. This provides a yardstick for the real depreciation of paper money.

4. To current production must be added, apart from sales from the reserves of the IMF and the U.S. Federal Reserve (the other central banks do not seem to have sold gold), the annual sales by the Soviet Union in conjunction with its massive purchases of grain. It is the sum of these three elements that makes up the annual amount of gold offered for sale. The total has increased regularly every year since 1975, despite the rather pronounced stability in production. This increase is due to sales by public institutions in the west (rising from 35 tons in 1975 to 325 tons in 1978 to 430 tons in 1979) and to sales by the Soviet Union (rising from 150 tons in 1975 to 450 tons in 1978). [Banque des Règlements Internationaux, 49th Annual Report, June 11, 1979, Basel.]

Table I
Dollars Held Outside U.S.

(In Billions)	
Early 1973	100
3rd Quarter 1974	150
End of 1975	180
End of 1976	200
End of 1977	270
End of 1978	340
End of 1979	380

1960s. But the genuine explosion in these holdings did not occur until after 1973. Table I roughly indicates the evolution of net eurodollar holdings, to which must be added in 1977, 1978, and 1979 some \$100 billion deposited in offshore banks (no one knows the exact figure).

The main holders of these dollars are the central banks of some of the OPEC countries, along with the central banks of the main imperialist powers, excepting the United States.

When we say that a part of these holdings represent a potential or effective demand for gold—and only a part!—it is for a very simple reason. The fall in the exchange rate of the dollar has to remain much lower than the rate of increase in the “price of gold” for holders of large reserves of dollars to become interested in speculating against the dollar. Consider the following examples:

If Kuwait sells \$1 billion against gold, and this produces a 10% drop in the exchange rate of the dollar and a 100% increase in the “price of gold,”

—and if the central bank in Kuwait had begun with a total holding of \$10 billion in dollars,

—its net gain would be \$100 million.

(The \$9 billion it still held in dollars would have depreciated by \$900 million, while the \$1 billion it had transferred into gold would now be worth \$2 billion).

If, on the other hand, a sale of \$5 billion against gold produced a fall in the exchange rate of the dollar of 90%, even an increase of 150% in the price of gold would still result in a significant overall loss. At the end of the year the \$5 billion in dollars would be worth only \$500 million, while the \$5 billion sold against gold would be worth \$7.5 billion—for a net loss therefore of \$2 billion.

So the big holders of dollars have an interest in buying gold only within limits that will not set off a collapse in the exchange rate of the dollar. The behavior of the central banks of the OPEC countries holding surplus dollars (Saudi Arabia, the Arab Emirates, Kuwait) has for the last year or two corresponded exactly to these calculations. It is their purchases (made

through the intermediary of West German and Swiss banks) that have swept up the bulk of the gold sold by the International Monetary Fund, the U.S. Federal Reserve, South Africa, and the Soviet Union.⁵ But they have carefully refrained from throwing all the dollars they hold onto the market.

Given this enormous supplementary demand (a mere 10% of these accumulated holdings would represent tens of billions of dollars) in a situation of relatively inelastic supply which, in the best of cases increases only very slowly, there has been a brutal break in the equilibrium between supply and demand and a tendency for the “price of gold” to increase far beyond its value (the cost of production).

This is the fourth and final element in the explanation of the soaring “price of gold,” alongside the transformation in the market, the relative appreciation of gold in relation to the commodity average, and the situation of permanent inflation.

But even this factor does not merit the designation “speculation,” for what it involves is nothing more than a classic economic mechanism. “Speculation” properly speaking—that is, the element of anticipation—plays only a marginal role in the rise of gold, occupying fifth place among the factors that explain it.⁶

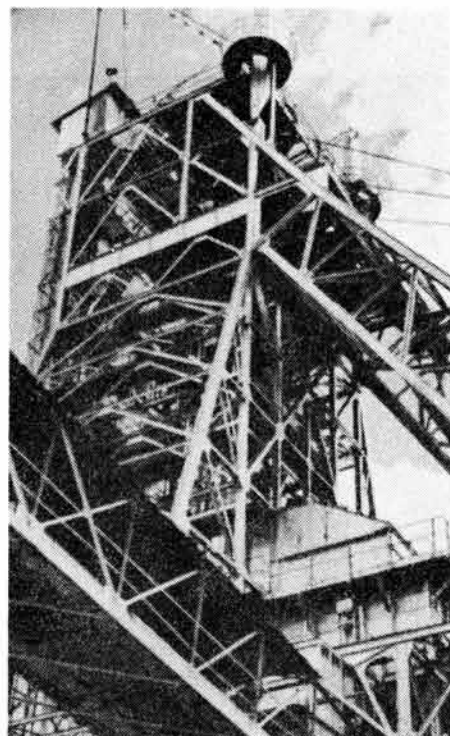
Since the rate of increase of gold surpasses—by far—the rate of inflation of the main currencies, the value of the annual sale of gold (current production plus the fraction of world reserves offered for sale) will sooner or later surpass demand (current demand plus that part of accumulated dollar holdings converted annually into gold).

At \$600 an ounce, the 1,500 tons offered annually on the market (some 45 million ounces) are already soaking up some \$27 billion in paper dollars. In 1978, the OPEC

5. Although for years the bulk of purchases made were by individuals, with the aim of hoarding, this no longer seems to be the case since the price of gold soared in 1978. See, for example, the *Financial Times* of December 24, 1979: “A large part of the demand for gold in recent weeks has stemmed from the Middle East. Part of it undoubtedly represented an attempt by official dollar holders [that is, the central banks of the OPEC countries] to diversify their reserves.”

6. To remain objective, it must be noted that the measures taken by the Carter administration against Iran following the seizure of the hostages at the U.S. embassy in Tehran provoked a legitimate uneasiness on the part of big holders of dollars in the Middle East. These dollar holdings are on deposit in American banks in the United States or in their subsidiaries in Europe and elsewhere. Carter seized these holdings for purely political motives. Might not the same fate strike tomorrow other country's holdings in dollars, for other political motives? Hence the desire of certain OPEC central banks to exchange their dollars for gold.

countries' accumulated dollar surplus was only \$7 billion. It is true that the figure rose to \$65 billion in 1979, but nothing says that the increase in the “price of



Mine head at South Africa's Virginia gold field.

gold” will stop at \$600 an ounce . . .

The relationship between supply and demand will therefore not evolve indefinitely in the direction of the price of gold remaining largely disconnected from its intrinsic value (the price of production). The “price of gold” may once again fall, without, obviously, ever returning to \$35, \$42, or even \$100 an ounce. We should remember that there has already been a precedent for this—between the end of 1974 and the autumn of 1977 the “price of gold” dropped from \$200 to \$125 an ounce.

Increase in ‘Relative Value’ of Gold Has Two Roots

In explaining the appreciation of gold in relation to the average of other commodities we have stressed the natural causes of the slower growth in the rate of labor productivity in gold mines, relative to the average increase in industry and agriculture.

These were the following: the gradual exhaustion of the richest lodes; the need to dig deeper and deeper to continue production; the longer and more costly exploration required to find profitable new lodes; the rising costs of introducing new technology; and so forth. But to these natural causes we must now add the social causes.

The gold-mining industry in South Africa has carried off the “economic miracle” of maintaining the wages of Black workers practically unchanged for three-

quarters of a century. Variation, if any, has been strictly downward.⁷

The entire secret of apartheid and all the fundamental responsibility of imperialism for this inhuman system is evident in these figures (see Table II).

Table II
Real Earnings* of Black Workers in South African Mines (1936=100)

1911	111
1921	77
1931	91
1936	100
1941	93
1946	100
1951	93
1956	96
1961	96
1966	107
1969	108

*Wages plus food.

Source: Francis Wilson, *Labour in the South African Gold Mines 1911-1969*, (London: Cambridge University Press, 1972), p. 66.

According to South African economist Francis Wilson, the exchange-value of Black miners' wages (in cash and food rations) was 199 rand in 1969. In 1961 it was 146 rand, as compared to 338 rand for the average annual wage of Black construction workers and 370 rand for the average annual wage of Black workers in manufacturing. Wilson adds the following analysis, which admirably explains the connection between these starvation wages and the apartheid system:

Lower wages can be paid in so far as the rural base provides supplementary income for the oscillating [temporary] worker. . . . In 1961 a major group estimated that to provide a black mineworker's family with adequate food, housing and fuel in the urban area would cost another R180 per annum. Furthermore, community services, including medical facilities for families, were estimated to cost R20. The average cost of recruiting was of the order of R30 per worker per annum. Thus by employing migrant rather

7. According to Leo Katzen, in *Gold and the South African Economy* (Cape Town, Amsterdam, 1964), the wage costs per ton extracted were 25 shillings and nine pence in 1902 and 25 shillings and seven pence in 1946. But Black miners' wages, as a proportion of operating costs, fell from 40% in 1910 to 20% in 1969. [Francis Wilson, *Labour in the South African Gold Mines 1911-1969* (London: Cambridge University Press, 1972), pp. 159-160.]

than stabilised labour, the group, which may be taken as representative of the industry as a whole, saved a total of R170 per worker per annum [that is, reduced starvation wages by at least one-half—E.M.] . . .

One very important benefit to the industry of the oscillating system, given the socio-political framework within which it operates, is the tighter control of labour, and hence minimisation of industrial unrest which it makes possible in the short term.⁸

It is clear that working conditions in the Rand gold mines are of a semi-slave character.⁹ The evolution of wages noted above obviously in no way reflects the price of labor power sold by free workers on a free market. But over time these working conditions have come into conflict with the changing economic realities of a South Africa on the path of rapid industrialization, and with the new social and political realities of Black Africa. It became increasingly difficult to recruit South African labor for the Rand mines. A gradual substitution had to be made, bringing in laborers from the neighboring countries of Botswana, Lesotho, Malawi, and Mozambique.

But as anti-imperialist sentiment increased throughout all of Africa, including in the countries bordering South Africa, these sources of labor began to dry up as well. It then became necessary to begin increasing the wages of the Black miners, to make it possible to recruit laborers inside South Africa itself. An increase in labor costs ensued (stemming also, in part, from international inflation imported into South Africa—that is, from the depreciation of the dollar against gold, which caused an increase both in the price of products imported by South Africa and in the cost of producing gold).

The wages of a Black miner, working as part of a team, rose from .8 rand in 1970 to 1.6 rand by the end of 1974. (*Neue Zürcher Zeitung*, November 30-December 1, 1974.)

Paradoxically, despite the apartheid regime and imperialist control over South African mining production, the appreciation of gold in relation to other commodities reflects, even if in an indirect manner, the effects of the colonial revolution—that is, the modified relationship of forces between imperialism and, in this case, the anti-imperialist social layers throughout the world.

This change in the relationship of forces has in part been taken advantage of by the bourgeoisie (and the other possessing classes) in semicolonial countries. As is the case in the OPEC countries, the South African bourgeoisie and the South African state have profited from the appreciation

8. Wilson, op. cit., pp. 135-136.

9. The way in which this labor force is penned in guarded camps, separated by sex, underscores that this is not free wage labor in any real sense of the term.

of gold, which in essence constitutes a form of redistribution of worldwide surplus value between the imperialist bourgeoisie and the bourgeoisie in the semicolonial countries. (And, in the imperialist countries themselves, between the monopolies that have most of their holdings in manufacturing and those whose holdings are concentrated in such raw materials sectors as oil, gold, diamonds, silver, uranium, and so forth.) But the South African workers also benefit a little from this redistribution.

Transformation of International Monetary System?

The explosive increase in the "price of gold" has had a dramatic impact on the international monetary system, one that was furthermore easily predictable except for the fanatic partisans of the "demonetization" of gold, who take their wishes for reality.

Despite the huge increase—the highest yet—in the amount of petrodollars in circulation, 1979 was the first year in more than two decades in which the proportion of gold in central bank reserves increased more than the portion of dollars and other reserve currencies (that is, if the value of the gold reserves is determined according to the average market price, not the fictitious price of \$45 an ounce; see Table III).

If the increase in the "price of gold" in 1980 or in 1980-81 were to continue at the same rate as in 1979 (a 50% increase a year, in place of the current 100%)—something not very probable but also not totally out of the question—we would have a situation close to that in 1928. That is, close to having the main imperialist currencies covered by an amount of gold equal to or above that considered necessary to assure the convertibility of paper money into gold, even if inflation continues at the present rate.

In short, everything is happening as if the steep rise in gold constituted an objective, automatic mechanism through which the law of value—that is, the objective laws that regulate the (capitalist) economy—takes its revenge on the manipulations and "political economy" practiced by central banks, states, and monopolies.

This is all the more true in light of the fact that the distribution of gold reserves among the main imperialist powers is little by little approaching the share of each of them in world exports (the share of the United States is at present 16%), so long as gold sales by the U.S. Federal Reserve Bank continue at the present rate (about nine million ounces a year). In five years, everything else remaining equal, the U.S. share of gold reserves would drop to 15%. (See Table IV.)

One of the consequences of the steep rise in gold is that the United States is at present once again in a position to use gold in regulating the deficit it is running in its balance of payments, without rapidly ex-

Table III

	Total Value of Exchange Reserves of Central Banks (millions of current \$)	Value of Gold Reserves at Current Market Price (millions of current \$)	Gold as Percent of Total Reserves
1928	\$13.01	\$9.8	75.5%
1938	27.8	25.9	93.1
1951	56.6	35.6	63.0
1955	62.6	37.6	60.0
1960	74.2	40.5	54.6
1966	72.6	40.9	56.3
1970	92.5	41.3	44.6
1975	288.9	127.8	44.2
1976	309.7	123.3	39.8
1977	415.7	172.9	41.6
1978	471.2	185.6	44.2
1979	710	420	59.1

An ounce of gold was valued at \$20 in 1928, \$35 from 1938 to 1970, \$125 in 1975 and 1976, \$150 in 1977, \$175 in 1978, and \$400 in 1979. These are obviously very rough approximations, whose sole aim is to indicate an order of magnitude after 1975. An exact annual average is impossible to calculate, given the problems of estimation for which the data is lacking. To render the figures comparable, we have not taken into account IMF holdings since 1951, and special drawing rights (SDRs) since 1978. But the weight of these two categories of holdings is insignificant. At the end of 1978 they represented less than 4% of overall exchange reserves.

hausting the reserves it holds. In 1979 this deficit was only \$2.5 billion. At a rate of \$400 an ounce, to cover this it would only be necessary to sell six million ounces of gold—a little more than 2% of the amount held by the United States. And even if the deficit were to rise to a figure on the order of \$10 billion (which is highly unlikely as a general tendency and would occur only in a few exceptional years), a rise in the market for gold (taking it, for example, to \$600 or \$700 an ounce) would enable the U.S. to cover nearly the entire deficit by selling 4% of its gold reserves.¹⁰

We repeat: Everything is happening as if the increase in the price of gold is restoring a little more "order" and "objective truth" to the functioning of the international monetary system. The lack of equilibrium that still exists in the share of gold held by the imperialist countries—too large for the United States, too small for the Bank of Japan—will be "automatically" eliminated if the imperialist powers with balance of

10. These figures show one thing very clearly: Although the Americans made a lot of noise about the "demonetization of gold," Nixon's decision to make the dollar inconvertible in 1971 had the practical effect (and without doubt the real aim) of stopping the hemorrhage of gold from the Federal Reserve. But that means that they attached more importance to maintaining significant reserves of gold than all the talk about "demonetization" would have led one to believe.

payments deficits cover these deficits entirely or in large part with gold.

... it may well be found that the most useful role for officially-held gold is . . . in easing some of the problems of official settlement [between central banks]. . . . A proportion of gold settlement of their balances—essentially, a willingness to supply gold in an orderly way—would correspondingly reduce the sums that would otherwise have to be intermediated through an international banking system whose capacity for recycling without limit is now widely questioned. [Financial Times editorial, January 4, 1980.]

Table IV
**U.S. Share of Gold Reserves
In Capitalist Central Banks**

1913	28.3%
1918	38.0
1934	43.4
1940	71.7*
1951	64.2
1955	57.8
1960	44.0
1966	30.7
1971	26.8
1978	25.7
1979	24.2

*Highest ever.

Have we misunderstood, or does this amount to an appeal from a representative of British finance capital to the American government (and to all the imperialist governments) to come to a similar solution—that is, to use sales of gold to cover a large part of their balance of payments deficits (this being the meaning of the formula "orderly way")? This is a dramatic reversal in the attitude of British finance capital, which for the last decade has been the main supporter, alongside the United States, of the unsuccessful effort to "demonetize gold."

It is a clever move, at the same time, in regard to the relations between OPEC and the imperialist countries. OPEC has been complaining about being paid in continually depreciating dollars.

"OK!" the imperialists reply. "We'll settle our deficit with you in gold, which is rising at the same rate (over the long term) as oil."

One ounce of gold equals eighteen to twenty barrels of oil, a fact that is easily explained by the similar conditions of extraction (production) for the two minerals. Furthermore, this "solution" would have the additional advantage of slowing down the rate of inflation in the United States (and by ricochet the world rate of inflation), one of the sources (not the main source, but one of them) of which is the increase in the paper dollars placed in circulation by the United States to cover its balance of payments deficit.

From the point of view of the peoples of the OPEC countries, of the perspectives for their economic, social, and cultural development, holding large reserves of gold is equally as sterile and useless as holding growing dollar deposits in the imperialist banks. But from the point of view of their capitalist possessing classes, there is a difference of major significance. Holdings in dollars depreciate; holdings in gold will either conserve their value or appreciate, constituting a reserve, a treasure trove, that is more real than holdings in dollars.

Does this mean that the rise in the gold market is gradually bringing us back to an international monetary system based on the gold standard? There is a formidable obstacle to this return trip. For while the distribution of gold reserves among the main imperialist powers may gradually and more or less automatically return to a situation that reflects roughly their share of world trade, the same does not hold for the capitalist countries taken as a whole.

The semicolonial countries, which account for 22% of the world's exports, hold only about 10% of the world's gold reserves. The OPEC countries, which account for about 11% of the world's exports, hold only about 2.5% to 3% of the world's gold reserves. And even if the imperialist countries settled the major portion of their deficit with the OPEC countries in gold, with gold running at \$600 to \$700 an

ounce, it would take a long time for their share to reach 10%.

Implicit in the present evolution is a sort of complicated dance in which the increase in the price of manufactured products exported by the imperialist countries to the "third world" leads to an increase in the price of oil (more moderate in the long term, for even with efforts to peg the price to inflation there still remains the law of supply and demand, and the imperialist countries are gradually reducing their demand for oil). This in turn leads to a parallel increase in the price of gold and therefore to its gradual redistribution to the benefit of countries that have a surplus, which permits maintaining a high level of exports from the imperialist countries to the OPEC countries and a high rate of profit for the export monopolies while at the same time slowing the rate of inflation in the west.

This dance may seem elegant and reasonable (from the imperialist point of view) as far as the OPEC countries are concerned. But from the vantage point of the semicolonial countries that do not export oil, it looks as if the dancers are about to break their necks on a floor that is too slippery by far. For these countries have a structural deficit in their balance of payments, a deficit that steadily increases as

the price of oil rises. As a consequence they have no means of obtaining an additional reserve of gold and would be condemned to nearly immediate bankruptcy by a return to the gold standard—a bankruptcy that would lead to the collapse of world commerce.

The problem faced by semicolonial countries with balance of payments deficits (among which, by the way, are a growing number of OPEC countries) can be resolved only by a *continual expansion of world credit*—the sole alternative to an abrupt drop in their purchases of imperialist commodities. But this world credit requires a means of payment universally acceptable to the sellers of commodities and the holders of loans; that is, a "universal money" different from and detached from gold; that is, something that *cannot be found* in a market economy (except in the form of a paper currency undergoing continual depreciation).

Does that mean that we will remain definitively with an international monetary system largely detached from gold, that we will continue in practice with a system based on the "dollar standard"? Nothing of the sort. We are witnessing an entire series of gradual transformations that underline the declining role of the dollar in the international monetary sys-

tem, and the growing role of gold:

- One central bank after another has already begun, in its ordinary accounts, to value its gold reserves according to the current market price, not the fictitious IMF price (\$45 an ounce) set by agreement in 1971. The central banks that are still keeping to the letter of the 1971 agreement in calculating their foreign exchange reserves now represent a minority of the main capitalist powers and no longer a majority. It is only a matter of time until the U.S. Federal Reserve does the same.

- Inside the European Monetary System transactions in gold between central banks have been reintroduced, though on a modest scale as yet. In addition, the ECU [European Currency Unit] is officially backed by gold.

- The OPEC countries are beginning to insist that the price of oil no longer be calculated in dollars but in a basket of the currencies of the major imperialist powers. This will lead to the demand that actual payment for oil be made the same way.

- The United States itself, in a radical change of its position, is pressing West Germany, Japan (and to a lesser extent other imperialist powers) to allow their currencies to play the role of exchange reserve for other currencies, alongside the dollar. These countries are resisting this pressure, because they do not want to be subjected to the speculative runs on their currencies they foresee if they were actually to play this role. Nonetheless, the share of the deutschemark, yen, Swiss franc, and florin in exchange reserves and on the Eurobond market is growing slowly but surely.

Of the \$373 billion in deposits declared by the Euromarket banks toward the middle of 1979, one-quarter represented deposits in deutschemarks and Swiss francs. In addition, central banks, particularly in Southeast Asia and the Middle East, hold some \$10 billion in exchange reserves in the form of yen.

- At the same time, the share of world trade carried out in dollars is gradually shrinking, albeit at a slow rate. The share of world trade contracted and paid for in other currencies is increasing in a parallel fashion. Ayatollah Khomeini's threat to no longer accept dollars in payment for Iranian oil was not necessary to set off this movement, or to gradually accelerate it. It is developing inevitably because of the different rates of depreciation (inflation) of the dollar on the one hand and the deutschemark, yen, Swiss franc, and so forth on the other.

At present, some 25% to 30% of Japanese exports are contracted for in yen, and some 75% of West German exports (but only 45% of its imports) are contracted for in deutschemarks. (*Euromoney*, July 1979.)

- Paradoxically, and for the same reason, the countries most interested in maintaining the "dollar standard" (with the dollar in "free fall") are the semicolonial



Gold bars stored in United States.

countries with the biggest debts. For this "dollar standard" reduces somewhat the burden of their debt, permitting them to borrow in "good money" and pay back with "play money." (With an average rate of inflation of 7% a year, the dollar loses 50% of its value in six years. This means, for example, that a \$100 million loan can be paid back with the equivalent of \$50 million in purchasing power.

And not only governments are behaving in this way. "The Eurobanks are tending to borrow in weak currencies and extend loans in hard money." (*Journal de Genève*, September 10, 1979.)

Reciprocally, and for the same apparently paradoxical reason, the main lenders—that is, the big private banks, including those in the United States—are beginning to want to get rid of the "dollar standard." It leaves them at a disadvantage, for all accelerated inflation is unfavorable to the creditor and favorable to the borrower.

Meanwhile, private banks are beginning to accept the idea of including "real values" (above all gold, but also diamonds and silver) as collateral for loans to their clients, as collateral for pension funds, and even for their own collateral. (*Business Week*, December 31, 1979)

Gold and the Crisis

The long depression the world capitalist economy has entered has a dual aspect, as do all capitalist crises. It is both the result of a fall in the average rate of profit and a reflection of overproduction. Monetary questions and the rise in gold are connected to the very nature of the crisis by the double link of the explosion in interest rates and the boom in the international credit system that periodically threatens to collapse it.

Domestically, the modest, uneven, and hesitant upturn in 1976-78 was possible only through a new explosion in inflation and credit. In the United States, corporate debt reached \$1 trillion by the end of 1979 (40% higher than in 1975). The total public and private debt reached a total of nearly \$4 trillion (50% above 1975). This is the *fundamental* cause of permanent inflation.

Although this process is still partially controllable on the national level through conjunctural policies followed by governments and central banks—given the very nature of enforced circulation of paper money—nothing comparable exists on the level of the world market. There, there is no "lender of last resort," there is no unified conjunctural policy that can be imposed by anyone.

The explosion in international debt (\$350 billion for the so-called Third World countries alone) confronts international capitalism with an insoluble contradiction. It can either risk strangling world trade or it can risk the bankruptcy of several large debtors with the ensuing enormous losses, which would pose the problem of how to

spread these losses among the different factions (private and "public") of international finance capital. Not to mention the problem of how to avoid the generalized bank crash that might well lie at the end of such a foolish course.¹¹

It can easily be proved empirically that the rise in gold, even if it is the result of inflation, stimulates for the moment in its turn the inflation of the dollar, the inflation of most paper currencies, and therefore a rise in interest rates. It is also evident that the rise in interest rates, once it gets beyond a certain point, runs slap up against a decline, stagnation, or even insufficient upturn in a slowing average rate of profit, thereby slowing down if not strangling productive investment. The hesitant character of the 1976-78 upturn, the multiplying signs of a new 1979-80 recession, are there to confirm it.

But through the very efforts to reorient international credits (the recycling of petrodollars by the private banks and for the profit of the private banks and the big export monopolies in the imperialist countries), all the palliatives through which the international capitalist system has up until now avoided another 1929-type crash are today colliding with the effects of the steep rise in gold.

We have already pointed out that given this rise in gold, along with the "free fall" of the dollar, loans in dollars are gradually becoming a losing proposition for the banks (even hoarding gold at no interest would have been more profitable over the last three years than making loans at 7%, 8%, and 10% to governments that, to top things off, may turn out to be insolvent). The gradual collapse of the "dollar standard" signals the limits of inflation as a

11. "In the U.S. . . . the Federal Reserve, the Comptroller of Currency, and the Federal Deposit Insurance Corporation last year set up for the first time a joint regulatory committee to monitor international lending activities of the major U.S. banks. . . .

"Over the past decade the leading world banks have begun to play as vital a role in the international economy as they have for long played in national economies. . . .

"The problem then is to find ways of trying to ensure that the instability and increased risk for banks which has accompanied the breakdown of the Bretton Woods system of fixed exchange rates . . . and the challenges created by OPEC surpluses and high inflation, do not spill over into an international financial panic at some point, triggered perhaps by a bank failure or failures. . . .

"There continues to be some uncertainty [] about the different central banks' roles as lenders of last resort to banks in difficulties. . . .

"Another weakness of existing regulatory cooperation is that it has involved only the 12 nations in the Basle Committee, even though international banks are operating in dozens of countries, some of which have secrecy laws which make it difficult for regulators to verify the condition of the banks they are responsible for." [*Financial Times*, July 31, 1979.]

temporary shock absorber for the crisis—that is, the limits of credit inflation; the limits of credit; the limits of "substitute markets."

The very gravity of the crisis is therefore one of the fundamental tendencies that explains the soaring price of gold. It is not first and foremost fear of continued depreciation of the dollar (and of other paper currencies), but rather *the shaking of the credit system caused by the crisis*—that is, by the insufficient average rate of profit and by potential and actual overproduction—that in the last analysis is the basis of the present craze for gold. Marx understood this and analyzed it more than a century ago:

So long as enlightened [political] economy treats "of capital" *ex professo*, it looks down upon gold and silver with the greatest disdain, considering them as the most indifferent and useless form of capital. But as soon as it treats of the banking system, everything is reversed, and gold and silver become capital *par excellence*, for whose preservation every other form of capital and labour is to be sacrificed. But how are gold and silver distinguished from other forms of wealth? Not by the magnitude of their value, for this is determined by the quantity of labour incorporated in them, but by the fact that they represent independent incarnations, expressions of the social character of wealth. . . . This social existence of wealth therefore assumes the aspect of a world beyond, of a thing, matter, commodity, alongside of and external to the real elements of social wealth [that is, of the mass of commodities whose use value satisfies the needs of men—E.M.]. So long as production is in a state of flux this is forgotten. Credit, likewise a social form of wealth, crowds out money [gold and silver—E.M.] and usurps its place. It is faith in the social character of production which allows the money-form of products to assume the aspect of something that is only evanescent and ideal, something merely imaginative. But as soon as credit is shaken—and this phase of necessity always appears in the modern industrial cycle—all the real wealth is to be actually and suddenly transformed into money, into gold and silver—a mad demand, which, however, grows necessarily out of the system itself. [*Capital*, vol. 3, (New York: International Publishers, 1967), pp. 573-574.]

One could not offer a better summary of developments over the last thirty years in both economic reality and the predominant economic concepts of bourgeois society. Keynes said that gold was a "barbarous metal." It is much more profound to state, as Marx did, that it is the capitalist system that is irrational and barbarous, that leads inevitably to crises after phases of prosperity.

The periodic rehabilitation of gold, in practice and in theory, is only a synthetic reflection of this irrationality and barbarism which condemns millions of human beings to hunger and poverty, if not death, not because the world produces too little but because it cannot consume what it produces except through the intermediary of money. Today that once again increasingly means gold.

January 5, 1980

AROUND THE WORLD



Guatemalan Regime Steps Up Repression as Opposition Grows

Some thirty Indian peasants, along with seven Spanish embassy personnel and two Guatemalan politicians, were killed January 31 when Guatemalan security forces stormed the Spanish embassy in Guatemala City. The Indians had occupied the embassy to demand that representatives of the military dictatorship meet with them to discuss army repression against the Indians in El Quiché province.

The government of Spain immediately broke relations with Guatemala, terming the police assault "brutal." According to a February 1 Reuters dispatch from Madrid, the statement issued by the Spanish government explained that Ambassador Máximo Cajal y López had informed it that "the occupation could be solved peacefully."

Cajal told the Spanish radio that after failing to persuade the Guatemalan police to leave the embassy, he and thirty of the occupiers retreated into the ambassadors' office. The cops then broke down the door with machetes. Shooting broke out and a peasant hurled a gasoline bomb at the police.

The embassy occupation is symptomatic of the growing involvement of the Indian population in the struggle against the military government. About half of Guatemala's 6.5 million people are Indian. They maintain their traditional languages and customs in the country's highlands. Several million others have been forced to migrate to the coastal areas to work on the cotton, coffee, and sugar plantations. Despite its size, the Indian population has traditionally been isolated from Guatemalan political life.

But under the impact of the Sandinist revolution in Nicaragua and the upsurge of the mass struggles in El Salvador, opposition to the Guatemalan military regime has been growing in strength and has begun to involve large numbers of Indians.

Social conditions are explosive. One percent of the country's families owns a full 55 percent of the cultivable land. Half the population earns less than \$100 per year. Illiteracy, malnutrition, and disease run rampant. In the cities the unemployment rate is over 30 percent.

According to Amnesty International there have been at least 2,000 political murders since May 1978, and in the decade between 1966 and 1976 more than 20,000 people, most of them opponents of the regime, were murdered for political reasons.

A Guatemalan professional, critical of the military regime, summed up the situation to Terri Shaw of the *Washington Post*. "We have no political prisoners here," he told her. "Here they just get killed."

The government of Gen. Romeo Lucas García, backed by a well-equipped army of 20,000 troops, has the support of the U.S. government. Washington, however, is worried about the impact of events in El Salvador and Nicaragua, as Alan Riding noted in a January 21 *New York Times* dispatch from Guatemala City:

"Deeply concerned that Guatemala may soon be engulfed by violent popular unrest, Washington has been working to strengthen the center and isolate the political extremes here. 'Its problem is finding the center,' a foreign diplomat noted. 'All the viable centrist leaders have been killed.'"

Two substantial guerrilla groups are carrying out operations throughout the country—the Guerrilla Army of the Poor and the Organization of the People in Arms.

Over the past year, according to Riding, the guerrillas have temporarily occupied at least seventy towns, organizing political meetings where the struggle against the dictatorship is explained in Spanish and in Indian languages.

Faced with the growing insurgency throughout 1979, the military is floating rumors that a civilian will be installed to head the government in 1982. As one Christian Democratic politician pointed out, "if the next president is not a civilian there will be a civil war. The people are fed up with military rule."

Similar considerations led elements in the military to overthrow Gen. Romero in neighboring El Salvador and install a joint military-civilian junta in his place last October. That move did not, however, quiet the mass struggle in El Salvador. And it is unlikely that Guatemala's workers and peasants will be appeased by a cosmetic change that leaves the social conditions in the country untouched.

Miners Strike Challenges Chile's Rulers

A strike by 9,000 workers at one of Chile's largest copper mines, El Teniente, has developed into the biggest political challenge to the reactionary military government since it took power in a savage coup in 1973.

The strike began when the smelter workers union, which represents more than 1,200 workers at the facility voted on January 18 to reject a contract offer from the state copper company by a margin of 1,050 to 50. On January 24 workers represented by the mine and mill union rejected a second company offer two-to-one.

In voting to strike, the copper miners and smelter workers dealt a blow to the government-appointed union officialdom as well as to the company and the government. Guillermo Medina, the handpicked head of the union, had recommended acceptance of the company's initial offer.

The Chilean labor movement suffered a tremendous defeat in the 1973 coup that overthrew the government of Salvador Allende. All workers parties and independent unions were abolished, and thousands of militant workers were murdered, imprisoned, or exiled.

In addition, the Chilean workers confront the government's new "labor plan"

adopted last July. While the regime tried to portray this measure as a reform, the labor code actually outlaws all picketing and solidarity strikes, and compels striking workers to pay all social security contributions, including the employers' share, while on strike.

Under provisions of the code, employers can begin to hire back individual strikers after a stoppage has gone on for thirty days; after sixty days on strike, all employees are legally considered to have resigned their jobs and employers are free to hire a new work force. Workers who have lost their jobs can collect only \$25 per month in unemployment benefits.

Copper workers, among the best paid Chilean workers, average about \$300 a month in wages in a country that has undergone ruinous inflation.

Management at El Teniente is trying to intimidate the workers with threats that workers in the leadership of the strike will be turned over to the authorities. Juan Von Christars, the head of the company negotiating committee, told the press that "these elements have been totally identified and their activities have been made known to the competent authorities."

The strike has cut daily production of copper, Chile's chief export, by one-third.