

workers power

September 2008 ★ Price £1 / €1.50 Issue 328

Monthly magazine of the British section of the League for the Fifth International



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- ★ No home repossessions
- ★ Defend every job

Build a new workers' party!



**League for the
Fifth International**

NEWS IN BRIEF

Notting Hill Carnival police harassment

Notting Hill Carnival, hailed as a “celebration of multi-ethnic Britain”, has turned into a nightmare of racism and oppression for black youths as police used wide-ranging powers such as stop-and-search to detain over 330 people without reasonable cause.

As part of the pre-planned Operation Razorback, police also swooped on buses coming through the Oval and held 151 youths on their way to the carnival under Section 60 of the Criminal Justice Act. Partygoers were corralled into a side street next to the cricket ground, while 1,620 heavily armed police sealed off the area and fingerprinted and searched the youth inside the cordon.

The operation was supposed to “prevent possible violence at the event”, but this is nothing short of harassment. The police have launched an all out offensive against youth, using the excuse of tackling knife crime (see below) and the hysteria surrounding it.

Police crackdowns will only increase the alienation and racism experienced by black youth. Racist police – off our streets!

Firms threaten to relocate in tax row

Some of Britain's biggest listed companies, including asset managers Henderson, and engineering firm Charter and Regus, a provider of office space, are threatening to move their businesses overseas to escape a proposed tax on profits earned by British companies abroad – yet many have paid little or no corporation tax in 2007.

In May, a posse of powerful business people, including HSBC executive chairman Stephen Green, Vodafone CEO Arun Sarin, BAE Systems chairman Dick Olver, Shell CEO Jeroen van der Veer and BP chair Peter Sutherland, went to No 10 to warn Brown and Darling to back off.

This is despite the fact that they are all making “obscene” profits: Shell unveiled profits of £13.9 billion, BP £6.7 billion, telco firm Vodafone £6.66 billion, and BAE £7.75 billion.

We have one thing to say to these greedy Fat Cats – expropriation without compensation. If they threaten to move their companies abroad, the workers have to take over the running of the firms, and the government should nationalise them.

Five million households face fuel poverty

The number of UK households living in fuel poverty – when more than a tenth of their income is spent on fuel bills – will rise above five million for the first time in decades because of double digit increases by the “big six” energy firms: British Gas, Npower, E.ON, Scottish Power, Scottish & Southern and EDF Energy.

Yet British Gas owner Centrica reported £1 billion in profits in July, just one day after raising its prices for some customers by 35 per cent; Npower saw profits soar 41 per cent to £544 million in 2007; and E.ON made £2.41 billion in the first half of 2008.

Seventy Labour MPs have signed a petition calling for a windfall tax on profits, but the industry has said that it would pass the cost onto its customers.

We should all support a windfall tax but why limit it to a one-off?

Raise corporation tax to make the profiteers pay and nationalise the energy companies – put them under workers' control.

Don't fall for the knife crime hysteria!

by John Bowman

Almost every day, there is another report on knife crime attacks. There has been a wave of frightening and sensational headlines such as “Knives in class soar 700%!” (*The Sun*), “Shock new figures reveal a knife crime takes place every 4 minutes!” (*The Mirror*) and even “Beckham reveals knife crime horror” (*Metro*).

Page after page of tragic individual stabbings are run with unrelated pictures of hooded youths (often black), trying to convince us that a new “epidemic” of stabbings is sweeping the country and that to venture down a city street at night is risking a trip to A&E or worse.

In fact, the gap between the hysteria over knife crime and the facts is striking. *The British Crime Survey*, the most accurate study of crime statistics, which relies on talking to victims regardless of whether a crime is reported, shows knife crime down 25 per cent from last year. In July 2008, 130,000 cases were recorded compared to 340,000 in July 1995.

This is not to say that violent crime is no longer a problem in Britain, but the sensationalism of

REVOLUTION, the socialist youth organisation, is campaigning against police stop and search and is putting forward the following alternative:

- End stop and search. Being young is not a crime.
- Proper jobs, good schools and decent welfare for all. Tackle poverty to reduce crime.
- An end to boredom. Stop the closure of youth centres. Reopen them and give us back our parks and playing fields.
- Community self-defence against racist police and violent crime.

the media is not just misleading – it's dangerous.

Historically, such media campaigns, termed “moral panics” by sociologists, have resulted in serious political change – typically repressive legislation targeting oppressed or vulnerable groups in society. A remarkably similar media hysteria about “muggers” in the 1970s, aimed at young black males, culminated in police operation “Swamp ‘81” that involved the saturating of the black working class community in Brixton with police. Within five days of the operation 1,000 people were stopped and searched mostly because of their ethnic background due to the “sus” laws, legislation that allowed anyone to be arrested on police suspicion of loitering with intent. Tensions soon erupted into the Brixton

riots after the community had been ripped apart by police oppression.

In summer and autumn 2008 the Labour and Tory answer to the media knife crime campaign is to follow the same approach. Police stop and search points have been randomly appearing in working class communities, metro, train and bus stations across the country – but the worst is still to come for Britain's youth.

In July this year the Home Office released the new *Youth Crime Action Plan*. Even the front cover of the document features a collage of photographs that could have been taken straight out of the tabloids – a hooded youth being questioned by police, young people spray painting a wall and a young man suspiciously scaling a fence. Included in the proposals is increased use of “Operation

Staysafe”, which will allow police to forcibly remove young people from the streets after a 9pm curfew.

It is likely that this will be trialled first in a few crime hotspots with a possible view to being rolled out nationally. It has already been used in Merseyside and Cornwall.

The racism of the police is already having the effect of open discrimination in their targeting of youth with black people seven times more likely to be searched. The recent police brutality at the Notting Hill Carnival is testament to this (see above).

The police have in recent days received a lot of criticism for stop and search by policy strategists who argue that the tactics are likely to further alienate young people from society and could drive them further into gangs for security. The media panic is likely to encourage people to carry knives for protection in dangerous areas.

As the worsening economic situation may have the effect of turning more young people to crime, the answer coming from the politicians is to scapegoat and alienate youth rather than take measures to lift them out of poverty and invest in youth facilities in working class communities.

Editorial: Unite the Resistance

This is a very important time. The global economic crisis is about to make itself felt harshly in Britain.

Already prices are shooting up for food and petrol. Home repossessions are rising and job losses are beginning to mount.

The crisis was caused by the banks, the financial system and the billionaires - but the government and the employers are determined to make workers pay for it.

They want to hold our pay down to below the rate of inflation, so that every pound in our pocket buys less. They want to let the big gas and electricity companies hike their prices while they carry on paying a pittance in tax. And they are preparing us for job losses and dole queues as the recession bites.

With recession comes another cold wind: the drums of war are beating again.

Brown's government, with the smarmy David Miliband at the foreign office, is joining with the Americans to issue a direct threat to Russia. The Americans set up the Georgians to provoke Russia into war. Now they are trying to expand the warmongering NATO alliance - all as part of a new scramble for oil...this time not in the middle east, but in central Asia,

The attacks on working class living standards at home and the rising threat of war abroad are part of the same thing. As times get tough in an economic downturn, the big capitalist powers start fighting among themselves. Just like in the run-up to the two world wars in the last century.

What can workers, unemployed people, students and youth do about it?

The answer is obvious. We can resist. Like the hundreds of thousands of workers - from Scot-

tish council workers and London bus drivers through to Argos store workers, civil servants, tanker drivers and cleaners - who have taken strike action this year against the pay restraint. And like the antiwar protesters who took to the streets in their hundreds of thousands against the Iraq war, and who can do it again if a new war looms.

The problem we face is not a lack of willingness of the working class and the youth to fight back. But there is a problem of leadership of the resistance.

The Labour Party is controlled by the likes of Brown and Miliband and there is no way the working class could take it over. Even the left wing inside Labour is tame and weak. While the gas and electricity companies hike their prices - and how many old people will die as result this winter? - the Labour left are only calling for a one off windfall tax on the profiteers.

Why not permanently raise taxes on these parasites? Why not take over their companies altogether and run them in the interests of the people? On this as on all other questions, the horizons of the Labour left are hopelessly low. If we are going to get through this crisis without loosing out badly, we will need to do better than that.

The union leaders are coming under huge pressure to lead strike action to stop inflation whittling away our wages. We have seen one day strikes, and strikes by different sections on different days. It is becoming more and more obvious that the way to win is to all link up together and strike at the same time. That way we can bust the 2 percent and show Gordon Brown that there is a power in the land far stronger than him: the united working class.

So far the union leaders haven't done this - and we are suspicious. We don't think they want to do it. We think the leaders of the big three unions care more about keeping Brown in office than they do about their members' pay. And we think the leaders of the more militant unions are afraid to call for united action over the heads of the less militant leaders.

Well, the answer is simple. Let's link up at a local level, at a regional level and at a national level to build for united action with the union leaders where possible and without them where necessary. That'll push the officials to put their money where their mouth is. And it'll mean we can carry on the action if they try and call it off.

That way we could get what we need: a united all out strike until we bust the government pay policy and force them to index our wages to protect them against inflation.

Meanwhile, as Brown goes from one disaster to another, workers are getting totally fed up with him. He is losing votes hand over fist. His doubling of the 10p in the pound tax rate for low paid workers was the last straw for millions.

Why are workers' trade union paying millions to Brown and his rotten party? Because the only alternative to labour is the Tories and everyone knows they're even worse.

That's why we say our unions should break with Labour and set up a new party of the working class, one that would resist every attempt of the bosses to make the working class pay for the crisis - a party that would fight to take the power and the property out of the hands of the rich capitalists and create a socialist society, in which the work is shared equally, and we produce to meet the people's need, not private greed.

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UK WORKERS STRUGGLES

Local Government: Joint strikes force employers to talk - now all out to win

By Keith Spencer

Throughout the UK local government workers struck this summer. For the first time in Scotland all three local government unions, Unison, Unite and the GMB, took action together on the 20 August. Elsewhere, Unite and Unison came out for two days on 16-17 July.

And the strikes brought results: in Scotland the local authority employers, Cosla, admitted that the original 2.5 per cent a year over three years was dead. In England, Wales and Northern Ireland, council chiefs said that they were willing to talk about holidays, terms and conditions but not more money.

'This is the way we will win'

The two-day strike in July saw more than 650,000 workers in action. Fresh layers of young activists joined in, and branches reported many recruits and new volunteers

for shop steward posts.

- 1,200 demonstrated in London, where Mark Serwotka head of the civil service union called for joint public sector strikes.
- 1,000 marched in Newcastle
- 500 joined a rally on the beach in Torbay
- Waltham Forest strikers convinced members of the GMB (which had already settled) not to work on either day
- 11,000 schools were closed in England and Wales, as teachers also honoured Unison picket lines.

The following month, nearly 200,000 Scots in three different local government unions came out. Council offices north of the border – along with ferries and bridges in the more remote parts of the country – were closed. Thousands of civil servants joined them in the biggest day of action since the general strike of 1926.

One striker told Socialist Work-

er, "This is the first time in Edinburgh we have had united action with the other unions... United effective action is the way we will win this dispute."

Now pile on the pressure

But here the stories diverge. In Scotland, another day of joint action in September was swiftly announced. The employers, having first refused to meet the unions, hurriedly asked for new talks and dropped their demand to tie workers into a multi-year deal.

But in England, Wales and Northern Ireland, news has not been so good. After six weeks of silence, Unison sent a circular to branches proclaiming it had established "a draft framework for the ongoing talks" (though it admitted even this hasn't been agreed by the employers) while "the Trade Union Side of the NJC Executive has not been able to meet since talks began because of summer holidays"!

Unison and Unite officials have

agreed on one thing, though: that future action "may stop short of full action" – members will, instead, be called on to "work to rule" or participate in rolling strikes. The enthusiasm generated by the two-day action, the solidarity on the picket lines, the initial climb-down by the employers on the question of holidays and conditions... all wasted.

Council workers need to take the running of the dispute out of the hands of these wastrels. Let's organise joint union meetings in the next few weeks to call on the union tops to organise more action, and to deliver it from below.

We now know that united action can force the employers to make concessions and that combining strikes across unions and sectors is effective. We also know that the official leaders are moving away from this strategy. So it's up to the rank and file activists to stamp their mark on this dispute – and organise to lead it to victory.

Now is the time to fight

Strikes are back in the news again. Not only are they getting more frequent, but more are winning and workers who have never taken industrial action before are joining in. *Jeremy Dewar* surveys the scene.

Tube cleaners, bill posters, Argos warehouse workers, council workers, civil servants, teachers, lecturers... have all taken strike action, many for the first time, to bust Gordon Brown's 2 per cent pay limit.

Many more are lining up for action. Civil servants, council workers, teachers and others will ballot this autumn. And the response to the call is overwhelming – 24 April, 17-18 July, 20 August – hundreds of thousands responded enthusiastically.

Inflation – shrinking the value of our pay – is what is provoking these struggles. Gas has gone up by 40 per cent this year, electricity by 25 per cent. Food bills have shot up by 14 per cent with basics, like milk (up 20 per cent), eggs (40 per cent) and bread (41 per cent), taking the biggest hits.

Gordon Brown, Alistair Darling,

the Governor of the Bank of England just don't get it. If you're earning only £7 an hour – or £5.55, like the tube cleaners – you can't afford not to strike.

The message to the enthusiastic strikers and marchers this autumn and winter must be – we can smash Gordon Brown's, with the minimum of plan to ourselves and our families if we all strike together.

Unite the strikes

Coordinated action is the key to victory. Just the threat of seven simultaneous rail disputes in London had an electrifying effect. Strike committees were elected to mobilise and coordinate the action. Solidarity groups, like Justice 4 Tube Cleaners, publicised poverty pay, intimidation of union activists, and profit-rich corporations that refuse them a living wage.

The bosses climbed down and offered serious concessions. Why? Because they saw workers beginning to feel their strength as a workforce, and potentially as a class.

So let's give them something to really worry about, by organising within and across unions – in local committees of action – to make sure every dispute hits the employers hard.

We can support every section that is in struggle, leafleting workplaces that are balloting to help boost votes for action. We can agitate on the high street against the rip-off of the supermarket prices. We can generate an unstoppable pay revolt.

We will win bigger victories and more quickly too if we are prepared to take sustained action. One-day strikes are a start, but they become effective only if they are quickly followed by two, three and four-day strikes – not spread out over

London gridlocked

By Jeremy Dewar

Three sets of rail workers on the London Underground – cleaners, bill posters and maintenance workers – have driven a high speed train through Labour's anti-worker pay restraint policy.

- Maintenance crews on Tube Lines have won a 4.99 per cent rise, backdated to 1 April, with the rate of inflation (RPI) plus 0.85 per cent from 1 April 2009
- Bill posters working for CBS Outdoor have secured 4.5 per cent
- for Cleaners on Metronet's lines have will be paid £7.45 an hour from 1 September 2008, while those on Tube Lines' will receive the new rate from 1 April 2009: a whopping 34.4 per cent increase

Now cleaners on the Eurostar London-Paris express and drivers on First buses and across the capital are fighting to join them.

RMT take multinationals to the cleaners

Tube cleaners are treated like dirt. They have to assemble for work at 5.30am, then, unlike other tube workers, pay for their own travel to the station they are to clean that day. They earn just £5.55 an hour – less than the rate cleaners were on 16 years ago before privatisation and outsourcing.



Photo: Guy Smallman

No wonder 99.2 per cent of them voted for industrial action! A 24 hour strike on 25-26 June, followed by a 48 hour stoppage a week later served notice of intent. Then, on the eve of another 48 hour walk-out, the bosses caved in.

There are still battles to fight. The companies – ISS, GBM, ITS and ICS – have been using “third party” sackings to dismiss militants without any valid reason. They have introduced national insurance (NI) checks (most cleaners are migrant workers, employed precisely because the bosses thought they were vulnerable); three union activists have been detained and two deported since the strikes began. The demands for free travel and other improvements have not been met. But the cleaners can organize to fight for these from a position of strength.

months or years as our full-time officials so often dictate.

With price hikes every couple of weeks, unions should establish their own price watch committees to compare costs week by week so we are not tricked into accepting wage “increases” that do not keep up with inflation.

Rank and file control

The problem workers face when trying to defend their living standards is that the major union leaders are constantly limiting the fight back, preventing unity in action, cancelling strikes in favour of fruitless talks. This sabotage is often politically motivated. For Tony Woodley, Dave Prentis and Paul Kenny the survival of Gordon Brown is more important than

winning pay rises for members of Unite, Unison and the GMB.

But even those leaders who have broken from Labour, like Bob Crow of the RMT and Mark Serwotka of the PCS, have failed to call for all-out indefinite action or campaigned for other unions to strike alongside them.

Bob Crow and the Rail Maritime and Transport executive recently suspended strikes on Tube Lines after the company upped its offer to 5 per cent. Many members were livid; if the bosses conceded this much on the mere threat of action, think how much more could have been won if the strikes had gone ahead!

And, often the far left are no better. The Socialist Party and the SWP have members on several

From strike wave to victory wave?

A thousand engineers, maintenance workers and signalmen and women planned to strike alongside the cleaners. But their employer – Tube Lines, a private consortium that runs the Piccadilly, Northern and Jubilee lines for profit – offered an inflation-proof package rather than face three days of strike chaos.

Then the bill posters, who put up the advertisements in the tube, got in on the act. Back in January they were offered 2 per cent, which was improved to 2.5 per cent. Then, after a unanimous vote to strike, the company upped their offer to 4 per cent. But the workers, who had never taken action before, walked out anyway. As their rep told a strike rally:

“We thought we’d blown it. But the company came back and offered 4.5

important union executives. But they act as uncritical supporters of the left general secretaries like Bob Crow and Mark Serwotka, silent when they hesitate or retreat.

SP members on the executive of the department of works and pensions (DWP) executive of the PCS even voted against striking on 16-17 July, when local government and other PCS workers came out. What unites the SP and SWP is their abandonment of the idea of building a rank and file movement within and across the unions in favour of the old Communist Party strategy of “broad lefts,” first to elect and then uncritically support Left leaders.

In contrast to this a rank and file movement would see the union bureaucracy – uncontrolled offi-

per cent plus two extra days leave!”

Coordination

These victories were secured in large part because the Rail Maritime and Transport union coordinated the strike dates. This lesson was not lost on bus drivers, whose pay since deregulation in 1986 has fallen well behind that of tube train drivers, and varies by as much as £6,000 between companies.

Anyone who has been on a London bus will recognise the stress the drivers must be under. But their pay and conditions do not reflect this, with many working 50-60 hours just to pay the rent. The drivers are demanding £30,000 a year minimum, a 7 hour 36 minute maximum day and longer breaks.

Their union Unite has balloted members in all the companies – Metroline, Metrobus, First, Arriva – and received 90-99 per cent majorities against the pay offers and for strike action.

As we go to press the first strike, on 28 August, has just happened – and what a strike! Drivers at First London closed down nine garages and over 80 routes. The picket lines were as big as anything since the 1980s: 80 at Northumberland Park, 100 at Lea Interchange, 200 at Westbourne Park. More strikes are planned for 12-13 September at First, while drivers at the other companies are waiting in the wings.

Bring 'em on!

cial, paid several times their members salaries, as the problem, not just right wing officials. Once elected many former ‘lefts’ become ‘rights’ anyhow. Such a movement would act independently of these officials under the good old slogan – with the union leaders where possible, without and against them where necessary!

This is why Workers Power calls for rank and file control of all disputes: what the claim should be, when to strike and for how long, if and when to suspend action, how to step up the fight and call for solidarity. Regular mass meetings can weigh up new offers and agree the response without any need to “suspend” (in reality, call off) action.

PCS

PCS: Plenty of action but no knock-out punch

Civil servants have mounted more strikes than any other group of workers over the past four years. *Jeremy Dewar* discovers why.

In August alone, 4,500 officers at the Driver and Vehicle Licencing Agency struck against low pay and discrimination against women workers, 700 coastguards walked out for 48 hours over the busy bank holiday weekend, again over poverty wages, and 5,000 Scottish government employees joined Unison, Unite and GMB members on picket lines.

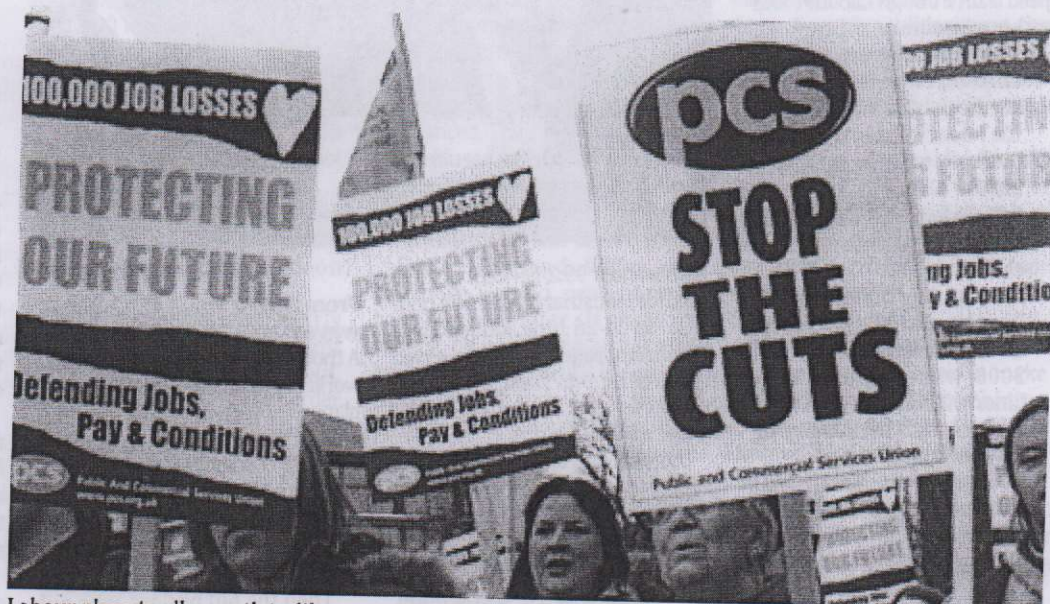
Trawl back through the news and plenty more strikes have been reported: museum staff, passport agency workers, court clerks, benefits officers, home office and land registry employees have all taken action. Even workers at the Advisory Conciliation and Arbitration Service (Acas – the government body set up to resolve industrial disputes) have voted for strikes!

What is making civil servants in the Public and Commercial Services union so angry is that Labour ministers, who in the final analysis are responsible for their working conditions, seem hell-bent on breaking every single measure of fairness and equality.

It took DVLA 10 months to hand over the 2007 below inflation pay award and, one month after the 2008 settlement date, management hasn't even started talks. Staff are paying this year's prices with last year's money. Worse, the predominantly female workforce is paid far less than male colleagues doing comparable jobs in the rest of the Department for Transport: £2,524 less. The government is saving £17.5 million a year through sex discrimination.

Poor pay is typical. Coastguards, who form Britain's fourth emergency service, have a starting salary of just £12,509 and been offered just 2.5 per cent, a real cut.

Staff at the Identity and Passport Service have been offered no pay increase at all – for the fifth year running! The Glasgow office is earmarked for closure at the cost of 100 jobs, and half of the other six are also threatened. Instead,



Labour plans to allow outlets, like WH Smith, to issue passports: privatisation by the backdoor.

Meanwhile, consultants at the agency are raking in £50 million.

Joel from the Passport Service told Workers Power on the picket line during their three-day strike: "This is just the beginning," adding, in reference to the assault on the service by Margaret Thatcher's Tories, "I haven't seen this level of anger and militancy for 20 years."

Strategy

If the sheer number of strikes were all that mattered, the PCS would be the most successful union in Britain. But it isn't. Not yet.

Although civil servants all share the same employer, the PCS treats each dispute as if it were separate. True, the union has a national campaign to defend jobs, pay and conditions, and has twice called cross-departmental strikes – in 2004 and 2007, but that has been the only nationwide action. The problem is the lack of strategy.

We believe an effective one should involve:

- United action across the departments, swiftly escalating from protest strikes towards an all-out indefinite

stoppage.

- A recruitment drive to sign up agency workers to the fight.
- Workplace and public meetings to convince members that the union could win.
- Building up hardship funds and lining up solidarity action from other unions.
- Forming strike committees rooted in the offices and linked up locally and nationally, could run the campaign, training a new generation of militants in the process.

Mark Serwotka promised in July that the PCS will ballot all its members this month for 12 weeks of rolling industrial action. Such a campaign would certainly step up the campaign.

But as we go to press, nothing more has been heard about this proposal. Unfortunately, on past experience, we have to fear that officials from the less combative departments are busily diluting the action and the "lefts" are going along with this for the sake of unity.

Left bureaucracy

But if we are not ready to step up the action now – four years into the campaign – when will it be? Indeed, there are clear signs that some of

the most militant sections – like the DWP, which to the credit of its Socialist Party leadership, has taken 21 days of strike action, albeit so thinly spread out as to minimise its real effect – are becoming tired of this indecisive action.

The truth is that the PCS leadership – not just Mark Serwotka, but also Socialist Party members like Chris Baugh, Janice Godrich and John McNally – failed to call on all their members to join in major strikes buy the CWU last year, the NUT in April or Unison in July. They have not clearly called for united all out strike action this autumn – with the official backing of other union leaders or, if necessary, without them.

Such leadership would course like an electric shock through the entire labour movement, pushing some other leaderships to the left while providing others with the means to break the stranglehold of their pro Labour right-wing. It would tear up the code of conduct that binds the trade union bureaucracy together. Instead of the strategy of reliance on left leaders – known as broad leftism – it would open the road to transforming the unions from below.

ANTI-WAR

Troops out of Iraq and Afghanistan now!

By Jo Cassidy

Iraq and the US have negotiated a draft agreement setting out a timetable for US troop withdrawal. It states that combat troops must be removed from Iraqi cities by 2009 and from the rest of the country by 31 December 2011. Some are heralding the agreement as the beginning of Iraq's future as an independent state. But as the US struggles to maintain its economic and political influence in Iraq and steps up the pressure against the resistance in Afghanistan where there are 60,000 foreign troops – the need for the immediate and unconditional withdrawal of US and UK troops from the region is as urgent as ever.

Iraq: end the occupation

The accord is an unexpected development, for just 10 months ago George Bush and Iraqi Prime Minister Nouri al-Maliki signed a declaration to establish a long-term relationship between the countries, paving the way for a permanent military presence to allow the US to use the country as a base from which to dominate the rest of the region.

Why is George Bush suddenly accepting this policy? It stands in sharp contradiction to General Petraeus, the commander of US forces in Iraq, who said that their role is nowhere near finished there – on the same day that the recent agreement was revealed.

The official White House explanation is that, since the success of the 30,000 US troop surge earlier this year, the Iraqi security forces are now able to defend themselves. The Iraqi army reported successes fighting the Mehdi resistance army between March and May. However, what they don't say is that more US troops are now required to hold the line in Iraq than before the surge; and although US military casualties are down, in July alone 851 Iraqi civilians and security personnel were killed.

The reality is that statistics and reports from Iraq do not reflect a more stable and secure country. The US move is not based on an



assessment that the Iraqi state apparatus has control over the country; rather it wanted to secure an open-ended occupation but has been forced by mass opposition into agreeing a timetable of withdrawal.

The USA's initial plans had included building 400 permanent military bases, immunity for US troops and foreign contractors from Iraqi law and the right of the occupation forces to use deadly force. These repressive proposals sparked such opposition from the Iraqi people that even Nouri al-Maliki and his usually spineless collaborating government were forced to demand that the US troops leave.

But even with these concessions, the occupation may continue. Firstly, the US is insisting that the withdrawal is dependant on the "situation on the ground", providing them with a loophole to wriggle out of the agreement. Furthermore, plans to install permanent military bases and control border posts with Iran continue. And finally, the recent negotiations do not address who will control Iraq's oil wealth, privatised services and construction industry. After creating a five-year bloodbath in Iraq, the US intends to continue sucking its resources dry.

As *Workers Power* has said from day one of the US/UK invasion of

Iraq, no timetable set by the imperialist nations can be the solution for Iraq. Every day the troops stay, the situation deteriorates and destabilises further. The proof that conditions have not improved is the 4.7 million refugees who have not yet been able to return to their homes; in fact, Iraqis continue to flee their homes at a rate of around 60,000 a month. US and UK imperialism went into Iraq with the intention of increasing their political influence and control of oil and economic resources, so it stands to reason that any programme that they design for withdrawal will favour these interests.

Workers and socialists should support Iraqi people who are driving out the occupiers, those who are fighting to take back control of their own country – the ones that are resisting the occupation. They are fighting for their right to self-determination as a nation – not to be dictated to by the White House or Downing Street.

Afghanistan: "the noble cause of the 21st century"?

The imperialist timetable for withdrawal is not a victory for Iraq and the anti-war movement – it is simply the imperialists reshuffling to send troops to Afghanistan. Politicians on

both sides of the pond continue to label Afghanistan as the "good war": Des Browne, UK Defence Secretary, recently said it was the "noble cause of the 21st century"; while Barack Obama, having gained support for his anti-war stance on Iraq, has declared Afghanistan to be the "central front" in the war on terror. Of course, the war in Afghanistan is being pursued for exactly the same reasons as in Iraq: to further the interests of Western imperialism through their resolute pursuit of oil and domination, not democracy and freedom. The occupying forces want control of the oil pipeline to the Caspian Sea but are also interested in placing permanent bases in the country because of its strategic geopolitical importance bordering central Asia, Iran, India and Pakistan.

However, NATO forces are currently losing the ground war. Aid agencies have reported that instability and violence have now spread to previously stable areas, and civilian deaths have risen sharply accounting for nearly half of the 2,500 lives lost since January. The number of occupying troops killed in Afghanistan overtook Iraq in May. The surge of NATO troops is so far failing to dampen the resistance to the point that Zbigniew Brzezinski, the former US national security adviser, warned that by increasing troops "we run the risk that our military presence will gradually turn the Afghan population entirely against us".

Victory to the resistance! Troops out now!

The last seven years of the war on terror have shown that the White House's vision of a uni-polar world will not be easily achieved because it will meet resistance every step of the way. The Project for a New American Century is fundamentally against the will and interests of the majority of people in the Middle East and in the imperialist heartlands. The US/UK anti-war movement must support all those forces fighting for their liberation against the imperialist forces and fight in our own countries to end the occupations in Iraq and Afghanistan.

UNITE THE RESISTANCE

Ten proposals working class

“The working class didn’t cause the credit crunch – we should not pay for the economic crisis.”

Massive price rises for gas and petrol. A housing slump. A global banking crisis. Below inflation pay deals. A looming recession with job cuts and bankruptcies rising. And it’s only just started.

As the economic crisis deepens, the Brown government and the big corporations are attacking working class living standards, with price rises for basics, rising repossessions and job insecurity.

But we didn’t cause this crisis – the banks, corporations and big capital did. So why should we pay the price?

We don’t have to. We can resist. The following 10 steps can turn the tables on Brown and the bosses.

We address them as a call to the whole working class movement – to the trade union leaders, to the rank and file union members, to the unorganised workers – to form a united front in action against the crisis. They set out what the working class should be demanding of this Labour government, how we could force the government to give in, and how we can begin to make the bosses, not the workers, pay the price for the crisis of their system.

1. Bust Brown’s pay restraint – for a Sliding Scale of Wages against Inflation

We fight for strikes against all pay restraint and a united strike across the public sector to smash the 2 per cent pay limit. Indefinite strikes are the surest and the quickest way to win.

We should set up local committees of delegates from the public sector unions, drawing in the private sector workplaces and local communities, to link up the fight against real pay cuts.

Don’t believe the official rigged inflation figures – we can monitor rising prices ourselves and draw up a Workers Cost of Living Index to track the real rate of inflation. On this basis, we demand the government introduce a Sliding Scale of Wages – a law guaranteeing wages rise 1 per cent for every 1 per cent prices rise.

2. No home repossessions – build a million new council houses

Rents should be frozen, mortgage interest should be scrapped and no homes should be repossessed. We should build community resistance to evictions.

We demand the government and councils seize empty properties and turn them over to the homeless, and that they build a million new council houses with a publicly employed labour force.

3. Defend every job – 35 hour week now

Instead of rising unemployment, we demand a maximum 35-hour week with no loss of pay – cut the hours, not the jobs – and a massive programme of public works to improve housing, transport, hospitals, schools and the

environment.

Occupy workplaces marked for closure, call all-out strikes to stop sackings. Workers should have the right to inspect the accounts and know the business secrets of all companies making cuts to see where the money’s gone. All firms declaring redundancies should be nationalised – without compensation and under workers’ control.

4. Nationalise the profiteers – the banks, the gas and electricity companies, the supermarkets

If Labour can nationalise failing Northern Rock, then it can nationalise those companies awash with money and intervene to safeguard workers’ interests.

Nationalise the gas and electricity companies and the supermarkets, freeze household prices and confiscate the companies’ vast profits. Nationalise the banks, finance houses and building societies and merge them into a state bank, with no compensation for the billionaires.

All PFI/PPP and rip-off outsourcing contracts should be ripped up, no compensation to the profiteers. Let’s put all public services under the control of the workers who provide them, and the workers who use them, not unelected bureaucrats.

5. Tax the rich, not the poor

The government and councils will attempt to cut public services to pay for the bosses’ credit crunch. Instead we should raise high taxes on big corporations, the super-rich and unearned wealth and close the legal loopholes for the millionaires.

Scrap income tax for the poorest workers, the unfair council tax and VAT on essential items. Green taxes should be paid by the corporate polluters not the working class.

for action



6. Work or full pay - hands off our pensions, our sickness and incapacity benefits

The minimum wage should be linked to the European decency threshold – 2/3 of average pay, currently equivalent to £8.75 an hour.

State pensions should be linked to earnings, and all pensions set at the level of their final salary or the minimum wage, whichever is highest. Instead of gambling away our retirement on the stock market, the pension funds should be nationalised and merged into a single state guaranteed pension under the control of their members.

Hands off jobseekers allowance, sickness and incapacity benefit. Unemployed, sick and disabled people deserve work or full pay – their final salary or the minimum wage. Students over 16 should receive a living grant, set at the minimum wage, and university fees should be scrapped.

7. No more bloody wars for profit – jobs not bombs, troops out of Iraq

Troops out of Iraq and Afghanistan now – and no attack on Iran! All workers should support soldiers' right to refuse to follow orders in these illegal wars.

Not a penny nor a person should go to the armies of occupation and warmongering. We say, jobs not bombs – spend it on homes, schools and hospitals

8. Don't let them divide us – stop persecuting Black and Asian youth

As unemployment grows and jobs and vital services shrink, the press and politicians will stir

up racism. Build self-defence against racist attacks, and resist the persecution of Muslims. Deny the fascist BNP any platform.

We fight for full citizenship rights for all migrants and refugees and call for resistance to immigration raids and deportations.

Unite and strike for equal pay for women and men by leveling wages up, not down. Instead of more restrictions on women's right to choose, we call for free abortion on demand.

9. Scrap repressive laws – get up and fight for your rights

Down with the anti-union laws – for a legal right to strike, to picket, to take political and solidarity action.

The "War on Terror" has been used to strip away our civil liberties. We demand the abolition of all so-called 'anti-terror' laws, scrap detention without charge and restore all our rights.

Prove it or drop it: no trials without jury. No to ASBOs, no to stop and search and other arbitrary police powers used to harass youth.

10. For fighting unions and a new workers party

Unions to be under full control of workers not unaccountable officials, strikes to be under the control of strike committees, elected and recallable by the strikers, the leaders and workers' MPs paid the average wage of workers they represent. Grassroots activists need to organise to fight with union leaders where possible, without them where necessary, and to build a rank and file movement in the unions.

We also need to break the unions from the Labour Party, and use our political funds to create a new workers' party. A democratic conference should be convened to decide on the programme of the party, which could then stand candidates in next election, to campaign in the workplaces and the streets, and link up with working class parties and movements in other countries to coordinate international action.

Demand our leaders break with the bosses – let's organise as a class against their crisis!

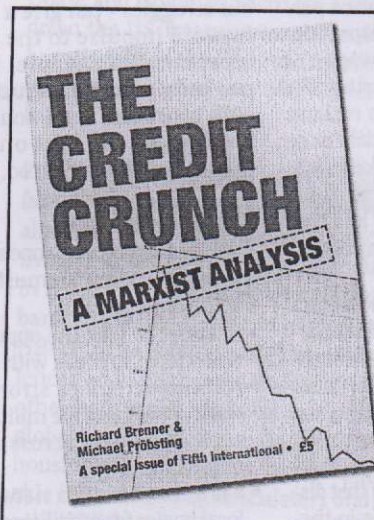
What can I do?

Take up the 10 Demands for Action

Circulate them to your workmates

Raise them in your union branch

Call us if you want get active – 020 7708 0224



Turmoil in the banking system, rising prices, stock market jitters and recession looming... all of a sudden – after years of optimism – everyone is talking about a "crisis".

But what caused the credit crunch? Some said lenders got "too greedy". Others blamed the regulators. Yet more denied it was even happening.

The Credit Crunch – A Marxist Analysis offers a radically different explanation.

Charting how the events unfolded, and drawing on Karl Marx's theory of crisis, Richard Brenner and Michael Pröbsting argue that the credit crunch foreshadows a crisis of globalisation.

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Convention of the Left - an opportunity we must not waste

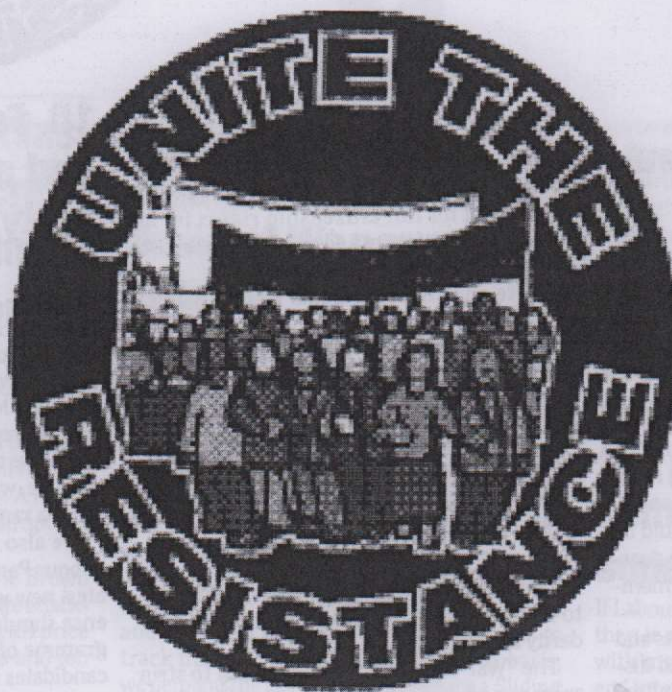
The Convention of the Left is billed as a counter to the Labour Party conference, now a powerless charade under Brown. *Dave Stockton* argues that, with amounting economic crisis, the convention can become a boost to important changes in the working class movement

We hope the Convention of the Left is an enormous success in terms of the militants attracted to it, not just from the left groups and their former members but from all sections of workers, young people and those fighting racism. Why do we need it to be a success? Not simply because "the left" is divided and in disarray - this is hardly new. It is because the working class movement in the broadest use of the term faces enormous challenges but also great opportunities. Capitalism in crisis always raises to wider numbers of people the question of what is the alternative to it and how to bring about its downfall.

The Convention has set as one of its purposes the need to discuss the setbacks the left has suffered over the last few years and how to overcome them. Good, we do not need to be afraid of criticism and self-criticism.

The organisers have drafted a statement for the Convention with proposals on how to go forward. They suggest the holding of local left forums in the wake of the Manchester Convention and a recall meeting on November 29. If this entire process is taken up vigorously and is integrally linked to providing support for the rising tide of struggles over wages, pensions and benefits - then this meeting will have fulfilled a major task.

However the draft statement that has appeared from the organising committee on 29 August, besides containing these good proposals, contains the statement. "We are not saying that this means the construction of another political party." Either we would like to see this one-sided exclusion removed or better still we would add the following "...but neither do we rule this out of discussion: on the contrary all alternatives, reclaiming the old Labour party, building a new workers party and outright denial of the need for a party, must be discussed, and seri-



ously."

We believe that as well as debate on the problems of the movement and the need to network and coordinate our struggles, we need to discuss what form of political organisation is needed. If we fail to do this it actually favours the status quo - the existing 'party of the working class' i.e. Labour or perhaps no party at all. We respect the right to express their viewpoint of dyed-in-the-wool Labourites like Tony Benn, who want to reclaim Labour for reformist socialism or veteran movementists like Hilary Wainwright, "who believe that in our diversity is our strength" and that empowering is more important than taking power.

But we equally demand a platform and a voice for those revolutionaries who say 'no' to both these bankrupt solutions. As well as coordinating our struggles and uniting our forces - at the same time- we need to discuss, as the statement suggests, an alternative society. And if that discussion is not to be about pie-in-the-

skie utopias then the means to get there, the instrument for taking power needs to be discussed.

Nor is a party - a revolutionary party - simply an instrument for seizing power, for some future revolution. A party - a really mass revolutionary organisation of the best militants and activists of the various struggles - can give a mighty forward impulse to the labour movement as a whole. With a new party, a new infrastructure for both resistance and a counteroffensive, we can take on dying Labour and the Tories too.

Wasted opportunities

If we are to draw a balance sheet of the past few years we must put at the top of the agenda,

- A failure to take the opportunities offered to break with labour
- A failure to build a strong network of rank and file militants in each union and across all the unions,
- a failure to build a network of local bodies for mobilising resist-

ance

• A failure to integrate our movement in Britain into an international movement fighting back against neoliberalism and war.

But a balance sheet need not start from the negative column alone. Our starting point should also be the turn of the new century and the following years when Britain, along with other countries witnessed a spectacular revival of radicalism. There were the anticapitalist and antiwar movements with high points in 2001 (the anti G8 mobilisations in Genoa) and 2003 when on 15 February 20 million people marched in London.

At this time too there were initial electoral successes for Labour initiatives like the Socialist Alliance and the Scottish Socialist Party (SSP). In the union group of left leaders was elected the so-called awkward squad the level of industrial action to higher levels than in the Unions like the RMT and the - viciously attacked by the they had supported and finally on one hundred year expelled from Labour or party in disgust.

But in the mid-year decade this movement's steam run out of steam. The movement declined, workers of the big unions pro over for Blair and Brown wick when they signed agreement that the government had no intention of del The militant left union quit Labour took only the militant initiative for an And then came the explosions of Respect We have seen stagnation defections from various organisations, including W But this ebbing of icalism was not a failure Our problems were of missed opportunities directions taken forces in the vario

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Despite the huge one million plus demonstration of February 15 2003, the Stop the War Coalition failed to do what it said on the tin. Why? Because its main political leaders the SWP and the Communist Party of Britain (CPB) either did not wish or did not dare to call on the union leaders and their mass membership to launch industrial action in the run in to the war.

After the FBU and RMT splits from Labour, the leadership of these unions, aided and abetted by the rest of the left, let slip the opportunity for the creation of a new working class party.

Another vital opportunity was the birth of the new internationalism around the anticapitalist movement. Militants from the UK travelled to Prague and Genoa in large numbers. They attended the inspiring European Social Forum in Florence (November 2002). Globalisation, the concerted attack on public services by the European Union, the wars in Afghanistan and Iraq, all showed that international organisation - what Marxists call an International - was urgently needed.

The European Social Forum came to London in October 2004. It attracted 24,000 people, over half of them from the UK. But - thanks to the Livingstone mayoral clique and the Socialist Workers Party's capitulation to it - this was highly bureaucratically run and did nothing to create a mass anticapitalist movement here, such as then existed in Italy and France.

The SWP, dissatisfied with the Socialist Alliance's electoral performance in 2003 and irked by the political debate within it, dumped it and went for Respect instead. Tempted by the successes in drawing masses of Muslims into the Stop the War movement they fell for the idea that this could have a non-class electoral expression. It would have to be a "less socialist," less openly working class. But they believed a populist election block with a "star" leader in the person of expelled Labour MP George Galloway could lead to the big breakthrough.

Instead of trying to appeal to working class Asians and fighting against the careerist community leaders, Respect tried to draw those leaders in with predictably disastrous results. Within three years Respect fell victim to its internal class contradictions, but not before it had frustrated and demoralised many of the activists who had broken from Labour in the preceding years. The SWP's manipulations

and political contortions also discredited the very ideas of a revolutionary party, democratic centralism, thereby boosting 'movementist' and antiparty ideas. A large milieu of ex-members of left groups developed, many believing that their own hard experience in organisations that pretended to be democratic centralist and to be building a Leninist party had "proved" that such party models, or perhaps all ideas of forming a party, were the problem.

Other people, including a sizable

"The left groups of today, even those that call themselves parties, are only factions of a party which does not yet exist"

section of Workers Power, which broke from us in 2006, mistook the credit-fuelled boom of the mid-decade for some sort of long boom. They blamed the historic weakness of the workers movement since the Miners defeat (1985) for all the problems. The danger with all such unfavourable comparisons between the present and the golden years of the 1970s and 1980s is that it covers up precisely the bungled opportunities and defeats of the early years of this decade. It blames on history the low level of socialist consciousness and poor organisation. It blames the working class rather than its leaders for the defeats and thus exonerates their failed political strategies.

Certainly the unions are weaker - both in quantity and fighting quality - since the 1970s and 1980s. Union membership is half of what it was in 1982 and density of the shop steward network is much lower. On a political scale this is plainly true too. In those years there was a Communist Party with tens of thousands of members and roots in industry, as well as three or four rival "Trotskyist" organisations with members in the thousands. The Labour Party had a vibrant left, dominant at constituency level, and with important leadership positions

in local government.

All this means the movement as a whole had an infrastructure of resistance against the attacks of governments - Labour as well as Tory. But these truths hold a deeper lesson. They show that political organisation - i.e. a party or parties - is the key to more vibrant trade unions, to more militancy and rank and file democracy, to more local coordination.

Another get rich quick idea - one which haunted the Socialist Alliance in England and Wales but received its most "successful" expression in Scotland - is the idea of "uniting the Left" on the basis of a reformist programme, and then fostering a multiplicity of competing internal tendencies, regarded by their promoters as a happy norm rather than some thing to be overcome in developing a common programme that all fight for.

The left groups of today - including those who call themselves parties - are in fact groups for making socialist propaganda - not parties of working class militants, offering an alternative leadership to the union bureaucrats and the Labour leaders in all the main struggles.

They are, as it were, only factions of a party which does not yet exist. The existence of such groups is justified, indeed essential, as long as such a party does not exist and indeed it would be impossible for such a party to come into being without them. Quite rightly they need to be fairly politically homogeneous, united around the basic strategy they advocate. Fundamental political differences soon lead to a split, since the protagonists want, quite understandably, to take their ideas to the most active parts of the working class, not engage in endless internal polemics or reduce an already tiny organisation to a variety of public factions or individuals which can have no meaningful effect in the class struggle.

Simply to stitch together propaganda societies, even the more seizable ones, will not change the disunity of the left and indeed is even worse than separation if the price of unity is a lowest common denominator programme that will not stand the test of the first social crisis. Unity between propaganda societies needs a firm programmatic basis if it is to be lasting.

On the other hand if mass workers organisations like the trade unions take up the question of a new workers party, if thousands of new previously unorganised mil-

itants are rallied to its banner, then a democratic debate about programme and tactics can take place among a section of the masses. This type of debate would take place in the immediate context of action - not just elections but strikes and mass campaigns - among people looking for the best way forward and judging the competing proposals on their merits.

The socialist propaganda groups could then show their mettle by patiently explaining their proposals for the party programme to the best militants of our class. Where they are defeated on important issues unity could still be preserved, providing there were a vibrant internal democracy and disciplined action for leaders and members alike.

Seizing a historic opportunity

We are moving into a recession - probably on a global scale - which will be very serious for capitalism and for the living and working conditions of the working class. It is clear that we are now seeing an increase in class struggle in Britain; strike figures are up to over a million last year and almost certain to be a post 1990 record this year. We are in the end game of the Labour government and indeed the whole New Labour project.

To stop the trade union leaders fragmenting the struggle, it is essential for us to fight for unity from above and below. Over the coming months and years the crucial slogans will be for alliances of public sector unions for the present strikes, the creation of local solidarity bodies, escalating to the formation of local committees of action in a real strike wave. To organise with the union leaders where possible but without them where necessary, we will need to raise again the call for a rank and file movement, both within the individual unions and across the trade unions at a national level.

We must also put forward a clear warning of what is at stake. A rise in strike action can inflict crippling defeats on Labour, and we want them to. It can also create the fighting forces to defeat the incoming Tories too. But all such battles will inevitably pose at a certain stage the question of power, of which class rules in society. If we want the answer to be the working class, then we will need the instrument to hand for taking power - a revolutionary political party. The debate on how to create it cannot be postponed.

BOLIVIA

Morales must mobilise to crush the Right

The Santa Cruz oligarchs' plans to secede threaten the reforms fought for by the Bolivian people in the past decade. Class war, not legal manoeuvrings, must be used to defeat them, argues *Keith Spencer*.

Evo Morales was a convincing winner in the recall referendum on 10 August. He won 68 per cent of the popular vote and 95 of the 112 voting districts in the country. The only places in which he didn't win are the cities of states the Media Luna, the half moon as they are called, from the shape they make on the map in the grip of the right-wing. Yet even in these states he got over 40 per cent and in two of them 50 per cent.

Yet despite winning yet another crushing mandate for his own programme of using the oil and national gas reserves of these provinces for the welfare of all Bolivians, Morales continues futile negotiations with the wealthy landed and financial oligarchs who control the cities of the Media Luna. All the thanks he got was that the right organised a one-day stoppage on 19 August, attacked progressive organisations and took more steps on the road to secession.

The leaders of the oligarchs, like Reuban Costas, governor of Santa Cruz, have whipped up their supporters with vile racism against Morales and his indigenous supporters calling them slaves and filth. Since the recall referendum on the 10 August, the right has embarked on a course of separation from Bolivia. Santa Cruz, the heart of this movement, has declared that it will vote on a new assembly, retain all taxes owed to the central government and refuse to carry out any of its decisions.

The oligarchs' youth unions, fascist white thugs, have beaten up police, firebombed offices of progressive organisations and attacked supporters in Morales' party, the Movimiento al Socialismo (MAS). Thugs occupy the airports whenever Morales or his ministers try to land. They have also erected blockades to cut off communication and food supplies to the highland areas.



Make no mistake - this is not a national liberation struggle of an oppressed minority but a deliberate attempt by the rich landowners to keep the wealth and natural resources of Bolivia in their greedy hands. The next three months must be used, not for campaigning for another yet another referendum which the right will ignore, but to crush the right-wing vipers nest and wrest control of the lowland territory.

How can this be done?

Morales has sent the army into the oil and gas fields to prevent them being taken over by the right-wing but this is not enough. He must mobilise the masses, arm them and crush the oligarchs - and not only enforce the nationalisation of the hydrocarbons but enact an uncompromising land law handing over the ranches of the white elite to the workers and the indigenous peasant communities.

Already the masses, understandably, are becoming impatient with Morales. An assembly held in August by the National Coalition for Change (NCC), including the El-Alto fejuve (Federation of United Neighbours), indigenous peas-

ant groups, women's organisations, co-operative miners and micro businesses, has called for a permanent mobilisation until the new constitution is implemented.

The COB (Central Obrera Boliviana - Bolivian Workers' Center) launched a general strike during the run-up to the recall referendum, evidence of a real breakdown in relations between workers and the government. Two miners were killed in this battle over the pensions law, which actually increases the age of retirement and pays benefits to only 10% of the workforce. Morales vice-president Álvaro García Linera accused the strikers as being "agents of imperialism" and tools of the opposition.

The reason for the MAS's hostility to workers and its conciliatory tone to the right is because it is a popular front party, made up of different social classes that have very different interests at stake. Linera, for example, wants to build Andean capitalism: others call for a type of peasant socialism, or just want indigenous autonomy.

Morales' vacillations show the uselessness of populism based upon the

middle classes, more willing to concede and even surrender to the right than to meet the demands of the workers and the rural poor, especially if it meant mobilising them to smash the right. There should be no reliance on the officer corps and the high command which despite its patriotic pledges will betray. That is why arming the workers' and peasants' militia is so crucial.

To prevent the victory of the right, the people must deal with the vacillations of the MAS. That is why the workers and their supporters among the peasants must launch their own revolutionary workers' party to fight the right and go beyond the limited reforms of the MAS to fight for socialism. Its immediate demands should be:

- Implementation of the pension law as amended by the COB
- Arm the workers and popular organisations, particularly in the Media Luna to defend themselves against the fascist gangs
- Nationalise the oligarchs' banks, businesses and factories under the control of workers and peasants.
- Expropriate the land and distribute the large ranches and plantations to the agricultural workers and poor peasants.
- Democratic rights for rank and file soldiers, (assemblies, elected committees, election of their own officers).
- Occupy the cities and towns of the Media Luna; arrest their governors and civic committees, disarm and dissolve their reactionary youth leagues.

The massive struggles of the Bolivian people in the past decade cannot go on indefinitely without a decisive test of arms. The oligarchy has effectively declared civil war. The only thing now is to ensure that he workers and peasants win it.

• For more on Bolivia including more on the recall referendum go to : <http://www.fifthinternational.org/index.php?bolivia>

UK ECONOMY

Heading for recession – workers face job losses, repossessions and wage cuts

Richard Brenner

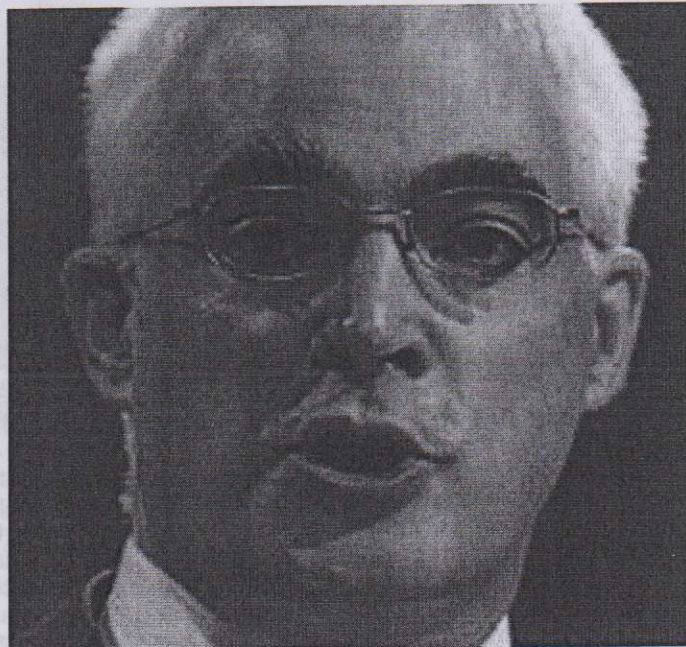
In a grim warning, UK Chancellor of the Exchequer Alistair Darling said Britain is facing “arguably the worst” economic downturn in 60 years. He told the pro-government Guardian newspaper at the end of August that the coming recession would be “more profound and long lasting” than many people had expected.

Admitting that he had seriously underestimated the severity of the credit crunch and what it would mean for the real economy, his comments followed a string of grave assessments from leading economic policymakers and analysts. The consensus is that the UK has been especially hard hit by the global financial crisis and that a significant recession is on the way.

David Blanchflower, a Bank of England policymaker and a member of its interest rate-setting Monetary Policy Committee, warned shortly before Darling’s speech that unless rates are cut, there could be 2 million unemployed in the UK by the end of the year. This prediction follows a string of negative data, all of which point to a serious ongoing decline in economic activity, with the threat of job losses and home repossessions adding to the misery as prices for food and fuel go through the roof.

Those complacent pro-market pundits who told us last year that the financial crisis would not affect the real economy are now being forced to eat their words. The Office for National Statistics reported that UK economic growth sputtered to a halt in the second quarter of 2008, with gross domestic product recording a zero growth rate. As George Buckley of Deutsche Bank said bluntly: “The figures are very weak and suggest the UK economy is already in recession.”

The Bank of England added that it does not expect the UK economy to grow over the next year or so; the British Chamber of Com-



Alistair Darling said Britain is facing “arguably the worst” economic downturn in 60 years

merce agrees, predicting stagnation or outright contraction over the next nine months. Already between April and June manufacturing fell by 0.8 per cent. Consumer spending went down by 0.1 per cent. And the service sector, which is the flagship part of Britain’s ‘modern’ economy, grew by a measly 0.2 per cent. And this seems likely to be just the beginning of a pronounced downturn.

This stagnation is already bringing real job losses: house building is hard hit, as is the retail sector. The official statistics revealed that the number of people out of work rose by 60,000 between April and June. Unemployment is now at 5.4 per cent – that is 1.67 million people. The number of people claiming benefits is lower than the number of unemployed, but it still rose sharply by more than 20,000 in July alone, taking the total number of claimants to more than 864,000 – the figure has risen every month for the past six months but this was the sharpest monthly rise since 1992.

Indeed, overall these are Britain’s weakest economic figures since the

sterling crisis 16 years ago. And in response to the figures the pound dived against the dollar and the euro, making imports even more expensive and pushing inflation up still more.

Already inflation is hammering working class people. Food prices have gone up more than 10 per cent over the last 12 months. And over the same period petrol shot up by more than 24 per cent, the Office for National Statistics reports.

No wonder people are spending less in the shops. A CBI report on UK retail sales gave the worst figures ever since it was first calculated 25 years ago, with a massive 46 per cent of retailers reporting that sales fell in the first half of August compared with last year.

The Bank of England is in a cleft stick. If it cuts interest rates to slow down the recession and help businesses and consumers get hold of cheap money, then it will push down the pound still further and push inflation up. There is however one trend that is acting to reduce inflation – the trend towards recession. So when David Blanchflower

argues for interest rate cuts, he says the bank should disregard the risk of inflation because as output goes down, “inflation will fall like a rock.” What he means is that to bring prices down, workers must pay with their jobs.

Alongside all this, of course, is the collapse of the housing market. House prices are falling at their fastest rate for 18 years, leaving hundreds of thousands of working class and lower middle class home-owners with houses worth less than they paid for them. Fewer will be able to take out extra loans on the value of their homes, as was happening more and more as prices rose earlier this decade. It is already much harder for young people and first time buyers to ‘get on the ladder’. In the absence of any major public housebuilding projects, more people are chasing private rented accommodation, pushing up the rents.

As interest charged by banks and building societies goes up, and as prices rise in the shops and petrol stations, more people are finding they can’t pay their mortgages. Already last year repossessions rose to an eight-year high. Then by June this year they had gone up by a massive 48 per cent over the previous 12 months. 18,900 working class people and families lost their homes in the first six months of this year.

Darling says this sorry mess was caused by the global financial crisis and the credit crunch. And he’s not wrong, as we show overleaf. But it’s no excuse for Darling and Blair to blame the global system – after all, they are the ones who told workers for 10 years that we should be playing by the rules of the global system, that this system has the answers, that globalisation will enrich us all, and even in Brown’s words that there would be ‘no return to boom and bust’

This is all shown to be a pack of lies. Global capitalism is in crisis and as always the working class is being made to pay the price.

On pages 8 and 9 we consider what we must do to stop this happening.

ECONOMY

USA exports recession as credit crunch deepens

Richard Brenner

The credit crunch has now been going on for more than a year. This severe crisis in the banking and finance system has, as we predicted in July 2007, been the foreshock of an economic earthquake – a huge surge in inflation around the world, and a pronounced trend towards economic downturn in the UK, Europe, Japan and USA.

The overall picture continues to darken. The crisis phase of the cycle looks poised to move on to the recession phase in several countries. Already economists are asking if we are already in recession, or just moving into it. They start to argue about the definition of the word, as if it will make the growing numbers of unemployed feel better.

The overall picture is composed of numerous factors, some of which seem to conflict with the overall trend. First, the financial crisis itself is far from over and threatens to bring more chaos and perhaps further collapses to the banking sector. Inflation rages on around the world, particularly hitting foodstuffs and other essentials. Second the USA's efforts to avoid recession – including sharp interest rate cuts and huge tax rebates to smooth the way through the pre-election period – have boosted US exports, raising economic growth, but with two negative consequences: very high inflation at home, aggravating the already severe US housing crisis, and the export of recession to America's competitors abroad, especially Germany and the major EU states.

The USA

Yet the jobs picture seems to suggest some kind of recovery in the US. In July the unemployment rate which has been rising gradually reached 5.4 per cent, a four-year high. But cuts in interest rates and Bush's huge \$100 billion tax rebates last year, allied to the falling value of the dollar, have boosted American exports, which can compete better with European and Japanese goods when the value of the dollar is low. So while GDP growth fell to just 0.9 per cent in the first quarter of this year, it rose again to 3.3 per cent in the second quarter, driven by the European and Japanese slowdowns. Claims for unemployment benefit actually fell by 10,000 in the second week of August.

So, is America entering a significant recovery? This seems unlikely at this stage. Analysts say the impact of the one-off pre-election tax rebates is likely to wear off soon at home, and that as the EU and Japan slow and their own currencies weaken against the dollar, this will reduce the USA's export advantage. As Brian Fabbri, chief US economist at bank BNP Paribas said: "The GDP figure may not say it but this country is still in trouble. Corporate profits



have fallen for four consecutive quarters, companies have fired 60,000 workers a month in the past seven months and the outlook for the economy is pretty grim."

The banking sector is not about to come galloping to the rescue of corporate America with a barrage of new cheap loans, either. Former IMF chief economist Kenneth Rogoff told an economists' conference in Singapore in August that "I think the financial crisis is at the halfway point...the worst is to come. We're not just going to see mid-sized banks go under in the next few months, we're going to see a whopper, we're going to see a big one, one of the big investment banks or big banks."

Rogoff added that as the housing crisis deepens the two big US mortgage lenders Fannie Mae and Freddy Mac "are not going to exist in their present form in a few years."

And the key measure of credit availability, the Libor inter-bank lending rate, continues to be much higher than official rates set by the central banks, which means that 'deleveraging' – the process by which banks withdraw loans and credit – is still the main feature of the situation in the finance system today.

For the American working class and urban poor, the picture is one of misery piled upon misery. Just look at the impact of the housing crisis so far. Housing analysts Realtytrac reported that in July this year alone, more than 272,000 people in the US got a foreclosure notice warning them of repossession for non-payment of their mortgage. This was a rise of 55 per cent on the year before. The immediate cost? More than 77,000 homes lost in a month. Realtytrac added that today more than 17 in every 100 homes on sale is a repossessed house.

US government figures revealed what was driving these mortgage defaults: higher prices for basic goods in the shops. Consumer prices

increased at their steepest rate for more than 25 years during June, according to the US Commerce department.

With the fastest inflation rate for nearly two decades, prices went up 5.6 per cent over the 12 months to July, with a staggering 30 per cent rise in energy prices and a 6 per cent hike in food. This whittled away the real value of workers' wages, which fell in real terms by 3.1 per cent over the year.

Nevertheless, while a lasting US export-led recovery is not the most likely scenario, it is certainly not ruled out. If the current trend for the oil price to decline as the dollar strengthens were to knock back domestic inflation sufficiently, and if this calmed the turmoil in the housing market (and in May and June house price falls in 20 US cities slowed to just 0.5 per cent from around 2 per cent in the first quarter of 2008), then the scene could be set for a cautious expansion over the period ahead. It is possible, but there is one component of the picture that strongly undermines its likelihood: the deteriorating global economy. As US competitors contract and their currencies decline in comparison to the dollar, so the USA's exports lose their relative advantage.

Europe in recession?

As we have seen, US financial policy has been to export recession. This has hit Europe hard. In Germany – the industrial powerhouse of the continent – the economy shrank by 0.5 per cent in the second quarter of the year. The euro plummeted as the Ifo business climate index, which measures confidence in Germany's economy, suddenly fell to its lowest level in three years – the figure dealing with bosses' expectations for the future was at its lowest since the onset of Germany's deep recession in February 1993. There is little doubt that this is because of weak-



ening exports. Orders for German manufacturers fell by 2.9 per cent, the seventh consecutive month-on-month fall, the longest such downward spell in nearly 20 years.

In Europe as a whole, the European Commission reported its index of confidence sunk to its lowest level since March 2003 this summer. Ken Wattret at BNP Paribas called this: "consistent with stagnation in the economy and a genuine risk of recession." Jean-Claude Trichet, president of the European Central Bank, says growth for the remainder of 2008 in the eurozone would prove "particularly weak". Yet inflation remains high and prevents him from confidently cutting interest rates without sending prices even higher.

What about France? There growth also slowed this year, to an estimated 0 to 0.2 per cent in the second quarter of this year, mainly because of falling car exports, and the higher price of fuel. In Spain, economy minister Pedro Solbes said the collapse of the property market created the country's "most complex crisis ever." In Ireland, the so-called Celtic Tiger boom has run into the wall, with a collapse in the housing market, massive problems with personal debt and an overall shrinkage in the economy. Denmark is in recession, with Roskilde bank having to be bailed out and electrical goods manufacturer Bang & Olufson issuing three profit warnings this year.

Asian growth restrained

In Asia, the recessionary impact of US financial policy has also been felt. Japan actually contracted by 0.6 per cent between April and June, with Takahide Kiuchi, chief economist at Nomura, saying: "The data gives the impression that the economy has entered a recession and

I think it is in recession". The BBC reported that with export growth "dropping out of the picture" Japan's economy is shrinking. "With corporate profit growth reversing, tempering wage rises and perceptions of job security, consumers are gloomier still."

Even the two economies in Asia that have had the fastest economic growth over recent years, India and China, are feeling the effect of the changing global situation. India's economy grew at its slowest rate in more than three years, falling to 7.9 per cent in the three months to June, from 9 per cent last year. The Reserve Bank of India has raised interest rates 9 per cent – their highest rate for nine years, to control inflation which has gone up to more than 12 per cent, its highest level for 13 years. This causes both companies and consumers to rein in spending. Kaushik Basu, Professor of economics, at Cornell University says; "Oil and food shortages combined with rising inflation have created a sense of economic crisis in India and the mood is beginning to turn grim."

And in China, JP Morgan warned last month that declining export growth is "rippling across the economy. New orders at factories have declined, and the country's property market has seen a sharp drop in transaction volumes." Official figures revealed that in July Chinese factory output may even have contracted. The Purchasing Managers Index fell to 48.4 that month for the first time ever, (with anything below 50 being a contraction). Manufacturing is 42 per cent of China's GDP, and these figures suggest it is contracting, according to the China Economic Review, although the index in question does not take the size of companies surveyed into account. Lehman Brothers investment bank

responded to the figures: "China's manufacturing sector is facing tough challenges due to the slowdown in the global economy, rising production costs, tight credit conditions, power shortages, and currency appreciation."

It would be quite wrong to imagine that the whole world is going to suddenly sink into recession simultaneously. The credit crunch is a moment of crisis that stands at the onset of economic contraction, and the process has some way to unfold across very different national economies and conditions. Yet overall the bold claims of the supporters of neoliberalism and globalisation that the world was emerging into a 'new paradigm' of crisis free development have been shattered – structural inflation has returned to the world economy and can only be removed through a serious and sustained recession in all the major economies, including China.

What is causing this?

The crisis and the developing downturns are what Marxists call a devaluation of capital. This process occurs when the underlying trend in all capitalist economies towards a decline in the rate of profit finally manifests itself in real falls in profits. A huge volume of accumulated capital is unable to find an outlet in sufficiently profitable investments. This is when credit lines and loans are suddenly withdrawn. The excess has to be devalued or destroyed. Then the big capitalists and national governments fight among one another over who will bear the cost of devaluation: whose order books will be reduced, whose factories will be closed down, whose stock markets will plummet, whose loans will be written off, whose housing stock will be emptied, who will bear the burden in higher unemployment, whose wages will be reduced in value. Both inflation and recession are forms of this devaluation – both will be used to make the working class pay the price. Once this excess capital is removed from the system, then the cycle recommences with an economic recovery, with profit rates having been temporarily restored by the violent process of devaluation.

What an insane system, which can only keep itself going through regular and repeated crises and shakeouts, through the destruction not of capital in abstract, not just a number on a balance sheet, but through the destruction and degrading of real living standards, real jobs, real hopes and dreams, real lives.

The task of the working class movement around the world is to coordinate its resistance to the crisis, to fight to stop the capitalists forcing us to pay the price of the crisis of their system, and to organise politically – so that we can bring all our resistance together in a challenge to this irrational system.

SOUTH ASIA

Pakistan coalition government collapses

Pakistan's deep instability is continuing. First the government collapsed then the President resigned rather than face impeachment - what will come next?

Only months after the elections that saw the Pakistan Peoples Party (PPP) and the Pakistan Muslim League Nawaz (PML-N) elected to form a coalition government, Pakistan's fragile political stability has fractured and collapsed.

First in August ex-military dictator Pervez Musharraf resigned as soon as the coalition government made a move to try and impeach him. Musharraf is detested by most Pakistanis and in the face of popular mobilisations had to rely on the army, secret police and right-wing extremists to maintain his power.

Then on 25 August the PML-N, the junior partner in the coalition, pulled out claiming that the PPP had failed to fulfil its promise to reinstate 57 judges sacked by Musharraf last year as he desperately tried to cling onto power. The PPP leader Asif Ali Zardari, who took over after the assassination of his wife Benazir Bhutto, delayed making a decision on the return of the judges because he knew at least one, ex Chief Justice Iftikhar Mohammed Chaudhry, intended to prosecute him for corruption. The Bhutto-Zardari family are one of Pakistan's richest landowning elites, deeply mired in corruption. Zardari's nickname is Mister Ten Per cent, which is what he is alleged to have pocketed from government deals he helped organise in the 1990s.

Three candidates, no choice

The three candidates for president all represent different parts of the establishment. All are committed to maintaining the profits of the big landowners and capitalists, and all support the US war drive under the banner of the so-called war on terror.

The PPP's candidate is none other than Zardari himself. The PML-N candidate is a supporter of Sharif from the judiciary, called Saeduzzaman Siddiqui. The pro Musharraf party, the PML-Q, has

nominated Mushahid Hussain Sayed, a former journalist and son of an army colonel.

Zardari will probably have enough support to be elected as President. But he has lost a lot of support from within his own party and amongst the wider population for what many people recognise as his manoeuvres to prevent prosecution for corruption. More worrying for his credibility were media reports that he has severe psychiatric problems.

None of the candidates has a programme to tackle the growing economic crisis which is driving millions of already impoverished Pakistanis into ever deeper misery and desperation. The global economic crisis is hitting Pakistan hard, with inflation in basic foodstuffs like rice, wheat and cooking oil at more than 25 per cent. No wonder there has been a wave of food riots across the country. Pakistan now does not have enough power to meet demand for domestic electricity, meaning that most areas of the country only have a few hours a day.

Another problem in Pakistan is the national question. National liberation movements in Swat and Balochistan have been waging a fierce battle with the government for independence, and militias in the North West Frontier Province are fighting alongside the Afghan resistance to deal heavy blows to the Pakistani military, who have lost control of much of the province.

The main political parties are all committed to the 'war on terror' and assisting the USA however they can. This exacerbates already tense situations in the country where the war on terror is widely understood to be just an excuse to extend US power, attack democratic rights and increase the power of the military.

Furthermore the Pakistani secret police force – the feared ISI – is a powerful and ambiguous factor in Pakistani politics. Centrally involved in setting up the Taliban



Zardari: The next President of Pakistan?

in the 1980s to fight the Soviet Union, they were instructed to help hunt down the Taliban and Al-Qaeda when the war on terror started. But many suspect that the ISI is harbouring Jihadist militants and has direct links with them. A recent bombing in India was blamed by the Indian government on the ISI; one minister in the ruling party even threatened to respond "in kind" to the attack.

The battle for democracy and socialism

Carved out of India by the British in 1947 as a Muslim enclave to divide the Indian national liberation movement, Pakistan's politics very quickly came to be dominated by the military. Because the country was weak economically, and because of India's former alliance with the USSR, the Pakistani ruling class turned to the USA and became very reliant on aid and support from the world super power. This relationship continues today – for instance a few months ago the US senate voted to send Pakistan \$1.5 billion of aid. Today the military runs huge conglomerates, making things as diverse as washing powder and breakfast cereal – and taken as a whole it is respon-

sible for at least 4 per cent of the country's gross domestic product.

A serious programme for change in Pakistan can only come from the bottom up, from the working classes and the peasants. The impasse over the judiciary demonstrates the weakness of the current system.

The masses are striving for democratic rights in a country dominated by the military. Yet the entire political system is mired in corruption, US interference and military patronage.

The masses should demand elections to a new constituent assembly to completely rewrite the constitution, abolishing the presidency and removing all vestiges of military control. Working class people and the urban poor need to form a new political party, a workers' party to fight for their interests and a socialist solution to the crisis.

That means indexing wages to prevent inflation further impoverishing the masses, it means nationalisation of the land and industry under workers control, cancellation of Pakistan's foreign debt, a huge programme of public works and investments to build Pakistan's infrastructure up to a decent level. Land redistribution and debt cancellation would help alleviate the suffering of the poorer peasants.

None of this can be achieved without a serious struggle to clear out the military from politics. To weaken the power of the generals and officers, Pakistani socialists therefore fight for the right for soldiers in the army to join trade unions and elect their officers. Bringing the fight for democracy into the ranks of the army is a key task in the fight for freedom: one that can only be achieved if the Pakistani working class comes to the head of the struggle for democracy and proceeds to form a government of workers and peasants that can take over the private property of the landowners and capitalists and create a socialist planned economy.

NEPAL

Will the Maoists build socialism in Nepal?

By Mark Booth

The Communist Party of Nepal (Maoist) has emerged as the largest party in the Nepalese parliament after they took part in elections in 2006, called in order to form a new government and replace the hated King Gyanendra who had ruled as a dictator since seizing power in a coup in February 2005.

Nepal is an extremely poor and underdeveloped country, with 76 per cent of the workforce employed in agriculture. Since 1996 the Maoists have been waging an armed struggle in rural areas against the government. Despite receiving extensive military aid from US and British imperialism and Indian capitalists, the Royal Nepalese Army failed to crush the Maoist insurgency. This is due to the overwhelming support of the majority of Nepalese peasants and workers who live in extreme poverty.

In April 2006 a mass movement of Nepal's urban poor rose up against the King and, through a series of demonstrations, confrontations with the police and army and a general strike, brought the Nepalese government to its knees. The King was reduced to controlling a few square kilometres of the capital surrounding the royal palace. The rest of the country was paralysed either by urban unrest or the insurgency in the countryside. The Nepalese workers and peasants could have seized power, thrown out the monarchy and corrupt state bureaucracy and formed a new government based on councils of workers and peasants.

It was only the misleadership of the Maoists which prevented this. They refused to give arms to the workers fighting the police and army and did not mobilise their 18,000 strong People's Army in support of the workers struggle. They participated in the massive four day general strike on 5-9 April, but at the decisive moment when the power of the Nepalese government was weakest they did not mobilise the masses for its overthrow. Instead they entered into negotiations with the weak and decrepit parties of the Nepalese bourgeoisie in order to secure a deal for the formation of a "democratic republic".

They did this because of the Stalinist core of Maoism. Josef Stalin adopted a "stages" theory of revolution which was taken up by Mao Zedong in China. It is the idea that the revolution first must accomplish a bourgeois "democratic" stage, the formation of a democratic republic in which capitalism can develop, before the second stage – the socialist revolution – can begin. In practice, in a poor country ruled by a dictator like Nepal this means aborting the revolution when the masses wish to go onwards to socialism and diverting their energy and struggle into support for the "democratic" forces in the ruling class, the same ruling class that



Workers and Peasants have high hopes for the Maoists

exploits them daily. This necessitates the workers and peasants supporting their exploiters. It is a dead end for revolution and can only disarm and disorientate the working class in its struggle.

Even before the April 2006 uprising the leader of the Maoists, Prachanda, was talking about forming a "multi party democracy within a specific constitutional framework that is antifederal and antiimperialist." While certainly parts of Nepal are ruled in a feudal manner the system the bourgeoisie rest upon and which makes them such servile representatives of imperialism is capitalism. As long as capitalism is not eliminated then the power and domination of the ruling class will remain.

We are now seeing the logical conclusion of this theory. The Maoists have won a majority in the elections, which were called as part of the deal to end the protests and the revolutionary struggles of the masses. The monarchy has been removed, although King Gyanendra has been allowed to keep all his private property, and Nepal is now ostensibly a democratic republic. However the Maoists are making it absolutely clear that they will protect the interests of domestic capitalists and the imperialists' investments in Nepal.

The Maoist leader and new Prime Minister of Nepal, Prachanda, has said as much. He stated that since the "national priority" is wealth creation this would require "a capitalistic mode of production". During a meeting between the Maoists and the Federation of Nepalese Chambers of Commerce and Industry Prachanda

remarked "Maoists give first priority to the domestic investors, but our party heartily welcomes foreign investors in the country."

He continued: "The root cause of our poverty is a feudalistic political system, feudal way of thinking." This is an attempt to cloud the issue. The source of the poverty afflicting the Nepalese masses is the large land owners the Nepalese capitalists, and the imperialist powers they trade with within the capitalist system.

The Maoists have not dissolved the Nepalese Army which remains a bastion of reaction with its generals and officers loyal to the Nepalese ruling class. While they are trying to integrate their own fighters into the army they have made no demands to democratise the army, to dissolve the reactionary officer corp and replace them with soldiers elected from the rank and file.

The Maoists were elected by millions of Nepalese workers and peasants to bring an end to the poverty, inequality and oppression in Nepal. But their position is to build capitalism, something that can only happen at the expense of the workers and poor. At the same time, the imperialist powers do not trust the Maoists, and with India and China facing growing unrest from peasants and workers who view the coming to power of the Maoists as an act to be emulated, they will face the threat of a coup backed either by the imperialists or the regional powers. In this potentially explosive situation there will be fertile grounds for the building of a revolutionary party opposed to the pro-capitalist stages theory and committed to the overthrow of capitalism, in Nepal and across the whole of Asia.

EUROPEAN LEFT

Die Linke - no model for a new workers party

Martin Suchanek, from the Gruppe Arbeitermacht of Germany argues that the new left party, Die Linke, is not what the German workers needs to beat the neoliberal government agenda

Just one year after its foundation, many on the European Left see Germany's DIE LINKE (The Left) as a model of how to build a new mass party of the working class.

Opinion polls register 14 per cent support and its growth to 70,000 members shows that it expresses the anger of millions of working class people, suffering from the neo-liberal policies of the Christian Democrat-Social Democrat "grand coalition" government.

In fact, DIE LINKE originates from two parties. One, the WASG (Wahlalternative Arbeit und Soziale Gerechtigkeit - Electoral Alternative Labour and Social Justice) was formed as a result of mass mobilisations against the equally neo-liberal policies of the previous SPD-Green Party government under Gerhard Schröder.

The initiative for the new party came from a section of left trade union officials and parliamentarians. They wanted an electoral vehicle to pressurise the SPD into reforms, not an instrument of struggle. Nevertheless, the new party found immediate support among union militants and activists from the unemployed movement. Indeed, the vast majority of the WASG's members were unemployed and low paid workers with insecure jobs.

But the union bureaucrats and parliamentarians controlled it from its foundation. They imposed a "provisional" constitution and programme, modelled on the SPD's programme from the 1970s, and consciously defined it as a "welfare state party" not a "socialist" one.

From the beginning there was a tension within the new party between its bureaucratic leaders and its activist rank and file. Whilst most members probably shared the reformist ideology of the party leadership, they did not share their "vision" of how the new party should act. They wanted an active party, which would mobilise to fight over the immediate issues of jobs, cuts in social services and attacks on workers' rights.



Gregor Gysi und Oskar Lafontaine, two key leaders of Die Linke

Tension increased when it became clear that the WASG leadership had decided to fuse with the PDS (Party of Democratic Socialism) the reformed descendant of the ruling Stalinist party of East Germany (Socialist Unity Party or SED).

Within the WASG, many were sceptical, if not directly opposed to this. The PDS had about 60,000 members at that time. It was, however, confined largely to the former East German regions. Most of the PDS were pensioners (about two thirds of the membership) and came from a labour aristocratic background. After German reunification, the party had transformed itself into an established bourgeois workers' party with thousands of local councillors and mayors operating policies indistinguishable from those of the SPD, or even the CDU.

It had even been in regional government with the SPD in Mecklenburg-Vorpommern, and had supported the SPD-Green governments in Sachsen-Anhalt and Berlin. In all these cases this meant implementing Schröder's laws, which the WASG had come into existence to oppose! In Berlin, the PDS supported privatising more than 100,000 communal flats, scrapping the national wage contract for the public sector and reducing wages to 10 per cent below the national average. Nor was this some Berlin aberration – it was endorsed by the party itself.

After the fusion, the left and activist wing in the WASG found itself marginalised. Most of the

unemployed members did not even transfer to the new party. Its new members in the workplaces and unions are now usually local or regional trade union officials or works' council members deeply embedded in social partnership on the shop floor.

The fusion thus marked an abortion of the WASG's potential to become a new working class party, which would not be a political replica of the old SPD or an electoralist machine of the trade union bureaucracy. As it is, DIE LINKE has continued the PDS's right wing policies in the regional parliaments whilst at the same time giving full support to the cowardly and class-collaborationist politics of the German trade unions.

The most striking example of this came during the train drivers' strike, which was led by the small craft union GDL, and was actually opposed by the DGB-bureaucracy. What did DIE LINKE do? In order not to upset its "partners" in the trade union bureaucracy of the DGB, it remained silent.

Certainly, the working class does not need such a party. The absorption of the WASG into DIE LINKE, created a new obstacle to the German working class building a revolutionary alternative to reformism. Was this inevitable? No. In the WASG the Left could have rallied a substantial minority, if not a majority, but only if it had waged a resolute struggle against reformist bureaucratic leadership from the

beginning.

This would have included fighting for the WASG to become a party of struggle, itself taking initiatives in the workplace and districts, for example by building a national unemployed movement. Secondly, it would have needed a fight for a clear programme of transitional demands, leading to a socialist revolution.

This was the potential of the WASG and the only organisation that consistently argued for this was Gruppe Arbeitermacht.

The major far left organisations - Linksruck, the SWP's sister organisation in Germany, and the SAV, that of the Socialist Party, absolutely opposed such a course. Linksruck did so most resolutely and consistently. It openly rejected the party declaring itself socialist! At times, the CWI did lead an opposition in the WASG but it rejected fighting for a revolutionary programme and, believing the time was not "ripe" for a more radical party, it avoided an open split with the bureaucracy.

We now have a party that is neither socialist nor radical in its actions and likely will never become so. One crucial lesson has to be drawn from the missed opportunity of the WASG: when a new party is in the process of formation, if there is not a determined fight to commit it to a revolutionary programme then the inevitable outcome is another party run by a bureaucracy on a reformist programme.

However DIE LINKE remains a reformist party that is attracting militant sectors of the working class away from the SPD. An important task for revolutionary socialists in Germany is therefore - by promoting unity in struggle against the economic crisis, combined with sharp criticism of DIE LINKE's class-collaborationist actions - to open up the contradiction between the leadership and its worker membership, hastening the winning of the latter to revolutionary communism.

“We need a militant, anti-capitalist LEFT!”

Interview with *Nina Gunic*, a member of the League of Socialist Revolution (LSR), Austrian Section of the League for the Fifth International and a candidate of the new LINKE (LEFT) electoral list in Austria

Question: What circumstances led to the formation of the LEFT?

The background is the historic crisis of the social democratic party (SPÖ). As in other countries, there has been a long-term loss of support for the SPÖ among workers but 18 months ago it formed a coalition with the conservative party and that enormously discredited it. Now the coalition has collapsed. So the crisis of the SPÖ, the breakdown of the government and the new elections on 28th September gave us the opportunity to stand at the elections.

Who is in the LEFT?

There are several currents. Beside the LSR and the youth organisation REVOLUTION these are the Socialist Left Party (SLP, sister party of the Socialist Party in Britain) the Communist Initiative, the Turkish immigrant organisation ATIGF and activists of the social forum movement. So far, not many people from outside these forces have been attracted to the project.

What are the reasons for this?

The SLP is the strongest grouping. It has reduced the election campaign to collecting the 2,600 signatures required to stand in the election. Currently, we have sufficient signatures to stand in 5 of the 9 provinces of Austria. However, necessary as this is, it has meant that for most supporters collecting individual signatures has been the only activity. As a result, the LSR has been alone in organising public rallies and meetings, including weekly rallies and meetings in the biggest district of Vienna. We also called a rally in front of Telekom, the leading telecommunication enterprise, where redundancies have been announced. For us, campaigning on the streets, discussing the

issues with workers, is central. We need an activist party, a party that goes into the trade unions and workplaces and fights alongside workers against job and wage cuts.

Are there many differences inside the LEFT?

There are permanent discussions. The main question is: what shall be the character of the LEFT? Should it be a copy of the social democracy of a few decades ago (like Old Labour) or should it stand for fundamentally changing capitalist society? Of course the fight for reforms is very important. But we need to show a road from today's struggles to a tomorrow where everyone can live in peace and have a decent life. This is only possible if we smash the present system in a socialist revolution. We live in a world where rich people exploit the rest of us. Their only aim is to make more profit from our work. At the moment, thousands of jobs are being cut in Austria as the capitalists try to raise their profits despite the coming recession.

Are the other forces in the LEFT not fighting for this too?

Yes, but not consistently. There are many examples of this in the LINKE programme. It calls for higher taxation of profits, that's all. That's good, but it's not enough. The rich will never give up their accumulated wealth voluntarily. They have plenty of ways of hiding their profits from the taxman. We must take the economy and the wealth out of their hands altogether. The capitalists, the rich, must be expropriated. Control over production and administration should be in the hands of the workers, they have the best work-experience!

Of course, the expropriation of the rich cannot be done in one day, but it must be our goal, and we must say it. The majority in the alliance excluded this issue from the programme even though many agree with it in private. Their argument is: the LSR's demands might be correct, but we cannot say so in public because people won't understand or agree to them! But how will they ever understand if we do not argue openly for them?

Have there been other differences over programme?

Yes, particularly about immigrants' rights and international solidarity. The LSR and REVOLUTION demand the right for migrants to use their mother language in all schools and public services. This means



Nina Gunic at a press conference

that migrants should be employed as teachers and civil servants to allow the use of various languages – German, Turkish, Serbo-Croat, Kurdish, Urdu etc. according to people's needs. There are bi-lingual German-French schools in Austria but it is supposedly impossible to have bi-lingual German-Turkish schools! This is all wrong! Of course it's possible and it could lead to a closer integration of migrants and Austrians because it would combat the oppression of migrants.

While ATIGF supports our demand, the other forces in the alliance say: Against racism? Yes! Equal rights? Yes! Right to use your mother language? No, because... “the people won't understand this”. This is, of course, a concession to chauvinism. As a Bosnian migrant myself, I know the importance of the right to use your mother language in public institutions.

We also had a hard fight with the SLP to include opposition to the occupations of Iraq, Afghanistan, and Palestine and against a new war against Iran.

Is there a future for the LEFT despite the differences?

There will always be discussion on the programme that has now been adopted, against serious opposition from the more radical forces. A LEFT that says virtually what social democracy said 30 years ago cannot become a real, anti-capitalist force. Neither can it be a serious pole of attraction if it only repeats old slogans that the socialist left used to argue against! However, an effective election campaign could attract new forces and open the prospect of winning the LEFT, or sections of it, to the building of a new party that is militant and anti-capitalist, a revolutionary party of the workers, the migrants and the youth.

US PRESIDENTIAL ELECTIONS

Will Obama bring change to America?

By Simon Hardy

The battle for the White House is on. The parties have officially endorsed their candidates, running mates have been picked and policy proposals are coming into focus.

Barack Obama's official selection as the first African-American presidential candidate of a major US political party has been widely hailed in the media and among sections of US society as an historic event. Now Republican candidate McCain has tried to flank Obama by picking a female running mate as his vice presidential candidate, in an attempt to appeal to the Christian right and middle class women.

Obama started out as a candidate more on the left of the Democratic Party, but as he got closer to the nomination, he took his support from black people and the poor for granted and set off trying to win middle class and rich votes, pulling him more into the centre ground politically. He has spent the last few months reassuring the US capitalist class that America's foreign policy will be safe in his hands, sabre rattling at Iran and promising to pour troops and money into waging the war on terror in central Asia.

Accusations from his Republican opponents that Obama is too young or inexperienced, led to a choice of Joe Biden for the vice presidential nomination. Biden has decades of experience in Washington - as a warmonger and chairman of the foreign relations committee.

Biden truly is a "safe pair of hands" for US foreign policy. He was a long-time supporter of US military intervention in Iraq and expansion of US military forces in Eastern Europe as part of the containment of Russia, and was a key architect of the dismemberment of Yugoslavia. He proposes dividing Iraq up into three countries. He is also a strong supporter of Israel. Taken together he is a staunch right-wing member of the Democrats, a man who prides himself on his "close friendship" with John McCain.



Presidential hopeful Barack Obama, moving rapidly to the right and loosing support from the left

Biden is a strategically important vice president to have in the White House for the rich. He said in his speech to the Democratic Convention that the Bush administration had "failed to face the biggest forces shaping this century: the emergence of Russia, China and India as great powers." The US ruling class needs a man who can handle the big powers, and with Georgia fresh in their minds they predict future conflicts and confrontations between the US and Russia.

The new Democrat line on Iraq is one that is designed to still hit the right notes with the anti-war constituency that was so crucial in getting Obama through the primaries, but in reality offers little prospect for change. Obama wants to scale back operations and pull out the "combat troops" by 2010, but he wants to maintain a huge armed force in the military bases that are currently being built across the country.

Of course Obama has also tried to better McCain at gung ho fighting

talk by promising to "go to the cave where [Bin Laden] lives". Already Obama has a track record of threatening to use "missile strikes" on Iran and the use of military force in Pakistan if both nations were not seen to be sufficiently prosecuting the war against Al-Qaeda.

In foreign policy the only change that Obama represents is a change of focus from the Middle East to central Asia. When it comes to Palestine, his comments about giving Jerusalem to Israel as its undivided capital was a move even further to the right than Bush had ever dared to make.

Domestic policy

But what about Obama's policies for the home front? This is where it really matters, in terms of his election. If Obama can mobilise the traditional working class and lower middle class supporters of the Democrats with promises to alleviate the worst effects of a recession, then he can win the White House.

He has promised tax cuts for 95% of working Americans, more sick pay, protection from redundancy caused by bankruptcy, and legislation for equal pay for men and women.

On health care, his promise was a million miles away from the hoped for universal health care system. Instead he has offered to lower everyone's insurance premiums, or give people the "same kind of coverage that members of congress give themselves", effectively taking out insurance without check ups first, and protection against medical bills being "catastrophically high".

He also promised to end the US's dependency on Middle Eastern oil by 2018, and indicated some kind of public works scheme to build renewable energy sources that would create five million new jobs.

The Republicans have asked how he will pay for this. Obama's answer was slippery: "Now, many of these plans will cost money, which is why I've laid out how I'll pay for every

dime: by closing corporate loopholes and tax havens that don't help America grow. But I will also go through the federal budget, line by line, eliminating programmes that no longer work and making the ones we do need work better and cost less." This is an indication that there would be cuts made elsewhere in the budget.

What does Obama represent?

Once we get past all the smoke and mirrors and proclamations of the historic nature of this race, past the symbolic dates (Obama's speech was given on the 45th anniversary of Martin Luther King's "I Have a dream" speech) which were meant to organically connect Obama with the struggles of Black Americans for civil rights and equality, Obama is just like any other Democrat.

He combines populist rhetoric with a wink to the working class and a thumbs-up to the capitalists. He stands in the tradition of Democrats who are elected to power on the hopes of a radical change for the better from working class Americans, youth and the oppressed communities, only to carry out more of the same policies as the Republicans.

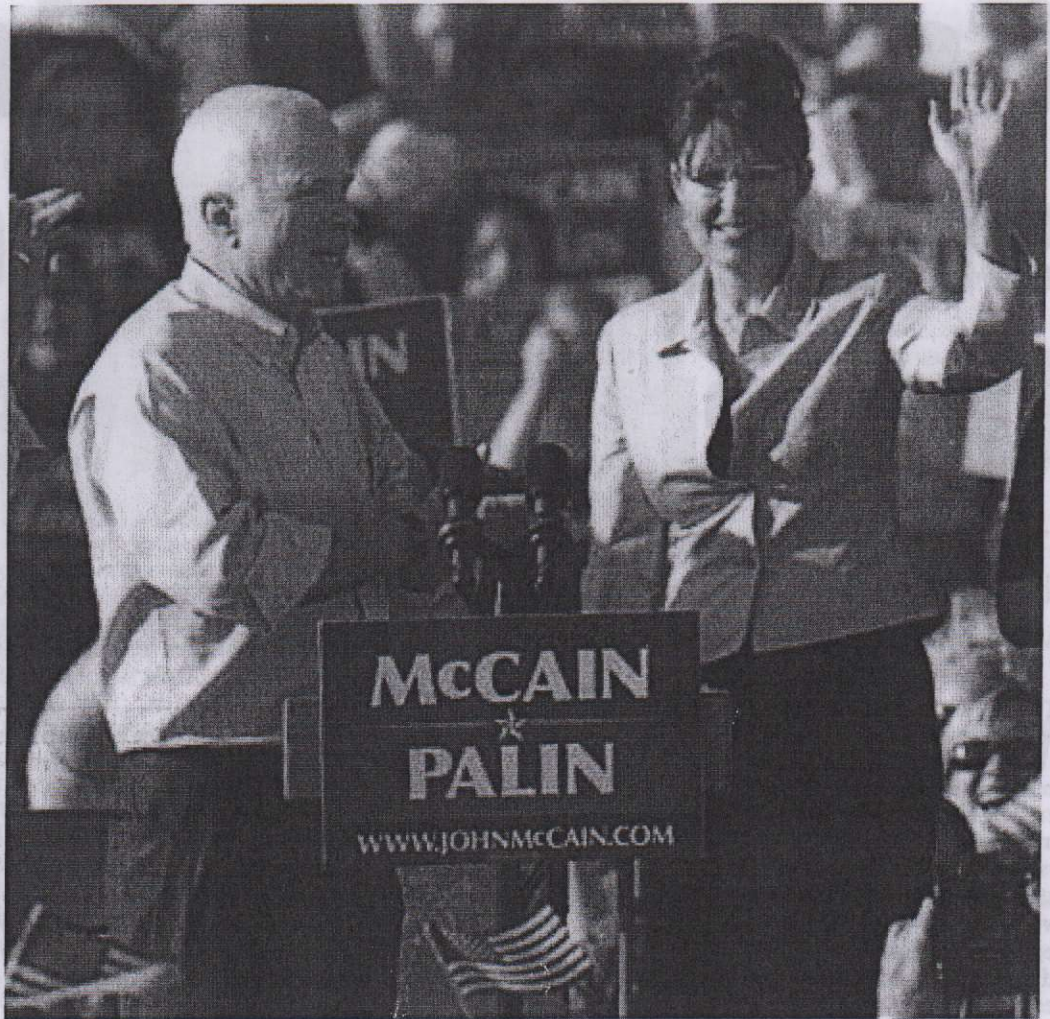
While the Democrats wish to refocus away from the "Project for a New American Century" (PNAC) strategic orientation to securing the Middle East oil reserves, Obama is refusing to back-track and pull all the troops out of the region. Indeed he has promised to ramp up military spending and use it anywhere he thinks is necessary.

Economically he has indicated sympathy with the plight of poorer Americans, but will not challenge the basis of profit or even raise corporation tax, simply proposing to close tax loopholes and tax safe havens.

The Republicans

If it is Obama's race to lose then the ball is in McCain's court to demonstrate that he can do all the things that Obama promises for the US ruling class - and more. However he has a long way to go. The role of the Democrats historically has been to act as a safe channel for popular discontent after people begin to turn on the Republicans. McCain has no separate vision from Bush and the PNAC cronies, and his choice of a relative unknown, anti-abortion Christian reactionary Sarah Palin, as his VP running mate is a desperate gamble, or rather a gimmick.

Having risen up from the ranks, from a mayor of a small town of around 7,000 people in Alaska, she became governor in a vote that many see as simply being a rejection of the previous corrupt incumbent, and



Republican presidential candidate John McCain and his new Vice President running partner Sarah Palin

not as an endorsement for her or her policies. Now she is the prospective VP, with no national policymaking experience, and the Republicans are trying to spin her as being uncorrupted by the Washington machinery.

Coming from an election team that tried to emphasize Obama's lack of experience, this is ironic. Palin is a complete novice compared to the Ohio senator; she is designed to appeal to the powerful Republican right wing Christian wing and the women who are disaffected with the defeat of Clinton.

Indeed, McCain hopes to exploit tensions in the Democratic camp by having a young woman as his running mate. A large number of Democrat core Clintonites are refusing to vote for Obama and threatened to vote for McCain instead. The Republicans hope Palin can attract these dissidents to them, even though there are many policy differences between the two.

McCain represents more of the Bush doctrine and will be more blood thirsty in his attacks on US workers and poor people when the recession begins to bite.

Perspectives

Obama's campaign has gone through something of a crisis over the last few months. He has lost massive ground: from being 14 points ahead, many polls now put him almost neck and neck. Of course one of the key things that has happened is that Obama has lost support from the people who genuinely wanted change, Americans who want a change to the warmongering, the neo-conservatism, the hundreds of policies that make everyday Americans lives more intolerable, such as the healthcare situation.

Despite Obama's personal rhetoric and vision, he is a Democratic Party member, one of the two main capitalist war parties in the US. They might disagree with the Republicans on the speed, but never on the direction of US capitalism.

Working people, recent immigrants, youth, black people in the US don't need false prophets of change like Obama. Instead they need their own party - a workers' party to fight for their interests. This means fighting against all job losses, for a free

national healthcare system funded by taxing the rich, for a massive rise in taxation of the rich companies, for pay to be index-linked to inflation and for nationalisation of firms declaring redundancies. It means opposing military spending and demanding immediate troop withdrawal; it means organising to resist the war at home.

A movement also needs to be built on the streets, one to force reforms through the government where possible but ultimately aims to challenge and bring down the establishment, the whole ruling class.

If Obama loses, millions will be frustrated and looking to know why. If he wins, there will be celebrations in poor, black and working class communities across America, but they will quickly discover that his policies are no way to protect millions of American workers from the effects of the downturn. Either way, socialists in America have the chance to take a step forward in the years ahead in the fight for a new workers' party. Then American workers can really begin to enact change.

USA AND RUSSIA

Georgia conflict signals the rise of Imperialist rivalry

The conflict between NATO and Russia over Georgia reveals not just the fraught situation in the strategically important Caucasus region, but how the balance of power between the world's biggest states is evolving in a dangerous new direction, writes *Simon Hardy*.

With the eyes of the world dazzled by the opening ceremony of the Olympic games in Beijing, the pro-US government of Georgia launched an unprovoked invasion of South Ossetia, a region that has been fighting for its independence for over 18 years. Georgian forces deployed heavy artillery provided by the West to shatter and destroy the Ossetian capital city of Tskhinvali, killing thousands of civilians. This was a cynical and calculated move by a government that wanted to stir up conflict in the region.

The Georgian government's plan was blindingly obvious: to force Russia into war and give an excuse to bring the imperialist powers of the US, Britain and the EU into a conflict with Russia.

The media downplays the role that the US, Israel and other countries had in preparing Georgia for its attack on the South Ossetians - even though US and Israeli troops undertook military manoeuvres with the Georgian army only weeks before they launched their attack. The conflict was presented as an attack on "poor little Georgia" by big aggressor Russia - but it is now clear that it was revealed as a manoeuvre by the US and its allies to isolate and politically attack Russia, using the supposed threat of Russia to drag central European and central Asian states into a new and expanded US-led military alliance against Moscow and for US domination of the oil-rich central Asian region.



Outgoing President Bush, determined to isolate Russia

The sight of the cravenly opportunist British foreign secretary David Miliband flying to Kiev to express his "solidarity" with the Ukraine against Russian aggression best exemplified the role of British imperialism in actually promoting confrontation in the region. He gave a speech explaining how the West would defend Kiev from Russia and then published a piece in the *Guardian* a day later justifying his sabre rattling.

Posturing as much on behalf of his own ambition as for the Pentagon and Whitehall's imperial designs, he was quite willing to stir the pot of national hatred and fear in Ukraine, a country in which two in three people oppose NATO membership and which is itself sharply divided between a Russian-speaking East and the Ukrainian-speaking, EU and US-oriented

West.

Miliband's father, the late Marxist writer Ralph Miliband, once famously described Harold Wilson's support for the US in Vietnam as the "most shameful chapter in the history of the Labour Party". Today he must be turning in his grave.

Russia was not unaware in the weeks leading up to the murderous attack on Tskhinvali that the Georgian military had been on training manoeuvres with US military advisers, nor that over the last years the Turkish and Israeli military have been training and equipping the Georgian army and upgrading its air force, as well as preparing it for a potential entry into NATO. This is why Russia launched its own military training exercise along the border with Georgia at around the same time, and also why the Russians were able to send large numbers of tanks and military vehicles into the South Ossetia region within 24 hours of the conflict starting.

Did the US know of the planned invasion before hand? No one knows for sure, but it seems very likely indeed. Dr. George Friedman, head of Stratfor.com, said: "It is inconceivable that the Americans were unaware of Georgia's mobilisation and intentions... It is also inconceivable that the Americans were unaware that the Russians had deployed substantial forces on the South Ossetian frontier. US technical intelligence, from satellite imagery and signals intelligence to unmanned aerial vehicles, could not miss the fact that thousands of Russian troops were moving to

forward positions." The closeness of US cooperation was demonstrated by the airlifting of 2000 Georgian soldiers to the conflict zone from Iraq by US military aircraft.

The media campaign around the war also revealed a very slick marketing system. Georgian premier Saakashvili, who is educated at Harvard and runs a European-based PR company called Aspect Consulting, immediately appeared on TV stations to give interviews with journalists. Behind him were the Georgian and EU flags, a calculated message. Saakashvili came to power as a western backed candidate in the so-called "Rose Revolution" in 2005, but has become increasingly dictatorial, using the police to break up opposition rallies and attacking journalists critical of his government.

After defeating the Georgian army, the Russian military set up a buffer zone around South Ossetia, stretching into Georgia itself by several miles. They claimed that this was to protect the South Ossetians from Georgian military strikes. But no socialist should allow their justified hatred of NATO and US aggression and Saakashvili's tricks to blind us to the fact that Russia is also an imperialist power.

Capitalism has long since been restored in Russia and under Putin and now Medvedev the imperialist designs of Russia have become increasingly clear. It is determined to maintain its great power status in the region, to resist rival powers like the US from asserting control and to thwart the demands of

its own subject nationalities for self-determination.

Russia is recovering after years of economic problems caused by the re-introduction of capitalism to the economy in 1991. After the Russian revolution of 1917 the economy was not capitalist but was planned by the government, even though after 1924 Stalin and his bureaucratic successors did this in a dictatorial and brutal way. After the collapse of the Soviet Union, Russia was subjected to International Monetary Fund (IMF) shock therapy, which made some people (like Roman Abramovich) very wealthy. But it caused real poverty and chaos across the country and left Russia quite weak.

Now Russia is beginning to recover - especially with the sharp rise on oil prices - and wants to take its place as a more powerful imperialist force again. It is starting to do this by standing up to the US and Britain over diplomatic issues, for instance with the expulsion of British embassy staff in 2007 over the assassination of Alexander Litvinenko. In particular, the provocative decision of the US to site missile defence systems in Eastern Europe - which are designed to disable Russian missiles so as to allow the US to make a nuclear strike without retaliation - roused Russian fury.

Of course Russia is hypocritical - using the South Ossetian and Abkhazian claims of independence for its own political ends. It has been involved in a two long and brutal wars against Chechnya, which declared independence in 1990. Over 100,000 Chechens have been killed in the conflict that has devastated the country. The difference between Chechnya and South Ossetia is that one is cur-



Although no longer President, Prime Minister Putin still holds a lot of power in his hands

rently in Russian territory and trying to break away and the other one is in Georgian territory.

Now NATO has dispatched over 10 warships to the Black Sea, a provocative move designed to impress upon the Russians that the Western powers are not totally impotent when it comes to flexing their military muscles. This flotilla includes frigates and other vessels from Germany, Turkey, Poland and the US.

NATO is involved in aggressive expansion across Eastern Europe and beyond as part of a US strategy to contain and surround Russia. Countries like Romania and Bulgaria, who have recently joined NATO, are crucial bridges between the eastern countries where the gas and oil is, and the West, which consumes these resources.

Interestingly this conflict has exposed real divisions amongst the other imperialist powers in the US and Europe. The principal powers

that lead the EU, namely Germany and France, were also much more cautious about condemning Russia. Angela Merkel, the chancellor of Germany, went so far as to say that Russia and Georgia were "equally to blame" for the crisis. Nicholas Sarkozy, the right-wing president of France and currently the president of the EU, flew to Moscow to discuss the crisis with the President. The US clearly leaned on France to come into line and now the French government is at the forefront of the proposal for EU economic sanctions against Russia.

The US has exploited this conflict to the fullest, launching a huge propaganda war against Russia, and trying to draw Poland and the Czech Republic more into their orbit with the new missile defence shield. Within days of the Russian invasion of Georgia, Poland leapt at the chance to sign up to the missile defence initiative with Condoleezza Rice flying over to seal the

deal with them.

It is the nature of modern capitalism that tensions will grow between the big imperialist powers. At the moment the US is the dominant world power, and has been since the fall of the USSR. America's attack on Iraq was part of its longer-term strategy "for a new American century" which required it to secure the oil and energy resources in the Middle East. This is why France and Germany opposed the war in Iraq, because they saw it as something that would strengthen the US at their expense. The US is also keeping a close eye on China for emergence as a new super power.

The working class around the world must oppose the new drive to conflict between the great imperialist powers. In Russia workers should refuse to support Russian military intervention and demand the withdrawal of Russian troops from Georgia. In the West, workers must oppose any expansion of NATO and call for it to be disbanded, along with all imperialist military alliances. We must recognise the right of South Ossetia and Abkhazia to separate from Georgia if they so wish, whilst also supporting the rights of the Chechens to separate from Russia.

Here in the UK we must oppose a single penny or a single person being given to the British Army, that instrument of oppression and theft. And we must constantly point out, as economic crisis deepens around the world, that this system is inherently warlike, based as it is on exploitation and cutthroat competition between states. If the 21st century is to avoid the fate of the 20th, the working class needs to organise internationally, to overthrow this system of war.

Self-determination

Socialists are in favour of giving nationalities the right to self-determination that is the right to separate from a country and form their own government if they so wish. Although socialists are opposed to nationalism as a political ideology, we recognise that a number of people, usually from smaller nations, can be oppressed because of their nationality and denied the

right to govern themselves. Examples that we are all familiar with are the Palestinians and the Kurds who are denied the right to form their own countries.

The people of South Ossetia, therefore, deserve the right to decide who their government is, even if that means some sort of merger with the North Ossetians in Russia.

Ultimately although people

can practise self-determination and form their own country, small third world countries are always at the mercy of the imperialist western countries, which move in with their multinational companies to exploit the resources and labour of the local population. The Tamil population in Sri Lanka are also nationally oppressed, but the country that they would create when

they separate from Sri Lanka would be a very poor, primarily fishing area. This is why socialists fight for the working class to come to the head of the movement for national liberation and to turn it into a fight for socialism. A federation of socialist states provides the best framework for emancipating national minorities, not just politically but also economically.

REVOLUTIONARY PROGRAMME

The Transitional Programme

On the 70th anniversary of the founding of the Fourth International, we examine the real meaning of Leon Trotsky's famous 'Transitional Programme' – the action programme he drafted to face the challenge of the crisis and impending war. This article is reprinted from the book 'Trotsky – an Introduction', by *Richard Brenner*.

A revolutionary Marxist party aims to change the world not through parliamentary reforms but through the action of the working class itself.

Its programme is not a list of promises for the future, but a guide to action for millions of workers in the here and now.

This method can be seen in the programme adopted by the founding congress of the Fourth International 70 years ago, in 1938, on the eve of the Second World War. Drafted by Trotsky, "The Death Agony of Capitalism and the Tasks of the Fourth International" – widely known as the Transitional Programme – became one of the most important documents in the history of communism.

To understand its contents and its meaning, we need first to survey the programmes that the socialist movement had adopted prior to 1938.

Building the bridge

The Second International was founded in a period when the capitalist system was enjoying long years of relatively peaceful progress and economic advance.

The imperialist system of monopoly capitalism did not dominate the globe; the working class made steady progress in organising its unions and mass Social Democratic parties. These were years of preparation, of organising the workers for the great battles of the future.

In this period the Social-Democracy adopted a programme that was divided into two distinct parts: the minimum programme and the maximum programme.

The minimum programme was a series of demands that could be achieved within the capitalist system. It dealt with the most pressing needs of the working class and exploited masses: the need for a working day of no more than 8

hours, health care, education, homes and welfare for all, an end to poverty wages.

It set out the democratic rights necessary to allow the workers to organise and to prevent the worst abuses of the capitalists: the right to vote, to sovereign parliaments, to elect the judges and to bear arms.

These were all demands that the capitalists would try to resist – but they would still leave the capitalist system intact. Even if all these demands were granted, a boss would still be a boss at the end of the day.

The maximum programme, on the other hand, set out the goal of socialism and working class power. This was a statement of the eventual goal of the movement. But it was not linked to the rest of the programme in a practical way.

Because of this, the opportunist trend in the Second International was able to treat the goal of socialism as a distant and far off prospect, with no practical consequences for the daily struggles of the workers and their party.

This division of the party programme into minimum and maximum elements allowed the right wing of Social Democracy to concentrate all its efforts on campaigning for reforms alone.

It is therefore no surprise that it was the Russian Communists and the revolutionaries who created the Communist International who made the first significant steps towards overcoming it.

In his pamphlet, "The Impending Catastrophe and How to Combat it", written on the eve of the October revolution, Lenin put forward a series of demands which addressed the immediate needs of the working class and which at the same time, if met, meant an immediate break with the capitalist system.

In the heat of a revolutionary crisis and the breakdown of capitalist society, Lenin's programme was straightforward, but it could not be

carried out without confiscating the private property of the rich and putting political power into the hands of the workers themselves.

It was a programme that served as a bridge between the immediate aims and the revolutionary tasks of the workers.

This method was then used by the Communist International as a basis for influencing the programmes of the Communist Parties after World War One.

The Third Congress of the Comintern adopted a set of "Theses on Tactics" which described the old minimum programme of the reformists as "a counter-revolutionary deception."

They went on to explain that Communists should continue to fight for the immediate interests of the workers – however partial they might be. But they should do so not to rescue the capitalist system, but to destroy it.

The Transitional Programme

By the Sixth Congress of the Comintern in 1928, the slide into bureaucratic centrism was well under way. With Stalin's support, Bukharin drafted a programme which was completely abstract. The minimum-maximum divide that the revolutionary Comintern had tried to abolish had been reintroduced. Trotsky was harsh in his criticism of the draft:

"The proletarian vanguard needs not a catalogue of truisms but a manual of action."

For this reason the Fourth International's programme of 1938 took the real situation facing the world working class as its starting point. It then developed a series of transitional demands to build a bridge between the struggles of the present and the fight for revolution and socialism.

Trotsky wrote the programme draft after examining the lessons of the entire history of the movement,

and the advances that the Comintern had made between 1919 and 1924. In that sense, as he explained, the new Transitional Programme was "the summation of the collective work to date."

The Transitional Programme begins by summing up the main lesson of the whole period in history that had opened up with the collapse of the Second International in 1914:

"The world political situation as a whole is chiefly characterised by a historical crisis of the leadership of the proletariat."

Capitalism had already created the conditions under which a socialist society could be built. The world was not only ripe for socialism, but this ripeness had "begun to get somewhat rotten".

One thing and one thing only had saved capitalism in the crisis-ridden years of the 1920s and 1930s: the absence of a revolutionary leadership for the working class.

The failure of the working class to take power had led the world to the brink of catastrophe: economic collapse, fascist barbarism and war.

The main job of revolutionaries was to overcome the gulf between the ripening of the conditions for socialism and the lack of political readiness on the part of the working class to take power into its own hands.

The key to this was "a system of transitional demands, the essence of which is contained in the fact that ever more openly and decisively they will be directed against the very foundations of the bourgeois regime." This transitional programme replaced the old minimum programme of Social Democracy.

The main economic diseases infecting capitalist society on the eve of World War Two were unemployment and high prices. The Fourth International's programme put forward answers to these ills which strengthened the self-organ-

isation of the working class and took forward its struggle for power. It demanded jobs for all, a guaranteed minimum wage and a strictly limited working week.

To ensure these demands were not subverted by the capitalists, it called for the workers' organisations themselves to form committees to draw up a plan for dividing all the necessary work among all those available to do it, with no loss of pay.

Wages, it declared, should rise to cover any rise in prices. If the capitalists could not "afford" to pay this, then their property should be taken from them:

"If capitalism is incapable of satisfying the demands inevitably arising from the calamities generated by itself, then let it perish."

The programme examined the situation facing the workers' organisations. It was absolutely essential for communists to participate in the trade unions, to strengthen them and raise their militancy, opposing all attempts by the capitalists to control them or weaken them, whether through police repression or the more subtle dictatorship of "binding arbitration".

It rejected the sectarianism of the Stalinist "Third Period", when the Communist parties withdrew from the mass trade unions, describing this self-isolation as "tantamount to a betrayal of the revolution."

Yet at the same time, the programme recognised the limitations of the trade unions, calling for a struggle against the conservative union leaders and the creation of bodies embracing the whole fighting mass of the working class, "strike committees, factory committees and, finally, Soviets."

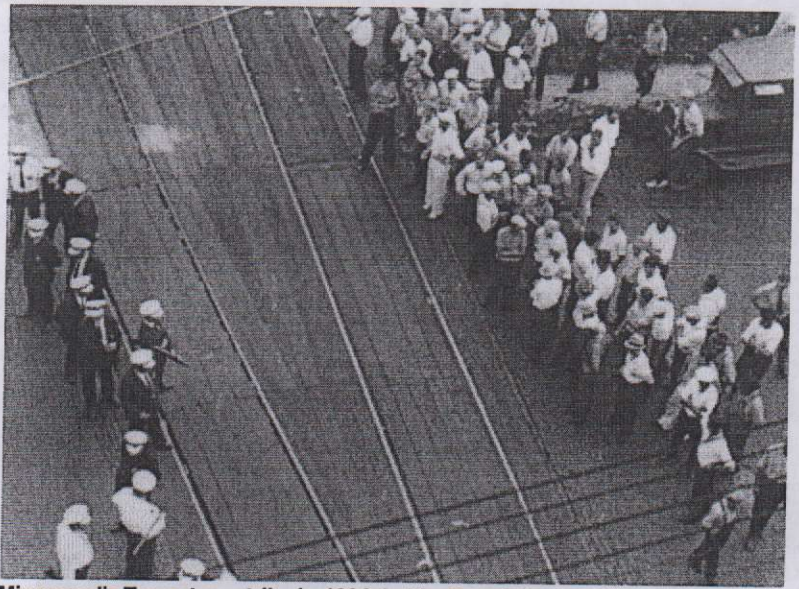
Just as it would be criminal to turn one's back on the mass trade unions, so the revolutionaries should not flinch from a break with the union apparatus if necessary to advance the struggle at a given moment:

"Trade unions are not ends in themselves; they are but means along the road to the proletarian revolution."

The Programme went on to argue for workers' control of production, the opening of all the economic secrets of the capitalists to inspection by the workers themselves, and the drawing up by the workers of a general plan for the reorganisation of economic life.

This struggle for control would be a declaration of war against the employers, who would resist it all the way. At the same time it would be the best preparation for the workers in running society themselves, as "a first step along the road to the socialist guidance of the economy".

The programme called for the key branches of industry and the banks to be expropriated, taken out of the hands



Minneapolis Teamsters strike in 1934, led by Trotskyists. Workers defence guards were formed to stop the police attacking workers.

of private capitalists and put under the control of the state. At the same time it made quite clear that this would "produce favourable results only if the state power itself passes completely from the hands of the exploiters into the hands of the toilers."

The Transitional Programme approached the whole question of self-defence in a manner as practical as it was revolutionary.

It pointed out how the working class faced not just the violence of strike-breakers and the police, but increasingly that of the hired thugs of the employers, and of the fascist gangs. Persuasion alone was not enough:

"The struggle against fascism does not start in the liberal editorial office but in the factory - and ends in the street."

Taking the strike picket as its point of departure, the programme argued for youth groups and trade unionists to begin to drill, to get familiar with the use of arms, and to organise workers' groups for self-defence. The eventual aim of this work should be the construction of a workers' militia:

"to root out... the traditions of submissiveness and passivity; to train detachments of heroic fighters capable of setting an example to all toilers; to inflict a series of tactical defeats upon the armed thugs of counterrevolution; to raise the self-confidence of the exploited and oppressed; to compromise fascism in the eyes of the petit bourgeoisie and pave the way for the conquest of power by the proletariat."

The Transitional Programme also dealt with the tasks facing workers in specific parts of the world. In the colonial countries, it stood by the conclusions of the theory of permanent revolution: that the struggle for national liberation and democracy can be won only under the leadership of the working class.

It addressed itself openly to the workers of countries suffering under fascist regimes. Recognising the great difficulties in conducting the struggle under the eye of the secret police, it recommended patient propaganda work which would yield results in the future, when the class struggle would re-emerge with redoubled force.

For the working class in the USSR, the Transitional Programme correctly judged that the upsurge of revolution against the Stalinist bureaucracy would begin with "the struggle against social inequality and political oppression." The programme fought for freedom for the trade unions and the press, and for the right to hold mass meetings as essential steps for the recreation of genuine workers' councils and Soviet democracy.

It called for a complete revision of the planned economy, and combined a revolutionary defence of the gains of 1917 with a call for a "victorious uprising of the oppressed masses" in an insurrection against Stalin and the dictatorship of the privileged bureaucratic elite.

In the face of the imminent world war, the Fourth International's programme took up the fight for the revolutionary internationalism of Lenin, Liebknecht and Luxemburg. It called for workers' control over war industries, the confiscation of military profits and an end to all secret treaties and deals.

It opposed a single penny being spent on the imperialist war and a single person being called up or sent to their deaths. But at the same time it rejected pacifism as a useless illusion:

"The only disarmament which can avert or end war is the disarmament of the bourgeoisie by the workers. But to disarm the bourgeoisie, the workers must arm themselves."

It demanded that military training be placed under the control of the work-

REVOLUTIONARY PROGRAMME



Leon Trotsky reading a socialist paper from the US

ers and committed the Fourth International to defend colonial countries and the USSR from imperialism, through methods of class struggle such as boycotts and strikes.

The twin cancers of sectarianism and opportunism plagued the socialist movement in Trotsky's day as in ours. The Transitional Programme waged war on both. It mercilessly mocked the refusal of sectarian groupings to struggle for the elementary interests of the working class:

"they have no need of a bridge in the form of transitional demands because they do not intend to cross to the other shore. They simply dawdle in one place, satisfying themselves with a repetition of the self-same meagre abstractions."

It spoke with contempt of those who do not seek a road to the masses and who want to do nothing but discuss, describing them as "a dead weight to the party."

Against opportunism, the programme gave its support for any and all methods which raise the consciousness of the workers and their readiness for self-sacrifice:

"To face reality squarely; not to seek the line of least resistance; to call things by their right names; to speak the truth to the masses, no matter how bitter it may be; not to fear obstacles; to be true in little things as well as big ones; to base one's programme on the logic of the class struggle; to be bold when the hour for action arrives - these are the rules of the Fourth International."

Finally, the Transitional Programme turned resolutely to those layers of the working class ignored by the opportunists, who by nature concentrate only on the top layers of the working class where new careerists and officials can be found.

The oppressed sections of the class - in particular the women and the youth - were given special emphasis, the youth for their "fresh enthusiasm and aggressive spirit" and the women workers for their "inexhaustible stores of devotion, selflessness, and readiness to sacrifice".

The programme concluded with a defence of the Fourth International itself. Though it was weak in numbers, it was strong in its ideas, programme and the training of its members, cadres and leaders. Only the Fourth International offered a programme that could lead a way out of the crisis about to engulf humanity.

The conclusion rang clear:

"Workers - men and women - of all countries, place yourselves under the banner of the Fourth International. It is the banner of your approaching victory!"

The Transitional Programme today

Is the Transitional Programme unrealistic? Would it not be better to raise only demands which are acceptable to the prevailing opinions of the working class?

In discussions with members of the Fourth International, Trotsky dealt with precisely this objection:

"Our tasks don't depend on the mentality of the workers. The task is to develop the mentality of the workers. . . Some will say: good, the programme is a scientific programme; it corresponds to the objective situation - but if the workers won't accept this programme, it will be sterile. Possibly. But this signifies only that the workers will be crushed, since the crisis can't be solved any other way but by the socialist revolution . . . even in the worst case, if the working class doesn't sufficiently mobilise its mind and its strength at present for the socialist revolution . . . the best elements will say,

'We were warned by this party, it was a good party.' And a great tradition will remain in the working class . . . Naturally, if I close my eyes I can write a good rosy programme that everybody will accept. But it will not correspond to the situation; and the programme must correspond to the situation."

The Transitional Programme was written on the eve of World War Two. Writing in 1938, Trotsky expected that the war would end either in socialist revolution or the crushing of the USSR and the victory of fascism in every advanced country.

In fact, there was a third possibility that he did not expect - the survival and expansion of Stalinism in Eastern Europe, and long decades of relative stability and democracy in the advanced Western capitalist countries.

Some believe that this error of perspectives means that the entire Programme needs to be junked; but the method that Trotsky embodied in the programme was correct. The programme must correspond to the situation.

In 1938 the perspectives embodied in the programme did correspond to the situation. After all the USSR was invaded and whole chunks of it were subjugated to the ruthless restoration of capitalism at the hands of the Nazis. In France, Italy, Spain, Portugal and the whole of Eastern Europe, fascist governments reigned supreme.

Bear this in mind and Trotsky's perspectives - even though the eventual outcome of the war proved them wrong - were not at all far fetched. They actually applied to most of Europe up until 1943.

What is wrong, however - and this is how the post-war followers of Trotsky fell into error and eventual collapse - is to cling on to perspectives after life has proved them wrong. Every programme is a guide to action in concrete circumstances.

No programme will last forever without needing to be re-adjusted to meet new conditions. After all, that was why Trotsky wrote the Transitional Programme. He did not just re-issue the old Bolshevik Party programme.

Revolutionaries today neither abandon the Transitional Programme nor to treat it as if it is set in stone. They apply its method as a guide to refocusing the programme of revolution at every major historical turn, just as Trotsky himself did.

There have many new developments in the world and the class struggle since 1938. How could it have been otherwise?

The method of the Transitional Programme needs to be used to tackle each new problem: to build a bridge between the immediate tasks of the movement and the fight for working class power.

That is what marks the Trotskyist programme out from the programme other trends in the working class movement.

WHAT WE STAND FOR

Workers Power is a revolutionary communist organisation. We fight to:

- Abolish capitalism and create a world without exploitation, class divisions and oppression
- Break the resistance of the exploiters by the force of millions acting together in a social revolution smashing the repressive capitalist state
- Place power in the hands of councils of delegates from the working class, the peasantry, the poor - elected and recallable by the masses
- Transform large-scale production and distribution, at present in the hands of a tiny elite, into a socially owned economy, democratically planned
- Plan the use of humanity's labour, materials and technology to eradicate social inequality and poverty.

This is communism - a society without classes and without state repression. To achieve this, the working class must take power from the capitalists.

We fight imperialism: the handful of great capitalist powers and their corporations, who exploit billions and crush all states and peoples, who resist them. We support resistance to their blockades, sanctions, invasions and occupations by countries like Venezuela, Iraq or Iran. We demand an end to the occupation of Afghanistan and Iraq, and the Zionist occupation of Palestine. We support unconditionally the armed resistance.

We fight racism and national oppres-

sion. We defend refugees and asylum seekers from the racist actions of the media, the state and the fascists. We oppose all immigration controls. When racists physically threaten refugees and immigrants, we take physical action to defend them. We fight for no platform for fascism.

We fight for women's liberation: from physical and mental abuse, domestic drudgery, sexual exploitation and discrimination at work. We fight for free abortion and contraception on demand. We fight for an end to all discrimination against lesbians and gay men and against their harassment by the state, religious bodies and reactionaries.

We fight youth oppression in the family and society: for their sexual freedom, for an end to super-exploitation, for the right to vote at sixteen, for free, universal education with a living grant.

We fight bureaucracy in the unions. All union officers must be elected, recallable, and removable at short notice, and earn the average pay of the members they claim to represent. Rank and file trade unionists must organise to dissolve the bureaucracy. We fight for nationalisation without compensation and under workers control.

We fight reformism: the policy of Labour, Socialist, Social-Democratic and the misnamed Communist parties. Capitalism cannot be reformed through peaceful parliamentary means; it must be overthrown by force. Though

these parties still have roots in the working class, politically they defend capitalism. We fight for the unions to break from Labour and form for a new workers party. We fight for such a party to adopt a revolutionary programme and a Leninist combat form of organization.

We fight Stalinism. The so-called communist states were a dictatorship over the working class by a privileged bureaucratic elite, based on the expropriation of the capitalists. Those Stalinist states that survive - Cuba and North Korea - must be defended against imperialist blockade and attack. But a socialist political revolution is the only way to prevent their eventual collapse.

We reject the policies of class collaboration: "popular fronts" or a "democratic stage", which oblige the working class to renounce the fight for power today. We reject the theory of "socialism in one country". Only Trotsky's strategy of permanent revolution can bring victory in the age of imperialism and globalisation. Only a global revolution can consign capitalism to history.

With the internationalist and communist goal in our sights, proceeding along the road of the class struggle, we propose the unity of all revolutionary forces in a new Fifth International.

That is what Workers Power is fighting for. If you share these goals - join us.

CONTACT

Workers Power is the British Section of the League for the Fifth International

Workers Power
BCM 7750
London
WC1N 3XX

020 7708 0224

workerspower@
btopenworld.com

ON THE WEB

www.workerspower.com
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From September 17th to 21st, the European Social Forum is being held in Malmö, south of Sweden. More than 20 000 people are expected to participate in the forum. During five days seminars and workshops will be mixed with culture, music, activism and demonstrations. Workers Power will be there, come and join in the debate!

Fighting job cuts and recession

By Simon Hardy

After more than a decade of economic growth, the decline in the world economy is starting to have an impact on Britain. By June 2008, unemployment in Britain stood at 1.67 million, up 60,000 in the last 3 months.

Bank of England policymaker David Blanchflower warns that unemployment could reach two million by the end of the year, and Chancellor of the Exchequer Alistair Darling says the UK is facing "arguably the worst" economic crisis for 60 years and that the downturn will be "profound and long-lasting".

With the TUC reporting that 3.3 million workers – 13 percent of the workforce – fear that their jobs are at risk, it is a good time for the working class movement to be asking itself: *how can job losses be stopped?*

The bosses claim with crocodile tears that job losses are necessary because "profits are down" or their company needs to restructure to "cut costs." The reality is that each job lost is someone's rent cheque, someone's food and bill money, someone's livelihood.

When an economy begins to move into a recession a sharp struggle begins between the capitalists and the workers, over the question of who will be made to pay the price for the crisis? The bosses want the workers to foot the bill, with their wages eroded by inflation, fewer jobs, more hours and higher prices for goods in the shops. The workers fight back to keep our wages in line with price rises and to defend our jobs.

Capitalism is a system of boom and bust, and no policies by any capitalist government can hope to really end that cycle. Relying on the market to solve the crisis leaves potentially millions upon millions without work, like in the 1930's, or in Britain in the early 80's under Thatcher when there were three million on the dole, or in Germany in the 90's when unemployment hit six million.

The communists are the part of the working class that defends workers' interests irrespective of whether capitalists can make a profit. We know that the crisis is caused by the system, and that a better system is possible. So we fight to defend every job, every

wage packet, whether the system is in boom or slump. In short we want the bosses to pay for the crisis, not the working class.

Work needs to be distributed equally across society, so we fight for cutting the hours, not the jobs. Workers need to fight to implement the great goal of the European working class movement: the maximum 35 hour working week.

There should be a sliding scale of hours to

**Each job lost is
someone's rent
cheque,
someone's food
and bill money,
someone's
livelihood**

soak up unemployment, with no loss of pay. Of course if the bosses say that cannot afford it, or if they declare bankruptcy, then we demand to view their accounts and refuse to accept the excuse of 'business secrecy'. If the workplace is threatened with closure then we support workers striking, occupying and running it under workers' control. We demand that the government nationalise all bankrupt industries under workers' control and all firms that declare redundancies. All essential services and industries such as transport, energy production, food supply and banking should also be nationalised.

Bosses can try and bring in scab labour to weaken union organisation and break strikes. When employing workers it should be done on the basis of the closed shop, where every worker has to join the union. This is not an undemocratic measure as the bosses try and suggest - it is about challenging management's undemocratic sole control over hiring and insisting that union labour is hired, people who we know will be on the

right side when it comes to a fight with the bosses.

We need to put unemployed people to work, with well-paid meaningful jobs that help us to build the kind of infrastructure that we need, more housing, better transport links, massive regeneration schemes for run down inner city areas, a vast clean up of environmental damage. These should all be paid for by the government, funded by taxing the rich.

During a recession the bosses will use the unemployed as a threat against workers taking action: "if you don't want your job there's plenty of others who'll take it." So it is crucial to organise the unemployed as a movement alongside the workers, demand that the work be evenly distributed, and not to allow the rich to turn us against each other.

The bosses' market is inherently unstable. It enriches a tiny minority and then throws many of us into poverty. In third world countries the division is even more stark than it is in the richer western world.

Therefore we fight for a democratic plan of production, to plan the amount of work required and the amount of labour available and to match it to the expressed needs of the people. This central planning unit must include the participation of the masses. In the past, the bosses used to argue that the economy was "too complicated" to plan and that there was no way of telling without the market what people's needs are. In the age of the internet, they have stopped arguing that: today a democratic plan of production could easily collate all our requirements and match production to meet need.

This is what 21st century socialism would look like: full employment with an ever-shortening working week. Every new labour saving device or efficiency would lead not to the loss of jobs, but to the reduction of the working day, so that the workers could spend more time improving ourselves and managing our society.

The struggle over jobs and work rights is not separate from the overall struggle for working class power and socialism, it is centrally connected to it.

The Credit Crunch 2: Three Days that Shook the World

Three extraordinary days of financial meltdown testify to the unfolding of an almighty economic crisis, argues Luke Cooper.

When British Chancellor Alistair Darling shocked the opposition parties and the market with his warning that the economic circumstances were "the worst for sixty years", he was accused of inducing panic. After three cataclysmic days for world capitalism, his comments are now viewed in a different light.

All of a sudden journalists, commentators, company spokespersons, economists, are themselves talking about the biggest crisis since the war, or even since 1929. BBC reporters described it as "unprecedented since 1929" and "potentially catastrophic". Time Magazine asked "Wall Street's bomb – what's the fallout?" More strikingly still, the Financial Times spoke of a "doomsday machine" having been set off.

And no wonder.

Billions have been wiped off share prices this week. The Dow Jones Industrial Average lost 4% of its value just on Wednesday, taking its points average some 20% lower than October 2007. In London the FTSE 100 fell below the 5,000 points mark for the first time since June 2005. The Asian markets were also hit badly registering falls of 5% - 7%.

It had all begun at 1am on Monday morning when Lehman Brother's filed for Chapter 11 bankruptcy with debts in excess of \$750 billion dollars. British bank Barclays pulled out of a takeover, when the US Treasury refused to offer support to pay Lehman Brother's creditors. The US Treasury had offered such sweeteners for Bear Sterns, another insolvent investment bank, when Morgan Chase took it over earlier in the year.

From five major US investment banks at the beginning of the year, there were now three, but quickly there were to be two, as the Credit Crunch claimed yet another victim. In an emergency takeover, Merrill Lynch announced it had been

bought by the Bank of America in a \$50 billion deal. Just twelve months earlier it had a market valuation of twice that. Only time will tell if it's a bargain or a burden for the new owners.

Neither did it stop there. By Tuesday night, the Credit Crunch was set claim its biggest victim yet. AIG, an enormous corporation, the world's largest insurance company, looked set to follow Lehman Brothers into bankruptcy. It was involved in frantic negotiations to provide capital to meet its obligations. It raised £20 billion from its subsidiaries – a move that needed the consent of the Governor of New York, as it is illegal – and announced plans to sell assets worth \$20 billion to boot.

But these sums – colossal as they may seem to us – were not going to be sufficient to keep the firm afloat. It needed a further \$85 billion dollars. On Monday the US Treasury were insisting it would not come from the taxpayer. But when talks between AIG, Morgan Chase and Goldman Sachs for a loan broke down the US Treasury stepped in. It effectively nationalised the firm, taking an 80% stake in return for a two-year \$85 billion dollar loan.

For three icons of American capitalism to be faced either with emergency takeover, nationalisation, or collapse into bankruptcy in just three days would be incredible enough – but in Britain on Wednesday morning another bank was facing a crisis in market confidence. HBOS is the country's biggest mortgage lender and is also more dependent than the other high street banks on funds from the global market. With the steep decline in the housing market, and the lack of money available internationally, speculators and investors sold HBOS stock like it was going out of fash-

ion.

Now it was the turn of the British government to break their rules to save the banking system. In a flagrant piece of market manipulation, it was announced by a journalist on the BBC – not to the stock exchange – that merger talks were underway between Lloyds and HBOS, with shareholders likely to receive 300p a share, prompting the shares to bounce back from a low of 81p. The government also said that competition rules – the new firm will dominate the British banking industry – would be waived due to the "national interest".

The Madness of the "CDS Market"

The crisis of the last three days has focused attention on the market in "Credit Default Swaps" (CDS), a form of credit derivative used by the major financial institutions like an insurance policy to "hedge" against a firm's collapse. The seller of the CDS will make a larger payment in the event of a firm's collapse or failure to meet its debts in return for smaller more regular payments. But the whole market is not based on assets, but paper – promises to pay from one institution to the other.

Like all derivatives markets it is also used by speculators who bet on its movements – effectively betting on a company's credit worthiness (or not) and making returns if they betted right without ever investing anything. The CDS market is today calculated to be worth \$62 trillion dollars, up from \$42 trillion in 2007, and over double the \$28 trillion in 2006, let alone the \$900 billion it was worth in 2008. In the boom years – when few firms went into bankruptcy – the CDS market appeared to be a license to print money. Now with the crisis in banking solvency, a down-

the leader of each delegation holds up a voting card representing the total membership of the union. Incredibly. The delegates of Unite, which has two million members, had voted overwhelmingly prior to the congress to support the POA amendment. When the delegate card vote was called however, their voting delegate managed to "lose" his card at the last minute and thus led to the defeat of the amendment. Let this be a lesson of how bureaucrats will use any trick to resist militant strike action!

The POA continued its left role in the congress by calling for a series of one-day general strikes against anti-trade union laws which have handcuffed the workers movement since the late 1980s. The POA itself was deprived of the right to strike by the Labour government and has defied the law in its last dispute with the quip "...what are you going to do... put us in prison?"

Whilst the TUC chiefs once more limply voiced their opposition to the anti-union laws, they begged congress not to vote "to break the law." Only Bob Crow of the Rail Maritime and Transport Union (RMT) pointed out. "The TUC opposes, opposes, opposes, but doesn't do anything. We need to mobilise workers and reaffirm what this union movement stands for".

In response to Barber's accusation that a political strike of this nature would be illegal, Crow pointed out the hypocrisy of celebrating the history of the trade union movement, which was founded upon illegality. Every year people like Barber troop down to Dorset for the Tolpuddle martyrs festival as a celebration of the heroic struggle of the early trade unionists, but that is just speeches for the faithful. Crow also reminded Barber that he praised the South African dockers in his opening speech when they broke the law and organised strike action, refusing to move shipments of weapons to Zimbabwe earlier in 2008. For bureaucrats like Barber heroic

struggles against illegality are fine in the past or foreign countries, but in the here and now they willingly bend the knee to the anti union laws and refuse to challenge them.

Disgracefully John McNally, Vice President of the civil service union, the PCS, and member of the Socialist Party spoke out against the POA motion siding with Billy Hayes, the General Secretary of the CWU who sold out the postal strike last year. He stated that a general strike would necessarily have to be linked to pay and that a general strike would be too difficult to achieve at this stage.

The reality is that the only way to bust the anti-trade union laws is to break them head on and make them unworkable, much like the POA did when it took illegal strike action a year ago. The Socialist Party website arrogantly says that McNally's actions were a lesson in tactics for the left. On the contrary it is a lesson in spinelessness.

But it wasn't just the official sessions of the TUC that were of interest this year. A 150-strong fringe meeting launched a new body called the 'Trade Union Co-ordinating Group' and contained left union leaders such as Bob Crow (RMT), Jeremy Dear (NUJ), Mark Serwotka (PCS) and Matt Wrack (RMT), along with left Labour MP John McDonnell. The meeting was more aggressively anti-Labour Party and discussions focussed around what can be done as Labour destroys itself by attacking its own working class membership and voters, opening the road to a Tory government.

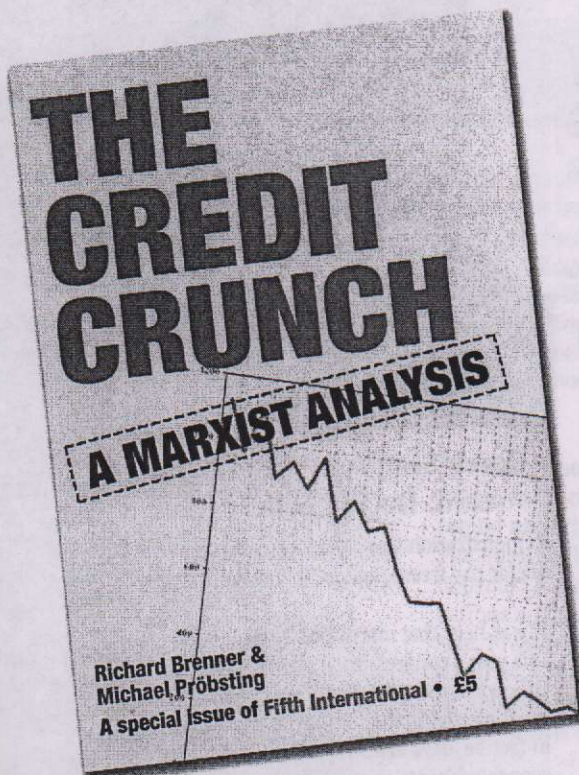
Crow called unity around supporting the Labour Party, "the unity of the graveyard". The outcome out of the meeting, according to a report by Gill George on her blog (<http://gillgeorge.wordpress.com/>), was a call for political representation for the unions around basic poli-

cies against privatisation, for trade union rights, an end to low pay, an end to discrimination, better workplace health and safety and global justice. The attending unions will fight politically for these goals and maybe joined by the POA, the bakers' union and the National Association of Probation Officers.

If these trade union forces use this as a launch pad for militant united action in the months of major struggles ahead it will be a real step forward. If they were to also give their ideas about "political representation" the only concrete expression that will mean anything - a new party of the working class - it would be a historic step. But the danger of the evasive term 'political representation' and the bloc with McDonnell as an MP, who will not break from Labour, is that it becomes an obstacle to breaking what Bob Crow correctly calls "the unity of the graveyard."

Two contradictory ideas are being played with - the idea of "representation" of a list of militant trade union policies in parliament and the idea of a party fighting in all spheres of the class struggle for the immediate and historic interests of the working class (anti-capitalism, workers' power, socialism). The first idea leads back to Labourism and therefore sooner or later to the Labour Party; the second leads to socialism and a revolutionary party. We stand unequivocally for the latter and we urge the militant unions to take a lead in creating a new working class party- a real step forward in this direction. A Labour (i.e. a trade union) Representation Committee would be a step back.

Overall, this TUC has shown beyond all doubt the chasm which has opened between the membership of the trade unions and Labour. We must widen this into a historic break.



Turmoil in the banking system, rising prices, stock market jitters and recession looming... All of a sudden - after years of optimism - everyone is talking about a "crisis".

But what caused the credit crunch? Some said lenders got "too greedy". Others blamed the regulators. Yet more denied it was even happening.

***The Credit Crunch - A Marxist Analysis* offers a radically different explanation.**

Charting how the events unfolded, and drawing on Karl Marx's theory of crisis, Richard Brenner and Michael Pröbsting argue that the credit crunch foreshadows a crisis of globalisation.

turn and growing defaults on payments, the chickens have come home to roost.

In the era of high finance, markets like CDS have been a key means for financial institutions to raise funds. The inter-connected character of this whole system of financing now makes it incredibly dangerous – a collapse of one institution can quickly lead to a crisis in another, as capital listed on the books as owed to them is likely to be vaporised in a bankruptcy. That's why the US Treasury has taken a massive risk in allowing Lehman Brothers to collapse. It held contracts on the CDS market with a paper value of \$800 billion dollars – that's \$800 billion dollars worth of paper money other institutions were depending on to balance their books.

AIG – and consequently the US Treasury – are also massively exposed to the CDS market. Eggheads at the world's largest insurer thought it was a bright idea to offer asset backed insurance schemes to firms trading CDSs. No one expected the insurance company underwriting CDS trades to struggle to meet the obligations of the policies it sold during the boom years. For AIG it was considered a risk free income, but then came the crisis of solvency in the banking system. In June AIG admitted its exposure was some \$500 billion, but the true figure could be much higher.

No wonder the market has reacted with such frenzy.

Banks Strapped for Cash – Credit Crunch Far From Over

This week's dramatic reversals for share prices came despite attempts by the major central banks to shore up the system. The Bank of England made £30 billion available to banks on Monday and Tuesday. The European Central Bank and the American Federal Reserve also made 70 billion in euros and dollars available respectively. But they failed to raise investor confidence, as the flood out of shares and into the safe haven of gold and treasury bonds continued apace. Today, Thursday, in a coordinated intervention by the six biggest central banks another \$180 billion has been pumped into the market – but even these colossal sums have only led to a slight recovery in share values so far.

The central bank's strategy is to put the private banks in a position whereby they can begin to lend on a significant scale once more, and thereby stave off a major recession in the real economy. Pumping money into the system while retaining low central bank interest rates is their strategy to do so. So far it is failing. The Fed rate – the rate at which the banks lend to one another – remains higher than the central bank rate indicating that the banks are only willing to offer credit in return for higher interest rates. The Financial Times even reported on Wednesday night that lending between European and American banks had effectively halted such was the lack of confidence each bank had in the ability of other banks to make

the interest payments.

The "bottom line" is that the whole situation remains marked by a crisis of banking solvency – as the forced takeovers, nationalisation and bankruptcy of this week provide irrefutable testimony. So too does the failure of the injection of capital to stimulate inter-bank lending. The banks are desperate for cash to balance the books and are using the central bank capital to manage existing obligations rather than open new lines of credit. As Richard Brenner noted in the last Workers Power the whole crisis remains marked by "deleveraging" – the process by which banks withdraw loans and credit.

This Credit Crunch is thus far from over.

Annualised credit-related losses now stand at \$500 billion dollars and so far the banks have only recapitalised to the tune of \$350 billion. This means there remains a shortfall on their books – a massive crisis of solvency. The Economist calculates this \$150 billion black whole will translate into a \$2 trillion reduction in liquidity in the system. So, if American corporations – after four quarters of declining profits – were hoping to refinance their operations with credit, they better think again.

There could still be further casualties in the short term. The two remaining independent investment banks, Morgan Stanley and Goldman Sachs share prices' took a pummeling on Wednesday – falling 24% and 14% respectively – amid market fears that their books are not as rosy as they are currently claiming. Washington Mutual, America's largest savings and loan institution, also had its credit rating downgraded to "junk" on Monday. By Thursday it emerged that the once mighty Goldman Sachs had approached City Group, JP Morgan Chase and Wells Fargo to discuss a possible takeover.

A Monumental Crisis of Over Accumulation

What we are witnessing is a dramatic crisis of over-accumulation. As Richard Brenner put it recently, this process occurs:

"When the underlying trend in all capitalist economies towards a decline in the rate of profit finally manifests itself in real falls in profits. A huge volume of accumulated capital is unable to find an outlet in sufficiently profitable investments. This is when credit lines and loans are suddenly withdrawn. The excess has to be devalued or destroyed." (Workers Power 328)

To realise a new round of profitable accumulation, a sufficient amount of unprofitable capital needs to be devalued and destroyed. The question is to what extent does this need to occur? Already we have seen massive devaluations and destruction of capital. Fannie Mae, Freddie Mac, AIG have all been nationalised with the taxpayer absorbing their losses. Lehman Brothers has gone to the wall. Merrill Lynch and HBOS are in forced takeovers. And, still, Goldman Sachs, JP Morgan and Washington Mutual are all

threatened. All of which indicates that the over-accumulation of capital has reached stratospheric levels with this crisis.

It is likely to get much worse. Dramatic as these events are, we are likely to look back on them as marking not the beginning of the end, but just "the end of the beginning".

The Central Banks, on the one hand, need to pump money into the system to maintain the solvency of all the major private finance institutions, but on the other hand, this could act to offset the devaluation and destruction that needs to occur in order to open the way for a new round of accumulation. A report by Bianco Research showed that while the credit positions of the twenty largest banks have fallen by \$300 billion the Federal Reserve has pumped the same amount back into the system. Rather than deleveraging and withdrawing the bad lines of credit to a sufficient scale, the banks are moving the risk onto the state.

And of course this whole financial meltdown takes place in conditions of depressed global economic output and rising inflation. The Central Bank strategy also has to balance holding down interest rates with the risk of increasing inflation. Mervyn King, for example, in his letter to the British Chancellor to explain the jump in the country's inflation level to 4.7%, argued a "serious weakening in economic activity" would be necessary to tackle inflation. A wing of the ruling class is now, indeed, likely to emerge in favour of increasing interest rates, further depressing lending, with the aim of driving capital out of the system. At the same time, deflation may also become a destabilising element in the crisis too. This is most obvious in the housing market but the oil price too dropped below \$100 dollars a barrel this week indicating a real contraction in global demand for crude oil and therefore economic output. The Moscow Stock Exchange – with its dependence on raw material extraction - suspended trading after a 17% crash in share values on Monday.

The point to continually underline is the generalised over-accumulation of capital driving the cycle from the crisis to the crash phase. This explains the dash for cash by the private financial institutions, as capital in its money (or gold equivalent) form becomes a safe haven, because capital in other forms - stocks and shares, commodities, etc - is undergoing more severe devaluation. Central bank decisions need to be seen within this context and, while not being able to stave off a crisis of over-accumulation, their actions can nonetheless intensify it. Monetary policy appears to offer a choice between inflation and depression but when they try to fight both the Central Banks will get both: "stagflation" as it was called in the 1970s.

Three Days That Changed the World

Seismic shocks to the system on this scale are sure to produce long term and profound changes. The form the organisation of finance capital has taken in the period of globalisation is under enormous strain. With only two major

investment banks left and those also under pressure, the model of investment banks cut off from a large deposit base is almost certainly coming to an end. A round of major centralisation in finance capital is underway, as the strong, larger corporations absorb the weaker and most exposed. Capitalist politicians, like Brown and Darling, who once invoked the language of the free market and competition (always hypocritical given the dominance of the mega corporations) are now conspiring to destroy competition, in a wave of capital centralisation. Lloyds will swallow HBOS, Bank of America has swallowed Merrill Lynch, and more such emergency takeovers are sure to follow. As the BBC's Robert Preston put it, "a new world order is being created in finance".

Meanwhile, the state will be willing to nationalise those financial institutions that play a vital, functional role to capitalism. As Nouriel Roubini, Professor of Economics and International Business at New York University, puts it: "This [marks the] transformation of the USA into a country where there is socialism for the rich, the well connected and Wall Street (i.e. where profits are privatized and losses are socialized)" (Nouriel Roubini's Global EconoMonitor)

We can say now with some certainty that these events are likely to be paradigm shifting. The parasitism and credit fuelled aspect of globalisation has built towards this monumental crisis of over-accumulation. Dramatic political, social and economic realignments

are underway. The crisis phase of the capitalist cycle is now giving way to the crash phase, and soon the real economy could see events just as dramatic as those in finance.

What results from these changes is a question of struggle. Capitalists will attempt to stay alive by consuming each other in a mad bout of cannibalism. Intensified inter-state rivalry will proceed, as each nation's ruler's look to move the worst aspects of the crisis onto the other. Capital will be united in one thing alone: the class struggle against the working class. Home repossessions, unemployment, pay cuts, job losses, should be expected. The task of organising the resistance, and winning it to a strategy for socialist revolution, is more urgent than ever.

TUC Conference 2008: The tale of the "lost" voting card

This TUC Conference was unusually interesting, as sharp divisions between the left and right of the union movement emerged. John Bowden reports.

Earlier this week saw the annual Trades Unions Congress held in Brighton. The congress, normally as boring and predictable as a congress of the Communist Party of the Soviet Union under Brezhnev, took a more interesting turn this year. The mounting anger against Gordon Brown and the Labour government amongst rank and file union members found expression in the speeches of many delegates.

This meant that there was an open clash between left and right. On the right were the general secretaries of the big unions determined to save Labour at any cost, and on the left the smaller more militant unions calling for action against Labour's vicious attacks on the working class.

Whilst no one dared call for Brown's resignation – for fear of letting in the right in the shape of Foreign Secretary David Miliband – even the right wing of the congress found itself unable to defend him openly. Instead Derek Simpson, joint general secretary of Unite, belaboured the Blairite young pretender as "an arrogant shit!"

Gordon Brown, fearing if not an actively hostile reception at least a frosty one that would not look good in the news clips, restricted his participation to a private dinner with the union leaders. In fact he called a cabinet meeting in

Birmingham to black out media coverage from the main day of critical debate at Congress.

Among the many issues discussed at the conference one of the biggest sources of discontent was over the super-profits obtained by energy companies using oil and gas prices as an excuse to extort huge utility bills from their customers. A campaign to levy a windfall tax on these companies and use the money to help the poor heat their homes over winter was raised by union leaders of the centre ground Compass Group – whose star is John Cruddas MP. Delegates on the left of the conference even managed to pass a motion calling for the utilities to be taken into public ownership, despite Brendan Barber's pleas that this call was a step too far.

Another cause of anger was the government's decision to limit public sector pay well below the rate of inflation. Trade union leaders spoke of government hypocrisy when it came to paying public sector workers, with Sally Hunt from the 120,000 strong University and College Union (UCU) pointing out that the government has plenty of money to bail out failing banks but refuses to pay working people a fair wage.

Keith Sonnet, Deputy General Secretary for Unison said that the Labour government seems to listen to right wing bosses in the CBI more than it listens to its core supporters. Out of the resolutions put to the congress, a national



Derek Simpson - lost his ballot card. Do you believe him?

demonstration was called for against the public sector pay freeze, and joint 'days of action'.

It was here that one of the defining moments of this year's congress took place. The Prison Officers Association (POA) moved an amendment clarifying that the 'days of action' should in fact be 'days of strike action', a call that was supported by at least half of the congress. The vote was judged 'too close to call' by the congress platform who called a card vote – where