

workers POWER

Private finance and low pay are killing-off our health service



Dying for profit

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IN CRISIS**

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TEACHERS' PAY

Children suffer as teachers become Labour's pet hate

The Government's long-awaited Green Paper, *Teachers: Meeting the Challenge of Change*, appeared in December. It proposes sweeping changes in teachers' pay and conditions, including the introduction of performance-related pay (PRP).

The Green Paper is full of typical New Labour spin. This initiative is supposedly all about "modernisation", "raising standards" and improving schools.

But no one should be fooled by the rhetoric.

The changes proposed in the Green Paper are about undermining teachers' collective strength and providing education for our children on the cheap.

The proposed new pay structure will divide teachers and force them to accept worse conditions. This will be achieved in three ways:

Appraisal: The basis of the new pay structure would be annual appraisal for all teachers. Every year teachers would be visited by their head who would determine their pay. The teachers would also face an external appraiser. The Whitehall mandarins have yet to work out further details.

What is wrong with teachers being observed and tested? First, the system will provide heads with a pretext to bully

and intimidate their staff. The whole system will take up time and resources. It will also prove divisive as it is linked to pay. With a small amount of new Government money available, only some will be rewarded, however good others are.

Performance Related Pay: Currently, as teachers gain experience, their pay rises. After nine years this stops and any increase is linked to taking on

extra responsibilities. As a result, average teacher's pay is low and the pursuit of better pay drives many out of the classroom and into management. But rather than increase teachers' pay across the board, which would cost more, the Green Paper argues for paying higher salaries to a tiny minority. How do you decide who should get more?

Continued on page 2

IN BRIEF

The National Front (NF) marched against asylum seekers in Dover on 9 January, but only mustered a pathetic 30 supporters. They were outnumbered by anti-fascists, mobilised at short notice. NF forces were particularly small because they were unable to bring members from the West Midlands due to a successful anti-fascist campaign against a local bus company. As on the last two occasions, 300 police ensured the NF were able to march. Anti-fascists were systematically stopped, searched, photographed, videoed and asked for their names and addresses. Some were approached by the police and told "we know who you are", although sometimes they had the wrong name. The police operation is estimated to have cost £40,000. Three anti-fascists were arrested, bringing the total to 34 since November 1997, but so far there have been no convictions. Messages of support etc. to: Dover Residents Against Racism c/o Refugee Link, P.O. Box 417, Folkestone, Kent CT19 4GT.

RMT members on the London Underground are to vote again this month over strike action against tube privatisation. Their action began last summer with two one-day strikes. Underground bosses got a High Court injunction to stop further strikes planned for New Year's Eve and 3 January by claiming the mandate for action had run out. The union is now re-balloting to win bosses' assurances that there will be no compulsory redundancies and no changes to pay or employment conditions under plans to introduce private funds into the Underground network. Bob Crow, RMT assistant general secretary, is confident that there will be "an overwhelming vote in favour of industrial action".

On 12 January Hasan Ay and Mustafa Tayfun, two refugees from Turkish-occupied Kurdistan, were due to be deported to Turkey from the German detention camp at Bueren. Hasan and Mustafa, along with 10 other Kurdish refugees at the camp, have been on hunger strike since 7 January. In total, 260 Kurdish people in Germany have been fighting deportation to Turkey for almost a year. Turkey has been waging a "dirty war" against the Kurdish people since the mid 1980s. Deporting Hasan and Mustafa will put their lives in great danger. Protest letters should be sent to the Minister of Interior Affairs of North-Rhine-Westphalia, Dr Fritz Behrends: Fax - 00-49-211-8713355.

REFUGEES ARE WELCOME HERE! Defend asylum and immigration rights - say no to scapegoating! National demonstration called by the Coalition for Asylum and Immigration Rights. Saturday 27 February. Assemble 12 noon, Embankment, London

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NHS

Hospitals in the grip of private finance epidemic

THERE IS a serious crisis in the NHS.

In early January there were only 16 emergency beds available in the entire country. Over 90 per cent of NHS Trusts were reporting a rise in "unacceptable" waits on trolleys for new admissions, while 16 per cent of hospitals closed to emergency admissions. A hospital in Norfolk resorted to using a refrigerated lorry to store dead bodies as its mortuary was full up. Portsmouth hospitals were calling on relatives to assist hard-pressed staff by washing, shaving and feeding patients.

Unable to blame the flu outbreak (the numbers involved fall well below epidemic status), even Health Secretary Frank Dobson has been forced to admit that there is a crisis.

Labour's prescription for the NHS has fallen disastrously short of the massive injection of funds needed to rebuild the service after the years of Tory attacks and mismanagement.

The propaganda battle with the Tories over reducing waiting lists - one of the five "early" pledges in Labour's 1997 manifesto - is a main focus for the Government. The pressure is on NHS Trusts to meet targets, but without significant extra resources carrying out more routine operations means less beds available for emergencies.

In the 1980s bed occupancy averaged 75 per cent, while currently it stands at 95 per cent, so crises arise much more quickly.

Labour have injected extra cash, but only when absolutely necessary. In November Dobson announced an extra £200 million for "winter crisis" spending. At the time he naively announced that "unless the weather is exceptionally harsh or there is a major flu epidemic, the NHS can face this winter with confidence".

New Labour's determination to avoid "tax and spend" policies means that extra cash is no more than a sticking plaster. The Government is determined not to spend the sums required to provide real solutions to the NHS' underlying problems.

Backdoor privatisation via the Private Finance Initiative (PFI) is more their style. PFI means that, whilst New Labour's friends in big business make lots of money, the terms and conditions of health workers can be driven down without Labour having to take the flack. Patients as well as staff will suffer; a recent survey of seven PFI schemes found that the new hospitals built and run under private contracts will have 28 per cent fewer beds than the ones they replace, 15 per cent

less staff and reduced operating and emergency facilities.

Another Labour tactic is re-structuring, with an emphasis away from hospitals and towards primary care (GP-based services). Labour plans to scrap the disastrous internal market introduced by the Tories - obviously a good thing - but continued policies of "rationalisation" mean more closures of Accident and Emergency (A&E) Departments, the very ones that are overwhelmed this month.

This shift from hospital to community-based care means most of the winter crisis money announced in November was aimed at treating elderly patients at home rather than in hospital. But this appears to be just another way of forcing relatives to take on more of the care of elderly patients as they were asked to do in Portsmouth. Scandalously, the current crisis is being partly blamed on non-emergency cases who bypass their GPs and go straight to A&E, or call an ambulance, rather than a crisis of resources.

Whatever statistical games Labour may play to explain the present crisis, everyone knows the real issue is acute staff shortages due to the low pay and even lower morale of nursing and support staff.

It's hardly surprising that there are an estimated 8,000 vacancies for nurses in the NHS. A newly qualified nurse starts on £12,800 and pay averages only £15,000. Some 2,700 nurses left the NHS last year, while £216 million was spent on agency nurses to try and bridge the gap. "There used to be enough slack in the system for a couple of people to be off but not any more", Gail Adams, a London theatre nurse, told the *Guardian*. She also identified the problem of private sector poaching of the best staff.

The government will now be under severe pressure to agree an above inflation pay award for nurses this year, fully-funded rather than a proportion coming from local budgets in competition with funds for patient care as in 1998. Disgracefully, Dobson has so far refused to rule out staging the award.

Nurses and other health workers cannot, however, simply rely on the current public outrage and media sympathy. They need to build a fighting pay campaign that can force Labour to tax the rich and stump up the billions needed to ensure that there is no crisis next winter.

Unison fightback: page 5

EDUCATION

Blunkett's wage reforms threaten teachers' unity

continued from front page

The Green Paper talks about a "culture" within teaching against PRP. Culture is cited to make teachers appear as mindless conservatives, entrenched in their views and hating any change.

Why are teachers against PRP? Because they put children's education first.

The education a child receives is not down to just one person. Teaching is a collective job. In an effective school all staff share responsibility and a common approach. If, for example, a child achieves a brilliant result in maths who is responsible? The child, of course, and the maths teacher, but what about the tutor who may have counselled the student, seeing them through a crisis? Could it also have something to do with their teacher in the first year who gave them confidence and explained the basics?

So far, the Government cannot come up with a coherent system for judging performance. They say they are against "crude" PRP, linked only to exam results, but haven't developed an alternative. In its absence they will need to impose an onerous and unwieldy appraisal system.

A new pay structure: The new pay structure would see teachers progress up one pay scale, but only if their head deems them to be satisfactory. Once



Blunkett: targetting teachers

you reach the "performance threshold", you stop. If you want more money you have to ask your head for a performance assessment. If you make the grade, you can go onto a new pay scale. Your pay could immediately rise by 10 per cent to around £25,000.

If the Green Paper becomes reality the combination of different pathways and different pay scales will mean that two teachers in the same school doing much the same job will rarely receive anything like the same money. The changed pay structure will deliver a divided teaching workforce.

The real problem facing the education system has been years of systematic underfunding under the Tories. Schools are broken down and staff are underpaid. Things are so bad that in many areas you simply cannot find teachers prepared to do the job. Demoralisation and anger are widespread after years of being branded failures, while struggling with scarce resources.

What to do? Fund the rebuilding of schools. Pay teachers a decent wage. Change the inspection system so that teachers can feel confidence in and get advice from inspectors, who in turn are accountable to an entirely new system of education and school management, one under the control of teachers, students, parents and the working class. But instead of this, Blunkett and Blair will continue to blame the teachers and their unions.

The Government has pledged £19 billion for education over the next three years. This sounds promising until you learn how they intend to spend: £100 million is going on headship training alone. Appraisal, external assessors and endless hours of target-setting will all cost money.

Teachers, meanwhile, will be expected to take responsibility for their own training. The government intends to make it a contractual duty to "keep skills up to date". Teachers will be expected to pay for courses themselves and take them during school holidays.

Blair and Blunkett know that their Green Paper will not even begin to

address the problem of recruiting teachers. Their first priority is to hammer teachers, leading to their second objective: state education on the cheap, eliminating the need to raise taxes on big business and the rich.

The Government are keen on increasing the number of unqualified classroom assistants. Most teachers would welcome extra help in the classroom, but that is not the intention. The classroom assistants will be used instead of teachers. The Government plans to recruit undergraduates to become classroom assistants. Presumably, they will be popping into schools to compensate for the loss of student grants.

The "change" that Blair has in mind consists of further attacks on teachers and a continuing deterioration in the quality of education for most working class children. The challenge for teachers and for the working class as a whole will be to stop them. NUT activists are calling for a campaign, including strike action, against the Government's proposals. National action, supported by pupils and parents, will be necessary to ensure the Green Paper ends up in the bin.

Lobby of the NUT Executive to call for action on pay
Wednesday 20 January 4.30 pm
Hamilton House, Mabledon Place, London WC1

John McKee explains why Mandelson's fall will not change Blair's course

New Labour is safe with Peter's friends

THREE DAYS before Christmas a front-page lead in the *Guardian* exposed details of dodgy finances and a serious "conflict of interest" involving the Government's ultimate spin doctor, Peter Mandelson.

Less than 48 hours later two Cabinet ministers, paymaster general Geoffrey Robinson and Mandelson himself, resigned from the government, both protesting they had done nothing wrong. This sparked a frenzy of media speculation about the depth of divisions within the Cabinet between "arch modernisers" and its "old Labour" survivors. A few pundits even suggested that Mandelson's departure was a fatal blow to New Labour.

The background to Mandelson's resignation was very New Labour. He had borrowed a cool £373,000 from Robinson at a very favourable rate of interest, to buy a £475,000 house in fashionable Notting Hill. He had kept this secret even when his own ministry, the Department of Trade and Industry (DTI), had been charged with investigating Robinson's tangled business affairs.

As the most "business friendly" member of the cabinet, Mandelson developed a lifestyle to match. Among his neighbours numbered leading business executives and TV tycoons. Around the corner he hobnobbed with Carla Powell, wife of Baroness Thatcher's former private secretary. It was she who introduced him to Camilla Parker Bowles. Mandelson was a regular visitor to Charles and Camilla at Highgrove and the only member of the Cabinet invited to Prince Charles' 50th birthday celebrations.

Mandelson's lifestyle reflected his politics. He was proud of his pro-business and anti-union positions. At the 1998 Labour Party conference he delivered a speech openly praising Thatcher's anti-union laws. Blair had replaced the "unreliable, old Labour" Margaret Beckett at the DTI with Mandelson to appease the employers. This department was dealing with a number of Labour commitments to its union allies such as the minimum wage and "fairness at work". These reforms had to be pushed through in a way that caused least problems for big business.

From this perspective, Mandelson was doing his job well. He was recently congratulated in the *Economist*, for further blunting the already weak "Fairness at Work" proposals. As the *Economist* accurately put it "he minimised any impact on the right of the bosses to hire and fire".

But he was also important to the whole Blairite "project" inside the Labour Party. He was literally Blair's right hand man; or as Gordon Brown pointed out in 1995 "the real deputy leader of the Labour Party". As such, his resignation represents a blow to the Blairite faction in the party and the government, and should be welcomed by every socialist.

The Blairites, as self-styled modernisers, have a project that goes well beyond this parliament. They pride themselves as long-term strategists. In his recent book, *The Unfinished Revolution: How the Modernisers saved the Labour Party*, Philip Gould, a central

adviser to Blair and the modernisers since 1985, outlines the central aim of New Labour: "To develop a progressive majority, holding power not just for one election but for many."

Like Blair and Mandelson, his close confidantes, he argues for "the building of an enduring coalition of government centred on the new middle classes; reaching out to the liberal tradition which has long been its rival; and ending the debilitating split within the progressive forces in British politics".

The links to the trade unions, organic connections which led to the development of Labour as a distinct party antagonistic to the Liberals, are seen as a liability and an obstruction to this new alliance. The "project", therefore, has as its goal the remoulding of Labour as a party free of any organic working class link, ultimately along similar lines to the Democratic Party in the USA. And it is on the question for or against this project, that a fault line runs through the Labour leadership.

The problem for Blair is that his faction, despite having the leadership of the party, remains a minority within it. The modernisers triumphed – and elevated Blair to the leadership and hence to Number 10 – as part of a coalition.

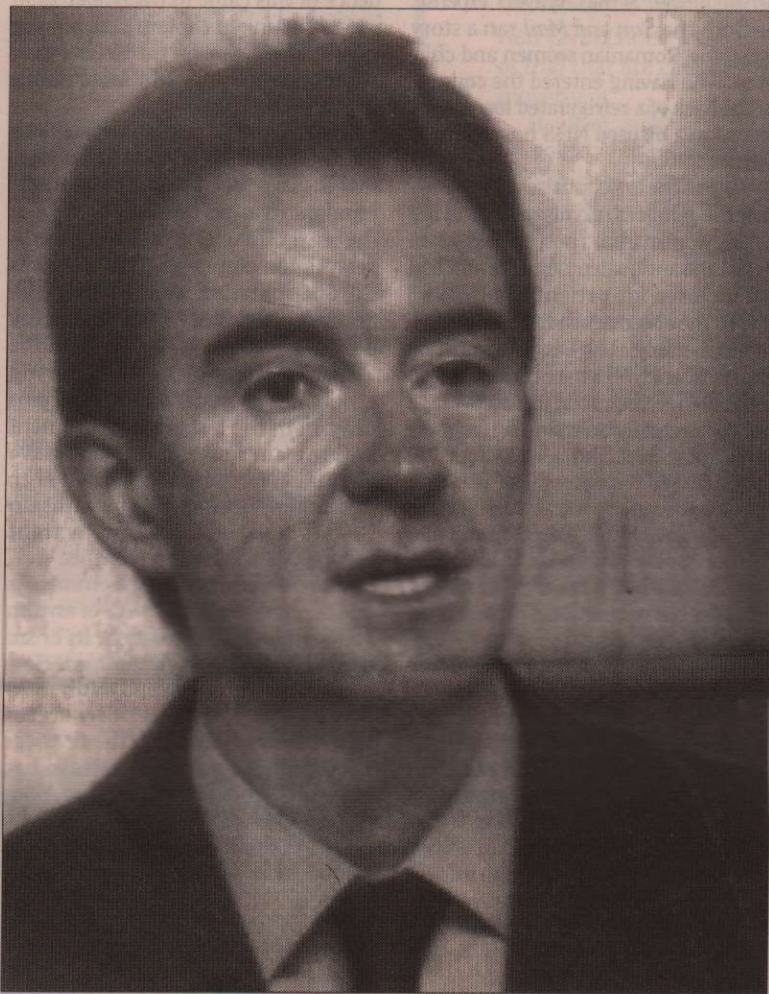
The entire leadership around Neil Kinnock supported the witch-hunt against the Militant Tendency and worked together to marginalise the Bennite left. A coalition, including John Prescott, Margaret Beckett and key sections of the trade union bureaucracy, supported the rolling back of the democratic reforms won in the 1980s.

This coalition has supported OMOV, one member one vote, in the leadership elections and the reduction in the weight of trade union votes. It helped ditch Clause 4 and accepted the neutering of the NEC through "Partnership into Power". It has gone along with dumping "old Labour" policies like nationalisation and redistributive taxation. In the persons of Prescott and Health Secretary Frank Dobson it has publicly championed the Private Finance Initiative. It has even accepted that all of Thatcher's anti-union laws will stay in place under Labour.

But many in this coalition do not stand with the Blairites when it comes to inviting the Liberals into the Cabinet, introducing proportional representation to increase their weight in Parliament, or severing the links with the trade unions to achieve a new "people's party" modelled on Clinton's Democrats. Nor do they all have the sort of direct links with big capital – directly represented in the government by Robinson himself, until recently, and Lord Simon of BP still – that the Blairite faction has cultivated.

The so-called "Black Christmas" that Labour has just suffered saw the first major crack in this coalition in many months. The resignation of Mandelson was seen by other leadership factions as a blow to the Blair project and a chance to weaken his faction which had attempted to compensate for its minority position by marginalising the Cabinet and governing through "the leader".

John Prescott opened the attack



while Tony Blair was still sunning himself in the Seychelles. In an interview in the *Independent*, he called for "less rhetoric and more substance", came out in favour of more "government intervention" and implied that he and Gordon Brown were in alliance on this. It was then "reported" that at least half a dozen ministers and scores of MPs had backed these sentiments.

Ken Jackson, General Secretary of the AEU, weighed in, saying he backed Prescott: his members jobs would "not be saved by spin". He declared that the majority of members "have no interest in hopping into bed with the nearest Liberal". Beckett joined in and fire was concentrated on the Blair/Ashdown agreement to extend the policy remit of the Cabinet Committee that has senior Liberals on it.

Prescott's "opposition" was typically cowardly. The following day he was claiming to have been "misinterpreted" as being opposed to Blair. Indeed his interview was full of praise for Geoffrey Robinson for being the man who brought private finance into public transport.

Much more was made in the media of the "deep divisions" and "feuding" between the Chancellor and the Blair faction. This supposedly dates from when Blair seized the chance to stand for the leadership, outflanking Brown who was widely regarded as the "rightful heir" to John Smith. It was Mandelson who engineered Blair's candidacy behind Brown's back. He created a situation where, had Brown decided to stand, the "modern" wing of the party would have looked hopelessly divided.

Mandelson earned the Chancellor's undying enmity as a result of this. Char-

lie Whelan, the Chancellor's press secretary, was accused of leaking the loan story as belated revenge. The Blairite inner circle duly demanded his head.

All this might be true. Among the modernisers careerism and petty intrigue is rife. But does it really mean Gordon Brown should be cultivated as a "left" opposition to Blair as some trade union leaders – and even Ken Livingstone – apparently think?

No. Gordon Brown was the arch moderniser, the senior partner in the Brown, Blair, Mandelson trio. It was Brown, along with Blair, who visited Clinton and the Democrats in America to learn how to "rebrand" the Labour Party and ditch the old policies. It was Brown who set about dumping what he classed as the "tax and spend" policies of old Labour.

There certainly are differences between Brown and Blair in terms of their bases in the Labour Party. Brown was part of the Scottish Labour Party from his student days. He was chair of the Edinburgh University Labour Club at the height of student radicalism in the late 1960s. He assiduously wooed all sections of the party in his climb to the top. He joined the TGWU and the union sponsored his Rosyth seat.

He was a loyal supporter of John Smith and the support was returned. Blair, in contrast, was an "outsider". He joined the Labour Party later in life at Cherie Booth's insistence. He has few connections with the unions and drew his initial support from London-based professionals in and around the modernised party machine. He constantly appeals to "middle England". Brown, in contrast, has never expressed any desire to break the links with the unions or

heal the "historic rift" with the Liberals, a rift that Blair has often publicly regretted. Brown was given an extremely powerful position in the Government, not only as Chancellor of the Exchequer, but as overlord of all the social policy departments. This has allowed him to strengthen his links with the trade union leaders through policies such as the windfall tax and New Deal training initiatives, which have whole-hearted TUC support. While Blair and Mandelson ushered in the "Cool Britannia" elite of actors and pop stars to receptions at Number 10, Brown gave the red carpet treatment to the leaders of the TUC at No 11.

The contrast was not lost on both sides of "the project's" fault line. The perceived "threat" posed by the rival court at No 11 led to attempts to undermine Brown's position by Blair's supporters. Replies in kind by the Chancellor's spin doctors exacerbated the divisions, and ultimately led to the removal of Whelan and the demand by the Prime Minister's office to have a veto over his replacement.

Brown's independent base has become increasingly important to him as the economy has weakened. His boasts about "soft landings" and resurgent growth in the economy are proving so much wishful thinking as Britain goes into recession. A Brown alliance with Prescott and the trade union wing of the party could make Blair think twice about sacrificing his Chancellor and risking a powerful opposition figure on the back benches.

How should trade unionists and Labour Party activists respond to these divisions? They should beware of the attempts by Prescott and Brown to refurbish their "old Labour" credentials. The question is not what they say, but what they do. Prescott is busy trying to privatise by stealth the London Underground, threatening workers' jobs and conditions. Brown led the attack on single parents' allowances and repeatedly calls on workers to moderate their wage claims while refusing to tax the massively wealthy who take home millions in bonuses alone. He even insisted on a lower minimum wage for young workers than that recommended by the Low Pay Commission.

These politicians are no friends of the working class and their apologists, whether in the union bureaucracy or the Campaign Group of Labour MPs, should be exposed as threadbare opportunists with no alternative of their own to offer.

Mandelson, meanwhile, is down but by no means out. Blair has declared that the "modernising project" goes on and his reply to Mandelson's resignation letter promises that Mandelson will do "much more with us". It's up to the labour movement as a whole to make sure he doesn't – by exploiting the divisions that have opened up to renew the fight to stop Blair's anti-democratic reforms in the party and his co-operation with the Liberals and by mobilising workers in action to fight each and every Labour attack, each betrayal, from whichever wing of the government it comes.

ASYLUM SEEKERS BY RACHEL THOMAS

Racist press whips up hate campaign

THE PUNY FORCES of the fascist National Front (NF) assembled on the streets of Dover, Kent on 9 January for the third time in just over a year. The pretext for the series of far-right demonstrations in the town, beginning in November 1997, has been the presence of asylum seekers – most of them Roma people from the Czech Republic and Slovakia.

The NF had also planned to demonstrate in Dover in early December but on the day they failed to materialise on the sea front after a sustained campaign by anti-fascists and trade unionists in the West Midlands persuaded the Newbury Travel Company to stop providing transport to the Nazis.

But the efforts of the NF to scapegoat a handful of destitute refugees for the social and economic ills of the Kentish coast have received a major boost from local and national newspapers.

Under the headline, "We want to wash down the drain", a 1 October editorial in the *Dover Express* branded Roma asylum seekers "human sewage" and the "scum of the earth". The *Express*'s sister paper, the *Folkestone Herald*, has claimed that asylum seekers were selling sex "for the price of a potato".

Such stories have echoed the tone of a national press campaign, led by the *Daily Mail*, fuelling race hate. The *Daily Mail*'s autumn 1998 headlines included "The Good Life on Asylum Alley", a piece focused on Dover's "bogus" asylum seekers, supposedly attracted by Britain's "generous" benefits system.

The *Daily Mail*'s stablemate, the *London Evening Standard*, chimed in with lurid front-page tales of "crime waves" on the fashionable streets of Kensington. The culprits? Allegedly, organised gangs of Kosovan asylum seekers. The proof? Photos of people begging on the pavement.

Not to be outdone, the *Sun* fumed in December about "Free English lessons for 'bored' refugees", claiming that

Romanian asylum seekers were learning how to say "Where is the nearest benefit office?" at the taxpayers' expense.

Both the *Sun* and *Mail* ran a story attacking Romanian women and children, who having entered the country in the back of a refrigerated lorry, were placed in a disused NHS hospital near Dartford, Kent.

One of the articles falsely suggested that the refugees had displaced a dying elderly woman from a hospital bed, when in fact the antiquated isolation unit had been closed for patient use in 1996 due to the absence of a lift.

Predictably, New Labour ministers and backbench MPs have not only failed to challenge the racist press coverage but have actually been singing from the same songbook. Dartford Labour MP Howard Stoate voiced his relief at news that many of the asylum seekers had "voluntarily" decided to return to Romania. He seized on this as evidence that they were not "genuine" refugees but were instead players in an immigration "racket".

Stoate conveniently ignored the facts that the immigration authorities had callously separated families, with a number of men being detained at Rochester prison while women and children were shunted between temporary addresses. The obvious question he cannot answer is: what sort of desperation drives dozens of people to cram into the back of a freezing lorry and travel hundreds of miles to a very uncertain future?

Last spring, Claude Moraes, head of the Joint Council on the Welfare of Immigrants, suggested that "the government's principal audience when it comes to framing policy on asylum seekers is the readership of the *Daily Mail*". As if to confirm this view, Home Office immigration minister Mike O'Brien chose New Year's Day to threaten lorry drivers with fines of £2,000 for each "stowaway" found.

Undoubtedly, there is an extensive trade in human beings, desperate to escape dire poverty and seek a better

standard of living in Britain and the European Union. The most tragic evidence of this came in December 1996 when a drunken captain ordered the ramming of a ship off the Greek coast, sending some 300 South Asian immigrants to their deaths.

But the plight of such people does not interest O'Brien despite the fact that the large-scale traffic in would-be immigrants arises precisely because of the legal obstacles to entering European Union countries. The "Fortress Europe" barriers, enshrined in the Schengen agreement, were explicitly designed to keep out people from the Third World and the floundering economies of Eastern Europe. Ironically, both the last Tory government and the current Labour one have adamantly refused to sign Schengen, preferring to maintain Britain's distinct but equally tight regime of immigration controls.

By mid-February the government is due to unveil the latest piece of asylum and immigration legislation. Its broad outline, however, was already made clear in the Queen's speech and a July 1998 White Paper. In essence, it reinforces almost every key feature of the 1996 legislation introduced by the Tories and, at least partly, rejected by Labour in opposition.

After months of dithering the government has struck a deal with council representatives from the Local Government Association and the Association of London Government. The agreement provides a tiny increase in the central government grant to local authorities complying with statutory obligations to provide shelter and "support in kind" to asylum seekers (who are not eligible for Income Support and other benefits as a result of the Tory legislation).

The price for this is local authority co-operation in implementing Home Office proposals for consortia across local authority boundaries, and eventually involving the voluntary and private sec-

tors, to operate a new system of accommodation for asylum seekers. The Home Office aims to disperse a majority of asylum seekers, currently concentrated in Greater London, into segregated hostels across the country under the aegis of a new agency. All asylum seekers, regardless of when they entered their claim for refugee status, would be stripped of the right to claim state benefits.

London's local authorities, largely Labour-controlled, have borne the brunt of the 1996 Tory legislation and subsequent judicial interpretations. In some boroughs there is an undeniable shortage of suitable temporary accommodation. The real beneficiaries of the post-1996 asylum regime are the operators of bed and breakfast hotels who have ratcheted up their charges.

Some facilities on offer have been rejected out of hand by environmental health and housing officers. Councilors are generally keen to avoid a repeat of the scandal triggered by Westminster's placement, in the early to mid-1990s, of refugees and other homeless families in the roach and rat-infested hellhole of the former Clarendon Court Hotel. Numerous councils have resorted to the use of gym facilities. Camden even used a closed school to house long-standing asylum seekers.

A few simple measures could go a long way towards alleviating the current accommodation crisis:

- restoration of previous benefit rights to all asylum seekers;
- granting the right-to-work to asylum applicants;
- strict rent controls for private sector accommodation; and
- powers for local authorities to requisition hotel rooms without compensation.

Instead of such measures, New Labour prefers to join in the scapegoating of asylum seekers. The murderous butcher Augusto Pinochet remains under "house arrest" on the luxurious Wentworth Estate. In stark

contrast, asylum seekers charged with no crime continue to languish in detention centres and prisons under Labour's "faster and firmer" regime.

The government's forthcoming asylum and immigration legislation should provoke a storm of protest that stretches across the labour movement and goes beyond the existing ranks of anti-racist and human rights campaigners. At a minimum, the campaign against the latest attack on refugees must demand both the scrapping of Labour's latest plans and the repeal in full of the 1996 legislation that underpins them. Such a campaign must also fight for an immediate end to the detention without charge of asylum seekers.

Inevitably, however, socialists will have to confront the arguments about "bogus" asylum seekers and those "undeserving" of refugee status. The clear answer must be the elimination of all immigration controls. They are all racist: they are all designed to divide the international working class and they all work to the benefit of the bosses. There is no valid distinction between people fleeing civil wars, escaping persecution at the hands of a brutal regime or simply trying to put unemployment and grinding poverty behind them.

The roots of all the above causes of immigration lie deep within the system of imperialist capitalism that continues to dominate the globe. That same system ensures that poor housing and inadequate healthcare is the norm for millions of workers. It then seeks to blame these ills – caused by its attacks on welfare spending – on immigrants and asylum seekers. It turns victim against victim so that it can get on with the job of exploiting all workers.

In response to the barrage of media lies this is the message that we must hammer home time and time again. And it is why we need to nail the racist lies about immigrants and asylum seekers and fight for the abolition of all immigration controls.

EVERYDAY MEDIA MYTHS ABOUT REFUGEES

■ **Myth 1:** Britain is swamped with asylum seekers, taking far more than its "fair share".

● **Fact:** In 1997 the UK received 41,500 applications for asylum status. This was less than one third of the total recorded by Germany (135,700) and proportionally lower than many countries with much smaller populations, such as the Netherlands (34,400 applicants), Sweden (9,600) and Switzerland (23,900). Indeed, the vast majority of the world's refugees are not in Europe – or anywhere else in the "advanced" world. The largest concentration of refugees in any one country in 1997 was in Iran with more than 2 million people, mainly from Afghanistan and Iraq. Elsewhere, the largest refugee populations are in sub-Saharan Africa, emerging from the aftermath of various civil wars wracking the region. (Sources: United Nations High Commission on Refugees, Refugee Council)

■ **Myth 2:** Britain is a "soft touch", attracting economic migrants who pose as asylum seekers in order to claim "generous" welfare benefits.

● **Fact:** Since the Tory government introduced its 1996 asylum and immigration legislation, those who apply for asylum at the port of entry are entitled to Income Support at a 10 per cent lower rate. Anyone who applies after arrival is almost always debarred from claiming benefits. An October 1996 High Court ruling stipulated that local authorities have a legal obligation to provide a minimum level of support to adult asylum seekers who would otherwise be destitute. In general, this has meant the provision of very basic accommodation in commercial B&Bs, hostels or worse. The vast majority of recently arrived asylum seekers cannot work legally while awaiting a decision on their application for refugee status.

Britain also detains more asylum seekers than any other West European state. At any one time, more than 750 asylum seekers, virtually none of them charged with any crime, face time in prison or purpose-built detention centres like the notorious Campsfield.

■ **Myth 3:** Some of these people coming to Britain probably are genuine, but surely these "gypsies" from the Czech Republic are either sponging off the taxpayer or serious criminals.

● **Fact:** Prague is a beautiful city for tourists, but the reality confronting the Roma population in the Czech Republic is harsh and things are worse still in Slovakia. Alongside the Nazis, local Czech officials during the Second World War operated death camps for the extermination of the Roma. More than 50 years later, the surviving Roma face systematic segregation in sub-standard housing and their

children are sent to "special" schools for the "educationally sub-normal". Unemployment rates for Roma men are several times higher than for the general population as a result of discrimination.

Since 1993 there have been at least 29 documented cases where Romas have been the victims of racially motivated killings – usually by skinhead gangs under the influence of far-right nationalists. The police and state prosecutors have proved reluctant to pursue suspects or gain convictions.

In autumn 1998 the Home Office imposed visa requirements on people from Slovakia. The Refugee Council's Chief Executive Nick Hardwick has voiced his concern over this move because of "the Romas' well-founded fear of persecution" in a state where government politicians feel no need to disguise their virulent anti-Roma prejudices.

Bureaucracy launches new assault on the left

Witch-hunts and attacks on rank and file militants are having a serious impact. It's time to stop the rot

WITH NURSES in the limelight over payment and staff shortages, local government workers facing a tough pay round, and the government back-peddling on union rights, Unison's leaders have gone on the offensive – against their own members.

The leadership has launched a vicious backlash of disciplinaries and witch-hunts against rank and file militants: the only winners will be the bosses and barristers.

In December 1998 the Campaign for a Fighting Unison (CFDU) held its fifth national conference in London. Attendance was considerably lower than in December 1997, demonstrating the serious impact of the Unison leadership's witch-hunt against the left.

Unison's 1998 national conference adopted a resolution barring Unison branches from affiliating to the CFDU or sponsoring attendance at its events. After a brief respite, the bureaucracy has renewed its attack on the organised left with greater ferocity.

The chair, vice-chair and secretary of Leeds Local Government Branch are currently appealing against suspensions of their union membership ranging from three to six months. Dave Roberts, Paul Harris and Helen Jenner were targeted 20 months ago, because of their branch's affiliation to the CFDU. Unison officials snatched the branch computers and paid a private company to inspect all information stored on them.

The accused allegedly used branch funds to produce an election leaflet and "caused" others to use the branch internal mail on their behalf.

The disciplinary process has so far cost Unison around £80,000 (£38,000 was spent on a barrister's fees). But it is the left that is accused of abusing

members' subscriptions! Unison bureaucrats have told the activists that the appeal may result in a more severe punishment and – in an affront to natural justice – the secretary of the appeals panel is to be the same full-timer who was the secretary of the original panel.

The December NEC of Unison signalled a renewed onslaught on left wing activists over the October lobby of Labour Party conference, initially called by the Unison branch at University College London Hospitals (UCLH). Thousands of trade unionists attended the march and lobby – and it was sponsored by two national unions – Natfhe and the NUI – as well as hundreds of union branches. But UCLH Unison is now under the cosh, along with other Unison branches that sponsored the demonstration.

The December NEC has launched an investigation into each branch that supported last year's lobby, advising that branch officers who signed cheques for coaches or other forms of sponsorship "may be personally liable for all expenditure incurred".

Unison's 1998 national conference agreed that branches had the right to "organise, fund and attend meetings, seminars, conferences and events to campaign and seek to initiate, develop, modify or replace existing policies and rules", a form of words clearly open to any interpretation that suits the right wing majority on the NEC.

That same group of bureaucrats has obstructed the implementation of the conference resolution renewing support for the Hillingdon Hospital strikers and played time-wasting games with the date of a national demonstration on the minimum wage it never wanted to see. The attack on UCLH is doubly dangerous because it is one of the union's most successful hospital branches – having defended meetings in work time and in-house domestic, catering and portering staff; it has a large and active membership, with more than 60 members on the Blackpool demo.

Now it is at the forefront of the union's fight against PFI and the anti-union laws – but the Unison tops are currently threatening the branch leadership with suspension (see box below).

The December NEC of Unison signalled a renewed onslaught on left wing activists

Unison left should unite and fight

It is clear that Unison general secretary Rodney Bickerstaffe feels he has successfully taken on the CFDU, whose candidate Roger Bannister made a strong showing in the general secretary elections in 1997. Now he has turned his fire directly on the biggest group of socialist activists in Unison – the Socialist Workers Party (SWP).

The experience of the witch-hunts has exposed serious weaknesses in the existing left organisations in Unison. The SWP has veered between a sectarian refusal to work with the rest of the left to accommodation with bureaucrats around conference motions that accept the undermining of union democracy. Meanwhile, the CFDU leadership draws comfort from conference paper victories while ignoring the very real toll the witch-hunt is taking on its strength among the members.

Against this background Workers Power supporters in Unison launched *Inside Agitator*, a bulletin for rank and file activists who want to combine the fight for revolutionary socialist politics in Unison with united rank and file action against the bureaucrats.

UCLH: Stop the witch-hunt – step up the fight against PFI!

LAST YEAR the courts delivered a blow to union rights by ruling that UCLH Unison could not strike against the transfer of staff to a private finance contractor.

A proposed strike to demand guaranteed continuity of wages and conditions was ruled unlawful because it was a strike against a future employer not a present one. The Appeal court upheld the decision and Unison is now appealing to the Law Lords.

Meanwhile the bureaucracy has targeted UCLH branch officials Candy Udwin and Dave Carr, accusing them of publishing "unauthorised materials" during the campaign for the strike, which it says gave ammunition to the UCLH Trust lawyers' attempts to outlaw strike action.

The bureaucracy does not care about strike action: but it does care about its

privileged pay and job perks, which stand to be removed if it is seen to give the OK to illegal strike action.

Hence it has instructed the branch not to issue unauthorised materials and is conducting a disciplinary inquiry into Carr and Udwin, both members of the SWP.

Given that both branch officials are also under various disciplinary sanctions from management over actions taken during the campaign against PFI, the Unison leaders' witch-hunt is an incitement to victimisation.

"Unison is not prepared to allow the dispute over your future to be used by any individual or organisation to advance their own political agenda," says Bickerstaffe in a letter to members. In fact it is the Blairite leadership of Unison that is pushing its political agenda: to squash any fight against PFI or

low pay that threatens their cosy relationship with New Labour.

With court victories behind it, and the Unison leaders doing their dirty work for them, UCLH management have gone on the offensive, threatening to transfer staff to the PFI contractor on 1 July 1999 instead of four years later when the new PFI hospital will be built. In response Unison has called a new strike ballot, this time against the Trust itself.

The key task is to win that ballot and start the action now. UCLH is a major London hospital right on the government's doorstep: the local MP is Health Secretary Frank Dobson.

A successful fight against the private rip-off merchants will be a victory for us all and will provide the best means of defending those militants facing the bureaucracy's witch-hunt or management victimisation.

workers POWER

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COMMENT

A socialist challenge?

The shine is beginning to rub off New Labour. The undeclared loans and frenzy of back-stabbing in the Cabinet have damaged Labour's standing with Middle England. But it is the onslaught against party democracy – the vendettas against Dennis Canavan, Rhodri Morgan and Ken Livingstone – the failure to protect jobs and the bombing of Iraq that are causing discontent in the ranks of the labour movement.

However, in the absence of an upsurge in militant action against the government, disgruntled ex-Labourites and far left groups are turning towards elections as a way of opposing Blair. The Socialist Workers Party, Socialist Party, Workers Liberty, Socialist Outlook, Weekly Worker and the Independent Labour Network (a group of left reformists around expelled Labour MEP Ken Coates) have come together to form the United Socialists (US) to fight the European elections in the London region in May.

The US electoral platform was published in December's *Socialist Outlook*. It fails to provide a revolutionary way forward, and to outline the link between today's struggles and the need for socialist revolution.

Its calls for a 35 hour week without loss of pay, a minimum wage of £6 an hour, full trade union rights and taxation of the rich to pay for improved services are good. But when the platform tackles the question of nationalisation it blurs the dividing line between reform and revolution. It calls for "public ownership and democratic control of industry and finance". But what does this mean?

New Labour have already told us what they think it means. The 1997 election manifesto promised a "publicly owned and accountable rail network". In office John Prescott has proceeded to interpret this as partial privatisation of the London Underground and bailing out the Chunnel Link construction companies! For Old Labour it means old style nationalisation, accountable to a Labour government – not the workers in the industry and the consumers of the service.

Both versions are rotten solutions that always end up making the working class pay for saving unprofitable firms.

Only the expropriation of the rail companies – nationalisation without a penny in compensation to the private profiteers – and placing them under the control of the workers who run the trains and those who use them, can answer our need for a cheap, safe and clean transport system.

This is a revolutionary answer. But to pose it clearly in the platform would split the forces that make up the US. So we are left with a confusing fudge, which each part of the alliance can spin differently. On the burning question of racism – a huge issue in

The workers need a coherent alternative to Blair that socialists can unite ever greater numbers to fight for

relation to Fortress Europe – the platform demands, "End the racism and corruption of the Metropolitan Police" and "Scrap all racist immigration controls".

How are we to fight police racism? What about supporting black self defence against police harassment and racist attack? And above all, what immigration controls aren't racist?

Each question will be answered differently by members of the alliance, some defending immigration controls some opposing them outright. The result will be confusion on a key issue. At least the platform is clear on the arms bill: it contains the reformist demand for it to be "slashed" (as Benn and the Labour left have demanded for years). A revolutionary answer to warmongering and arms

spending is the fight to stop a single penny being spent on the defence of British imperialism.

The platform, taken as a whole, is useless. The workers need a coherent alternative to Blair that socialists can unite ever greater numbers to fight for. A revolutionary platform alone can provide this. A mish-mash platform designed to appease potential left reformist allies cannot. But that is what the US have united round – on nationalisation, on racism and on militarism.

The question is, can the United Socialists be transformed into either a clear revolutionary alternative to Blair or, at least, into a real mobilising focus for workers breaking from reformism? The answer to this will be revealed in the months ahead.

Workers Power will participate in the US to try and win it to a revolutionary programme through a fight over the content of its electoral address, which will be distributed to millions of homes.

But in the coming months we will also strive to get the campaign to open up to the workers' movement – to delegates from all working class organisations who want to break with Blair. By turning the campaign away from stitched-up deals in smoke-filled rooms and towards the workplaces and estates, we can begin to break workers from the reformism of New Labour and from the passivity of electoral politics.

South Park kicks ass!

The kids from South Park High offer fresh insights into middle American life argues *G R McColl*. And besides – who wants to watch a cartoon with no mindless violence?

"FILTH OF a most unsavoury nature", proclaimed Mr Martin Horrox of the exclusive King's School in Ely, Cambridgeshire. But shops were full of the stuff at Christmas. The CD, the videos, the models, mugs and other assorted merchandising. For most of us if last year was a Teletubbies' Christmas, this year it was *South Park*.

And now the inevitable backlash has begun. Horrox's newsletter to the public school's well-heeled parents urged them to "make every effort to prevent and defend their children from seeing these programmes". The King's School official, who has undoubtedly taken upon himself the arduous task of watching each 22-minute episode, catalogues a lengthy indictment against the cartoon for a constant stream of "obscenities, swearing, lavatorial actions" etc. The show is, in Horrox's words, "rude the whole way through".

Even before it appeared on British television screens *South Park* was the subject of controversy, having featured on the cover of an autumn 1997 issue of the *Guardian's* arts and entertainment guide as a prime example of "politically incorrect" humour. From its humble origins on the US cable network, Comedy Central, with the one-off short "Cartman gets an anal probe", *South Park* provoked both American conservatives, and more than a few liberals, into a self-righteous fury.

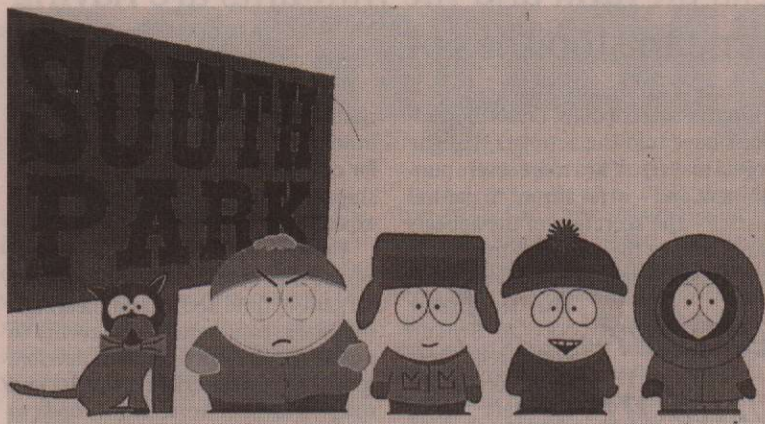
While a few of its moralistic critics see the programme as some sort of radical departure from all previous cartoon standards, the show is hardly iconoclastic. Ironically, even though the same character (Kenny) is killed in almost every episode, it is far less violent than Warner Bros. cartoons of the supposed golden age of children's programming or *Tom and Jerry*, a cartoon that still

regularly appears on weekend afternoons despite racist stereotypes and a higher murder and mayhem quotient than *Homicide: life on the streets*.

South Park's humour is often puerile, littered with references to flatulence, "projectile" vomiting and "explosive" diarrhoea, but in many ways the show is nothing more than a continuation of a long-standing tradition of using the cartoon format for making social observations and comment on US television in a way that "live action" situation comedies and soap operas rarely can. Certainly, it bears none of the hallmarks of the psychedelic drug use that must have induced the hyper violence of *Ren and Stimpey* that airs on BBC2 long before the nine-o'clock watershed.

South Park, taking on as it does growing up in the 1990s in a "middle American" town, is merely a good example of popular culture. Its real antecedents are shows such as the *Flintstones*, the *Jetsons*, the sadly forgotten *Wait 'til your father gets home* from the 1970s and, more recently, the *Simpsons*. All of the above have focused on (more or less) dysfunctional families, peopled by ultimately loveable characters.

None of these shows mount a critique of capitalism. Most of their creators have laughed all the way to the bank, but each has given a rare glimpse of the lives of working class and lower middle class families who have otherwise been virtually absent from American television since the mid-1950s. Where *South Park* does differ from its predecessors is in its focus on the "children" in almost every episode.



What do you mean you don't believe in Mr Hanky?

The primary school boys, the clinically obese (Eric) Cartman, Kyle, Stan and the heavily parka-ed Kenny (whose muffled obscenities are practically unintelligible), do most of the talking and the storylines are almost invariably told from their perspective. Their speech is often coarse, sometimes blatantly sexist but, if anything, far milder than could be heard from children of the same age in school playgrounds before *South Park* ever appeared on British screens. It steadfastly refuses to depict children as little angels and accurately captures how shamelessly cruel kids can be to each other.

It also gives a highly perceptive view on the way in which many adults treat children: often totally ignoring them, misleading or confusing them and rarely affording them any degree of respect. The regular adults in the show, whether parents, teachers or the authoritarian school-bus driver, are almost always

either tyrants or figures of fun. Classroom teacher, Mr Harrison, is an incompetent buffoon, who is inseparable from a hand puppet.

The partial exception is the sole black character, "Chef", the school cook, voiced by songwriter Isaac Hayes. Chef comes perilously close to reproducing the stereotype of the black man constantly chasing after white women, but he is also the only adult who shows genuine concern for the kids.

The show's creators, Trey Parker and Matt Stone, seem to respect few if any "holy cows" and the tone of their scripts is at least mildly irreverent – yet *South Park* pursues worthy targets from survivalist gun nuts to politicians obsessed with photo opportunities and sanctimonious "Christian" television celebrities.

The parodies are often as crudely minimalist as the drawing, but *South Park* actually promotes progressive values without a hint of smug self-righteousness. In one episode Kyle (who is Jewish) receives a "gay" dog, thus providing the show with an opportunity

to tackle homophobia and expose the fact that anti-Semitic views are still widespread in "mainstream" America.

The show may lack the wit and wealth of observation that mark the *Simpsons* at their best. But there's something to be said for *South Park*. In a country where corporate sponsors ran miles away from a "live action" comedy just because the main character, Ellen, came out as a lesbian.

Ironically Horrox's letter to the Kings School parents sounds eerily like a script from the programme. He warns that *South Park*:

"contains obscenities, swearing, lavatorial action and filth of a most unsavoury nature. Unfortunately it is widely admired by many children, particularly boys, in Year 7 and 8 (ages 11 and 12). This cannot be right."

And in fact the show has already done a fine send-up of its own critics. In one of the episodes *South Park* parents abandon their children to travel to New York to protest at the "toilet humour" of the kids' favourite cartoon. With uncanny foresight the imaginary cartoon is called "Terence and Philip", a tale of two Canadians who sound like English public schoolboys and are obsessed with farts! Maybe they were pupils of the Kings School in Ely.

Undoubtedly, the "toilet humour" of the show accounts for some of its appeal to boys both younger and older than the age "15" video certificate. But its evident popularity at King's School and far less privileged educational institutions also has something to do with the fact that the scripts empower the young characters and playfully subvert, in however limited a way, the oppression faced by kids in the family and at school. Perhaps that is what really upsets its critics.

South Park ... is merely a good example of popular culture

MEGAPHONE

■ *Vicky Hardcastle* listens in to Radio 4's parlour game

Radio 4's men of the millennium

If, like me, you were flu-bound and bed ridden over the New Year, you may have listened to Radio 4's *Today* programme. According to Middle England's favourite radio station William Shakespeare topped the poll as the (British) "Personality of the Millennium".

Other nominations for the millennium personality included Peter Mandelson, Miss Piggy and Baldrick – sadly they don't tell us who came top out of those three!

Those who did come top – Shakespeare, Winston Churchill, then William Caxton, Charles Darwin, Isaac Newton and in sixth place, Oliver Cromwell – all have something in common. They are all white and all men.

Shakespeare's plays are brilliant but I'm with the scientists who argue that positive changes in our material circumstances are, in the end, more useful than plays. There are times when you need penicillin (Alexander Fleming was nominated too) more than you need to go and see *Macbeth*. Caxton's done well to get in there – he didn't invent printing, he only went to Germany to see how it worked.

But when you get to the politicians, you get a clear idea of the type of Radio 4 listener who bothers to vote in these tedious polls – reactionary. Winston Churchill's high rating shows this more than anything.

His "heroic" role as leader in the second world war involved banning strikes and curtailing democracy in Britain, authorising massacres of Indians and other oppressed peoples of his beloved British Empire who were demanding independence, carpet bombing militarily irrelevant German centres of civilian population like Dresden and refusing to aid Italian partisans fighting Nazi occupation because they were led by Communists.

And if all of this doesn't earn him the "millennium man" title then surely his pre-war ardent support for Mussolini, his ordering the gunning down of striking rail workers at Llanelli in 1911, his mobilisation of thousands of troops to smash the rail strike in the same year and his key role in defeating the British general strike of 1926 would win him votes in the Radio 4 poll!

There will doubtlessly be a deluge of similar Millennium lists to entertain us (or drive us mad) over the next year: scientific discovery of the millennium, book of the millennium, domestic appliance of the millennium, sports personality of the millennium, soap opera of the millennium, recreational

drug of the millennium etc., etc.

The problem with this kind poll is it insidiously draws you in. Most women will have looked at the Radio 4 list and wondered where are the women? I certainly did. If you are black, you will have wondered what happened to all those non-white people who have played their part in history. It makes

... the Radio 4 poll is a portrait of the oppression that characterised the millennium

you angry and then you start to try and think of women or black people who deserve to be on such a list – and you're sucked in. I can think of plenty of artists (writers, painters etc.) who aren't dead white men; it gets more difficult with scientists, inventors and politicians, although of course there are some. Some but not many, which brings you to the nub of the whole thing – power and privilege on the one hand and centuries of oppression on the other.

Once you stop indulging in the parlour game of making your own list of the great people of the millennium, you begin to realise that the Radio 4 poll is a portrait of the oppression that characterised the millennium.

There weren't any women playwrights around to rival Shakespeare because of women's oppression – women weren't

even allowed to act in Shakespeare's day, their parts being played by boys.

The same goes for female Darwins and Newtons. Even in the middle of this final century of the millennium, in the 1950s, many women were denied access to education.

My own mother, though she was offered the chance of going to college, was not able to go. Why? Because her family could only afford one child at college and naturally they sent her younger brother. My mother was sent out to work.

There have been very few black politicians in Britain because black people have consistently been excluded from political power. There are still only a handful of black MPs because of the racism endemic in every institution in the country.

End of millennium polls of the great and the good should set us thinking about what to do the make sure that the next millennium is different. In the end it's not individuals who make the changes that really matter to our lives. It's the masses who make history.

The bourgeoisie were the class of the second millennium. Let's make sure the next one belongs to our class. The working class is the only class that can eradicate oppression and exploitation for good and free millions to achieve "greatness".

marxism THE BASICS

A BEGINNER'S GUIDE TO REVOLUTIONARY SOCIALISM

The Marxist theory of political economy

Capitalism's economic experts like to blind us with maths – but their models break down whenever crisis rips through the system. *Bill Jenkins* demonstrates why Marxist political economy explains things better than the dry textbooks of the economists

ECONOMICS HAS taken a battering over the last few years. Economists failed to predict the economic crisis that hit Asia in 1997. *The Economist* magazine wrongly predicted in January 1998 that the year ahead would see record world growth as it shrugged off the "Asian contagion". The Nobel Prize winners for economics on the board of a hedge fund lost billions of dollars last year by following their own theories.

Economics is more and more about mathematical modelling that abstracts from human relations and behaviour. It is not used as a scientific tool but as propaganda to "talk up" the economy. Most economists' incomes are tied to constant and rapid growth in stock markets – so it is no surprise that their predictions err on the side of optimism.

Marxist political economy, in contrast, starts from relations between people and classes, and tries to understand the economy not as a perfect clockwork mechanism but as a dynamic system full of contradictions and doomed to be replaced. Political economy is not about the relationship between commodities, prices, supply and demand: it is first and foremost about people and the social relationships between them – about the owners of wealth and how they use it to exploit others; about what is produced and how.

Marx did not begin from scratch: he started from the insights of "classical" political economy – a school of thought that the early capitalists gave birth to, as a means of advocating the new system against the defenders of feudalism. The founders of modern political economy, Adam Smith and David Ricardo, were supporters of the new capitalist industrialists and bankers. They established a labour theory of value which explained that the labour of the working class was the source of all new value, the profits at the heart of the capitalist system. They showed that the value of a commodity – something produced for sale on the market – was determined by the amount of labour time it took to produce. They showed how all commodities exchanged according to equal amounts of labour within them.

Smith insisted that this equal exchange only applied to exchange of goods, not the exchange between a worker and a capitalist i.e. wages for work. Otherwise, how was the exchange of capitals to be explained? Ricardo disagreed: workers and capitalists did exchange something of equal value. So where did profits come from then? Ricardo witnessed the enormous strides in industrialisation in the early nineteenth century and with it productivity. He thought that it took less and less time to produce the goods workers needed and so the value of their wages used to buy them was able to decline. So profits grew at the expense of wages.

Early radicals seized on this to suggest that workers were being robbed: they came up with slogans demanding the "full fruits of their labour". So from the 1830s onwards, as the class struggle began to intensify in Britain and Europe, a specialist caste of bourgeois economists arose to mystify and obscure the origins of the capitalists' wealth. These economists rejected the labour theory of value, as it exposed too clearly the exploitation of the working class. And it is from the theories of these "vulgar" economists that modern day capitalist economics originated. Despite the fact that the Thatcherite bosses called their think tank the "Adam Smith Institute", they reject Smith's basic theory as too politically dangerous!

It was left to Marx and Engels in the 1840s to pick up from where Ricardo and Smith left off and develop the labour theory of value.

Marx realised that the answer to the key problem of the political economy of capitalism lay in the two-

IN BRIEF

■ Marxist political economy is "a science dealing with the developing historical systems of social production", especially the capitalist system.

■ The great scientific breakthrough made by Marx in this field was to discover the source of surplus value and the nature of exploitation. Labour power is bought and then used by the bosses. In being used, labour produces more value than is contained in the wages given to the worker; only part of the working day is needed to be used to reproduce the value of these wages which are equivalent to the means of subsistence to keep the worker going.

■ The struggle over surplus value makes class and class struggle inevitable under capitalism: they can't be abolished without abolishing the profit system itself.

sided nature of labour. The very concept "labour" needed to be refined.

On the one side, like all commodities, labour has a "use-value". This means that there are many different types of concrete labour: plumbing, computer programming, and a variety of skills and training may be involved. On the other hand all these different types of labour are united at an abstract level by the fact that they can be reduced to a specific amount of social labour – what Marx called "abstract, general human labour".

On the basis of this theory, Marx discovered that the exchange value of a commodity is determined by the abstract, average amount of labour contained within it. It is not decided by the level of skill of the craftsman or how much care someone took over its creation.

Unlike Smith and Ricardo, Marx realised that the distinction between use value and exchange value applied to labour itself. In fact "labour" was not a commodity being bought in the wage transaction: more accurately it was the power to work: labour power.

Labour power is what the capitalist buys with wages. The use-value of this is labour, which is unique. By setting the worker to work the expenditure of this labour produced more value than it itself contained. So the capitalist pays wages equal to the value of the goods and services the worker needs to survive and reproduce the next generation of workers.

The cost of labour power is socially determined. But for this the boss receives a commodity with a special power. The worker is contracted to labour for a certain duration and to a certain quality for the capitalist. Typically, a worker is employed for eight hours a day. This creates eight hours worth of value, which is spread across the commodities the worker produces; it adds eight hours worth of value to the commodities. For example, if the worker produced one chair an hour then that chair would have one hour of value in it. If the worker produced a tin can every minute the tin can would contain one minute of value.

However, the cost of the worker's reproduction is less than the value of the labour they add to production. During the eight hour day it may take only four hours to create the amount of value equivalent to the worker's wage. But the worker does not go home after four hours. To receive their wage, equal to four hours worth of labour, they must stay at work for the duration of the eight hour working day.

In addition to the four hours worth of labour which pays their wages they create a new surplus value equal to four hours which belongs to the capitalist. This surplus value is the source of all profits under the capitalist system. This was Marx's solution to the problems set by Ricardo's labour theory of value. It is the cornerstone of Marx's theory of capitalist economy. It unlocks the mystery of capitalist production.

Capitalist exploitation is not an unjust or unfair part of the capitalist system. The capitalists do not "steal" their profits from the working class. Exploitation is an

inherent and essential part of the system. It is the source of both the class struggle and economic crises, which are just as integral to this system.

The workers have no choice but to work, to be exploited, because we are deprived of owning the means of production. The capitalists own the means of production.

Capital is not just machines, factories, money, stocks and shares: it is a social relation between people. Capital – to the people that own it – appears as a kind of self-expanding money. Under normal conditions, short of burying money in the ground, you cannot stop it making more money: put it in the bank and it makes 5 per cent; in a PEP it makes 7 or 8 per cent; in shares you can double your money. To the capitalist, it seems that it is money itself that "makes money". Hence the fat cat's refrain, "I let my money work for me".

In fact it is only the labour of the working class that creates new value that translates into profit.

To own capital is to be part of the process of exploiting the working class. To live off your capital is to be part of a class whose material interest lies in screwing as much profit as possible out of the workers. Likewise the workers have no choice but to resist since the intensification of work, more job flexibility and holding down wages are among the most common methods the bosses use to raise efficiency and increase the rate of exploitation. The class struggle is an



Modern economic theory acts as a tool to talk up the economy not scientifically analyse it

intrinsic and permanent feature of the political economy of capitalism, as is the use of the police and judiciary to enforce this system against resistance from the exploited.

Once we understand the source of profits as the surplus value created by the working class the basic contradiction of capitalism – one that points to its ultimate doom – is opened up. In pursuit of profits the capitalists are forced into competitive innovation – replacing human labour by machinery and technique. A firm that introduces a technological change that cheapens production gains an advantage over its rivals – in the short-term. But, to compete, the other companies will make the same if not better innovation. Therefore, in the long-run the capitalists continually make innovations while putting workers – the source of value – on the dole. Marx called this the replacement of living labour by dead labour. But since only the living labour of the workers produces surplus value, the process of mechanisation and automation increasingly undermines the source of profit.

Hence Marx, like Smith and Ricardo, identified the tendency of the rate of profit to fall as a basic "law" of economics – one that could be offset by various factors, such as longer hours or new technology, but which, when unleashed, was the ultimate cause of crisis.

The basic functions of political economy for revolutionary socialists are to explain exploitation and crisis. We will look further at Marx's theory of economic crisis in a future instalment of *Marxism: The Basics*.

■ See page 25 for more on stocks and shares.

IRAQ BOMBINGS

Iraqi opposition enters US camp

Colin Lloyd explains the USA's new strategy of backing the Iraqi opposition while bombing Saddam's army

IN FOUR nights of bombing, 16-19 December 1998, the USA and Britain fired more cruise missiles at Iraq than during the whole Gulf War of 1991. The pretext was Iraq's "obstruction" of Unscm weapons inspectors – inspectors who, it is now revealed, were spying for the USA.

The attack may have devastated the internal security of Saddam's dictatorship; it has certainly devastated the credibility of US foreign policy in the Middle East, leaving Britain and the USA at odds with Russia, China and France on the UN Security Council and Unscm permanently expelled from Iraq.

In Britain, a large section of the labour movement does not support Blair's war to "cage" Saddam Hussein, and an important section of the ruling class has profound misgivings.

The coming weeks could see a renewed air war against Iraq, backed up by new attempts by the pro-US Iraqi opposition to oust Saddam under the cover of air strikes. But the whole experience of the recent stand-offs and bombings of Iraq shows that:

- imperialism can play no progressive role in Iraq;
- Saddam cannot be overthrown by those who support imperialism;
- the tasks of resisting the imperialist onslaught and making the workers' revolution against the Ba'ath regime are interlinked.

The facts about the pre-Christmas war with Iraq are shrouded in claim and counter-claim. Iraqi radio reported only 68 civilian deaths in the bombing, and even during the fighting it was obvious that the effect on civilians was not as bad as in the 1991 blitz. However, the US military is now claiming to have inflicted between 600 and 1,600 casualties on the military, police and political leadership of the Iraqi regime.

Certainly, if "war is politics by other means", Desert Fox had different political ends to Operation Desert Storm. From the evidence available it is clear that the US hit three kinds of target in December: Iraqi air defences, "suspected" chemical, biological and missile facilities, and – most important – military-political centres of the Iraqi regime.

These included all the known barracks and detention centres run by the "Special Republican Guard" as well as the military command centres of the regionally-based Republican Guard divisions, especially in the region south of Basra and in the Kurdish areas in the north. At the same time there were unconfirmed reports of attempted uprisings in these areas, and reports of mass executions of jailed Iraqi oppositionists before, during and after the air raids.

The Unscm report that triggered the air strikes was clearly a pretext for a larger operation that has not ended – one whose aims were embodied in the Iraq Liberation Act, which President Bill Clinton signed in October

1998, giving the US government the authority to fund and collaborate with the Iraqi opposition to overthrow Saddam.

The two months before the air strikes were a period of heightened activity for the main opposition coalition, the Iraq National Congress (INC), led by Ahmad Chalabi. Chalabi was called to Washington to brief the US government about the opposition's readiness to overthrow Saddam.

Shortly after that the Kuwaiti government indicated its support for a combined plan of air strikes and insurrections. On 11 November Major General Fahad Al Amir, deputy chief of Kuwait's armed forces, said:

"US military strikes should target Saddam Hussein and his military machine with the objective of toppling the regime. Kuwait...favours establishment of a wide enclave in southern Iraq, akin to one already in the north, in which Iraqi ground forces would be prohibited and Shi'ite rebels encouraged to actively oppose the regime. In the south, the revolution is there...It's underground. It's ready."

The northern "liberated" zone is a UN safe haven in northern Kurdistan, under the control of Masood Barzani's Kurdish Democratic Party (KDP). US plans for an anti-Saddam insurrection in Kurdistan in 1996 were thwarted when Barzani's alliance with the rival Patriotic Union of Kurdistan (PUK), led by Jalal Talabani, fell apart. In concert with Saddam, the KDP wiped out the CIA operation based in Arbil, despite

US/British air strikes at the time.

After the Iraq Liberation Act was passed, the USA sponsored a peace agreement between the KDP and the PUK, which, as *Workers Power* went to press, was due to be cemented at a conference in Kurdistan between Talabani, Barzani, US and British officials, and the INC.

The December air strikes clearly marked a break with the old US policy of sanctions, weapons inspections and limited air strikes. This policy was a dead end for the US and has been replaced by a dual policy of military "containment" and active attempts to use the Iraqi opposition to overthrow Saddam.

However, that strategy will have to be carried out by the USA virtually alone. Operation Desert Fox created a huge split in the imperialist camp. The UN apparatus itself, which had for eight years given the USA diplomatic cover with the inspection and sanctions regime under UN Resolution 687, did not give outright support to the attack.

On the UN Security Council three permanent members, Russia, China and France, distanced themselves from the strikes, with France calling for a "profound review" of the relationship between the UN and Iraq. And throughout the Middle East, support for the air strikes was patchy.

If there is a regime in the world that deserves to be overthrown it is Saddam's Ba'athist government. It has murdered tens of thousands of its own people, committed genocide against the Kurdish population in the north and the

Shia minority in the south, and systematically repressed the workers' movement.

But the INC-KDP-PUK alliance with US imperialism cannot bring democracy to Iraq. In the first place, an alliance built on the military might of a foreign aggressor can never be the substitute for a mass uprising. The USA stood back while Saddam crushed the Kurdish and Shia uprisings in 1991 because it feared the collapse of Iraq into Lebanon-style chaos, and the instability its territorial break-up would cause.

The INC, which represents a small pro-US faction of the Iraqi exile bourgeoisie, talks about "democracy" but refuses to guarantee either the Kurdish or the Shia minorities the right to self-determination, except "as part of a democratic Iraq": that is to say it insists on the oppressed peoples of Iraq accepting the imperialist-drawn borders. And its constituent organisations include renegade members of the Ba'ath regime who have shown no commitment to democracy in practice where they have wielded power themselves.

The workers and peasants of Iraq must not tie themselves to the London-based INC. As late as March 1998, during the previous military stand-off, the INC was lined up with George Galloway and Tony Benn on the platform of the anti-war movement in Parliament. Yet it supports sanctions and now it clearly supports and collaborates with US military aggression against Iraq.

If victorious, the INC-KDP-PUK

alliance will not "liberate" Iraq. It will try to deliver Iraq's oil economy completely into the control of the western banks. It will be incapable of governing Iraq without an alliance with the remnants of the Saddam regime – hence its promise to prosecute only a limited "list" of army officers, and an amnesty for the rest.

Instead, the workers and peasants of Iraq must forge their own organisations to overthrow Saddam, an uprising that will be directed at the twin sources of poverty and oppression: the Iraqi bourgeoisie and the imperialist powers. However, that does not mean siding with Saddam against the INC either. An organised workers' opposition should utilise any collapse of Saddam's repressive forces, or any rising instigated by the INC, to seize control locally, independent of the pro-imperialist opposition.

Imperialism's record towards Iraq demonstrates why any opposition it sponsors will not serve the interests of the Iraqi masses. Until 1990 Saddam's regime was a client and ally of the USA.

During the war between Iran and Iraq, the USA covertly supported Iraq. In May 1987 an Iraqi jet mistakenly fired two Exocet missiles at the US frigate *Stark*, killing 37 US sailors. The USA did nothing – it simply accepted Iraq's expressions of regret!

When Saddam gassed the Kurds of Halabja in 1988, the USA said nothing. The UK continued to export chemical weapons equipment to Iraq until December 1990. Tory arms minister Douglas Hogg approved a £2 million grant to Saddam to upgrade his missile programme in 1989 – one year after the genocidal attack on Kurdistan.

Until October 1998, for all its bluster against the Ba'ath policy, the sanctions-inspection regime was essentially designed to get a section of the Iraqi military to kill Saddam and make peace once again with the USA. Now the USA has decided to add another weapon to its armoury – an internal uprising in which Iraqi oppositionists will play the role that the US Marines refuse to play: cannon fodder in the sand.

But the goal will be the same: a friendly military regime, with at best sham democracy; the enforced captivity of the Shia and Kurds within imperialist-drawn borders; and a new regime of western exploitation for Iraq's oil resources.

When revolutionary socialists say "Defend Iraq against imperialist attack", we do not side with Saddam and his repressive forces. Nor do we shed any tears over the dead torturers and rapists caught within the secret police barracks.

But resisting imperialism is a fundamental task for freeing Iraq from economic servitude to the west and ensuring that the workers and poor peasants – not Saddam and the bourgeoisie – can use Iraq's wealth and resources to meet the needs of all.

END THE SANCTIONS!

Whatever the eventual number killed and injured in the December bombings, it pales into insignificance against the human cost of economic sanctions against Iraq.

According to UNICEF, more than 250 Iraqi people die each day as a result of the economic sanctions. In November 1997 UNICEF reported:

"Thirty two percent of children under five, some 960,000 children are chronically malnourished – a rise of 72 percent since 1991. Almost one quarter (23%) are underweight – twice as high as the levels found in neighbouring Jordan or Turkey."

In June 1997 a UN report verified the estimate that more than 1.2 million people, including 750,000 children below the age of five, had died because of the scarcity of food and medicine.

And in February 1997 the World Health Organisation said:

"Iraq's health system is close to collapse because medicines and other life-saving supplies scheduled for importation under the 'oil-for-food' deal have not arrived. Government drug warehouses and pharmacies have few stocks of medicines and medical supplies. The consequences of this situation are causing a near-breakdown of the health care system, which is reeling under the pressure of being deprived of medicine, other basic supplies and spare parts."

To justify the air strikes, Blair and Clinton claimed that the "oil for food" programme, in place since December 1996, is mainly going to fund Iraqi rearmament. In fact one third of the proceeds go to pay for the Unscm weapons inspection programme!

In addition, the oil-for-food programme falls well short of meeting the food and medicine needs of Iraq. Because of falling oil prices Iraq has been unable to sell more than \$3 billion dollars worth of oil in the last six months – well short of the \$5.2 billion limit under the programme.

According to Ashraf Bayoumi, who until May 1998 ran the World Food Programme Observation Unit in charge of monitoring food distribution in Iraq:

"The insinuations made by Bill Clinton and Tony Blair in their two most recent addresses – that the oil-for-food deal was in fact oil for tanks – are nothing but lies.

"You kill people without blood or organs flying around, without angering American public opinion. People are dying silently in their beds. If 5,000 children are dying each month, this means 60,000 a year. Over eight years, we have lost half a million children. This is equivalent to two or three Hiroshimas."

Another UN food co-ordinator, Dennis Halliday, resigned last year, saying the sanctions regime is "illegal and immoral".

We say: end the sanctions now.

Declaration by international revolutionary socialists

Victory to Iraq!

THIS STATEMENT was drafted and issued in Argentina on 17 December 1998 and was signed by:

PTS (Argentina), LTS (Mexico), revolutionary socialist militants attached to the Trotskyist Fraction in Bolivia, Chile and Brazil and the League for a Revolutionary Communist International.

It was translated from Spanish and is published in Workers Power to demonstrate the existence of internationalist opposition to imperialism's war against Iraq.

1. Once again the bombs of the murderous imperialists rain down on Iraq. During the first night of bombing by Britain and the USA, planes launched more than 200 missiles. Not content with the million and a half deaths caused by the imperialist blockade since 1991, Clinton and Blair today announce that they will continue with the attack until the Iraqi government is overthrown. These are the human rights that the imperialists defend!

With full participation by Blair's social imperialist government in the attack upon Iraq (undertaken only hours before the law made a decisive step towards the release of the jackal Pinochet), the imperialists of the "Third Way" show the whole world how farcical is their talk of "human rights guarantees" and "ethical diplomacy". The Labour government has droned on about this but it is only meant as a legitimating screen behind which it can unleash its murderous force on the oppressed people and the working class.

2. The arguments given by Clinton and Blair for attacking Iraq are derisory. They accuse the Iraqi government of "violating UN resolutions" and of "having the potential to make weapons of mass destruction", when it is the main ally of the United States in the Middle East, Israel, which has the greatest military power in the region, including a nuclear arsenal, and which has never stopped, at one time or another, from attacking Arab peoples, maintaining a brutal oppression of the Palestinian people and bombing Lebanon. Only servants of imperialism, such as for

example the Menem government in Argentina and other sell-out semi-colonial governments, could dare repeat the reasons given by the imperialists for massacring the Iraqi people.

3. Above and beyond the immediate reasons for this attack, the Iraqi people have been subject to continuing aggression since 1991. Since the "Gulf War" massacre Iraq has suffered a savage blockade that has caused a terrible economic decline. The UN, which on this occasion the US chose to ignore, has been the instrument for terrorising and making the Iraqi people give in. At one time or another during these years, the USA, with support, has been on the verge of launching a direct attack such as has finally materialised over the last few days. They want to see a completely docile government in Iraq, one that would follow its dictates to the letter and allow it complete control over the oil in the region.

With the present attack the US strengthens itself as the "world's policeman" dishing out a lesson to whichever semi-colonial people is not inclined to. In the midst of a world crisis the US wants to win a victory that strengthens it as the main world imperialist power. But this attack is not a sign of the strength of imperialism, whose dominance has been undermined as much by the masses of the world as by its imperialist rivals. Hence, we witness the growing trend for the USA to launch direct military interventions against oppressed peoples, as we saw recently in Sudan and Afghanistan.

4. The Clinton government is mired in an important internal crisis, which the Republicans intend to use to destroy him. In the Middle East a debacle has resulted from the attempt to relaunch the "peace agreement" between Palestine and Israel. The attack on Iraq was not greeted with enthusiasm by rival imperialist powers, nor by the bourgeois Arab regimes in the region and it provoked the opposition of the Chinese and Russian restorationist regimes. All these had been in favour of an attack backed by the UN during the last crisis at the



Demonstration against the air strikes, London 18 December

beginning of November.

But the scant enthusiasm of France, Italy, Russia, China, the Pope and other reactionary and anti-working class governments for this attack must not lead anyone into confusion. All of them support the blockade and their concerns for "civilian victims" are the purest hypocrisy. They agree, as much as Clinton and Blair do, with breaking the semi-colonial peoples. Kofi Annan, Jospin, Schröder, Yeltsin and many other "world leaders" have as much blood of the Iraqi people on their hands as Clinton and Blair.

5. In this confrontation neutrality is not an option. We place ourselves unconditionally in the military camp of Iraq, striving for its victory and for the total defeat of imperialism. This will only be possible by means of a

massive anti-imperialist mobilisation throughout the Middle East, in the belligerent imperialist countries and the whole semi-colonial world, which together can put a brake on this imperialist aggression.

Stop the bombs launched against the Iraqi people! Imperialist troops out of the Gulf and the Middle East!

Demonstrations are already underway in the USA, in Italy and various countries of the Middle East. Actions have been set in train against the imperialist aggression in Britain, Argentina and other countries. There is no time to lose. We must multiply the forces opposed to the imperialist murderers.

6. As Trotskyists, while we are unconditionally in the Iraqi military camp, we do not have the slightest political

confidence in Saddam Hussein. Saddam was the instrument of imperialist policy up to 1991 and heads a reactionary bourgeois regime that oppresses the working class in his own country and peoples such as the Kurds. We fight to get the working class to take the lead in the anti-imperialist struggle, because only it has the capacity to lead it to the end and defeat imperialism in a decisive way.

We do not recognise in the least the right of any imperialist power, nor the UN, to intervene to decide the fate of the Iraqi people, who are still being killed by hunger and by the lack of medicines as well as by bombs and missiles.

Against imperialist aggression international socialists put ourselves unconditionally in the military camp of Iraq. The defeat of imperialist aggression will strengthen the fight of the workers and oppressed peoples throughout the world. By contrast, if Clinton and Blair succeed they will be all the stronger to impose new oppressive conditions on the semi-colonial peoples and make the workers pay the cost of the world capitalist crisis. Not the slightest confidence can be given to the UN, the Pope or to the different governments that have indicated partial opposition to today's bombardment. They defend their own counter-revolutionary interests and are as much the enemies of the semi-colonial peoples and working class as Clinton and Blair.

There is no time to lose. The fate of Iraq is being determined in the Gulf and in the streets of Washington and London. Only a powerful anti-imperialist mobilisation can force the murderous imperialists to back down.

- Stop the imperialist aggression of the USA and Britain against Iraq!
- For a mass anti-imperialist mobilisation!
- Victory to Iraq!
- Down with UN sanctions and the blockade!
- Imperialist troops out of the Gulf!
- Down with the imperialists of the "Third Way"!
- Down with the servile semi-colonial governments tied to imperialism!

CHINA

Jailings point to rise in militancy

As the Chinese bureaucracy unleashes a wave of repression at working class opposition, Steve Main reports

LEADERS OF sacked workers' organisation have been jailed in a new wave of repression across China. The most widely reported victims of Beijing's clampdown have been activists of the China Democratic Party (CDP) such as Xu Wenli and Wang Youcai, whose main demands are for democratic and human rights. However, Zhang Shanguang, sentenced to ten years for "endangering the state", was the leader of an unofficial trade union for unemployed workers in Hunan province.

In the last year, 10 million workers have been laid off from the state-owned industries which form the backbone of China's economy. The government is trying to force them to accept the

million to join them. Disturbances and repression of activists have been reported from as far apart as Heilongjiang and Jilin in the far north-east and Hubei and Hunan in the centre and south of the country.

The scale of the attacks and the resistance to them is underlined by the official People's Daily which reported on 30 December that 2,800 people had been arrested for "stirring" subversive publications and the 70,000 illegal publications had been seized since last year.

Being jailed for "stirring" subversive publications and the 70,000 illegal publications had been seized since last year.

important in the long-term could be competition on the world market from the devalued currencies of the former "tiger" economies. So far, China has stuck to its deal with the US not to devalue its own currency, the renminbi, which would further destabilise the entire Pacific region. The alternative was to make Chinese workers pay the cost.

The political danger involved in this was never in doubt. The only implementation of "restructuring" that would have been possible was to make the renminbi more competitive with the dollar. This would have meant a major political dimension to the highly-changed political environment of the fifth anniversary of the revolution, and the tenth

anniversary year of the Tienanmen Square Massacre.

New repressive laws, issued by the "Central Political and Judiciary Committee" at the turn of the year, direct security forces to open fire on "riots" and prohibit demonstrations in cities that have seen workers' protests in recent months, such as Wuhan and Shanghai.

The increasing importance of working class mobilisations is also reflected in the reported foundation of a China Labour Party in Beijing. Although the declared aims of the organisation, as detailed in e-mails to international human rights organisations, appear to be limited to "monitoring" the Communist Party and "not seeking political power", its orienta-

tion towards recruitment from the working class and its demands against restructuring of the state-owned industries are evidence of the centrality of the workers' movement for opponents of the regime.

The coming year is likely to see an increase in political conflict in China which will make more urgent than ever the creation of a revolutionary workers' party that does not shrink from the need to take power. That party must be built on the basis of a programme that mobilises and organises workers in both the state industries and the new private sector to overthrow the bureaucratic regime and take control of the economy in the interests of the workers and peasant farmers.

Euro launch gives bosses green light for jobs attack

Keith Harvey asks what response the European working class should make to the newly launched euro

"THE SINGLE currency is the keystone of the European single market which will ensure prosperity in Europe." These are the words of Jean-Claude Trichet, the governor of the Bank of France and member of the European Central Bank (ECB).

The bravado is understandable. The euro enjoyed a hitch-free launch at the start of this month when eleven of the 15 European Union (EU) countries finally locked in their national currencies to the euro, transferred their reserves into euros and ceded all power to the ECB to set interest rates for all member countries.

Businesses in the euro zone are free to do their accounts in euros, make contracts across Europe in euros, avoiding costs associated with converting money from one national currency to another. The vast majority of people will not see notes and coins in daily use for two more years; six months later the pesetas that turn up in your holiday trousers won't even be legal tender.

The cynics said it would never get off the drawing board, especially after the drubbing the Exchange Rate Mechanism took in 1992 when speculators forced sterling to crash out of the system. But since then the EU has enjoyed an economic upturn which has allowed the Euro-bosses to take the measures to bring key economic indicators into line without provoking a full-scale social and political explosion.

If you believe Trichet the euro is but one more step towards consolidating the fraternity of European nations that woke up the morning after World War Two and realised that they needed

to avoid such conflagration again.

The truth is different. Since the war Germany, aided politically and financially by the United States, has grown to become the continent's economic superpower. But its political clout on the European and global stage lagged far behind.

This drove it to become the leading player in the campaign to integrate Europe. But while its economic strength made it first among equals, its ability to pursue the project depended on the willingness of other European ruling classes, in their own interests, supporting integration, up to and including monetary union.

European project.

In 1991 France got Germany's agreement to launch the single currency, with its explicit commitment to abandon national control over its monetary policy, in return for French support for German unification.

The pressing need for Germany and France to lead Europe towards greater degree of economic and political integration stems from the imperative to be more like the United States if it is to compete on an increasingly open and fiercely competitive global market.

By the mid-1990s the European Union's share of world output was virtually the same as the USA (20 per cent). Both continents take a 15 per cent slice of global export markets and both are roughly similarly dependent on world trade as a percentage of output (8 per cent).

But the USA has advantages over the EU, including a single currency within its borders and a single monetary authority.

The EU now has these too but it still lacks a federal government that controls central taxation for all member states and, of course, unified command over the armed forces with which to pursue its imperial goals.

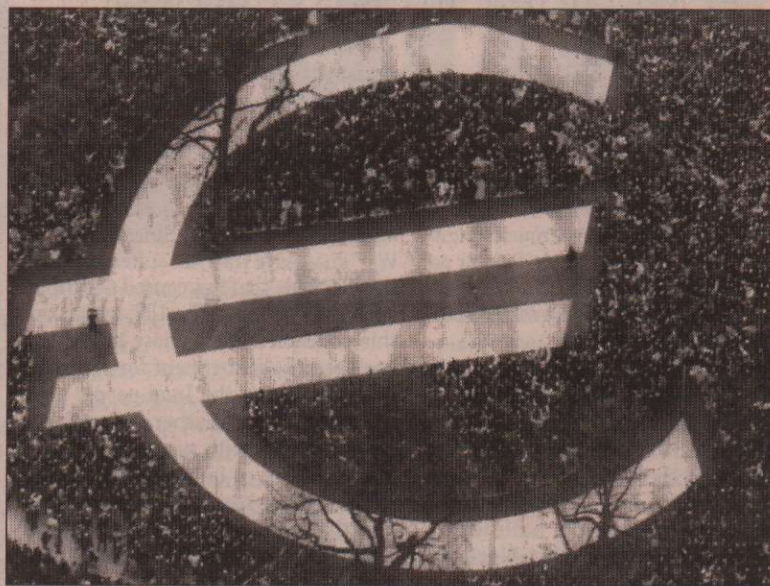
Whether or not steps in this direction will ever materialise is debatable. But it is crystal clear that the single currency will serve as a catalyst for a new stage in the consolidation of a European capitalism. And this beast will altogether contradict Jean-Claude Trichet's vision of "prosperity" for the mass of the population.

After 1991, the Maastricht Treaty criteria for achieving monetary union included harsh debt, interest rate and expenditure targets. As the *Wall Street*

Even on the most optimistic forecasts for growth this year EU unemployment is expected to rise by 400,000

Chancellor Kohl, between 1982 and 1998, was the consummate expression of this imperialist vision. He was able to secure French agreement for the project. France was a major global diplomatic and military power whose history and influence would be essential in a greater European project on the world stage.

In exchange for French agreement Germany surrendered a degree of its political autonomy. France, a weaker economic power, got to constrain and influence the direction of German policy and become the co-leader of the



Partying at the launch of the euro: will the future be worth celebrating?

Journal noted this month:

"To meet the financial tests of monetary union countries slashed public spending which in turn suppressed consumer spending. To cope with shrinking demand employers reduced their workforces." (5 January 1999)

Now the single currency will lead to pan-European capital markets – which will unquestionably mean a further round of mega-mergers and cost-cutting designed to make the profit giants better able to compete with the big US and Japanese corporations. This will lead to more attacks on jobs.

Unemployment in the EU is already 20 million with the official poor numbering a massive 57 million out of a total EU population of 290 million. Unemployment is 11 per cent compared to 4.4 per cent in the USA. In Spain it is 18 per cent; in France it is nearly 12 per cent and in Germany it is over 10 per cent mark – higher than any time since Hitler took power.

Job hunger is the continent's biggest political and social problem. We have a recession coming in Europe that will see investment and demand fall; this will ensure that Europe's multinationals will bring forward their cost-cutting and productivity-enhancing drives, leading to more flexibility and job losses. Even on the most optimistic forecasts for growth this year EU unemployment is expected to rise by 400,000.

But we also have social democratic reformist governments in power alone or in coalition in 13 out of 15 member states in the EU. The German government is, rhetorically at least, committed to job creation as its number one priority. Millions will be pressing for job creation after a decade and a half of neoliberal job destruction.

These social democratic governments will be under conflicting pressures. From one side recession and euro-inspired cost-cutting will lead to longer dole queues; from the other the unemployed and those threatened with losing their jobs will demand that jobs are created and factories and offices are kept open.

The fault line of this contradiction runs straight through the European Central Bank in Frankfurt. The ECB is formally independent and totally unaccountable to any democratically elected body. It is not even obliged to make the reasons for its decisions public. Its mandate is to control the supply of euros and set interest rates at a level that ensures inflation is kept at or below 2 per cent.

In a European recession governments will come under pressure to act to save jobs; but they cannot use monetary policy to effect the economy. The room for manoeuvre will be narrowed and will tend to synchronise the European class struggle in case of recession.

Thus, the celebrations by the European bosses that marked the launch of the euro will prove short-lived. The prospect of a growing internationalist struggle by the European working class – presaged by the united rail strikes of last year – can halt the plans of Europe's rulers to make the working class bear the cost of their single currency and lay the basis for a different sort of European Union: a workers' Europe.

On 5 June tens of thousands of trade unionists, youth and socialist militants will gather in Cologne during the EU summit to demand action not rhetoric in the fight to rid Europe of mass unemployment. As growth gives way to recession and big business seeks to defend profit margins at the expense of jobs it is vital to fight for:

- A 35 hour week and sharing of available hours between the workforce with no loss of pay; for workers control over hiring and firing. For legally enforceable protection against dismissal. For permanent contracts and full-time employment where this is wanted.

- No to job flexibility agreements in return for pay rises

- Nationalise all firms declaring redundancies or closures; occupy all plants under workers' control

- For a sliding scale of wages and legally enforceable EU wide minimum wage set at nine euros an hour.

- For a system of universal benefits starting at the level of the best examples prevailing in the EU at present.

- No to all anti-trade union laws; for the right to strike; no to compulsory ballots.

- For the free movement of workers across the EU. Open the borders. For the right to asylum. Down with all immigration controls. Down with the racist, repressive Trevi and Schengen treaties!

- Down with the unelected European Commission and ECB. For the election of a sovereign European Constituent Assembly from all those countries in the EU and seeking to join it – convened and protected by the fighting organisations of the working class.

- For a Socialist United States of Europe.

WILL BRITAIN ENTER?

TONY BLAIR heads a thoroughly pro-business Labour government and the vast bulk of Britain's top companies want to be inside the euro. The costs of staying out are significant and will grow. Northern Foods Chairman Christopher Haskins warned recently: "The rest of Europe will be making their markets more efficient and we will be marginalised."

There is the extra cost of currency exchanges for British businesses; there is also the uncertain effect that the euro will have on the level of sterling. If it rises against the euro it will make British exports more expensive.

While opinion polls in the UK show most people against joining, that can change quickly when a mass campaign by government and business weighs in to win hearts and minds. At present the massive disparity between interest rates (3 per cent in Euroland, 6 per cent in Britain), and thus mortgages, is being used to suggest the benefits of the euro.

Blair has every interest in ensuring a referendum takes place after the next general election and even making entry a key election issue if the EU is not in crisis by 2001-2002. With the Tories committed to opposing it and the bosses committed to joining there will not be many takers for a Hague government in the press or media,

notwithstanding the Murdoch empire's opposition to entry.

In the workers' movement, the TUC has already signed up for entry.

Britain is very likely to join, but should it? Should workers vote for the euro to get cheaper mortgages and lower food prices or against it to prevent an orgy of cost-cutting and downsizing?

Even the way the question is posed points to the fact that we are being offered two ruling class solutions to the economic mess.

If the UK stays outside and defends sterling by racking up interest rates then jobs will continue to be cut as exports falter; if it joins then there will be pressure to cut jobs and welfare spending to compete with those already inside.

The working class cannot flatly oppose one form of capitalist development to another: it has to develop an independent strategy to defend its welfare, jobs and democratic rights within all forms of capitalist development. In any future referendum on joining the Euro in Greece, Britain, Sweden or Denmark workers should abstain: we should boycott the camps of both the "yes" pro-Euro fat cats and the "no" narrow nationalists, but use the whole campaign to fight for a workers' Europe as the alternative.

French left serve up reformist platform in Euro-elections

The far left in France is standing a joint electoral list for the forthcoming European parliament elections. Here we print extracts from the joint platform and *Serge Goddard*, in Paris criticises its centrist politics.

THE ANNOUNCEMENT that two big far left organisations in France are to stand a joint slate in the Euro-elections has drawn much comment, both within the international left and the mainstream press. But the joint political platform agreed between between *Lutte Ouvrière* (LO) and the *Ligue Communiste Révolutionnaire* (LCR – sister organisation of Socialist Outlook) has not been the subject of much debate so far.

That is unfortunate. Opinion polls suggested that the joint list could get 5 per cent of the vote, even before it was properly put together. LO/LCR have the attention of significant numbers of workers, but what politics are they presenting to the French working class?

Revolutionary socialists do not put themselves forward for elections just to get the largest number of votes or to get a few people elected. The prime purpose is to use the opportunities offered by an electoral campaign to get the greatest possible exposure for revolutionary politics. The elections are in effect a platform for propaganda. They give access to many more workers and youth than we could normally reach, through newspapers, broadcasts, meetings and posters.

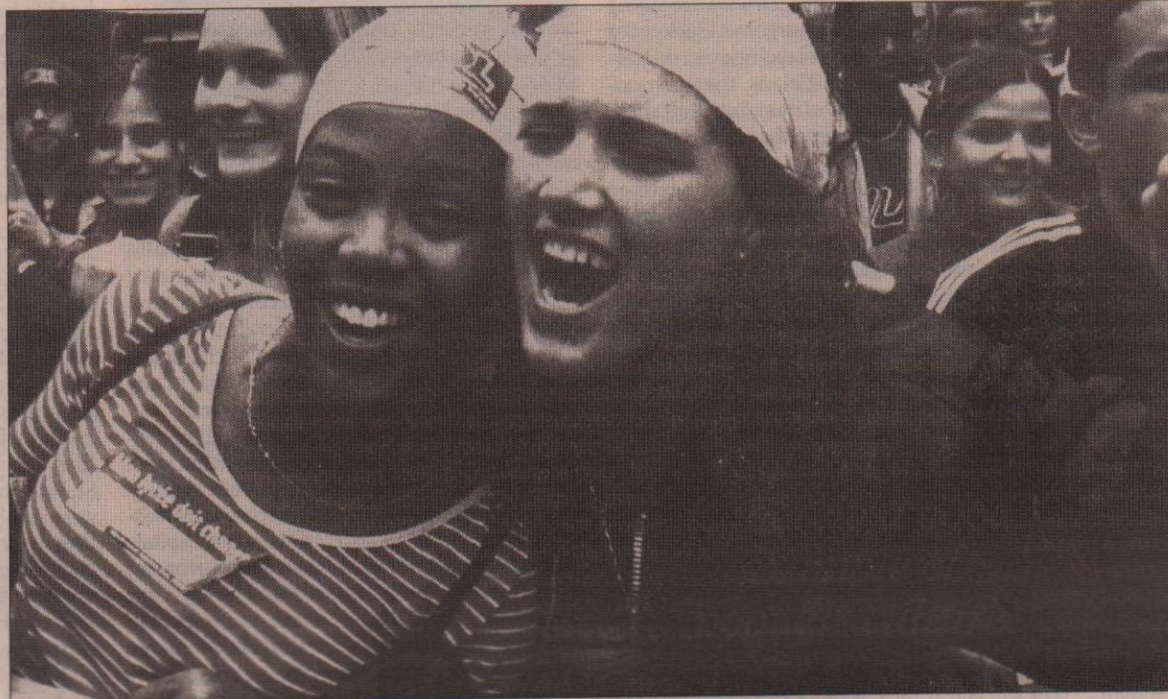
The early Communist International grasped this very well; the aim in an election campaign was to advance an anti-capitalist programme with demands capable of unifying the working class around a decisive fight against the bosses. The electoral programme is in this sense to be understood as a programme for the unfolding struggles in order to direct and organise them.

The LO/LCR platform is quite different. The platform harps on about the various reasons for "voting" for LO/LCR and "electing" their candidates as if elections could really change something. Not one section of the platform describes simply how and why elections in general are not the way forward. Unlike the policy of the Communist International in Lenin's day, LO and LCR have not written a platform that is oriented towards today's struggles, still less given us a platform that argues for the destruction of the capitalism system as a whole.

A consistent revolutionary programme would guide the class struggle without waiting for the bosses to attack; seeking to launch mass strikes, arguing for forms of self-organisation, stressing the importance of strike committees etc.

The last section of the platform demonstrates a complete abdication of the responsibility of revolutionaries to stand ahead of the illusions of the mass of workers. It explains "modestly" that those on its list that were elected would be "on the side" of the workers when what is really needed is a clear explanation of an alternative leadership to the reformists of all stripes – political and trade union – that currently lead the workers.

But there is not one attempt to explain in the document how and why the most important struggles of November and December 1995 did not achieve the key aims of the strikers. This is not a minor point since, if we are to prepare the way for future victories, we have to understand the weaknesses of previous struggles. But there is not one word



500,000 school students took to the streets in October 1998

on the stultifying weight of the trade union bureaucracy, nor generally of reformism inside the working class.

These weaknesses scar the whole document and especially so in the part which list the key demands to be fought for. Of course, the platform contains a series of demands with which no revolutionary could disagree – such as the 35 hour week. However, there is all the difference in the world between a demand that is posed in a reformist way and one which is raised in a revolutionary manner.

Reformists fight for goals like the 35-hour week as a way to make capitalism more humane, and the fight is totally divorced from the struggle for socialism. A revolutionary way of posing the question would explain how to fight for it and in so doing bring about the key elements of workers' control in the process, which is nothing other than the embryo of an alternative society based on workers' democracy. It is this which marks out a revolutionary approach from a reformist one.

LO and the LCR certainly do not pose their demands in a revolutionary way. One is left to guess whether the demands are to be achieved by voting for LO/LCR or by a general strike, within the framework of capitalism or as a means of destroying it.

Take one example from the platform: LO and LCR write that it is essential to "ban mass sackings. Companies that make millions in profits and which still

sack workers must not remain the hands of the bosses; they should be taken over." Fine, but you are left asking the question how? Should the companies be nationalised? Should the owners be compensated? No answers.

A revolutionary platform would explain clearly that the workers of each factory faced with such a threat would have to immediately occupy their place of work and open the books to find out the real level of profits and how much the equipment is worth; that in each office and workshop a strike or factory committee should be elected and production reorganised on a democratic basis.

But the LO/LCR programme is not a programme of action, not a revolutionary programme for the millions of workers in Europe. The aim of destroying capitalism is totally absent. In truth the manifesto does not even speak clearly of capitalism at all, merely evoking the need to struggle against "the logic of capitalism" leaving some workers to conclude that in attacking this logic one could perhaps impose another one upon capitalism?

So what in the end does this platform and the joint left electoral project amount to?

It contains a few generalities about the situation facing the European working class and a series of radical measures that would not give offence to a good number of reformists. Even Socialist Party leader Mitterrand, in the 1970s,

did not shy away from "contesting the logic of capitalism", nor even of announcing the need for "a radical break with capitalism".

The degree of generality in the manifesto is such that it does not even define in a revolutionary way what kind of Europe the LO/LCR are fighting for. The manifesto talks about a "Europe of democratic rights" and a "Europe of equal rights" but not a Europe in which capitalism has been replaced by a "socialist united states of Europe".

This is a reformist programme cobbled together by two centrist organisations for mass consumption. It is an object lesson in centrist evasion – "revolutionary communists" hiding behind a vague, left reformist phraseology, presumably on the assumption that revolutionary socialism is too strong a drink for the working class.

LO and LCR militants will plead that each side had to sacrifice something in order to reach agreement; but what they have agreed upon is a programme that owes nothing to the method of Trotsky's Transitional Programme and which leaves the fight for socialism to some distant time.

LO believes that the period we are passing through is counter-revolutionary and is therefore content at best to make abstract propaganda for communism. For the LCR, the task is to reunite revolutionaries and reformists under the banner of "anti-capitalism" creating new parties of the left in which the question "reform or revolution" can be put off – presumably because it is not relevant to today's struggles.

Workers in France and across Europe need a plan of action to fight for their needs. A plan of action that uses the elections to win the battle of ideas, places demands on the workers' parties in power but most important of all, one that mobilises the workers in a revolutionary way for the day to day struggle in the factories and on the streets.

Through the election campaign and after, it is essential to address the workers and youth attracted to the LO/LCR project and to pose instead a real revolutionary action programme.

Demands of the LO/LCR Platform

"It is necessary to:

- Stop the state handouts to the big bosses: subsidies, tax handouts, reduction of bosses' contributions to the social security and pension schemes.

- Use the money thus saved for the state to recreate jobs in the hospitals, public transport, education.

- Make a priority of quality public services, stop privatisation and extend the public sector to the companies that make a profit on the basis of the basic needs of the population: water distribution, pharmaceutical industry.

- Ban mass sackings. Companies that make millions in profits and which still sack workers must not remain the hands of the bosses; they should be taken over.

- Impose a massive reduction of the working week, co-ordinated on a Europe-wide scale, to 35 hours and on to 30 hours, with no loss of pay, with no flexibility that enables the bosses to vary the working week at will.

- Level up collective agreements on the basis of the best conditions. Guarantee a European minimum wage abolishing current disparities which maintain competition between workers, based on the country where it is the highest.

- High incomes should be taxed more and speculative profits should be heavily taxed. The whole banking system and the central European bank should be controlled. In order for these measures not to remain a dead letter, the real accounts of the big companies, and the bank accounts of their main stock-holders, should be made public, so that workers, consumers and the whole population can control their functioning, which today is secret. At the same time this would be the best way of putting an end to politico-financial scandals.

- A vote for the LO/LCR list

- Is to approve radical measures that will make those who are responsible for the crisis and profit from it pay for the crisis, rather than the population;

- Is to affirm that for Europe to exist without unemployment and without misery, it will be necessary to remove control of the economy from the hands of the capitalists;

- Is to vote as left as possible, is also a radical way of showing your opposition to the right, and to form a counterweight to the far right;

- Is to express your determined opposition to the government's policies;

- Is to clearly oppose any nationalist solution. The workers of all countries have the same interests and the only worthwhile frontier is that which separates the exploiters from the workers.

By voting for the list headed by Arlette Laguiller and Alain Krivine, you can elect to the European parliament women and men who will defend the interests of the workers, who will be faithful to their promises and who will be at your side to prepare the collective struggles of tomorrow."

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The launch of the joint manifesto has involved little discussion over content among the members of the two organisations. For LO and LCR the discussion – where it took place at all – was animated only by speculation about the degree of electoral success and not on what kind of programme they should put forward.

Other far left groups have remained equally silent on the substance of the electoral agreement. The *Voix des Travailleurs* (VDT), just like the *Gauche Révolutionnaire* (GR – sister organisation of The Socialist Party/Scottish Socialist Party), have gone so far as to confirm their support for the common slate without making the slightest criticism of the platform.

The only reservation the VDT and the GR have is that the alliance between LO and the LCR seems to be temporary. The VDT, a group led by expelled leaders of LO, also complains bitterly that the list excludes them.

They died for th

Eighty years ago, on the night of 15 January 1919, two great socialist revolutionaries died. Rosa Luxemburg and Karl Liebknecht were brutally murdered by paramilitaries, acting on the orders of the German social democratic government. *Lesley Day* commemorates the anniversary of Luxemburg and Liebknecht's deaths by analysing their contribution to the Marxist tradition.

AT THE time of their deaths, Rosa Luxemburg and Karl Liebknecht were leaders of the Spartacus group, the left wing of the workers' movement. They had broken from the German Social Democratic Party (SPD) after its betrayal of the 1918 German revolution.

In January 1919, the social democratic government of Friedrich Ebert was trying to rebuild a capitalist Germany in tandem with the ruling class. In contrast, Luxemburg and Liebknecht were fighting for a socialist revolution to rid Germany of the corrupt politicians, the warmongering generals and profiteering capitalists who had led the country into the terrible carnage of the First World War.

Today, Karl and Rosa are remembered as heroes of the revolution, an inspiration to workers, to youth, to women fighting injustice. Their writings and their actions are rich in lessons. Their murderers are remembered as those who were prepared to butcher the workers of Berlin to preserve bourgeois rule. Their betrayal of the revolution led, ultimately, to decades of inequality, terror and war under the Nazis.

Liebknecht and Luxemburg's fight against the traitors in the workers' movement started long before the fateful events of January 1919. It began inside the SPD in the years before the outbreak of the First World War.

In the early years of the twentieth century, capitalism appeared to be set for continued expansion. The European powers, first Britain, followed by France, Germany and Russia had undergone massive industrial and commercial development. The big companies, banks and governments of these countries had expanded worldwide. In search of new markets for their goods, for raw materials and areas for investment, these Great Powers were carving up the world between them, exploiting the resources and labour of the colonies.

At the same time, capitalism continued to exploit the working class across Europe. The workers had responded with trade unions, cooperative societies and their own political parties. Socialist ideas developed; workers wanted not only equality and justice for all but a new kind of society where production would be for need rather than for profit.

The German Social Democratic Party (SPD) was the first permanent, organised mass party of the working class. Following the repeal of the anti-socialist laws in 1890, it operated on a legal basis within Germany and had a significant success in parliamentary elections. It became

the centre of the Second International which linked the socialist parties of different countries together. The SPD was founded by Wilhelm Liebknecht (Karl's father) and August Bebel. It embraced Marxist ideas; it was committed to the overthrow of capitalism and the establishment of socialism. At the same time it worked for the reforms which workers urgently needed: better conditions at work and in the towns, freedom of speech and the vote.

Marx, Engels and the early leaders of the socialist parties saw the struggle for reforms as a means of preparing the working class for the social revolution against capitalism, not as a substitute for that revolution. They recognised that without such a revolution all reforms would prove, at best, temporary. Reforms could be snatched back by the bosses whenever the drive for profit demanded new attacks on the workers. Equally, they recognised that the bosses' state - its armed bodies of men dedicated to the defence of capitalist property - would never tolerate the "gradual" reforming out of existence of the profit system. They would strike back viciously at any working class that threatened this system.

Marx and Engels had also argued that the capitalist system would inevitably run into crisis. But in the early years of the twentieth century many of the leaders of the socialist parties increasingly questioned this tenet of Marxism. Capitalism was expanding world wide and European firms were making big profits. The existing governments and the big companies were able to deliver a series of reforms and improvements for the working class. Given these concrete circumstances, the reform of capitalism, rather than its revolutionary overthrow, began to appear as a real possibility to some members of the SPD and the Second International.

The first openly "revisionist" wing in the SPD was led by Eduard Bernstein. Bernstein summed up his revision of Marxist theory in this way: "The final aim of socialism, whatever it is, means nothing to me; it is the movement itself which is everything".

Rosa Luxemburg, already well known as an innovative intellectual and talented speaker in the party, came to the fore in the struggle against Bernstein. Rosa was born in 1871 in Poland, which was then part of the Russian Empire. From the age of 16 she had been involved in working class politics and she was a founding member of the Social Democratic Party of Poland and Lithuania. In 1897 she moved to Germany to work in the SPD. She entered the debate with enthusiasm and became the sharpest critic of Bernstein's opportunist attack on the "final goal". She wrote a pamphlet *Social Reform or Revolution*, which remains today the classic statement of the revolutionary case against reformism.

Luxemburg argued that, despite surface appearances, capitalism was still a crisis ridden system and that to strive solely for reforms meant adapting to capitalism itself:

"It is not true that socialism will result automatically from the daily struggle of the working class. Socialism will be the consequence of (1) the growing contradictions of the capitalist economy and (2) of the comprehension by the working class of the unavoidability of the suppression of these contradictions through a social transformation."

The revisionist belief that reforms could overcome capitalism's contradictions was an illusion. The trade union struggle was a "Labour of Sisyphus". By this she meant that trade unions under capitalism were doomed to a constant struggle to defend their wages and conditions, while capitalist measures such as expanding the labour market would always send the "stone" rolling down hill again.

Her arguments infuriated the more conservative, bureaucratic party and trade union leaders. The trade union leaders tried to caricature Luxemburg's argument as anti-trade union. But Luxemburg was clear about the importance of the trade union struggle:

"this labour of Sisyphus is indispensable if the worker is to obtain at all the wage rate due to him in the given situation of the labour market".

She argued simply that the trade union struggle would never be enough.

Those at the centre of the party like Karl Kautsky began to distance themselves from Luxemburg. While opposing Bernstein on a theoretical level, Kautsky increasingly bowed to the leadership's reformist practice.

Luxemburg became one of the acknowledged leaders of the left wing of the party, together with her life long friend, Clara Zetkin. Zetkin's own work in mobilising working class women to fight for socialism and against their own oppression, brought her up against the conservatives in the party leadership. These two women were fearless in their attacks on the right wing and where necessary the centre. In return they suffered numerous personal attacks and hostility.

PROOF OF the growing division in the SPD came with the Russian Revolution of 1905. Luxemburg welcomed it and threw herself into it, both practically and in distilling its lessons for future struggles. She secretly returned to Russian Poland, where she was still wanted by the authorities. The Polish workers, inspired by events in St. Petersburg at the heart of the Russian Empire, were involved in a mass strike wave. Luxemburg threw herself into revolutionary activity, producing a clandestine party paper. As the revolutionary wave subsided Luxemburg was arrested and imprisoned. After her release she eventually returned to Germany.

In the aftermath of 1905 Luxemburg concentrated on analysing the revolution and its implications internationally. She developed her ideas on the central importance of the mass strike. For whole periods in 1905 such strikes had paralysed the Russian empire. Luxemburg argued that mass strikes were a vital part of the fight for workers' revolution. This brought her into a head-on collision with the German trade union leaders. These abject reformists regarded all talk of the mass strike as "playing with fire". Luxemburg's pamphlet *The Mass Strike, the Political Party and the Trade Unions* vigorously attacked these union leaders and the SPD leaders who were allied to them. Their opposition to the mass strike was, said Luxemburg, proof of their opposition to the spontaneous revolutionary action of the working class. And in practice this would place them alongside the bosses and against the workers in any revolutionary crisis. She was to be proved correct.

In this period her differences with Kautsky became fierce. Kautsky defended the use of the mass strike on paper, but consigned it to a far away battle for power in the never-never land of a revolution that he no longer really believed was either possible or necessary. It was a sign of his shift from the "centre" to the right in the SPD.

In practice in Germany, Kautsky argued that, in the fight to extend the vote a policy of attrition was necessary. By this he meant avoiding a confrontation with the ruling class - therefore rejecting strikes and mass agitation - and pursuing instead a purely electoral route to achieving greater democracy. Luxemburg saw exactly where this was leading - to reformism - and said so, even though revolutionaries such as Lenin defended Kautsky against a "wrong interpretation" of his attrition strategy.

Only later did Lenin realise and acknowledge that Luxemburg had been right in her insistence that Kautsky was accommodating to the right wing. Kautsky and the centre group in the SPD could still defend Marxist orthodoxy and acknowledge the necessity of revolution in the abstract, but in practice they vacillated and went along with reformism.

Luxemburg also tackled the theoretical roots of opportunism. In her book *The Accumulation of Capital* she argued that far from being able to continue its expansion, capitalism was doomed to crisis. Her analysis had weaknesses and was attacked by Lenin and others, but the task she set herself was a vital one. The capitalist world order was beginning to crumble. The Great Powers were marching inexorably towards war.



Karl Liebknecht rouses the youth to oppose militarism

e working class

IN THIS context a key battle inside the SPD and the International was to maintain working class internationalism. The rivalry between the Great Powers was becoming more intense. It began to break into open Boer War of 1899 confirming British imperialism's bloodthirsty appetite, and the Russo-Japanese war of 1905 showing that every part of the globe could become a site for inter-imperialist clashes. In 1904, Britain and France formed the so-called Entente Cordiale, a treaty clearly aimed against Germany. In each country, chauvinist and militarist propaganda was growing. The left wingers in the SPD, including Luxemburg, Zetkin and Karl Liebknecht, raised constant warnings against the war danger.

At the world congress of the Second International, meeting in Stuttgart in 1907, the revolutionary forces won out over the opportunists. Bernstein and his supporters advanced a series of reactionary arguments which showed how far they were bowing down to imperialism. They were right reform of colonial policy, rather than outright support for the fight against colonial oppression. Right-wingers, like the SPD leader Vollmar, wanted to embrace the idea of a German "fatherland". He was joined by others like Ebert and Karl Liebknecht, raised constant warnings against the war danger.

The resolution adopted at the Congress rejected such chauvinist ideas. It spelt out clearly the dangers of the approaching war, affirmed its roots in capitalist competition and outlined the tactics of the socialist parties against militarism. Its last sections were drafted jointly by Lenin, Luxemburg and Martov:

"The Congress holds that it is the duty of the working classes, and especially their representatives in parliaments, recognising the class character of bourgeois society and the motive for the preservation of the opposition between nations, to fight with all their strength against naval and military armament and to refuse to supply the means for it, as well as to labour for the education of working class youth in the spirit of the brotherhood of nations and of socialism, and to see that it is filled with class consciousness.

The Congress sees in the democratic organisation of the army, in the popular militia instead of the standing army, an essential guarantee for the prevention of aggressive wars, and for facilitating the removal of differences between nations."

If there was an outbreak of war, the parties of the International pledged themselves "to strive with all their power to make use of the violent economic and political crisis brought about by the war to rouse the people, and thereby to hasten the abolition of capitalist class rule".

But it was one thing to win the resolution and quite another to hold the leaders like Noske to the internationalist position. The campaign for a consistent anti-militarist policy, centred on the youth, was carried forward by Karl Liebknecht, in the teeth of opposition from the increasingly reactionary SPD leaders.

A WORKING CLASS youth movement had grown up in the early 1900s in Germany, centred on apprentices and demanding democratic rights including the vote and the right to form political organisations. The Union of Free Youth Organisations was constantly harassed by the police, but managed to grow and to press for more active, militant policies inside the SPD and the trade unions. Karl Liebknecht took up their cause, supporting them against the bureaucrats who constantly urged caution. At the SPD conferences in 1904 and 1906, Liebknecht pressed the need for an extensive anti-militarist campaign. He won the party to the need to agitate amongst potential young recruits to the army.

Liebknecht did not flinch from a bitter clash with his father's old comrade, August Bebel. Bebel



Rosa Luxemburg

scornfully rejected the example of the Belgian youth organisation and its anti-militarist campaign on the grounds that Belgium was "a country that counts for nothing". This was a measure of how far national-chauvinist poison was seeping into the party. Like Luxemburg, Liebknecht was not afraid of confronting the older respected leaders when they abandoned socialist principles.

In 1907, Liebknecht published his famous book, *Militarism and Anti-Militarism*. It immediately caused a storm. The book was seized and its author charged with high treason. He was sentenced to 18 months imprisonment. His speeches in court gave a further boost to anti-militarist propaganda and copies of the banned book were circulated secretly and eagerly read by young workers.

The book lays out the roots of war in capitalist competition and exposes the various bourgeois "disarmament conferences" as empty talk, because the capitalists never willingly disarm themselves. It shows how the standing army is frequently used against workers' protests and strikes. Pacifism was no answer and the anarchist stress on individual actions, such as refusal to serve, could not hope to mobilise the mass of young workers.

Instead the party, and in particular the youth organisation, should develop special campaigns aimed at the youth which exposed the nature of war and the class nature of the army. Young people should be "inflamed with class consciousness and hate against militarism... He who has the young people has the army."

With its campaign against militarism as well as its fight for youth rights at work and in society, the Free Youth Organisations of Germany grew apace. By 1913 their paper, *Working Youth*, had a circulation of 97,000. As the movement grew, so did the opposition to it from the trade unions and party leaders. The trade unions proposed that "a special youth organisation is not required". Youth activities should be run by special party committees and be confined to lectures and social activities. The party left defeated this proposal but the new strong man of the party bureaucracy, Ebert, was put in charge of supervising the work. The next six years saw him launch a series of attempts to smother youthful radicalism in the ranks.

AS THE stranglehold of the bureaucracy and the poison of chauvinist ideas grew inside the SPD, the battle of the left to defend revolutionary principles and practice intensified. But this struggle was fought issue by issue. In hindsight we can see that Luxemburg and Liebknecht should have launched a clear factional struggle and tried to oust the opportunists from the leadership of the party. Lenin's sharp factional campaign inside



Anti-war leaflet supporting Liebknecht

the Russian party – and the effective creation of a separate party manifested in the split between the Bolsheviks and the Mensheviks – meant that the Bolsheviks were free to win support in the working class for consistent revolutionary policies.

Luxemburg understood the importance of a revolutionary party, but not the combat party like that of the Bolsheviks. She stressed the importance of the spontaneous activity of the working class, of its capacity for forcing the pace in a revolutionary period, as against the importance of the role of party leadership in the revolutionary struggle. Her experience of the dampening effect of the party and trade union bureaucracy in Germany makes her views understandable. But they were one sided, false and ultimately had fatal consequences in the revolution of 1918/19.

Luxemburg understood the way that reformist ideas gripped the working class on a day to day basis and the need to keep up constant propaganda against these ideas. But a revolutionary party needs to do more than just battle against wrong ideas. It needs to weld together the best, most revolutionary elements of the working class around a common programme so they can act decisively as a unit in a revolutionary crisis.

The masses can propel events forward and overtake their conservative leaders at key points. But to simply rely on this bringing victory – to ignore the role of leadership in directing this spontaneous action towards a consciously fought for goal – is wrong. Each time spontaneity takes the class struggle to new heights, each time the question is raised – where next? The role of the party is to match the energy and creativity of the masses with a programme that answers this question and an organisation capable of turning the answer into a practical course of action.

But when the wrong answer to the question, "where next?", triumphs in the ranks of the spon-

continued on next page



Members of the people's naval division occupy a government building



The revolution split the army: left, pro-revolutionary soldiers in Berlin prepare to defend themselves while members of the Freikorps, above, hide behind a barricade. Members of the Freikorps went onto form the nucleus of the fascist storm troopers.

taneous mass movement the consequences are always disastrous, leading either to the ebbing of the movement or to its forcible suppression by a class enemy aided by reformist traitors. The absence of a party, in such cases, is the key to understanding why so many spontaneous risings of the workers have gone down to defeat.

WHEN WAR broke out in 1914, the true extent of the rot in the Second International was revealed. The long struggle of Liebknecht and Luxemburg against militarism in society and opportunism in the party could not prevent the collapse of the International. One by one, the parties of the Second International fell in behind their own rulers – the most significant exception was the Russian party. On 4 August 1914, German Social Democracy voted for war credits, pledging its support to the German imperialist war effort and calling on German workers to slaughter their brothers and sisters in other countries in the interests of the German bosses' profits.

Liebknecht, himself a Reichstag deputy, led the fight against voting for war credits inside the party caucus, but obeyed party discipline and voted with the rest. It was the one and only time he was to do anything that supported the war.

In the following months and years, Liebknecht, Luxemburg and Zetkin tried to rally the workers' movement against the war. Many of those who risked imprisonment by waging a fight against the imperialist war were the young workers trained by the youth organisation. The women's organisations built by Zetkin also supplied many supporters for the true internationalists in the party. In December 1914, Liebknecht was the lone voice and only vote in the Reichstag against a renewal of war credits. He used the platform of the Reichstag to appeal to workers to oppose the war.

As the dreadful carnage moved into its first then second year, opposition began to grow. In 1916, Liebknecht was the first to address a public demonstration against the war, in the heart of Berlin. He shouted "Down with the war! Down with the government". Inevitably the police stopped his speech and imprisoned him, but his words carried across Germany and indeed across Europe. His slogan "The main enemy is at home" became the touchstone of revolutionary action against the war.

Luxemburg spent a large part of the war in prison where her health suffered badly. But while she fell prey at times to depression and exhaustion, she maintained her revolutionary optimism and smuggled out her analysis of the war. Both Luxemburg and Liebknecht realised that the old party and international were dead – a "stinking corpse", as Luxemburg called Social Democracy. Her *Junius Pamphlet* rallied workers not only to oppose the war but to the necessity of socialist revolution. The war had given shape to Engels' prediction that capitalist society presented the dilemma of an advance to socialism or a reversion to barbarism. The war was the living hell of workers slaughtering one another; to end it, the workers must raise the slogan "Workers of all Countries Unite" and turn against their real enemy, the ruling class.

To fight for this slogan Luxemburg and

Liebknecht drew together the fragments of the left into the Spartakusbund. Rosa's former companion, Leo Jogiches, shouldered the burden of leading the organisation through this desperately difficult period. As the war dragged on the Spartakists found increasing support. Luxemburg joined with Lenin in the call for a new International and in 1917, she hailed the Russian revolution. She had differences with the Bolsheviks but saw immediately that not only was the Bolshevik rising the "salvation of the honour of international socialism" but that it must be seen as the first of a series of workers' revolutions across Europe.

By 1918, this seemed a real possibility. A series of workers' protests and mutinies in the armed forces swept across Germany culminating in November 1918 with the collapse of the war effort. Soldiers and workers' councils were set up. Freed from prison, Liebknecht threw himself into the ferment, moving in secret from one meeting to the next. He was quickly co-opted onto the revolutionary shop stewards committee. Rosa was also released and headed straight into the maelstrom of revolution, despite failing health.

Mass strikes and demonstrations on 9 November forced the Kaiser to abdicate. The Russian revolution was a beacon to the working class and a terrible warning to the bourgeoisie.

But in Germany, right on hand, were the leaders of the SPD. With the words, "I hate revolution like mortal sin", SPD chief Friedrich Ebert took over the job of Chancellor. The leaders of the SPD were committed to protecting the bosses from the workers' revolution.

During the following weeks, with dual power existing between an insurgent working class and a teetering bourgeois regime, the Spartakists worked tirelessly to win over the leadership of the working class and drive forward the socialist revolution. But sections of the workers still looked to their old leaders. On 10 November, Ebert was made head of the revolutionary government by the Berlin Workers' and Soldiers' Council. On the very same day he was conspiring with the army to restore order.

Luxemburg and Liebknecht launched the daily paper, *Die Rote Fahne* (The Red Flag). Luxemburg spelt out the tasks of the revolution and the choices facing the revolutionary workers:

"Either the continuation of capitalism, new wars and a very early decline into chaos and anarchy or the abolition of capitalist exploitation."

The new German Communist Party (KPD) was formed around the nucleus of the Spartakusbund in December 1918. But before it had time to consolidate itself and launch a renewed challenge to the social democratic traitors, those traitors drowned the revolution in blood.

The right wing social democratic government put together a reactionary armed force made up of loyal troops and the Freikorps (a reactionary militia of ex-soldiers, many of whom went on to join Hitler's military gangs). The same Gustav Noske, who had once declared his support for the fatherland in the SPD's conference hall, now proclaimed himself chief "bloodhound" in the war against the Spartakists. Ebert, Noske and the entire SPD right launched an unprecedented propaganda war, accusing Luxemburg and Liebknecht of drawing ordinary workers into renewed bloodshed.

IN THE face of a series of provocations the revolutionary workers' leaders, among them Karl Liebknecht, became convinced they had to respond and set on a course of overthrowing the government. Luxemburg was convinced that the revolutionary workers and the KPD were not yet strong enough for such a decisive confrontation. She understood that many workers still clung in hope to the SPD. But she concluded that the communists had no alternative but to place themselves at the head of the rising.

During her final few days alive, her brilliant articles for *Rote Fahne* concentrated first on the need for decisive action and, as the right wing tightened its grip, on assimilating the lessons and preparing for the next phase of struggle.

The Spartakists were crushed; their rising was premature and ill prepared. But compared to the reformist traitors and the miserable cowards grouped around the apologist for the right, Kautsky, the Spartakists were revolutionary giants, a pledge for the future. A pledge that new generations of young revolutionaries will honour in the years to come.

But their defeat allowed the right to go on an all-out offensive. Reformism unleashed its dogs of war, the Freikorps. They indulged in a bloody frenzy against the left. And they ruthlessly hunted down Luxemburg and Liebknecht. On 15 January 1919, the two leaders were caught and dragged off for "interrogation". In fact they were going straight to their deaths.

Liebknecht was beaten and shot in the back so his captors could claim he was "shot while trying to escape". Luxemburg's head was smashed in with a rifle butt, she was then shot in the head and her body was thrown into a canal.



Munich communists demonstrate about the murders of Liebknecht and Luxemburg. In her obituary of Rosa Luxemburg, Clara Zetkin, wrote: "In Rosa Luxemburg the socialist idea was a dominating and powerful passion of both heart and brain, a truly creative passion which burned ceaselessly. The great task and the over-powering ambition of this astonishing woman was to prepare the way for social revolution, to clear the path of history for socialism. To experience the revolution, to fight its battles, that was the highest happiness for her. With a will, determination, selflessness and devotion for which words are too weak, she consecrated her whole life and her whole being to socialism, not only in her tragic death, but throughout her whole life, daily and hourly, through the struggles of many years. She was the sharp sword, the living flame of the revolution."

ON THE eve of their capture, Karl and Rosa wrote their last articles. Karl's "Despite Everything" expresses their optimism, founded not only on revolutionary will, but on an understanding of the fate of capitalism and need for communism:

"Whether or not we are alive when it arrives, our programme will live and it will reign in a world of redeemed humanity."

Rosa's "Order Reigns in Berlin" not only analyses the reasons for the defeat but spells out her belief in final victory. It shows how the "Order" boasted of by the treacherous social democratic leaders would be of a short lived nature:

"Order reigns in Berlin! You stupid lackeys! Your order is built on sand. Tomorrow the revolution will rear its head once again and to your horror will proclaim, with trumpets blazing: 'I was, I am, I will be!'"

Luxemburg and Liebknecht's last hours, like the whole of their lives, are a lasting inspiration to workers everywhere. Since their deaths their memory has been trampled on both by their opponents – history text books still refer to the "Spartakist rising" as a threat to democracy – and by their supposed supporters. Today's inheritors of the traditions of social democracy forget the bloodthirsty role of Ebert and Noske.

Today's social democrats like to claim that Rosa Luxemburg was an opponent of Bolshevism, despite her ardent support for the Bolshevik revolution. They turn the weaknesses in her politics – her failure to understand the need for a revolutionary combat party, her over-reliance on the spontaneous activity of the working class and her suspicion of the party discipline of the Bolsheviks – into excuses for their own miserable reformist schemas, their own cowardice and their own failure to confront and fight the class enemy with revolutionary methods. Rosa made errors – as every great revolutionary does – but reformism and cowardice were completely alien to her.

Others try to argue that Liebknecht's campaign against militarism and war makes him a forerunner of modern peace movements. Yet Karl was no pacifist. He saw the need to fight fire with fire – a bourgeois armaments drive with the struggle to arm the workers. He bent his will towards rousing the youth to struggle for revolution as the only means of ending war.

Both Rosa and Karl would be mercilessly critical of such "supporters". They weren't pacifists or anti-Bolsheviks. They were revolutionary communists, murdered for their undying commitment to the working class and to its struggle to overthrow capitalism. Their deaths are an indictment of both capitalism and the reformists in the workers' movement who defend it. But Rosa and Karl died fighting. Their deaths also demonstrate a spirit of courage and defiance, one that has lived on through generations of working class and revolutionary militants. No capitalist has ever found a means of killing this spirit and no capitalist ever will. That is why capitalists live in fear for the future of their system while revolutionary workers live in optimistic expectation for the future of theirs.

A Marxist guide to capitalist finance

Stocks, shares and slumps

The financial markets dominate what passes for "economic" news on TV and in the press. While growth figures are reported every three months, and unemployment rates every three months, we are treated to a snapshot of the stock markets – from Wall Street to Tokyo – three or four times a day.

The figures and fluctuations in share prices whirl across our screens: most ordinary people are not meant to understand them. And many socialists have a knee-jerk tendency to write the whole thing off as "speculation" – irrelevant to the class struggle and the fortunes of "real" capitalism.

However, anyone who wants to understand the profit system needs to understand what stocks and shares are, and – with the stock markets booming amid recession – how crashes can affect the real economy. What follows is a Marxist guide to the financial system: it won't help you make a killing on the stock exchange, but it will help you to blow away some of the lies the employers tell us.

IN THE early days of capitalism, the basic units of the profit system were the factory, the mine and the bank. Individual capitalist families owned and managed small concerns. At the end of the week they paid wages and banked the takings. In general, throughout the 19th century, capitalists used their banks much as individuals do today, as a source of safe deposit and short-term credit.

But as capitalist crises drove the weakest to the wall, creating bigger concentrations of capital, even the richest individual capitalists found they did not have sufficient money of their own to invest and innovate. The banks found a new role – lending such huge amounts to industry that, in many cases, the banks became the owners of industrial enterprises. At the same time there was a massive growth in "joint stock" companies – as an alternative to bank lending.

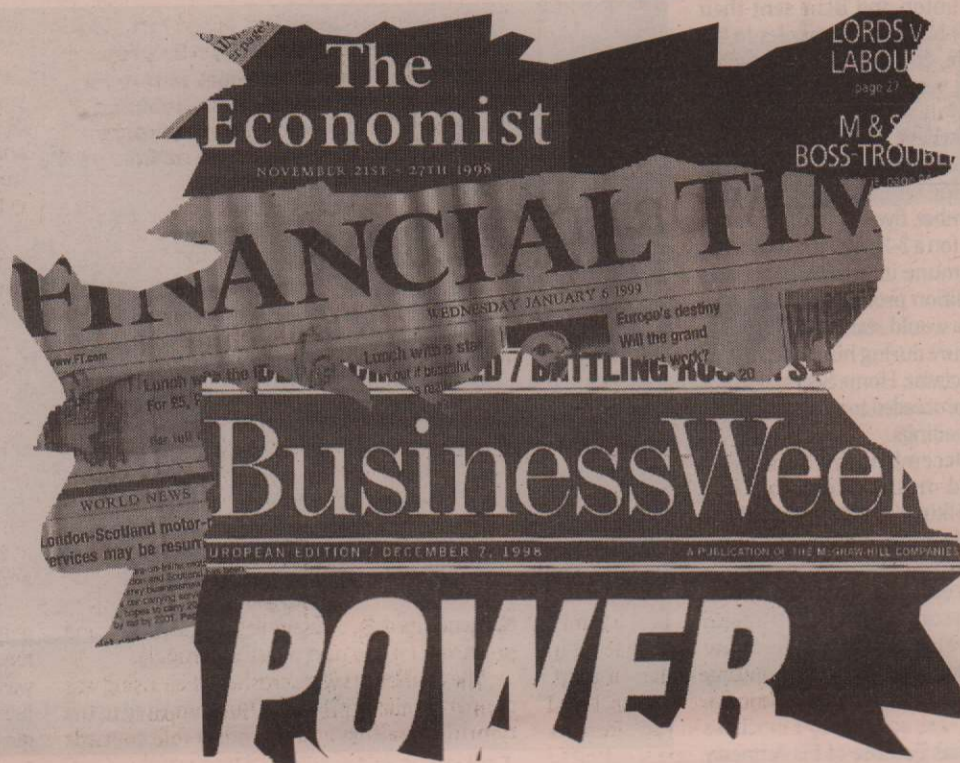
"Joint stock companies" – what we would today call a public limited company (plc) – had existed even in the early days of capitalism. Joint stock capital is raised by selling shares in a venture to many small investors. Joint stock companies took off in Britain in the mid-19th century as the main way of financing investment in railways, which – because they remained unprofitable for years – could not be built by individual capitalists. Towards the end of the 19th century however, capitalism underwent a massive transformation into what Marxists call "monopoly capital".

Instead of the private family firm, the large conglomerate monopoly came to predominate. While in some countries (e.g. Germany) these were created through a fusion of banking and industrial capital, in others – particularly Britain and the USA – the issuing of shares played a major role. Thus the stock markets in Britain and the USA, where small and large investors could buy and sell shares in a variety of companies, rose to prominence.

At the same time a third form of investment grew in importance. The 20th century brought a rise in state spending and taxation, initially to fuel the arms race that led to the First World War but also to finance the beginnings of the welfare state. Governments resorted to the financial markets, issuing not shares but IOUs called "bonds" or "stocks".

So "stocks and shares" generally refer to two different financial instruments that have been fundamental to the capitalist system in the 20th century:

■ Shares, today often called equities, are a formal title of part ownership of a company, giving



the bearer the right to vote in company meetings (if they hold enough shares), and a right to a dividend from the annual profits (but not to any guaranteed amount);

■ Stocks, today mainly referred to as bonds, are a certificate that you have lent money to the government or a big company at a fixed interest rate; usually you get an annual payment plus your money back at the end.

Both equities and bonds can be traded, mainly in anticipation of the payback on them getting better or worse. But what role do they play for modern capitalism?

The first function is to allow companies to get their hands on new capital to finance expansion or even to fund takeover bids. They are a form of raising money for investment that allows growth on a scale even the largest banks would find hard to finance. One by-product of this expansion has been to increase the numbers owning shares.

This has been welcomed as an expression of "popular capitalism". Indeed, the big privatisations of the 1980s saw shares issued to the public on a massive scale. In the US 40 per cent of households own shares; 20 per cent in the UK. Wider share ownership, we were told, means "we

are all capitalists now".

In fact, owning a share in, for example, pharmaceuticals giant Wellcome, is not quite the same as wholly owning your own shop. To own a share is to be entitled to a payment from future profits, not real ownership of the company itself. Only ownership of huge blocs of shares (e.g. 30 per cent) give any power to effect management decisions.

Shareholders "own" the company in name only: if it goes bust, they can only get money back after all the company's creditors – people who have lent it money – have been repaid. So owning a share in a company gives you less property rights than someone who has lent "your" company money! Of course there is one form in which many people "own" shares – via their pension funds. Pension funds are among the biggest owners of shares, but try having your say in one: they are about as democratic as Burma!

While the stock market has failed to democratise wealth it has helped the capitalist system in other ways. Technological innovations and changes in demand inevitably create high profit rate sectors and low profit rate sectors. Today, for example, not a single internet service provider makes profit. Most construction companies make operating profits of between 1 and 3 per cent. Yet low-wage cleaning companies like Rentokil Initial make profits in excess of 20 per cent.

Marx showed how, in the classic capitalism of the mid-19th century, profit rates are equalised by the flow of capital from low to high profit sectors until there is over-investment in the high profit parts, eventually evening-out profit rates. With the onset of monopoly capitalism it became harder for profit rates to even out in this way, because the giant firms had the power to squash rivals who attempted to muscle in on their monopoly. Thus the stock market, rather than the competitive company start-up, became the mechanism for capital moving into the higher profit sectors.

But the second function of the equities markets now dwarfs this original function of raising capital for expansion. Over the last 25 years world capitalism has been mired in over-capacity in most lines of industrial output. Competition is fierce and profit margins tight.

Moreover, the commitment to huge capital outlays in plant and equipment, which may take decades to "amortise" (i.e. pay for them-

selves), is only an option for a few huge multi-nationals. It is easier to make money through dealing in equities and bonds and this, in turn, has been made easier over the years by bringing down national barriers to traders' ability to buy and sell stocks and shares.

Between 1982-88 the annual growth in the value of world's stocks and shares was \$3.8 trillion compared to only \$2.3 trillion in plant and equipment. The global bond market grew by a massive 537 per cent in the 1980s and cross-border transactions in shares grew at 28 per cent a year.

And just as only owning huge numbers of shares confers power, so only large amounts of cash make it feasible to make money from buying and selling shares; the transaction costs are huge (1-3 per cent). But if you dip in and out of the markets with millions at a time and guess right then there are big bucks to be made – and lost!

As we write, the stock markets in Britain and the USA are nearing all-time highs, after threatening to crash just months ago. Does this mean capitalism has survived its latest crisis? No.

The value of shares and bonds is not just dictated by the expected returns. It is also dictated by supply and demand. On a world scale capitalism is facing a crisis of over-accumulation. Falling profit rates mean there is too much capital, chasing too few profits. The Asian currencies and stock markets have collapsed, followed by the Russian stock and bond markets.

During last summer this led to a "flight to quality" – capitalists raced to get their money out of Asian shares that once promised 20 per cent returns but now were worthless. Some clamoured to get their money into western government bonds. As a result governments were able to lower the rates of return on these bonds (with everyone desperate to lend you money, you don't have to offer so much interest in return). Other companies decided to use their money to buy back their own shares, partly as a hedge against hostile takeover bids, which has also bid the price of equities up.

Finally, as interest rates have started to come down, investors in the USA are being sucked into the absurdity of borrowing money to invest in an ever-rising stock market. Everybody wants "safe" shares – but there are not enough to go round. So even as the "safe bet" companies issue profit warnings, their share prices are rising.

It is a recipe for disaster, and even most capitalists know it. Sooner rather than later, Wall Street will crash again, possibly taking with it the rest of the world's stock markets. And despite the "fictitious" nature of some share capital, it is real value that is destroyed in the wake of a stock market crash. Purchasing power evaporates and the lack of demand leaves goods piled up unsold and workers thrown onto the dole.

Capitalism could not exist in its modern form without the bond and equity markets: they fuel investment far more than the banks, and they provide a financial cushion for the middle classes. But just as it allows capitalism to grow beyond its means, the financial system ensures that crises are amplified. Weak firms collapse, bringing down strong firms; stock markets collapse, destroying the savings of "prudent" investors whose PEPs and TESSAs become worthless. In the end, as in Russia, entire governments can be bankrupted.

The answer to the whole obscene system, which fuels money mania and creates in the city trader the epitome of brash, ignorant, uncultured capitalism, is to abolish private ownership of industry and the banks and replace it with state ownership under workers' control.

BEHIND THE JARGON

SHARES or EQUITIES give the bearer the right to vote in company meetings and a right to a dividend from the annual profits

STOCKS or BONDS are a certificate that you have lent money to the government or a large firm at a fixed interest rate; usually you get an annual payment plus your money back at the end.

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CAPITALISM is an anarchic and crisis-ridden economic system based on production for profit. We are for the expropriation of the capitalist class and the abolition of capitalism. We are for its replacement by socialist production planned to satisfy human need. Only the socialist revolution and the smashing of the capitalist state can achieve this goal. Only the working class, led by a revolutionary vanguard party and organised into workers' councils and workers' militia can lead such a revolution to victory and establish the dictatorship of the proletariat. There is no peaceful, parliamentary road to socialism.

THE LABOUR PARTY is not a socialist party. It is a bourgeois workers' party—bourgeois in its politics and its practice, but based on the working class via the trade unions and supported by the mass of workers at the polls. We are for the building of a revolutionary tendency in the Labour Party, in order to win workers within those organisations away from reformism and to the revolutionary party.

THE TRADE UNIONS must be transformed by a rank and file movement to oust the reformist bureaucrats, to democratise the unions and win them to a revolutionary action programme based on a system of transitional demands which serve as a bridge between today's struggles and the socialist revolution. Central to this is the fight for workers' control of production. We are for the building of fighting organisations of the working class—factory committees, industrial unions, councils of action, and workers' defence organisations.

OCTOBER 1917: The Russian revolution established a workers' state. But Stalin destroyed workers' democracy and set about the reactionary and utopian project of building "socialism in one country". In the USSR, and the other degenerate workers' states that were established from above, capitalism was destroyed but the bureaucracy excluded the working class from power, blocking the road to democratic planning and socialism. The parasitic bureaucratic caste has led these states to crisis and destruction. We are for the smashing of bureaucratic tyranny through proletarian political revolution and the establishment of workers' democracy. We oppose the restoration of capitalism and recognise that only workers' revolution can defend the post-capitalist property relations. In times of war we unconditionally defend workers' states against imperialism. Stalinism has consistently betrayed the working class. The Stalinist Communist Parties' strategy of alliances with the bourgeoisie (popular fronts) and their stages theory of revolution have inflicted terrible defeats on the working class world-wide. These parties are reformist.

SOCIAL OPPRESSION is an integral feature of capitalism systematically oppressing people on the basis of race, age, sex, or sexual orientation. We are for the liberation of women and for the building of a working class women's movement, not an "all class" autonomous movement. We are for the liberation of all of the oppressed. We fight racism and fascism. We oppose all immigration controls. We fight for labour movement support for black self-defence against racist and state attacks. We are for no platform for fascists and for driving them out of the unions.

IMPERIALISM is a world system which oppresses nations and prevents economic development in the vast majority of third world countries. We support the struggles of oppressed nationalities or countries against imperialism. We unconditionally support the Irish Republicans fighting to drive British troops out of Ireland. But against the politics of the bourgeois and petit-bourgeois nationalists, we fight for permanent revolution—working class leadership of the anti-imperialist struggle under the banner of socialism and internationalism. In conflicts between imperialist countries and semi-colonial countries, we are for the defeat of the imperialist army and the victory of the country oppressed and exploited by imperialism. We are for the immediate and unconditional withdrawal of British troops from Ireland. We fight imperialist war not with pacifist pleas but with militant class struggle methods including the forcible disarmament of "our own" bosses.

WORKERS POWER is a revolutionary communist organisation. We base our programme and policies on the works of Marx, Engels, Lenin and Trotsky, on the revolutionary documents of the first four congresses of the Third International and the Transitional Programme of the Fourth International. Workers Power is the British Section of the League for a Revolutionary Communist International. The last revolutionary international (the Fourth) collapsed in the years 1948-51. The LRCI is pledged to fight the centrism of the degenerate fragments of the Fourth International and to refound a Leninist Trotskyist International and build a new world party of socialist revolution. If you are a class conscious fighter against capitalism; if you are an internationalist—join us!

Pinochet is guilty!

JUST AS Clinton and Blair sent their grisly gift of bombs and missiles to the Iraqi people, the British ruling class delivered a very different gift to the enemies of democracy and human rights everywhere. The House of Lords, in an unprecedented move, quashed its original ruling on General Pinochet.

In November, five law lords had originally ruled (on a 3-2 vote) that Pinochet was not immune in the British courts from extradition proceedings to Spain. In Spain, he would stand trial for murder and torture during his 17-year reign as Chile's dictator. Home Secretary Jack Straw then proceeded to authorise extradition proceedings.

On 17 December, this ruling was overturned on the orders of Lord Browne-Wilkinson, Chairman of the Appeal Committee. Extradition proceedings have been halted pending a new hearing by a different panel of law lords.

One of the original panel of law lords was "discovered" to have links to the human rights organisation, Amnesty International. Lord Hoffman, the judge in question, was accused by Pinochet's lawyers of bias because of his Amnesty connection. Another set of unelected and unaccountable judges immediately obliged and reversed the earlier decision.

By refusing to overrule the Lords and extradite Pinochet, the Labour government has demonstrated its cowardice—hiding behind the "law" and claiming the Pinochet affair is "non-political". Equally, it demonstrates Labour's subservience to the ruling class united in its determination to help Pinochet avoid facing any sort of justice for his crimes.

After all, this class supported Pinochet during his coup against an elected government in 1973 and backed his barbarous regime with both weapons and economic aid. They fear that their own rotten role and complicity in Pinochet's crimes against humanity will emerge in any trial.

The extent of this scandal, this violation of even the basic standards of bourgeois justice, is clear from the facts. Hoffman's links with Amnesty were a matter of public record. They were never concealed. In fact, the law firm defending Pinochet has made contributions to the same charity! If Hoffman's links are really an issue, then what of the links that lawyers and judges have with other institutions and far less charitable bodies?



The decision reveals why socialists say: put no trust in the courts. They are a tool of the ruling class in their class war against us.

Hoffman's links were not raised before the original hearing because everybody thought the law lords would rule in Pinochet's favour. When they delivered their surprise judgement he was declared to be biased and a new hearing was set up.

Yet bias is what the judicial system is all about. After all, judges with shares in strike-bound companies are allowed to make rulings against the workers on strike. Judges with close links to the police regularly rule on police frame-ups as they did, for example, in the case of the Birmingham Six.

This bias is embedded in the Law Lords and their system. Normally, it works perfectly—for the ruling class. The Pinochet ruling was a slip-up. So Hoffman was declared biased, in the wrong direction!

Now a new panel will be appointed by Browne-Wilkinson, and he will vet it to make sure that nobody with any liberal inclinations gets on it. Reactionaries only need apply. And no questions will be asked about their "links" with organisa-

tions like the Pinochet Foundation. Their bias in favour of the existing order and its most reactionary aspects is simply taken for granted.

The workers' movement needs to act to ensure that Pinochet is not released. In the unions and the Labour Party we need to demand that Jack Straw extradites Pinochet to Spain now. Of course, it would be far better for the butcher to face justice at the hands of his victims—the Chilean working class. But immediately, and as a step towards achieving this goal, we can best demonstrate our solidarity with the Chilean workers by forcing a trial in Spain that, at the very least, will focus international attention on Pinochet's crimes and on the guilt of his US and British backers.

To get this we need emergency resolutions from every labour movement body and we need mass action. Chilean exiles are currently organising action. On Monday 18 January they will face a counter-demonstration by 700 Pinochet "supporters" flown in from Chile. We need to drown out these voices of reaction. The British workers' movement and youth must support and build the campaign to bring the murderer to justice in the weeks ahead.

PINOCHET'S RECORD

PINOCHET HAS found many defenders among the ruling class. They claim he was Chile's "saviour". The facts reveal that these "champions of democracy" support a murderer and torturer.

● In the 1973 coup thousands of workers and youth were killed, imprisoned and maimed. Newsreel film of the national football stadium, where prisoners were kept, provides documentary evidence of the brutality of the coup.

● After the transition to limited democracy, a Truth and Reconciliation Committee was set up to investigate state terrorism. Designed by the army to be a whitewash, its 1991 report still found 2,095 extra-judicial murders and 1,102 disappearances under Pinochet.

● The Inter-American Commission on Human Rights and the United Nations documented the practice of kidnapping, torture and murder throughout Pinochet's rule.

● One million fled their country to live in exile during Pinochet's reign of terror.

● Pinochet's atrocities were encouraged by the USA. Henry Kissinger sent in 400 "special advisers" to help the generals organise their coup. Afterwards, the US helped arm the regime and poured in economic aid that had been denied to Salvador Allende's elected government.

These are the facts about Pinochet. Conclusion: Pinochet is guilty!

March and rally against Pinochet
Sunday 17 January
Assemble: Millbank and Horseferry Road corner, London SW1, 11am to march to Trafalgar Square
Mass Picket of The House of Lords
Monday, 18 January, 10.00am

FEEDBACK ■ Contact us on 0181 981 0602

Workers Power is the British Section of the League for a Revolutionary Communist International

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