

RALLY COMRADES!

THE VOICE OF THE LEAGUE OF REVOLUTIONARIES FOR A NEW AMERICA

International Polarization Accelerates as the World Experiences Unprecedented Destruction of Wealth

Political Report of the League of Revolutionaries for a New America Standing Committee, September 2008.

Turmoil marks every aspect of political relations today. In the international arena ancient enemies are finding ways to cooperate and old friends are no longer reliable. The "axis of evil" now has to include Russia and China as they make it clear that they will not tolerate any attacks on Iran. It is clear that the effort to strangle Iran is aimed at controlling oil supplies to China and therefore controlling its development. North Korea stopped dismantling its nuclear weapons program after the U.S. announced it would not lift sanctions, as promised, until North Korea is defenseless. The recent clumsy attempt to tighten the imperial noose around the Caspian basin and the saber rattling by the U.S. were nullified by an awesome silence from NATO. In the Caribbean, the Russian navy is conducting joint exercises with Venezuela while it reconstructs its relations with Cuba. Everyday the space for peaceful resolution of the world's problems is diminishing and the threat of war increases everywhere.

US DOMINANCE DECLINING REGIONAL BLOCS DEVELOPING

The motion of nations toward regional blocs is expanding. This is not simply a reaction to the military aggressiveness of the United States. It is also an attempt to create or protect markets for their economies, which are increasingly based in electronics. The industrial economies produced much faster than their markets could expand. As the developing nations are compelled to adopt electronic production, that contradiction becomes intense and dangerous. Protecting their market is a matter of life and death for these regions. On the other hand, the U.S. must have these markets and wants to see these regions become richer so they can become consumers for U.S. commodities. To increase consumers, they must also increase producers who cannot only buy but who can produce goods for sale in other

markets. But American production already outstrips consumption and the advance of these regional blocs simply intensifies the contradictions.

The general historical decline of U.S. ability to dictate to the world should not be confused with the enormous military, political and economic might of the country. A recent report by the Bureau of Labor statistics states that the United States is the most productive country in the world by a variety of measures. U.S. output per capita is approximately 30 percent higher than the developed European countries and Japan. Furthermore, growth in American productivity has been high. U.S. productivity growth between 2001 and 2005 was at 3.3 percent per year, which is up from the 2.5 percent figure that prevailed from 1996 to 2000. Even with the current crisis, the U.S. economy is still 25% of the world economy. The Center for Arms Control and Non-Proliferation projects that with the new 2009 military budget, U.S. military spending will constitute 48% of the world's military spending. The directions, however, are clear. The U.S. domination of the world is declining as the various regional blocs are developing. This increases the war danger.

An overall view of the international scene shows that not only is polarization accelerating, but also that the next stage is becoming apparent – polarization within the contending poles. The quick recognition of Kosovo by the Bush Administration was an implicit threat to recognize Tibet as an independent state. This recognition was part of the general polarization and was aimed politically at China and militarily at Russia. However, the Russian counter balancing recognition of South Ossetia forced China to join in a mild condemnation of Russia. China does not want recognition of any breakaway region.

The growing contradiction within NATO is clear. Europe, especially Germany, caught in the grip of a deep recession and looking forward to another bitter winter is not about to dare Russia to turn off the energy spigot. The dramatic growth of the Left and communist movements in Germany attest to the fact that the honeymoon, fanned by eco-

nomic and military support from the U.S., is just about over. In short, the unthinkable, a contradiction between the European Union and NATO is now thinkable.

DESTRUCTION OF WEALTH

Ongoing economic polarization is driving and directing this developing political polarization. This is not a re-play of the depression era joke that "the rich get richer and the poor get children." This is an unprecedented transfer of social wealth from the masses to the few. However, this time it is accompanied by the destruction of wealth. Simple shifting of wealth from one social sector to another happens periodically under capitalism and is partially rectified by social and economic reform. The destruction of wealth is a necessary characteristic of qualitative, revolutionary change. How is this being shown?

World productive forces have never been greater. The inability of the masses to consume that production has never been so widespread. Today, almost half the world – over 3 billion people – live on less than \$2.50 a day. The GDP (Gross Domestic Product) of the 41 Heavily Indebted Poor Countries (567 million people) is less than the wealth of the world's seven richest people combined. One billion children live in poverty (1 in 2 children in the world). Six hundred forty million live without adequate shelter, 400 million have no access to safe water, 270 million have no access to health services. Around the world, some 26,500 children die every day, almost 10 million every year. (For these and more world poverty statistics, see Globalissues.org).

This poverty is rising. For example, today one third of the Russian people exist on a dollar a day. The acceleration of production in the advanced countries only deepens the poverty in the rest of the world. It is only a matter of time until this extreme economic polarization is reflected in the breaking of the ties that bind the social poles together and creates the ideological foundations of revolution.

In the desperate search for markets the U.S. is turning to this poverty stricken half

of humanity. Clearly, the necessary infrastructure to turn this group into consumers does not exist. The arms industry is the only way out and it cannot exist without constant war.

The deepening financial crisis is liquidating huge sections of the world's wealth, exacerbating the antagonism between wage-less or near wage-less production, and distribution for money.

This is all part of the political process that reflects the ongoing destruction and reconstruction of the world economy.

A NEW WORLD ORDER ARISING

When President George Bush, the Elder, declared his intention to create a new world order, he had to back away quickly and never mentioned the phrase again. Not only did he sound like the resurrection of Adolph Hitler, but wiser heads in his Cabinet understood that world order is not a subjective thing that can be placed or displaced at will.

Like anything else, the creation of a new world order rests on the introduction of

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The Rise of Speculative Capital and its Geopolitical Implications

Political Report of the League of Revolutionaries for a New America Standing Committee, September 2008.

In the new epoch of globalization – capitalism in the age of electronics – speculative capital has risen to a dominant status. Yet, speculative capital only accelerates the crisis within capitalism further restricting the capitalists' maneuvering room. Each step the capitalists take only further undermines capitalism itself and creates the conditions for political crisis and revolutionary change.

ROOT OF THE PROBLEM

The fundamental law of motion that drives the development of capitalist commodity production is the maximization of profit. The source of value of all commodities created for exchange in the market is the socially necessary labor-time of the workers. Profit is realized from that unpaid portion, the surplus-value accrued in the exploitation of human labor. The capitalist is ever driven to intensify that exploitation and to increase that unpaid portion of the workers' labor-time.

The capitalist system must expand or die. Either by the intensification of the exploitation of the worker or by increasing production through the introduction of ever more efficient tools of production, the capitalist operates to expand value for exchange in order to realize profit. The contradiction inherent in the process, however, is that the more the labor-time is reduced in the production of commodities, the more the value contained in it is reduced, resulting in a falling rate of profit. This only exacerbates the mad rush to expand the mass of commodities produced in order to realize profit.

The drive to maximize profit has led to the introduction of a qualitatively new instrument of production – electronics, the digitization, automation and robotization of production. In other words, for the first time in human history, production without human labor is possible. Hence the value of the worker as a source of value approaches zero, and increasing numbers are permanently expelled from production.

All human labor is cheapened, and the polarization of absolute wealth and absolute poverty characterizes the new epoch. The contradiction inherent in capital becomes an open antagonism, hostile to the very law of value itself. Laborless production means

production without value. Commodities cannot realize profit without being exchanged in the marketplace, and workers without money cannot consume the growing mass of products. The assault upon the law of value itself spells the end of commodity-production.

ROLE OF SPECULATIVE CAPITAL

Modern speculative capital developed in relation to these profound changes within the capitalist system. Capital must circulate. Laborless production means valueless production – and hence, profitless production. With laborless production, capital can no longer be utilized to create more value and more surplus value. So, capital is being shifted into purely speculative investment. Speculative capital does not create value or realize surplus-value, but makes money largely from amassing vast sums based in debt.

There has been a massive expansion of speculative credit instruments for a globally leveraged speculative community. From 1987-2007 credit market debt quadrupled, from \$11 trillion to \$48 trillion, a private issuance of \$37 trillion coupled with \$11 trillion in federal, state and local government obligations. The financial services sector in the 1990s became the largest sector of the U.S. private economy.

The value of U.S. home mortgage debt increased by \$3 trillion. The securitization of debt as well as the creation of other exotic and complex debt instruments became the new wealth machines, but wealth was created by moving money around, with the circulation of goods and services only a secondary by-product.

With collateralized debt obligations (CDOs), asset-backed securities (ABS), and other debt instruments, speculative capital has been allowed to emerge as a “shadow” banking system, where mutual funds, non-bank lenders, hedge funds and securities, largely outside the existing financial regulatory structure, have become the new “liquidity factories.”

The impact of the rise of speculative capital is becoming increasingly clear. On the one hand, the risk of catastrophe has been shifted onto the balance sheets of ordinary families. On the other hand, it has fed, and continues to feed, not only a growing global credit crisis, but a dangerous economic instability.

STATE PLAYS KEY ROLE

The U.S. state has played an indispensable role in facilitating the development

and dominance of speculative capital through state policies and practices that favor the financial sector over the industrial sector, and through dollar hegemony.

In 1971 the Federal Reserve “floated” the dollar, no longer pegging it to gold. In 1972 currency futures were launched, equity futures in 1973, T-bill futures and futures on mortgage-backed bonds in 1975, setting the stage for a new hedging and speculative universe.

And then the bad news began. In the 1980s there was the S&L mess and bailout, a rescue of Citibank by a Saudi prince, and the Federal Reserve bailout of junk bonds.

Following the October 1987 stock market crash, a President's Working Group on Financial Markets was formed, built around the Secretary of the Treasury and the Chairman of the Federal Reserve Board. Washington and the U.S. financial sector were tied even more closely together, collaborating to supply strategic direction, funding support and periodic Federal Reserve or U.S. Treasury bailouts.

Certainly, trillions have been amassed by a handful of individuals and corporations in the past period, but these have been nothing more than short-term results. They have not been able to stop the antagonism within the capitalist system that labor-replacing technology has created.

And now the latest speculative bubble has burst. The Federal Reserve has put \$435 billion on the auction block to ease the credit crunch and provide liquidity. New York banks were issued \$200 billion in liquidity this year, and Bear Stearns was rescued by a \$30 billion emergency loan. AIG was bailed out to the tune of \$85 billion, the government took over Fannie Mae and Freddie Mac, and has gone from assuming all the distressed assets or “bad debts” of Wall Street to practically a full-scale giveaway to financial institutions and corporations alike.

The underlying economic crisis set off by the introduction of electronic means of production has led to the current financial crisis that is in turn leading to a greater economic crisis threatening to engulf the entire world

EMERGING REGIONAL BLOCS

The U.S. domination of the world is declining as the various regional blocs are developing. These blocs – some just in formation, some with longer ties – are collaborating to strengthen the protection of, or access to, other markets.

In 2003, China and other countries collaborated in what came to be known as a “Bretton Woods II” agreement to hold large

EDITORIAL POLICY

Rally: to bring back together and put in a state of order, as retreating troops [to return to attack]

Comrade: a person with whom one is allied in a struggle or cause

In this period of growing motion and developing polarization, *Rally, Comrades!* provides a strategic outlook for the revolutionaries by indicating and illuminating the line of march of the revolutionary process. It presents a pole of scientific clarity to the conscious revolutionaries, examines and analyzes the real problems of the revolutionary movement, and draws political conclusions for the tasks of revolutionaries at each stage of development in order to prepare for future stages.

It is a vehicle to reach out and communicate with revolutionaries both within the League and outside of the League to engage them in debate and discussion and to provide a forum for these discussions. Articles represent the position and policies of the League of Revolutionaries for a New America.

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central bank balances in U.S. Treasury debt in order to support the dollar. Concurrent with this has been the rise of Sovereign Wealth Funds, government-owned hedge fund equivalents, designed to maximize profits through direct foreign investment.

Of the five largest foreign currency reserves in the world, three are maintained by China, Russia and India. Sovereign wealth funds constitute a pool of \$3 trillion currently, and are expected to rise to \$12 trillion in 10 years. Over the past 12 months sovereign wealth funds have supplied \$60 billion in liquidity to American financial institutions.

The new BRICs (Brazil, Russia, India and China) represent a seismic shift in the

global economy and the development of political formations to correspond to it. Recently 12 South American nations came together to form a new continental parliament, called UNASUR.

The new "seven sisters" of oil are now state-controlled Saudi Aramco, Gazprom (Russia), Petrochina, the National Iranian Oil Company, Petrobras (Brazil), Petronas (Malaysia), and Petroleos de Venezuela. These countries and the economic blocs they represent are the new "axes of oil." The Shanghai Cooperation Organization is composed of Russia, China, and four other Asian republics.

Geopolitics follows economics. As these new blocs have arisen to contend with the

economic supremacy of the U. S., we see a high proportion of military strategies coalescing around the proximity to oil. The U.S. military has become increasingly an oil protection force. Thus we see the current quagmire in Iraq and Afghanistan, but also the increasing involvement of the U.S. military in Africa and South America, not to mention the plans to go ahead with the establishment of missile bases in Poland and Czechoslovakia. At the same time, both Russia and China are countering with a dramatic buildup in their military.

With the rise of new regional blocs within the global economy emerging to challenge U.S. economic global dominance, a contending for a re-division of the earth and

the prospect of world war looms.

But the global crisis of capitalism also expresses itself as the open antagonism of absolute wealth and absolute poverty, and that raises the promise of world revolution as the new global proletariat arises to contend for its own redistribution of the earth's abundance on a cooperative basis.

Note: If readers would like to follow up on some of the facts and figures presented in this report, see Kevin Phillips, *Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism*, 2008; or search "speculative capital" at www.rallycomrades.net.

Editorial: Now the Work Begins

The defeat of John McCain and Sarah Palin was a victory for the workers of America. But, this defeat is not the end. It has simply opened the door for the next step in the battle for real change in this country.

The political process does not stand independently. It is the faithful subjective expression of the objective process. Politics is the response of the various classes to the development of the economy. Struggle in politics – as in all things – takes place when there is polarization. Polarization in society is the result of polarization in the economy. As society polarizes, the factions turn against one another, a process of destruction takes place, and a new process emerges from this struggle and destruction. With the election of Barak Obama we are at the beginning of an emerging political polarization in this country.

Millions of every day Americans, disgusted with the corruption and immorality of the Bush Administration, overcame the century old legacies of slavery and voted for an African American president. This vote was not simply a matter of economics, but also expressed the broader social revolution underway.

At the same time whole sections of the country went overwhelmingly for McCain. Even states such as Ohio, Indiana, and North Carolina, which ended up in the "blue" column, were within a whisper of tipping in the direction of the Republican Party. For the most part, the McCain voters were from the small towns and out of the way places, increasingly unable to make ends meet, and dispossessed of any future under the current economic system.

Most significantly for revolutionaries, millions of these voters were in the strategic Rust Belt area – the geographical heart of the American working class and the political center of gravity of American working class politics for decades – workers whose connections to society, organization, and community make them a strategic force in the developing revolution in this country.

The capitalist class is already transforming the state and society in order to protect private property and their class interests. All the discontent that was channelled into the election process was part of the growing social response to the vast changes underway that will not go away once the election is over. They will reach out to this section of society to support the developing fascist social movement. The first stage of this process will be the consolidation of the scattered fascist elements, and, as they coalesce, they will put forth a program to solve the immediate problems that people face.

Without polarization there can be no change. It is only within this motion that revolutionaries can do their work. The bonds that tied society together – the institutions, the ideas, and the psychology of the people – are beginning unravel. That this makes people open to new ways of thinking only opens the way, it does not guarantee the outcome.

Revolutionaries celebrate the dismantling of historical barriers. At the same time, we must strive to see these historic points within the context of the line of march of the revolution. The most conservative sector of the working class – the once bribed worker – is now the most objectively revolutionary, and a black man is now leading the U.S. through the next step in the battle to protect

the capitalist system and maintain U.S. hegemony in the world. We must rely on the understandings of the past, but not be tied to the ideological outlook of the past.

Conditions are forcing broad sections of America to move. Revolutionaries must begin to work within the motion of the growing dispossessed in this country to focus on the key sections that can pull the whole class forward.

Every program, policy, and proposal should be judged by one factor – does it ad-

dress the needs of the millions in this country first, rather than the handful of billionaires and trillionaires for whom the government is solely concerned today.

We must begin to concentrate our forces on the next step – politicizing and propagandizing the political center of the unravelling working class, taking up the fight for nationalization in the interests of the workers, and disseminating the program of the new class and the communist resolution of the problem.

THE LEAGUE OF REVOLUTIONARIES FOR A NEW AMERICA

Tens of thousands of socially conscious people declare themselves revolutionaries in opposition to the degenerating social and economic conditions. The League's mission is to unite these scattered revolutionaries on the basis of the demands of the new class, to educate and win them over to the co operative, communist resolution of the problem. The demands of this new impoverished class for food, housing, education, health care and an opportunity to contribute to society are summed up as the demand for a co-operative society. The new class must have political power to achieve these goals. In the effort to achieve this political power the League supports all political organizations and sections of society that fight against the growing poverty, social and ecological destruction, fascism and war. Nothing can be accomplished until the American people hold a vision of where they want to go and what they want to be. Creating and imbuing them with such vision is the overriding task of revolutionaries and the foundation of our organization. We in the League face the future with confidence. We call upon all revolutionaries to abandon sectarian differences, to unite around the practical demands of the new class and to secure that imperiled future.

Illuminate the Line of March Within the Key Fronts of Struggle

Editor's Note: The following is a presentation given at the annual retreat of the Rally, Comrades! Editorial Board, August 2008.

It's clear that the nation, the people of America, are entering into the beginning stages of what we refer to as a social response to the economic revolution. They are becoming politically aware of what is going on.

The looming depression, the falling dollar, the profound destruction of wealth, the crisis of liquidity, and the formation of regional blocs that are challenging U.S. dominance in the world are expressions of the problem rooted in the labor-replacing technologies. Even if we don't see it directly, or the masses of American people don't understand it directly, it affects them. As things tighten up financially and politically, the American people are being pushed into some kind of political understanding, some kind of political activity. Not very much, not very correct, but the reality is that it is there.

The League was right to concentrate on the theoretical analysis of the economic motion and in pointing out what inevitably were going to be the social consequences. We did not know exactly the form it was going to take, but we did know there would be social consequences.

The American people understand that they are facing a fundamental problem and they are looking for real answers. The election is forcing open the door for political activity. We have to be scientific in approaching this change and stop looking at the world ideologically. Somehow we are going to have to shift to where ideology is in its proper place, and not let it take the place of clear scientific analysis of social motion – where it comes from, where its going, its stages of development.

We need to use the theoretical clarity we've struggled for over the years in order to easily shift gears and move into our next stage of development, that is to say, to begin influencing that social activity.

Changing conditions demand that the activity of the League changes accordingly. We can't be a political organization and not change in accordance with changes in the objective situation. The problem we face is the same one we have always faced – how do we make that change, and what is it?

ART OF POLITICS IN USING SPONTANEOUS MOVEMENT

We need to have a common idea of what we mean by politics. Politics is essentially the art of using the spontaneous social mo-

tion in order to achieve necessary goals. You can't have politics without relying on the spontaneous movement and you can't rely on the spontaneous movement if you're not in it. There can't be any politics that doesn't deal with objective reality. But neither can there be any politics that disregards the subjective. The art of politics lies in uniting the subjective goals with the objective social processes that you see at hand.

The spontaneous movement is the struggle for food, shelter, and clothing, the fundamental things people need for life. In the process of that fight, there is the possibility of convincing the masses that there is a way to secure these things forever. By having a common understanding of politics, we unite the effort of the revolutionaries with the actual activity of the American people.

William Saffire's book *Freedom* is interesting in this regard. One of the underlying themes of the book, and he proves it every step of the way, is that in the North the main opposition to the emancipation of the slaves was from the working class. Emancipation could have come about fairly easily, but the workers didn't want it. They felt that four million blacks were going to be dumped on the labor market and they would lose their jobs, or at least it was going to lead to a lowering of their wages. They were told it was better to keep slavery and the workers would accept whatever wages the capitalists wanted to give them.

So here the most revolutionary sector is the thing that's blocking social progress. How do you swing this opposition? On the one hand, the working class was absolutely devoted to the Federal Union and they were ready to fight and die for that. But as labor leaders told Abraham Lincoln – you say anything about emancipation and one half of the army will drop arms and go home.

So the problem that the abolitionist and emancipation groups within Lincoln's cabinet faced was how do you change the ideas of the American worker on this. There was a spontaneous motion on the part of the workers to defend their jobs even to the extent of preserving slavery, and on the other hand, there was this militant defense of the Union. How do you show them that one was absolutely entangled with the other – you couldn't have Union without destroying slavery, and you couldn't destroy slavery without maintaining the Union. This is what politics of that moment was all about.

So you need to grab the actual existing social motion and figure out the factors that will allow you to turn this thing, to change the minds of people. What took place between the 1863 Draft Riots and a year or two later when literally hundreds of thou-

sand of workers enlisted into the Union, singing "As He died to make men holy, we now die to set men free"? What happened during those years? They moved from attacking the government for suggesting emancipation to being ready to die to end slavery. What happened?

It was the skillful activity of the abolitionists – right, left and center, all of them put together – that slowly changed peoples' minds as conditions changed. So the objective and the subjective were united – the changing conditions provided the foundation for a change in the minds of the people. This is what we're talking about when we talk about politics.

FIGHTING FOR THE INEVITABLE

Let's look at the formation of the CIO, for example. In the revolutionary movement in the 1930s everything was CIO, union, union, union. But we wouldn't have had a union if the bourgeoisie didn't see something worthwhile in getting a union. Getting a union was along the spontaneous line of march. You can get a union that supports capitalism or a union that opposes capitalism. And since unions are inevitable, and the revolutionaries are going to fight for a union that opposes capital, there's no reason why the bourgeoisie can't support a union that supports the capitalist system.

What was the role of the CIO? Organized labor represented 23 percent of the working class. The historical role of the CIO was to prevent the unorganized 80 percent of the workers from doing anything against the system. How could the unorganized sector do anything? The organized sector wouldn't do anything, so therefore very little was done to educate and unite the workers.

Did the AFL-CIO do some good? It did some good. Did it do some bad? Yes it did. Was the union absolutely necessary? Absolutely. It's not about being opposed to union. We have to understand that because the union was along the spontaneous line of march, the union became the battlefield. Whatever side won, the union was going to win that stage of development and be able to progress to the next stage of development. We never progressed to the next stage of development because we lost that fight.

So you have the necessary spontaneous development of something that becomes a battleground. If the bourgeoisie wins, they use it against the left. If we win, we use it against the right. So the question for the revolutionaries is: What is the next inevitable battleground and how do we prepare ourselves to fight so we don't keep making the same mistake over and over again because

of ideological considerations?

MERGING AGITATION AND PROPAGANDA

What's necessary today is a shift from propaganda that's separated from agitation to dealing with the real world. That real world demands that agitation and propaganda be merged. We're dealing with a working class that is 99 per cent literate and concentrated in huge cities. There is no way to propose abstract answers to concrete problems. This wall that history raised up between agitation and propaganda is diminished today, if it exists at all.

How do we propagandize our agitation? How do we guarantee that within our agitational activity there is propaganda? It's difficult to do in America because of the heritage of the McCarthy era. But people are beginning to open up their minds. But we can't take advantage of it if we simply rest on ideological assumptions.

One the questions for us is how do we put the revolutionary and communist propaganda in terminology that grows out of American history and not out of Russian history, or Chinese history or German history?

It's interesting to look at the Civil War. Toward the middle of the Civil war, the rebels were the ones talking about the Constitution and defending the Constitution, and Lincoln was the revolutionary. But the key was that he did it in conjunction with the development of the American people. He didn't do it by himself. He didn't do it ahead of the American people. It was this constant agitation and propaganda that allowed the North to become the "destroyers" of the Constitution, and the South to become the defenders of the Constitution. We don't get away from history; it keeps repeating itself over and over again. We can learn from the revolutionary history of America, that this is the way it happened then, and use that to see how it is likely going to happen again.

Workers understand that education is not going anywhere until this government takes over education and guarantees that every single child has equal education. How are you going to have insurance or health care unless the government takes it over? What grows out of American history that helps us show the next necessary step along the way? Just like with the unions. Union was inevitable and then the battle became was the union going to be a tool of the capitalists or was it going to be a weapon of the working class.

Where do we start, and how do we start? And what is our propaganda within that start? That means dealing with what people are really concerned with. That means mov-

ing from these general theoretical propositions and into the work of this specific agitation and propaganda that's along the line of march.

NATIONALIZATION

There was a time when there was no federal army, only state militias. The government nationalized the army. There was a time when there was no national money. They nationalized the money. We could go on down the line. As conditions developed, the bourgeoisie had to nationalize these things so they could function. But that can also be a weapon in the hands of the worker.

The union was indispensable to the Roosevelt democratic coalition; the democratic coalition was indispensable to saving American capitalism. And yet we needed the union, we had to fight to get the union, but we lost the political battle. That battle at least.

What we're seeing here and now is that nationalization is inevitable. Aspects of the banking system have already been nationalized. The ruling class easily and smoothly transferred from "free market economy to nationalization." They are prepared to move to nationalize insurance for catastrophic events where whole towns are wiped out by tornados and hurricanes. They are going to nationalize aspects of health care - private companies can't handle these things anymore.

But that also opens the door for my insurance; my little house here in Chicago also has to be taken care of, not just simply the capitalists' property. It is a battleground where the interests and program of the class can be fought out.

In our propaganda we talk about making the corporation - or at least making a sector of the corporations - public property. But

the notion that you can leap from private to public property is only propaganda. The first stage in that process is transforming these private concerns into state property. Then the battle becomes who does that state serve. That's how we get involved in politics. If we don't have a situation where the state is responsible then we can't have that fight.

This is why the League emphasizes that the first thing we have to look at is that society has to take over the corporations or the corporations will take over society. We either whip Hitler or he whips us. In between a declaration of war and us whipping Hitler were a thousand battles. It's not just one great leap from this point to that point. It's a series of battles that take place over the years in order to achieve that.

Let's be clear. The government assuming control of these giant interests is in no way communism. But that's the battleground. If we avoid the battleground we can't win the battle. So we're going to have to begin a thorough going discussion about what we're talking about with this idea of a line of march. What is the looming battle, what is the key fight, and how do we build from that, and how do we develop the ideological and political understanding of the American people through this kind of a fight?

CHOOSE THE BATTLE

Not every battle is along the line of march. We have to clearly understand how do we get from this point to that point. The line of march might not be a direct line, but it's going in a definite direction for a definite purpose.

We have to learn to choose our battles. We have to know the line of progression from here to there. That's why we have this concept in our program. The question of

taking over the corporate structures is the first inevitable battle. It is unavoidable and we can win. But if we fan out, and start fighting on all fronts, we're not going to win. Nationalization will take place, but in the interest of the bourgeoisie.

The secret of successful warfare is concentration. When you concentrate your forces, you isolate your enemy. You have to choose one division that you are going to destroy. Choose one town you are going to take. Choose one railroad junction you are going to get. Not everything. One thing. But that one thing has to be key. That railroad junction has to be key to all the railroad junctions. That one town has to be key to the entire highway network.

We choose our battles, and then we fight them out in a planned way. This is how the work will have to be done in the coming period of time. It has never been done in America, because it couldn't be done. Conditions were never right for it to happen. It can happen now.

DRIVING FORCE

What is the force that we can rely on in order to win this fight? Up to this point, because of the objective situation, we've been talking about the poor in a general sense. We couldn't help but do so. We clearly understood that the industrial workers in the big plants were key to organizing the entire class. In the same sense we know that within the mass of poor is a driving force capable of pulling the entire chain forward.

That driving force cannot be people without a class sense, without a class position in society. This driving force is these millions of people who have had jobs, maybe not the best jobs in the world, but had jobs, and had some possessions, but now have lost everything. It's going to be these people who are

on the edge or just pushed over that edge.

In America their natural tendency is to move to the political right. Yet, these "dispossessed" are the only ones who can lead this battle because they know what organization is, they have been part of society. They are the force that has the capability of uniting the rest and pulling them forward, of raising slogans that are achievable along this line of march.

How do we turn them to the correct direction? What are the slogans? What is the agitation and propaganda we put forth to begin shifting from simply dealing with the poor, the homeless, the hungry and toward being political in our outlook and work? That is, how do we subjectively form the class that has the social force to unite the struggle against the entire system?

How do we begin influencing them and bringing them together on some kind of program? This question is going to become the most important and immediate as the economy degenerates. We have never really discussed it. We couldn't because the objective situation did not call for it. But now that things are starting to gel, we are going to have to start discussing it.

So, these are the kinds of questions revolutionaries must answer. We need to use the theoretical clarity we've struggled for over the years to shift gears and move into our next stage of development. Now that social activity is breaking out we can no longer rest content with simply being the theoretical expression of the environment, we now have to become part and parcel of that activity. The questions raised here today have attempted to illuminate that path, but it will be the thinking and contribution of every comrade that will make it a reality.

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something new. It is not imposed, but arises on the basis of that new quality. Looking back in history we can say that a new world order, dominated by Great Britain, emerged during the middle of the 1880's. By creating and dominating the industrial world, Britain became the greatest naval power, the greatest colonizer, and world exploiter. Hitler failed in his attempt to create a new order because he simply tried to rearrange the existing forces - to replace Anglo-American imperialism with German imperialism - on the basis of existing industrial means of production. A new world order emerged in 1945 based on the destruction of WWII. This was shored up by America's monopoly

of the atomic bomb.

The turmoil we see around the world is the prelude to the rising of a new world order based on the growing predominance of electronics over industrial production. An old world order does not simply fade away. Like any living thing faced with destruction, it becomes more violent, more dangerous, and more determined to live. The threat of war increases in tandem with the rise of this new order. We apply our dialectics to understand the process: leap forward, stagnation, backsliding, polarization, destruction, and leap forward.

We are again, under different circumstances, seeing the beginnings of a vast

American revolution. The emergence of new productive forces antagonistic to the existing industrial productive relations is wrecking the foundations of society as we have known them. Giant global corporations are replacing local and national companies. Wage labor is replaced by computer controlled robotic, wage-less production. Value, which is based on labor, becomes disconnected from price, which is now set arbitrarily by global corporations.

Consequently, wealth and poverty polarize. Each stage of this process further disconnects base from superstructure. The social destruction that we have seen in the past twenty-five years is only the beginning

of the process. Homelessness will increase, education of working class youth will continue to decline, war will become part of the American way of life, health care will slip further and further from the grasp of the poor.

All this will become the school where the American people learn of class and class solidarity. This is where the people grasp the concept of revolution and a vision of a peaceful and abundant future. Let us shoulder our revolutionary responsibilities to bring this education and vision to the masses. Again, the die is cast and there is no turning back.

The State: An Apparatus for the Domination of One Class Over Another

This Building Block article is one of a series which explains a basic concept of the revolutionary process, challenging readers to explore its meaning for political work in today's environment.

The state is a special apparatus for the systematic application of force and the subjugation of people by force. It arose with the division of society into classes in order to maintain the rule of one class over another.

As an instrument of the ruling class to protect private property, the state maintains the domination of the owning class over an exploited class. The ruling class benefits from the labor of the exploited class and uses force and political power to maintain these relations.

STAGES OF SOCIETY AND THE STATE

During the longest part of their time on earth, human beings lived as hunter-gatherers in clans or tribes. Since all had to contribute to the survival of all, there was no basis for domination of one person over another, and thus no classes and no state. Under this 'primitive communism,' all members of society contributed to the hunting and gathering of food, which was

shared by all.

When the development of agriculture and new tools created a surplus of food and a division of labor, some individuals were freed from subsistence labor. These individuals took control of the surplus and exploited others for their own gain, thus forming themselves into a dominant class. The state was the apparatus by which they compelled the greater part of society to work for them.

As one economic system developed out of another, the class that owned the land and means of production was dominant and always held state power, at all times using laws, force and intimidation – as well as propaganda to control thinking and beliefs – to maintain and enforce ruling class dominance.

This has been true throughout the stages of history. The forms of government have varied, but the state has always been defined by the owning class. The state of a slave-owning society, whether ruled by a monarchy or republic, as in ancient Rome, was always a slave-owners state. Similarly under feudalism, whether ruled by an aris-

tocracy or monarchy, the state was always the state of the feudal landlord. And under capitalism, whether the form of state is bourgeois democratic or fascist, the state is the state of the capitalist class.

In its rise to power as the ruling class, the bourgeoisie forged the warring feudal fiefdoms into national markets and nation states. The ruling capitalist class protected its national interest with tariffs and trade barriers, and fought with other nation-states for dominance over world markets.

Bringing workers and peasantry into its battle against the feudal state, the bourgeoisie promulgated the ideals of "freedom" and equality as inalienable rights under the rule of law. "The state recognized the property rights of every merchant, industrialist and manufacturer." wrote V.I. Lenin in one of his many lectures on the state. "And this society, based on private property, on the power of capital, on the complete subjugation of the propertyless workers and laboring masses of the peasantry, proclaimed that its rule was based on liberty . . . and declared through its champions, preachers, scholars and philosophers that it was not a class state."

These ideas tie us to the capitalist class, even though 'bourgeois democracy' has never meant economic justice or freedom from want and exploitation. It has made us believe that capitalism works for everybody equally, and prevents us from fighting around our own interests as an exploited class.

As novelist and critic of the bourgeoisie, Anatole France, cuttingly remarked: "The law, in its majestic equality, forbids the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread." Our freedoms are limited within the confines of the capitalist system's class relations.

THE STATE IN OUR ERA

With the electronics revolution and the introduction of labor-replacing technology into production, the very basis for the capitalist economic system is being destroyed. As capitalism is coming to an end, the state acts to ensure the continued dominance of the ruling class and private property. Playing an active role in the transformation from one economic base to another, the state itself is transformed. We are witnessing the emergence of the corporate state, the merger of the corporations and the state.

"The US state is undergoing a profound shift from nation-state, in the sense of protecting the market and the social relations in one country, to that of expanding the mar-

ket and protecting the market sanctity of private property globally, while abandoning responsibility for society nationally. The economic imperatives of market and employment can no longer hold the economy and society together." (League of Revolutionaries for a New America, Political Resolution, 2008)

As the ground beneath the capitalist system disappears, the whole economic house of cards is beginning to fall. With the current bailout of the collapsing financial system, the naked hand of the corporate state can be seen in play: rescue for the owning class and its institutions, the further impoverishment of the working class. The ruling class is maneuvering to make sure that whatever is done in response to this epochal crisis will benefit their class and maintain the rule of private property.

Labor-replacing technology in production is creating a new class of dispossessed workers. These thrown-out workers, fighting for a better deal within the confines of capitalist relations, come directly up against the state as a special apparatus for the systematic application of force and its multifaceted methods of control.

The more the ruling class steals from us to maintain their profits and privileged lifestyle, the more openly they must use violence to contain the inevitable social response in the US and around the globe. The state resorts to open terror to contain the developing spontaneous movement whose demands are objectively communist - that is, for distribution according to need.

The abundance that the laborless technology has already created, as well as the ability to distribute it where it is needed, sets the real material basis for a world without classes and class domination.

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