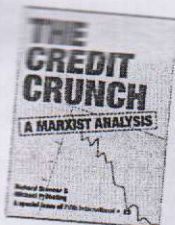


workers power

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



The Credit Crunch: A Marxist Analysis
OUT NOW!

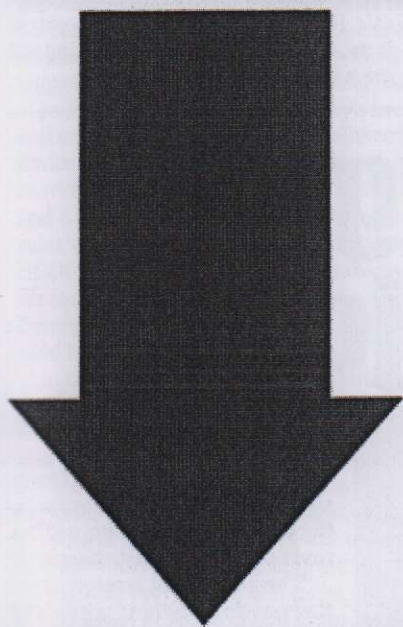


Obama: what is his answer to the crisis?
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Fightback: strike against the 2%
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MELTDOWN



- ★ **WALL STREET DEMANDS TRILLION DOLLAR BAIL OUT**
- ★ **“WE’RE MAKING CLASS WAR AND WINNING”**
- RARE HONESTY FROM AMERICA’S RICHEST MAN
- ★ **HOMLESSNESS, PAY CUTS, UNEMPLOYMENT UNLEASHED**

WHY SHOULD WORKERS PAY FOR THEIR CRISIS?



League for the Fifth International

NEWS IN BRIEF

The new minimum wage con

The Labour government is raising the minimum wage from £5.52 to £5.73 an hour, which is a 3.8 per cent pay increase for those over 22 years old. Although this breaks the 2 per cent pay ceiling Brown imposed on public sector workers, it is a long way from reaching the 15 per cent hikes in electricity bills and food prices, or even the 4.7 per cent inflation figure calculated by the Bank of England.

The low-paid face a proportionately higher inflation rate because they spend a bigger proportion of their income on food and energy where prices have rocketed, admits Brendan Barber, general secretary of the TUC. However, the TUC claims that over a million workers will benefit and that it will reduce the gender pay gap.

What rubbish! Under Labour, the poorest continue to become poorer, while the rich have had every barrier to their self-enrichment removed. Now capitalism is in crisis, there's billions for the banks, but none for the lowest paid. We say, raise the minimum wage for all to £8.75 an hour now!

Tories attack multiculturalism

The Tories have once again exposed their racist roots. Shadow Home Secretary Dominic Grieve has lashed out against multiculturalism, saying that Britain has done "something terrible to itself" and that this has led to extremist political groups, such as the "BNP and Hizb ut-Tahrir", gaining ground. How this theory can explain the rise of Oswald Mosley's British Union of Fascists in the 1930s is a mystery!

Grieve believes that multiculturalism compartmentalised people from different traditions and downplayed the identity of white Britons. It's not the first time a Tory home secretary has spoken out against multiculturalism.

In 2005, the then shadow home secretary David Davis called on the government to scrap the "outdated" policy, saying that allowing people of different cultures to settle without integrating let the "perverted values of suicide bombers" take root. Effectively what the Tories are saying is that if you are not white and Christian, then you are not welcome.

Anti-fascists rally in Stoke

On 20 September over 300 BNP supporters rallied in Stoke-on-Trent, whipping up racist hate in a city where they hold nine council seats, three of which were gained in the last election. Around 500 anti-racist activists, local residents and trade unionists demonstrated against the fascist rally, though the police made sure the anti-fascists were kept at a safe distance.

The BNP were commemorating the death of a viscous Nazi thug, Keith Brown, who physically terrorised his neighbour for years. Habib Khan finally fought back and last month was sentenced to eight years for stabbing Brown when he attacked Khan's son.

Self-defence is no offence and Khan should not have had to wage this battle on his own. We must build community defence teams to kick the Nazis out of our areas. We have to physically confront the Nazis at their demonstrations and festivals. Raising awareness, whilst important is not enough to stop them organising and drive them off our streets.

Lloyds-HBOS merger threatens 14,000 jobs

By Alasdair Byrne

The take over of HBOS, the UK's largest mortgage provider, by Lloyds TSB is an unprecedented event, creating a super-bank with over a trillion pounds worth of assets. The development threatens several thousand jobs with Lloyds looking to "streamline" following the acquisition.

An HBOS employee in Leeds told *Workers Power* that he was unsure whether his job would still exist in two days time, and was thinking about joining the union. In his view it was right at the top where the problems had started, with bank bosses lending each other money they didn't have.

There is a feeling amongst HBOS workers that the bosses are attempting to punish underpaid workers for the mistakes of rich executives. The key task for HBOS workers now is to organise and make sure that doesn't happen.

Gordon Brown played a key role in the merger, speaking to the man-



Andy Hornby, chief of HBOS, has something to bite his nails about

aging directors of both companies, pushing for the rescue deal to go through. The creation of such a massive bank should have been referred to the Competition Commission, to give some degree of protection to consumers. But the government was so desperate that in this case they deliberately avoided allowing the Commission to get its hands on the case.

As a result of the merger Lloyds claim they will be able to cut around £1 billion in costs and it's hard to see how most of this wouldn't come from job cuts. The figure of 40,000 has been bandied around in the media, but Lloyds claim 14,000 to be more accurate, with 17,000 workers in Edinburgh receiving a vague promise on job security. Other towns such as Halifax, where

over 8,000 workers are employed, have received no such reassurance.

Workers in both HBOS and Lloyds should join a union, such as Unite. But Unite leader Derek Simpson has made only the weakest statement:

"The banks must reassure their staff and do everything possible to protect jobs. If the banks don't, the government must step in. They have already intervened and we believe, if necessary, they should intervene to protect jobs in the financial services."

Not only should they step in but both banks should be nationalised without compensation and under workers' control. The top executives have already paid themselves huge bonuses, while displaying their complete inability to run their business with anything in mind but short-term gains.

It is vital that workers in both companies unionise and organise a fightback against the job cuts. But they will need to organise the fightback themselves – at workplace level – if they are to protect themselves against the danger of a sell out.

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Banks in crisis – a failure of the capitalist system

They told us capitalism was the only possible way to manage modern economic life, that is was an eternal system. They told us it was self-regulating, that profits for the few would somehow create prosperity for us all. Now the threat of a total collapse in the banking system has forced an unprecedented state intervention in the USA and Britain – the homes of Thatcherism and Reaganomics.

The shock failure of the US government “bail out” plan to save the banks shows how discredited the system is. The plan devised by US Treasury Secretary Henry Paulson was that the state should buy up three quarters of a trillion dollars of “toxic debt”. This desperate intervention collapsed when Congress voted it down, triggering a huge crash on world stock markets.

In Britain Bradford and Bingley’s branches and savings deposit have been swallowed up by Banco Santander, and the state taken control of its mortgages and loans business. Gordon Brown and Alistair Darling tore up normal business rules when they pushed Lloyds TSB to take over HBOS to save it from collapse and now its workers face at least 17,000 job losses. In Germany, Denmark and Belgium banks have had to be rescued by the state too.

In fact buying worthless assets with taxpayers’ money will merely shift the crisis into the real economy – the production of goods and services, the global network of commerce. Factories and shops will soon be recording sharply shrinking order books and plummeting sales. Lay-offs of workers and plant closures will mount. The painful interruption of economic life, which comes with every crisis, will make itself felt at a time when inflation is still gnawing away at the real wages of the employed.

The neoliberal economic doctrine, promoted since Margaret Thatcher and Ronald Reagan, taught that businesses should be free from state interference. It taught that because the bosses supposedly took on the risks of investment, and so should be allowed to pocket billions in profits and kickbacks. Take Paulson – former chief

executive of Goldman Sachs. He typifies the system. On his departure for government, he received a golden handshake of \$37 billion for 2005 and then \$16.4 billion for 2006. His total personal wealth is estimated to be over \$700 million. No wonder US workers demonstrated in Wall Street against his plan.

Doctrinaire neoliberal Republicans raged at the Paulson plan but, as he said, “In a crisis no one is an ideologue.” What he might have added is, “In a crisis the laws of the market are for the suckers, the small investors and above all the workers and employees. They will lose jobs, pensions, savings and houses. The likes of us will walk away – maybe a million or two lighter, but ready to start all over again.”

These events are delivering a mighty blow to the prestige of capitalism and the hegemony of neoliberal ideas, which have justified the bonfire of regulations, the privatisation of services and utilities, the blind worship of market forces for the last quarter of a century.

In response some trade union leaders and left activists in social democracy have given out a palpable sigh of relief. As *Guardian* journalist Larry Elliott put it, “Financial crises are the classic stomping ground of social democracy.”

But a new reformism on the model of the 1950s and ‘60s looks far from likely. Capitalism lacks the strength and reserves that made the limited social reform programme of this period acceptable to the capitalists.

Hope lies not in a newborn reformism, not in the ideas of John Maynard Keynes, but in the ideas of Karl Marx, re-elaborated and reborn in a revolutionary party leading militant fighting organisations. Can working people achieve a decent life, win security of employment, quality housing, abundant leisure, freedom from racism? In the words of the millions-strong demonstrations of migrant workers in the USA – *Si se puede!* (Yes we can!)

But not through a return to the old Labour past: instead by creating a political and industrial force to throw back all attempts to make

us pay for their crisis, while at the same time offering to millions the prospect of a world without capitalism, without hunger, homelessness and war. But the system will not collapse of itself; it has to be overthrown.

The starting point must be fighting to reject outright all attempts to make workers shoulder the burden, to support the bailouts, to “tighten out belts”. We did not cause this crisis but it is we who are expected to suffer for it, by letting inflation erode our wages, mass unemployment ravage our ranks, increased taxation drive more into poverty, and reduced public services lay waste to our communities.

Mass demonstrations need to be organised – with the trade union leaders if they can be forced to do it, but by the ranks and file militants and the left if they will not – to say no to the bail outs of the bankers, no to the fraud of “state regulation” of the money markets, no to wages freezes and an end to all privatisations of public services.

But we need a positive response too – a workers’ answer to the crisis.

This should say –

- Yes to nationalisation without compensation and under workers’ control of all the banks, of the energy companies and of all firms trying to sack their workers
- Yes to pensions and benefits raised to a decency level of £158 a week and a minimum wage of £8.75 an hour for all
- Yes to a sliding scale of wages, based on and linked to a workers’ cost of living index
- Yes to an emergency plan of building council housing, schools and hospitals
- Yes to the renationalisation of public transport and the de-marketisation of the health and education services
- Yes to the swingeing taxation of the rich and the big corporations.

Can we win such demands? Yes we can, if we back them with strike action and mass mobilisations, if we show our power, and use it to fight for power.

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LABOUR PARTY CONFERENCE

Labour rallies around Brown – and prepares attacks on working class

The Labour party conference may have given Brown some breathing space, but his speech outlined the kind of attacks he is planning, explains *John Bowman*

This year's Labour conference met in Manchester under the cloud of impending recession. There is a major concern from all wings of the party over Brown's ability to lead the party to a victory at the next general election. The conference came after a particularly frosty TUC that, whilst refraining from open calls for Brown to resign, was harsh in its criticism of the government's refusal to impose a windfall tax on energy companies, continued privatisation and refusal to back down on the 2 per cent pay freeze imposed on public sector pay.

Over the last month, Gordon Brown has been dogged by open and some not so open calls to resign. David Miliband, whilst proclaiming his support for Brown, has used the party leader's unpopularity to position himself as a potential future candidate in the event of a leadership contest. In a recent interview with John Prescott the former cabinet minister was even informed that every single one of twelve MPs questioned by Newsnight, including cabinet ministers and backbenchers, had proclaimed Gordon Brown an electoral liability.

However, it appears that the party conference actually strengthened Brown's position as leader. Senior Labour MPs, recognising the economic crisis as a likely cause of death for an unpopular government at the next election want to avoid the crisis occurring alongside factional struggles. Unity became the order of the day at this year's conference, a unity correctly described by Bob Crow at the recent TUC as the "unity of the graveyard."

Gordon Brown used the conference to solidify his position with his speech (introduced by his wife in the style of the recent American Democrat Convention) that stressed the importance of experience and knowledge of the economy in times of uncertainty. This was clearly an attack on the younger Tory hopeful David



Brown has been granted a reprieve by his party

Cameron and David Miliband's manoeuvring.

Brown focussed on vicious attacks against the poorest and most vulnerable in Britain. A tirade was launched against the "something-for-nothing society", and those who "take more out of the system than they are willing to put in". One might be forgiven for thinking Brown was referring to parasitic city investors and short-selling stock market traders. In fact his verbal assaults were directed at poorer people, like immigrants, who "won't or can't" benefit the British economy.

Attacks on the poor

Brown also used his speech to attack the growing number of Britain's unemployed – "everyone who can work must work, so that the dole [job-seeker's allowance] is only for those looking for work or actively preparing for it", a clear insult to all those who have been sacked, and faced with an a gloomy job market due to massive layoffs caused by the credit crunch. This includes call centre and administration staff at Northern Rock, Bradford & Bingley, HBOS, on top of the thousands in manufacturing and the building trade. Labour's answer to the deepening economic crisis is not to provide work for the unem-

ployed by providing much needed nurses in our hospitals and teachers in our schools but to dismiss those who have lost their jobs as scroungers and a blight on society. In addition, Chancellor Alastair Darling made it clear that the Labour government was willing to spend billions of pounds bailing out failing banks to "support the economy". With some economists predicting that the treasury will have a shortfall of £70 billion it is clear that the government wants to cut vital public services in order to balance the debt.

Disgracefully, after a TUC in which delegates highlighted the government's attacks on public sector services and worker's pay, Brendan Barber, leader of the TUC explicitly supported Brown's leadership of the party and his direction; "...Our country needs the wisdom and experience of this Labour government led by Gordon... We will inevitable have our disagreements. But there will always be more that unites us than divides us. And it's hard times, like now, that the enduring strength of our relationship matters most."

The Trade Union voice at the conference was most noticeably heard using their block vote in support of a windfall tax for energy companies

which have reaped huge profits with massive rises in electricity and gas prices at the expense of working class people. Though the motion was passed, MPs explained to journalists in private that it would not be acted upon as it was not government policy! The Labour party conference is a waste of time if members want to change government policy, what the ministers do is up to them and they will not allow the conference to hold them to account.

The support for the motion shows the growing influence of the centre-ground Compass Group tendency within Labour, which has been campaigning around the need for a one-off tax on the utility companies. The grouping also led an attack against the removal of the 10 per cent tax rate for low earners by emphasising the need for Labour to concentrate its efforts on the less well-off to win more votes at the next election. Government supporters dismissed the call in favour of winning back 'middle England' voters.

Overall, this year's conference confirmed that Labour's answer to the economic crisis is to make workers pay the cost. This outcome was predictable. Of more interest in the difficult times ahead is the clear futility of trying to change Labour from within, with major trade union leaders still attempting to save Labour at any cost, and the 'Labour Left' failing to have any real impact at the conference - which turns more into a US style convention every year with democracy and debate increasingly stifled. The most important lesson coming from the conference is that despite all the money thrown at it by the unions, the Labour Party can't be taken over from within. All the more reason to step up the fight for the unions to break with Labour and convene a conference for the founding of a new workers' party, one that can organise in the workplaces and on the streets to resist the attacks on workers' living standards that the coming recession will inevitably bring.

INFLATION

Food and fuel price soar – we don't have to take it

As Gordon Brown spends billions of pounds from taxpayers' money to bail out another bank, many older and poor people face going hungry or freezing this winter, writes *Rebecca Anderson*

This winter 24,000 older people are expected to die because they cannot heat their homes. Britain – one of the richest countries in the world – has the highest number of avoidable deaths from “fuel poverty” in Western Europe.

The accepted definition of this term is spending more than 10% of your income on heating your home. More than two million people in Britain are already in this group, while the National Housing Federation estimates that almost a quarter of the population will endure fuel poverty by next year.

Two million will face unemployment by Christmas, warns the Bank of England, which will dramatically raise fuel poverty unless measures are taken now. Over the past 18 months, the privatised energy companies have carried through huge hikes in their prices, averaging 21 per cent for gas and 18 per cent for electricity – with British Gas raising its prices by 35 per cent.

Yet Gordon Brown has announced measures whose cost is tiny compared with his spending on bailing out the bankers.

- The attacks on pensioners' access to free central heating installation will be partially (but not fully) reversed.
- £910 million will be spent on half-price insulation for all households requesting it – for the poorest this will be free.
- There will also be a price-freeze on utility bills for the poorest families. Pensioners and people with small children will also get an extra £16.50 a week added to their winter fuel allowance if temperatures drop below zero for seven consecutive days.

Leaving aside the fact that in most of Britain such continuous seven-day cold spells are rare, these stingy measures are an insult.

These payments will be means tested. The pensioners' charity Age Concern says that nearly £3 billion of benefits that older people are entitled to are unclaimed because

| SHOPPING BASKET: JUNE 2008 | | | | |
|--|---------------|---------------|---------------|-----------------|
| Product | June 2007 | May 2008 | June 2008 | Annual % change |
| Thick sliced white loaf - 800g | £0.54 | £0.65 | £0.65 | +20.3% |
| French baguette - own label | £0.45 | £0.65 | £0.65 | +44.4% |
| Fusilli pasta - 500g | £0.37 | £0.67 | £0.79 | +113.5% |
| Basmati Rice - 1kg | £0.90 | £1.45 | £1.74 | +93.3% |
| Cornflakes - 500g | £0.83 | £0.86 | £0.86 | +3.6% |
| Weetabix cereal (24x18g) | £1.59 | £1.78 | £1.78 | +11.9% |
| Pure Corn Oil - 1ltr | £0.50 | £1.38 | £1.38 | +176% |
| McVitie's Chocolate digestives - 400g | £1.09 | £1.16 | £0.77 | -29.3% |
| Semi-skimmed milk - 6pints/3.4ltr | £1.68 | £1.96 | £2.12 | +26.1% |
| English butter - 250g salted | £0.58 | £0.94 | £0.94 | +62% |
| Mild Cheddar - 250g | £1.21 | £1.52 | £1.62 | +33.8% |
| Medium free-range eggs - (12) | £1.76 | £2.58 | £2.58 | +46.5% |
| British beef mince - 500g | £1.00 | £1.64 | £1.89 | +89% |
| Fresh chicken - 1.55kg | £2.78 | £3.94 | £4.48 | +61.1% |
| Eight thick pork sausages - 454g | £0.97 | £0.84 | £0.97 | 0% |
| Dolmio original bolognese sauce - 500g | £1.00 | £1.33 | £1.37 | +37% |
| Bernard Matthews wafer thin turkey ham - 170g | £1.04 | £0.97 | £0.89 | -14.4% |
| Birds Eye 10 Fish Fingers 100% Cod Fillet - 300g | £1.69 | £1.79 | £1.57 | -7.1% |
| Frozen garden peas - 1kg | £0.91 | £1.52 | £1.52 | +67% |
| Maris Piper potatoes - 2.5g bag | £1.58 | £1.78 | £1.98 | +25.3% |
| Cauliflower - loose | £0.88 | £0.88 | £0.88 | 0% |
| Broccoli Florets - 350g | £1.00 | £0.99 | £0.99 | -1% |
| Iceberg Lettuce - loose | £0.69 | £0.99 | £0.66 | -4.3% |
| Mixed peppers - (pack of 3) | £1.29 | £1.39 | £1.48 | +14.7% |
| Salad tomatoes (6) | £0.62 | £0.69 | £0.69 | +11.2% |
| Cucumber | £0.31 | £0.36 | £0.36 | +16.1% |
| Kids' bananas - (8) | £0.90 | £0.90 | £0.90 | 0% |
| Juicing oranges - 2Kg | £1.79 | £1.99 | £1.99 | +11.1% |
| Green seedless grapes loose - 1kg | £2.47 | £1.68 | £2.28 | -7.6% |
| Golden Delicious apples - bag | £1.19 | £1.49 | £1.38 | +15.9% |
| Premium tea bags - (80) | £0.99 | £1.37 | £0.68 | -31.3% |
| Nescafe Original Coffee granules - 200g | £3.78 | £3.77 | £3.77 | -0.2% |
| Silver Spoon Half Spoon Granulated Sugar - 500g | £0.98 | £0.83 | £0.98 | 0% |
| Baked beans - 420g | £0.28 | £0.31 | £0.31 | +10.7% |
| Pure Orange Juice - 1ltr | £0.88 | £0.88 | £0.88 | 0% |
| Strawberry jam - 454g | £0.68 | £0.69 | £0.69 | +1.4% |
| Evian - 2ltr | £0.75 | £0.62 | £0.78 | +4% |
| FOOD & DRINK TOTAL | £41.94 | £49.24 | £50.25 | 19.8% |
| Stella Artois 440ml x4 | £2.57 | £4.28 | £2.32 | -9.7% |
| Jacob's Creek Chardonnay 75cl | £5.97 | £6.49 | £4.99 | -16.4% |
| Wolf Bloss Cabernet Sauvignon 75cl | £6.36 | £8.65 | £6.99 | +9.9% |
| ALCOHOL TOTAL | £14.90 | £19.42 | £14.30 | -4% |
| TOTAL | £56.84 | £68.66 | £64.55 | 13.3% |

Food inflation in Britain. Source: *The Grocer*

many pensioners regard the test as humiliating and the paperwork difficult. They want to replace the means test with a universal state pension of £151 a week, rising each year in line with average earnings.

Even these measures are only a response to the call of trade unions and 90 MPs for a windfall tax on the energy companies, which have announced massive increases in profits. Brown has said that the energy giants will be expected to pay for his measures, but the chair of the Association of Electricity Producers said, “It remains to be seen just how much of it ends up on the customers' bill in the long-term” – a clear threat to pass the cost of any government measures onto the consumer.

Brown dithered after the energy companies first refused to fund the scheme, and then rejected the

proposal of a one-off payment of £100 to the poorest families and pensioners. Caught between threats from the energy giants and the pressure from MPs and unions... Brown gave into the fuel bosses.

But the demands placed on Brown by the Labour left and union leaders is also an inadequate response to fuel poverty. By 2010 the average electricity bill is expected to be £500 a year and the average gas bill £900, so a one-off payment of £100 will fail to improve the standard of living.

As we have seen with Northern Rock and Bradford & Bingley, Brown nationalised the losses of banks that gambled with their investors' money. But when it comes to gas and electricity giants with soaring profits, it is hands off.

In fact, the private ownership of

the utilities is a huge obstacle to combating fuel poverty. To do the job properly, it is vital to nationalise them – with no compensation – and put them under the control of workers and society at large.

Nor are fuel price hikes the only attack on our pockets. The British Retail Consortium said food price inflation has increased to an annual 10 per cent and, according to a survey conducted for the BBC, meat and fish prices have gone up by almost 23 per cent while vegetables cost almost 15 per cent more.

In July, figures from *The Grocer* (the food retailers' magazine) showed a much more realistic estimate of inflation than the government's statistic of 3.6 per cent (see table to the left). Taking into account fuel, food, housing and all the essentials that working class people have to shell out for, inflation stood at 18 per cent at least.

Brown is also limiting public sector pay deals to below even the government's rigged rate of inflation. In real terms this is a massive wage cut at a time when more people are losing their houses and finding it harder to pay for their weekly shop.

The only solution is to smash the government's pay restraint. We must reject below inflation pay offers – such as the 3.2 per cent University and College Union is proposing its members accept, or the 2.45% on the table for local government workers. We must demand increases that fully compensate us for what we have lost over the past year and link pay rises to inflation with a sliding scale of wages. The same principle needs to be applied to pensions and benefits. We must base this on a real working class cost of living index – with due weight given to fuel and food costs.

Finally, if the government can nationalise the debts of rotten banks, they can nationalise food and fuel. The gas and electricity companies and the supermarkets should be nationalised without compensation, and run under workers' control.

INDUSTRIAL COVERAGE

Workers fight back across the country

Bus strikes pile up

By Jeremy Dewar

First there was one. Then there were two. Soon there will be half a dozen. As the saying (almost) goes: you wait ages for a bus strike, then six turn up at once!

Drivers working for First in east and west London followed up their August one-day strike with two days of action in September. Only this time, they were joined by workers on the south London service, Metrobus. Altogether, 3,500 strikers shut down over 100 routes. Pickets numbered over 100 at several depots. And they were effective, as barely a bus pulled out.

Workers Power joined the picket line at Lea Interchange. We arrived at 6am – but were already latecomers, as about 100 drivers had been picketing since 5.30. Even managers were out – officially to monitor the picket, but clearly some supported the action.

The atmosphere was buoyant, with one guy waving a Unite union flag and shouting, “We want more money, we need more money!” Many car horns tooted in approval. When

the only scab (an engineer) managed to pull out of the garage, he shook his fist in defiance – but he had left the back door open, and the strikers had the last laugh as, shamefacedly, he had to pull up and close it.

On the subject of how to win the strike, the pickets all had opinions. Almost everyone knew that this was just the beginning and further, more substantial strikes were needed. Reflecting the largely Muslim workforce, a strike on Eid was popular.

Strikers balked at the idea of an indefinite strike, but they agreed that it was an option they should consider. On the other hand, almost all the pickets wanted the union to break with Labour and form a new workers' party.

Most worryingly, no one seemed to know what the next step would be – or even how the decision would be taken. They were waiting for the regional official to come down and tell them. Considering Unite's appalling record of calling off strikes (at Gate Gourmet, for example), there is an urgent need for bus workers to take control of their dispute through strike committees.

Escalation

The good news, however, is that the strike is growing. More and more drivers are taking up the demand for £30,000 a year across all companies in London, including Metroliner, Arriva, Travel London and East London drivers are set to join the strike, rushing through ballots and coordinating strike dates. They fully expect to launch a united strike in October – the 17th being currently touted as a possible date.

This would mark a real upturn for the industry, and a recovery of solidarity and unity after the terrible break-up caused by privatisation in the 1990s. But in order to win, the drivers will need to continue to step up their action. One and two-day strikes may not be enough to force the bosses to put more money on the table. Militants should start preparing drivers to escalate the strikes – up to and including all-out indefinite action.

A significant victory on the buses would be just the ticket for other public service workers fighting low pay.

Media Workers Fight Back Against Job Cuts

By Keith Spencer

Last year 4,000 jobs were lost across the media industry, according to the National Union of Journalists. This year the bosses are using the downturn in profits as an excuse for even more attacks.

- 300 editorial staff in Birmingham and Coventry were made redundant in September. Bosses at Trinity Mirror are making everyone re-apply for their jobs – 65 are expected to go.
- In August Johnston Press announced a package of redundancies, recruitment freezes, budget cuts and title closures across Britain and Ireland.
- KM Group in Kent has announced 60 job losses.
- There has been a cull of senior journalists and freelancers at the Daily Telegraph (while Mayor of London Boris Johnson is paid £250,000 a year for a weekly column).

• The BBC has slashed 4,000 jobs since 2005; its chief Mark Thompson is currently ditching another 2,500 posts.

• Reed Elsevier is selling its magazine arm RBI on the cheap and is even offering the buyer a loan.

Meanwhile, there has been no decline in the money the bosses pay themselves. Last year, Sly Bailey, CEO at Trinity Mirror, was paid £1.5 million; the top 10 bosses at the BBC received £5.8 million; and Sir Anthony O'Reilly, chief executive of Independent News & Media, received £1.7 million.

During an economic downturn, it's the workers that pay for it with job losses, pay freezes and higher workloads.

But media workers aren't taking these attacks lying down – there is resistance. Journalists in York took six days of strike action over pay in the spring – winning big increases for trainees and specialist reporters. This month ballots for action have been announced at the Telegraph, the Enfield Gazette, and Trinity Mirror's midlands newspapers. NUJ reps at Johnston Press are co-ordinating action against the attacks.

While these examples show that workers can fight and win, many media workers work in

small isolated offices. What is needed is a campaign against the employers that unites workers across workplaces. This could be done by demanding minimum standards for the whole industry, such as pay, holidays, no compulsory redundancies, and negotiating with national employers rather than local managers.

Also we must learn the examples of recent disputes where strike action aimed at hitting the profits of the employers has been effective – for example indefinite or rolling strikes rather than just a token one day.

Media workers should also take heart from the rising militancy outside of the media industry, such as in local government and the civil service where millions of workers have gone out on strike.

The recession will hit workers across the media industry, including advertisers, printers and technicians, which is why unions such as the NUJ, Unite (Amicus) and Bectu must co-ordinate action, starting at a local level.

The NUJ Left will meet on 16 November: this is an opportunity to hammer out a strategy to reverse the attacks on media workers.

- For more information on the NUJ Left contact leftlist@lists.riseup.net

Stop Royal Mail backdoor privatisation

Over 600 postal workers protested outside Labour Party conference last month. Here we reprint the Workers Power bulletin that our CWU supporters handed out

CWU officials have told the magazine Tribune that there is a “very strong likelihood” that Labour’s “independent” commission led by businessman Richard Hooper will recommend allowing the issue of Royal Mail shares, opening the door to a joint venture with a private firm such as TNT or Deutsche Post. This is privatisation by the backdoor.

If this is true, Workers Power has been proven right on this question. Rather than crowing, along with Billy Hayes, that the review, announced last December, was a “victory” for the CWU, we said that the government had only agreed a review after the defeat of our strike earlier that year in order to push forward privatisation. Sure enough, it looks like the union tops

now belatedly recognise this to be the case.

So much for Hayes’ battle call “Forward to a fourth Labour term” in the most recent issue of Voice! Labour’s promises aren’t worth the paper they are printed on. We can only rely on our own strength and the solidarity of our workers and the public, who have not benefitted from liberalisation so far – as even Hooper acknowledged in his May interim report.

Our leaders know that Labour is unlikely to win the next election, and have started talks with... the Tories! After fighting tooth and nail for the last three CWU conferences against breaking from Labour and founding a new workers party, their own actions admit the bankruptcy of their “stick with Labour” strategy.

We need to do two things urgently as a union to turn this situation around:

1. Break from Labour and build a new workers party - start by joining the committee set up by the PCS, RMT and other unions to support anti-privatisation candidates.
2. Strike with other public sector workers who are fighting over Gordon Brown’s 2% pay freeze and job losses. A united strike can break the government and strengthen our hand, forcing Gordon Brown, business secretary John Hutton and the rest of the Labour privatisers to drop their plans.

• For more on the CWU, including the fight against centre closures and job cuts, visit http://workerspower.com/index.php?cwu_union

Council workers’ militancy wasted

On 24 September 150,000 workers from all three local authority unions – Unison, Unite and GMB – shut down council services for the day. Just like the August strike, solidarity from other trade unionists increased the strength of the action.

Teachers refused to cross picket lines and over a thousand schools closed – despite councils forcing many to remain open without adequate cleaning or support staff. Other services severely reduced or shut down included waste depots, town halls, libraries, sports centres and ferries.

Rallies and demos were held across the country, one of the biggest in Dundee, where 500

attended. Many activists reported fewer scabs, bigger picket lines in a number of places and dozens of new members joining up to the union in order to join in the action.

The strike is part of the unions’ campaign for a 5 per cent pay rise; employees have been offered just 2.5 per cent – a pay cut once inflation is taken into account. For the lowest earners, who are on £5.85 an hour, the rising cost of living threatens their ability to feed their families. For them, not winning this dispute is not an option.

Bound and gagged

But if this is true in Scotland, then it is also cer-

tainly true south of the border. But just one week before the Scottish show of strength, Unison officials took an executive decision to ask the arbitration service ACAS to intervene.

ACAS is a government body that is designed to prevent strikes taking place. It offers to adjudicate between employers and the workforce, but invariably sides with the bosses by accepting their own analysis of what is “affordable”. Worse, the decision of ACAS is binding on both sides, and the negotiations are held in secret, far from members’ eyes and ears.

In effect Unison members in England and Wales have been bound and gagged.

Yet, over 600,000 Unison members took two days of strike action in July. We’ve had two great Scottish strikes also. Teachers and civil servants are balloting for action over pay this autumn. And finally the TUC unanimously voted for coordinated action to bust the government’s 2 per cent pay limit.

It is truly breathtaking that Unison officials have called off the action, not to mention criminal. Members of the NJC, the committee that oversees all industrial action in Unison and took this decision with no consultation, should be forced to resign and its fulltimers sacked.

Branches should demand that strike action is put back on the agenda, and prepare to take solidarity strike action alongside their Scottish brothers and sisters, and with the NUT and PCS when they launch their strikes.

If this falls foul of the anti-union laws, then so be it. Dave Prentis and his fellow bureaucrats – the clique of union officials that seems more intent on witch-hunting militant activists than defending members’ pay and conditions – will have to lead a fight against the courts as well as the government. Or they can make way for others that will.

Lambeth unions unite and fight

By a Lambeth Unison member

Militants from NUT (the teachers’ union), Unite (health), Unison (local government), along with activists from social movements, like Keep Our NHS Public, are joining together to link up several campaigns. Lambeth Public Services Not Private Profit has taken up a number of issues.

- Lambeth wants to turn another school, Fentanton, into an academy. Local residents, pupils and staff are up in arms, as the new megaschool will house 2,000 students on a reduced site, which now accommodates 600. A protest outside ARK, the consortium behind the privatisation, will be held on 3 October, a lobby of the council on 8th, and a public meeting on 14th.

- Liftco – like ARC, a privatising consortium made up of banks and multinationals – wants to build a superclinic in Loughborough. Quite

apart from the irony of those responsible for the credit crunch taking control of our health service, the fat cats will skim profits off the NHS, while forcing local GP surgeries to close. A public meeting will rally residents and healthworkers on 15 October.

- Like some other authorities, Lambeth has turned its housing department into a quango, ready for fullscale privatisation. About 150 jobs are at risk. Unison is running a consultative ballot in preparation for strike action.

Importantly, Public Services Not Private Profit is linking all these battles to the pay revolt. It is contacting the civil service union, PCS, and the bus drivers in Unite, and planning a mass leafleting campaign along with a public meeting. By forging unity from below like this, we can strengthen strikes and anti-privatisation campaigns – and build the basis for independent action, should the union tops call off action.

- See www.saveourservices.org.uk for more

TUC CONGRESS 2008

Gap opens between left and right in the trade unions

The TUC, normally as boring and predictable as a congress of the Communist Party of the Soviet Union, took an interesting turn this year. *John Bowman* reports on mounting anger against the Labour government

The TUC Congress witnessed an open clash between left and right. On the right were the general secretaries of the big unions, determined to save the government at any cost, and on the left smaller, more militant unions calling for action against Labour's vicious attacks on the working class.

While no one dared call for Gordon Brown's resignation – for fear of letting in the right wing Foreign Secretary David Miliband – no one defended him either. Instead Derek Simpson, joint general secretary of Unite, belaboured the Blairite young pretender as “an arrogant shit”.

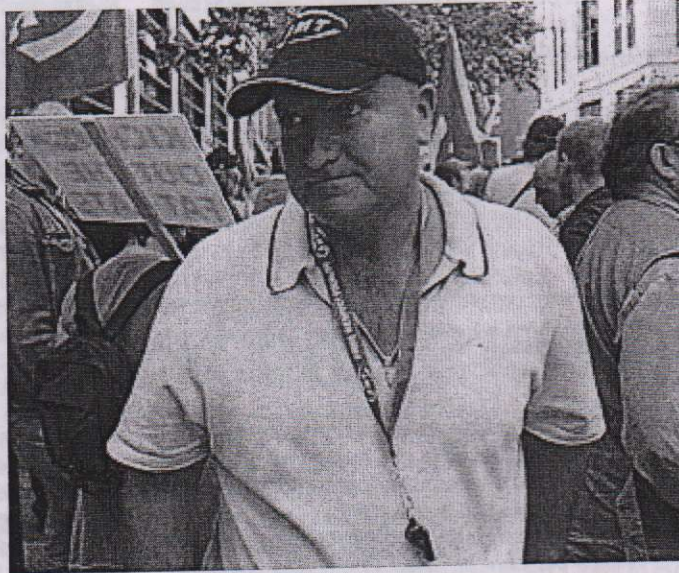
Brown, fearing a hostile reception, restricted his participation to a private dinner with union leaders. In fact he called a cabinet meeting in Birmingham to divert media coverage from the main debates.

One of the biggest sources of discontent was the megaprofits obtained by energy companies by imposing huge bills on their customers. There was massive support for a windfall tax on these fat cats. A majority also called for the utilities to be taken back into public ownership, despite TUC General Secretary Brendan Barber's opposition.

Pay revolt 2008

Another cause of anger was the government's decision to hold public sector pay “rises” to well below the rate of inflation. Sally Hunt from the University and College Union pointed out that the government has plenty of money to bail out banks but refuses to pay working people a fair wage. Congress called for a national demonstration against the pay freeze, and for joint “days of action”.

Here one of the defining moments of the congress took place. The Prison Officers Association moved an amendment, clarifying that the “days of action”



Bob Crow, RMT: “The TUC opposes, but doesn't do anything”

should be “days of strike action”, a call that was supported by at least half the delegates. The chairperson called a card vote – where the leader of each delegation holds up a voting card representing the total membership of the union.

Prior to congress, the delegates of Unite, which has two million members, had voted overwhelmingly to support the POA amendment. Incredibly, however, when the card vote was called, Simpson managed to “lose” his card – leading to the defeat of the amendment. Bureaucrats will use any trick to resist militant strike action!

Undaunted, the POA went on to call for a series of one-day general strikes against the anti-union laws. The POA was deprived of the right to strike by the Labour government, but defied the law in its pay dispute last year with the quip: “What are you going to do... put us in prison?”

Whilst the TUC chiefs once more simply voiced their opposition to the anti-union laws, they begged congress not to vote to “break the law”. Bob Crow of the rail union, RMT, lambasted them: “The TUC opposes, opposes, opposes, but doesn't do anything. We need to mobilise work-

ers and re-affirm what this union movement stands for.”

He pointed out the hypocrisy of people like Barber trooping down to Dorset every year for the Tolpuddle martyrs festival, but refusing to break anti-union laws today. He reminded Barber that he praised South African dockers for breaking the law and refusing to shift weapons to Zimbabwe earlier this year. For bureaucrats like Barber, struggles against illegality are fine in the past or abroad, but not in the here and now.

Bust the anti-union laws

Disgracefully John McNally, Vice President of the PCS and Socialist Party member, spoke out against the POA motion. He said that a general strike would have to be linked to pay and would be too difficult to achieve at this stage.

But the only way to bust the anti-trade union laws is to break them and make them unworkable, much like the POA did last year. The Socialist Party website arrogantly says that McNally's actions were a lesson in tactics. On the contrary they were a lesson in spinelessness.

It wasn't just the official sessions

that were of interest. A 150-strong fringe meeting launched a new body, the Trade Union Co-ordinating Group, with the support of Bob Crow (RMT), Jeremy Dear (journalists – NUJ), Mark Serwotka (civil servants – PCS) and Matt Wrack (firefighters – FBU), along with left Labour MP John McDonnell. The meeting was aggressively anti-Labour. Crow castigated unity with Labour “the unity of the graveyard”.

The outcome of the meeting, however, was a compromise. It called for political representation around basic policies against privatisation, for trade union rights, an end to low pay and discrimination, better workplace health and safety, and global justice. The attending unions may be joined by the POA, the bakers' union and the National Association of Probation Officers.

If this becomes a launchpad for militant united action, 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 will be a historic step.

But the evasive term “political representation” and the bloc with McDonnell, who will not break from Labour, are worrying. As is Crow's subsequent withdrawal from discussions to sponsor a conference to discuss a new party this autumn, and its replacement by an RMT meeting to discuss political representation in the new year.

Two contradictory ideas are being played with – the idea of “representation” for 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 (anticapitalism, workers' power, socialism). The first idea leads back to Labourism and therefore the Labour Party; the second, which we unequivocally stand for, leads to socialism and a revolutionary party.

EDUCATION

Students and workers unite!

By Jo Cassidy, University College London

College fees could rocket next year, making it even harder for working class youth to get through university.

A national fee review will take place next year, which could result in the cap being lifted off university fees – and they are already at the very high level of £3,145 a year. Student officers and activists, mainly those involved the Education Not for Sale campaign, have called a demonstration at the beginning of 2009 to demand free higher and further education. The campaign also calls for a living grant of at least £150 a week for students over 16, as well as protesting against the wholesale privatisation of education.

Student activists across the country must support and mobilise for the demonstration, especially since the NUS has

proven itself useless in defending the interests of students. It doesn't even have a policy to fight for free education, but instead supports an 'alternative funding model' – inadequate to say the least!

Under the current system of top-up fees, the prospect of more than £30,000 of debt is a major deterrent for many working class students – to be laden with a crippling debt even before you start your working career. And for those of us who go into higher education despite the cost, the ideal that university is a time of your life dedicated to education is a myth. The reality for working class students is working in low paid, part time jobs and cramming for exams after having neglected study in order to earn money for the rest of the year. This is why we fight not only against fees but for living grants for all students.

As the economy deteriorates, the campaign will also need to take

up the question of how students will be affected by the recession. As a whole, students haven't been associated with the crisis so far, for they are not involved in public sector pay disputes, they don't normally have a mortgage and are not struggling to feed a family. However, working class students are amongst the poorest layers of society and will struggle to make ends meet as food and energy prices go through the roof.

Although technically at 4.7 per cent, inflation hits students very hard because basic goods, such as food and electricity, make up a large portion of our outgoings. Furthermore the minimum wage jobs, often insecure, that most students get will not see a pay rise at all, let alone at the rate of inflation.

Students are heavily employed in the service industry, such as pubs and restaurants, because they can work varied shifts that fit around their university schedule. Not only

do these jobs pay peanuts but now that people have less disposable income, businesses in these sectors are seeing cuts in profit and laying off staff.

Life for working class students is already plagued by debt and financial difficulty – and this is set to intensify. It is now vital to extend the demands of student anti-fee protests against fees to cover economic issues such as inflation, low pay and for a living grant pegged to inflation.

The way forward is clear: link students up in joint college committees with college workers, teachers, maintenance staff, cleaners, whose unions are in struggle against the government for higher wages to resist inflation. Together a wave of strikes and occupations can stop the capitalists making low paid workers and hard-up students pay for the crisis, and can take a massive step forward in the fight for free education.

Military recruiters off our campuses!

By Dan Serroff, Leeds University

The British imperialist wars in Afghanistan and Iraq are failing – both morally and militarily. To bolster their war efforts, the military are targeting younger and younger recruits, sending recruiters onto universities and college campuses to entice the youth to give their lives for the war-for-profit in the Middle East.

Britain is the only European country which recruits young people into the armed forces from the age of 16, though they cannot be deployed on operations until they are 18.

Military recruiters have also been attempting to market the army lifestyle to children as young as twelve through the army website, Camouflage, which encourages youth to participate in military-style games, warns the Joseph Rowntree Charity Trust. The Trust condemned the army for understating the risks of warfare, comparing military action to video games in the hope of enticing children, failing to explain the legal rights of soldiers to new recruits, and not informing young people of how long they will actually have



UCL activists held a die in to protest against military recruitment

to stay in the forces.

This fast and loose recruitment style has seen the retention rate for the army plunge. Young men and women are signing up, serving a term, experiencing how terrible military life is first-hand, and leaving the army almost as soon as they get back home. The government's own figures show a loss of approximately 20,000 soldiers a year and the army now spends over £2 billion on recruiting and training annually to fill this gap in their numbers.

The military recruitment drive endangers young people, who join

the army in a state of naivety after a barrage of misinformation and then receive insufficient equipment and a paltry £3 per hour wage in a war zone; but it also further destabilises Iraq, where the soldiers are forced to turn their guns on innocent men, women and children in the name of securing profits for Anglo-American capitalist interests. The British and Iraqi working class share the same enemy: the military machine run from Washington and Westminster.

REVOLUTION and Workers Power activists have been fighting against the presence of military

recruiters on Leeds University campus, Leeds Metropolitan and in the various schools and colleges across the city.

The campaign has organised a series of stunts, stalls and meetings on campus. Also at Hyde Park Unity Day, a local community festival, we held a military recruitment stall of our own with activists dressing up in suits emblazoned with the corporate logos of Shell, BP and other profiteers of the Iraq war offering young people the chance to kill and die for their profits. There were also activists dressed in military fatigues explaining the reality of a soldier's life in Iraq and Afghanistan. Youth were shocked about the conditions soldiers face, especially given the government rhetoric about respecting and honouring "our boys".

We are also campaigning for a referendum motion at Leeds University Students' Union, banning the military recruiters from union property and events, based on the success of a similar motion at University College London.

We encourage all young people to get involved and stop the spread of war-mongers' lies. Let's kick the recruiters of death off our campuses!

PHOTO: LORENZO LEVINI, UCL

CONVENTION OF THE LEFT

Excellent discussion – but where is ‘left unity’ going?

Luke Cooper reports on a lively and fruitful debate in Manchester at the Convention of the Left, and weighs up the prospects for this new initiative

As many as 300 activists and trade unionists attended the Convention of the Left in Manchester at the end of September. The conference addressed the question of “left unity” at a time when the left in all its various shades has been through a period of setbacks. The organisers are likely to be happy with the outcome. The main sessions had around 200 people at them and – most important – brought together representatives from a cross-section of the British left and the trade unions in a fruitful discussion of our perspectives and tasks.

The main forces behind the convention were the Labour left, including the Labour Representation Committee, John McDonnell MP and Tony Benn, the Communist Party of Britain (Morning Star), and Respect Renewal, including its supporters from the International Socialist Group (Socialist Resistance) and former members of the Socialist Workers Party, such as Nick Wrack. They were joined by Derek Wall from the Green Party/Green Left, Colin Fox and Frances Curran of the Scottish Socialist Party, plus the smaller groups: Permanent Revolution, Alliance for Workers Liberty, Weekly Worker and, of course, Workers Power.

No doubt the convention would have been more successful had it got greater support from the two largest socialist groupings, the Socialist Party and the Socialist Workers Party. The former only sent their leading members Hannah Sell and Roger Bannister and refused to sponsor it, while the latter sponsored it but only sent select party leaders (Lindsey German, Martin Smith, and Judith Orr), prominent union officials Jane Loftus (CWU) and Sue Bond (PCS), and a team from Manchester.

It was the first event in some time that brought together the Labour and non-Labour left in this way. Such a meeting would not have been possible in the period



following the break up of the Socialist Alliance, but events over the last 18 months – the explosion of Respect, the ignominious defeat of the John4leader campaign, the SSP-Tommy Sheridan debacle, the failure of the Left List – has left progressive forces visibly chastened and in the mood for “unity discussions” once again.

At the same time, there are also positive features in the situation encouraging unity. First, Labour’s determination to force through real wage cuts in conditions of inflation, and a fast approaching recession threatening mass unemployment urgently poses the need for united resistance. Second, there has been a renewed initiative from the more left wing of the union leaders (Bob Crow of the RMT, Mark Serwotka of the PCS, Matt Wrack of the FBU) on the industrial and the political fronts.

Fault line

There can be no doubt that the major fault line running through the Convention of the Left was the question of political representation – the division between those who want a break from Labour and form a new party, and those on the Labour Left who want no such thing.

From the very first session this debate broke out. Labour’s Tony Benn urged the audience to “resist sectarianism”, implying that any break from Labour would fail to attract mass forces. John McDon-

nell MP was more circumspect, but declared it “too soon” to build an alternative. But it was telling that neither called on militants to rejoin the party.

Caution and timidity was not, however, the preserve of the Labour lefts alone. Lindsey German from the SWP spoke at some length on the seriousness of the economic crisis and the opportunities it opened for the left, but was silent on concrete proposals to resist the oncoming attacks or build an alternative to Labour. It was left to DL Raby, author of Democracy and Revolution, to propose the convention agrees to stand on a common electoral platform in the coming elections.

The debate carried on into the session on the trade unions. Bringing together leading members of the militant unions – Matt Wrack (FBU), Sue Bond (PCS), Pat Sikorski (RMT), Maria Exall (CWU) – to discuss the industrial and political situation, this session was the most important feature of the weekend. Sue Bond spoke pugnaciously in favour of the PCS “Make Your Vote Count” campaign – which involves the PCS writing to every candidate, including Liberals, Tories, and Labour, to ask where they stand on the union policies and then publicising the results. This is “political” trade unionism on the US model – with no concept of working class political independence.

Interestingly Matt Wrack reported the FBU had decided not to go down that road, following its disaffiliation from Labour. He added, as did Pat Sikorski, that he was in favour of a new workers’ party. Alas, when Workers Power’s Jeremy Dewar asked whether Matt would put his name behind the call for a new party and help convene a conference to initiate one, he replied that there had been many false dawns and downplayed the role left union leaders could play in rallying wider forces.

Matt Wrack’s response – “many false dawns” – represents a line of thinking not only among the TUC

lefts, but also among activists and militants who have been through the various shipwrecked political initiatives of the last few years. But it is easy to overestimate the strength of this feeling.

The strikes of the last year have involved new activists, who, as a result of their struggles with the government, are acutely aware of the crisis of political representation, and have no experience of the failed attempts to build an alternative. Bus drivers, cleaners, teachers, local government workers, Argos and Shell drivers have all taken action against Labour and the bosses this year; they are sure to respond enthusiastically to a new party initiated by the fighting unions.

The problem is the leadership from the union tops is still not forthcoming, while the left is divided. The RMT/PCS conference on a new party that was talked about at the summer’s Campaign for a New Workers’ Party conference has fallen through (though an RMT conference on working class political representation may take place in January). The SWP is still licking its wounds from Respect/Left List, and the CNWP itself refused to intervene in the convention.

Matt Wrack, of course, is quite right that it will “take more” than him putting his name to something – it needs an energetic campaign inside the big unions and the social movements to draw in forces beyond the existing left. Indeed, that would be a powerful deterrent to sectarianism on the left. So there is no excuse for timidity – let’s get the ball rolling now.

Beware the 80/20 mantra

Many non-aligned activists at the convention were ex-members of left organisations or unity initiatives, like the Socialist Alliance. With the theme of left unity running through the event it is no surprise that a number of speakers made the remark: “We agree on 80 per cent, but not on 20 per cent, so let’s have unity on the 80 per cent.”



Hundreds of socialists attended the Convention of the Left

This argument might sound convincing at first but it is ultimately superficial and needs to be challenged. Of course there are a number of immediate and partial demands that the whole left agrees on and should we add them all up then we might find they came to 80 per cent of our programme. But this is hardly the point. The key question is not the quantity of the differences, but their character. Can we agree on what needs to be done now to stop the bosses making the working class pay the price of their crisis?

Whatever agreements we have on general questions, like opposition to racism and privatisation, for higher wages, and so on, we will quickly find we have disagreements on how we go about fighting for them.

Take the example that Jeremy Dewar pointed to during the discussion: the struggles going on in the unions against the attacks flowing from the economic crisis. In July when local government workers from Unison went on strike, the Department of Work and Pensions executive in the PCS, which is dominated by the Socialist Party, discussed joining the action. Despite the PCS formally supporting co-ordinated action across the unions and despite the Socialist Party even calling for a one-day general strike over pay, their members argued against taking strike action.

Their argument – that it would not be possible to win the union membership to action – raises a whole series of strategic questions, not just about the unions but also about how socialists go about winning over non-socialists to their ideas in general. The unions will only be transformed into fighting organisations if socialists “say what is”, make the hard

arguments, and fight to win workers to the action necessary to win, whether this is popular at first or not.

Debates like these – about strategy and tactics in the class struggle – can only be resolved by having out the arguments, not by agreeing to put them to one side for the sake of a false unity. In short, we need to discuss the burning practical issues of the day as well as our overall methods and goals – whether they form part of the 80 per cent or the 20 per cent.

What's in a name?

It would be unfair to heap too much criticism on the Convention of the Left organisers for not drawing in new forces. It was built as a meeting “of the left” and, insofar as its goal was to get the left into a room together, then it was a runaway success, with important debates on a range of burning questions from the Scottish national question to the fight for women's liberation. But such a process has its limits.

Workers Power believes local bodies need to be convened of trade unionists to discuss co-ordinating resistance to the attacks. The call by the Convention of the Left, which drew in such a wide sweep of the workers' movement, for “local left forums” has clear potential to develop in this direction.

But one potential danger with the call for left forums was illustrated by Jon Blake of Permanent Revolution, who talked about the Cardiff Radical Socialist Forum and said it was open to “all those who agree with workers' control”. He added for good measure, it was important to “be prescriptive”.

But why, in the context of a deepening economic crisis, would you limit such bodies only to leftists who agreed with

the need for workers' control? This concept is narrow and potentially harmful. Indeed there is a danger with the Convention of the Left will not go beyond those who already consider themselves socialist.

Prospects for this process

It was also a shame that the meeting in Manchester was not able to amend the resolution proposed by the organisers. It seems odd that the Convention was asked to vote for it – how can you vote for a document that you did not have the chance to amend? The declaration contained the tricky formulation “we are not saying [the crisis in Labour] means the construction of a new party” which we would have liked to see removed.

DL Raby tried to move an amendment committing the Convention to pursuing discussion of mounting a common electoral challenge to Labour, but all amendments were ruled out of order. Nonetheless, this is the beginning of a process and there is recall conference planned on 29 November.

The whole left should take this process seriously, mobilise for the recall conference, and give the call for local left forums the content they need: local bodies that can discuss the resistance to the attacks, the crisis in political representation and, most importantly, plan action.

If – and we know it is big if – the Convention of the Left can draw in wider forces from the working class, encourage the development of local co-ordinations of the unions, and decide on concrete policies and actions, then it will be a real step forward. If it doesn't, then it will end up a talking shop and fizzle out. The only way to stop that happening is to get involved.

ESF 2008

European Social Forum in Sweden: a lost opportunity

By Gunnar Westin

The fifth meeting of the European Social Forum was held in Malmö, Sweden in September. Participants from various social movements, a number of left wing groups and NGOs all gathered together in around 280 seminars and workshops, along with a large number of cultural activities. Alongside these meetings, there was a demonstration with 10-15,000 participants on Saturday, and a number of smaller demonstrations and protests.

The youth group REVOLUTION arranged an anti-racist meeting together with the Turkish group Revolutionary Proletariat, Hungarian Social Forum Coordinating Committee, the Russian NGO Rule of Law Institute, and Network Against Racism.

The meeting, which gathered over 70 people, was marked by a radical atmosphere and a desire for united resistance to the racist wave that is sweeping across Europe. The mood was very anti-capitalist, and the understanding that the fight against racism must be part of the class struggle was shared by most of the people that made speeches at the meeting.

The seriousness of the situation facing immigrants, refugees and minority groups in Eastern Europe and Russia was discussed. We hope that in the future, we will be able to take part in and have more reports of what happens in countries, such as Russia (where the anti-fascist movement is subject to frequent violent attacks), and that the contacts will lead to continued cooperation.

The forum – criticism

Overall the forum was a positive contribution to the development of the Swedish left. The forum saw a number of meetings where trade unions met and discussed joint opposition to the European union's attack on the right to strike, and it brought together climate activists planning a mobilisation against the United Nations climate summit in Copenhagen in 2009. Activists in the antiwar movement discussed the coming



Around 12,000 people demonstrated in Malmö at the end of the ESF

actions against the Nato summit in Kiel/Strasbourg in April next year, and also against the G8 summit in Italy in early July. Also the demonstration on Saturday was the largest in Malmö for a very long time and showed the continued broadness of the forum movement.

However, there is good reason to remain critical about the progress made in the social forum movement. The ESFs have become smaller. It has increasingly become an event for established activists and the leading strata within the unions and social movements. There was no unifying central place organised in Malmö; instead, the forum was spread out across smaller sites, leading to fragmentation. The demonstration thus became the only event where participants could feel their joint strength.

Lobbying instead of class struggle

During the ESF there was no possibility of a common democratic discussion of the lessons learned from the past years. This meant that the forum's potential to become a centre for organising pan-European resistance was largely neglected. Instead, it continues to serve largely as a discussion club. This was clearly reflected at the Assembly of Social Movements, which is the part of the process that actually makes campaigning decisions. It produced

a final declaration, which was already worked out beforehand. This described the ongoing right wing offensive and the seriousness of it, then set out the campaign the leading forces want to see in response: a European mobilisation of social movements "reaffirming the alternatives that do exist for global justice, peace, democracy and for the environment", whatever that is supposed to mean.

Nevertheless the proposed campaign will include mass lobbying in Brussels in December against attempts by the European courts to undermine the right to strike, as well as the convening of a European "strategic" conference of social movements in March 2009. In essence, this is conceived as a protest campaign linked a reformist strategy of lobbying.

The need for workers to counter the offensive by setting up an international network of militant trade unionists to coordinate strike action, blockades and occupations is an absolute necessity, but is completely absent in the declaration. The "social Europe" being talked of is not defined either. What they really mean is a social democratic Europe: a capitalist Europe plunging into recession but ruled over by reformist parties like Labour in Britain or the Socialist Party in France.

This is utopian nonsense. A "social Europe", if it is to mean anything, can only be a socialist Europe run by the working class, which means new workers' parties and new working class governments based on the mass organisations of resistance, not on the capitalist institutions.

The reformist forces' influence is dangerous and, if not challenged, will result in serious defeats. The example of Italy, where a racist government has come to power largely as a result of the betrayal of *Rifondazione Comunista*, which entered the former neoliberal government, should serve as a warning.

With the coming economic crisis it is nothing less than a betrayal for left party leaders to take positions in capitalist governments. Whether the parties' representatives like it or not, they will be forced to pursue anti-working class policies.

The future of the forum movement

Unfortunately, the ESF is becoming less important as an instrument for organising the class struggle. That doesn't mean that the forums have nothing to offer but, if they are to play a more productive role in the class struggle, they must become more than just a discussion.

As an activist from Turkey put it in one of the Swedish leftwing papers: "They must present a real alternative for the poor and oppressed." That can only happen if the more radical forces of the forum go on the offensive in the coming period and in preparation for the next major forum (which promisingly is to be held in Istanbul in 2010).

The year ahead will see a deepening of the capitalists' offensive against the workers. Young people together with the most oppressed groups will pay the biggest price if the bourgeoisie get their way.

In the coming mobilisations against the Nato and G8 summits next year, REVOLUTION and our comrades in the League for the Fifth International will continue to raise the need for a revolutionary alternative, a Fifth International to fight back against capitalism.

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The Great Bank Crisis of 2008

As the world financial system continues to be rocked by nationalisations and government funded bail-outs, the gloss has come off the neoliberal, free market mantra of globalisation in a big way. But is this just a crisis of the banking sector? *Richard Brenner* surveys the last few weeks of crisis and asks whether the fundamentals of the economy are really sound?

The tropical storm of the global financial crisis became a hurricane in September, measured in bank collapses, plummeting stock markets, wholesale nationalisations, takeovers and desperate political gambits to rescue the system.

The refusal of the US Congress to vote though Treasury Secretary Hank Paulson's unprecedented \$700 billion package to buy up the 'illiquid' - or unsellable - debts held by US banks led to angry outbursts against the US legislators from politicians and economists around the world.

George Bush, Paulson and a string of US politicians, financiers and policymakers had warned that failure to back Paulson's plan would push America into a deep, prolonged and 'painful' recession.

Markets took the hint and dumped shares on a vast scale.

Wall Street dived in its biggest fall since the crash of 1987, wiping more than \$1.3 trillion off share values, with the S&P500 index falling by 8 percent and the NASDAQ by more than 9%. In Britain the FTSE plunged by more than 5% and stock markets across Asia and Europe followed. Bank shares were hammered, especially Royal Bank of Scotland, Halifax Bank of Scotland, HSBC and Barclays. But non-financial manufacturing companies were severely hit too.

The crash followed a week of extraordinarily bad news for the financial system, the banking parasites and indeed for anyone who believes that the capitalist system has escaped from its deep contradictions.

Just prior to the Congress vote, the day's news was already starting to look like doomsday for finance capital. In Britain Bradford & Bingley was nationalised, the government cynically lumbering taxpayers with its toxic debt while agreeing to sell on its assets – including its savings accounts – to Spanish bank Santander. In the USA large commercial bank Wachovia had to be rescued after its value collapsed, following hot on the heels of the country's biggest mortgage lender – Washington Mutual – by being bought out and sold on by regulators after it was effectively judged to be insolvent. Once worth \$50 billion, it was sold for \$1.8 billion: the largest bank failure in US history.

In Europe the governments of the Netherlands, Luxembourg and Belgium took concerted action to nation-

alise the huge Fortis bank. The German bank Hypo Real Estate lost 75% of its value and had to be bailed out by a consortium. Icelandic bank Glitnir ran out of funds and was nationalised too.

Central banks in the USA and Europe again opened huge credit lines to the banks to keep them afloat. The dollar plunged until speculators realised that other countries were also in deep trouble: sterling suffered its biggest one day loss since John Major's monetary crisis of 1992.

And all this followed prior weeks of severe crisis, which saw the rescue of US mortgage lenders Fannie Mae and Freddie Mac, the collapse of the investment banks with Lehman Brothers going bust and Merrill Lynch being bought out cheap, and of course the government intervention in the UK to force Lloyds TSB to buy out collapsing Halifax Bank of Scotland (see page 2). And AIG – the biggest insurance company in the world – was nationalised by Bush.

There is no way that anyone can continue to pretend that the financial crisis will have no effect on the real economy. George Bush has stopped repeating his absurd refrain that "the fundamentals of the US economy are sound". So has Republican presidential candidate John McCain. In fact as we go to press McCain and Obama have joined calls for the Paulson plan to be resurrected, with Obama declaring that "We must act and act now. We can't have another day like yesterday."

Yet in and among all the calls for action from the top US politicians, a terrible admission is being made. The day after Congress rejected the Paulson plan, Bush said in a televised address to the American people:

"Our country is not facing a choice between government action and the smooth functioning of the free market. We're facing a choice between action and the real prospect of economic hardship for millions of Americans."

Indeed! Contrary to everything Bush and his ideologues have been telling the world for years, in direct contradiction to the whole pro-market ideology of 'neoliberalism', the US president is suddenly admitting that the market is not perfect, that it does not deliver prosperity, that our fate and well-being cannot be left to this chaotic and mad market scramble, that left to its own

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devices the market will wreak havoc and impoverish millions.

But he is only saying this now because government intervention is needed to save the billionaire bankers and their system. He wants ordinary working class people to pay for it. When the market was enriching the bankers at the expense of the masses, the very idea of interfering with it was denounced as contrary to the laws of nature.

The real choice that American workers face is between the market leading them into recession and poverty, or fighting the market, fighting to force the bosses to pay the price of the crisis, fighting for nationalisation of the banks under their own control, without compensation, so that workers' homes and jobs can be protected at the expense of the super-rich. The idea of democratic control of economic life being exercised by the workers, of the workers imposing their interests over and above those of the tiny minority of capitalists is called socialism: and the American workers need it urgently.

The Paulson plan came under huge criticism all across America. There have been widespread and angry protests and marches against the idea of \$700 billion being handed over to bankers and the very Wall Street parasites that caused the crisis in the first place. In Congress, Republican party representatives vehemently opposed the bill. Some, like South Carolina Congressman Gresham Barrett, did so for ultra-ideological pro-free market reasons, saying: "My fear is the government will be forever changing the face of the American free market. Because I believe so strongly in the principles of the free market and the belief in freedom, I will be opposing this Bill."

Economic advisers to big capitalists however, are quick to throw their market ideology out of the window when their rich masters need state intervention. Responding to Congressman Barrett, former chief economist of the European Bank of Reconstruction and Development Willem Buiter said tartly: "Those who genuinely hold these views are mad, but honest and principled. I wish them a good depression."

Other Republican opponents of the plan in Congress adopted a less ideological but more politically revealing stance. Congressman Ted Poe from Texas had a fine turn of phrase to sum up what election campaigners must be hearing on doorsteps and street corners across America: "New York City fat cats expect Joe Six-pack to buck up and pay for all of this nonsense." Fearing for their seats, scores of representatives couldn't be seen to back the Paulson bailout plan. What a sign of anger in America, of a potential social explosion as the crisis and recession mounts.

The Paulson Plan

Fresh from nationalising AIG, Paulson's radical proposal of 20 September aimed to draw a line under the crisis by creating a \$700 billion fund: a "bad bank" that would buy up all the toxic debts. Bush demanded that Congress and the Democrats backed this "Troubled Asset Relief Program" (TARP). Desperate to push through the bailout, George Bush told an emer-

gency summit: "If money isn't loosened up, this sucker [the financial system] could go down." But millions quickly recognised it as an out and out swindle.

After a year of refusing any significant protection to millions threatened with losing their homes or jobs, the government suddenly proposed that tax payers bail out the richest people in the world. For decades, ever since Reagan and Thatcher, the rich have insisted on "free markets" and an end to state intervention, despite the huge social costs to jobs, wages, welfare and the environment – yet now they demand that the state saves them from their own system! The plan is to socialise the losses of the bankers, while allowing them to keep the billions in bonuses and profits they have banked over the years, including the \$38 billion in bonuses they paid out in 2007 alone as they drove their banks over the brink.

The size of the bailout that Paulson demands is gigantic – if the TARP was a country it would be the seventeenth largest in the world, between Holland and Turkey. And with other bailouts – AIG, Fannie Mae and Freddie Mac – this adds up to more than a trillion dollars. It is worth over \$2300 for every American.

The costs will be greater since the Bush government has, with its trillion dollar tax cuts for the rich and trillion dollar war in Iraq, run up a massive \$9.8 trillion federal debt while operating at a massive deficit requiring nearly \$2 billion a day in loans, and the TARP bailout will add up to \$100-\$150 billion per year of new debt service costs, according to James S. Henry of US journal *The Nation*.

Bush and Paulson's arrogance knows no bounds. Paulson, ex-CEO of the massive investment bank Goldman Sachs and personally worth \$700 million, demanded that there be no restrictions on the CEO pay for the companies taking part. The Treasury and any "advisors" it brought in (read top bankers, investors and other wheeler-dealers) would have unlimited power to do what they liked with the TARP funds, without any oversight or right to legal challenge by courts or any other body. *Time Magazine* didn't call him "King Henry" for nothing! No doubt the corporate "advisors" will tell Paulson to pay them top-dollar for these rubbish assets – if he doesn't, it will not go anywhere near resolving their balance sheet problems.

What would the bail out mean?

As we go to press, the Paulson Plan has been rejected by Congress. But Bush has told Americans on a live TV broadcast that he'll keep pushing it, and Obama and McCain have added their voices to the panic, saying something must be done. There is every chance that the Plan will go through within days of this article being published, perhaps with a few minor concessions thrown in – the bourgeoisie put democracy to one side very quickly in times of crisis.

Paulson hopes that by taking over the banks' toxic debts, the banking system will stabilise and the banks will start lending again. His aim is to put the banks in a position where they can open up new lines of credit and avert the major collapse in the real economy that is certain if businesses can't find the credit to fund

their operations. And for sure the current banking crisis means credit is drying up. In Britain net mortgage lending slumped to just £143 million in August – 5% of the £3 billion in July and the lowest level since April '93.

But will the Paulson plan lead to a new virtuous cycle of accumulation? The major contradictions in the current situation suggest this is very unlikely.

First, the US government's finances will be dramatically worsened by the bailout of the billionaires. They will try to claw money back by cutting welfare programmes and public spending on anything that benefits the people as a whole. The only thing they will still find untold billions for is their wars, their tanks and bombs. As Merrill Lynch's recent report confirmed, "Net fiscal costs from banking crises are substantial, averaging 13.3% of GDP" – so even if Paulson's plan doesn't go through, we can expect to see huge spending cuts.

The biggest problem for American capitalism is what this deterioration of its public finances would mean internationally. The USA is already a massive debtor on a world scale. It is dependent on foreign purchases of US Treasury Bonds to stay afloat – and its huge sovereign wealth funds and foreign governments that are buying these bonds and pumping money into the US Treasury. The Paulson Plan if it goes through – even with a few minor amendments – would be like a massive credit downgrade for America.

The South China Morning Post, China's biggest business paper, reported last week that Chinese regulators had called on Chinese banks and financiers to stop putting money into the US Treasury – the regulator denied it immediately, but it was a sign of something serious. China wants to divest itself of its depreciating dollar-denominated assets stealthily. If it does it noisily, it would spark a run on the dollar that would drive down the value of its vast dollar holdings even more. The BBC quotes the Merrill Lynch report as warning that "With foreigners significant holders and continued buyers of US financial assets, primarily fixed income, and primarily foreign official institutions, we remain concerned of the risk of a US current account deficit financing crisis. Nearly half of outstanding Treasuries are held by foreigners and 90% of foreign inflows into agency debt has been from foreign official institutions."

The USA could conceivably face a run on its currency that would not only cause a huge inflationary push at home, but would undermine its 'seigniorage' – the advantage it derives worldwide from its control of what is still the world's main currency. That would add petrol to the fire of rising rivalries between the major powers.

Second, simply pumping more credit back into the system will intensify the crisis. In the short term it will aggravate inflation. Working people will see the value of the dollars and cents in their pockets fall, leaving them able to buy less and less. But for the capitalists too inflation is a serious problem because their own stockpiles of cash depreciate in value. In Paulson's schema the injection will create a better credit environment, encourage capitalists to take their capital out of the low-interest bearing but secure gold

and treasury bonds, and re-invest in production, grow the economy and stave off recession (or the “depression” many commentators have invoked).

There has been a lot of talk about the need for the banks to “deleverage” – the process where they withdraw the bad lines of credit. A report by Bianco Research recently argued the banks have deleveraged to the tune of \$300 billion but the central banks have pumped the same amount back into the system, meaning in effect the state is taking a share of the risk. The Paulson Plan by taking over all the existing bad debts takes this “risk sharing” to a whole new level by putting the risk for all the existing toxic debts onto the state. But Paulson’s solution assumes that in the “real economy” is full of credit worthy firms and individuals able to make their regular repayments if only the banks would resume lending again.

But this ignores the crisis of profitability hitting the corporations. The US Bureau of Economic Analysis reported second quarter US corporate profits fell \$37.8 billion and comes on top of the \$17.6 billion decline in the first quarter of this year. The US Commerce Department also reported that in the second quarter of this year internal corporate funds available for investment decreased \$41.3 billion. That the corporations could do with an injection of credit to keep

going is not in doubt but can this new capital be re-invested profitably to realise a new round of accumulation? This is the question at the heart of the current crisis as capital – too much capital is pursuing too few profits than can be reinvested for profitable returns. It is classic example of what Marxists call a generalised crisis over-accumulation.

In the last major recession in America 2000 – 2001 large amounts of capital were injected back into the system through credit, tax cuts and military spending to re-stimulate economic growth. But this boom was either speculative – based on rising property prices and the value of fictitious forms of capital like the Collateralised Debt Obligations that triggered the Credit Crunch – or based on credit fuelled expansion.

The Paulson plan may shore up the banking system for a time but it will not put the banks in a position where they can flood the system with credit in the manner that this system has got use too.

‘There’s class warfare all right, but it’s my class, the rich class, that’s making war and we’re winning’

Warren Buffett, America’s richest man

A real, sharp devaluation of capital needs to take place in the so called “real economy”. One possibility is that the Paulson Plan will stimulate inflation, avoid a hard, sharp devaluation of capital in the short term and create a longer term period marked by stagnation and inflation – what they called “stagflation” in the ‘70s. If the Paulson Plan fails the crash phase is likely to be much more severe but could also be less long lasting.

A generalised over-accumulation of capital is driving the cycle from the crisis to the crash phase. And either way the bosses will fight to make the working class pay dearly for the crisis we did nothing to cause. The result will be a question of struggle, as Luke Cooper put it recently on FifthInternational.org:

“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 rulers 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 directing it against not just this or that attack by the employers and their governments, but against the system itself, is more urgent than ever.”

The Credit Crunch and the Great Crash

Workers Power spoke to Richard Brenner, author of *The Credit Crunch – A Marxist Analysis* (available from Fifth International for just £5 plus p&p – visit www.fifthinternational.org)

WP: What caused the financial crisis?

The crisis is a violent interruption in the circuit of capital caused by an underlying decline of profitability in the capitalist economy. As banks and other lenders of interest-bearing capital observe that their investments are not going to achieve a sufficient return to make them worthwhile, they cut off loans (credit). The system goes through a kind of heart attack.

WP: So, the Credit Crunch is not just a crisis of finance but a crisis of the real economy?

Exactly. The credit crunch is an expression of a deep crisis in the ‘real economy’ i.e. in productive capital. In turn, it aggravates and progresses the trend to crisis.

If there were no underlying trend towards falling profits in industry and falling real incomes of workers, the credit crunch would never have happened in the first place, because banks would still be anticipating sufficient profits from

their loans to companies and individuals. The credit crunch is both a response to this deep contradiction in the real economy, and a factor that accelerates crisis. The withdrawal of loans by lenders will speed up the decline in the real economy, companies will go bust. More workers will reduce their spending, deepening the recession.

WP: You say the crisis is caused by a trend for profits to fall. Why does this happen?

It’s built in to the very nature of capitalism. Marxists argue that profit is derived from the unpaid labour of the working class. All commodities – everything that is sold on the market – have a value defined by the average length of working time it takes people to produce it. That goes for the commodity workers sell too: our labour power, our ability to work.

If value is ‘the average length of working time it takes people to produce it’, then the value of our labour power must be the value of the food, fuel, housing and other

basic things we consume to keep us alive to get back to work the next day able to do a day’s labour. But that value – which we are paid in wages – is less than the value of the goods we produce. The capitalist pockets the difference.

That means workers are exploited even though we are paid the value of our labour power. The capitalist pockets the difference between that and the value of the goods we produce. This surplus value is the source of all profit.

To maximise profits, capitalists constantly bring in machinery and new technology to speed up how we produce goods and services. This reduces the part of the working day that covers off the cost of keeping us alive, and raises the proportion of the day that creates surplus value or profit. That boosts the mass of profit, but has another critical effect.

Capitalists invest in both labour and machinery – but it is only unpaid labour that produces profit. If the proportion of the capitalists’ spending that goes on living labour is reduced in proportion to

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the part that goes on machinery, buildings and raw materials, then even if the mass of profit rises, the rate of profit will fall. As Marx explains in his Grundrisse (which is an analysis of the credit crunch of 1857-58) and in Capital, ultimately in the course of the economic cycle this translates into a fall in the mass of profit. This gives rise to crises of profitability of the type that eventually result in violent disruptions like the credit crunch.

WP: If that's true, then why isn't capitalism always in crisis? How do capitalists make a profit at all?

There are many factors that slow, postpone and offset the tendency for the rate of profit to fall. Anything that raises the mass of profits by increasing the level of exploitation of workers will do this: like poverty pay, offshoring to low wage economies, casualisation and so on. Also cheap food and housing will have the same effect, as will lowering the price of machinery and raw materials.

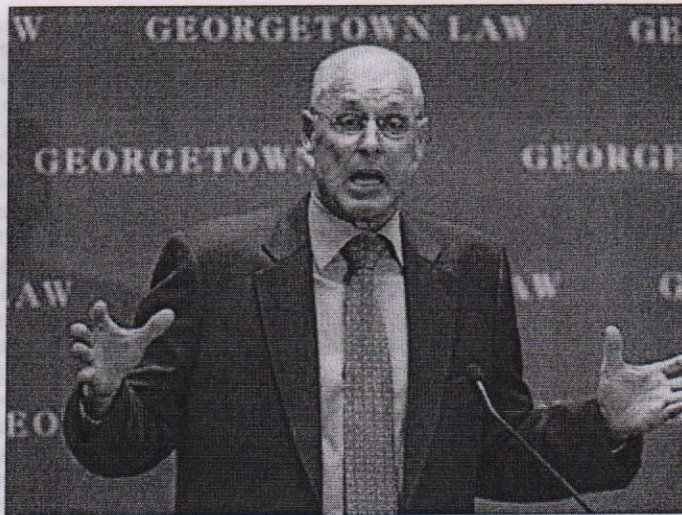
But none of these factors will stop the tendency of the rate of profit to fall indefinitely. Profit rates will come under pressure during the course of the typical capitalist business cycle. When a large number of companies need to refinance themselves and find that their profitability is reduced, banks will be less inclined to lend to them, causing a crisis.

WP: What is the role of the crisis in the capitalist cycle?

The crisis destroys capital. That way capitalists that have more capital than they can invest at a sufficient rate of return find themselves back in a position where their capital can achieve a higher rate of profit. By throwing millions out of work and smashing excess productive capacity, values plummet and demand falls. Then the richest capitalists that survive the crisis can take advantage of the situation to buy things up on the cheap, and the cycle can resume again in a new recovery phase. Examples of devaluation include stock market falls, inflation (which devalues money and wages), factory closures, withdrawal of loans and so on.

WP: When will this crisis come to an end?

It is not possible to calculate this with any degree of accuracy because it depends on political



Henry Paulson, ex-chair of Goldman Sachs and on the board of the International Monetary Fund, fought hard for a bail out plan

struggle – struggle between classes, between commercial interests and between states.

The upward phase of the industrial cycle can be predicted with a reasonable degree of accuracy because, as Marx explains, it is shaped by concrete factors (he speaks of the turnover time of fixed capital, which governs the period over which the main body of capital investment in fixed capital like buildings and machinery will need to be replaced).

This tends to come up for refinancing at the same time in a large number of cases because many such investments will be made at the point in the cycle when assets are at their cheapest, i.e. directly after a crash. So the upward phase of the cycle tends to have a duration of roughly predictable length – about seven to 10 years on average.

But the length of the crisis phase in which credit is suspended and the system goes through one of its heart attacks, and of the subsequent inevitable phase in which overaccumulated capital is violently devalued (the recession) is however not possible to calculate in terms of time. It depends on how successful the capitalists are in making one another – and of course in making the working class – bear the burden of the devaluation.

That is not to say we know nothing at all about the future of this crisis. While we don't know how long it will be, it is clear that it will be deep and very severe.

WP: Why do you say that?

Because the last downturn did not do its job of destroying overaccumulated capital to anything like the degree required to establish a lasting expansionary equilib-

rium in global capitalism. The mild recession of 2000-2001 was so short and shallow because the USA extended credit on a massive scale and – through very sharp interest rate cuts – succeeded in boosting investment and generating a huge credit fuelled boom. This was especially obvious in the housing boom (remember that – it's not so long ago that everyone thought house prices would never come down) but was key to all aspects of economic expansion in Britain and America in the 2003-2006 period.

WP: So why can't the capitalists do that again?

The expansion of credit and sharp interest rate cuts were possible because their normal effect of causing runaway inflation was powerfully offset by the expansion of production in China, India and other underdeveloped countries, which had a global deflationary effect at first. But as capitalist development has taken root in those countries that effect has worn off. Now they are aggravating inflation. The central banks can't just cut interest rates to the bone and hope that it will boost investment. The only way capitalism can re-establish the conditions for its next boom is to go through a severe recession.

Some, like Keith Harvey and Bill Jefferies of the magazine *Permanent Revolution*, imagined that the growth of China meant that the world economy would not go through a really serious crisis until around 2015, because its cheap labour economy would offset and postpone the tendency of the rate of profit to fall on a world scale.

First they said there would not be a major credit crunch. Then they said the credit crunch was over,

then that it would not lead to a recession, then that it wouldn't be a major recession, then that ok, it might be pretty bad but at least it wouldn't be as bad as the Great Depression.

Jefferies even recently said the nationalisation of Fannie Mae and Freddie Mac – and even the Paulson Plan – could bring the credit crunch to an end. Admittedly Harvey has recently changed his tune, though unfortunately without acknowledging his error.

Sharp falls in profits in the USA and the return of global inflation have put paid to this illusion. Harvey and Jefferies forgot that the contradictions of capitalist development would apply in China too, and that its initial deflationary impact on the world economy would come to an end sooner rather than later.

The whole sorry episode illustrates the importance for Marxists of avoiding schematic thinking. Our task is not to set up a fixed prediction and interpret every development as "proof" that we are right, but to explain real developments with the aim of guiding working class resistance.

WP: What conclusions should we draw from the Marxist analysis of the world economic crisis?

That we are entering a change of rapid change. The whole landscape of the period we have come to call Globalisation is changing. US hegemony is massively undermined, while trade and financial liberalisation may have reached its limits. Understanding the extent and nature of these changes is the key question we now face.

Capitalism's obvious failure creates massive opportunities for anti-capitalists worldwide. But if we limit ourselves to propaganda about the failure of the system we will miss the boat. Why? Because millions of people feel the pinch and want action: they will look to organised forces that promise action.

So we have to go beyond theory and anticapitalist propaganda and create real strong fighting political organisations that promote mass action, prove their strength in struggle, and connect in a practical way the fight to prevent workers paying the price of the crisis with the fight to make the bosses pay for it: which means revolution and socialism.

The system is showing that its own contradictions doom it to collapse and destruction. But it won't die of its own accord. That is the job of real people. It is our responsibility.

RACISM IN AMERICA

The oppression of black people in the USA today

Despite the selection of Barack Obama as the Democratic Party candidate, the oppression of black people remains a grim reality in the USA today. *Kam Kumar* looks at its sheer scale and asks how it can be ended

The systematic oppression of black Americans is deeply embedded in the fabric of US society. In a nation made up of immigrants, blacks were the ones brought there forcibly and kept as slaves for 150 years. Although racism afflicts many ethnic groups, that of black people is “justified” by a racist ideology derived from slavery and the hundred year old apartheid system of Jim Crow, which insists on their inferiority to whites. Though officially hidden today, it underpins the horrific inequality in education, employment, housing, healthcare, and levels of poverty dividing black and white Americans.

A 2008 report by the National Urban League (*Annual Report on Socio-economic Conditions in Black America*), which investigates the realities faced by black citizens, has uncovered some brutal facts. It finds that there is still indisputable evidence that the criminal justice system is pitted against young black men, and systematically criminalises them.

For example, blacks who are arrested are seven times more likely to be imprisoned than whites; they are sentenced to death four times more often than whites, and the average prison sentence is 10 months longer for black men than for white men. In addition 98 per cent of District Attorneys, those responsible for initiating prosecutions, are white and black jurors are challenged far more than whites.

Black Americans make up 12.2 per cent of the American population, but black men under 25 years of age are 15 times more likely to die by murder than white men. Black men make up 48 per cent of those on death row. Of the two million people imprisoned in the US, one million are black. Yet blacks are still 20 times more likely than whites to be a victim of hate crime.

The US legal system uses systematic racist techniques to convict and sentence blacks. The death penalty is racist. An in-depth study by researchers, ‘Prison Nation: the Warehousing of America’s Poor’, found that whether someone is given the death penalty is down to the quality of legal defence, not the facts of the crime. Most of those on death row could not afford their own lawyer. So the death penalty is also a class issue - there are no rich people on death row.

The National Urban League also finds:
 • More than 80,000 Black Americans die every year due to lack of health insurance
 • Black people are less likely to own their own home than any other ethnic group
 • Black women are five to six times more

likely to receive sub prime mortgages than white males

- Blacks people are three times more likely to receive higher rate mortgage loans (54.7 per cent of blacks compared to 17.2 per cent of whites)
- 25 percent of the black population live below the poverty line, and of those under the ages of 18, 33.5 per cent live in poverty.

These are just some examples of the horrific inequality black people face in the USA, not to mention the racism that also works on unconscious levels, racism which exists in the work-

Blacks who are arrested are seven times more likely to be imprisoned than whites; they are sentenced to death four times more often

place, in social relations, and in the education system.

As the whole world saw in 2006, when Hurricane Katrina hit New Orleans, in the richest country on earth the black and poor inhabitants were left to save themselves or drown. Hungry survivors were shot at when they took food from abandoned shops.

And two whole years after Katrina, tens of thousands of its victims are still awaiting permanent housing (UN Committee on the Elimination of Racial Discrimination). New housing projects which were promised by the government simply are not being built. Public housing for low-income families is being demolished to make way for new private housing, and rents on existing homes are being raised.

On average Black male fulltime workers earn only 72 per cent of the earnings of their white class brothers. For women, the comparable ratio is 85 percent. In boom and recession alike, black unemployment is double the white rate. In the 40 years since Martin Luther King was assassinated, the income disparity between blacks and whites has narrowed by only three cents in the

dollar. In a country with very little public housing, black homeownership is only 47 per cent compared with 75 per cent for whites. In 2005 the median per capita income was \$16,629 for blacks and \$28,946 for whites. At this rate it would take another 537 years to reach income equality. But if Democrats and Republicans keep on demolishing welfare programmes, this snail’s pace improvement will go into reverse. (All figures from: *Race and Extreme Inequality* by Dedrick Muhammad in *The Nation*, June 11, 2008)

It’s not surprising that Barack Obama declared in March this year that “race is an issue that I believe this nation cannot afford to ignore” and spoke of the racial divide between black and white which he hoped to overcome. But what is he actually promising to do for African-Americans?

Obama’s manifesto, Blueprint for Change, contains some positive measures such as providing support for ex-offenders including mental health counselling, job training, and re-integration. Non-violent offenders on drugs charges will be sent to rehabilitation centres instead of to prisons. However these measures are really only sticking plasters on the gaping wounds of racism. There is in Obama’s programme nothing like a strategy to lift black people out of poverty, find equally paid jobs for the unemployed and stop police and legal harassment.

It will take more than the election of a black president to do this. Indeed the candidate of a capitalist and imperialist party like the Democrats is bound to fail to meet the hopes of African Americans.

Socialists want to address this burning question. We must overcome the divisions between white, Latino and black workers and weld them into an organised force, a party which puts to the forefront of its struggle the ending of black oppression and exploitation. In general white Americans of all classes are privileged in relation to black people. Nevertheless white workers, especially the poorer majority, are much less privileged than the middle class. Poor whites are also sidelined and exploited, patronised and abused, which can lead to a clear need for solidarity between poorer black and white workers. Especially in the present period, when the failure of capitalism is being brought home painfully to the great majority of Americans, a revolutionary socialist party can unite the fragmented working class and raise once more the banner of a socialist America, free from poverty, oppression, inequality and racism.

EUROPEAN LEFT

Obama and McCain face dilemma over backing for Wall Street

The financial meltdown has boosted Barack Obama's standing in the opinion polls, as millions of ordinary Americans are furious at the \$700 billion bail out. *Andy Yorke* looks at the contradictions in the Democrats rush to save US capitalism

A month ago Barack Obama looked like he had lost his once apparently solid lead over John McCain. McCain's appointment of Sarah Palin, a headline member of the Christian Right, had trumped Obama's triumphalist rally at the party conventions. This choice played well to the reactionary mass base of the Republic party that feared McCain was "too liberal" on issues like abortion. With Palin's appointment McCain's popularity immediately surged, closing the gap with Obama till he was neck-to-neck with the Ohio senator.

At the same time Obama moved to the right on a series of issues – civil liberties, Iraq, Afghanistan, healthcare, and so on – while saying little about any real, radical plans on the economic crisis that would make him different to the Republicans. He declared on CNBC "I am a pro-growth, free-market guy. I love the market." Such was Obama's retreats in the opinion polls, commentators began to point to the John Kerry debacle in 2004 where an unpopular Bush won a secure majority, after the Democrats "triangulated" themselves into looking no different from the Republicans.

But then, on the 7th September, the titans of US finance went to the wall.

Working class misery index skyrockets

American workers and large swathes of the middle class are already reeling from the burst housing bubble and slowing economy. House repossessions, unemployment, and prices are all rising. Anger and disillusion with the government and despair over the future are at record levels too.

Polls show that this should favour Obama. 50 per cent called the economy and jobs the single most important issue that will determine their vote (up from only 37 per cent two weeks before). The same poll showed that a plummet-



Obama and McCain at their first televised debate

ing minority (9 per cent) cited the Iraq war as their most important issue. A rising number of voters believe Obama is the best candidate to handle the economy's problems (53 per cent to 39 per cent for McCain, Sept 24 Washington Post-ABC poll).

Figures from the US Bureau of Labour Statistics (BLS) show that over the past 12 months, the number unemployed has risen by 2.2 million to 9.4 million, and the unemployment rate has risen to 6.1 per cent. In reality, many more are just getting by on part-time jobs. For black Americans unemployment hit 10.6 per cent, for teenagers 18.9 per cent (5 Sept BLS). "That screams recession" according to John Ryding at RDQ Economics.

The housing crisis has meant job losses in construction total some 558,000 since January 2007. The BLS also charts layoffs involving 50 workers or more are increasing and at their highest rate since 2003, with manufacturing responsible for nearly a third of them. Big manufacturers such as Whirlpool appliances, IT giants Dell and Hewlett-Packard, car part manufacturers such as DMAX, all report plummet-

ing consumer demand and soaring inflation in the costs of raw materials such as steel and oil. Wholesale prices are rising at the fastest pace in 27 years, and will feed through into price hikes on store shelves and for US exports.

US workers also face the worst housing slump since the 1930s with prices for homes in 20 US metropolitan areas falling by 15.9 per cent in the last year. Repossessions rose by 55 per cent from last year. While millions facing losing their homes, millions more cannot afford a mortgage and 3.9 million family homes remain unsold – the most since 1982.

The "misery index" (inflation rate + unemployment rate) has risen to 11.47 per cent August 2008 – the highest monthly rate since the depths of recession in 1991. The number of people saying their household's financial situation was getting worse rose to over half (55 per cent June, 61 per cent July, ARG) over the summer.

No wonder McCain is seen as out of touch when Phil Gramm, his chief economic adviser, was forced to resign after he said that Americans were "winners" in a "mental" recession!

Bill Clinton won the 1992 for the Democrats by pointing to the growing recession with the slogan "it's the economy, stupid". Obama could easily do the same as workers' fears for the future increase. Yet in his desire to prove himself loyal to the interests of his corporate backers, including those from Wall Street, he has moderated his message, refusing to play his strongest card and disappointing his supporters.

Obama and the Democrats supportbailing out the bankers

Bush and Paulson's bailout looked like highway robbery to the average US taxpayer. It caused massive anger among workers, trade unionists, the poor, but also from the insecure middle classes too. The New York Times reported that the Democrats were under massive pressure with thousands of outraged emails and phone calls from their voters. Obama was obliged to lay down four conditions, including congressional oversight and measures to limit executive pay.

But though the proposal, agreed in negotiations between the presidency and congress leaders on 29 September, did allow for the government to take equity stakes in exchange for bad assets and for some limits on executive pay, plus a few other sweeteners, in the end it was clearly a bailout for Wall Street that socialised the bankers' losses.

The Democrats eventually dropped their demands for protection for homeowners facing repossession. They dropped their proposal to save 20 per cent of any (unlikely) profits to build affordable houses. In the eye of the storm Obama even talked about keeping "King Henry" Paulson on board as his Treasury Secretary! Indeed the so-called "progressive" Democrats supported this outrageous deal with even greater eagerness than the Republicans. The pressures on them from their constituents, within eight weeks of congressional elections, was simply too great. Both parties tried to on the one



Thousand-strong union Wall St demo against the bail out package

hand avoid responsibility for torpedoing the deal and on the other responsibility for its gross unpopularity. Thus the House rejected the bailout by 238 to 205, with 60 percent of Democrat Representatives voting for it and 67 percent of the Republicans voting against it. As we go to press its fate is still uncertain. Will an even greater Wall Street crash be needed to

The most insulting thing is the golden parachutes where these jackals from Fannie and Freddie, having destroyed the company, walked away with millions.... It all comes down to greed

force the legislators to re-vote it, substantially as it is, or will legislators have to include major concessions - to help the distressed home owners at least - in order to appease their angry voters?

The most violent opposition to the deal came in fact from Republicans who declared the plan violated their neoliberal principles. One representative even described it as "socialism for the financial sector" and "un-American". On the other side the Democrats were busy signalling that if Obama is elected in November, even the very limited, often market-based social programmes he was putting forward would have to be scrapped. Obama rushed to say as much:

"Does that mean that I can do everything that I've called for in this campaign right away, probably not. I think that we are going to have to phase it in. A lot of it is going to depend on what our tax revenues look like."

He has also stated that he will go through the federal budget "line by line" to cut out unnecessary programmes and impose efficiencies on those that are kept. This sounds like a vote winner against Congressional "pork barrel" politics and corruption, but this double-edged phrase also has a different "dog-whistle" message for the rich and the Wall Street backers: Obama will be a fiscally responsible Democrat who, like Bill Clinton, who cut the federal budget deficit by slashing public projects and social programmes.

Trillion dollar bailout, trillion dollar war, billion dollar election

In the first debate between Obama and McCain in Oxford Mississippi on 26 September many commentators were struck by how little Obama had to say on the economy - except that he would sacrifice spending plans if necessary, though he did say health and education reforms were too important to cut. McCain also floated a spending freeze but without committing himself to what exactly would be cut. Hardly a massive difference.

But amazingly McCain managed to take the offensive over Iraq, which he described as "the central issue of our time". Obama let McCain put him on the back foot, even agreeing with McCain so many times that the McCain campaign were able to make a Youtube spoof video 'proving' Obama supported McCain's war-monger values.

Instead of playing the antiwar candidate Obama appeared the young hawk. He demanded sanctions and "tough diplomacy" for Iran, whose "terrorist" revolu-

tionary guards' bid for nuclear weapons, he said, had grown with Bush's failed policies. The US needed missile defence systems like those Bush is encircling Russia with. He repeated his calls for going after Al Qaeda in Pakistan, as Bush is now doing.

Already the election costs have topped more than \$1.2 billion. Obama raised an unprecedented \$66 million in August and overall has raised \$456 million, while his McCain has only brought in \$218 million - albeit he was doing much worse before campaign contributions leapt forward with the Sarah Palin nomination. Obama leads in every sector of industry, especially Wall Street, with McCain only getting more contributions from three business sectors, agribusiness, construction and oil.

Obama is clearly the candidate of financial capital and the bulk of the US ruling class.

However he has also successfully won the support of the unions, the anti-war movement, black organisations and the immigrant rights movement on the basis of the promise of a "historic candidacy" and the chance to realign politics for good. Obama has to balance this contradiction between the support he has mobilised from these popular forces with the Democrats' historical commitment to American capitalism. His actions as the crisis has unfolded illustrate that he works on the classic Democrat maxim: no real harm would be done to the strategic interests of the titans of finance and industry.

America will continue - whether Obama or McCain win - to plunder the world with its huge military aggressively enforcing its hegemony. While, at home, a Democrat or Republican presidency will make the working class pay the costs of a crisis it did nothing to cause. Obama disguises his basic agreement with the Republicans on the economy with using a litany of phrases and change and popular mobilisation from below. But the black organisations, the trade unions and immigrant groups need to prepare to be let down, and organise to fight an Obama administration to win their demands.

The anti-war movement, the recovery in union strength, the mass immigrant movement, and, most recently, the outbreaks in popular anger and protests over the Wall Street bail out, all point to the opportunities for real change in the United States. But change will not come through the Democratic party - an historic party of the American ruling class that has never governed in the interests of the workers.

American workers need their own party. In every movement mobilising for resistance to the attacks flowing from the economic crisis, socialists must raise this simple but essential demand. But as capitalism proves that it is a bankrupt system, now more than ever American workers need to fight for socialist goals. We need to develop a set of goals for our struggles - a programme of action - that links the day-to-day resistance, to the goals of revolution and socialism.

BOLIVIA

“We aren’t going to wait” - Bolivian workers and peasants confront the right

Dave Stockton looks at how the Bolivian extreme right, who since late August have launched a creeping coup d'état, can be stopped and how the present revolutionary situation can be transformed into a victorious revolution

As we go to press some 20,000 miners, peasants and cococaleros are marching on Santa Cruz, the centre of the Bolivian Right's attempt to seize complete control of the country's vast natural resources. The marchers' declared objective is to retake control of the government buildings, press and TV stations which had been seized by the Right over the past month.

The marchers aim to first cut off Santa Cruz, with road blockades at strategic points, and then march into the city. Their central demands are the resignation of the prefect of Santa Cruz, Rubén Costas, and the arrest of Branko Marinkovich, a large landowner and industrialist of Croatian origin. These are the two key leaders of the Santa Cruz Civic Committee - the vipers' nest of the Right in Bolivia.

Joel Guarachi, the head of the National Confederation of Peasant Workers, claims as many as 600,000 protesters are on the move throughout the Santa Cruz department as a whole. Whilst he has said that the occupation of the city will be peaceful this is not something that can be decided by one side. And so far the Right have been far from peaceful when dealing with unarmed demonstrators.

On 11 September when peasants from the community of El Porvenir were marching to Cobiya, the departmental capital of Pando, to protest the sacking of government offices by the right-wing mobs they were suddenly ambushed by a paramilitary force with machine guns, the result was 15 dead, 37 injured. But 106 marchers are currently unaccounted for. Only after this massacre, which caused uproar in Bolivia and indeed across South America, did Morales finally pluck up the courage to declare a state

of emergency in Pando, send in the army, and order the arrest of the governor, Leopoldo Fernández.

But now the mass forces of workers and peasants are marching on Santa Cruz, President Evo Morales has once again expressed his hostility to mass initiatives, by the workers and social movements, though they are the only reliable support for his government and its measures, to appropriate the country's riches for the poor. It is self-organised action he fears, quite as much or more than, he fears the Right.

In a press conference in Cochabamba he expressed his opposition to the march:

“It frightens me because they say they will march until the prefect resigns. I don't agree with it, and it scares me.” In Cochabamba Morales is once more in deep negotiations with the Opposition. There too thousands of demonstrators have occupied the streets, to pressure the President not to make any more concessions to the Right.

Fidel Surco, head of the National Coordination for Change, a coalition of social movements broadly supportive of Morales' Movement Towards Socialism (MAS) is also plainly becoming impatient: “We aren't going to wait any longer! We know that the prefects are simply stalling so that no accords are reached.”

Morales also expelled the US ambassador, Philip Goldberg. This was a long overdue action since the US embassy has throughout been a centre for organising the right wing offensive. Starting on 25 August, Goldberg in person held a series of private meetings with the chiefs of the secessionist movements in the Media Luna, the half-moon of western lowland provinces that contain the country's natural resources but only a minority of its population.

How did the Right's creeping coup develop?

On 10 August Morales, was once again given a massive vote of confidence by 70 per cent of the people in the recall referendum. On 29 August, indigenous peasant and working-class supporters of Morales' party, the Movement to Socialism, (MAS) tried to hold a peaceful celebration of the victory in the Plaza 24 de Septiembre, in the centre of the city of Santa Cruz, the bastion of the Right. A force of thugs organised by the Unión Juvenil Cruceñista (Santa Cruz Youth Union, or UJC), promptly set upon them with sticks and whips.

The bourgeois daily *La Prensa*, records a UJC speaker before the attack shouting: “We don't want this damned race in our territory” and “Indians return to your lands.” Women wearing the traditional indigenous pollera, or layered skirt, were subjected to beatings and racist taunts. One UJC leader, Amelia Dimitri, was pictured on a YouTube video clip whipping an indigenous woman wearing a pollera.

In the following two weeks, right-wing mobs began committing acts of great brutality against the indigenous population of “their provinces” – not just against the activists of the MAS and trade union, indigenist and peasant organisations, but against ordinary people in the streets, against markets and districts where the population is “indian”, i.e. not “white”.

On 9 September, the UJC thugs, using Molotov cocktails, broke into and looted the offices of the National Tax Services (SIN) of the recently re-nationalised telecom company ENTEL and the National Agrarian Reform Institute (INRA). The soldiers and police guarding these institutions were forbidden

to open fire, despite coming under prolonged attack and suffering severe injuries themselves.

In the next few days, all the agencies of news media independent of the secessionists were closed down by such violent attacks. Similar actions have taken place in the other secessionist departments: Beni, Tarija and Pando, plus the city of Sucre, organised by equivalent gangs to the UJC. Buildings owned by indigenous organisations and human rights NGOs have been looted and homes of trade union leaders firebombed.

Nevertheless, there has been heroic resistance to the fascistic mobs, even in the Santa Cruz region. In the Plan 3000 neighbourhood, the people fought the UJC and eventually chased them out of their streets.

In Tarija, which produces some 82 percent of Bolivia's natural gas, the right-wing secessionist gangs took over the offices of the Superintendent of Hydrocarbons. On 10 September, the leader of the civic committee, Nelson Valdez, told the media that, unless the government recognised the autonomy of Tarija, it would secede from the country and boasted that the civic committees were ready for a civil war. “We want civil war and will have civil war,” he bragged.

The counterrevolutionary uprising was masterminded by the Consejo Nacional Democrático (National Democratic Council, CONALDE) which brings together the prefectures and civic committees of Santa Cruz, Beni, Pando, Tarija, and the city of Sucre. These forces are determined either to drive Morales and the MAS government from power, or else to secede from Bolivia, taking nearly all the country's gas and oil reserves, and the richest agricultural land, with them.

Thus Podemos and the civic com-



Supporters of the MAS march towards Santa Cruz

mittees and governors began to establish dual power in the country with most of the departments of Santa Cruz, Tarija, Beni, and Pando, and urban areas of Chuquisca, particularly the departmental capital of Sucre, in their hands. Their leaders talked openly of secession and civil war.

They were encouraged by the delays and hesitation by Morales and his government, refusing to declare a state of emergency and ordering the police and army, even whilst under violent attack, not to open fire. "We are not going to declare a state of emergency," stated Vice-Minister of Social Movements, Sacha Llorenti. "We are not going to succumb to the provocation."

Armed forces

Throughout the crisis the position of the Bolivian armed forces, more specifically its High Command, has been to remain passive, despite the seriousness of the violent assaults on soldiers and policemen by the fascist youth leagues. Only a statement from the Venezuelan President, Hugo Chavez, that he would give military support to Morales if there were moves to overthrow him, provoked the Commander in Chief, General Luis Trigo, into a statement. With studied ambiguity he proclaimed:

"We warn that we will not any more tolerate the actions of violent radical groups that are only leading to confrontation between Bolivians, causing pain and mourning among brothers, and preying against national security." He added that the mobilisation of troops, material and military equipment was strictly due to the carrying out of military operations to ensure internal order and will not be used against the people. Only in extreme cases will troops be employed to ensure internal order

What is to be done?

The Morales government is effectively leaving the indigenous and peasant movements

and the trade unions of the seceding provinces to face the fascist mobs unarmed, without any assistance of the state forces

Morales' entire policy is to continue to offer negotiations to the Right and to call yet further referendums in the belief that democratic mandates will eventually win them or their supporters over. This is nonsense. Such delaying and evident weakness has encouraged their defiance, time and again. They have effectively declared a civil war against the popular majority. The only thing to do now is to win that civil war, to crush the Right and impose the reforms the masses have been calling for five years or more.

Given the mass support Morales has, it is correct, indeed essential, to demand that he acts against the secessionists. If he is driven to mobilise the army and the police against the Right, he must be supported, though in such mobilisations everything must be done to win over the rank and file soldiers to the side of the workers and peasants and to prevent sabotage and betrayal by the High Command. Above all, a central demand on Morales must be to arm the workers' and peasants' militias.

But, though it is correct to make such calls on Morales, it would be the height of folly to depend upon him. The mass organisations of the Bolivian workers, peasants, and the indigenous communities must take the lead themselves. They must create an alternative leadership, answerable to the masses.

In Santa Cruz, there have been calls in the Plan 3000 neighbourhood to start to organise the response of the masses against the fascist gangs of the UJC. The COB (Central Obrera Boliviana - the union federation) and the departmental union bodies, the CODs, the Miners' union the FSTMB, the factory workers' and teachers' unions, the community councils like the Fejuve of El Alto, all need to take a

lead in calling a *cabildo abierto* (mass assembly). They in turn should elect committees or councils of delegates made up of the most trusted and bold fighters, men and women, to plan and direct the movement against the Right.

At the top of their agenda should be the formation or strengthening of mass militias and obtaining supplies of weapons by approaching the army barracks and police stations with requests to rank and file soldiers and NCOs to help them to defend the people and to crush the secessionists. The soldiers themselves should be encouraged to hold mass meetings, elect committees and exercise surveillance over the actions of their officers and commanders. The armed forces need to be sent to the relief of the embattled popular forces in the secessionist provinces and cities.

Beyond the response to the present crisis it is, above all, urgent that the working class and poor peasant forces, particularly the vanguard militants of the unions, come to together and unite in what they have frequently discussed, a "political instrument." Indeed, to avoid all doublespeak or evasion, it must be a revolutionary political party. Morales and the MAS, who are left populists at best, will never take the power and the property away from the oligarchy.

Even if the mass mobilisations succeed in crush the secessionists today, Morales in the name of democracy will preserve the core of their property and protect their state and its high command, the Senate, High Court, its bureaucracy etc. What is needed is a democracy superior to any capitalist republic, a workers and poor peasants' democracy. But such a democracy will have to act as a dictatorship against the exploiters until their resistance is finally broken – the dictatorship of the proletariat.

ZIMBABWE

Launch a new opposition to stop the sell-out

After years of bloody repression against his opponents, President Mugabe has agreed to share power with Morgan Tsvangirai's MDC. Will the deal stick, asks *Keith Spencer*?

Robert Mugabe has gone to the United Nations with the Movement for Democratic Change to ask for the lifting of sanctions and with requests for aid to help Zimbabwe out of the catastrophic economic crisis which his own mismanagement and corruption and the imperialist-inspired sanctions have inflicted on the country.

The deal – brokered by Thabo Mbeki, recently ousted from the South African presidency – promises the MDC the post of Prime Minister and key cabinet positions in a new government. But it has completely excluded the masses from any decisions on the country's future. More than 1,000 political prisoners are still in jail, and a neoliberal economic programme to open up the country to foreign capital is central to the deal: this despite inflation running at more than a million per cent and four out of five Zimbabweans being out of a job.

MDC head of economic policy, Eddie Cross, wants to sell off all nationalised industries within two years, while David Coltart, MP for the Mutumbara faction of the MDC (which gained 8 per cent of the vote), demands a “sale of the century” of state enterprises.

Nor is the great anti-imperialist Mugabe's Zanu-PF manifesto any better. It calls for the complete liberalisation of prices, currency and trade, the slashing of subsidies for public services, and opening up the economy to even more foreign capital. The UN, along with the voice of the South African capitalists, *The Independent*, calls for wholesale privatisation. So everyone – with the exception of the people – supports a neoliberal shock therapy in Zimbabwe, the self-same policy that mass working class action forced Robert Mugabe to abandon in the 1990s!

Mbeki shares a common history with Mugabe in the southern African liberation movements; they have known each other for



Supporters of the MDC celebrate the power sharing deal

years. But, with or without Mbeki, South Africa backs a deal because Zimbabwe – rich in natural resources, including land – is a major area of investment for South African capitalism.

Impala Platinum, Metallon, and Mmakau Mining control almost all of Zimbabwe's mining industry. Standard Bank and Shoprite dominate its banking and retail sectors. Only this year South African multinational Anglo-American announced investments of US\$400 million in the country.

Relief

South African, British and US imperialism need a stable regime, an end to sanctions and coordinated international efforts to bring down inflation. Food and aid has been promised in the short term to relieve the crisis – although, after the recent credit shocks, it must be very doubtful adequate funds will appear. It is a general rule that the promises to Africa are as inflated and valueless as the Zimbabwean dollar.

These measures may provide some desperately needed relief and convince the people for a time that the power sharing deal is the way forward. But when we look at the policies of the government and international capital, we can see that the misery will return.

Civil society organisations have rejected the deal outright. Many

of them issued a joint statement at the end of June calling for free elections under a new constitution and rejecting any power sharing agreement.

The Zimbabwean Congress of Trade Unions has pointed out that the deal fails to provide for a transitional government or a “people-led constitution” – a demand taken up by the National Constitutional Assembly, the People's Charter (which came out of a meeting of several thousand people in February), NGOs, churches, Women of Zimbabwe Arise and the International Socialist Organisation of Zimbabwe (sister organisation of the British Socialist Workers Party and the largest far left group in the country).

Many of these groups have also called for the troops to be withdrawn to their barracks and for the dismantling of all government militias (the “war veterans”) and the Joint Operations Command (which organised the violence), as well as the release of all political prisoners (estimated at about 1,500, including leaders of trade unions and women's groups).

Now is the time for these organisations, alongside the trade unions, to come together and organise resistance to the deal. They should call a national assembly to debate the burning economic and social questions, such as land

ownership and the economy. Such an assembly should adopt radical solutions, such as putting state industry under the control of workers not bureaucrats, more nationalisation not privatisation, and a huge programme of public works to mobilise the unemployed to build homes, cultivate the land, and so on.

Most importantly, the new opposition will need to build new instruments of struggle against the government, and against the imperialist backed economic policy. No one should doubt that the army and police will be mobilised to enforce the MDC and Zanu-PF's anti-working class plans. Only an all out struggle against neoliberalism and for real democratic and trade union rights can open the road to power for Zimbabwe's workers and rural poor.

A fighting opposition movement will therefore need to be rooted in similar assemblies in every locality, drawing in directly elected and recallable delegates from every workplace, neighbourhood and section of the poor, so that the struggles can be coordinated, mass actions can be defended from Zanu-PF thugs and state forces, and resistance linked to the demand for a constituent assembly.

If this deal goes through, then all the parties and imperialism will be united. Their aim will be the ever-greater exploitation of the Zimbabwean people. The misery of the past few years will return after a brief respite. However, activists can oppose the deal and take up the struggle, using rallies, demonstrations, blockades and strikes to implement a “people-led constitution” and a working class emergency programme to combat the worsening economy.

But to do this, a clean break is needed from both the fake anti-imperialism of Zanu-PF and the pro-imperialist neoliberalism of the MDC. Instead a mass revolutionary party needs to be built in Zimbabwe with the goal of forming a workers and peasants' government.

WORKERS' HISTORY

Ireland 1968: Anti-Unionist revolt begins

In the latest in our series on the dramatic events of 1968, *Bernie McAdam* looks at the events in Northern Ireland that opened a 29-year period of conflict between nationalist forces and the British state

On October 5 1968, a peaceful civil rights march, consciously modelled on the tactics of Martin Luther King's movement in the USA, was savagely attacked by the Royal Ulster Constabulary. The marchers were baton-charged and mercilessly beaten by the forces of "law and order". Amongst the injured was the West Belfast MP Gerry Fitt. The brutal attack – including pictures of the bloodied MP – was shown on television. 96 people were in need of hospital treatment. This profoundly shocked people in Britain, Ireland and around the world.

It proved the catalyst for a mass struggle by Catholics in the six counties of Northern Ireland for basic civil rights and against discrimination, one that on occasions spilled over into the Irish Republic and eventually turned into a full-scale guerrilla war.

World opinion had now been alerted to a corner of the so-called United Kingdom where the minority nationalist population were denied rights taken for granted in the rest of Britain. The reason for this was simple. The Six Counties of Northern Ireland (or Ulster as Unionists frequently call them) were excluded from the Home Rule granted to the rest of Ireland after the first Irish War of Independence (1919-21). Indeed the war was caused by Britain's refusal to recognise the result of the 1918 general election, which in Ireland had given the party of independence, Sinn Féin, an overwhelming majority.

The resulting northern statelet was created on the maximum territory that could be retained in the UK while ensuring a majority loyal to the union with Britain (hence Loyalist and Unionist). But the nationalist minority, those wishing a united Ireland, remained a majority in many areas. Regarded as disloyal by the Loyalists, they were systematically excluded from power and influence by a remarkable system of gerrymandering (changing electoral boundaries to influence electoral results), disenfranchisement and terrorising by an armed militia as well as their police (the B Specials).

Another key element of the northern statelet was the Orange Order, a mass social organisation whose aggressive marches through nationalist areas were aimed to keep their inhabitants in a state of intimidation and fear. At the same time illegal organisations like the Ulster Volunteer Force, founded in 1966, used terrorist methods against the minority population. The northern state was born in bloodshed



with ever-present pogroms against Catholic areas or expulsions of Catholic workers from their jobs, like the Catholic shipyard workers at Harland and Wolff and in other engineering works that were driven out in 1920. It was a prison house for Catholics faced with massive local paramilitary and sectarian forces as well as an array of repressive legislation directed at them.

South African Apartheid Minister for Justice Vorster famously commented when introducing a Coercion Bill in the South African Parliament that he would be willing "to exchange all the legislation of that sort for one clause of the Northern Ireland Special Powers Act".

In many ways, outside of the southern states of USA and South Africa, nothing like it existed in a "western democracy."

Michael Farrell, an early leader of the movement for civil rights, explains "Unionist control of local government even in Nationalist areas, could deprive Catholics of jobs and houses and give local Unionist or Orange bosses a powerful source of patronage to use to keep their Protestant supporters loyal". (*Northern Ireland: The Orange State 1976*)

The sectarian nature of the Northern state was expressed in many ways but the initial focus for the October march was housing discrimina-

tion. Added to this was the restricted franchise for local elections as this was based on property qualifications; hence NICRA's demand "one man one vote". Probably the best example of discrimination of all, where gerrymandering was as clear as day, was in Derry. In 1966 the adult population of Derry was 30,376 with 20,102 Catholics and 10,274 Protestants but the City Corporation was Unionist-controlled.

The Northern Ireland Civil Rights Association (NICRA) had already organised protests since its formation in 1966-67. Its call for a march in Derry outraged local Unionists not used to seeing Catholics parading within the walled City. Threats of counter marches by the Orange Order and the Apprentice Boys of Derry provided the Stormont government's excuse to ban all demonstrations.

The moderate NICRA had to be pushed into defying the ban by the more radical Housing Action Committee with Young Socialists like Eamonn McCann involved. On October 5 around 2000 marchers set off and after a short distance were stopped by the RUC and then batoned savagely. A wave of revulsion swept Ireland and indeed the rest of the UK.

In Derry, as a consequence of the RUC raids into the nationalist areas, a few barricades had gone up that night and the first petrol bombs

IRELAND 1968: ANTI-UNIONIST REVOLT BEGINS

were thrown. A Citizens' Action Committee (CAC) had been set up by middle class elements like John Hume and Ivan Cooper, aiming to defuse the situation. The activists of the Housing Action Committee (HAC) dissolved themselves into this body grudgingly but unfortunately with no tactics to develop independent action and organisation.

Mass protests spread

Another important development was the setting up of Peoples' Democracy (PD) in Queens University Belfast directly after the Derry march. Early leaders included Michael Farrell and Bernadette Devlin, and around them gathered radical students with an enthusiasm for the direct action they had seen taking place around the world in 1968. They too adopted a civil rights charter with additional demands on house building and jobs but nothing which addressed the national question (the partition of Ireland) and little on the struggle of workers in for higher wages and jobs, let alone socialism.

Mass demonstrations occurred throughout the six counties in the aftermath of Derry. Prime Minister Terence O'Neil, supposedly a liberal and a reformer in Unionist terms, made some concessions like accepting a points system for housing allocation but still made no movement on the local government franchise. Tensions increased as the anti-Catholic loyalist firebrand the Reverend Ian Paisley organised provocative counter marches. NICRA and the Derry CAC controlled and led most marches but called a truce for a period, with no activities planned until 11 January 1969. PD quite rightly ignored this and organised a small march across the six counties from Belfast to Derry.

By the time the marchers had arrived in Derry on Jan 4 they had been battered and bloodied by loyalist ambushes with RUC connivance with a particularly bloody assault at Burntollet bridge. The rousing welcome from the people of Derry gave way to a police invasion of the Bogside, the principle nationalist area, where doors and windows were smashed. The Bogside was furious, barricades were built to exclude the RUC, and "Free Derry" was born. The police were kept out for a week! Eventually the moderate CAC persuaded people to take down the barricades.

Mass mobilisations continued in the early months of 1969 for housing and electoral reform and for an end to increasing state repression. In the Stormont general election in February civil rights campaigners including PD received good votes with old style Nationalist Party candidates doing badly. On the Unionist side hard liners were increasing their support as against O'Neil's supporters. The Unionist monolith was cracking!

Catholic youths confronted sectarian state forces. Battle of the Bogside, 1969



On 17 April, 22 year old student and PD activist Bernadette Devlin won a by-election for the Westminster parliament seat for Mid-Ulster. On 22 April O'Neil had accepted "one man one vote". Within a week he had resigned as prime minister. As James Chichester-Clark took over from him, NICRA once again emphasised conciliation above direct action, appealing to the minority population to give the new government "a chance".

Battle of Bogside

The new prime minister enjoyed the briefest of honeymoons. Soon the clashes between nationalists and the hated RUC resumed. Loyalist marches take place in their hundreds every year and have always been "supremacist" in that they celebrate and flaunt their power over Catholics and even insist on provocatively marching through nationalist areas. The Apprentice Boys parade in Derry on 12 August was no different and widely viewed as a potentially decisive clash.

At the end of July the Derry Republican Club convened a "Derry Citizens' Defence Association" (DCDA) to protect the area against attack. On 12 August, after skirmishes between nationalist youths and loyalists, the RUC moved into the Bogside in force. The ensuing battle raged for three days. Petrol bombs hurled from High Flats in Rossville Street made it impossible for the police to get by.

The police were eventually exhausted,

defeated and demoralised. The notorious B-Specials were mobilised but the British Labour government decided against their use and British troops moved in as "peacekeepers". The troops kept their distance and the DCDA presided over a no go area. The fighting stopped and the Bogside knew they had won – for now.

Belfast burns

Enraged by their defeat in Derry the Northern state's forces and their paramilitary gangs launched a sustained attack on Belfast's Catholic areas. Barricades were rapidly built as the nationalist communities faced a far more dangerous situation than in Derry, given their minority position within the city. On 14 August loyalist mobs surged towards the Falls Road area attacking and burning houses. Their aim was clearly what today would be called "ethnic cleansing" or in older terminology – a pogrom. The fully armed B-Specials were among the attackers. The RUC with their armoured cars fitted with Browning heavy machine guns fired into the Divis Flats killing a nine year old.

By the time British troops were called out around 1800 people had fled their homes, 80 per cent of them Catholic, over 200 Catholic homes had been burnt down and 8 Catholics had been killed. The Irish Republican Army (IRA) of the time had a small number of members and few weapons, but they did drive off loyalist mobs, killing one Protestant. In Belfast

the Central Citizens Defence Committee took over the task of defending Catholic areas with republicans playing a prominent part but soon to be eclipsed by clergy and businessmen. Barricades were then pulled down and no-go areas reclaimed by the state, as in Derry.

Thus within a year of the civil rights march in Derry, NICRA and CAC had been overtaken by events. The call for elementary democratic rights and equality had been met by the iron fist of the northern state. Effectively Loyalism, through its state, had said: "you will not take away our privileges without a full-scale war". And so it was to be.

The burning need for self-defence and the inability to secure real reforms had moved the struggle on. The long dormant volcano of the unresolved national question had erupted with a violence that took everybody, not least the civil rights movement and the IRA, by complete surprise. The northern state had been founded on systematic repression of a minority on the basis of their nationality, their identification with an Irish republic. Any serious struggle against the state therefore was bound to provoke a national struggle.

From armed revolt to sell out

The subsequent history of this struggle is mainly characterised by a war between the Provisional IRA and the forces of British imperialism which lasted throughout the 1970s, 80s and early 90s. The Provisionals split from the Official IRA, ostensibly about whether to participate in elections to or take seats in parliaments which "recognised the 1922 partition." But it soon developed into a question of which was willing to use armed force, to wage an urban guerrilla war against the RUC and then the British Army. The Officials, having come under the influence of Irish Stalinism rejected this. The more militant Provisionals soon overtook them.

Events like Bloody Sunday in Derry on 30 January 1972, when British paratroopers murdered 13 unarmed marchers, half of them teenagers, and the Hunger Strike resulting in the death of 27-year old Bobby Sands, elected as a Westminster MP during the strike, repeatedly swung mass support behind the Provisional IRA. However the concentration on the bombing campaign and the failure to build on the periods of large scale mass actions around such incidents, led eventually to failure as far as the revolutionary aims of the IRA were concerned (a united Ireland).

The Good Friday Peace Agreement was signed in 1998 and led the way for Sinn Féin and the Democratic Unionist Party to share government. This was an enormous climb down for Sinn Féin, the political wing of the IRA, from its historic goals.

Although this was dressed up as a step

nearer to a united Ireland in fact it was an explicit recognition that while Unionism has a majority in the six counties then there can be no change. It was also a recognition that the armed campaign had failed: the IRA's arms have now been decommissioned. For Sinn Féin there has been no promise of a united Ireland, even less to do with socialism and now an acceptance of the sectarian police force with a presence in Her Majesty's government at Stormont.

Northern Ireland is still a sectarian state. Most of the overt political abuses have gone (proving once more that reform is the by-product of revolutionary struggles) but social inequality and covert discrimination still prevails. The police and security services are overwhelmingly Unionist dominated; they still have a monopoly on violence. The essential democratic demand that the people of Ireland as a whole determine its future, including that of the six counties, is still being denied.

The task facing socialists in Northern Ireland remains as it was in 1968 to smash that state and replace it with a workers' republic based on workers' councils and a workers' militia. History has proven yet again that restricting this fight to just a united capitalist Ireland as a first stage is inadequate. The fight against capitalism cannot be postponed until a Republic materialises. A strategy for permanent revolution requires a linking of the fight against the sectarian state with improvements in workers' pay, housing and conditions throughout the island. The working class is the only class that has an interest in defeating imperialism and abolishing capitalism. A revolutionary party based on that perspective is urgently required if a Workers Republic is to be brought any nearer.

Lessons of 1968

What role should the small but well placed forces of the left have played during these early events? Could the young activists have risen to the leadership of the anti-unionist revolt?

In Derry after the October 5 march Eamonn McCann and his Young Socialist comrades needed to have fought the CAC leadership by calling it to account by constantly arguing for open democratic public meetings to determine the programme of action and elect a recallable leadership.

They needed to argue for workers' strike action. A key task was to fight for an Action Council which could have organised and trained detachments of youth and workers as defence militias. The left needed to fight for delegates and flying pickets to be sent to workers across the province and throughout the south for solidarity action.

The Irish Workers Group, (IWG) co-thinkers of Workers Power from the mid-seventies to the early 2000s, argued for

just such a course. In its paper *Class Struggle* (Nov 1988) it argues for the need to raise class demands. In addition to "one person, one vote", abolition of emergency laws, etc it was necessary to "fight for a massive scheme of public works to create jobs for all the unemployed under trade union control, including the building of houses for all. Similarly for the opening of the books of the Councils and all its committees to delegates of working class organisations."

Even after the Battle of the Bogside in 1969 the Derry Citizens' Defence Association only drew in street representatives and had no orientation to the workplaces. In fact it had no link ups with defence organisations in Belfast! Despite Bernadette Devlin's warning the DCDA made no call for troops to get out. This was a very serious weakness. The troops were not peacekeepers; they were defenders of the sectarian state. But with the Hunt Report recommending the abolition of the B Specials and the disarming of the police, many Catholics smelt victory in the air. (The International Socialists, the predecessor of today's Socialist Workers Party, also failed to call for their withdrawal at the time.)

PD had a crucial role to play in inspiring radical initiatives and exposing the irreformable Orange state. But it resolutely ignored the national question thus ceding leadership of this central question to the Provisionals. It did not fight for organised democratic mass defence of the minority areas, like the HAC activists in Derry.

The IWG return to this theme of class action, "an action programme to chart a way forward should have included the fight for immediate indefinite strike action by nationalist workers... for the barricading of the entire nationalist areas, for the sending of pickets and delegates throughout the country – and Britain – to win solidarity strike action. In the south... for all out indefinite strike action, the seizure of British owned factories and banks and their occupation, for the organising of material aid for the anti-Unionist communities."

The inability of the left to channel the combativity of the youth in these early days left the field open to the growth of the provisional IRA with their stunningly simple answer, smash Stormont, unite Ireland! Of course as Workers Power and the IWG argued from the 1970s onwards – Stormont could not be smashed by car bombs and Ireland could not be united by a guerrilla struggle in the North alone.

A revolutionary socialist perspective of working class action north and south – including armed democratically controlled mass defence, with the strategy of an uninterrupted struggle from democratic and national demands, to the Workers' Republic talked of by James Connolly, could have avoided the surrender of Sinn Féin/IRA to British imperialism.

PAKISTAN

Stop the attacks on Pakistan

Statement by Workers Power supporters in Pakistan

Throughout September US imperialist forces have been increasing their attacks in the north west frontier regions of Pakistan. The US claims that the Pakistan army is not doing sufficient to deny Afghan Taliban fighters a safe haven in Pakistan.

The US military have been attacking villages across the border in Pakistan, claiming they are Taliban bases. So brazen have these violations of the country's sovereignty become that Pakistani troops fired at US military helicopters forcing them to turn back to Afghanistan.

Even during a visit to foreign minister Shah Mahmood Qureshi, by the chairman of the US Joint Chiefs of Staff Admiral Mike Mullen, aimed at calming the situation, an unmanned drone fired missiles into a village causing significant loss of life. There is widespread and growing anger in the country over the strikes in which many civilians have been killed. The so-called war on terror is quite simply war on some of the poor-

est people of the world.

General Ashfaq Kayani, the chief of Pakistan's army says he will not allow foreign troops on the country's soil and will defend its sovereignty and territorial integrity against any interventions from the US. But on the other hand he says that the war on terror is our war too and we the Pakistani army are fighting against the Taliban. He says in effect to the US,

Yet for all their protests against the US, the Pakistan army has increased its own attacks in the North west, killing hundreds and displacing nearly one million people.

The Pakistan People's Party (PPP), the Pakistan Muslim League (N) and the Muttahida Qaumi Movement, (MQM) and all the major political parties are supporting the war on terror. If there are any differences it is solely over how fight this war. In this situation the effects of the war is spreading to the other parts of Pakistan, bringing with it the ethnic, religious and regional divisions of Afghanistan and Iraq.

The attitude of the Pakistan People's Party government and newly elected President Asif Ali Zardari is to do all in its power to help US

imperialism in struggle in Afghanistan. However its relations with the military are still uncertain and the latter does not trust Zardari and the PP with making the policy for the war, they both agree is necessary. To the US Zardari and Co are in effect saying, "please do not involve us too openly with your attacks. We are doing your job for you with complete obedience. Trust us, we will do the job for you."

To the people the PPP prime minister is saying we are not in position to defy the US. We will negotiate with them to resolve this issue.

The media is giving it approval to this and all the political parties are saying that we have to take this position; the war on terror is our war, etc. The role of Pakistan Muslim League (N), the party of Nawaz Sharif, as an opposition is just a joke. But all of them conveniently forget the role of the army is playing in bombing the tribal areas and supporting the US operations in Afghanistan, even if the US is not satisfied with this.

Only the withdrawal of US forces from the entire region can resolve the present down ward spiral into war and economic chaos. Whilst

billions are being expended on this war, Pakistan's economy is in free fall, with inflation is running at over 26 per cent, factories are closing, there are constant electricity cuts.

We demand all those who were active in the lawyers' movement for the restoration of democratic rights, the workers movement and the left to combine to protest against the US interventions, but also against the Pakistan military's own operations of in the border areas.

We demand that the US and Nato forces get out now from Afghanistan, Iraq and stop the attack in the North West frontier provinces of Pakistan

We call the soldiers of the US and Nato forces not to fight for the interest of their ruling class. This is not "the good war" as their media call it in contrast to Iraq. It is just the same dirty imperialist intervention in the interests of exploiting the world.

We call on the working class around the globe and anti war movement to protest powerfully against the US military attacks on the north west of Pakistan. In the name of fighting the Taliban, they are actually attacking the ordinary people of the region.

Why is the US military clashing with its Pakistani ally?

A strange thing is happening in Pakistan. It was reported that US and Afghan army had 'exchanged fire' with Pakistani forces. A Pakistani military unit had opened fire on a US helicopter as it crossed the border from Afghanistan into Pakistan. But aren't those two countries meant to be allies in the so-called war on terror?

The Pakistani government is worried that the USA is going to attempt to send a large military force into its country, as part of its war against the rebels in Afghanistan.

Of course the fear of the Pakistani government must be seen in context of how the US attempts to bully its supposed friends. Ex-president and military dictator Pervez Musharraf wrote in his biography of how the US threatened to bomb Pakistan into the stone age if it did not support the war on terror. In

2007 Barack Obama threatened to carry out missile strikes in Pakistan if it did not pursue the war on terror effectively enough. No wonder Pakistanis are concerned!

Obama's comments represent a wing of the US ruling class which thinks that Pakistan is an unruly child, not doing what its told. They are deeply suspicious of the ISI, the hated Pakistani secret police, which maintains close connections with various radical Islamic groups, and no doubt some elements of what the press call the 'Taliban' resistance.

The US believes that Osama Bin Laden, apparently last heard from in May 2008, is hiding out in the North of Pakistan in an area bordering Afghanistan called the North West Frontier Province. That is of course if he is still alive, which many now doubt. Back in July 2008 Bush signed a presidential order which authorised

US Special forces units to cross the border into Pakistan without the permission of the Pakistani government.

So Pakistan is concerned for its sovereignty. They don't want the USA effectively invading the north of their country in pursuit of Afghan fighters, but the USA wants to be able to 'smoke out' the resistance wherever they are.

Despite repeated promises by the USA to respect Pakistan's borders, these are not worth the paper they are written on. Already several missile attacks by unmanned drones have killed scores of people, and helicopters are constantly crossing the border. In early September the Pakistani government agreed a motion that authorised Pakistani military forces to shoot at anyone crossing their border. Although some Pakistani military claimed to have fired at US helicopters in the last few weeks, this was

denied by the US military until the end of September.

The US's policy is driving one of its key allies in the region away. Both governments are now furious with each other and the Pakistani military is as willing to defend its country as the US military is willing to go to any lengths to hunt and destroy Afghan resistance forces.

This is just another sign of how the USA's aggressive policy of imperialist occupation and bullying is raising instability and conflict around the world. The Pakistani workers and peasants, who are in an ever more bitter struggle against rising inflation and poverty at home, and for their democratic rights, need to come to the head of the struggle against imperialist interference in the region, by taking power into their own hands and spreading revolution across south and central Asia.

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.

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Nationalise the banks without compensation

By Marcus Halaby

Bradford & Bingley has now joined a long and growing line of banks and financial institutions that Gordon Brown and Alistair Darling, who until recently told us that the market is the cure for all evils and must never be interfered with, have suddenly thrown their economic textbooks out of the window to engage in a massive round of state intervention in the finance system.

It's the same in the USA. Beginning with the effective nationalisation of mortgage companies Fannie Mae and Freddie Mac, and insurance giant AIG, George Bush's government wanted to cap it all with \$700 billion buy out of the bad debts of the entire banking sector. US Treasury Secretary Henry Paulson presented the plan for the federal government to buy "illiquid" (that is, un-sellable) mortgage backed assets held by the major banks – assets ultimately based on home loans that were originally sold to workers who are now defaulting on their repayments.

Ordinary people on both sides of the Atlantic were rightly disgusted by the prospect of taxpayers' money being used to save the very bankers and speculators whose mad lending spree led to this crisis in the first place. But ironically the main political opposition to Paulson's plan has so far come from Republican right-wingers, for who anything less than 'letting the market rip' is downright 'socialism' or 'communism'. The proposal was eventually voted down by more Republicans than Democrats.

Communists do, in fact, call for the nationalisation of all the banks and their merger into a single state bank. But of course the nationalisations being carried out by Bush and Brown differ 180 degrees from what communists mean.

The difference is easy to understand. The capitalists want to nationalise their losses and privatise their profits. That is exactly what is happening with Bradford & Bingley: the government will sell B&B's valuable assets like savers' deposits on to another capitalist bank, while the taxpayers will be 'owed' its bad loans that may never be paid back.

Communists on the other hand are for the workers, not the rich. We want the nationalisation of all banks and finance houses, the confiscation of the mega-profits of the super-rich, and the merger of all private banks into a single state bank under the control of the

mass of working class people. We want control over society's wealth – which was created by workers anyway, not by yuppie bankers – and we want to use a state owned banking system to direct investment and wealth to where it is needed, away from the pockets of the idle rich and into free health and education and social housing for all.

Based in the advanced capitalist countries like Britain, the USA, the EU and Japan, the banking system is a sort of global coordinator of business activity – the only real element of economic 'planning' in a system which is regulated by market mechanisms.

The nationalisations being carried out by Bush and Brown differ 180 degrees from what communists mean

Through its investment activity, it recycles the otherwise 'idle' money of all classes of society – from the managed private accounts of the super-rich to the small savings and pensions of millions. Through lending and credit, it creates an average rate of profit towards which all capitalists individual rates of return gradually converge. In a constant search for higher profits it encourages a global race to the bottom in jobs and conditions, with its inevitable effects on the health, well being and security of billions.

Through mergers and acquisitions, it rewards 'efficient' (that is, more profitable) managements and punishes 'bad' ones – in the process enforcing the trend towards the creation of giant monopolies that dominate the economy. In periods of boom, the banks therefore appear as a huge 'engine' of growth, creating the demand for new (if often pointless and parasitic) 'services', providing the capital needed for expansion to new and hi-tech businesses, and giving consumers enough credit to keep them spending creating an illusion of endless prosperity.

In these periods, not only is the demand for nationalisation of the banks dismissed by all capitalist parties as extremist or 'impos-

sible', but so too is the suggestion that their activities should be restricted by regulations.

In periods of crisis, however, their very role turns them into disorganisers of the economy – a source of instability that sees them amongst the first to advocate that the state should step in to solve the crisis. So long, of course, as their right to continue to direct (and cream off) huge sums of capital is left untouched. But then we are entitled to ask: why should their losses be the only thing that is socialised? Why not the profits which continue to flow into the pockets of stock exchange traders and bankers? Why – when the crisis throws tens of thousands out of their homes, out of their workplaces and onto the dole queue – should they too not be rescued by the state? Why should such a vital and powerful role in the management of the real economy be left to the mercy of the privately-controlled market, with its inevitable short-term outlook, its tendency to produce and reproduce instability, and its profit-driven priorities in deciding where, when and how to direct society's resources?

A single state bank under democratic workers' control could, for example, 'repossess' homes without evicting their occupants – renting them back very cheaply with security of tenure in a massive, and badly needed, expansion of social housing. It could deploy social and environmental criteria when deciding where to direct resources for economic expansion or reconstruction. It could use its position to enforce another, and integrally linked, demand of communists – the abolition of business secrecy – opening the books of the industrial and commercial corporations, so that we can see for ourselves how much money they actually have when they tell us that they can't afford wage rises, can't pay more taxes, and are obliged to impose redundancies.

This is not yet, of course, the institution of full economic planning – that would require the nationalisation of the major industrial and commercial corporations as well. But it is a giant step in that direction.

And, communists insist that not a penny is paid in compensation to the millionaire bankers. The only people we want to save from ruin are the working class and lower middle class people who are threatened with repossession, unemployment and bankruptcy. As for the capitalist parasites, we should be more than ready to let them 'go to the wall' – and their insane system too.