

1980s **SOCIALISM or CATASTROPHE**

by **John Throne**

(Member of the Crumlin Branch
of the Labour Party)

**“ The day has passed for
patching up the capitalist
system. It must go.”**

— JAMES CONNOLLY

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Militant

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Since the Tories came to power in 1979, the average wage of better workers in 1980 had only 80% of the purchasing power of the money wage compared to 1979.



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Introduction

THERE ARE 160,000 officially unemployed in Southern Ireland. In Northern Ireland the official figure is 120,000. In real terms there are well over 300,000 people who have been denied work and a decent standard of living because the system of big business cannot use their labour. By 1985 the figure will be 500,000 - a half a million people - unemployed North and South. These figures represent the failure of capitalism North and South. It has failed to develop the resources of society and satisfy the needs of the majority of the population.

The great leaders of the Irish working class movement, Connolly and Larkin, when they fought together 70 years ago correctly predicted this failure. In their struggles to build the trade unions and the Labour Party they started from the position that the task facing these organisations was to organise working class people to overthrow capitalism.

With the killing of Connolly in 1916, the Irish labour movement lost its greatest leader. Over the past 60 years the movement has retreated from its socialist and marxist traditions. In the 40 years up to 1960 mass emigration took many of the *youth and working class* abroad and contributed to the weakening of socialist policies. In the 1960s and 1970s rising living standards seemed to suggest that capitalism could solve its problems. It is today clear that this is not the case. There is no longer any escape valve of emigration and living standards are declining. What is now necessary is that the labour and trade union movement should return to the traditions of their founding years.

The organised working class is the greatest power in society. This was demonstrated

in the mass demonstrations and general strikes on the PAYE issue. This great power must be mobilised to take control of society. The commanding heights of the economy, the banks, finance houses and all major industry must be taken out of the hands of the profiteers and speculators. Nationalisation of these decisive levers of the economy under workers' control and workers' management would make possible a socialist plan of production to end unemployment and homelessness, reduce the working week and raise living standards.

Only socialism can end the poverty, insecurity, violence and repression of Irish society, North and South. Only socialism can end both sectarian and poverty ridden states North and South and unite the Country. The working class has the power to bring about socialism. What is demanded is that the leaders of the labour and trade union movement must raise the banner of socialism and organise to change society.

This means an end to the policies of trying to patch up capitalism and the policies of collaborating with big business or its political representatives. On the trade union front, *national wage agreements must be rejected* once and for all. The power of the movement must be mobilised to win what is necessary to provide and secure a decent standard of living for all and not what the employers say they can afford. On the political front, Coalition or any type of parliamentary alliance or agreement of any kind with the big business parties of Fianna Fail and Fine Gael must be rejected by Labour. Labour must put forward its own socialist policies and stand alone and fight to win support for a majority Labour government pledged to end capitalism.

To those who say that these measures are not practical it is best to let James Connolly answer. In his pamphlet 'Socialism Made Easy', written in 1909 and republished by the Labour Party in 1969 he stated:

"Revolution is never practical - until the hour of the revolution strikes. Then it alone is practical, and all the efforts of the conservatives and compromisers become the most futile and visionary of human imaginings.

For that hour let us work, think and hope; for that hour let us pawn our present ease in hopes of a glorious redemption;....for that supreme crisis of human history let us watch, like sentinels, with weapons ever ready, remembering always that there can be no dignity in Labour until Labour knows no master".

These words of Connolly are a hundred times more true today than they were in 1909.

This pamphlet spells out the crisis now facing society and the socialist alternative. It deals with the events and processes in Southern society. It does not develop the case in relation to Northern Ireland. While it is, of course, impossible to end capitalism in Southern Ireland without a similar

movement in Northern Ireland and vice versa, and without the uniting of the working class on a 32 County basis, it has not been possible to deal in detail with Northern Ireland. These questions are dealt with in the Militant pamphlet 'Divide and Rule' and the Labour and Trade Union Group pamphlet 'Common Misery, Common Struggle'. Both these are available from the same sources as this pamphlet. They spell out the lesson of the past 60 years in relation to the North - only a united working class movement, fighting on socialist policies, can succeed in the ending of all aspects of capitalism and imperialism, economic, political and military, North and South.

The purpose of the publishers of this pamphlet is to convince its readers of the need to fight for socialism in the mass organisations of the working class - the trade unions, the Labour Party and the Labour Youth Section. Only the establishment of a Socialist Workers' Republic throughout this island, linking up, by means of a socialist federation, with a socialist republic in Britain, can avert the catastrophe which is all capitalism offers in the 1980s.

1970s — The labour movement is thrown back

1967-1970 THE WORKING CLASS AND THE YOUTH MOVE INTO STRUGGLE

An understanding of the developments which will take place in Irish society in the months and years that lie ahead is impossible without an examination of the events of the past 1½ decades.

During the years from 1967 to 1970 the youth and the working class movement, North and South, were taking action to express their demands for jobs, decent living standards and democratic and trade union rights. Southern Ireland, along with Italy, had the highest days lost in strikes per head of population in Western Europe in the late 1960s. The maintenance mens strike in 1969 brought whole sections of industry throughout the State to a halt. The housing action committees in Dublin and elsewhere brought thousands onto the streets and confrontations with the state forces. This movement of the youth and the working class pushed Labour to the left and resulted in the Party in 1969 getting its highest ever vote - 17% - while standing on its most left wing programme ever.

In the North the anger of the youth spilled over and the massive movement around civil rights took to the streets. This movement initially included economic demands for jobs, houses and decent wages for all and had, at the least, the sympathy of sections of the Protestant workers and Youth. The Northern Ireland Labour Party (NILP) won 100,000 votes in the 1970 election and was the second

biggest party in the North.

This movement of the working class and the youth in Ireland was part of an international movement which was taking place at that time. The French general strike of 1968 saw 10 million workers stop work and in many areas occupy their workplaces. In Czechoslovakia the movement of the working class and youth was of such proportions that only a full scale invasion by the armed forces of the Russian bureaucracy was able to suppress it.

The youth in particular were taking action in Western Europe and the USA, as the movement against the Vietnam war gathered strength. In the colonial and ex-colonial world the struggles of the working class and the peasants continued. In Chile, a self-proclaimed Marxist, Allende was elected into power.

Part of this world wide movement included the beginning of the end of the two decades of relative calm in the advanced capitalist world which had accompanied the post war economic boom. It was an indication that, on a world scale, a new period of struggle was opening up.

In Ireland, North and South, this process was reflected in the movement of more and more sections of the working class and the youth in the direction of Labour and socialism. Youth sections of the Labour Parties were formed and grew dramatically. Young people were joining these parties as never before.

North and South the youth and the trade union activists and the Labour Parties were moving into action.

The 1969 march in Dublin against the South African Rugby Team underlined how the movement was coming together and taking independent political action. Organised by the trade unions, over 10,000 trade unionists and youth, behind the trade union and Labour banners from North and South marched side by side in Dublin.

Big business North and South, and their representatives throughout the island as a whole were finding their control and their system challenged. As is always the case in such a situation, these elements, the Haugheys, the Lynchs and the FitzGerald's representing the speculators and employers in the South, and the Faulkners, Craigs, Humes and Canavans representing the speculators and employers in the North, moved to fight off this challenge. What frightened them in particular was the coming together of the struggles North and South and across the sectarian divide. There was no depths they were not prepared to sink to in order to maintain their power and privileges.

The tactic of course was the old tried and tested one of divide and rule. To this they added the red scare. In the North, Craig as Minister for Home Affairs ordered the battoning of the civil rights marches into Catholic areas. The B-Specials, in and out of uniform, were whipped up to help out. Fears of Protestant workers were played on. The new leaders of the Civil Rights movement, Curry and Hume with their close associate, Derry millionaire Canavan, gave strength to these tactics as they built their base by a strict appeal to Catholic unity and in so doing assisted in the dividing of the movement and in the defeating of the strong socialist current within the Civil Rights movement which stood for working class unity.

In the South their fellow conservatives had nothing to learn either about dividing and ruling. The republican movement was split and support given to the more right wing elements in that movement for the formation of a new organisation. It was, of course, to confine its actions to the North. The Provos were born. Side by side with this, they launched a vicious red scare campaign against Labour in the 1969 election. In the following year, they threatened anti-trade union legislation unless National Wage Agreements, with no-strike clauses and two-tier picketing regulations were accepted. The crisis of the last 14 years in Ireland as a whole can be laid at the feet of big business, North and South and the forces of British capitalism.

For centuries British landlordism and British capitalism exploited this island, taking from it the surplus of the working class and peasantry in the form of rent, interest and profit. They held onto power by the policies of divide and rule and military repression where this failed. This resulted in sectarian division and ultimately in the partition of the Country. When Irish capitalism came to power in 1922 in Southern Ireland they were unable to solve the economic and social problems.

The Northern state also was plagued with high levels of unemployment and poverty. In both states, the big business sections who were in control held onto power by the creation of sectarian states and the linking of the religious fervour they whipped up to nationalism or unionism, whichever was appropriate. In this way they kept control.

The years 1968 - 1970 saw these elements North and South seriously challenged. They resorted to the old methods and they unleashed the forces which have resulted in the deaths and suffering of the past 14 years. This is the price the working class people, and especially the youth, in the North of Ireland had to pay for the preservation of the wealth and privileges of big business North and South.

This is not, of course, to excuse the leaderships of the various paramilitary organisations whose actions have deepened the sectarian division amongst the working class and thus weakened the labour and trade union movement.

They also by their actions created the mood within society by their bombings and shootings which allowed big business to pass more and more repressive laws, increase its army and police strengths, and step up its spying on, among others, the labour and trade union activists. The actions of these organisations strengthen big business and in the years ahead it will be the working class, as they move to change society, who will have to bear the

brunt of the increased repressive legislation and the stronger police and army.

It is only the working class, united in struggle, which can end the poverty ridden and sectarian states of big business, North and South,

and unite the Country on a socialist basis. The paramilitary organisations by their actions only made this struggle more difficult and their campaigns and actions have been entirely counter-productive.

THE LABOUR AND TRADE UNION LEADERSHIP REFUSES TO LEAD

The offensive of big business North and South to weaken and defeat and side track the developing movement of the working class was to be expected. No class gives up its power and privileges without a struggle. These attacks however would never have been successful, in fact, they would only have further spurred on the working class and the youth, if it had not been for the role of the labour and trade union leaders North and South. At the first sign of battle, they walked away from the battlefield without firing a shot.

In the North, it was the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC ICTU), which in the mid-'60s had initially raised demands for an end to discrimination and for full civil rights, as well as jobs and houses for all. When the mass movement got under way they stood back and let its leadership fall into the hands of the right wing, middle class, Catholic elements like Hume and Curry. The leaders of the NILP, which had also helped raise these issues, similarly walked away from the struggle and moved increasingly to a right wing, loyalist position and the Party's collapse.

Left leaderless, the movement in the North was easy prey to the divide and rule tactics of the ruling class. As a result, the raised aspirations, especially of the Catholic youth, were dashed and the way was open for the Provos to gain a semi-mass base for a period for their doomed and catastrophic methods. The Protestant paramilitaries also won a semi-mass base for a period as the Provos launched their campaign in its full fury from 1971 to 1975.

In the South, under the red scare attacks in the 1969 election and their failure to take the large number of seats they had hoped for, the Labour Party leaders abandoned all talk of struggle and socialism. They called a special conference in 1970 and, against the opposition of the trade unions and the youth, took the Party on the road of Coalition.

Disastrously, the youth and the activists left the Party in droves. In



Justin Keating, one of the architects of Coalition.

an opinion poll in 1969, 50% of the Dublin youth had said that if they had been able to vote they would have voted Labour (voting age was 21 at that time). This support also was cut across before it could properly show itself.

On the trade union front, the Fianna Fail Government's threat of anti-trade union legislation, instead of being answered with the mobilisation of the full power of the working class by the trade union leaders, resulted in the majority of the trade union leaders and the Irish Congress of Trade Unions as a body accepting National Wage Agreements, complete with no-strike clauses and two-tier picketing. The effect that this had in undercutting the struggle on the trade union front was demonstrated by the fact that days lost in strikes fell from 1,007,714 in 1970 to 273,700 in 1971.

THE MOVEMENT IS THROWN BACK

These set backs - the growth of sectarianism and the collapse of the political arm of the trade union and labour movement in Northern Ireland, the decline in industrial battles, and the cutting in half of the Labour Party vote in the South - resulted from the lack of lead of the trade union and labour leaders when the movement went forward in the late 1960s and early 1970s.

The refusal by the labour and trade union leaders to give a lead to the movement resulted in major set-backs which lasted throughout the entire decade of the 1970s. In the North sectarianism gained strength and the political arm of the labour movement collapsed and to all intents and purposes disappeared. In the South the battles on the industrial front declined to only a shadow of their former strength and the support for the Labour Party was halved.

Unable to find a way forward due to the failure of their leaders to give a lead, many of the formerly more active sections of the trade unions and the Labour Parties once again lapsed into political inactivity. Cynicism with political activity developed apace. Some of the youth for a brief period, and for many of them the results were fatal, turned to the paramilitary organisations in their impatience and despair.

What was needed during that period, as is the case at present also, was for the labour and trade union leaders, North and South, to spell out a clear programme for the ending of both poverty ridden and sectarian states and for the establishment of a 32 county socialist workers republic. What was needed was for them to launch a united campaign against the sectarian nature of both states, against the attacks on wages and trade union rights North and South, which were launched by the Tories under Heath in Britain and the Tories under Lynch in the South.

These should have taken the form of all Ireland days of action, marches and strike action, co-ordinated on a 32 county basis. Side by side with these activities, the two Labour Parties North and South should have built upon the Council of labour that existed between them and moved towards the creation of an all-Ireland Labour Party to lead the struggle arm in arm with the all Ireland Irish Congress of Trade Unions.

Such mobilisations around dem-

ands for an end to discrimination and sectarianism North and South, for a 35 hour week with no loss in pay, for a decent minimum wage and equal pay for all, male and female at 18 years of age, for the nationalisation under workers control and management of the banks and finance houses and all major industry, would have united the working class North and South. Such a lead would also have made possible the ending of capitalism and landlordism North and South and the socialist unification of the Country.



**Jim Larkin mobilising
the power of the labour movement**

Such a lead and the response it would have received would have been taking place against the great battles which were wages in Britain against the Heath Government and its hated Industrial Relations Act. Such a lead from the Irish working class would have resulted in the

struggle in Britain assuming the proportions of an all-out struggle to end capitalism there, with all the repercussions this would have had internationally.

Such a lead from the Irish trade union and labour leaders would also have meant that all the deaths and suffering and divisions of the past 14 years in Northern Ireland would have been avoided. Such a lead would have put the socialist workers republic on the agenda as the most likely development in Ireland in the 1970s, instead of what did take place - the temporary and partial weakening of the movement, mainly on the political front, over those years.

What was needed was leadership of the quality and in the mould of James Connolly and Jim Larkin. What was on offer was abdication of leadership and retreat. The result was the throwing back of the movement for close to a decade. This was the decisive feature of the 1970s.

The movement was politically disarmed as the Labour Parties, North and South, adopted right wing, social democratic positions, and, in the case of the North, a sectarian, loyalist position also. The arguments of big business, of Fianna Fail and Fine Gael, and the Unionists and Nationalists of the SDLP, were left unanswered. The various strands of republicanism attempted to step into the vacuum. While initially winning some support amongst the youth, their false methods became clear and their initial attraction dissolved.

In the South on the economic front, participation in National Wage Agreements saw most of the trade union leaders - there were important exceptions - echo the arguments of the bosses for the need for compromise and sacrifices to be made. All was to be done by negotiation; the power of the trade union and labour movement was not to be mobilised. The Labour Party leaders caught up in their Coalition strategy were also articulating the arguments of the bosses for sacrifice and no struggles.

Amongst the youth despair grew and disillusionment with political struggle was rife. Amongst the trade union activists it was mainly a question of defending what gains had been made in the past and an aversion, as with the youth, to have anything to do with political activity, due to Labour's Coalition activity in the South and the collapse of the NILP in the North.

In fact, the actions of the leaders of the Labour Parties, North and South, in the early 1970s have left the working class movement in Ireland politically weaker than in any other advanced industrial country, with the exception of the USA.

THE MOVEMENT RECOVERS

While understanding the extent of the set-back suffered by the movement in the 1970s and the reasons for it, it is now essential to see that the movement has now recovered and is once again on the offensive.

This pamphlet is not dealing in detail with events in the North so it is sufficient here to point to the half-day general strike of April 2nd, 1980 in the North, which demonstrated how the working class was increasingly coming together in struggle.

In spite of the increased tensions around the H-Block issue in 1980/1, there has been no return to the sectarianism of the early 1970s. The movement held together, and, over the past months it is clear that it is once again moving forward. The struggle around the National Health strike has seen a real mobilisation of the movement with workers from both Protestant and Catholic backgrounds marching and demonstrating and picketing side by side.

Part of this process has been the increasing demand amongst the activists, especially on the trades councils, for the building of a mass labour party to cut across the sectarian divide and to unite workers on the political plane in the struggle for socialism. The movement there has survived the sectarianism and repression of the 1970s; it has moved into renewed action on the industrial front and it is moving also to replace its lost political voice.

In the South the obstacles put in front of the movement have been dismantled as the economic crisis develops and the pressure of the working class, arising out of the effects of that crisis, pushes the movement forward.

The National Wage Agreements have come to an end. The gap between the employers, including the Government, and the working class could not any longer be bridged. Wage increases are now once again the subject of negotiation between shop stewards committees, branch committees and membership on the shop floor, on one hand, and the employers on the other. The strikes of the shop workers and the PMPA show how new, fresh layers of workers are being moved into battle for the first time. And the struggle against the increase in PRSI, the jailing of the members of the painters union and the breaking of the public sector pay agreement show how the movement as a whole is mobilising its power to defend its living standards.

In the course of the struggles North and South, calls for a one day general strike in support of the health workers in the North and a one day general strike in opposition to the Government's public sector pay cut were heard. These signify once again the movement of the working class North and South together in struggle. What is called for in the present period was what was lacking in the late 1960s period.

The trade union leaders role must be to pull these movements together in united action by such mobilisations as a one day general strike on a 32 county basis, against the pay restraint and the social spending cuts of both Tory governments. As the Crumlin Labour Party Branch stated in a resolution passed at its August 1982 meeting "What is needed is a lead by the ICTU to pull together the movements North and South in a one day general strike against pay restraint, social spending cuts, unemployment and against both Tory governments".

However, to return to the developments of the late 1970s. The break in the situation in the South was

heralded by the magnificent POWU strike in 1979. Days lost in strikes topped 1 million in 1979 for the first time since 1970. The general strikes and demonstrations on the PAYE issue in 1979/80 marked the movement as a whole overcoming the obstacles placed in its path by National Wage Agreements and no-strike clauses.

The working class held back by their national leaderships, turned to the trades councils and through these responsive and powerful organs showed their power and their readiness to take action.

Politically also the defeats of Coalition and the 1970 Conference have begun to be set aside. The decision of the AC of the Labour Party not to enter Coalition after the February 1982 Election marked a decisive change in the Party's attitude. This was the first defeat of the pro-Coalition Parliamentary Labour Party by either the AC or the Party membership since it went for Coalition in 1970.

The growth of the Labour Youth and its adoption of a clear anti-Coalition position is also a decisive step towards opening up the Party to the youth. The beginning of a trickle of new members into the Party, especially where the Party was virtually non-existent previously, also illustrates the new phase the Party has entered.

A QUALITATIVE CHANGE AND THE NEW PERIOD THAT HAS BEEN ENTERED

The key element that must be understood is that a qualitative change has taken place in the struggle of the working class against the employers and their conservative governments over the past 18 months. The period of relative lull in the movement which existed during the 1970s when the movement was thrown back is now over.

While another national wage agreement or Coalition cannot be absolutely ruled out, such developments are extremely unlikely and could only last for the briefest of periods of time. The polarisation of society between the classes is widening daily as capitalism cannot any longer afford to maintain working class living standards - in fact, the objective of big business is to cut them by 10-20% at least. At the same time, the working class are no longer prepared to endure cuts in standards and are preparing for battle. **In the conflict that is opening up there will be no base on which the trade union and labour**



Apprentices and trade unionists on the march in Dublin.

leaders could rest which would allow them to sit around a table with big business, agreeing to national wage agreements which hold back the labour movement, or in the Cabinet agreeing to budgets which cut workers living standards.



POWU members during their heroic 19-week strike in 1979

THE WORKING CLASS IS THE MOST POWERFUL FORCE IN SOCIETY

Historically also the forces are such as will result in very rapid developments. The political alignments in Southern Ireland with the weakness of Labour and the strength of Fianna Fail and Fine Gael reflect the social forces which are long gone.

Southern Irish society is no longer a predominantly agricultural country as it was in the 1920s and 1930s when these alignments were formed. Only 19.2% of the workforce is now involved in agriculture, fishing and forestry. This was 52% in 1926. 32.4% are involved in industry and 48.4% in the other sectors, mainly service and white collar occupations, which are mostly unionised. (Figures from OECD Observer March 1982).

At the same time, 50% of the population is 25 years of age or under. And, unlike the past, when mass emigration took hundreds of thousands of mainly the young abroad, and took the pressure out of the class struggle, this escape valve for capitalism no longer exists. Mass structural unemployment now exists in Britain and all the other traditional outlets for Irish emigration.

Along with this, the old repressive attitudes of the Church and society are increasingly rejected by the youth and the working class. It should also be kept in mind that one aspect of the failures of the labour and trade union leadership in the 1970/71 period has been a much greater awareness amongst the trade union and labour activists of the role of the leadership and the need to keep as much control in their own hands as possible.

Therefore when the movement of the working class which is now the overwhelming majority in society begins to make itself felt politically, the political alignments will be catapulted into the present and come to correspond with the present forces and attitudes. The longer a dam is in place blocking the flow of a river, the bigger the pressure builds up behind it and the greater and faster the surge will be when the dam bursts and the great torrent sweeps all before it, transforming entirely the situation from that which existed previously.

THE MOVEMENT'S STRENGTH IS INTACT

Two important elements in the struggles that have opened up must be recognised. In spite of the setbacks, the trade unions have maintained, and, in fact, increased their enormous power. Their membership has increased over that period from 386,800 in 1970 to 498,900 in 1979. (ICTU figures for all unions, Congress and non-Congress). The surface rust which has accumulated from the less frequent usage of the shop steward movement, in some areas, and the attempts to undermine and discourage the strike weapon and sympathetic action under the National Wage Agreements will quickly be removed as battle is commenced. The organised trade union movement remains far and away the most powerful force in the Country.

The second point that must be recognised about the period opening up is the tempo of events which lie ahead. While it is, of course, true that events do not proceed in a straight line or at a fixed tempo, it is necessary to see that, at certain periods, general characteristics can and must be recognised. The failures of the leaderships have resulted in the movement being held back over the past decade. At the same time as the road forward was blocked, the pressures for

change were continually building up.

Unemployment was rising, living standards were falling, the prospects for the youth grew bleaker and bleaker, the contempt for both Fianna Fail and the Coalition grew stronger; yet the working class and the youth could see no way to take action on these issues, as Labour was trapped in the Coalition. It is precisely this contradiction which will lead to an enormous speeding up in the events and processes that are now at work. Held back for so long, when the road to struggle opens up, the speed and advance will be even greater.

Of course, there will be ebbs and flows in the movement - there will be periods of near revolutionary and revolutionary activity; there will be periods of lull and despair and even periods of semi-reaction may exist briefly, with these in turn being followed once again by great surges forward.

But while keeping this in mind, it must be remembered, and the implications must be grasped, that, compared to the long drawn out lull of the first 8 years of the 1970s and the confused nature of developments of the past 3 years, the period ahead will be marked by events taking place at great speed. The movement will race forward to make up for the time that has been lost.

A PERIOD OF WORLD REVOLUTION - THE PROLONGED DEATH AGONY OF IMPERIALISM AND STALINISM

Another vital element which will also add pace to the tempo of events is, of course, the international situation. The dominant feature in the world situation is the crisis which now exists simultaneously in all three main areas of the world - the underdeveloped countries of the colonial and ex-colonial world, the advanced capitalist countries and the deformed workers states of Eastern Europe and Russia and, in the future, also China. The crisis in the world is a crisis of the productive forces and the slowing up in the rate of growth of these forces.

In the period 1960 to 1973 the Gross Domestic Product (GDP) of the advanced capitalist countries rose by 5.0% per year. During the years 1973 to 1975 this fell to 1.7% per year. For a brief period of four years from 1975 to 1979 the figure rose to 4.3% but from 1979 to 1981 it was once again down to 1.8% per year. The estimated growth for the period 1981 to 1982 is 1.2%. (Financial Times 22/7/82 quoting World Economic Outlook Whorton Econometric Associates).

In the Comecon countries, predominantly made up of Eastern Europe and Russia, average growth was 10% in the 1950s. This fell to 7% in the 1960s, 5% in the 1970s and in 1979 was 2.1%. (Official Comecon Figures).

What these figures mean in living terms is that, with a growing world population and the growth in production slowing up, the necessities of life can no longer be provided even to the extent that was the case in the 25 years of the post war boom from the late 1940s to the early 1970s. For the masses in the underdeveloped world, this means outright starvation. For the working class in the advanced capitalist countries, it means a return to the 1930s, and, for the working class and peasantry in the Stalinist world, it means an attempt by the bureaucracy to reduce their living standards, and as an accompaniment, to increase repression.

It is this "whip of counter-revolution", as Marx described such developments, which is now propelling the working class, the youth and the peasantry on a world scale into struggle. The struggles against the bureaucracy in the East will encourage and add to the struggles against capitalism and landlordism in the West, and the struggles against capitalism and landlordism will similarly push forward the struggle in the East. **The period that has now been entered is a period of world revolution, unparalleled in history.**

It is a period of increased instability, increased crises and struggles

with the working class and peasantry in the West rising to end capitalism and the working class and peasantry in the East rising to end the rule of the bureaucracy. It is a period which will be dominated, not by the sparring of US Imperialism with the Russian bureaucracy as might appear the case at present, but instead by attempts of the ruling class in the West and the ruling caste in the East to suppress and keep control of the working class in their own countries and spheres of influence. A clear example of this was Reagan's crushing of PATCO, the air traffic controllers' union in the USA, at the same time as the Polish Bureaucracy were crushing Solidarity with the support of the bureaucracy in Russia and all the countries of Eastern Europe.

The struggle of the working class in the world arena in the years ahead will be in the direction of attempting to establish healthy democratic workers states by overthrowing capitalism and landlordism in the West and the bureaucratic stalinist regimes in the East. **This process of world revolution is proceeding and the process of the Irish revolution as part of that overall development has begun.**

The task is to ensure that the lessons of the past will be learnt by the movement as a whole. And out of this process a leadership will be built in the mass organisations, the trade unions and the Labour Party which will be capable of showing a way forward to the movement.



Labour Youth marching against unemployment and for socialism

Southern Ireland

1922 - 82, 60 years

of capitalist failure

Over the 60 years of the existence of the Southern State various options were tried by Southern Irish capitalism in its attempts to develop society and solve the problems facing it.

The period 1922 to 1932 under Cumann na nGaedheal saw the maintenance of the open market between Britain and Ireland. This suited the large merchants and big ranchers who mainly traded with British capitalism. This ended when Fianna Fail came to power in 1932 and erected tariff walls and attempted to build up and develop native industry. This policy mainly rested upon the small manufacturers and petit-bourgeois. The small farmers support was won when Fianna Fail opposed the payment of land annuities to British capitalism.

Under the centuries of British Colonial and Imperialist rule however, the surplus created by the working class and peasantry was sucked out of the economy in the form of rent, interest and profit to the British ruling class. It was invested mainly in British industry and this accelerated the accumulation of capital by British capitalism.

The Southern Irish capitalist class were therefore unable to accumulate sufficient capital and to develop sufficient technique and vitality to successfully develop a viable industrial base. The experience of the embryonic Irish capitalist class had mainly been in small scale money lending, alcohol and food retailing and the service sector. On top of this were the legislative and military measures used to suppress any Irish industry which would have tended to compete with British industry.

It was Leon Trotsky who in 1905 in his Theory of the Permanent Revolution explained that in a country whose capitalist class developed late on the scene of history, this capitalist class would be unable to carry out its historic functions. These were the unification of the national territory, the distribution of the land to the peasantry and the establishment of a viable economic industrial base.

Lacking sufficient capital and technique, Southern Irish capitalism, during the years 1932 to 1958 when it seriously attempted to develop for itself a viable industrial base behind tariff walls, were capable only of exporting hundreds of thousands of Irish people and presiding over a stagnant economy. Threatened by large scale movements of the unemployed in the 1950s, and observing the growth in the rest of the more advanced capitalist world as the post war boom developed at speed, Fianna Fail in 1958 moved to dismantle the tariff walls and invited in international capital to invest and develop the economy. This policy has been in force since. Both Fine Gael and Fianna Fail are now in agreement on this policy. The basis for any difference between these parties has thus entirely disappeared.

From 1959 on it was simply a question of holding up the greatest possible attractions to foreign capital to entice them to invest. As the IDA advertisement in the

Financial Times of 16/4/82 boasted, Ireland has "the highest return on investment in Europe".

Before looking in more detail at the failure of this strategy, it must be stressed that Irish capitalism has reached the end of its tether as far as alternative economic strategies are concerned. Their attempts in the 1930s, 1940s and 1950s to build a base behind tariff walls will not be repeated.

The lesson has been too well learned, and the erection of tariff walls now would cut across continued foreign investment and threaten the foreign investment which is already here. Foreign capital has made it clear that it comes to Ireland not only for the tax concessions, generous grants and low wages but also, and very importantly, for access to the market of the EEC.

While import controls and possibly tariffs may be enacted in the future, it will not be as part of any strategy to develop the economy but in desperate defensive attempts to try and preserve the remnants of the home market which will remain to sections of native industry.

So the present crisis is one which the capitalist class cannot escape from by some alternative economic strategy as attempted in 1932 and 1958. Now their only option is to attempt to cut the share of production going to the working class and as part of this to weaken and destroy the organisations, the power and the trade union and democratic rights of the working class.

CRISIS POSTPONED - CONTRADICTIONS INTENSIFIED

As the economy began to go into difficulties in the world recession of 1974/75, various short-term measures were introduced to attempt to overcome the crisis. The Coalition Government moved from a position of balanced budgets to borrowing for both current and capital expenditure. Budget deficits became the order of the day. This soon led to an increased turn to foreign borrowing as funds to finance the deficits became scarce in the home market. This increased government borrowing also added to inflation as funds were pumped into the economy while no equivalent growth in the production of goods took place. Too much money chasing too few goods is after all what inflation amounts to.

At the same time, the increased budget deficits led to the sucking in of imports. The result of this strategy has, of course, been raging inflation, a large balance of payments deficit and near bankruptcy. Fainna Fail exacerbated the crisis when they increased the budget deficit further in 1977 in order to pay for their election-winning

manifesto.

On the basis of capitalism there is no solution to the crisis. If they continue to borrow, inflation will increase, imports will be sucked in, the balance of payments deficit will explode, the value of the currency will be undermined and devaluation will be on the agenda. And, of course, very soon the limit of borrowing will be reached as foreign financiers will refuse to loan more money unless they see some hope of the economic problems being solved and the repayments therefore being assured.

The crisis in Poland and in the Falklands, with the effects the latter events has had on Argentina's ability to make repayments, and now the crisis in Mexico has made international money lenders much more cautious in their dealings. So continued borrowing will lead eventually to recourse to the International Monetary Fund, which would enforce drastic cut-backs on Government spending and the living standards of the working class before extending any loans.

CAPITALISM MEANS THE DESTRUCTION OF THE PRODUCTIVE FORCES AND MASS POVERTY

The options on the basis of capitalism are either to drastically cut living standards now or to wait until international credit runs out and have the cuts administered by the International Monetary Fund (IMF)

It must be understood that these are the only options under capitalism. What also must be understood, and its full implications grasped, is that the strategy, if it can be called that, of cutbacks lowering living standards in an effort to balance the budget will only lead to a further weakening of the economy and an acceleration of the crisis. Cutting the budget deficit will cut the home market, as government services and departments and workers will have less to spend. This in turn will lead to a fall in demand for the goods produced by the firms which produce for the home market. These firms in turn will lay off workers or close down and put more workers on the dole queue. These workers will have less to spend and the home market will be cut further and so the crisis will grow.

One of the features of capitalism in crisis historically, and the present crisis is no exception, is that the

capitalist class seek to solve the crisis by destroying the means of production; closing factories, scrapping machines, etc. As Marx explained, there are times when it appears the capitalist class go mad.

How can a crisis of indebtedness

and increasing poverty be solved by destroying the means to create wealth. This, of course, is the contradiction in their system and the contradiction in their system leads to the contradiction in their thought.

With the growth in unemployment which will result, the state will have to pay increased unemployment benefit to the unemployed workers. The result of the policy of cutbacks, of monetarism, will be more workers on the dole, more state expenditure on unemployment pay and less production as the products turned out by the workers when they had jobs will no longer be produced.

Seen in this context, the agreement of the trade union and labour leaders to wage cuts through wage increases which do not keep pace with inflation only serves to make the economic crisis and the unemployment rates higher in the long term.

Another aspect of this is that cuts in wages allow the capitalists to lie back on the temporary advantage that low wages give them over their competitors, instead of putting in new machinery and equipment and developing new techniques and markets. As a result, competitiveness worsens and the crisis deepens as home and export markets are lost.

Irish capitalism will continue to take this road in the coming years; the road of Thatcher and Reagan. The result will be a worse crisis, a further decline in the productive base, 300,000 on the dole and inflation and indebtedness. They will conclude from this experience that what will then be necessary is to end entirely the state benefits to the unemployed and to cut further into living standards. Outright counter-revolution, the taking back of all that has been gained by the working class in struggle - this is what capitalism will increasingly move towards in the 1980s.



Trade unionists in Waterford marching against factory closures

WORLD ECONOMIC CRISIS

They will be launching these attacks against a background of world economic crisis, of falling living standards, falling investment and falling demand. With each capitalist country now attempting to cut the living standards of its own working class and to increase their respective exports, there can be no solution. One capitalist's home market is another capitalist's export market. So the crisis will be exacerbated.

A feature of crisis will be the increased tendency to protectionism as each capitalist class seeks to protect their own home market. One of the features of the post war boom was the growth in world trade. The growth of protectionism is both a consequence and cause of the crisis. Those who call for import controls will simply increase the crisis, as retaliation takes place and more and more obstacles are put in the way of international trade, and with trade war developing whole swathes of industry will disappear in the various countries and with them whole markets.

Along with the cuts in the share of the market made up by the consumption of the working class and middle layers, there is the crisis of investment and the cut in the share of the market made up of capital goods. The capitalist class make investment decisions on the

basis of a number of criteria. These include a sufficiently high return on investment, the rate of profit, the availability of a market and economic and political stability. The rate of profit has been falling consistently over the past 20 years. See table below.

FALL IN THE RATE OF PROFIT

	Britain	France	W. Germany
1960	9.9%	11.9%	23.4%
1975	6.9%	4.1%	9.1%

As a result, the capitalists are slowing up investment in productive industry and increasingly putting their capital into the service sector or speculation in land, property and commodities. This has many results. It means there is less demand for capital goods, machinery etc., and a falling off in demand and production and jobs in this sector. It also means that inflation is fuelled as capital goes into speculation in property and commodities and as the growth in the production of goods slows up. So therefore, the economic crisis is part of the world economic crisis and the cutbacks in the home market are cutbacks in the world market.

The inflationary deficits are part of the inflationary pressures on a world scale and vice versa. **And the more the capitalist class move to**

prop up and increase their falling rate of profit by cutting working class living standards, the more the market is cut and the less is the demand for goods.

The present world recession reflects the lack of sufficient demand in world markets as major capitalist governments cut back on wages and public spending in an effort to increase profits and the rate of profit and reduce inflation. The high interest rates simply reflect the tightening up of the supply of money as the various capitalist

governments seek to reduce inflation by increasing unemployment and cutting living standards. And of course, whatever success they may have in this field is accompanied by a fall in demand in the market and this in turn adds further to recessionary pressures.

This is the contradiction facing capitalism and they cannot resolve it. On the basis of capitalism there is no solution to the problems of slow growth, rising debts, falling investment and rising unemployment. This is the central point that must be grasped. This is the overall general perspective which must be assimilated by the labour and trade union movement as a whole. Capitalist rule over the 60 years of The State's history has failed and all it can offer is a continuation and an acceleration of that failure.

THE ECONOMY 1982

After 60 years of capitalist rule economic catastrophe looms. Since the foundation of the State in 1922, the capitalist class, through their representatives in Fianna Fail and Fine Gael, and its predecessor Cumann na nGaedheal, has formed or dominated successive governments. It has been their system of rent, interest and profit; their system of so-called private enterprise, which has been the basis of the State's economy.

After 60 years, during which the Irish capitalist class has had political, military and economic control over the 26 Counties, the economy is sliding towards bankruptcy. The failure of capitalism is written in the facts and figures of inflation, state indebtedness, the balance of payments deficit, the lack of competitiveness, the loss of the home market to imports, and the unemployment figures. The capitalist class has been in charge - it has been their system and it has failed.



The old and the young uncared for under capitalism

INDEBTEDNESS

During 1981, and especially in the months between the June 1981 election and the February 1982 election, the main aspect of the economic crisis that was highlighted was the State's indebtedness. With the leaking of the proposals of the Telesis report, which was compiled by the US-based Telesis Consultancy Group and was commissioned by the National Economic and Social Council on the request of the Taoiseach, Charles Haughey in February 1980, the discussion widened out into a more overall view of the economy.

However, it is useful to look at the State's indebtedness in order to get a view of the degree of the crisis. These figures paint a horrifying picture of a weak productive base, governments which borrowed and borrowed in order to postpone the crisis until they could fight the next election, and a situation in the State's finances where a massive haemorrhaging takes place with money flowing into the pockets of big business, by means of interest to the financiers and grants and assistance to the industrialists out of an exchequer fund which is overwhelmingly kept afloat by the taxation of the working class.

The Gross National Product (GNP) of the 26 counties in 1981 was £10 billion. It is against the £10 billion GNP that the extent of the debts should be judged. Ireland's total national debt in 1981 equalled £10 billion - one year's GNP. The National Debt in 1970 was £1,000 million. It reached £8,000 million by the end of 1980 and £10,000 million in 1981. This is a disasterous position facing the State and no equivalent national debt in proportion to GNP can be found in any other advanced capitalist country.

The cost of servicing this National Debt was £880 million in 1981; up from £582 million in 1980. As Whitaker, the ex-Governor of the Central Bank explained, it took 50 years for the National Debt to reach £1,000 million in 1970 and it was then multiplied 10 times in the following ten years.

Over the first six months of 1982, the growth in the National Debt accelerated ever faster; going up by 11% to over £11,000 million. Southern Ireland now has a National Debt as large as crisis-ridden Mexico per head of the population. The cost of servicing the National Debt in the first half of 1982 was £705 million - an increase of 40.7% over the same period in 1981.

As well as the crisis in the National Debt there is the crisis in the year to year finances of the Government. In assessing year to year government debt there are two figures to consider. There is the Exchequer Borrowing Requirement (EBR) and there is the Public Sector Borrowing Requirement (PSBR). The former is what the government borrows to cover its Budget Deficit; its excess of spending over revenue when it draws up its estimates for the year ahead and presents them on budget day. The PSBR is this borrowing, plus the borrowing of the semi-state companies, ESB, CIE, etc.

The relevant feature in looking at these figures is what proportion of GNP they represent rather than the actual amount. It is also necessary to compare the figures for the Republic of Ireland to equivalent figures internationally.

From a position of balanced budgets in the early 1970s, the EBR rose as a percentage of GNP to the huge figure of 16.2% in 1975, fell to 10.2% in 1977 and rose again to 16.9% in 1981. The PSBR rose from 13.1% in 1976 to 21.8% in 1981 and is estimated to be between 21-22% in 1982. (Central Bank Report 1982) These figures come to life when compared with PSBR of between 1% and 5% in most industrialised economies. (Financial Times Editorial 25/8/82).

With the exception of Italy, which has been in a near revolutionary crisis for the past decade and a half, none of these countries have either an EBR or PSBR of even half as great a proportion of their GNP. Italy's PSBR is around 11% of GNP while the rest of the industrialised world's PSBR as a percentage of GNP is less than ¼ of that of Southern Ireland.

It is clear that such borrowings cannot continue. As already stated, international credit has become more cautious after the crises in Poland, Rumania and Argentina.

When the position is examined further, it is clear that, rather than a movement to correct itself, the economy's falling into debt has actually been accelerating. A feature of this has also been that the foreign market has had to be increasingly turned to, as the home market for finances tightened up. In 1974, gross foreign debt was £312 million. This rose to £686 million in 1975 and approximately doubled to £1,269 million in 1976. It remained at this figure in 1977, rose only slightly to £1,316 million in 1978

“Southern Ireland now has a National Debt per head of population as large as crisis-ridden Mexico.”

and then accelerated dramatically to £2,027 million in 1979, £2,200 million in 1980 and £3,670 million in 1981. Foreign debt rose by £1 billion in the first nine months of 1981 and £400 million in the last three months.

What can be seen in these figures is the turn by both the Coalition in 1973-77 and the Fianna Fail Government of 1977-81 to attempt to postpone the economic crisis by recourse to borrowing. This, of course, has had two serious results. It has led to massive debts and debt service charges and repayments which have to be made. Out of every £1 collected in income tax in 1981, 71p went on repayments and interest to the banks.

Not counting any possible increased borrowings in 1982, the increased interest rates and the rising value of the major currencies against the £ are expected to add £250 million to debt service in 1982. Official government figures calculated that £3 billion, equivalent to 30% of the total goods and services produced in 1981, will have to be paid out to service foreign debt in



300,000 workers on the march in Dublin

the five years 1981-1985. Some of the under-developed countries are now in a position of having to borrow each year to pay the interest on their existing loans. This is now the position of the Southern Irish economy.

As Ken O'Brien of the Irish Times stated, "Already the Irish economy has slipped into the chronic position of having to borrow to meet some of the interest payments now due on the National Debt." The future was also pointed to by the European Commission when it stated "The Republic has already slipped out of economic balance and without rapid and tangible results between now and the end of 1983, economic chaos could reign in this Country."

BALANCE OF PAYMENTS DEFICIT

An associated feature of the indebtedness has been the increasing balance of payments deficit - the gap between total export earnings and total import costs. At the same time as the EBR and the PSBR were going into deficit, the balance of payments were suffering the same fate. The borrowed money was sucking in imports at an increasing rate as Irish capitalism could not produce to satisfy demand. See table below.

£1.14 is being spent. Like the EBR and PSBR deficits, this situation cannot continue.

A comparison internationally also shows the degree of the crisis in the balance of payments. The position of 14 capitalist countries was recently reported on. They were the USA, Canada, Japan, W. Germany, France, Britain, Italy, Belgium, Netherlands, Denmark, Greece, Spain, Portugal and Ireland.

BALANCE OF PAYMENTS DEFICIT [BOPD]

	1975	'76	'77	'78	'79	'80	'81
BOPD	£6m	157m	155m	149m	730m	725m	1,400m
% GNP	0.2%	3.5%	2.9%	2.4%	10.1%	8.7%	14%

What these figures show is that for every £1 of income to the economy,

In 1980 the USA and Britain had a surplus in their balance of pay-

ments. The other 11, excluding Ireland, had a deficit averaging 2.5% of Gross Domestic Product. The figure for the Republic of Ireland was 9.4%. Almost four times greater than the average deficit of the others in deficit and more than four times worse when compared against the other 13, two of which were in surplus. The same cal-

culations estimated that the Republic's deficit, as a percentage of Gross Domestic Product would be 13.5% in 1981, while the others would continue with a deficit of 2.5% to 3%. As with indebtedness, the crisis in the Republic is qualitatively greater, about four times worse, than in the rest of the advanced capitalist world.

repay the debts, the living standards of the working class must be cut by between 10% and 20%. This is their perspective.

As already explained, such cuts would lead to a collapse of the home market, recession and ever greater crisis - they are incapable of solving the crisis. It will be the struggle of capitalism for these cuts and the response and opposition of the working class which will be the decisive element in perspectives over the coming years.

The fears of the capitalist class are expressed by its journalists with increasing desperation. Paul Tansy in the Irish Times 5/4/82: "Again it must be asked whether the Irish political system can cope with the strains that will be put on it in the years immediately ahead. The gap that has opened up between objective economic reality and the stances taken by successive governments has now widened to a chasm. The promises made by politicians now have only a tenuous relationship with what is happening. The longer the problem is avoided the more difficult it is to solve".

An Editorial in the same paper on 20/4/82 stated "The first cracks in the surface of Irish political life are beginning to show". And the Chairman of St. James Hospital Board put it bluntly. He said that unless social inequity and disorder in society were checked "a revolution in the Country is inevitable". Irish Times 19/4/82.

THE BUDGETS - CUTS IN LIVING STANDARDS

Steps have, of course, been taken to try and rectify the situation in the July budget of the Coalition and in the March budget of Fianna Fail. The July 1981 budget cut £326 million of the EBR. £150 million cut off current spending (health, social welfare, education etc.) and £176 million off capital spending (roads, public buildings etc.). The EBR was reduced in the March Budget of Fianna Fail from the 1981 equivalent of 16.9% of GNP to 13.9% of GNP in 1982.

The cuts in both these budgets on living standards are very considerable. Ken O'Brien in the Irish Times 26/3/82, called the budget the "toughest ever" and that "after inflation real living standards for all non-agricultural groups would fall by between 4-6% as a result of the budget". It is also estimated that employees will pay 3% more of their incomes in income tax after the budget.

In July a further £120 million was cut from public spending. The largest component of this cut was £27 million on the postponement of the 3rd phase of the public sector pay freeze. The largest cut was in the health services where a £12 million cut was made.

In spite of these cuts, and the 12-13% cut in wages in the last National Wages Agreement, and the fall of up to 10% in the public sector pay deal (this will be 15% if the 5% is withheld), the State's indebtedness is no closer to being solved.

Total import costs exceed export earnings by 14% per annum. The PSBR is 20% of GNP. The capitalist class is incapable of utilising the existing resources of land, mineral, oil and gas wealth, of the available labour power, of capital in terms of that in the banks and plant and equipment, and, therefore, cannot increase production sufficiently to pay off these debts through an increase in exports. Existing industry is only working at 60% of capacity. Factories which produce new wealth are closing daily as the owners lose the markets or find they can make greater profits elsewhere.

So, from their point of view, there is only one answer. As they cannot



Cuts hit the elderly.

increase production, and growth rates in the economy would need to rise by 5-6% per year just to maintain living standards due to a rising population, never mind increase even more to begin to

ECONOMICS - A SYSTEM OF PRODUCTION

Marxism explains that economics is a system of production. It is therefore to that system of production that attention has to be paid in order to see how the crisis in government finances and the balance of payments developed.

The simple reality has been that Irish capitalism has not been able to produce sufficient goods of sufficient quality and cost to satisfy the demands of the home market, provide the necessities of life for a growing population and at the same time sufficient to export to earn foreign currency to pay for the imports which are not available in the Country but which are necessary for production.

As this failure became apparent, and this failure was especially magnified by the slowing up in emigration in the 1960s and the consequent strengthening of the working class, and as the world recession hit in 1974/5, the capitalist class, fearful of an all-out confrontation with the working class,

began to borrow and borrow and import goods.

At this stage, it is necessary to examine the basis for the economic failure, as opposed to the symptoms. The historical weakness caused by the domination of British Imperialism over the centuries has been mentioned. The failure of the 1922-32 period and the 1932-58 period has also been mentioned. It is, however, extremely interesting, and at the same time an outright condemnation of the lack of technique and vitality of the Irish capitalist class, to view the failure of the past 20 odd years, when foreign capital really began to enter the economy in earnest.

As an assistance in this examination it is fortunate that the Telesis Report has been leaked and its main recommendations and conclusions are available. The quotes in this section from the Telesis Report are from a leaked version printed in Irish Business, August 1981.

LOW WAGES

The capitalist class and their media would have the working class believe that the problems of the economy are caused by too high wages. The Telesis Report completely refutes this. It explains "The key to successful industrial restructuring towards high value added and employing businesses are:

- 1 A sufficiently skilled white collar workforce.
- 2 A skilled blue collar workforce.
- 3 A sufficient number of organisations capable of doing business internationally.
- 4 Physical infrastructure must be adequate."

It goes on to list where savings could be made and new measures taken. These include increased research and development, improvement in quality, design, distribution and marketing and savings on warehousing and by buying in volume.

Nowhere does it state that too-high wage costs are the problem. Its entire thrust is against the failure of the capitalist class to develop technique, to modernise plant and equipment and to go abroad and win markets.

Speaking on the textile and shoe industries it states: "Wage costs are a factor, but technical expertise is the key to survival". Examples in the knitting industry are given of Ireland's failure to adapt to new technology. In Hong Kong one factory has 260 electronic knitting machines; all the latest models. There are only 20 of these machines in Ireland. In the Shoe industry in one factory in Brazil, 35,000 pairs of shoes are produced per day. The total Irish production is 60,000 per day, accounted for by 12 small firms. The Argentinian leather industry has technology far superior to Ireland's and is showing higher productivity and in a low wage economy.

In other words, the problems of the economy, and especially traditional native industry, has been its refusal to invest in new technology and its inability to develop technique. One of the factors that allowed this to continue was the low wages these employers could rely on. If the trade union leaders had waged more powerful struggles for higher wages in the period of protectionism, the employers would have been forced to invest and develop technique to stay in business and would have been better able to compete when free trade came. Low wages allow low productivity to continue and low wages

lead eventually to jobs being lost.

The Report explains that there is no future for the economy in pursuit of a low wage structure. The National Economic and Social Council commenting on the Telesis Report, stated this bluntly. "There is no future for Ireland in low wage business". Economies in the underdeveloped world have lower wages and access to the same machines and technique. They cannot be out-competed on the front of low wages and skills.

They must be combatted by higher productivity and skills.

One of the elements in this is; as the Report says, developing a skilled workforce. What is the reality? AnCO, financed by the State to assist in the training of young people has been attempting to de-skill the workforce by specialising skills. There is also the practice of keeping on apprentices until their time is up and then sacking them. Just when their skills would begin to be utilised they are sacked - their skills are done away with and new, unskilled and, of course, cheaper labour is used.

The fourth point that the Report made was the need for an adequate physical infrastructure. While

FAILURE OF NATIVE INDUSTRY

The Report outlines the failure of native industry. Its share of manufacturing employment fell from 75% in 1973 to 66% in 1980. Foreign owned companies account for 75% of exports. The bulk of successful native export industries were set up before 1967. Most of these have their markets in Britain, the traditional trading partner. Of the hundreds of firms grant-aided in the engineering and metal industries, only two export and only four employ more than 100 people.

These firms have all been getting grants. The IDA approves grants of certain sizes, related to the number of jobs which are likely to result. For foreign companies, the jobs created were more or less in line with the grants paid. In native industry however, only 14% of promised jobs materialised while 45% of the grants promised were paid out.

Perhaps the impression might get around that these native industries which can only provide 25% of exports have been successfully supplying the foreign companies

money is being put into modernising the telephone system, the spending on roads and railways is being run down. The life of a truck on Irish roads is shorter than on the roads on the Continent. Lack of spending on the infrastructure leads to increased wear and tear on the transportation facilities and increased spending on imports to replace them.

What is needed is fewer and larger companies if job losses are to be reduced in the future, the Report says. It is obvious that small firms cannot compete with the giants. "One of the major problems is the existence of the phenomena of owner/managers running small companies". The Report is scathing about these small native industries, which are being developed by "the provision of hand-holding facilities by the IDA, SFADCO, IIRS; CTT, Irish Goods Council, IPC, NBST, etc."

It is a sign of the crisis facing the economy that the new managing director of the IDA, Michael White, sings the praises of small companies. He said (Sunday Press 23/3/82), "My faith in small industries is unshaken". At a time when the productive forces have grown to the extent that what is needed is a world plan of production and world based industries, the IDA is going back to the small industries. The reason is simple - desperation in the face of 200,000 on the dole soon and a revolutionary crisis. With that fear, they will try anything.

which set up in Ireland. There would surely be no language or travel barrier to getting into these markets. The small owner/manager could surely go next door in the industrial estate and get some orders. Even that has proved too difficult for the native capitalist.

Native companies supply only 16% of components and sub-supplies to foreign companies that have set up here. What a condemnation of the "entrepreneurs" of the private sector who are supposed to provide the "dynamism" to take the economy forward.

Since 1973, 21,000 new jobs were created in native industries. At the same time, 22,000 were lost. In the years 1971 to 1979, inclusive, IDA grants to native industry totalled £479.8 million at 1980 prices. Almost half a billion pounds taken from taxpayers, mainly the working class and handed out to native capitalism, only to have less jobs at the end of it and the failure to either break into new markets or to be able to adapt to supply foreign industry which has set up in

economy.

In this light it is instructive to see that in 1980 gross investment in the 26 Counties accounted for 27.8% of national income. This was the second highest in the OECD after Japan. This has increased from 20.8% in 1966-70. Yet this increased investment has been accompanied by falling productivity. Gross Domestic Product was increasing

by 4.3% per employee in 1966-70 and only 1.4% in 1978-82. More was being invested and yet the rate of increase in productivity was decreasing. The capitalist class could not turn the high investment ratio, mainly coming out of workers' taxation, into increased productivity and secure markets because of their low level of development, technique and culture.

FAILURE AND TEMPORARY NATURE OF FOREIGN OWNED INDUSTRY

The IDA is now attempting to interest native industry in the market offered by foreign companies which set up plants in the Republic. Like all their other strategies, this one is also building on sand.

Of these companies which come here Telesis reports "80% do so because of the tax incentives and for access to the EEC market. Ireland still has the lowest tax and wage rates in the EEC." These foreign companies employ 24% of the total labour force. US companies have increased their share of job creation from 22% in 1973 to 48% in 1981. But what has the Report to say on the stability and durability of these companies. Of the 60 foreign firms in the much praised electronics industry none have a stand-alone capacity. They are "mainly manufacturing satellites" the Report states.

Research and development is not carried out in the Republic and no trained workforce is developed dealing with the production process from beginning to end. This applies to the overwhelming majority of foreign firms. The Report says "The type of industry attracted here by the IDA have little stand-alone potential; use very few Irish inputs; have a high level of job losses; have low levels of skills and many are mere manufacturing satellites. The outlook for the future is no better." Total control remains abroad and as the world crisis develops and deepens, the far flung appendages will close first.

Whelan, the Chairman of the National Economic and Social Council, stated recently: "The main point is that the system of incentives appears to have brought into Ireland the latter phases of production controlled by foreign enterprises whose main manufacturing bases are abroad. This has meant a particularly high input content, and taking import content together with ease of profits repatriation, it has almost certainly generated a situation where the gains in the balance of payments have been much less than appears from the export rate alone, which, of course, has been very impressive".

In relation to the relatively high export growth over the past years, which it should be mentioned again comes mainly (75%) from the foreign based firms, Whelan comments: "Rapid export growth is mainly explained by the continuation of very generous capital and tax reliefs which the Irish government has granted new firms".



Haughey, millionaire leader of Fianna Fail.

TELESIS CONCLUSION

What the Telesis Report concludes is that native industry has failed to compete in the export markets and failed to adapt to supply the foreign firms which have set up here. The foreign firms are manufacturing units turning out products designed and marketed abroad. No trained and skilled marketing teams are being developed to carve out a place in the world's export markets.

The entire criticism of the Report is aimed at the inability of the capitalist class to increase technique, productivity and products of sufficient quality which are in demand on the world market. There is no criticism of wage levels being too high. As already stated, the Report explains that wage levels and tax levels are the lowest in the EEC. An IDA study showed that the

company failures in 1980 resulted 30% from marketing problems, 34% from bad management and only 20% for financial reasons. Yet the workers are blamed in the press and by the bosses and their political parties.

One fact underlines the weakness of the base of the economy above all others. The National Board of Science and Technology recently reported that of 4,700 manufacturing firms in the Republic of Ireland, only 228 were carrying out research and development in 1979. In 1977 the total amount spent on research and development per head of population in the Republic of Ireland was the lowest of the 24 OECD countries. If the research and development is not carried out, then inevitably markets are lost.

HOME MARKET BEING LOST

The extent of this crisis and also the weakness of native capitalism is once again dramatically underlined when figures for import penetration of the home market are examined. With the slowing down in the rate of growth in world trade after the 1974/75 recession, increased competition was a feature in existing markets. In the period 1978-79, Fianna Fail increased the budget deficits, the EBR and the PSBR. Did the vital and alert native capitalist either survive the increased competition or increase production in response to the increased spending. Let the facts

speak:

Import penetration in the food sector more than doubled from 17% in 1977 to 36% in 1980. In the textile sector, it rose from 57% in 1977 to 77% in 1980. In the clothing, footwear and leather sector, it rose from 36% in 1977 to 61% in 1980, and in wood and furniture, import penetration went up from 26% in 1977 to 46% in 1980. Native Irish capitalism is loosing its own home market at a rapid rate.

Factories closed, jobs were lost, the balance of payments went deeper into deficit - all because of the inability of the capitalist class to

develop production and technique in a way which would allow them to compete.

According to the Financial Times, manufacturing investment fell by 30% in 1981. Irish capitalism is increasingly being reduced to speculation in land and property, buying up public houses and hotels or acting as the door-holders and cigar lighters to foreign companies whom they invite and entice into the Country by means of hand-outs and tax concessions, all of which are paid for by the labour of the working class which is taken from them by the vicious taxation system.

At the same time as this failure was developing, the IDA and the various state agencies, in the words of Telesis, were "hand-holding" the employers and owners of industry. The grants that have been handed out have been described by foreign investors to Telesis as "a

real steal". They recommended that they should be halved.

The total government expenditure for industrial development in the years 1974-80 inclusive in 1980 £s totalled £1,688 million. Between £1½ and £2 billion was handed out to private investors. When it is remembered that in 1981 total income tax from capital sources only came to 0.6% of total government income tax revenue, as opposed to 90% from the PAYE sector, the enormous transfer which took place from the pockets of the working class into the bank accounts of big business can be seen.

The result is economic crisis, bankruptcy, over 20% inflation, 200,000 in real terms out of work and increasing poverty. The strategy of 1958-1982, of concentrating on enticing in foreign investment has been a disastrous failure for Irish capitalism.

AGRICULTURE

During the course of the past three to four years, agriculture also has entered a serious crisis. 1970-78 was a boom period for Irish agriculture. This was mainly due to entry into the EEC and the transfer of resources through the Common Agricultural Policy, the rise in the prices for produce and the confidence which was generated, which in turn led to increased borrowing of capital by sections of the farming sector.

Over that period the average annual gross volume increase in total agricultural produce was 3.9%. Total farm income rose 21% per annum, a real increase of 71% over the period, or almost 7% per annum. With the decline in the number of people at work on farms, the average per head income increased even greater. Average agricultural prices had gone up 3.8 times over the period. It seemed that harvest was taking place all year round for the better off farmers who reaped most of the benefits of the Common Agricultural Policy.

However, 1978 was the year when things began to go wrong. Growth in gross annual output volume fell to 1.5% per year between '78 and '81. Input prices rose at an annual rate of 14% against 7% for output

prices. Total farm incomes fell from £834.5 million in 1978 to £734 million in 1979; to £672 million in 1980; rising to £797 million in 1981. Total farm income was 42% lower in 1981 than in 1978.

The Telesis Report commented on the problems in Irish agriculture: "Capital investment in Irish farming is very low, with less building, less machinery - causing low yields per farmer" compared to other EEC countries. "Irish farmers are less efficient than their European counterparts" the Report concludes.

It is the same story as industry - the failure to develop technique and productivity on the basis of capitalism. And the prospect is for this failure to continue. According to the Irish Times (30/12/81), Irish farmers in 1981 owed £1,000 million to the finance houses against a total output of £1,700 million. Many of those farmers who did try to develop and invest now find themselves with the high interest rates and falling land values and in danger of bankruptcy.

The fall in incomes in agriculture and the lack of investment intensifies the crisis. Increased demand, caused by increased farm incomes in the 1970-78 period, has now turned into its opposite, cutting the market further.

ECONOMIC IMPASSE - NO SOLUTION ON THE BASIS OF CAPITALISM

The position in which Irish capitalism finds itself after 60 years of political independence and control over the 26 Counties is one of an impasse. Native Irish capitalism is

losing its home market and its export markets. The increase in exports that has been taking place is overwhelmingly from the foreign firms which have been set up in the

state.

As the world economic crisis increases and as competition for existing markets grows, the home market will be further conquered by imports and native industries will be further driven out of business and the foreign owned production units, which are only manufacturing units of firms which have their research, development, control of capital and markets in their home countries, will increasingly close. What a disastrous prospect for the economy and what an indictment of the capitalist class.

The Chairman of Carbury Gas and Oil, Dusty Miller, chronicled this failure of so-called private enterprise. "The economic growth of this country over the past 25 years has been made possible by the input of foreign investment in manufacturing under tax incentives, government money" (and hence taxation money out of our pockets) "for capital grants, EEC support and financial investment in the agricultural sector and banks and institutional borrowings which are repayable. What about private investment? As we know now, private investment went into property, land and government gilts. The effect of the investment pattern of the past 2-3 decades has been to create independent circulations of money largely unrelated to each other, with private money going into non-production and service investments and state tax money going into the productive sector". Irish Times 1/3/82. Out of the mouths of its own representatives, capitalism is condemned.

Against this impasse which the capitalist class now faces, the various alternatives being put forward as solutions and the immediate short-term prospects must be judged.

The Telesis Report's criticisms are not accompanied by any strategy for success. How is the investment in the productive forces to be enticed out of the private sector when the return on investment in the top 55 publicly quoted companies on the Stock Exchange was 11% before interest and tax in 1981? Inflation was 23%. Money in the banks earns a greater return, not to mention speculation in property and land. How is the capitalist class to overcome their historical weakness and lack of technique and vitality in the realm of manufacturing and productive industry? How are the foreign owned manufacturing units to be transformed into or replaced by manufacturing bases researching and developing in the South and developing a skilled workforce with control of the entire process and a substantial section of the market based within the South? These measures are outside the capabilities of capitalism.

DEVALUATION - NO SOLUTION BUT A WAY TO "SECURE A REDUCTION IN REAL INCOMES"

Vicious short-term measures are canvassed from time to time. Devaluation of the currency is increasingly talked of. The argument most often put forward for devaluation is that it would make exports more competitive and boost the export orientated sector of the economy.

It must first be said that a devaluation of the pound has already taken place. The pound has devalued by about 20% against Sterling, 25% against the Dollar, 5% against the Deutsch Mark and Dutch Guilder and 3% against the Danish Krone. Between the first quarter of 1979 and December 1981, the trade weighted exchange rate index has declined by nine percentage points. It must also be said that it is most likely that a formal devaluation of the pound within the EMS will take place in the future.

This is made more likely as the problems of the economy continue and as less and less confidence exists in the pound. The results of devaluation can be judged by examining the experience of the past two years when the devaluations, as outlined above, actually took place.

The economic problems have increased over the past two years. Inflation has increased and one reason for this is that with currency falling in value, imports become more and more expensive. It is estimated that $\frac{1}{2}$ p drop against Sterling would put £12 million per year onto the import bill of the State. So very quickly, any advantage gained for exports would be wiped out as imports increased in cost.

The weakness of the productive base, as already explained, would mean that very little advantage would be taken of the opportunity. With only 25% of exports coming from native industry it would mainly result in increased profits for the foreign firms. These firms are already making huge returns. US investment gets a return of 29% in the 26 Counties. This is the highest in the world.

Devaluation can be compared to a junkie pumping a drug into the veins - this results in a temporary boost, only to leave the individual feeling worse than previously and another fix more necessary than ever. One devaluation would set off pressures for another and another.

Of course, there is another side to the question. Let Finola Kennedy, right-wing economic contributor to the Sunday Press (1/4/82) tell it. She states: "The object of devaluation is to secure a widespread and uniform reduction in real living incomes". This is the main reason devaluation is now being discussed. She continues: "It may be objected to that this (devaluation) is an obvious sleight of hand for ending the resistance of earners to having their incomes reduced". She goes on to call for a "very tough incomes policy" to accompany any devaluation.

It has been explained how cuts in living standards increase the crisis in the economy as demand is cut. So from all points of view, devaluation holds no solutions to the crisis and, like all the alternatives of capitalism, is a cover for attacking workers' living standards.

IMPORT CONTROLS WOULD EXACERBATE THE CRISIS

In the future it is likely that more calls will be heard in favour of import controls. This alternative is, like all the rest of the attempts to patch up and tinker with capitalism, doomed to failure and its results would exacerbate the crisis.

Import controls would first of all increase prices. The capitalist whose goods no longer had to compete with imports would put up the prices. The working class as usual would pay. This same lack of competition would lead these capitalists to postpone plans to increase investment in new plant and equipment. Why should they, when they would have a guaranteed market? This would mean jobs lost in those areas of the economy which would have been supplying the new equipment.

Import controls would also lead to retaliation against exports and jobs would be lost in this area also. And of course, import controls are attempts to export unemployment onto the shoulders of the working class internationally, with all the divisions this would create.

In the last analysis, only working class solidarity on an international basis can ensure the establishment of a socialist society in Ireland and only this development can provide full employment. There are no answers to be found by attempting to tinker with capitalism. The ending of the private ownership of the commanding heights - the banks, finance houses and all major industry - under workers control and management, is the only way forward.

THE CAPITALIST WORLD ECONOMY - FROM RECESSION TO SMALL UPSWING TO RECESSION

In the general crisis and decline of capitalism in the 1980's there will, of course, be small upswings. These will never be of sufficient nature to replace the jobs lost and the reduction in living standards which will have occurred during the recessions.

The cuts in wages and public spending by both the Coalition Government in 1981 and Fianna Fail since coming to power have sent the economy into a prolonged recession. This will most likely last into 1983. Such deflationary policies are likely to keep the economy in recession after the capitalist world economy overall moves into a small upswing.

This will most likely take place in 1983. The severe monetarist methods of Reagan have kept interest rates high and demand low in the most important of the capitalist economies and prolonged the recession internationally. Now with interest rates falling, it is most likely that 1983 will see a small upswing. However, it is likely to be of limited duration before it gives way to a new recession.

It must always be kept in mind, of course, that, given the indebtedness of many large countries in the colonial and ex-colonial world and the danger of defaults on loans, the world financial system is in a very precarious position.

It is also a period of great uncertainty and instability. It is a period of wars and revolutions as Imperialism and Stalinism thrash around in their prolonged death agony. Events could take place which could lead to a run on, and, even possible, the collapse of, a major currency.

The stupidity of the present representatives of capitalism, such as Reagan and Thatcher, which is rooted in the crisis of their system, could result in major economic developments such as would cut across for a time an economic upswing and could, in fact, turn the world economy onto the path of a slump of 1929 proportions. In fact, such a development is most likely before the decade of the 1980s is out. However, it is still likely that an upswing will take place in the world economy in 1983.

The developments in the world

over the past decade and a half have clearly shown the impasse faced by capitalism. Their policy of increased deficit financing and spending, which was their first reaction to the ending of the post war boom, led to an explosion of inflation. Inflation rates in treble figures developed in the underdeveloped world and in countries such as Italy and Britain such hyper-inflation also threatened. If this path had been followed further, hyper-inflation would have engulfed the entire capitalist world, confidence in the currencies would have collapsed and a slump of 1929 proportions would have resulted. So with Thatcher and Reagan in the lead the direction was changed.

Instead of Keynesianism, the policies of monetarism were adopted. The money supplies were cut back, high interest rates became the fashion, cutbacks in government spending and cuts in living standards were carried through. The result is the present prolonged recession.

The higher interest rates increase the indebtedness of the underdeveloped countries which threatens to lead to the bankruptcy of these countries, and the bringing down of the financial system of the advanced capitalist countries. High interest rates also threatened to bankrupt major corporations such as International Harvester and AEG Telefunken. High interest rates also slow up investment in capital equipment, further cut across demand and prolong the recession.

The monetarist strategy has now led to a fear of the collapse of the banking system and a slump of 1929 proportions. In other words, monetarism, as with Keynesianism, led only to the impasse of a collapse in confidence and a threatened world slump. Different paths to the same destination!

ECONOMIC CATASTROPHE AND MASS POVERTY CAN ONLY BE AVOIDED BY SOCIALIST POLICIES

The most important point that the labour and trade union movement in Ireland must understand is that there is no way out on the basis of capitalism for the Southern Irish economy either. To continue to borrow and borrow will lead to bankruptcy and mass unemployment and poverty such as existed in the 1930s. To cut spending and wages will lead to mass unemployment and poverty such as existed in the 1930s. Any option that may be tried on the basis of capitalism will lead to disaster. It is only by adopting socialist measures that a way out can be found.

The reality must be faced. The economy is in crisis; living stan-

Most likely the fear of continued monetarist policies, the collapse of highly indebted nations and corporations and with them the banking system, will lead to a loosening of the purse strings and an increase in spending to avert this immediate crisis. This will give a small impulse to a world economic upswing, accompanied as it will be by lower interest rates.

But this will be at the price of a new burst of inflation as the money supply goes ahead, as commodity prices pick up with the new demand, and the method adopted to avoid the present crisis will open up the road once again to the threat of hyper-inflation and a renewed crisis.

Also running like a threat through this crisis on the world economy will be the increased struggle between the different national economies over the shrinking world market. Protectionism will grow and further cut across world trade and therefore world output and therefore jobs and living standards. There is no way out on the basis of capitalism.

The system can be compared to a platoon of soldiers under severe shelling from the enemy. They cannot strike back, not having weapons of sufficient range. They don't however just lie down and die. They run from one bunker-hole to another. After a brief moment the artillery locates them again and once more the barrage commences. Once more they run to another spot in a vain effort to escape.

And so on it goes. This is the position of world capitalism from one bolt-hole to another. None brings them any way out. Yet they don't lie down and die; they run blindly from one position to another in their death agony, dragging the majority of the peoples of the world with them in their descent into a world of poverty, sickness and eventually nuclear annihilation. It is the task of the international working class to end this nightmare.

dards are being cut. The state is sliding towards bankruptcy. This crisis however is not caused by lack of resources. This crisis is caused by the inability of capitalism to utilise the resources.

In real terms, up to 200,000 workers are on the dole. Including the North, the figure is well over 300,000. The labour power that is being wasted can be estimated when it is remembered that those involved in manufacturing industry in the Republic number only 200,000. Industry is working at only 60% capacity and factories are closing on a daily basis. Capital for investment is lying in the banks or going into speculation and non-



FitzGerald, right wing monetarist leader of Fine Gael.

wealth producing sectors such as land, property and commodity speculation.

What is needed is the full utilisation of the resources. Productive employment for the unemployed and the youth, productive investment for the capital available. The Gross National Product could easily be doubled on this basis and with it the living standards of the working class and youth increased and the debts dealt with. Instead, more unemployment and more destruction of the productive base is all that capitalism can offer.

The socialist alternative is the only alternative. The banks and finance houses must be taken out of private hands by nationalising them under workers' control and management. Investment decisions would then be made in the interest of need and not profit. All major industry must be nationalised under workers' control and management. **Then production and investment could be organised and controlled and managed by the working class in their own interests.**

The result would be a massive increase in production, an end to unemployment, poverty and slum housing, a shorter working week, free health service, free education to all levels, and the ending of insecurity and want.

The alternatives are clear and stark. On the basis of capitalism, Southern Irish society will return to the level of the 1930s and eventually the 1800s. On the basis of socialism, a comprehensive education system, and a comprehensive health service will be provided along with the end of insecurity, instability and corruption.

1980s political & trade union perspectives — instability, polarisation & the growth of Labour

A new instability has developed in political life in Southern Ireland. This instability is rooted in the developing economic crisis. As the crisis develops then increasingly the working class and big business are pulled further and further apart. This increased polarisation pulls the parties of big business further to the right and the Labour Party, which is based on the trade unions, further to the left.

Of course this is not a process which takes place in a mechanical or in an even and gradual fashion. Haughey held off the worst of the cuts which were demanded by big business while he tried to get a renewed majority in the 1981 election and an overall majority after the 1982 election. This could not last however as his business backers became increasingly disenchanted. So he moved to confront the trade union movement with his postponement of the 3rd phase of the public sector pay deal, the new cuts announced in the summer and his embargo on special

pay claims.

The Labour Party, because of its adoption of the false policy of Coalition in 1970, found itself in a position where its leadership have not been prepared to admit their mistakes and they have thus held the policy of the Party as pro-Coalition and right-wing social democratic, in spite of the clear loss of support and votes this resulted in. However, this cannot last forever either. The leading body of the Labour Party, the Administrative Council (AC), decided against Coalition in March. At the

same time the ranks of the Party are becoming more anti-Coalition.

It is just a matter of time before the pressure from the Party's base in the trade unions moves Labour also into line with the wishes of the class on which it is based. This will mean a shift to the left and away from Coalition policies. This process will be further strengthened as Fine Gael goes more to the right in an attempt to prove to big business that it, and not Fianna Fail, is best equipped to govern in the interest of profit.

OLD FORMS OF RULE INADEQUATE

It is this process of polarisation which will decisively make itself felt over the coming years. The instability which has begun will not be simply a crisis without any general direction. It will be an instability which will arise out of the old forms of rule which have been used by big business since the foundation of the State no longer being capable of serving their needs.

They need stronger and more right wing governments than ever before. This demands the changing of the old political alignments which have

existed for the past decades. This is what will be at the root of the instability. The old forms of rule are no longer adequate. Lenin, the leader of the Bolsheviks, explained that this was one of the first signs of a revolutionary crisis opening up in society.

The instability of the coming years will therefore see big business move to resolve the contradiction with which they are now faced. Their parties have 80% of the vote and 80% of the seats in the Dail and yet they cannot get a stable government

to carry out their wishes. They will not continue to pay out hundreds of thousands of pounds to both Fianna Fail and Fine Gael unless they get returns in the shape of a government which will move to cut wages, social spending and take on the trade unions.

Unless one of the two parties can gain an overall majority and reduce the other to a rump, then big business will force them to move together. This pressure is already building up and expressed in the statements of people like John Kelly of Fine Gael. While the party machines in both these parties would initially resist this as neither would wish to share the perks of office with the other, inevitably big business will see to it that their conservative majority in the Dail

will provide a majority government.

It is not clear as yet whether the parties will merge or form some sort of working alliance or whether one of them can decisively outstrip the other and provide big business with a strong government; strong at least for a brief period in parliamentary terms. It is sufficient to understand this contradiction will be resolved.

What this will mean for Labour is that whatever decision the Labour leaders may take in relation to Coalition will be irrelevant. Big business does not want a government resting one leg on the Labour Party which is based on the trade unions. The option of Coalition will be closed to Labour by the strategy of big business if it has not already been closed by a decision of its rank and file.



Ex-leader of Fianna Fail applauds the Fascist leader Mosley

LABOUR WILL GROW

What will also arise out of this process for Labour will be unprecedented opportunities and growth. With the coming together of Fianna Fail and Fine Gael, or with the crushing of one of them and the other becoming the one decisive party of big business capable of providing an overall majority, the only opposition that will be apparent to the working class, the small farmers, the youth and the middle layers of society will be Labour. So the steps big business will take in the future to provide itself with a strong majority government will in fact open the door to Labour as never before.

In spite of what may appear to be the case now, the political instability and crisis that has opened up will most likely lead at a certain stage to Labour experiencing explosive growth and most likely becoming the majority party in society.

The breaking of the old political alignments has begun, as shown by the change in election results over the past 10 years. The last four elections (1973, '77, '81, '82) have seen the outgoing government

defeated. This is unprecedented in the history of the State. The '81 and '82 elections resulted in hung Dails. These two elections took place within eight months of each other. This only happened once before. And the Haughey Government elected in 1982 will have a short life.

With the break up in the old alignments, the new social forces will make themselves felt. The old electoral balance of Fianna Fail and Fine Gael holding 80% of the vote and Labour and a few independents or fringe parties holding the remaining 20% was established on a social base which no longer exists. The majority of society was then in agriculture or were small business people. The majority now is working class, living in the cities and towns.

The political alignments will be catapulted into correspondence with the existing social forces in the years ahead. This will be the most likely result of the political crisis which has been developing for the past decade and more, and which is now entering a period of more heightened intensity.

ITALIANISATION

Society in Southern Ireland has entered a period which can be referred to as Italianisation. This term relates to the particular balance of forces which exists in the advanced capitalist world as it moves into crisis. This particular balance of forces has been most evident in Italy, a country which has been in a near-revolutionary crisis for the past decade and a half. There are several features which identify this process.

The ruling class can no longer rule in the old way as they seek to take back all the gains made by the working class. They unleash a policy of cuts and increased repression in an attempt to weaken the resistance of the working class and their organisations.

The enormous power of the working class, accumulated during the growth of industry and organisation over the years of the post war boom are too powerful for the ruling class to overcome at this phase of the struggle. The ruling class shirk from moving to attempt to establish a police state as they are not confident of victory in the civil war that would result.

At the same time the working class have accumulated at its head a leadership which was formed during the years of the post war boom and which is steeped in reformism. As a result, the working class are prevented by this leadership from overthrowing capitalism and establishing a socialist society. So a period of stalemate opens up. This period is marked by short lived governments of crisis, of great moves forward by the working class followed by periods of lull as they find their way blocked by their own leaderships. At the same time, the ruling class move onto the offensive and are met with the resistance of the working class and once again are forced to retreat.

This stalemate will be broken either by the defeat of the working class over a period of 10 to 15 years and the establishment of a police state after a civil war or by the coming to power of the working class by means of the replacement of its leadership with a leadership capable of opening up the road to power.

The struggle for such a leadership will take place against a background of great change and turmoil in society of short-lived governments, of attempted coups, of enormous changes in consciousness of the working class and the youth as the alternatives are starkly posed. In this struggle, the balance of forces are entirely on the side of the working class which is the greatest power in society.

PROSPECTS FOR THE HAUGHEY GOVERNMENT

Against this background, the prospect for the present Fianna Fail Government is that it will be a short-lived government of crisis. The state of the economy and the mood of anger in the working class will see to this. This mood was shown on the PRSI issue, the jailing of the painters, and the postponement of the 5%.

This mood can explode on unemployment, wage cuts, health cuts, the cost of housing, or any of a whole number of issues. It is this mood along with the economic crisis, which will result in the Fianna Fail Government being short-lived and crisis-ridden. It is possible that this Government

could be faced with a general strike in its period of office.

The PAYE general strike and demonstrations along with the POWU strike broke the back of the Lynch Government in 1979. While Haughey is more flexible, he will still not be able to bridge the gap between what the working class are prepared to accept and what capitalism is capable of providing.

It is ruled out that the Haughey Government of Fianna Fail can go anywhere near its full term of office. The crisis and the mood in society, not to mention Haughey's enemies within his own Party and his vulnerability to by-elections will ensure this.

FINE GAEL

The prospects for the Fine Gael Party in opposition are for it to continue on its extreme right wing monetarist path. The budgets of July and January showed clearly that any idea that may have existed some years ago in either Fine Gael or FitzGerald moving to a social democratic position were only illusions. FitzGerald seems assured of holding on to the leadership for the time being and the Party will attempt to out-do Fianna Fail on the right, explaining to big business how they would make the cuts and take on the workers if they were in power.

The opposition amongst the old guard to FitzGerald will not dis-

appear. They will hold their hand and be ready to strike when he shows his political ineptitude in the future as he did over the budget in January.

John Kelly's stand for a Fianna Fail-Fine Gael Coalition is unlikely to gain much support as long as the prospect of a general election in the near future and the defeat of Fianna Fail is in the air. FitzGerald's popularity in the media will also help him to remain leader at least up to the next election. But with such an individual as FitzGerald, whose hobby is memorising plane time tables, it is necessary to be prepared for surprises.

PERSPECTIVES FOR LABOUR

It is against this background that the perspectives for Labour must be looked at. In doing so, account must be taken of the events of the past months and years within the Party.

The argument that Labour's loss of support over the past four elections means that the Party is about to collapse must also be dealt with.

However, in order to correctly assess Labour's prospects it is necessary to keep in mind that what determines events in the last analysis is not personalities or events over a short period, but rather the processes that are at work, nationally, internationally and historically.

When the Coalition was defeated in 1977, Labour shifted left. M.D. Higgins was elected Chair, all three

party officers were changed and eight new faces were elected onto the Administrative Council the Party's leading body. This shift to the left would have been much greater if the Left Liaison Committee had not walked out of the Party before the election, in their doomed attempt to create an alternative to Labour. Mainly for this reason the shift to the left was not decisive enough to remove control of the Party apparatus from the hands of the pro-Coalition Parliamentary Party.

The increased opposition to Coalition could not, however, be ignored and the 1979 Killarney Conference decision to stand alone in the coming European Election and General Election was a step taken in response to this mood. The

Party was moving to the left. This was also indicated by the setting up of Labour Youth.

The European elections, fought in the heat of the POWU strike and the beginnings of the movement on the PAYE issue, saw Labour's vote go up to 29% in Dublin. The Cork by-election saw Labour get 22%. The increased class battles and the shift to a more independent stance by the Party leadership saw Labour's support grow. It appeared as if Labour was on the way to recover its lost support.

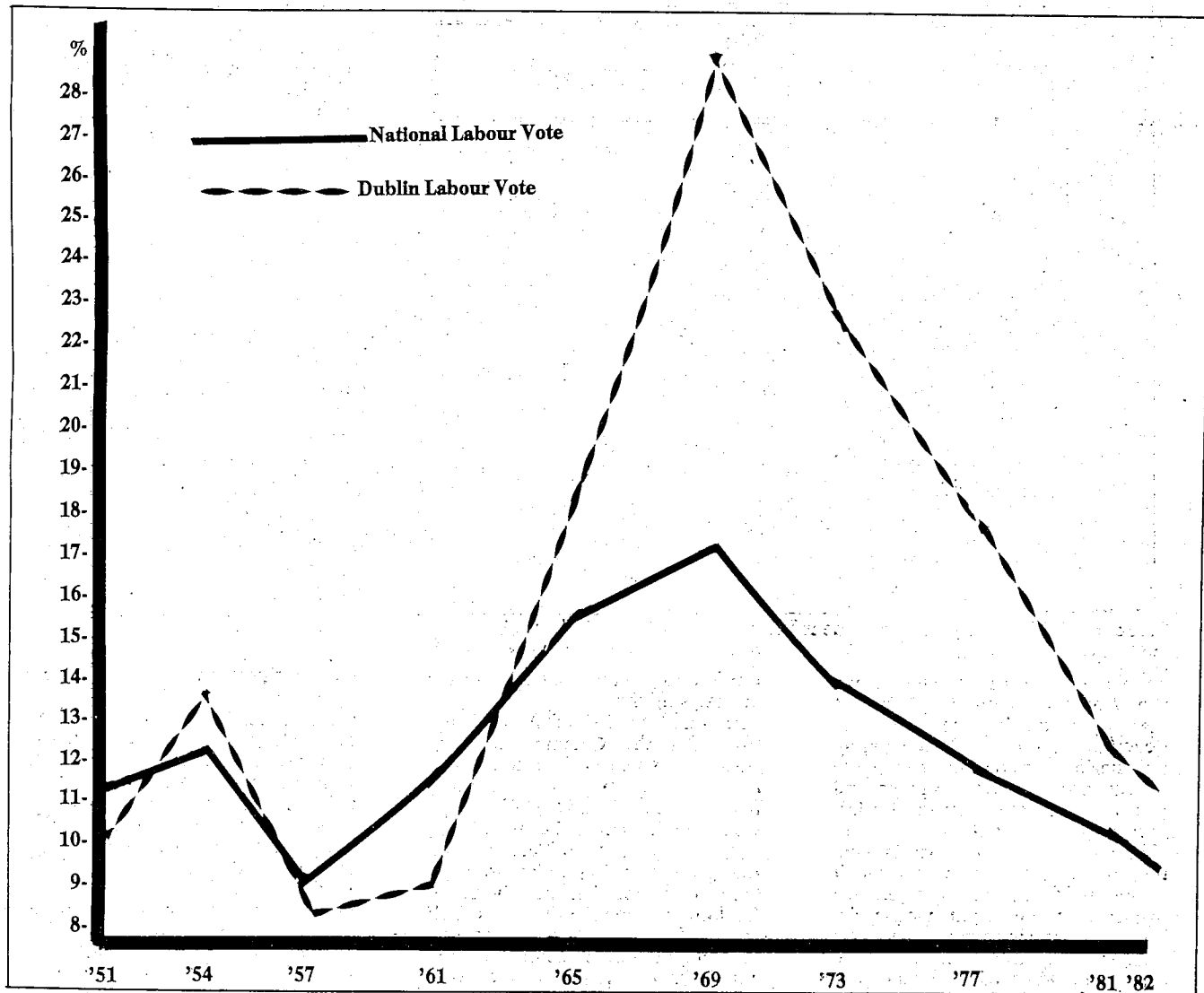
EFFECTS OF PROCESS TEMPORARILY DENIED EXPRESSION

Events however interceded. Haughey replaced Lynch as leader of Fianna Fail. In an effort to win the next election, having never led Fianna Fail to an election victory, Haughey partially and temporarily stood against the pressure of big business for decisive cuts in workers living standards.

The target of the Lynch administration was to continue with its policies of cutbacks and to have the EBR down to 10½% in 1980 with all this would have meant in terms of struggle and opposition from the working class. Haughey instead allowed the EBR to rise to 14.6% in 1980 and 16.9% in 1981. This temporarily averted some of the worst effects of the crisis. In fact, the EBR would have been even higher in 1981 if the July budget of the Coalition had not been brought in. Haughey's 1981 budget therefore was not as vicious as big business desired. He had also over his months in office given significant pay increases to some workers in the public sector, rather than face a repeat of the POWU strike.

At the same time as Haughey took these steps to quell the mood of anger in the working class, the trade union leaders were performing a similar role. The PAYE general strikes and demonstrations had temporarily released the anger of the working class and with no lead being given, a certain lull existed as the working class and the youth looked for a way to carry on the struggle. Even in this situation Labour could still have increased its base in the future election. However the actions of the Party leaders were to result in a further weakening of the Party's electoral support and base.

Nothing that was at odds with Fine Gael policy was allowed to appear in



election material. And almost unbelievably, Party leader Frank Cluskey appeared on TV and was unable to give any reason why people should vote for Labour rather than Fine Gael. This was the last straw for many voters. Party activists were thunderstruck and further demoralised as they struggled to bring out the vote for the Party.

As a result of these developments the process of Labour moving to the left and the increasing tempo of the class battles were temporarily held up. The result of the election was Labour's vote falling further to 9.1% and no increase in seats.

But what has to be seen is that in spite of these events, the general processes which will shift Labour further left and will see it grow and develop in the future were, and still are, at work. And more than that, the fact that they were prevented from expressing themselves will ensure, and this is already evident, that they will proceed and express themselves at a greater speed in the future.

LABOUR CONTINUES LEFT

On the economic front the pressures of these processes were so great that Haughey was forced to call the 1981 election 12 months before his period of office was due to come to an end. His spending for votes would not have been maintained for another year. An indication of the present period is also clearly discernable in the fact that the Fianna Fail government which went to the Country still had 12 months to run - its deadline was June 1982. By March 1982 it had lost power and been replaced by the Fine Gael-dominated Coalition, another election had been held and Fianna Fail were back in power once again. It was these same economic processes which brought down the Coalition.

The perspectives for Labour moving to the left and beginning to grow and develop are still entirely

correct and are in no way weakened by the events of June 1981. In fact Labour moving to the left is the only conclusion that can be drawn from these events. The vote against the Coalition was 40% at the June Special Conference. This was the highest anti-Coalition vote since 1970. It was around 25% in 1976.

But more importantly was the fact that the trade unions, the youth who voted 10 to 1 at their 1981 Conference against Coalition, and the overwhelming majority of the Party activists are increasingly opposed to Coalition. This was decisively strengthened by the proposed budget and its defeat in January 1982.

It was most clearly demonstrated by the AC vote which prevented the Parliamentary Labour Party (PLP) from entering another Coalition. This was the first defeat of the right



Part of the 2,500 strong meeting to hear Tony Benn in Liberty Hall, Dublin

wing of the PLP since the Party took the Coalition path in 1970. It marked a turning point in the developments in the Party opening up a period of more intense struggle by the activists, trade unions and youth to take the Party to the left and away from Coalition.

While the economic crisis and polarisation in society makes it impossible for Labour to be held to a pro-Coalition and right wing social democratic position what cannot be analysed in the same definite manner is the speed with which the Party will move left. The October

Conference is obviously a key factor in analysing this.

The majority of the PLP who wish to retain the Coalition strategy wish to convince conference to leave any decision to a joint meeting between the AC and the PLP. This would be to change the procedures of the Party as the AC alone is the ruling body. It would also probably lead to a decision in favour of Coalition as the majority of the PLP are in favour of this at present. This might not, of course, be the case after a future general election.

moving increasingly into struggle against cuts, unemployment and wage restraint, the Party will very quickly begin to attract the working class and the youth once again.

An indication of the attraction that a left moving Labour Party would have was shown when over 2,000 people turned up at Liberty Hall for Labour Youth's meeting with Tony Benn as the speaker. It is also shown by the victory of M.D. Higgins in Galway and his popularity throughout the movement as a whole. Further signs are obvious in the new areas of the Country where no TD exists who is associated with the Coalition strategy. In many of these areas, new members are joining the Party and they are all anti-Coalition.

Whatever the decision of the October Conference, the greatest setback would be if the Party activists who are anti-Coalition were to become inactive or worse still drop out of the Party. This did not happen after the June 1981 decision and it is vital that this position is maintained.

This is especially urgent now as any Coalition which might be cobbled together in the future with either Fianna Fail or Fine Gael would not last for any length of time. It would be pulled apart by the economic crisis and the cuts that the conservative party would try and force Labour to go along with. The 1973-77 Coalition lasted four years, the 1981-82 Coalition lasted seven months. Any future Coalition would be the last short-haul for the Party membership who oppose Coalition. With its demise would go the strategy of Coalition.

BE PREPARED FOR UNEVEN DEVELOPMENTS

However such a decision by the October conference, especially if it resulted in Labour entering another Coalition after the next election, would undoubtedly further postpone the growth and development of Labour. If this decision was taken and if the coming election was fought on this basis, and under the present leadership, it is quite possible that the Party could loose more seats and more votes in that election. Entry into a Coalition could result in more Party activists leaving the Party or becoming inactive.

This could mean that the Party's growth and the re-building of its membership and support might be further slowed up or set-back until the Party was once again, and this time decisively, out of Coalition. This being in the sense of voting to no longer contemplate participation in Coalition.

Party activists would need to be prepared for this worst of scenarios and be prepared to remain in the Party even if the October Conference backed the Coalition approach.

What would have to be understood is that each election result further undermines the position of Coalition as the Party fails to grow. The leaders who advocate this position cannot go on indefinitely denying this reality. If another Coalition is agreed upon and entered, then the results on the Party will be so devastating that the strategy of Coalition will become so evident that its rejection will be inevitable.

Out of what is left of the Party, a new movement would develop to rebuild it, to once more articulate and fight for socialist policies and the Party would move to a position akin to its 1969 stance when it won 17% of the vote. Linking with its affiliated trade unions, who will be

SOCIALIST POLICIES WILL BUILD LABOUR

It is also possible, of course, that the October Conference will reject Coalition. If this happens it will accelerate the speed of growth of the Party. The existing membership will consolidate itself and new members will begin to join.

The process of the development of the Party would have really begun. It would, of course, be possible that while the Party was growing and its fortunes were beginning to change in terms of membership, that at the same time in an election, if such were to occur in the months after the Conference, Labour could still lose votes and seats.

This would especially be the case if the Party leadership and especially the Parliamentary Labour Party were to go into that election without putting forward clear socialist policies. In such a situation the mass of the voters, as opposed to the more discerning activists who would have closely followed the October Conference decisions would see Labour as just being the same as it was in the past elections. The damage done to the Party by Coalition cannot be repaired overnight. It will take a sustained period of fighting for socialist policies rather than talking of some mythical "national interest" or echoing the

calls of big business for sacrifice before the new course being adopted by the Party will be recognised and believed.

It is when this begins to happen, when the Party is being seen as the Party of the workers and youth and the Party which is fighting for a new socialist society, it is then the Party's growth will begin to accelerate at explosive speed.

The working class and youth will be able to see a way to fight back. Given the frustrations of the past decade and more, with no lead from Labour or the trade unions, they will begin to surge into the Party and transform it entirely and with it the political life of the State as a whole.

In such a situation, the Party's membership can go to 50,000 and 100,000 from its present 8 to 10,000. New branches will mushroom in every working class estate, in every town, village and crossroads. The youth in their tens of thousands will flock to Labour. Labour Youth can have an active membership of 20,000, 30,000 and more. These are the prospects for Labour when it decisively breaks, as it will be forced to by events, from the disastrous policy of Coalition.

MINORITY GOVERNMENT - COALITION BY ANOTHER NAME

In this context it is necessary to look at the suggestion coming from some sections of the Party that labour should support a minority government in the Dail if no Party had an overall majority. Supporting minority government is Coalition by another name. Neither Fianna Fail nor Fine Gael will agree to implement Labour's socialist policies.

Supporting a minority government would also, as was the case with Coalition, make it impossible for Labour to explain and campaign on its socialist policies with any conviction. How could Labour campaign against cuts in social spending, rising unemployment and go into the Dail and keep in power the government which was implementing these cuts.

And, of course, support for a minority government would just be to keep alive the system of the two conservative parties. While Labour would be propping up one of them in government, the other would be

posing as an alternative. This would be especially criminal now more than ever, when the real possibility exists of the two conservative parties being pushed together. This would open up the road for Labour to be recognised as the only alternative. Support for any minority government will only keep alive the politics of the past 50 years and further postpone Labour's growth.

Of course, the decisive argument against either Coalition or support for a minority government is that either of these would be governments of big business and not only would they be unable to solve the problems of working class people but would be attacking living standards.

Occasionally the call has been raised for a national government of Fianna Fail, Fine Gael and Labour. This would be a government of all out assault on working people. The only reason Labour would be invited to enter it would be to ensure that

the opposition that would develop to its policies would not turn into massive support for Labour.

The only path for Labour is to put forward its own socialist policies, and in the Dail propose its own nominee for Taoiseach and vote against the nominee of both Fianna Fail and Fine Gael. If Labour has not a majority in the Dail then let the real Coalition of Fianna Fail and Fine Gael form a government. Labour's job would then be to fight the conservative policies of such a government and campaign for a majority for its own socialist policies and for a majority Labour government.

TRADITIONAL ORGANISATIONS

It is against this perspective that the suggestions in the press and from some of Labour's opponents, that the Party is in its final stage of decay and about to disappear must be answered. To answer this it is necessary to study history and not become a victim of impressions, wishful thinking or of short term experiences. It is also necessary to look at events internationally.

It is a law of history that where there exists traditional parties of the working class, then when the working class moves into action, they will move **again and again and again** to attempt to transform these parties. Time after time, this law has been confirmed by events.

From 5% of the vote in 1970 the French Socialist Party won an overall majority 11 years later. The movement of the working class in Britain is transforming the British Labour Party. The same process is at work in Spain, Portugal, Italy, Sweden etc.

This law was expressing itself in the Republic in the late 1960s. The big strike movements of the 1960s saw Labour's support rising from 11.6% of the vote in 1961 to 15.4% in 1965 and 17.0% in 1969. The decision to enter Coalition cut across this process for more than a decade. The Party's vote fell at every election in the 1970s and in 1981 and 1982 until it reached 9% in 1982.

The Party's membership and especially its youth support declined. Yet over that whole period, no alternative was built to Labour. The lost Labour vote in the main either abstained or went to Fianna Fail or Fine Gael. At this time, when an enormous vacuum existed on the left, no alternative to replace Labour was built. No other Party was capable of taking the Labour vote. No other Party was capable of winning the trade union affiliation

away from Labour. Efforts by the Workers Party to break the affiliation of the ITGWU and FWUI from Labour were decisively voted down at the 1982 union conferences.

The events that are now opening up will lead to this process of the movement of the working class to their traditional organisations once more expressing itself, and doing so this time at a higher level. The workers and youth who are now moving and who will move to Labour in the future are more conscious of the role of the leadership and the nature of society than

was the case in the 1960s. The existence of a strong Marxist voice in the Labour movement is also a major gain established over the 1970s.

And, of course, the tempo of this process will be all the quicker in the future due to being held back for the past decade. So Labour will continue to go left, growing both organisationally and electorally and at a certain stage explosively into the majority party in the Country and most likely forming a majority Labour government.

1912-1982 NO ALTERNATIVE TO LABOUR

It would also be instructive to those who see Labour's future as one of collapse and disintegration to view in more detail the history of the State and the Party itself. Time and time again, Labour was faced with challenges from other left and opposition currents. At times the parties mushroomed and took more votes than Labour, only to disappear off the face of political life.

In the 1927 (June) election there were eight parties plus independents in the field. By 1937 this was reduced to Fianna Fail, Fine Gael and Labour plus independents. In 1944 there were once again five parties contesting including National Labour which had split from Labour. In 1948 there were six parties again, and Clann na Poblachta won 13.2% of the vote as opposed to Labour's 8.7%. By 1951 Labour was up again to 11.4% with Clann na Poblachta down to 4.1%.

In 1961 there were again seven parties in the field but by 1969 it was down again to Fianna Fail, Fine Gael, Labour and a few independents. The history of the State has shown that Labour has not been replaced by any of the new fringe radical parties which flared briefly and died out. Clann na Poblachta's 13.2% of the vote is much more impressive than the 2.9% of the Workers Party after more than 10 years of a vacuum on the left when Labour was locked in Coalition. Yet Clann na Poblachta disappeared entirely. In 1933 Labour's vote was down to 5.7%

yet it grew and developed and maintained its position.

Labour is the traditional party of the working class. It was formed in 1912 by the Irish Trade Union Congress on a proposal from James Connolly. Up until 1930 the Irish Trade Union Congress and Labour Party was one body. If suffered separation from the ICTU in 1930, it has lost the affiliation of major unions at times. However the major unions are affiliated to the Party once again and attempts to change this have been defeated.

Labour was established by the trade unions - the most basic organisations of the working class. Fianna Fail and Fine Gael drew their finances, policies and attitudes from the employers, profiteers and large farmers. It is to Labour that the working class and youth will move as they are forced into political struggle in the years ahead.

Southern Ireland is now an industrial country. 50% of the population are 25 or under. There is no escape valve of emigration as in the past to let the pressure out of the class antagonisms. The economy is in crisis offering a 25% unemployment rate in the coming years. These social conditions are new in the Southern State. They will result in massive industrial and political battles which will be reflected politically in the transformation of the Labour Party and that Party becoming the major party in the State in the 1980's and a movement in the direction of a majority Labour government.

THE LEFT AND NATIONALIST FRINGE

Against this perspective, the fringe parties should be looked at and especially Sinn Fein the Workers Party or now the Workers Party. First we will look to the others - the Socialist Labour Party, the new Democratic Party and the Provos. The Provos vote in the 1982 election fell to just over 1% - less

than 1/2 of the H-Block vote of June 1981. This is an accurate reflection of their base in society.

The support on the H-Block issue was mainly sympathy for the prisoners and a section of the youth who wished to protest against the social and economic conditions they faced, and, given no lead by the

Labour leaders, they were mobilised in support of the prisoners. These youth quickly fell away from contact with the Provos when the hunger-strikes ended. The Provos were left with their small rank of hard-line republicans. If the Provos were not able to rebuild a new base upon the hunger-strikes then their prospects for the future are bleak indeed.

The Socialist Labour Party was set up with much fanfare after the 1977 elections. It was going to replace Labour. It was joined by all the ultra-left, self-styled Marxist sects. It first lost its only parliamentary member, Noel Browne, then it lost its membership, then its leadership and then it formally folded up. It provides an instructive lesson for those people who think there is an alternative to Labour.

Like its predecessors, the Socialist Labour Alliance in the early 1970s, the Left Alternative of the Communist Party/Sinn Fein the Workers Party and the Left Liaison Committee in the mid-'70s, these organisations all disintegrated and failed to build an alternative to Labour.

The Democratic Socialist Party similarly has no future. This organisation is mainly Jim Kemmy who voted for the July budget of FitzGerald, and its membership is mainly the ex-members of the hard line Stalinist Socialist Party of Ireland and the equally hardline Stalinist and two-nation British and Irish Communist Organisation. This Party will come to nothing. It will last a short time, have a few splits and will eventually disappear with Kemmy losing his seat to Labour or being re-absorbed into Labour again.

OFFICIAL SINN FEIN - SINN FEIN THE WORKERS PARTY - THE WORKERS PARTY

The Workers Party might appear to be a different case given the three seats it won at the last election. Such a conclusion would however be the result of a superficial analysis of a number of events rather than an examination of the processes at work.

The Workers Party, as Official Sinn Fein won a semi-mass base amongst the Catholic youth in the North and a section of the youth in the South in the early 1970s. With Labour in Coalition, and the mood amongst a section of the youth for republicanism and militarism, they grew rapidly. However their false perspectives and programme made it impossible for them to hold their

base. Their membership declined as quickly as it had grown, and they split, with the IRSP/INLA element leaving. They also experienced many smaller splits, desertions and expulsions.

In the North they have been reduced to a small group with the loss of their base. Their local authority representation has all but disappeared. In the South also they have been unable, either as Official Sinn Fein or as Sinn Fein the Workers Party to attract the youth and re-build their base in the latter part of the 1970s.

What they did manage to do was hold enough of their student base to control the Union of Students in Ireland (USI) for a period of the mid-'70s up to 1981. Out of this they recruited many student elements whom they turned towards the full time trade union apparatus, and especially the ITGWU. By hiding their programme and denying their membership of Sinn Fein the Workers Party they filled a number of full time positions in the unions. They however had no base in these branches and increasingly became part of the full time officialdom.

In order to gain these positions in the unions they have adopted positions on the right of the movement. They have consistently supported National Wage Agreements. They have consistently opposed the election of trade union officials and these to be subject to recall and on the average wage of a skilled worker. These positions will bring them into conflict with the new fresh layers of young workers and the more radicalised rank and file who will be coming more and more into activity in the trade unions.

At the same time, the older and more established sections of the full time officialdom have been taking action to clip the wings of the Workers Party. Their successes in the unions have reached their peak.

They will pay the price of their opportunism when the struggle heats up. They will find the disadvantage of hiding their programme to get positions and not building a base. They will not have the base to defend their positions from. They have also lost their control of USI and therefore that source of younger members whom they slotted into full time trade union positions has dried up.

On the parliamentary field they have undoubtedly made gains - winning three seats. Their percentage vote was however 2.9% of the total vote cast. Labour's percentage was 9.1% but the most important feature in this process is that Labour lost 8% of its vote since 1969 yet the Workers Party still only won 2.9% in February 1982. The Workers Party has been unable to take Labour's vote



Gallagher, spokesman for the W.P in the Dail where they opposed trade union rights for the army.

nationally. Most of the lost Labour votes have temporarily slipped back to Fianna Fail or Fine Gael or abstained.

Yet the past 11 years has been the most favourable period for the Workers Party with Labour on the Coalition path and held in contempt by many activists and youth. If it could not take Labour's lost vote over that period then it has no possibility of replacing or even going near to Labour as Labour moves left and grows over the coming period.

The three seats it won were in areas where the Labour organisation has virtually disappeared or was split as in Dublin North West. Only in one other constituency, Dublin West, has the Workers Party got a higher vote than Labour.

The longer term prospect for the Workers Party is that as Labour moves left and grows it will be squeezed once again entirely onto the sidelines and most likely lose at least two and probably all of its seats.

Its performance in the Dail has also cut across much of the attraction it may have had for the youth. It voted for Haughey and Fianna Fail. It supported the vicious March budget of Fianna Fail as a reasonable, balanced budget. This included the PRSI increases. An indication of how far they are prepared to go to prove their respectability was shown when they spoke against Barry Desmond's call for soldiers to be allowed to join trade unions. The Workers Party spokesman, Gallagher from Waterford, opposed this as it "would lead to anarchy".

On economic affairs the Workers Party are basically social democratic. They support and advocate the enticing of multi-nationals into the economy. They talk of the need for stable government in order to deal with the economic crisis but refuse to campaign for the nationalisation of the finance houses and major industry under workers'

control and management. This is ultra-left according to the Workers Party. When the Workers Party - then Official Sinn Fein - was joined by thousands of young people in the early 1970s, these young people pushed the Party to the left and to a centrist position. They talked of socialist revolution and the ending of capitalism. With the collapse of their membership, especially in the North, and no influx of youth, the leadership has reverted to their previous right of centre economic and political position.

Behind their rhetoric, the Workers Party leaders have no belief that the working class are capable of carrying through socialist change in the years ahead. This is postponed to the indefinite future. In the meantime they will vote for Fianna Fail or whoever they can get a short term political advantage from.

It is a condemnation of the Workers Party that their main criticism of the Labour Party over the years has been the Party's co-operation with the conservative Fine Gael. Yet they are no sooner in Dail Eireann than they are propping up Fianna Fail, the main party of big business.

On international affairs the Workers Party is a strong supporter of the bureaucratic castes which dominate the regimes of Eastern Europe, Russia, China, etc. The Workers Party supported the imposition of martial law in Poland and the suppression of the trade union Solidarity. As on the home front, internationally the Workers Party sees no possibility of the establishment of a socialist federation of world states and this is not raised at any time in their material.

The Party's internal regime is rigidly modeled on the parties of Eastern Europe and the 'Communist' parties in the West. Dissent is met with manoeuvres, suppression and expulsion.

Splits and expulsions will take place as they continue with their parliamentary manoeuvres. They have been incapable of winning the youth. Their youth section - the Irish Democratic Youth Movement - exists only in name.

The perspectives for the Workers Party are for them to continue in the process of decline which began in the mid 1970s. They have only managed to maintain an appearance of strength due to Labour's continued Coalition activity up to 1982.

The speed of their decline and loss of parliamentary base will be determined by the speed of Labour's move to the left and its growth. Their breakthrough in the Dail was the result of a past momentum which has largely lost its thrust and the extremely favourable circumstances created for it by Labour's participation in Coalition. These will not last.

TRADE UNION PERSPECTIVES

It has already been explained that in spite of the throwing back of the movement in the 1970's the trade unions increased their membership and their power. 60% of the workforce is organised. The enormous accumulated power of the unions was shown in the PAYE general strikes. No force in society could defeat the enormous force that took to the streets of the cities and towns in 1979 and 1980. This has at all times to be the starting point of any discussion on the trade unions and the working class movement. The power exists many times over to change society. All that is missing is the correct leadership.

After the throwing back of the movement in 1970 when the National Wage Agreements began, the number of days lost in strikes dropped dramatically. The movement's level of struggle declined.

Days lost in strikes were 1,007,714 in 1970, and then fell sharply to 273,770 in 1971, 206,955 in 1972, 206,725 in 1973. The movement began to recover and days lost rose to 551,833 in 1974, dipped again to 295,716 in 1975, rose again to 776,949 in 1976, dropped slightly to 442,145 in 1977, rose again to 624,266 in 1978. And then in 1979 the highest number of days on strike since 1937 was recorded - 1,500,000.

This was the highest per thousand employees of any country in the OECD. This figure also excluded the PAYE stoppages. 1980 and 1981 saw the figure fall to 400,000 and 404,000 respectively. Again the 1980 figure excluded the PAYE stoppages. What these figures show is the recovery of the movement. The reduction in 1980 and 1981 partly reflects Haughey's retreats for electoral reasons and partly also reflects the movement drawing breath and considering the lessons after the battles of 1979 and 1980.

The National Wage Agreements ended in 1981. Workers in all sectors of the economy are now faced with struggle against their own employers and managements on wages, conditions, hours and rights. They are facing this situation at a time when the employers are on the offensive to cut wages.

The national leaderships, accustomed to, and preferring, the system of national wage agreements, advised the workers to settle for what they could get. This resulted in the pay norm of around 10% for 1982. With inflation at 20%, this is a drastic cut and comes after the cut of around 12% in real terms in the last National Understanding. These cuts resulted from the leaderships acceptance of the propaganda of the bosses that

cuts had to be made. Another element in this was the lack of cohesion, and in some cases, the very real inexperience of shop floor leaderships. Shop stewards and shop stewards committees were in some cases negotiating a wage round for the first time in their experience.

THE FIGHT BACK HAS BEGUN

The process that has opened up now in the unions is one of shaking off the accumulated stiffness of the 1970s wage agreement period and the development of a more fighting leadership both at national and local and branch level.

Whole new layers of young workers will be pressed into struggle. Shop stewards and branch committee members who have not been able to preserve the ability to give a fighting lead over ten years will be replaced.

A new fighting leadership at all levels will be constructed in the years ahead. The offensive of the bosses will ensure this. This is the most important point that must be grasped in the general trade union perspectives.

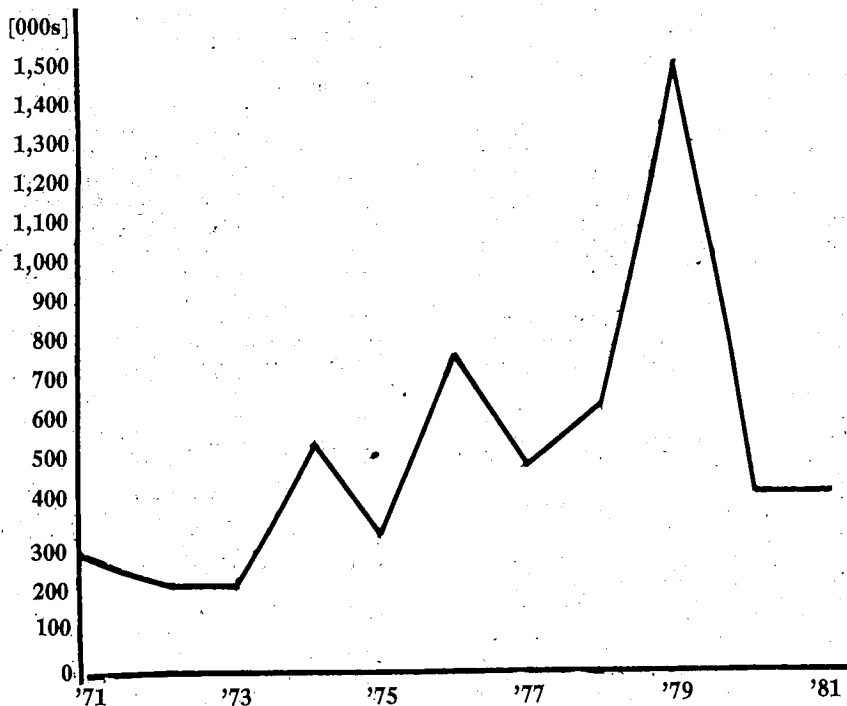
At present there are an estimated 30,000 activists, shop stewards and branch committee members in the trade union movement in the Republic. This layer of activists will be thrust further and further into battle in the period ahead. In the course of these battles, the leading activists in the trade unions will be more and more convinced that only a change in the system can secure decent wages, jobs for all and trade union rights. A new leadership looking for a socialist solution will thus be forged.

The deferring of the 3rd Phase of the Public Sector Pay Agreement sharpened the struggle on the trade union front. Strikes and industrial action became widespread in many areas. The ICTU called area general strikes and demonstrations and a one day general strike for October 27th. It was clear the membership were prepared to fight.

The wage cuts implicit in the pay round of early 1982 were being opposed. This mood for struggle was also shown by the spontaneous walk-outs against the PRSI increases earlier in the year and in the movement in Dublin which won the release of the jailed painters.

Increased struggles are the order of the day around wages, redundancies, special claims, the shorter working week and any number of issues, given the mood of the vast majority of workers.

DAYS LOST THROUGH STRIKE
Excluding PAYE strikes



LABOUR YOUTH

As this process develops the employers will more and more push to use the law and the state against the unions and the rights that have been won. The Federated Union of Employers (FUE), the heads of the semi-state bodies and numerous bosses in their speeches have been continuously calling for the outlawing of unofficial strikes and legal restrictions to be placed on picketing. Their political weakness (neither Fianna Fail nor Fine Gael are confident about confronting the trade unions at this stage) has prevented such changes in the law being made.

The Supreme Court judgement in the Talbot case where it was ruled illegal to induce the breaching of commercial contracts by sympathetic action is an indication of how they are trying to move. An injunction in this same case confined the number of pickets to four. The employers will move eventually to force their political representatives to change the law. This will result in an all out offensive by the trade unions and the defeat of these laws.

There is a law in history that no class gives up what it has won without struggle. This is usually quoted in relation to the capitalist class. However, it is also true in relation to the working class. The working class in the Republic has won the right to organise, to strike and to picket. These rights were won through the events of 1913 and the daily battles with the employers. Imprisonment, victimisation and death were suffered in these struggles. The working class won increased living standards over the

last two decades. These were won by the big battles of the 1960s and also the 1970s.

These gains cannot be taken back by passing a few laws and printing them on paper. The attempts to take back these gains will unleash an all out battle by the working class. In the course of this battle, a radicalisation of the working class will be brought about. The events will convince the working class that the only solution is to change society and that they have the strength to do it.

A particular feature of these battles will be the increasing role that will be played by the youth. Full of impatience and fight, not having gone through the defeats and drawn out battles of the past, not under the same domestic and family pressures, the youth will surge to the forefront.

The actions of the youth will re-awaken the best traditions of the older workers and their experience will be fused with the energy and impatience of the youth and a real fighting leadership will be forged.

Another feature of these coming battles will be the increased role that will be played by women workers. Women workers make up 30% of the workforce yet they account for 60% of the low paid jobs. Six years after equal pay legislation women workers wages are only three-quarters of average mens on an hourly rate. Battle will be engaged on these issues in the period ahead. Amongst women working in the home there will also be struggles on the questions of prices, housing and facilities.

YOUTH

The mood amongst the youth is changing and as far as the advanced layers are concerned it has already changed.

The cynicism and despair is beginning to be replaced with a realisation that on the basis of the present system, unemployment and dead-end jobs are all that is on offer. Over 100,000 young people under 25 are on the dole North and South. Over 60,000 in the South. 20,000 young people will enter the labour force each year from the Republic.

The main issue affecting the youth will be youth unemployment. The main struggles of the youth will take place around this issue. The demands for a 35 hour week, a useful programme of public works, a guaranteed job for all, full pay at 18, and trade union rights and rates of pay will receive immediate support amongst the youth. The work experience programmes

will bring youth together and focus their discontent.

Rather than placate the youth these schemes will help the youth to organise and fight by virtue of bringing them together. Young people with jobs will increasingly experience cut in wages as the crisis develops.

At the same time the wealth of the ruling class and the living standards of the managements and the politicians and the blatant corruption at the top of society will rub salt in their wounds.

The youth will become enraged. Already it is virtually impossible to find a working class youth who has a good word to say about capitalism or its political representatives.

Wave after wave of struggle amongst the youth are on the order of the day. As explained, these will mainly be on unemployment, but in all the struggles of the working class the youth will be involved and to the fore.

The Labour Party Youth Section has already shown its ability to organise and reach young people on the issues which effect them. On October 31st, 500 trade unionists Labour Party members and young workers marched against unemployment in Dublin. One hundred of these were from the Labour and Trade Union Group Young Socialists in the North.

Labour Youth's Summer Camp again brought young people together North and South to debate and organise for the struggle for jobs and decent living standards. Labour Youth has already established itself as the only campaigning and fighting youth organisation in the South.

The responsibility facing Labour Youth is very great. Their path should be to take up the issues of the youth and to campaign on them with the face of the Labour Youth turned decisively towards the trade union movement.

Labour Youth must be based on trade union and industrial and service sector young workers. This applies also, and especially to, the struggle on unemployment. While involving the unemployed youth, the orientation must be to link up with and mobilise the workers in the workplaces and the trade unions. In this way the power of organised labour is welded to the drive of the youth and the problems of the youth are taken up by organised labour - the only force that has the power to solve them.

In all the great revolutionary events, from the Russian Revolution to Soweto, from the revolutionary crisis now taking place in India and Sri Lanka to the events in Greece and France, it's been the youth who have led the way. The mood amongst the youth in the Republic is now becoming increasingly more angry.

By its very nature the mood of the youth will develop in an explosive fashion. Events such as Brixton and Toxteth can take place in the Republic at any time. The campaigns of Labour Youth must reach the layers of angry youth and win them to the methods of Marxism and save them from the dead end methods of riot, alcohol, drugs and despair and instead to the struggle of the working class.

Lenin Said "Whoever has the youth has the future". Labour Youth is the most active and largest campaigning youth organisation in the Country. In the coming struggles its top priority is to win the youth to Labour and socialism. The

correct balance of theoretical development and action should be continued. The youth will demand an active, campaigning, fighting organisation they can see in strugg-

le and be proud of. This must be provided. The youth will need theoretical development to be able to maintain the struggle to the end. This must also be provided.

CONCLUSION

The 1980s will be the most explosive decade in human history, both nationally and internationally. The crisis in the world economic and political systems is developing to new heights and threatens mass unemployment, a return to the conditions of the last century, and in the longer term of 15 to 20 years, the spectre of nuclear war and the destruction of the human species.

At the same time the working class is more powerful than ever before. It is far and away the greatest power in society. What is needed is the development of a correct perspective and programme in the mass organisations of the working class and the forging of a determined leadership based on clear policies for the establishment of a socialist society nationally and internationally.

In order to achieve this the lessons of history must be learned. The lessons of the past defeats and victories of the working class internationally must be studied by all workers and youth. These

lessons are contained in the works of Marxism, in the writings of Marx, Engels, Lenin, Trotsky and Connolly.

It will be by intervening in the struggles now opening up in society and at the same time learning the lessons of the past, that determined, clear sighted, Marxist leadership will be developed. This pamphlet is a contribution to the discussions that are now opening up in the trade unions and the Labour Party as to the way forward for the labour and trade union movement.

The period ahead offers two clear alternatives. Mass poverty, starvation and nuclear annihilation if capitalism and stalinism continue, or an end to poverty, want, insecurity and the threat of war on the basis of the working class taking power and establishing a world federation of socialist states.

Success will only be possible with the winning of the mass organisations of the working class to Marxism.

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