

ITALY 1973.

Report of discussion with members of Lotta Continua. Tues. 1.1.74.

1) The Fall of the Andreotti Government.

In order to talk about the present class situation in Italy we should start with the fall of the Andreotti Government in May 1973 which gave way to the 'centre-left' Government of Rumor.

As we know governments in Italy are formed on a coalition basis & the main party in all coalitions since the War has been the Christian Democrat Party (CDP). Both Andreotti & Rumor are members of this party. The Andreotti Government was a right-wing coalition of the CDP with the Republican Party, the Social Democratic Party & the Liberal Party (very right-wing). In the Rumor Government the Liberal Party was replaced by the Socialist Party.

Because of this the CGIL (Communist dominated Trade Union), the CISL (Catholic dominated Union, but leftist) and the Communist Party declared that this new government represented a change in tendency inside, society & spoke about a 'constructive' opposition towards it, different from the all-out opposition they had taken against Andreotti. We'll come back to this point.

Lotta Continua maintain that the fall of Andreotti was a great victory for the working class, because:-

a) This government represented an attempt by capitalism to defeat the working class through an all-out confrontation. It was backed by and represented the interests of the so-called 'American Party', that is the Nixon Administration, the CIA, those sections of Italian capitalism which always consider the possibility of a fascist coup as a solution to the problems of capitalism.

The Andreotti Government represented a corporatist tendency, and was the government which carried out repression in the harshest way since the days of the Cold War. In this respect to have forced capitalism change (even if slightly) its plans is a victory.

b) It was the struggles of the working class which forced this change of plans. The Andreotti Government fell after a prolonged struggle over the contracts of various sectors of workers (especially the 1.2m engineering, steel & carworkers), demonstrations of up to 600,000 people, continuous internal demonstrations in the factories, train-loads of demonstrators going from the North to the South of the country and unity between the industrial working class and the rest of the proletariat, especially the students.

The climax of this fight was the 5-day occupation of the Fiat factory in Turin, which was followed by the occupation of all the other factories in the city and forced the engineering bosses to sign the agreement on the workers terms.

Capitalism realised that an all-out confrontation would have found the working-class prepared and therefore was forced not to take the gamble. The Liberals were replaced by the Socialists and Andreotti by Rumor.

2) The Policies of the Rumor Government.

Wages and Price Freeze (a la Phase 1)

This was propagandised as an 'anti-inflation' measure. There was meant to be a freeze on the prices of the 21 main foods and all the main industries were supposed to freeze their prices.

But just like here the price freeze aspects of the policy was full of loopholes and prices continued to rise.

But the wage freeze did work, mainly because in their new spirit of 'constructive opposition' the CP and TUs were prepared to make all efforts to let the bosses and Government have their much needed truce.

Even the threshold agreements failed to cushion the effects of inflation on the working class because the Government argued that since legally no prices were allowed to rise the thresholds couldn't come into effect, despite the fact that 'unofficially' prices were going up.

3) The Policy of the CP & the Trade Unions.

What the CP & the unions expected from Rumor's Government in response to their guarantees of truce on the wage front were :-

a) More investment in the South. This failed to materialise as it was one of the cutbacks in state expenditure. By attempting to get this policy the CP was making the Northern working class pay for the investments in the South.

b) Money for low income earners, pensioners & an increase in dole.

In Italy there is no social security and the dole money used to be 25p a day. The unions have now 'won' 50p a day, which is still far below subsistence level.

The point to be made is that this truce called by the reformists has led to:-

1) Big cuts in real wages

2) An attack on the composition of the working class through the introduction of overtime, unsocial shifts and attempts to use all industrial plant to its full capacity...the working class had to be moulded to these new needs of capitalism.

Lotta Continua sees the fight for wages, against overtime etc as the key struggle at the moment.

4) The Energy Crisis

LC's views about the causes of the oil crisis are dealt with later. Here just the ways in which the situation has been used are talked about.

In general the energy crisis has given the ruling class the chance to a seemingly objective, neutral, scientific justification to their freeze policies. By appealing to the 'national interest' they try to make the workers pay for the crisis whose ultimate aim is to worsen their material conditions.

The second point is that the crisis is used to introduce a general restructuring of the economy

a) To cut down the non-productive sectors of capital

b) Planned recession to smash autonomous mass vanguards, eg the talk of 20,000 unemployed at Fiat Mirafiori (the spearhead of the struggle in Italy since 1919)

c) The swiftness away from the car industry (Agnelli, the boss of Fiat wants to move into the building industry)

d) Wherever possible (mainly in the textile industry) to try to switch the place of production away from the factory & into peoples homes. This destroys the class identity of the proletariat and is another example of class decomposition taking place.

5) Analysis of the Rumor Government.

a) It doesn't mark any great change from the previous one despite what the CP claims. Firstly, it still represents the same sections of capitalism, which now have become the most important...Petrol (under the control of the US), food (almost completely US controlled) & financial capital.

b) The Government has actually worsened the conditions of the working class rather than improved them.

c) The only real difference with this Government is the attitude taken towards it by the CP and the unions, ie their 'constructive opposition'....this has been a partial success for the bosses but now there are signs that the working class is beginning to oppose the truce autonomously, ie against the policies of the unions.

A dispute has begun at Siemens (telecommunications) and one is expected at Fiat. The pressure from the rank and file is being felt at the top. In fact a month ago, for the first time the National Executive of the joint engineering unions has been put into the minority by the rest of the Central Committee, on the question of starting the struggle over wages now.

d) From a legalistic point of view this Government is more openly 'anti-fascist', but.....

6) Fascism

Recently a plan for a fascist coup was discovered. The plan was not attempted but was important because:-

- a) It was made by a previously unknown fascist group, separate from all the known fascist groups.
- b) This group had contact with generals in the army and some top members of the Christian Democratic Party.

The Rumor Government knows that it has to prevent this plot being investigated, since it would soon be discovered that two of the Government's top advisors are implicated.

7) The 'Last Beach'.

The Government is widely called 'the last beach' which means that this is the last possible attempt by capitalism to be represented by a 'democratic' government.

After Rumor, Chaos! Maybe fascism... that's how capitalism blackmails the CP into acceptance of the Government... by threatening the possibility of a fascist coup as in Chile.

8) Chile.

That's why the Chilean coup was so important in Italy. In brief the coup meant:-

- a) For the CP. The necessity of making a 'historical compromise' with the Christian Democrats... a complete change of the CP's previous strategy. Until now the CP has always planned to create a 'broad left' government through uniting themselves in coalition with the Socialists and the left-wing of the CDP. They attempted to split off the left of the CDP and bring them into this united front and then gain a majority in Parliament.

But now the CP has given up its plans to split the CDP and insists that it must relate to and compromise with the whole of the CDP. By doing this the CP must make it clear that it is not ready to take part in a coalition government for fear of the crisis that would follow.

- b) For Lotta Continua and the rest of the revolutionary left.

- A great possibility to show solidarity and internationalism through concrete actions. Lotta Continua raised £60,000 under the slogan 'Arms for the MIR' A European demonstration took place in Turin at the end of November (called by the CP). About half of the 150,000 there were mobilised by the revolutionary left, 40,000 with LC.
- It meant a major organisational effort. The money collection was done everywhere and was especially successful on the shop-floor. After the big demonstration the rank and file of the CP realised that LC was not the small, weak group that they had been led to believe, but a strong group.
- Political lessons to be learned in respect of the similarities between the situations in Italy & Chile (dealt with later)

QUESTIONS.

1) How has the attitude of LC towards the factory delegates (roughly equivalent to shop-stewards) changed since their introduction by the unions in 1969?

In 1969 the slogan of LC was 'We are all delegates'. In effect this was the line of the mass vanguards inside the factories of the North (Fiat, Pirelli, Alfa Romeo, Porto Marghera etc). It was a slogan which summed up the situation at that time which was one of explosions of autonomous militancy. During the 'Hot Autumn' the workers, spontaneously, autonomously from the unions and the CP, were marching by the thousands inside the factories, were beating up blacklegs and foremen, besieging administration blocks, destroying assembly lines, demanding the abolition of all gradings, the abolition of all financial incentives, more money on the basic rate and fewer hours, ultimating putting into question the whole capitalist organisation of labour and rejecting it.

The unions' answer was the introduction of the delegates which had not existed previously. Their 'solution' to the explosion of creativity and mass participation of the workers was the creation of the delegates to control the struggle. They told the workers 'The solution to your problems is to have your delegate negotiate for you'.

This was a new venture for the unions. There was no structure like the shop stewards in Italy before this. Their only organisation on the shop-floor was the 'Internal Committee', a group of worker members of the union, who were elected by the district branch of the union and not by their own sections. It was obvious that in that situation there existed an antagonistic primary contradiction between the will of the masses and the attempts of the unions to channel them in controllable ways. Therefore the slogan 'We are all delegates' was a correct one.

But antagonistic contradictions can change into non-antagonistic ones. (& vice versa) The spontaneous phase of the struggle ended in summer 1970. Just as in July 1969 the explosion of Fiat workers had rocked the Government, so in July 1970, an autonomous strike led by LC workers in Fiat made the Government fall again.

After that it was clear that Italian capitalism was going to plan its offensive in a much more detailed way. 15,000 workers at Mirafiori creating havoc in the plants and in the city outside had caused the downfall of two governments but it was not going to happen again. It was clear to the workers that spontaneous struggle was not going to be enough. The need was for a nation-wide, strong, solid rank and file organisation to plan and co-ordinate the offensive against the bosses in this new phase of struggle.

Lotta Continua's answer to this was to push for the creation of 'mass autonomous assemblies' in opposition to the delegates. In theory these were to be 'permanent mass revolutionary organisations of the rank & file'. The experience of these assemblies was mixed. They were a success in Pirelli & Alfa Romeo, but a failure at Fiat (1971). A major failing of the autonomous assemblies was their localisation which gave few opportunities for national co-ordination of the workers counter-offensive. The workers realised this...the assemblies were used in some of the local disputes, but increasingly they ~~were used~~ ^{used} the delegate structures.

Because of this and because the delegates organisations had no fixed procedural ties, no tradition, no rules & no developed links to the unions, there was a very important & noticeable shift to the left by them. The workers started to use the delegates in the right way, long before Lotta Continua came to realise this. And this has to be related to the amazing jump forward in political consciousness since 1969.

What then is LC's position on the delegates?

First, it must be said that LC has its own cells inside every major factory. These cells organise activity and initiatives directed towards the mass of the workers & not towards the delegates. Inside each cell there are delegates & non-delegates...no distinction is made between them.

The activity of the LC members is not answerable to the delegate committee and if decisions are made by the delegate committee which members of LC disagree with they don't regard themselves as bound by it.

Secondly, the line of LC towards the delegates is not a formal or abstract one. There are two contradictions, one between the delegates and the rank & file, the other between the delegates & the TU leaders. LC sees the first as the secondary one & the second as the primary one. It is important therefore to see that the primary contradiction widens, ie that the delegates should more and more represent the will of the shop-floor and less & less be tied to the directives of the TU leaders.

Thirdly, the unions are attempting to 'normalise' the delegates, which means to integrate them into the union structure and laying down strict controls on the delegate structures by:-

- a) Introducing sets of procedural rules.
- b) Formalising delegates credentials.
- c) Trying to introduce a rule so that one half of the delegates are no longer elected by the shop-floor but by the district union branch.

LC thinks it important to engage in the battle against these moves from the unions.

Now in some factories LC has a majority on the delegate committees, as in Marelli (electronics) or some plants of Fiat Mirafiori. In other places LC make up the majority with other revolutionary groups.

In Turin last month at a city-wide meeting of delegates 80% of the people voted in favour of LC's proposals (to break the wage truce) and formed a demonstration inside the meeting.

But LC doesn't see itself tied to this attitude to the delegates for evermore. The need at the moment is to start the struggle over wages.

How Does This Affect Their Mass Work?

The work inside the delegate committees is aimed at widening the contradiction between them and the unions. The mass leaflet would say 'Even if the delegates have voted for this initiative the union leaders are not capable of carrying ~~it~~ out'

2) What is the role of the Communist Party in Italy and how does Lotta Continua relate to it?

I. What is going to be said here is very similar in a lot of ways to what has been said about the delegates. Since when we talk about the unions plans in Italy we are talking about the CP's plans, as the majority, most worked out, most consistent tendency inside the unions is the CP. But obviously a lot of things must be added.

As I was saying before, in 1969. the contradiction between the exploding autonomy of the working class and the revisionist organisations was a primary one. Before going on its best to say what we mean by revisionism, since we probably all mean different things. In our opinion revisionism's main content is the following:-

- an ideological form which stems out of the acceptance of a 'productive rationality' which is identified as absolute, neutral, objective & 'scientific'
- in other words the revisionists accept that the organisation of work - the technology (assembly lines etc) as well as the division of labour (job gradings etc) as well as the social division of labour - for instance, the distinctions between manual & manual labour, between the factory & the community, between men's role and women's role in the productive process - are not directly related to the capitalist mode of production.
- to give just one effect of the acceptance of this revisionist ideology ... the unions may call for 'more skilled workers' but refuse to attack the system of grading itself.

Starting from 1969 the new aims and contents of the struggle for communism changed dramatically. They ceased to be the aims and values chosen by a 'leadership' trying to work out the pattern of the ideal future society, and became instead those that the working class discovers for itself everyday in its struggles against capitalism.

The rejection of the division of labour in all its forms, of social hierarchy, of authoritarianism, the principle of egalitarianism, represent the centre of class consciousness, of class autonomy, precisely because they don't come out of some utopian project, but out of the concrete reality of the clash between the working class & the capitalist mode of production.

In this sense the clash in 1969 between working class autonomy and the unions & CP (the revisionist organisations) was clear and as important as the clash between working class autonomy and the bourgeoisie. In fact, in our songs, our literature the bosses and the CP leaders are always put on the same level.

II. Since 1969-70 many things have changed. In 1969 we were mainly talking about the mass vanguards of the main factories of the North, because that's where the clash was led and where autonomy was born. After 1970 there was an inductive process that involved the rest of the working class.. those sectors, places, types of jobs which constituted the traditional rank & file of the CP were drawn into the fight for autonomy.

The rise in political consciousness has been enormous all over Italy. The sectional, corporative, shilled, trade unionised, conscientious workers of the Genova shipyards or the Bologna machine shops were transformed and went along with the main contents of the autonomous struggle. But these are the mass base of the CP. So the development of a debate with these sections of people over the role of revisionism, the trade unions and the CP, must be more cautious, detailed and precise. If you want, that's one way we discovered that we had to use tactics as well as strategy.

Secondly, the main tendency of capitalism was changing in response to the rise of autonomous struggles.

In 1969-70, Agnelli and other driving forces of capitalism were thinking of broadening the government coalition to include the CP in it. Since then this solution has been rejected totally because the CP could not guarantee to preserve social peace.

Furthermore the balance of forces inside the bourgeoisie was shifting to the right, and power was moving away from the Agnellis to other sectors of capitalists

Thirdly, there were transformations within revisionism, because if the CP hadn't become aware of certain things and hadn't changed its line in accordance with these changes, then probably there would now be a revolutionary party in Italy and revisionism would have quietly collapsed, as we were predicting in 1970.

We said before that the acceptance of the productive rationality as absolute & neutral is the heart of revisionism. One of the main consequences of this is the total separation between factory struggle & social struggle, and between the economic struggle & the fight against the state... (indeed the CP has fought for integration into the state). The acceptance of the capitalist mode of production meant for the CP that obviously the struggle inside the factory was merely an economic one, whereas we simply say that the struggle against production is the pillar around which rotates every other struggle, ie without struggle in the factories there can be no struggle against the state.

Furthermore, when the autonomous struggle exploded in 1969 the CP defined the Fiat Mirafiori workers as lumpenproletarians. Since then, though, revisionism has changed. Basically it was forced to discover the factory, and more precisely to discover Mirafiori.

Those who were defined as "Southern peasants who don't know how to lead a struggle", now became "the leading nucleus of the working class, the working class of the assembly lines, massified, dequalified, unskilled, which has built around itself the whole proletariat, including the traditional strata". (Trentin, union leader & member of the CP Central Committee)

The CP has not only discovered the factory but has also been forced to recognise workers autonomy.

This doesn't mean that now the CP talks about a struggle against the capitalist mode of production. They now have produced a new slogan.. ('the new way of producing', which represents one of the biggest mystifications in history. Nevertheless the relation between the CP and workers autonomy has changed.

III.

In order to understand our strategy towards the CP we have to talk about strategy for the actual seizure of power. Three main strategies are put forward by different people:-

- a) Armed insurrection
- b) Protracted War..the red base theory
- c) Guerrilla war

The first one goes back to the Russian Revolution & Lenin, the second to the Chinese & Mao, and the third to Cuba & Guevara.

All these strategies have been imported and obviously don't relate to the actual situation in Western Europe. Different strategies have been advocated inside different currents of the CP...the CP has never been willing to build a revolutionary strategy based on the conditions in advanced capitalist countries. Lotta Continua too showed no real understanding of the situation when we adopted the second strategy of protracted war.

In Italy now we can perhaps develop towards such a strategy. We say that the present situation is characterised by a so-called long protracted crisis of capitalism. Any short-term solution has been proved impossible, simply because the workers offensive hasn't backed down. This long protracted crisis will be used by Italian capitalism so that the crisis can be solved through a historical defeat of the working class....by:

- a) Continuous worsening of the material conditions of the proletariat.
- b) Continuous repression and the shift to the right of government.
- c) Continuous attempt to integrate the unions and the CP in this process.

But obviously the process won't be as straightforward as this. All the time the bourgeoisie will be faced with two alternatives. In the end they must choose between them:-

- a) Stage a fascist coup.
- b) Create a Popular Unity government as in Chile, with the CP in the coalition.

We can reasonably assume that the main tendency within the capitalist forces is closer to the first option at the moment, even if it had a temporary step back after the fall of Andreotti. We are mainly talking about the petrol sector, in the person of Monti & the petro-chemical complex of Montedison, plus all the small & medium owners of industry.

But almost as strong at the moment is the tendency which looks at the second alternative, ie bringing the CP into government...personified by Agnelli and Carli, the Governor of the Bank of Italy

IV

In this context the Chilean experience becomes vital for all of us. Most similar with the situation there are already obvious (a strong CP, powerful Christian Democrat Party, an economic crisis etc), but two other factors stand out:

- a) In Chile there was no imperialist war...the victorious revolutions in Russia & China both solved the problem of arming the working class because wars were going on at the time. Only Cuba didn't have that advantage, but their experience can't be generalised as Che's fiasco in Bolivia shows. In Chile the question of arming the proletariat was pressing and there was no war.

b) We believe that, with the exception of Cuba, Chile represents the nearest the proletariat has come to seizing power in recent years. Allende's Popular Unity government, of course, played no direct part in this & in fact held back many of the developments in that direction, but indirectly the existence of such a government created a lot of space for the working class and the revolutionary forces. In Chile the space created by Allende made possible the formation of the cordones obreros and other democratic revolutionary mass organisations of the working class. The question of arming the working class was asked and was begun to be answered, not by Allende, but by the revolutionary forces. The lessons of Chile, the strategy and mistakes of the MIR must be learned thoroughly.

It is true that a coup in Italy would explode much greater contradictions in Italy than in Chile, especially in relation to the Common Market, but still it is one of the main choices facing the bourgeoisie in a time of crisis.

Now some comrades, when asked to make a choice between the two alternatives... a coup or a Popular Unity government, feel that a fascist coup would benefit the working class movement most in the long run. They say that a coup would destroy revisionism for ever and there would be no problem about the question of armed struggle.

We strongly disagree. Firstly, because we think the working class and ourselves are not ready yet, but mainly because we think our strategy must develop in the following way.

As we said before the CP has given up any possibility of joining a coalition government. It doesn't want to confront the consequences of joining a coalition; it is not prepared to undergo what happened in Chile. The lesson that the CP has drawn from Chile is the necessity to make even larger compromises... the historical compromise that Allende was trying to make with the Chilean Christian Democrats just before the coup. The Italian CP has given up the idea of Popular Unity. The CP has always thought in terms of compromising the interests of the working class with those of the 'progressive sectors' of capitalism, the so-called 'productive middle strata', in order to split the Christian Democratic bloc & form a united left front to win 51% in the parliamentary elections. But now the CP has changed strategy and is prepared to compromise with the whole of capitalism... with Agnelli, the whole of the CD Party, just in order to avoid a coup. And no more talk of 51% majorities, opposition, maybe creative & constructive is much more comfortable and less dangerous.

We say though, that there is no chance that the working class will accept this. Therefore in this situation working class struggles will once again destroy the capitalist plans.. 'the last beach' as we said earlier. In this context to push for the CP to enter the Government, ie to push for a vote for the CP means for us three things:

- 1) To widen the contradiction between the leadership and the rank & file of the CP.
- 2) To go against the bosses plans. A Popular Unity government now would be very different from the broad coalition wanted by Agnelli in 1968-69. Now it would be forced on one sector of the ruling class against the other by the power of the working class.
- 3) It would give us and the working class time to prepare through that process which nearly took the working class to power in Chile... the CP in the Government will give us space.

V. Conclusions

We operate in this strategic perspective. A long protracted crisis in which to make the working class force a Popular Unity government.

We are well aware of all that could explode after that like the coup in Chile, but that's why we are preparing ourselves now. When there is a P.U government the responsibility will rest on our shoulders. We must prepare ourselves as a Political-military organisation.

What are Lotta Continua's Perspectives on the Women's Struggle?

It was no accident that the answer to this question is shorter than the previous two. It was answered by a woman comrade from Lotta Continua, who said that basically LC does not have a class perspective on working class women. This means:-

- 1) LC doesn't see women as having any particular role in struggles over housing etc.
- 2) They don't have as part of their **total** revolutionary perspective any perspective on women and their situation in capitalist society. This means according to us that it is impossible for Lotta Continua to develop a total perspective on class struggle.

The comrade from Lotta Continua said she was very pissed off that so far Lotta Continua hasn't bothered working out a position on women. She talked about some of the problems it raised within the organisation- especially over working-class male comrades' attitudes to women comrades as sexual objects. The LC guy seemed to agree with her and later agreed with BF's perspectives & practice (such as it is) on women in the community.

The woman comrade said she called herself a feminist but that this wasn't true of all the women in LC. She said it was up to the women in LC to change the situation.

While there are working class women involved in community struggles in LC there are no women factory workers. Obviously this would be a drag on any organisation but given LC's organisational & political emphasis on the industrial workers, obviously linked to their lack of perspectives on women in the community this puts women in a very weak position in the organisation although women are (under)represented at the top of LC.

Discussion 6.1.74.

The Oil Crisis.

The main thing to bear in mind when we discuss the oil crisis is the importance of the distinction between its causes and the way in which various governments use the crisis as an excuse for implementing other policies.

To take the second point first.

It is clear that all over Europe (& Japan too) governments recently have been using similar tactics to make the working-class pay the costs of the general crisis. - that is phoney prices and incomes policies, in which wages are frozen and prices continue to rise, and cutbacks in state spending on welfare, hospital building, education etc. These government strategies have been clear in Britain for some time - the oil crisis has just intensified them, as shown by Barber's mini-budget.

The 3-day week is a political weapon used by the Tories to frighten the working class into acceptance of phase 3 and the worse things which will surely follow it.

In Italy Fiat are planning to take advantage of the crisis situation to close the Mirafiori plant in Turin - the plant at which the workers have proved most troublesome.

The list of effects could be greatly extended but what of the causes?

Oil Crisis...American versus European Capitalism?

The comrades from Lotta Continua (LC) had a very clear perspective on the causes of the oil crisis. They saw it in terms of an economic war between the US and Europe & Japan. America's position of economic and political domination over the rest of the World is increasingly threatened by the strengthening of the position of Japan and the EEC.

This has led to increasing expansionism of US industry in Europe. In Italy US firms now largely control the oil, food and electronics industries. But this expansion must be paid for. Investment abroad means that the US suffers balance of payments problems as the dollars flowing into Europe are not matched by the purchase of goods by Europe from US. The export of investment is not matched by an increase in the productive capacity of US industry. This is an inflationary situation and was made possible in the US by governments (from Kennedy onwards) policies of 'budget-deficit financing', ie by the government spending more than it collects in taxes etc.

The combination of these two policies...Government inspired inflation at home, and encouraging investment abroad...was intended to improve the economic situation of the US vis a vis Europe.

But around 1971 the EEC began to hit back. The form that this retaliation took was to threaten the position of the dollar. In 1971 European bankers (mainly Swiss & German) began to put pressure on the US Government's financial policies (ie the inflationary budget-deficit) and threatened the convertibility of the dollar into gold on the international money markets.

With the dollar being thrown into crisis, ie losing value in relation to other currencies, the Nixon Government was forced to cut back its budget deficit, by the now familiar technique of cutting back on welfare spending. Nixon overturned the Kennedy strategy. But welfare cuts in themselves are not enough if the US wants to retain its World position. SO THE BALANCE OF PAYMENTS PROBLEM MUST BE SOLVED BY EXPORTING MORE AMERICAN GOODS. For the US this mainly entails exporting more agricultural products, as the US always has an agricultural surplus.

But this policy proved impossible with regard to Europe. EEC agricultural policy is designed to protect the relatively inefficient agriculture of Europe against the US. Agricultural products must be sold in the Common Market no lower than the fixed minimum prices that the EEC lays down. So US agriculture can't take advantage of its comparative efficiency (and cheapness of its foodstuffs) by offloading them on the European market. The US government has repeatedly put pressure on the EEC to reduce its minimum prices but this has been successfully resisted, especially by Germany and France.

This rebuff, according to Lotta Continua, forced the US to resort to raising oil prices, which would affect the US much less than Europe and thus help restore American economic superiority.

The point is that increasing oil prices has the same effect as lowering EEC food prices in terms of the relative balance of payments positions of the US & Europe...increased oil prices will throw European balance of payments into deficit.

LC claims that it was the US owned oil companies (all the major oil companies except Shell BP are US owned) that took the decision to raise oil prices. They point out that Nixon has always been closely associated with the oil companies (he used to be a company lawyer)

But how do they explain the apparent discrepancy - that the decision to cut oil supplies and raise prices came ostensibly from the governments of the oil producing countries via their international organisation OPEC?

There is a lot of circumstantial evidence to support the argument. The fact that 2 months before the Middle East War there was a 20% reduction in supplies of refined petrol shows that the oil companies were up to something. The oil companies are of course a World force which makes it almost impossible to understand their exact manoeuvres.

Another source of confusion is the varying attitudes of the different oil producing countries of the Middle East towards the US & the oil companies. On the one hand there is Algeria & Libya who have nationalised and who take a consistently anti-US imperialist and anti-Israel line; while on the other there is Iran and Saudi Arabia who have always supported both imperialist camps in the Middle East. It is noticeable this time round that Saudi Arabia has been much more outspoken about the Middle East situation and at the head of diplomatic missions to Europe.

Clearly all the oil-producers have much to gain from the raising of prices.

Who Loses Most?

The simple answer is that the US stands to lose least from the raising of oil prices out of all the developed capitalist countries. Because:-

- 1) America imports a relatively small proportion of her energy needs in oil - 30% against 90% for Japan. This puts America in a position of advantage over other countries since the cost of manufactured products in the US will not need to be raised so much. Presumably coal, gas & oil reserves could put Britain in a similar situation.
- 2) The US has more alternative energy supplies - uranium & shale oil. Alaskan oil has until now been an uneconomic proposition because of its high costs of extraction & transportation. After the crisis it has suddenly become profitable - the US Government quickly forced through legislation to begin work on the pipeline.

The speed with which the Kissinger plan, proposing co-operation between the US & Europe in developing alternative energy sources, was announced may indicate the US Governments level of preparedness for the oil crisis.

Increasing Costs of Other Raw Materials.

The raising of oil prices is just one facet of a more general trend. The last year has seen a phenomenal rise in the prices of all primary products - that is all raw materials, minerals, food, timber etc. The US, which alone amongst the developed capitalist countries depends to a large extent upon the production & export of raw materials, stands to gain most from this, especially, of course, those financiers & companies involved in commodity speculation.

It is no coincidence that in Nov. 1973, for the first time for many years the US had a surplus on its balance of payments.

Three Levels of Struggle.

The contradictions of capitalism can be summarised under three headings:-

- 1)Conflicts between national economies, eg the economic war between the US & Europe.
- 2)Conflicts between different sectors of national (or international) capitalism, eg bankers against manufacturers.
- 3)Conflict between the ruling class and working class of each country.

The question raised by LC's analysis of the oil crisis - their stress on the economic war between the US and Europe & Japan - is whether this conflict is resolvable short of World War. LC don't see this as a likely possibility for two main reasons.

Firstly, in military terms the US retains an enormous superiority over a disunited Europe & a Japan still largely unarmed. The pathetic squawks raised by European governments (& the British Labour Party) when they were not consulted over the US nuclear military alert during the Middle East War emphasises their impotence. Until this military position changes the conflict between the US & Europe can only go so far.

Secondly, and more important, political questions (ie questions of class struggle) are always put before short-term economic considerations. If there is any chance of capitalist states losing their grip over the national class struggles they will always be prepared to patch up their inter-imperialist quarrels.

Which Sections of Capitalism Benefit from the Crisis?

Broadly speaking those which are most tied to the US, or involved in the supply of raw materials - in particular food producers, oil refiners, finance institutions, currency speculators (banks & multi-national companies) & commodity speculators. These sectors have made huge profits from the crisis - to some extent at the expense of other capitalists, eg. manufacturing industry which has to bear some of the increased costs of primary products (raw materials and fuel)

European Ruling Class Strategies to meet the Crisis.

In Britain, France, Germany & Italy there is a startling uniformity of strategy- Inflation +Deflation (cutbacks in Government spending)

The oil crisis is used as an excuse to intensify work through an attack on conditions and hours.

(See earlier section).

A bit at the end

OECD estimates of current account balances (balance of payments)for 1974

| | <u>Before price increases.</u> | <u>After price increases.</u> |
|------------|------------------------------------|-----------------------------------|
| US | 7.5 (bill. dollars) | 4.7 |
| Canada | 0.2 | 0.3 |
| Japan | 2.0 | - 5.3 |
| UK | - 1.9 | - 5.1 |
| France | 0.5 | - 3.5 |
| Germany | 2.6 | - 2.4 |
| Italy | - 0.2 | - 3.4 |
| Belgium | 0.9 | -0.6 |
| Holland | 1.2 | - 0.3 |
| Other OECD | 1.6 | - 5.9. |

Source...Economist 5.1.74.