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# SocialistAppeal

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# War on Poverty Means War on the Poor

TRAGICALLY THE Gleneagles summit meeting will not go down in history as the day world poverty ended. That musicians and celebrities put pressure on politicians to tackle the twin crimes of debt and poverty can only be a good thing. How could anyone justify the situation where for every dollar of aid granted to developing countries, more than \$13 is being returned in debt repayment?

Live8 organiser Bob Geldof argues that twenty years ago the Live Aid concert was about raising money to feed the starving, but now what is needed is political action. That is undoubtedly true, but we can have no confidence in any of the political leaders to whom they are appealing for help.

The genuine desire of Geldof, Bono and co to abolish what they have called 'stupid poverty' - children dying of starvation - is not in doubt. However the way to a very warm place indeed is paved with just such good intentions.

Whilst the newspapers report historic deals to write off Africa's debt, as always the small print tells a different story. Gordon Brown's headline grabbing project only concerns the debt held by the World Bank and the African Development Bank, and only covers repayments between now and 2015. This is hardly debt cancellation. Furthermore the plan applies to only 2 percent of the external debt of developing countries. These proposals boil down to very partial debt relief given the name "cancellation" for propagandist purposes.

The political leaders of the world's most powerful nations are thus attempting to cloak themselves in an aura of sanctity. Bush, Blair and co can have no such

moral authority following the slaughter of their imperialist adventure in Iraq. In any case, the partial relief on offer comes with a very hefty price tag. Lender countries demand continued privatisation of the public services and natural resources of indebted countries. Instead of giving with one hand only to take back with the other, they are proposing to take slightly less with one hand and a whole lot more with the other. This is not debt relief but an extortion racket.

To qualify for debt relief, developing countries must "tackle corruption, boost private-sector development" and eliminate "impediments to private investment, both domestic and foreign".

These are called conditionalities. Conditionalities are the policies governments must follow before they receive aid, loans and debt relief. They claim to be designed to prevent aid being swallowed up by corrupt governments. Corruption is endemic under capitalism, and not just in Africa, we all remember Enron. However, it is not just corruption that cripples poor nations, but the capitalist system that breeds it, and the conditionalities imposed by imperialism.

"Corrupt" in the Orwellian Newspeak of imperialism is often a label applied to regimes that won't do what they're told.

US imperialism lambasts the Venezuelan government for using profits from state oil to provide health and education for the population. In the twisted logic of imperialism this is Robin Hood style 'corruption', taking money that belongs in the pockets of the capitalists and using it in the interests of the poor.

Real corruption, on the other hand, is tolerated and even encouraged. Twenty-

five countries have so far ratified the UN convention against corruption, but none is a member of the G8. The idea that the conditions being imposed will help to prevent corruption is laughable. For example, to qualify for World Bank funding, Uganda was forced to privatise most of its state-owned companies before it had any means of regulating their sale. A sell-off that should have raised \$500m for the Ugandan exchequer instead raised \$2m. The rest was pocketed by government officials. Unchastened, the World Bank insists that - to qualify for the debt-relief programme the G8 has now extended - the Ugandan government sell off its water supplies, agricultural services and commercial bank.

## Privatisation Misery

When the finance ministers say "good governance" and "eliminating impediments to private investment", what they mean is privatisation and the liberalisation of trade and capital flows. In other words new investment opportunities for multinationals to exploit the peoples and resources of these countries in the interests of profit.

Whilst the war on terror is a fig leaf for an assault on our civil liberties, the war on poverty is in fact a war on the poor masses. While the lords of life enjoy untold luxury, 1.2 billion people are living on 1 dollar a day, and 3 billion on 2 dollars a day, according to the World Bank.

Yet according to the the UN eradicating poverty across the globe could be achieved at a cost of just £52 billion. This is a puny sum. Last year, globally £750 billion was spent on weapons. That money should be put to better use, but in order to do that we have to take control of it.

There are a total of 476 billionaires in the world with a total wealth of \$1.4 trillion. Can they be convinced to hand over their riches through the moral strength of our argument?

The point is not simply to redistribute the money in society, not simply to divide up more fairly the contents of the purse, but to gain control over the purse strings.

'Stupid' poverty can be abolished. In fact, very quickly the standard of living of the entire planet could be raised dramatically, once providing for the needs of society were to replace the profit motive of a tiny elite. If the world economy were only freed from the shackles of private profit, and allowed to expand at ten percent a year, then in ten years the wealth of the world would be doubled.

Even the humble aim of eradicating 'stupid poverty' is not possible as long as we remain within the suffocating confines of a 'stupid' system. This is not a matter of the rich North and the poor South. There is poverty in the north and more than a few billionaires in the south. This is not a matter of geography, or demography. It is a class question. The division of society into classes - a tiny minority who own the means of producing wealth and the vast majority who must labour and struggle to survive - and the division of the world into competing nation states perpetuates poverty, war, misery, hunger, and disease. There is only one answer. To take political and economic power out of their hands. To reorganise society, to plan the use of our resources scientifically and democratically in the interests of the entire planet. That is the task and the programme of socialist revolution. □

## Workers 'reduced to robots' by new computerised tags

THE WORD robot comes from the Czech 'robota' meaning 'forced labour'. British bosses are trying to turn workers into robots to squeeze out more and more profit.

In warehouse distribution centres workers are literally becoming part of computers. Once again new technology is being used to extract every ounce of labour from workers, increasing productivity/ profitability, rather than to ease workers toil. Companies like Tesco, Asda and Sainsbury's are introducing 'tagging' or 'wearable computers'. One method is a bar code based picking system that means wearing a computer on your wrist with a bar decoder on your finger and a voice or touch-screen interface to make sure you are in the right area, picking up the right goods, at the right time. Terminals are also mounted onto trucks. Another involves wearing a computer on your head, which has a head-mounted display, which can have an LCD tucked into the temple of the headset. These computers have been designed to get the maximum productivity out of the human body. With computers directing the workers, their bodies will be free to do more work.

The expense and inefficiency of human beings must not come between the companies making more profit. Obviously the £2 billion profit Tesco made last year is not enough.

Gone are the days when a picker was given a list of goods using their own initiative and knowledge to find and load on to the waiting lorry. Now the computer will calculate who the nearest person to the goods is, and how long it should take to pick and load. These warehouses are being nicknamed 'human battery farms'. The human body is just another machine asset. Any toilet visits and other breaks are monitored.

It is estimated that about 10,000 British warehouse workers will be wired up to these slave labour devices over the next few years. Worldwide the number will run into hundreds of thousands. In 2001 companies spent \$70 million on wearable computers. Some have estimated that companies will spend between \$563 million and \$1.3

billion in 2006.

At Thurrock in Essex, Tesco's idea is that a lorry arrives and departs every minute in a 24-hour day, 364 days a year. To do this 'Goods-in' are managed from workstations on goods-in bays. Picking directions, including routes to reduce distances travelled in warehouses, are given from 'traffic islands' at goods-out bays, which are downloaded to forearm-mounted terminals. Store orders are downloaded to terminals in the transport fleet giving job details and route.

It has to be remembered that this is an industry renowned for low pay, unsocial shifts and poor safety records. It is hard physical work. Normally, an attendance and bonus scheme is in place to induce pickers to work even harder to make up for the poor standard in basic pay. The turn over of staff is very high. The GMB have estimated that in some workplaces where this electronic tagging has been introduced, turnover has reached 300%.

The bosses claim that the computers are easy to wear and that people are happy to be wearing them. Acas has recently intervened at Trelleborg a chemical company in Leicester, where 84 workers went on strike, banned overtime and training, because they refused to be tagged while on a break. The company has agreed to scrap the tagging system. That would never have happened if the workers had not taken action. The GMB have reported that many others have just refused and quit their job.

As far as companies are concerned the dehumanisation of people in the pursuit of profits is just. This technology has far reaching implications for all workers. A means to monitor secretaries' productivity is being developed by monitoring how many keystrokes are typed in a day. Sandwich board holders in London could be subjected to satellite monitoring.

Modern technology is a wonderful thing that could be used to make all our lives easier and more enjoyable. The profit motive however ensures that instead of freeing us from labour, technology is making us more and more slaves to the capitalist machine. □

## Sacked workers at Kent waste plant appeal for support. Sacked! Can somebody tell us why?

SIX STEEL erectors working at a waste energy plant in Kent have been sacked by their employers, FMT UK Limited, after being employed for only a matter of days. Although they were not given a reason for their dismissal - and no notice, despite having done nothing wrong - it is suspected that they have been sacked because they were trying to improve working conditions in the plant. As soon as they began working at the plant, management asked about other people that they might know that would be interested in getting a job there. Later on, when these workers started enquiring about the working conditions, managers decided to sack them claiming that they were not skilled enough for the work. These workers are experienced craft men, fully credentialed, with all the necessary certification to work in construction.

These men have never been refused work anywhere before and they have served many years in the construction industry. In reality, they have been sacked by bully boy employers and told "you are not flexible enough for our needs"

Local sites in London are already sending messages of solidarity and support to these workers including Wembley Stadium Project - who themselves have been victims of similar injustices - and comrades at Terminal 5 Heathrow. Their message is "stay strong boys!" The workers themselves wish to express their gratitude to the scaffolders for their marvelous and sincere support.

Anger is mounting as the ECIA (the employers' federation) drag their heels over this issue, having no emergency dispute panel in place. The dispute has been deferred by the employers' federation to a meeting of the National Joint Council disputes committee on July 7, where the workers will appeal against their dismissal.

This should not be allowed to happen on a nominated side. If they get away with this here they can get away with it anywhere. If their appeal is rejected, then the solidarity they have already received will have to be turned into action, in support of these workers and to prevent these management tactics being allowed to spread. □

## Durham Miners Gala - Time for a change

By Terry McPartlan

20 years after the end of the Miners Strike and once again thousands of ex miners, their families and supporters gather in Durham for the 2005 Durham Miners Gala. With the closure of Ellington Colliery in Northumberland the last deep mine in the North East has gone. But the tradition of the NUM and the tradition of the Strike live on in the minds of thousands of workers.

The Big Meeting has always been an opportunity for the labour movement in the North East to reflect on the events of the past year. This year the mood is likely to be somewhat different.

All thinking workers will welcome Labour's victory in the general election. But it is clear that the tensions in the Labour movement and particularly in the public sector are increasing.

There are huge stresses and strains in the NHS, the civil service and local government. It is no surprise that workers have elected left trade union leaders to try and change the situation, to lead a fight back. This is reflected in the postponed movement against attacks on pensions and in recent industrial action across the public sector.

Many miners who have found work, can be found in the public sector. In many parts of the North East private sector bosses have shut up shop and

disappeared. Capitalism has failed hundreds of thousands of workers in this region.

Last year saw the scuppering of plans for the establishment of a North East Assembly. The idea was comprehensively defeated. A major factor in this has to be that it failed to capture the attention of workers, because it didn't appear to be able to deliver. It didn't change society in the interests of working people.

Newcastle, Gateshead and Sunderland are booming apparently, the expensive flats and the fine buildings are the evidence for that on the banks of the Tyne and the Wear. Some people are clearly doing very well from the profit system. It's a system that is very familiar to miners and their families. It was the profit system that the Tories used to destroy the Northumberland and Durham coalfields. It's a system that's well past its sell by date.

The NUM and the Labour movement in the North East is bound to the Labour Party by a thousand threads. Generations of workers have fought to build the movement, so that it could defend workers and more importantly fight to change society.

Eight years into a Labour government and after an historic third victory very little has changed. Thousands of young people and the elderly lead mar-

ginalised lives. Drug use has become endemic in many areas. The heart has been ripped out of many communities. Tony Blair and his project have failed to transform the lives of working people, and its no surprise that many workers stayed at home on election day rather than go out to vote. Many workers will have been sickened by the war in Iraq and Blair's collusion with American imperialism in general.

But there have always been two sides to the labour movement and two traditions. The ideas of Socialism and Marxism run like a red thread through the tradition of the NUM and the Labour movement in the North East of England. Decades of struggle and sacrifice built the NUM and the wider labour movement. Not because it was popular or trendy. But because those ideas reflected the real experience of workers and their aspirations.

20 years on from the end of the Strike, millions of workers are looking for change. Seeking a way out of the miseries of capitalism. The ideas of reformism and Blairism are failing to deliver. The ideas of Socialism and Marxism will increasingly gain an echo.

Socialist Appeal represents the continuation of that struggle within the Labour and Trade Union Movement in the North East and internationally. Join us in the struggle to transform the labour movement, defeat Blairism and fight for a Socialist transformation of society in Britain and internationally. □

## A google bubble

WHO IN their right mind would buy shares in a company at a price equivalent to 25 times its annual sales? For the past century of stock market investment, 25 times post-tax profits has been regarded as expensive. But 25 times sales? That would surely be insane?

Not, apparently, in the case of Google. The search engine floated at \$85-a-share last August but then climbed 50% from late April and, at \$285-a-share, the company is now worth more than \$80bn (£44bn). But its revenues in 2004 amounted to just \$3.2bn.

This year it might achieve \$5.5bn, yet analysts at CSFB reckon \$350-a-share is a reasonable target, at which point Google would be worth more than \$100bn. With so little a link to reality it can't be long before its worth a Google!

Just seven years old, this week it overtook Time Warner as the world's most valuable media company. Ultimately, this is a company selling a form of advertising space. Google holds electronic auctions to sell the space next to, say, the words "car insurance". This ludicrous share price implies the business can continue to grow at the current rate well into the next

decade. It is ridiculous to price the shares as if this had already been achieved.

During the dotcom bubble, Sun Microsystems traded at \$64, or 10 times its annual revenues. Anybody thinking of buying Google at 25 times should listen to Sun chief executive Scott McNealy's post-crash analysis of the stupidity of his own shareholders. In 2002, he said at an investor conference: "At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. That assumes I can get that by my shareholders. That assumes I have zero cost of goods sold, which is very hard for a computer company.

"That assumes zero expenses, which is really hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that assumes you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate.

"Now, having done that, would any of you like to buy my stock at \$64? Do you realise how ridiculous those basic assumptions are? You don't need any transparency. You don't need any footnotes. What were you thinking?" □

# Civil Servants Prepare to Fight

By Martin Page, PCSU Branch Secretary,  
Leicester Revenue Network (personal capacity)

PCSU met in Brighton to review what has been the most difficult year ever in civil service history and to agree a strategy to combat the excesses the re-elected Labour government intend to impose in the next four years.

The government plan to cut 105,000 jobs, slash pensions and increase the retirement age. For a section of workers once regarded as middle class there is no doubt that the PCSU and its members now stand squarely in the working class camp.

Industrial action by many sections of the union over pay, recognition and last November's one-day strike have galvanised thousands and in particular a large layer of new, young reps who can see their future disappearing before their eyes.

Pay in all areas of the civil service is at the lowest it has ever been - the two lowest grades which make up over two-thirds of the workforce earn between £10,600 and a maximum of £17,500 - before deductions. Thousands visit other government departments to feed their families!

The conference reaffirmed its commitment to fight all the attempts by the Labour government to worsen the terms and conditions of PCSU members and

the service to the public they provide.

The union announced that it has now reached a membership of 327,000 - a massive 30 percent increase since its formation. Thousands joined in the last year as the union started the slow transformation to a fighting organisation. This was reflected in a massive vote of confidence in Left Unity who easily kept power in the General Constituency.

In the Taxation Constituency the elections for the newly merged Departments of Inland Revenue and Customs and Excise (now known as HM Revenue and Customs) returned a moderate majority, this was reflected in the Group elections where moderates (posing as 'individuals' but with an aggressive stance towards the bosses) took the Executive Committee. This also happened in the Home Office.

The SP majority within Left Unity have argued that this was due to the absence of electoral pacts with PCS Democrats - the centre-left grouping. However this cannot explain the situation in the 70,000 strong Inland Revenue Group where there are no PCS Democrats.

The swing to the right in the Revenue Group came after widespread enthusiasm at rank and file level for more

action after November 5. Revenue members looked towards filing day - January 31 every year - as a day to give the government a bloody nose and create chaos in the system as well as disrupting government income. Despite approaches from the Group EC the National Disputes Committee (NDC) refused to ballot.

This happened again after a submission for an overtime ban, work-to-rule and withdrawal of co-operation by the Revenue Group to the NDC. The tactics were considered 'premature'. We then had the ballot for a one-day strike on March 23 which would have involved 1.5 million workers. This was postponed after government assurances were received. Many Revenue members were bitterly disappointed and the decision was not explained particularly well to the bulk of the membership.

The Left Unity majority would do well to recognise the historical differences between the various departments and employ flexible tactics relevant to different groups. The insistence on a centralised, inflexible approach on tactics could spell disaster at a time when we need to be united in defence of pay, pensions, and jobs. These can only be defended by an organised Left Unity. □

## New Possibilities for the left in GMB

By Our Industrial Correspondent

THE GMB union conference in June saw Paul Kenny, previously London regional secretary, take over as acting general secretary for the next year.

The previous general secretary, Kevin Curran, resigned after an investigation was launched into allegations concerning irregularities connected with his election two years ago.

Paul Kenny signalled a change in direction for the union by organising a demonstration during conference week against de-recognition of the union by the AA.

The issue of tagging in the workplace along with many other matters relating to working conditions were discussed. The prospect of one big manufacturing union has the potential to create a weapon to fight this exploitation. However, discussion about potential mergers with the T&G or Amicus was limited to a brief statement.

Delegates at the conference voted unanimously to return

to holding annual conferences. This is a step forward though no doubt it will worry the bureaucratic elements in the leaderships of the other unions. The point of a merger must be to strengthen our ability to represent our members, to give us more power to fight for ourselves and all workers. That requires a democratic rulebook combined with a fighting militant policy.

The left in Amicus and the T&G are working to help those on the left in the GMB who want to fight for such a union. Together a powerful left force can be built around a fighting programme in the next period.

The GMB has a vital role to play in the Labour Party too, both fighting the government's proposed attacks on pensions, and in the struggle for pro-working class policies inside the party.

The question of Venezuela was raised in the GMB for the first time, and a dozen people attended a joint fringe meeting on the subject organised by Socialist Appeal supporters and the Hands Off Venezuela Campaign. □

# UNISON Conference: Hands Off our pensions! Hands Off our NHS!

By Gray Allen (UNISON Conference delegate, Falkirk Branch, personal capacity) and Ray Smith in Glasgow

Up to 2,000 trade unionists came together in Glasgow over the last week of June. The reason was to hold the national conference of the biggest trade union in Britain and by far one of the biggest public workers union in Europe - UNISON. During the 5-day long conference delegates discussed many issues regarding the ins and outs of the various sectors that make up the union of which Local Council and Healthcare are the most important sector. Conference was addressed by different national and international speakers from the labour and trade union movement. Some of them were very welcome like Angel Salas Fajardo, representative of the Colombian healthcare union who spoke about the particularly vicious methods of the Colombian establishment to deal with trade unionists. Others, like the representatives of the banking and finance world were not.

Several delegates commented on the lack of real debate. The agenda was composed of resolutions with few differences between the platform and the hall. One possible explanation for the bland agenda could well be that the leadership of the union still have hopes of the 2004 Warwick agreement between the government and Britain's four big trade unions (amicus, TGWU, GMB and UNISON) to deliver benefits for all trade union members. There was a degree of frustration amongst delegates that some of the serious issues were not addressed. One of the differences not debated was whether the election of Blair was good or not.

They are reluctant to be critical towards the labour government. However, with Gordon Brown already announcing that is going to provide equal chances to private sector and public sector tendering for public contracts, it is hardly the guarantee of job security that UNISON members are looking for.

Different motions showed that the mood of the majority of delegates was one of anger against the contempt of New Labour government towards the working conditions of the public sector workers. On Tuesday June 21, conference backed an emergency motion to defend further education from the funding crisis it now

faces. Strong statements were heard about the amount of colleges that refused to pay the pay award which was nationally agreed in 2004 and the need to stage industrial action wherever the colleges refuse to implement the agreement. On the same day, the conference backed the resolution proposed by the National Young Members Forum for an end to the exclusion of apprentices from national minimum wage legislation.

However, the issue that got most of the attention of the delegates was pensions and the attacks of the Blairite administration on them. General Secretary Dave Prentis vowed strike action to stop this anti-working class measures on public sector workers pensions. The UNISON leader told the conference "We will take strike action across all our sectors to defend our pensions. We will fight proposals to increase the retirement age and cut benefits." On Wednesday June 22, Dave Prentis established a deadline of two weeks to ministers to withdraw a parliamentary order imposing changes in retirement arrangements for 800,000 local authority workers or face strike action. He added "We want you back in your branches organizing for the fight of your life".

Delegates were also determined to oppose the attempts on the part of the Blairites to privatise the NHS. Just a week after the pleas of Tony Blair about "the need of listening to people", Patricia Hewitt announced that £3bn would go to private hospitals whereas NHS hospitals would close if they could not compete.

UNISON members are not alone in this fight against the antisocial policies put forward by Blair and co. The Public Civil Service Union and the FBU (fire fighters and rescue servers) have vowed that they will coordinate strike action with other trade unions affected by this attacks. On top of this, UNISON has published the results of a survey that show that nine out of ten people do not agree with the New Labour plans to use private companies to run public services. That shows how isolated are the rightwing policies of the Blairite clique that compose the government. Now it is time to transform these words into action. □

## CWU: Postal Workers review their links with Labour

By Our Industrial Correspondent

FOR MANY years the Communication Workers' Union has battled to prevent the privatisation of the postal service. They fought with the Tories and now they are fighting a Labour Government over the issue. Royal Mail chairman Allam Leighton has raised plans to move to privatisation. The CWU conference last month passed a motion demanding an unequivocal pledge from the government that the post office would remain 100 percent publicly-owned. The motion called for a ballot for industrial action if there was any confirmation of the privatisation plans or "threat to our members' terms, conditions and pensions."

Conference was faced with two similar motions, one from the National Executive Council, the other from a number of branches and districts. Where they differed was over the question of the Labour Party. The first concluded by saying: "In the event that the Labour Government fails to honour its manifesto promise [to keep the Post Office publicly-owned], all monies to the Labour Party would be suspended from 1st November 2005", the money be used instead for an anti-privatisation campaign, while the second from the Executive argued for a "review" of the union's relationship with the Labour Party "and to place the findings in a report with recommendations to the 2006 Annual Conference".

As it turned out, after a lengthy debate, the Executive's motion was narrowly passed by 113,246 votes to 101,624. This clearly shows the overwhelming opposition to privatisation and the disgust with the Blair government.

However, any attempt to follow the lines of the RMT and FBU will simply leave the union without a political voice, which is no answer to the needs and aspirations of the membership. Disaffiliation, while seeming to deliver a kick to Blair, is a dead-end. The CWU should instead spearhead a campaign to get rid of the Blairites, to rid the Labour Party of these Tory careerists. At the same time it should fight for socialist policies to rearm the entire Labour movement. □

## Gleneagles: The G8 comes to town

# With Friends Like These Who Needs Enemies?

By Brian Conlon in Edinburgh

THE G8 IS COMING to town. During the G8 summit in Gleneagles we will see a whole range of experts and analysts lecturing us about the beauties and the problems of the world market. The challenges, the past discussions, etc.

But that will be a smoke screen behind which to hide the real issue. They will try to cloak the fact that capitalism does not work, they will try to suggest some kind of reform to a system that is unreformable.

If one looks at the world situation from the perspective of this system continuing, it is a profoundly depressing picture.

### The G8

The G8 is an 'informal' gathering of good pals. All friends are such because they share some common ground; it can be a football team, a kind of beer, past experiences... these friends will have different views on many other aspects of life. Well, the G8 assembles all the good friends whose passion is to exploit cheaply their working classes and drive the so-called 'international community' in the direction that best suits them. Of course, amongst themselves they have plenty of internal differences, as good friends usually do. For instance, France is not particularly happy that the US has been developing its influence in former French colonies - but all agree on the defence of capitalism. Earlier we mentioned that capitalism does not work, that has to be slightly amended because it does 'work' for a tiny minority.

The data is frightening if we look at it: the 365 richest families of the planet have more wealth than 40% of the global population. After the collapse of the Soviet Union we were promised a new era of high technology, yet today two thirds of humanity have never made a phone call and one third does not have electric access, let alone internet access.

The facts and figures could fill the 32 pages of this magazine, and that is

not including any figures about the destruction of the environment.

The G8 is meant to discuss how to eradicate poverty and protesters are going to march to make "our" politicians more sensitive about those issues. Bush and co will come to Scotland to tell us about world poverty, he is an expert, after all, as the US is one of the countries where social divisions run deepest. For instance, the US hosts 25% of the world's prison population, which amounts to a staggering 2% of the total population of the US, how one understands the real level of unemployment in the US. That figure in itself shows that there is something rotten in American capitalist society.

What the pop stars, charity icons and some labour and trade union leaders do not understand is that asking for kindness from those who run this system is like asking a wolf to take care of a flock of sheep.

This is not a question of will, it is a question of how capitalism works. Of the good old 'invisible hand' that Adam Smith talked about (writing so near to Gleneagles) there is only one thing left - the invisibility for millions of the positive effects of the system. What we get is not a hand up but a hammer down.

A good example is the European Constitution. That treaty is basically all previous European agreements lumped together. It deals vaguely with labour and trade union rights and goes into considerable detail about how the economic policies of the governments have to be implemented (a model of what has been called neoliberal policies, of course). The idea is to create a competitive Europe, based on the interests of big business. The workers of Europe have been on the move since the mid nineties, we have seen strike movements in France, Greece, Italy, Spain, and even here in Britain... against governments implementing such policies. There is a view in some sectors of the trade union and labour leaderships that the Constitutional treaty is a victim of unpopular governments. Yet they fail to

mention the cause of this unpopularity which is the kind of policies that the Constitution argues for. Before the ink is even dry they have to campaign for its reform.

This is important because the motors driving the European Constitution are countries that also have an important weight in the G8, so we should not expect miracles from them. They cannot solve the problems of Europe let alone Africa. Instead of asking for kindness, we must inform "our" leaders that we do not want more of these vicious policies and that we do not want the system that generates them. We need to be clear about it. Either we accept Neoliberalism (the fashionable word for capitalism) and accept its consequences, or we fight to break with the rules of big business altogether. Socialists will always fight for every reform we can get. Ultimately however, only an entirely new form of social and economic organisation of society is the only solution.

### Socialist Alternative

Fortunately in the last decade we have seen at least the outlines of an alternative. The millions that demonstrated in Seattle, and in Genoa. The Bolivian miners, the Venezuelan masses that overthrew a government that took power by a coup, the international anti-war movement. All of them are proof that there is a way forward, we cannot rely on charity-like policies, all too often appearing to give 'practical' and 'immediate' help whilst attractive is not leading to any permanent change. For that we must build the necessary instrument to transform this decrepit system. We must organise and educate ourselves.

Now more than ever another world is possible, but not within the choking confines of the outdated capitalist system. It has to be a socialist world.

To make poverty history we must consign the system that breeds it and lives by it to the rubbish bin of history where it belongs. □



# Blair backs nationalisation... ...of our identities

By Dennis Bricker

NEW LABOUR'S irrational obsessions are crystallised in its policy on national identity cards. The ID card bill seizes the commanding heights of state power not to regulate and control the multinationals but to regulate and control you and me. The net result of this legislation will be that £20 billion of public money will be paid to the usual suspects - the American IT corporations - for them to enable the regulating and controlling.

The ID card bill is mis-named. The kernel of the government's plan is not the issue of identity cards, but the setting up, for the first time, of a central database which will record extensive personal details about each and every one of us. The government has admitted that registration on this database will effectively be compulsory. The database can be accessed from across government, including by the police and security services. As the government envisages identity checks being made online to the database, personal details will be made increasingly available to private companies, particularly employers, banks, airlines and lenders but in due course probably to almost every company with whom we do business.

A particularly alarming aspect of the government's ID scheme is the so-called 'audit trail', a record of every online check made of your file, by whom and for what purpose. As the identity card bill would move us towards an ID culture, where checks to the database would be made every time we accessed public services and almost every time we engaged in any commercial transaction, the audit trail would quickly become a daily diary of our lives, of our whereabouts and of our travel plans. This 'open book' could be accessed at any time by government agencies, without our permission.

It does not take a very long memory to recall the miners' strike and how individuals were put under surveillance by government and prevented, in some cases, from travelling to rendezvous with fellow trade unionists and activists. How much easier it would be to locate, follow and harass trade unionists and political activists with all of our movements recorded by government computer.

Others may remember the Economic League and its blacklisting of trade unionists. The Economic League was funded, of course, by employers. Those same employers will be granted access to the national identity database so that they can check you out before they offer you a job. Those online checks will be recorded on the audit trail, which means the government (and the security services) will know where you work and where you are applying for work. MI5 operates largely outside Parliamentary scrutiny, and as it will have unrestricted access to the national identity register and the audit trail of your activities, it is difficult to see any safeguard against the use of this all-knowing database to monitor, harass and blacklist trade unionists and political activists.

The draconian and authoritarian nature of the ID bill is underlined by the array of new powers it grants to the Home Office and the scale of the penalties faced by those who do not meet their new, onerous obligations as British subjects. Failure to attend an appointment with a representative of the Home Office at a time and place of their choosing will mean a fine of up to £2500. Similar fines apply for failure to notify the Home Office of a change of address or any change of personal details and for failure to notify the Home Office that your identity card has been lost or damaged.

## Blairite Arguments Easily Refuted

Identity cards and the identity database offer no defence against 'terrorism' if the 'terrorists' are not known as such. The scheme will do nothing to prevent around 95 per cent of the credit and debit card fraud which occurs, which is 'card not present' fraud on telephone and internet purchases. The bill will not reduce to any significant degree benefits fraud, around 90 per cent of which relates not to identity but to misrepresentation of financial or personal circumstances. There is no international pressure, not from the US government nor from European governments, to

introduce any biometric data on passports apart from a digital face photograph - there is no requirement, as the government suggests, to include fingerprints, eye scans or other data on passports. The government's most absurd argument in favour, that ID cards are 'convenient' and will let us get on Ryanair and Easyjet flights, does not explain the need for a £20 billion database that makes our life history accessible not only to our government but, via biometric passports, to foreign governments as well.

No other western government is seeking to set up a central, national database of information on citizens as proposed by the Home Office bill. Even Bush knows he could never sell such a scheme to the American public. In Germany, such a national register would be unconstitutional. So Blair stands alone in his intent to file, index, barcode and number his own citizens.

What are New Labour's real motivations behind this intrusive, expensive and authoritarian identity card bill? Is it simply that they have fallen for the IT suppliers' sales pitch (again)? Those suppliers have grown rich under this government and are set to grow richer still, at our expense. Is it that big business has persuaded Blair to build for it the ultimate marketing database, a compulsory Clubcard backed by the force of law? Or is it that government actually feels the need for an omniscient instrument of control and intimidation, in case there are some people still managing to think critically out there, despite the mind-numbing barrage of modern media output?

Around 20 Labour backbenchers are likely to rebel and vote against the bill. The task, therefore, is to persuade enough additional Labour MPs to oppose, or at least abstain, to overcome Blair's majority of 67.

A defeat for Blair on this crucial issue is within reach. But to make it happen, maximum pressure must be applied to Labour MPs. Defeating this bill will kill one of the most authoritarian pieces of legislation ever laid before Parliament. □

# Make Capitalism History

## G8 Gleneagles summit:

# Capitalism is not the solution - it is the problem

By Mick Brooks

ACCORDING TO Oxfam, if things continue to go on as they are now in Africa, by 2015:

- 45 million more children will die
- 247 million more people will be living on \$1 per day or less
- 97 million more children will not be in school
- 53 million people will be without proper sanitation.

Clearly, something must be done. Will the G8 and the Gleneagles meeting do anything to relieve world poverty?

The G8 meeting due to take place at Gleneagles in July is a real summit meeting of world capitalism. The Group of Eight nations are the USA, Canada, France, Britain, Germany, Italy, and Japan, the heartlands of the giant multinationals that dominate world trade and production, plus Russia. Tony Blair wants to go down in the history books as something more than a squalid war criminal. He is anxious to present the summit as an opportunity to "deal with" the burning issues of world poverty, disease and climate change.

The rulers of the world at Gleneagles already have other permanent institutions to enforce their will on poorer and weaker countries - the International Monetary Fund and the World Bank. The rich lend to the poor, and one of the main issues before the G8 is third world debt. Debt is one of the main levers for keeping poor people poor. Interest repayment represents a huge continuous transfer to rich nations and an unbearable burden on underdeveloped countries. Gordon Brown has pointed out that Zambia spends more on debt servicing than on education and Malawi remits one third of its government budget direct to rich countries - twice what is spent on its own people's health. (Life expectancy in Malawi is 39.) Congo-Brazzaville's debt is nearly twice its National Income (NI), while Sao

Tome and Principe groans under an incredible burden of nine times NI.

Rich countries lend directly to poor countries. This is called bilateral lending. Then there are private loans between western banks and nation states. Finally, advanced capitalist countries club together through the IMF and the World Bank to lend - called multilateral assistance. The IMF and the Bank are both owned by their shareholders, like any other bank, and a majority shareholding is held in both by the advanced capitalist countries. Just like other capitalist firms they aim to maximise shareholder value - and that means making sure the lenders get their money back, with interest. This entails nosing in to the affairs of debtor countries, imposing conditions on loans and telling the governments what to do - not very democratic! The IMF in particular has a standard blueprint called a Structural Adjustment Programme it imposes on poor countries, with knucklebusters if necessary. Read Jamil M. Iqbal's article "Bangladesh and the World Bank saga" in last month's *Socialist Appeal* to see how SAPs impoverished Bangladesh.

### Conditions Imposed

The "financial sheriff" marches in and tells the delinquent government to cut its coat according to its cloth and stop wasting its budget on health and education. It should stop printing money. The rich countries don't want the value of their loans to be harmed by inflation. Other conditions are imposed like a heartless moneylender. SAPs have been a disaster for the countries they have been imposed on. In fact a feature of the resistance to the terms imposed by the rich on the poor is the "IMF riot".

The riots usually start as peaceful protests. The violence comes when the local elites send in troops and riot police to impose the will of the financial

enforcers on their own people. The World Development Movement reckons there have been 238 such riots in 34 countries between 1999 and 2002, with over a hundred fatalities and thousands of arrests.

One of the main proposals before the summit is for cancellation of \$55 billion of debt held by the IMF and World Bank on behalf of 18 of the poorest nations, with nine more to get the benefits when they show they are good boys and girls. The proposals have been hailed as a giant step forward for the world's poor. In fact the Make Poverty History coalition is calling for \$50 billion in extra aid. The write-off will contribute just \$1.5 billion.

In any case we have been here before. In 2003 at the Evian summit they decided to waive \$100 million of the burden on a handful of highly indebted countries that had swallowed their nasty IMF medicine. It never happened. After the speeches, Oxfam complained, "the World Bank and its board continue to fail to deliver on its mandate and its vision, most visibly on debt relief." This is like complaining about a tiger failing to deliver on its mandate to vegetarianism. The IMF and the Bank are institutions designed to suck the lifeblood out of poor people living in poor nations.

Why are poor countries so in hock to the rich nations? One of the main reasons is the collapse in the prices of the things they sell to the advanced capitalist countries. Take coffee. Five grams sell in the West for £2, so a kilo costs £400. Nestle and the other big processors buy that bag for just £70. Just 0.2% of the price of a cup of coffee bought in London goes to the growers.

One reason for the collapse in primary prices is the way the multinational food companies play poor countries off against each other. Vietnam has no history of growing coffee. They are all tea drinkers over there. Over the past

# Make Capitalism History

decade it has emerged as one of the biggest coffee producing countries in the world, contributing to worldwide overproduction and a collapse in prices. Coffee prices have fallen by 70% since 1997.

So trade, far from being an engine for growth, is a means of impoverishing the "third world". And that's not just bad luck - it's policy. The third institution enforcing imperialist norms and exactions on the world is the World Trade Organisation. The WTO imposes "free trade" on poor countries. They are forced to open up their markets. Haiti, for instance, opened its doors to US grain imports. As a result, thousands of peasant farmers lost their livelihoods in the poorest country in the western hemisphere. The grain that poured in from the USA was exported by agribusiness heavily subsidised by the American taxpayer.

## The Terms of Trade

As for the "level playing field" the WTO is supposed to enforce, while third world farmers are thrown to the wolves, farming is subsidised in the West to the tune of \$1 billion a day. For instance in the States, \$4 billion is shelled out to 25,000 cotton farmers - that's \$160,000 each, more than their crop is worth. As a result poor farmers find themselves incapable of making a living on the world market. In addition they are confronted with tariff barriers of \$100 billion against their products, more than twice the aid they get from the rich countries. Europe's Common Agricultural Policy also keeps out third world farm produce as well as subsidis-

ing European producers.

So long as the terms of trade continue to move against the poor countries, and as long as world trade is rigged against them, then debt relief will give no lasting way out of the poverty trap they find themselves in.

So where does aid come in? Tony Blair wants to step up the level of aid going to the poor and needy from the advanced capitalist countries. Who could possibly object? But where does this aid actually go? ActionAid has recently reported that less than 40% of government aid actually goes abroad to where it is needed. In France and the USA, 90p in every pound is spent in the country of origin. Two fifths of it goes to pay well-heeled consultants in the advanced countries.

As an example, let's look at the deal set up by the British Department for International Development set up with Tanzania. As part of IMF "conditionality", Tanzania had to privatise its water supply and hand it over to a British firm called Biwater. The deal was partly subsidised by aid channelled from the Dfid. Suspicious? £36 million of our money went straight to PriceWaterhouseCoopers, the accountants, and a bunch of crazed Thatcherites called the Adam Smith Institute to advise on privatisation. The Tanzanian government has since had to sack Biwaters for incompetence.

The reader may ask: what is this Dfid obsession with forcing poor countries to privatise their water supply? After all, 95% of clean water is publicly provided, and 1.1 billion people still have no access to safe water - the most basic requirement of life. Just give them

the money and let them build the necessary infrastructure! They forget that aid is seen by the Dfid as a crowbar for British capitalism to muscle in on public provision all over the world.

The right wing also questions the usefulness of government aid. Their angle is different. They see the main problem as corruption, especially in Africa. As a result, they say, the money just pours straight out without even touching the sides. There is truth in this. A spokesperson for the Royal African Society has pointed out that for every £1,000 in loans that comes in £1,450 in capital is exported. Whose fault is that? The IMF imposes a condition of free capital movement on poor countries as part of its Structural Adjustment Programmes.

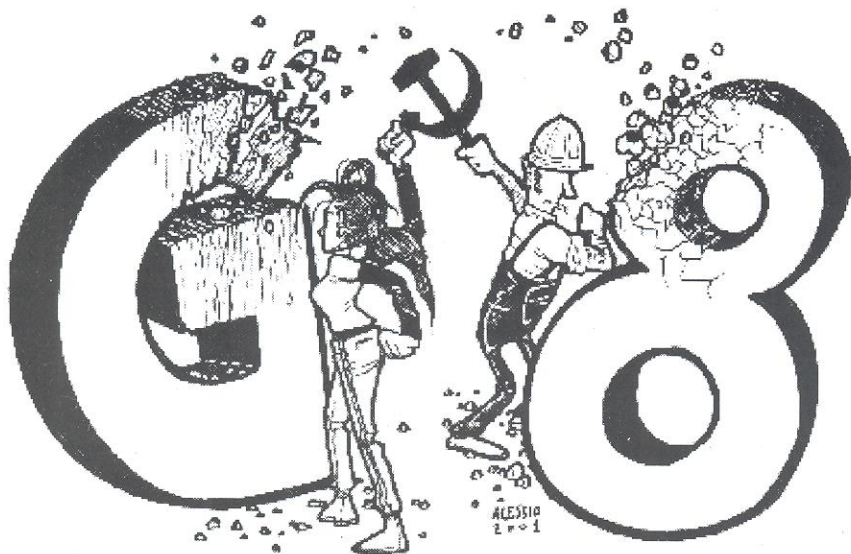
After all, Africa is a capitalist continent. That means the ruling elite is on the make, just like our lot. Our ruling class recognises them as kindred spirits. For decades the West has propped up voracious figures like the cannibal Emperor Bokassa in the Central African Republic and Mobutu in the Congo. The deal is that they can squirrel away the aid provided by the well-meaning western taxpayer as long as western capitalists can loot the natural resources of their countries. In terms of natural assets, Africa is not poor. It is probably the richest continent in the world. But imperialism finds it profitable to keep its people poor.

## Only Ending Capitalism Can Make Poverty History

Aid is pathetically low. But for it to be useful in combating poverty, it has to be disentangled from its use as an imperialist bribe and sop. For more than thirty years the pledge to give 0.7% of advanced country income in aid has lain on the table. The US gives £10.4 billion, just a pitiful 0.16% of National Income. By contrast they had no problem finding ten times as much - £105 billion - to invade Iraq and steal their oil.

The outlines of a deal within the G8 are emerging. There will be some debt write-off.

But Bush and his gang will not allow the level of aid to increase. And as long as imperialism holds the poor countries in its grip, we will never make poverty history. For the issue of debt, for trade and for aid the G8 is not the solution. It is the problem. □



# Hands Off Venezuela

## Outstanding Hands Off Venezuela meeting in London:

# Build Solidarity with the Venezuelan Revolution! Build the HoV Campaign!

by Ramon Samblas

THE HANDS off Venezuela Campaign held an excellent meeting at the University of London Union on Wednesday 15th. More than 100 people attended to hear Ruth Winters (President of the FBU), Jorge Martin (International Secretary HoV), John McDonnell MP, Anastacio Rodriguez (teacher and UNT leader), and Jeremy Dear (General Secretary NUJ) who chaired the meeting, speak on the Venezuelan revolution and the need to continue building international solidarity. Ruth Winters, Fire Brigades Union (FBU) President, started off by explaining the FBU's long tradition of international solidarity, which includes solidarity campaigns for Cuba, Colombia, Iraq and Palestine. She compared the Colombian government to the one government in the region that actually governs in favour of working people - Cuba. To this we can now add Venezuela. The FBU president explained that opposition was growing all across the world to the imperialist policies of the IMF and the World Bank, and that Chavez, like Castro, is not afraid to lead this opposition and criticise these policies. We must never forget that there are powerful vested interests in defeating the progressive movement in Venezuela. She urged all trade unions to keep these issues at the forefront, and to fight for truth, especially in the media. She ended by saying that the National Executive of the FBU had just ratified its affiliation to the Hands off Venezuela campaign, and

that it was necessary to educate union members about the significance and meaning of what was happening in Venezuela. She expressed her pride in the FBU's role in the Hands off Venezuela Campaign and that the FBU was proud to assist in building the campaign. Jorge Martin, International Secretary of the Hands off Venezuela Campaign, having visited Venezuela several times over the last few years, was able to give a concrete picture of the revolution unfolding there. He began by explaining why the Hands off Venezuela Campaign believes that a revolution is taking place in Venezuela. The definition of revolution is when ordinary working people take their future into their own hands. This could clearly be seen in the Recall Referendum in August of last year, when 100,000 Electoral Platoons, each with 10 members, were organized to mobilise the population and to campaign in the referendum. This was an example of the revolutionary enthusiasm of the Venezuelan people, where 1 million people in a country of 25 million were organized to mobilise support in elections. Jorge also explained the massive influence of the Venezuelan revolution throughout Latin America. A new wave of hope has spread across Latin America as a result of the Venezuelan revolution. In the past, many left-wing leaders and governments were elected in Latin America, but if they ever actually tried to do anything meaningful, they

defeated the coup. This is an enormous inspiration to people all across Latin America, and shows that it is possible to fight, and to win. Jorge ended by explaining the importance of Chavez raising the debate on socialism. For the first time in a long time, since the fall of the Berlin Wall 15 years ago, the question of socialism has been raised - and not by some small group, but by the president of a country and the leader of a mass movement. Everywhere across Venezuela, workers and peasants are debating and discussing how to build socialism in Venezuela.

### The UNT

Jeremy Dear, NUJ General Secretary and chairman of the meeting, explained that because of the militant, democratic traditions and methods of the UNT, the UNT had now become the largest trade union federation in Venezuela. He also informed the audience that Orlando Chirino, a UNT leader and the scheduled speaker for the meeting, could not be there due to a death in his family during the ILO Conference in Geneva. Anastacio Rodriguez, a leader of the Teacher's Federation and UNT coordinator, and UNT representative at the ILO Conference in Geneva, came to speak in his stead. Anastacio explained that before Chavez, Venezuela was in a mess. Millions of people had no chance of ever going to school and getting an education. When the Venezuelans looked for a model and an example in order to change their system, they only saw one system capable of creating a mass education system - the Cuban system. The education and health care missions in Venezuela have been a success. 1 million people have participated in literacy programmes, and 1.6 million people have been able to continue their education and complete high school. With the introduction of the misiones, 52% of the population are in school. That is a revolution. The mision barrio adentro (inside the neighbourhood), the



# Hands Off Venezuela



most extensive of Venezuela's health missions, has provided some 56 million consultations, providing free healthcare and medicine to millions of people. That is a revolution. He ended by explaining the importance of the UNT. For 50 years, nobody, not even the government could see the accounts of the old trade union federation, the CTV. Then the CTV assisted in the coup. He explained that the workers had broken the control of the bureaucracy, and that they now controlled their own union. Many different people attended the meeting, and after the main speeches participated in a lively discussion. There were members of UNISON, the RMT, AMICUS, the FBU, the NUJ, and several other unions as well as members of many different solidarity campaigns. Andy Higginbottom of the Colombia Solidarity Campaign (CSC) spoke about some of the developments in Colombia, and the importance of the Venezuelan revolution to the Colombia people. He explained the importance of building the boycott Coca-Cola campaign, and the BP (British Petroleum) campaign for all of Latin America. He ended by saying that if Gordon Brown and Bob Geldof were serious about solving the Third World debt crisis they had to do something serious about UK corporations who operate in these countries, rather than simply shed crocodile tears. Amancay Colque of the Bolivia Solidarity Campaign explained that Bolivia was the poorest country in Latin America. George W. Bush and Condoleezza Rice have blamed Chavez and the Venezuelan government for recent events in Bolivia. This is simply not true, and the events have nothing to do with Venezuela, but everything to do with BP, Esso, and Exxon. She pointed out that the struggle in Bolivia is the same struggle that is being fought here. She asked the audience to imagine the struggle for the nationalisation of the railways. The trade unionists present at the meeting were asked to sign a petition of support for the Bolivian workers and peasants.

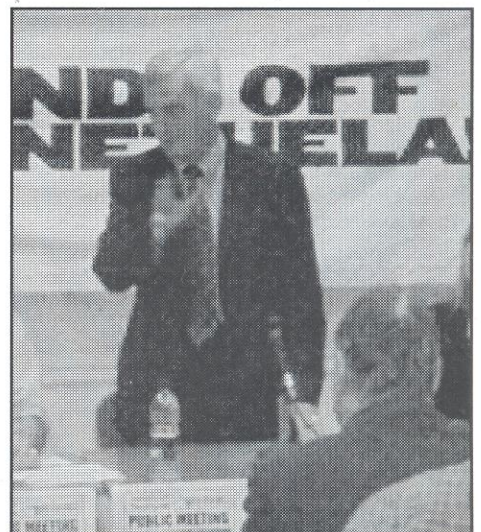
Lula and Kirchner have sent advisors to Bolivia to support the Bolivian bourgeoisie, hence it is extremely important that trade unionists and workers from around the

world support trade unionists and workers in Bolivia, who are fighting for their rights and their future. RMT President Tony Doherty, expressed solidarity with the Venezuelan revolution and his pride in the RMT's affiliation to the campaign. The Venezuelan revolution stands as an example to all people struggling for social reforms and their rights, including here in the UK. The UK is supposed to be the fourth richest country in earth, yet what do we see here? More cuts, privatisation, and poverty. The reforms in Venezuela, are an example of what many people need here in the UK. Many people were pleased at the achievements of the UNT, its independence and its accountability, adding that they wished something similar could be established here.

## Build Class Struggle Here

Others explained that the best way to build solidarity with the Venezuelan revolution was to build the class struggle here in the UK, because the more we attack and weaken the ruling class here, the less able they will be to attack Venezuela. John McDonnell, honorary president of the HoV campaign, explained that the Venezuelan revolution, and the drive to create a truly democratic society, was an inspiration to the entire world. He explained that we have the straightforward task of building the campaign in a broad, non-sectarian way. Solidarity campaigns have always been infiltrated in the past, in order that these campaigns and movements can be split and derailed. It is necessary to bring different groups together, because in the past, as Jeremy Corbyn MP pointed out at a previous meeting, for example around the events in Chile, we always mobilised after the events, after a coup for example. Now we have the opportunity to campaign beforehand, to protect the revolution, and to mobilise against the counter-revolution. He explained that although we all come

from different political backgrounds and organisations, that the HoV campaign is an excellent way to come together and build solidarity. It is necessary to transmit the success of the campaign down to individual unions, branches, and political organisations and get them to affiliate to the campaign. It will also be necessary to transmit this success upwards, and get the TUC to commit to solidarity and to affiliate to the campaign. He mentioned the importance of putting pressure on the Labour government. The Foreign and Commonwealth Office (or as McDonnell described it, the Outreach Centre for the CIA) has made no comment on Venezuela in anyway. It is obvious that all ministers in the FCO have been warned off from saying anything on Venezuela. It is necessary to press the government and all ministers for their opinion on Venezuela, and to explain to them the democratic system there and the significance of events. He ended by saying that new words, such as "globalisation" etc. have disappeared, and that people have reverted to using "imperialism" and "exploitation". Our analysis has won, and we must explain and go back to these straightforward categories. We must sustain the revolution against imperialist aggression. We must build solidarity, and build the campaign. McDonnell then thanked the campaign for providing the ideas and the organization, and for pushing the movement forward. A £180 collection was raised for the Hands off Venezuela campaign. At the end of the meeting, many of the participants went to the campus pub to continue to discussions informally. Everyone left the meeting enthused and determined to build the campaign, and to build solidarity with the Venezuelan revolution. □



## The Property Time Bomb

By Michael Roberts

THE WORLD capitalist economy is being held up like Atlas by just two forces: US household spending and Chinese manufacturing production. If either or both of these should die, then world capitalism will slip into slump.

US household spending growth is probably the most important of these two factors. What is driving this 4-5% annual growth in spending? It's not rising wage rates. Indeed, for the average American household, income from work is falling. No, what's been keeping Americans spending has been partly tax cuts, as Bush cuts back on social spending programmes to make handouts, mainly to the rich through cuts in big business taxes, but also to middle-class Americans in personal tax rebates.

But the main reason has been very low interest rates, driven down by the policy decisions of the US Federal Reserve Bank under Alan Greenspan. This has led to historically-low mortgage rates across America. As a result, there has been a property boom that has reached breakneck proportions, particularly in the 'hot spots' of California, Las Vegas, Florida and New England.

National house prices are now rising at a 15% annual rate, unheard of in all previous US housing booms. This unprecedented rise in housing wealth has enabled Americans refinance their debt at low rates and then use the cash they've borrowed to spend, confident in the belief that when they sell their properties they will have risen so much in value that they can pay off the debt comfortably. This is a house of cards.

World capitalist growth now depends on US household spending and US spending depends on house prices in the US rising indefinitely. This is a pyramid scheme that will topple over eventually.

As the Economist pointed out in a June issue: "Never before have real house prices risen so fast for so long in so many countries". The total value of residential property in the OECD has more than

doubled from \$30bn to \$70bn in the last five years and is now equivalent to over 100% of these countries' annual output.

Yet this value is not represented by any new production and it's a global phenomenon. House values (if measured against the rents that can be got from property) have never been higher in America, Britain, Australia, New Zealand, France, Spain, Holland and Ireland.

This is purely a speculative bubble - a bubble bigger than the stock market boom of the late 1990s that collapsed in 2000 or the great boom of the 1920s that ended in the Great Depression of 1929-33. The Economist reckons it is the biggest bubble in history!

That's proven when the US estate agent association revealed that around one in every four properties bought in 2004 were for investment not occupation and another 15% were bought as second homes. In Florida, as many as half the buyers of property resell their purchases immediately! And they are financing this binge from mortgage lenders that offer 100% mortgages or

even higher, with reduced interest payments (60% of mortgages in California were like this in 2004).

But the US housing bubble is now set to burst. According to another expert, average US house price rises were about 25% over trend, but in 'hot spots' the level of over-valuation was more like 50%. In Los Angeles, the real estate association has calculated that only the top 17% of all wage earners can now afford the price of an average home! It does not matter that mortgage rates are still low. The level of prices in many areas is so high that hardly any body can buy.

The indicators of a future burst are already there from the collapse of other housing bubbles in Australia and more recently the UK. The price levels reached in the UK and Australia coupled with rising interest rates finally broke the back of the housing market there. In the last 12 months, Australia has seen falling prices and the UK is flat at best.

Now the US Federal Reserve is raising interest rates. Eventually that will seep through to mortgage rates. Then, my own calculations suggest that affordable housing will only be restored in the US if house prices drop at least 15-20% from current levels. That spells bust!

If that turns out to be right, then the US economy will drop like a stone, as many Americans face bankruptcy when they cannot make their mortgage payments, while others will have to pull in their spending horns to make ends meet.

And have no doubt that the US economy depends on this low interest-rate housing boom like no other. The big US banks have made huge profits in the last few years from lending on real estate. Now 45% of all the profits made by the top 500 companies in the US come from the financial sector. If the housing market collapses, that will make a huge hit on the profits of big



business.

Even more serious, most US mortgages are sold on by the banks to semi-government agencies, called Fannie Mae and Freddie Mac. Because they are backed by the US government, it is assumed they cannot go bankrupt. And these agencies have been engaged in many financial contracts; using the mortgages they hold as collateral. If these Americans start defaulting on their mortgages in a big way, it could mean that government agencies will be in trouble and require taxpayers to bail them out. That will slow the economy even more. Worse, the trouble could spread through the financial sector like a disease, bringing down a swathe of banks.

Indeed, in Britain, there are already some signs of how the US housing market might pan out. The number of people declaring bankruptcy in the UK reached record levels in the first quarter of 2005, up 28% on a year ago. And there are record numbers of mortgage repossessions already. Personal bankruptcies are one-fifth higher than they were during their peak in the early 1990s, when the UK economy was in recession and almost one million households were in 'negative equity' (their mortgages were bigger than the sale of their property could cover). According to John Butler, economist at Britain's biggest bank, HSBC, "the vulnerability of the household sector is acting like a time-bomb, which will ultimately cast a shadow over the UK economy".

Of course, the US authorities are not stupid. They are aware of the risk. But for the moment, they seem blithely confident that nothing will go amiss. Federal Reserve chairman and financial guru, Alan Greenspan, recently said he thought there "was some froth" in the housing market and some risky forms of financing, but he was sure that the US housing market was not a bubble that was going to burst.

Perhaps his serenity is due to the fact that for the richest people in the world, a housing bust may have little effect on their wealth. After all, it the middle class, and even the working class to some extent, in the US, the UK and Europe, who invest any savings or credit they have into their house. For the very rich, property is a much smaller proportion of their overall wealth. Financial wealth - company shares, government bonds and just cash in the bank - is just as big.

Indeed, the world's wealth is more concentrated than ever. The difference between what the "average" man or woman is worth and what the super-rich are worth has never been so far apart. A new Merrill Lynch study shows that 8.3 million people around the world now have a million or more dollars in "investable assets" and this does not include their homes. Remember, for the average person, the main asset is the home.

With \$30.8 trillion at their command, the "really rich" control one quarter of the world's financial wealth. This translates into the following -- the super-rich, who comprise just 0.13% of the world's population, own 25% of the world's wealth!

But very few of the super-rich made their money investing in stocks (Warren Buffett is one great exception). Most made it through inheritance, or building a business, or in investment banking. That means they got rich on the back of other people's investments. So the super-rich may not be worried by any housing crisis. But it's an issue for the

rest of us.

The US economy is currently motor-ing on at about a 3.5% real growth rate. Last year, the UK was nearly achieving that on the back of rocketing house prices and big spending by British households as they used up the cash borrowed on their houses. Australia was growing at over 5%.

But this year, the UK and Australian housing markets have slumped. And with that, economic growth has slowed to under 2% a year. Spending in the shops has stopped growing altogether.

The UK and Australian economies are not decisive in driving global capitalism. But the US economy is. If it suffers a similar fate to the UK and Australia in the next year, the world will too. Japan's recovery is still stuttering, while Europe is growing painfully slowly. If the US stops spending, then China and the rest of Asia will feel the cold draught of slowing export sales too. The world will go into recession.

Does it all depend on the housing frenzy continuing in San Diego, San Francisco and CSI Las Vegas?

## Britain's House of Cards Wobbles

HOUSE PRICE inflation has fallen below wage increases for the first time this decade according to Rightmove's latest monthly survey which shows asking prices for houses edged up 0.2% on the month before to stand 2.4% higher than a year earlier, down from 4.9% in May and the lowest this decade. They go on to predict that the house price increase figure will soon fall to zero.

"This year's traditional spring bounce in asking prices has ground to a halt. Sellers have belatedly realised that buyers are unwilling or unable to pay ever-increasing prices," said Miles Shipside, Rightmove's commercial director.

First-time buyers - the main prop of the property market - remain priced out, Mr Shipside said, adding that at current rates of pay rises, it would take seven years for the "affordability gap" to be closed, assuming house prices don't fall.

A growing number of City economists think that the slowdown in house prices over the past year, combined with a sharp drop in consumer spending, could soon provoke the Bank of England's monetary policy committee to cut interest rates, for fear of a much steeper fall.

The slowdown in the housing market

is particularly acute in London, where prices are the most expensive. Asking prices fell 0.7% on the month, reversing May's 0.7% rise, while the annual change showed a fall of 3.1%, the second consecutive drop.

Economists are divided as to whether the housing market, which has seen prices triple in the past eight years, will remain stagnant while average earnings catch up, or fall sharply. The first is wishful thinking.

Some - like the Halifax and Nationwide - think that when most of the big house price indices fall to zero this autumn, the market could suffer a serious blow. The Bank's governor, Mervyn King, has admitted that the monetary policy committee has been surprised at the speed with which consumer spending has slowed this year and that the link between house prices and consumption may be stronger than the MPC had thought. Who would have thought it, when mortgage repayments increase, and house values fall people spend less money in the shops. And these geniuses are supposed to be 'overseeing' the economy!

# The Russian Revolution of 1905

## The Dress Rehearsal for October

By Alan Woods

A study of this remarkable period is of great importance for anyone who wishes to understand the dynamics of revolution in general, and not just in a particular case. Needless to say, such an understanding is only possible for those who have thoroughly grasped the method of Marxism known as historical materialism.

The most striking aspect of a revolution is the speed with which the masses learn. In general, the working class does not learn from books but from life itself. Events, especially great events, are necessary to permit the masses to throw off the heavy burden of tradition, habit and routine and to embrace new ideas.

Most people do not like the idea of change and still less of a violent upheaval that transforms existing conditions. They tend to cling to the familiar ideas, the well-known institutions, the traditional morality and religion. Those who call the existing order into question are never popular with their contemporaries. We see this dialectical process very graphically in the events of 1905, which Lenin described as a dress rehearsal for the October Revolution of 1917.

### War and revolution

The stormy events of that period were connected with the Russo-Japanese War of 1904-5. The ambitions of Russian Tsarism in Asia clashed with the westward thrust of the young and vigorous Japanese imperialism, which led it to invade Manchuria and push against the borders of Russia in the Far East and Siberia. The war

rapidly exposed the inner rottenness of Tsarism, which suffered a series of humiliating defeats, culminating in the fall of Port Arthur. Here, not for the first or last time, war acted as the catalyst for revolution.

The war between Russia and Japan had no progressive content, like all the other wars fought between the different gangs of imperialist robbers to determine who should have possession of the world's markets, raw materials and spheres of influence. But wars, even when they have a reactionary character, nevertheless serve to expose mercilessly the weaknesses in the existing order, laying bare the hidden fault lines that lie beneath the surface of the social fabric and at a certain point throwing great masses into movement. That was the case in 1905, and again in 1917, when it led to the greatest social revolution in history. It was the case in the latter stages of the Vietnam War, and will be again in the case of Iraq, which will inevitably produce explosions at a certain stage - not just in Europe but in the United States itself.

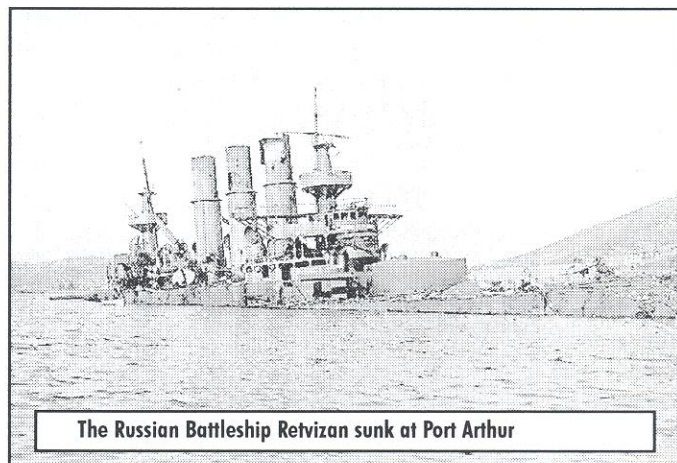
In the early stages of the first Russian Revolution the masses displayed a certain naivety. This is an inevitable stage that we see in every great revolution. We saw it at the

time of the February Revolution in 1917. We saw it again in Spain in 1931, with the fall of the Monarchy and the proclamation of the Republic. And we see it now in Venezuela.

The masses learn slowly, from events. They proceed empirically, from a series of successive approximations. Moreover, this process does not proceed in a straight line: every two steps forward is accompanied by a step back. But the general line is always to the left, from the more moderate to the more radical. This process provides great opportunities to the most revolutionary tendency, which can grow rapidly on condition that it knows how to combine revolutionary audacity with the necessary tactical flexibility and retain its links with the masses at every stage.

### Weakness of the party

The tasks of the proletariat in the Revolution would have been far easier to achieve if there had existed a strong revolutionary Marxist party before January 1905. But it did not exist. The Russian Social Democratic Party (RSDLP), which stood for Marxism, had split in two in the Second Congress only two years before. The two factions that emerged from the split, the Bolsheviks and Mensheviks, were both very weak on the ground in Petersburg. Their links with the working class were weak. They represented a minority of a minority of activists, and were almost completely isolated. This situation is not unknown in the history of the movement. In fact, it is the norm. As old Engels commented at the end of his



The Russian Battleship Retvizan sunk at Port Arthur



life: "Marx and I were always in a minority, and we were proud to be in a minority."

The old Stalinist histories present a picture of the Bolshevik Party standing at the helm and guiding the Revolution at every stage. The truth is that the beginning of the revolution found the Party in a lamentable state. On the eve of 1905 the Party was seriously weakened by splits and arrests. The internal faction fight had paralysed its activities. This is reflected in the number of Bolshevik leaflets issued in Petersburg in 1904: only 11 for the whole year, as against 55 in 1903 and 117 in 1905.

It often happens that the most politically advanced workers can be divorced from the masses and can lose confidence in them. Years of isolation, of putting forward revolutionary positions and getting no response, of beating one's head against a brick wall, can give rise to moods of scepticism that can play a most damaging role when conditions begin to change. Hence it has happened more than once that the most militant and revolutionary sections of the activists has been left behind by the masses, who have jumped over their unsuspecting heads. It is even possible that the "revolutionaries" may become transformed at the critical moment into a conservative barrier in the path of the class.

Before the events of January, the local Bolshevik leaders in Petersburg displayed a pessimistic attitude and an ingrained lack of confidence in the workers. The so-called committee-men (and women) showered Lenin with complaints. They saw no evidence of a revolutionary mood among the masses, only backwardness and ignorance. As proof of the hopelessness of the situation they cited the fact that the overwhelming majority of the workers were supporting the reactionary "union" set up by the priest Father Gapon with the support of the Tsarist police chief, Zubatov.

Years later, after the victory of the October Revolution, when Lenin was trying to explain to the young and inexperienced cadres of the Communist International the basics of Bolshevik tactics, he cited the case of Gapon's union. In his Marxist classic, *Left Wing Communism - an Infantile Disorder*, Lenin explained that Communists must always conduct work in even the most reactionary workers' organizations. He said that the Bolsheviks had worked even in police unions. This reference,

which many people do not understand, refers to Gapon's union, the so-called "Assembly of Russian Factory and Workshop Workers".

As a matter of fact, this is not entirely accurate. The Bolsheviks in Petersburg actually neglected work in this organization, which they boycotted on the grounds that it was a reactionary police union. So it was, but as Lenin explains, it was necessary to work even in such a reactionary organization in order to tear the workers away from the leadership. Had the Petersburg Bolsheviks taken Lenin's advice seriously, they would have been in a far stronger position when the Revolution began. But they suffered from the well-known disease of all sectarian ultra-lefts, who imagine that all that is required to build a mass revolutionary party is to proclaim it.

Lenin pointed out more than once that the working class is always more revolutionary than the most revolutionary party. This assertion at first sight does not seem to correspond to the facts, and least of all on the eve of the 1905 Revolution. The great majority of the workers were conservative in outlook. They were overwhelmingly religious - which partly explains their boundless faith in Father Gapon. They drank vodka. Most were monarchists who believed unquestioningly in the Tsar. When the Bolsheviks approached the strikers with revolutionary leaflets calling for a Republic, they often tore them up and sometimes beat those who were distributing them. Yet all this was transformed into its opposite in the space of 24 hours.

All the efforts of the police and their union stooges to tie the workers' movement into a straitjacket of legal constraints were doomed to failure. The rising tide of discontent, which affected all layers of society in the course of the Russo-Japanese War, began to affect even the most backward strata of the working class. Up to this moment, the opposition to Tsarism had mainly come from the liberal intelligentsia and the students. This is also a law. The intelligentsia cannot play an independent role in the revolution, but it is a sensitive barometer of the tensions building up within the deep recesses of society.

"The wind blows first through the tops of the trees." The ferment in society was reflected in a ferment of opposition among the intellectuals. The universities became bastions of revolutionary protest, and at a certain stage were



Father Gapon

opened up to the workers. They became the centre of heated debates of ideas and programmes, an important part of the revolution vividly described in the present book.

### Bloody Sunday

The working class of Russia made its first decisive entrance upon the stage of history in a peaceful procession, with a petition in its hands and a priest at its head. In their hands they carried, not red flags but religious icons. The aim of the demonstration was to appeal to the Tsar, the *batyushka* (the "Little father") to improve their intolerable living conditions.

These workers had no understanding of politics. Many of them could barely read or write. They were former peasants who had only recently emigrated to the cities in search of a better life - a phenomenon that is all too familiar to the masses in most of Latin America, and that is now being reproduced on a vast scale in the teeming cities of China.

This process of rapid development had very revolutionary consequences. By tearing millions of people from conditions of rural backwardness that had remained unchanged for a thousand years, Russian capitalism destroyed the social fabric that had provided a kind of stability and identity to the Russian peasant for centuries. Uprooted from his natural environment, the former peasant was hurled into the seething cauldron of factory life. Under the watchful eye of the overseer he learned discipline and factory organization. He learned to subject himself to the merciless rules of mass production. He there-

fore learned to cast off the old peasant tradition of individualism and egotism, the narrow loyalties of family, village and clan. He began to think of himself as part of a broader community, the working class, with common bonds of interest and solidarity against the exploiters.

The confused consciousness of the masses is clearly expressed by their fervent support for Father Grigorii Gapon. Figures like this always emerge in the first period of the revolution. With his curious mixture of militancy and religion, class struggle and monarchism, it corresponded to the first, confused groping towards consciousness of millions of the most downtrodden layers of society. The son of a peasant himself, he faithfully expressed the confused strivings of this layer in which the desire to fight for a better life in this world is still entangled with religious ideas and belief in the Tsar.

The peaceful demonstration of the Ninth of January was met with a hail of bullets from the serried ranks of police and soldiers. Unarmed men, women and children were cut down without mercy by mounted Cossacks. Nobody knows how many were killed, but the total figure is probably not less than a thousand. This was the work of the Tsar, who earned the nickname of Nicolas the Bloody, but who is now being presented to the public opinion of the world as some kind of saintly martyr of the heartless Bolsheviks.

Every revolution is characterised by lightening changes in the psychology of the masses, in which things change into their opposite. On the night of Bloody Sunday, the very same workers who had previously torn up the Bolshevik leaflets sought out the Bolsheviks (they knew who they were) and besieged them with one insistent demand: "Give us arms!"

Father Gapon was an accidental and contradictory figure. After the Ninth of January, he called for an armed insurrection and even came close to the Bolsheviks for a time.

### The Soviets and the October Strike

In the next eleven months,

the Revolution unfolded through a whole series of stages. New layers of the class were continually drawn into struggle. The soviets - those marvellous organs of workers' power - were created by the working class as flexible and democratic organs of struggle. In their inception they were simply extended strike committees.

Once again, the local Bolshevik leaders failed to grasp the significance of the soviets. They displayed the same sectarian attitude as they had earlier shown towards the Gapon union. They approached the Petersburg soviet with an ultimatum: the workers must either accept the programme and policies of the Party, or else dissolve. As Trotsky wrote, the workers present merely shrugged their shoulders and proceeded to the next point on the agenda, whereupon, the Bolsheviks walked out of the meeting.

From abroad, Lenin watched the conduct of his comrades with a mixture of frustration and dismay. Unlike them, he understood very well the real significance of the soviets, which he correctly characterised as embryonic organs of workers' power. He urged the Bolsheviks to participate in the real movement of the masses, and eventually they corrected their mistake. But the damage was already done. The Bolsheviks had lost a lot of ground through their sectarianism.

The key figure in the Petersburg Soviet was undoubtedly Leon Trotsky, who at that time stood outside both the Bolshevik and Menshevik factions but was politically far closer to the former. In the autumn the revolutionary wave had reached its peak with an unprece-

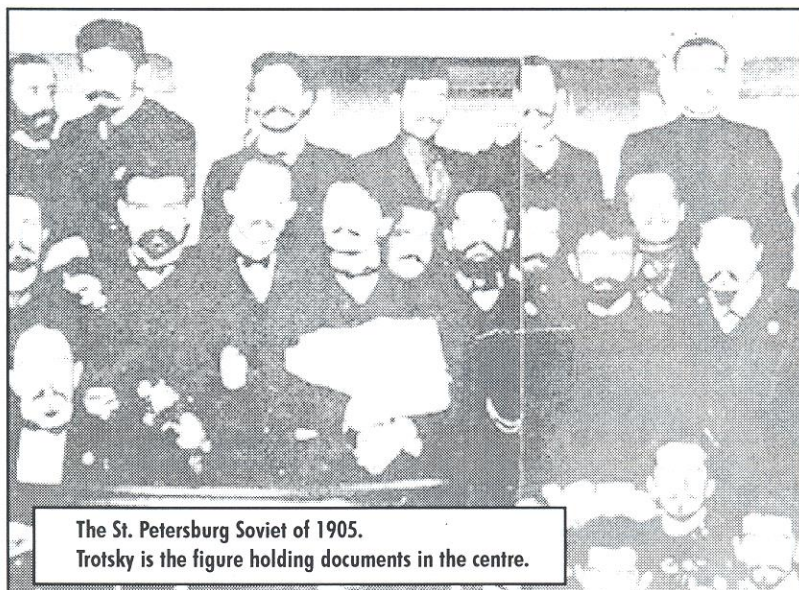
dent strike wave. At the head of the movement stood the proletariat, wielding its classical weapon of struggle - the general strike. "In its extent and acuteness," as Lenin later recalled, "the strike struggle had no parallel anywhere in the world. The economic strike developed into a political strike, and the latter into insurrection."

Throughout the October general strike and November lockout all eyes were on the St Petersburg Soviet. Here was an extremely broad, democratic and flexible organ of struggle. In the course of the struggle, the soviets gradually increased their functions and representative scope. Through the Soviet, the workers made use of the newly found newly conquered freedom of the press by the simple expedient of taking over the printing presses. They compelled the introduction of the eight-hour day and even instituted workers' control of production in some factories. They formed a workers' militia and even arrested unpopular police officers. In addition to numerous other tasks the Soviet published *Izvestiya Sovieta Rabochikh Deputatov* as its public organ. Throughout all these dramatic events, the author of most of the statements and manifestos of the Petersburg Soviet was Trotsky.

Whereas in 1917 there was no general strike, in 1905 the general strike was one of the most important weapons of the working class. It was the means whereby the Revolution measured its own strength, organized itself and disorganized the enemy, while simultaneously mobilizing new layers of the working class in struggle.

### The December Insurrection

The main weakness of the 1905 Revolution was the fact that the movement of the workers in the cities did not receive help from the peasantry until it was too late. By the end of December the workers of Petersburg, who had been in continual struggle since January, were exhausted. The workers of Moscow now occupied the centre stage. They moved in the direction of an armed insurrection, but unfortu-



The St. Petersburg Soviet of 1905.  
Trotsky is the figure holding documents in the centre.

nately, the Petersburg proletariat was no longer in a position to come to their aid.

The bloody defeat of the December insurrection in Moscow effectively marked an end to the revolutionary flood tide in the cities. But the Revolution continued to spread long afterwards in the villages. There were peasant uprisings everywhere, accompanied by outbreaks of guerrilla war. But without the victory of the workers in the urban centres, it was doomed to failure. Realising finally that this was no longer on the agenda, Lenin called a halt to guerrilla actions and prepared the Party to face a period of reaction.

The defeat of the 1905 revolution was a severe one. Thousands of revolutionaries were executed, tortured, imprisoned and exiled. The Party, which had grown from a handful to a mass force of hundreds of thousands, was again reduced to a small and persecuted underground organization. There were arguments and splits. Lenin was in a minority of one when he argued against the ultra left policies of the Bolshevik leaders who wished to boycott parliament and refused to conduct legal work in the trade unions.

So bleak was the situation that many young comrades committed suicide, believing that the Revolution was doomed forever. Yet by 1911-12, the reaction had reached its limits and a new revolutionary wave had commenced. It was at this time that Lenin and the Bolsheviks won the leadership of the organized working class in Russia.

In the past period we have lived through a period of reaction - although nothing on the scale of the reaction of 1907-11. Everywhere we see the same tendency to retreat, to abandon the positions of Marxism and Leninism. On all sides we see the same moods of scepticism and cynicism among the middle class intellectuals, ex-Communists and ex-Lefts. Our answer is the same as that of Lenin and Trotsky in a far more difficult period. We stand firmly for the defence of the ideas, programme and methods of Marxism, the only scientific socialist ideology. And events on a world scale are showing that we are right to do so,

It is said that the darkest hour comes just before the dawn. Beneath the surface of black reaction, imperialist wars and barbarism, new forces are maturing and becoming stronger with every

passing day. New revolutionary movements are being prepared, like the developing revolution in Venezuela. Just as in every past revolution they will pass through many phases, with many confused ideas and contradictions. That is not surprising. Is not life itself full of contradictions?

On the basis of their experience, the masses will seek out those ideas and that programme that most faithfully expresses their aspirations and wishes, that most accurately expresses, not just that which is, but that which must be. Only the ideas and programme of revolutionary Marxism can offer to the masses the road they are seeking. □



## Wellred Books are proud to announce the republication of 1905 by Leon Trotsky

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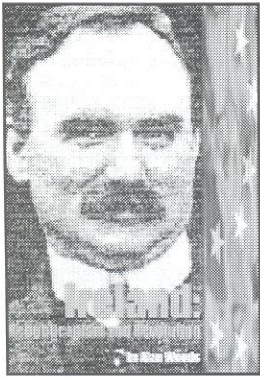
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1905 was the year of the first Russian Revolution: the year of the "Bloody Sunday" massacre, the storming of the Winter Palace, of the Potemkin mutiny and of the Odessa strike. By the end of 1905 Leon Trotsky, then twenty-five, was the dominant figure in the St Petersburg Soviet and the man on whom hopes of revolution turned – hopes which were dashed after the arrest of the Soviet and the exile of fifteen of its leaders, including Trotsky, to Siberia.

1905, which was one of Trotsky's early masterpieces, is a series of essays based on the events of that year, and also contains the first formulation of his celebrated theory of Permanent Revolution. Banned for more than sixty years in the Soviet Union, it emerges as the prime text of the revolution, being both a vivid description and a definition of it.

"A volume that shows Trotsky at his best – the man who could transform 'instant history' into an enduring and monumental achievement" – Lionel Kochan in the Times Higher Education Supplement

"The present work by the great Russian revolutionary Leon Trotsky, the Chairman of the Petersburg Soviet in 1905 and one of the principal actors in this tremendous historical drama, is by far the most important work on this subject." – Alan Woods



## Wellred launches new book on Ireland

Wellred Publications is proud to announce the publication of a new book by Alan Woods entitled "Ireland: Republicanism and Revolution". The book is a unique account of the struggle for Irish freedom from its origins in the revolutionary-democratic movement of Wolfe Tone to the present crisis within Republicanism.

The signing of the Good Friday Agreement and the subsequent ceasefire of the Provisional IRA after 30 years of armed struggle raises the question: after so much sacrifice and bloodshed, what has been achieved? Yet this question is being studiously avoided by the leaders of Sinn Féin, who have exchanged the armed struggle for a minister's portfolio. Though they publicly deny it, the unification of Ireland is off the agenda. The strategy, methods and tactics of non-socialist Republicanism have ended in complete disaster.

Marxists have always been in favour of a united Ireland,

but, following in the footsteps of James Connolly, have also understood that this goal can only be achieved as part of the struggle for a socialist Ireland and a socialist Britain. This can only be brought about by class and revolutionary methods. The prior condition is to unite the working class in struggle and to return to the revolutionary traditions and programme of Larkin and Connolly - the programme of the Irish Workers' Republic.

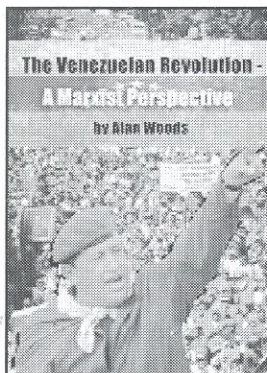
The preface written by Gerry Ruddy, a leading member of the Irish Republican Socialist Party, recommends the book to all Republicans and socialists as a positive contribution to today's debate over the future of Ireland.

"Serious revolutionaries, genuine Marxists, committed Republicans will read this book with thoughtful interest. They will give it the respect it deserves... We firmly believe that if this book by Alan Woods begins a process by which Republicans and socialists return to Connolly and the best ideas of the Irish and international left, then the future struggle for socialism in Ireland will be greatly advanced."

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## The Venezuelan Revolution A Marxist Perspective

This book by Alan Woods is essential reading for all those who want to understand what is happening in Venezuela today. But this is no mere description of events. It is a powerful Marxist analysis of the Venezuelan Revolution, its weaknesses and

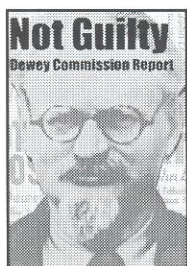
strengths, its contradictions and unique characteristics. The book was not written with hindsight. Every chapter, beginning with the coup of April 2002, was written as the events themselves were unfolding, and trace the winding course of the revolution. They reflect the immediacy and lightning speed of events happening before our very eyes.

Today Latin America is in the vanguard of world revolution-

ary developments and, within the Latin American continent, Venezuela stands out sharply as the country most affected by this process. It would be no exaggeration to say that Venezuela is now the key to the international situation. It therefore follows that the class-conscious workers and youth in Britain and elsewhere must closely follow the events in Venezuela and assist the revolution with every means possible.

Alan Woods has been a consistent champion of the Venezuelan Revolution since its inception. He helped initiate the Hands Off Venezuela Campaign. He has held personal discussions with President Hugo Chávez, which are recounted in this book.

The author concludes that the Venezuelan Revolution cannot stop half-way and holds up the perspective of a victorious socialist transformation. Only by expropriating the power of the oligarchy can it succeed and spread to the rest of the Continent. This is no foreign idea, but in essence is the vision of Simon Bolivar in the context of the 21st century, of the creation of a democratic Socialist Federation of Latin America.



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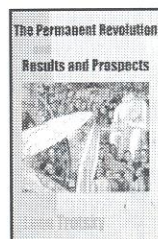


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## Pakistan: Telecoms Workers Arrested - Marxist MP Manzoor Ahmed challenges the regime

Report by Hina Zain in Lahore

THE NATIONAL Assembly of Pakistan was disrupted on June 13 by a severe dispute. As soon as the session of the lower house of parliament started Comrade Manzoor Ahmed, the Marxist MP, raised a point of order and challenged the Telecommunication Minister, Awais Laghari on the army's occupation of PTCL telephone exchanges and installations, the arrest of hundreds of striking workers, and on the whole process of privatizing the PTCL.

Manzoor explained that the occupation of the PTCL revealed the dictatorial nature of the regime. He also explained that the role of the army had been exposed because it was not being used to defend the country, but to invade the country's national assets and to crush the people of Pakistan. This act exposed the desperation and cowardice of the regime. Manzoor warned that the privatization of the PTCL, under the shadow of army bayonets, would never be accepted by the PTCL workers, or by the working class in general. "We are not afraid of the army, we fought it in the past, and we will resist it now!"

Manzoor also publicly exposed the massive arrest of PTCL workers, and charged the state with harassing the families of union activists. He then challenged the minister to a public debate in parliament, on television, or anywhere the minister would like. Manzoor also exposed the fact that the privatization of the PTCL was being carried out at the behest of imperialist institutions such as the IMF and the World Bank. He also explained that the present Telecommunications Minister and the regime were trying to force privatization through in order to get huge commissions and kickbacks from the various multinationals that have been circling around the PTCL like vultures. After the point of order the Speaker of the House asked the Minister to reply.

Awais Laghari was furious with rage. He replied by saying that any damage to PTCL installations would be considered as an attack on Pakistan and that the striking workers would be prosecuted under the Anti-Terrorist Act. The opposition walked out after hearing this statement, leaving half of the chamber

empty. One lone opposition MP remained sitting in the opposition benches - Manzoor Ahmed. He remained at his post, taking notes on the Minister's remarks. When the Minister finished his speech, Manzoor asked the Speaker for permission to reply to the Minister. The Speaker at first allowed Manzoor to speak. However, as soon as he began to speak, some greater force sent a signal to the Speaker and Manzoor's microphone was switched off. In protest the opposition, who had returned to the chamber after the Telecom Minister's speech, turned around and walked out again. In his reply the Minister completely ignored Manzoor's call for a public debate on the issue of PTCL privatization.

### No Compromise Possible

In reality, the agreement reached between the state authorities and the leaders of the Telecommunication Workers' Action Committee on the night of June 4 never materialized. Because both sides are pushing in opposite directions, no long-lasting compromise is possible.

The weak dictatorship has totally capitulated to the dictates of the IMF and is hell bent on pushing forward with privatization, while the PTCL workers, in spite of being offered fabulous wage and benefits increases refuse to accept the privatization of the institution.

On the night of June 11, army and paramilitary troops were sent in to occupy important PTCL buildings and installations. In the process of the occupation hundreds of leading worker activists were arrested. As the bosses had forced the regime to restart the privatization process, the workers put intense pressure on the union leadership to restart the strike. The situation is very tense at the moment and reports are coming in of a breakdown in the telecommunication system in several districts. Two hundred and seventy thousand phones are out of order and the workers are threatening to cut transmission lines between major cities of the country tonight. The army signal corps has been called in to run the fibre optic network, however it is

doubtful whether they have the necessary skills.

An emergency meeting of the PTUDC Executive Committee was called for June 11 and 12. At this meeting a strategy for stepping up the campaign to mobilize other unions and institutions in support of the striking PTCL workers was discussed.

On June 12 press conferences of the PTUDC were held at Peshawar, Karachi, Hyderabad, Multan, Rahimyarkhan, Quetta and other major cities in which union leaders from different industries and companies announced their total support for the PTCL workers in their struggle against privatization. The most important press conference was held at Comrade Manzoor's parliamentary office in Islamabad. Seven other PPP Members of Parliament attended this widely covered press conference. The MPs condemned the brutal intervention of the army in the PTCL and demanded the immediate release of the more than 500 arrested PTCL union activists. They also demanded the reinstatement of the 29 PTCL union leaders who have been fired for taking part in the strike. The MPs then demanded an end to privatization and demanded that the regime accept the workers' demands.

The PTUDC calls on workers and trade union activists worldwide to protest against this attack.

John McDonnell MP is submitting an Early Day Motion to Parliament on this important question. We also appeal to our readers to let your voices be heard!

- For the immediate withdrawal of all army and paramilitary forces from PTCL premises!
- No to the privatisation of PTCL!

Please send messages of protest to:  
Awais Laghari, Minister Telecom and Information Technology,  
minister@moitt.gov.pk and  
aleghari@moitt.gov.pk  
Junaid Khan, President PTCL,  
president@ptcl.com.pk  
M. Shahzad Sadan, Senior Vice  
President PTCL, sevphr@ptcl.com.pk  
With copies to info@ptudc.org

## Bolivia: New President Tries To Divert The Movement Towards Parliamentary Trap

By Jorge Martin

AFTER THREE weeks of a struggle that had acquired revolutionary dimensions, Bolivia now has a new president and the workers and peasants are discussing how to continue the struggle.

On June 9th Vaca Diez, president of parliament, tried to get parliament to elect him as president of the republic after the resignation of Mesa (his resignation had to be accepted by parliament in order to be effective). A government of Vaca Diez would have meant bringing the army out to restore "order". This was the preferred option of the US embassy.

The Mesa government had proved completely incapable of stopping the increasingly radicalised movement of workers and peasants. The strike movement had spread from El Alto and La Paz to other regions, such as Potosi and Cochabamba, and roadblocks had been set up at more than 100 points on the country's road network.

In El Alto, on June 8th, the mass organisations of the workers and the inhabitants of this working class city to the north of La Paz, had established a People's Assembly which threatened to become a body of workers' power and an alternative to the rule of the capitalists. The ruling class was prepared to discard Mesa and use the army to put an end to the mobilisations.

On their part, Mesa and the leader of the MAS, Morales, favoured the president of the Supreme Court Eduardo Rodriguez as a replacement for president. Technically, for this to happen both Vaca Diez and Cossio (presidents of both houses of parliament) had to resign as well. The argument in favour of Rodriguez is that he would have a constitutional duty to call early elections. This alternative did not mention either the Constituent Assembly (which the MAS leaders have presented as the way forward) or nationalisation of oil and gas (the main demand of the movement). Mesa understood that using the army against the people could further aggravate the crisis, pushing the more moderate sections of the movement into

supporting a strategy of workers' power.

In order to prevent the installation of Vaca Diez, who had moved the parliament to the "safer" Sucre (away from the radicalised workers and peasants in La Paz), all sections of the movement united in an effort to blockade Sucre and prevent this from happening.

This manoeuvre enraged the masses even further and gave new strength to the movement. A 60,000 strong *cabildo abierto* in Cochabamba (where the MAS is strongest) passed a resolution which included the following lines: "the *cabildo* of the people of Cochabamba has decided to set up the People's Assembly and to build a government of workers and peasants, following the lines of the enlarged meeting of the COB and the meeting of the El Alto Neighbourhood Juntas (FEJUVE)". The resolution also contained other points more in line with the position of the MAS leadership (such as the demand for a constituent assembly) but it was clear that the main aim was nationalisation of hydrocarbons. This was a highly significant indication of the radicalisation of even those sections of the movement which had joined the struggle more recently and in areas where the leadership of the MAS still commands great authority.

At the demonstration in La Paz on the same day there was a strong presence of factory workers. Max Tola,

workers' leader at the *Cervecería* brewery, one of the largest factories in La Paz, said: "No political solution can be forthcoming from within the bourgeoisie. What we are talking about here is nationalisation and the taking of power by the workers. Our slogan is workers and peasants to power." (Econoticiasbolivia.com, June 9th).

### Nationalisation

Francisco Quispe, leader of the La Paz Factory Workers Federation, said: "If there is no nationalisation we will continue with the mobilisation. Nationalisation is the only way forward to create more sources of employment, to end the hunger and misery that is killing us. The only solution is for us workers to take power" (*ibid*). One of the main characteristics of the movement, particularly in La Paz and El Alto has been precisely the discrediting not just of this or that bourgeois politician, but of the whole institution of bourgeois democracy.

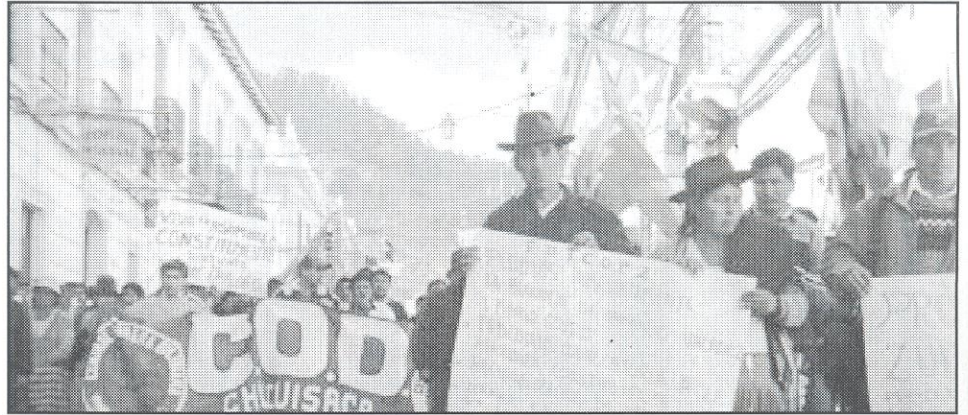
By the time the session of Parliament was supposed to start there was a huge mass of people on the streets of Sucre (including miners, peasants, teachers, etc). After a while the masses blockaded the airport as well and the airport workers also joined the strike, so that members of parliament (who had had to fly



in, as all main roads were blockaded) would not be able to leave Sucre without the permission of the masses. The session was suspended. Then in the afternoon news came in of the death of a miner in a clash with the army when the army had tried to remove a roadblock. Tension increased even more. Vaca Diez went to hide in some military barracks, while the MPs returned to the safety of their hotels. Power was really in the streets and the country was awash with rumours of a military coup.

Finally, in the evening the attempt to impose Vaca Diez as president collapsed. The death of the miner at the roadblock had radicalised the movement in such a way that the swearing in of Vaca Diez could have precipitated an all-out insurrection. In a very short session Vaca Diez and Cossio resigned and Rodriguez was elected as president. The way the ceremony was carried out reflected very well the fact that this was done under the pressure of the masses on the streets; any semblance of constitutional pomp was lost. The choir that sang the national anthem was out of tune and the few MPs present could not do any better. The new president did not receive the official presidential band, nor the presidential "baton", since these were still in the hands of Mesa who remained in La Paz. The session was short and most Members of Parliament looked quite scared. It was a graphic expression of the class balance of forces in the country. The masses had actually enforced through the mass mobilisation on the streets their right to veto any decision taken by parliament.

The masses in Sucre saw this as a victory and duly celebrated the fact. However, the movement could have gone much further had it not been for the position of the leaders of the MAS, who lent their support to this bourgeois manoeuvre and used their authority to make it happen. The MAS leaders immediately issued an appeal for the lifting of the roadblocks and for an end to the strike, and this was indeed being carried out in those areas where they have the strongest influence. Immediately, Rodriguez received the support of the US embassy, the employers' federation and the Catholic Church. The leaders of the El Alto COR, Patana, and the El Alto teachers' federation, Soruco, immediately replied that the "struggle is for the nationalisation of the



hydrocarbons, not to change one clown for another" and they stated that they would continue the struggle.

On June 10th, an emergency assembly in El Alto decided to continue the struggle. "Regardless of who is the president we will continue the struggle. We were not asking for Mesa's resignation but for the nationalisation of gas; no truce," said Abel Mamani, president of the FEJUVE. (Econoticiasbolivia.com, June 10th). "The aim of nationalisation has not been achieved. In power nobody wants to even deal with it. Not even Evo who only mentioned it right at the end when his own ranks were already going beyond him" said Patana of the El Alto COR.

### **"We should not let ourselves be fooled"**

"El Alto has already lived through this kind of political transition when Mesa replaced Losada and continued to rule in favour of the multinationals and the rich. We will not make the same mistake with Rodriguez," said Alvarez, leader of the La Paz urban teachers. "We should not let ourselves be fooled by the bourgeois manoeuvres that have put into power [Rodriguez], the former advisor to the US embassy and law firm partner to Sanchez Berzain [Losada's minister responsible for the massacre in El Alto in October 2003]," said Wilma Plata of the La Paz Teachers' Union (ibid). The emergency meeting in El Alto decided to give Rodriguez a 72-hour deadline to nationalise oil and gas.

Representatives of the peasants and indigenous peoples in the 20 provinces of La Paz adopted the same line and decided to maintain the blockades and mobilisations and not to grant Rodriguez any truce. "They have just changed one clown for another." The

leaders of the Tupak Katari peasant workers' union added that, "In 2003 we already let Mesa in and we did not achieve anything, they are not going to fool us again this time." (Bolpress).

On their part, cooperative miners in La Paz decided to give the new government a 10-day deadline and suspend the mobilisations in the meantime. They said, "the new government has as its main task the nationalisation of oil and gas and the calling of a Constituent Assembly" but they warned that "the miners have been here and we will be back if necessary".

The Coordinadora del Agua y el Gas in Cochabamba also decided to grant a truce quoting the tiredness of the masses after 20 days of mobilisation and also to give time to hear what Rodriguez had to say. In their statement it was also made clear that the main demands have not been achieved (nationalisation of hydrocarbons and the establishment of a Constituent Assembly). It also pointed out the need to build self-government of the people for the next mobilisation and said that next time it will not be enough to take over and blockade oil and gas installations but that they should be able to run them to the benefit of the people.

The MAS peasant leader Loayza gave the new president a ten-day deadline to respond to the demands of the movement. Meanwhile MAS leaders, and particularly Evo Morales, spoke on the radio and TV appealing to the masses to lift the roadblocks and end the strike.

In the next few days it will become clearer which of the two strategies wins more support in the movement, the one favoured by the MAS leaders of a truce and confidence in the new government of Rodriguez, or that of the COB and El Alto of no truce and continuation of the



struggle as it is.

It is probable that the first one will gather more momentum. They have in their favour the support of the media, the Catholic Church, etc, the authority that Morales still commands, particularly outside of La Paz and El Alto, and among important layers of the masses (coca peasants, cooperative miners), and finally the natural feeling of tiredness amongst the more radical sections which are at the same time the ones that have been out the longest.

On Sunday 13, there was a meeting between representatives of El Alto and the new president Rodriguez. The president explained to the workers' and neighbourhood leaders that he could not do anything about the main demand of the movement, nationalisation of gas and oil, because that would be the responsibility of the new parliament that would be elected in early elections. This is quite an accurate description of the role of Rodriguez, i.e. to divert the mass movement of workers and peasants away from revolutionary mobilisations on the streets into the safer terrain of bourgeois democracy.

The representatives of the FEJUVE, the El Alto COR and others expressed themselves in very strong terms at the end of the meeting. The FEJUVE is marching today in La Paz, and tomorrow the contingents of the El Alto COR will take their turn and will hold a *cabildo abierto* mass public meeting to discuss the course of the struggle.

However, this time it is unlikely that there will be a protracted process like previously with Mesa (who managed to stay in power for 18 months). It will most likely be a shorter process. Unlike in October 2003, where the focus of the movement was against the sale of gas to Chile, this time the

demand of the movement was clearer, sharper and with a much higher political content: nationalisation

of gas and oil. The masses have already gone through the experience of having a revolutionary movement derailed into parliamentary politics and have seen that it does not work. The idea of the need for a workers' and peasants' government, has now sunk deep roots in the minds of wide layers of workers and peasants, particularly in El Alto and La Paz, but also throughout the rest of the country. The creation of the National Originaria Peoples' Assembly is an extraordinary step forward for the movement, even though it is still in embryonic form and commands limited regional political authority. Rodriguez will be unable to satisfy the demands of the mass. At most, for a period of time, he will paper over the massive fault line of class struggle which divides Bolivian society. This will push the more moderate layers of the masses towards a more radical position.

The next battle could be a decisive one. The People's Assembly must be given content and there should be a conscious working class strategy to split the army and the police. The political lessons of this phase of the struggle must be assimilated by the masses of workers and peasants. The task is now to build, on the basis of the most advanced revolutionary activists, an organisation capable of leading the masses to victory next time. In the words of the leader of the miners' federation Zubieta: "We must continue to build this parallel government with the aim of building our own power and installing a workers' and peasants' government. Unfortunately what has been missing is a revolutionary leadership within the organisations in El Alto capable of developing the understanding that we need to rule ourselves." □

## Stop Press:

By Ramon Samblas

AFTER WEEKS of roadblocks; clashes between the workers, peasants and students on the one hand and fascist bands and the police on the other; general strike and a situation of dual power in some areas, the situation in Bolivia has calmed down for the moment. The MAS (Movement Towards Socialism) leadership, headed by Evo Morales, has led the colossal movement of the Bolivian revolution into a constitutional channel that does not threaten capitalism. The most moderate layers of the movement have swapped the streets for parliamentary intrigues and manoeuvres. However, 10 days after the swearing in of Eduardo Rodriguez as the new President of Bolivia things have not improved at all. None of the different factions of the Bolivian oligarchy can reach an agreement on any of the terms of the election of the much vaunted Constituent Assembly. Some voices within the MAS have threatened to go back to the roadblocks and protests if there is no agreement on this question.

Nonetheless, the Constituent Assembly was never the aim of the Bolivian masses. The Bolivian workers, peasants, students and urban poor took to the streets to nationalise the hydrocarbons now in the hands of the multinational companies. The puppet parliament and the stooge president of Bolivia will not sort out the problem because they are in reality the representatives of the problem – capitalism. The masses can and will go back to the protests and roadblocks at a certain stage because the movement was never defeated and parliament cannot offer a satisfactory way out for the masses. If this scenario takes place, the most moderate layers of the leadership represented by Evo Morales will find it far more difficult to convince the Bolivian masses to trust the Constituent Assembly.

**All Power to the Popular Assemblies!**

**No trust in the puppet parliament!**

**Keep up to date with the latest developments in Bolivia and across Latin America at [www.marxist.com](http://www.marxist.com)**



## A Reader's Letter on Bolivia:

# Defend the Bolivian Revolution!

IN THE Latin American country of Bolivia, a workers and peasants revolution is under way following mass demonstrations calling for the nationalisation of energy and a political general strike has paralysed the Bolivian ruling class. To be sure, the ongoing situation in Bolivia, like that of Venezuela, is barely reported in the Western bourgeois media - or if it is, it is reported wrongly. But the Bolivian and Venezuelan revolutions are indeed an inspiration to the labour and progressive movements everywhere.

Without doubt Bolivia and Venezuela speak the last word on the myth that socialism and communism are finished - as they do on the equally false premise that the working class and its allies cannot run society. The revolutionary situations now unfolding in Latin America also demonstrate that capitalism's survival strategy of maintaining a 'relatively' affluent centre at the expense of an enormously impoverished periphery (the so-called 'Third World') is beginning to unwind, and once again at its weakest link - in the twenty first century, in this era of globalization - where the extremes of wealth and poverty are most glaringly obvious; and, where it is self-evident, capitalism cannot provide the solutions to the most pressing problems confronting humanity.

What was once rational and 'real' appears no longer so. Capitalism has long since outlived its historically progressive role, and is therefore no longer 'rational'. As the Bolivian revolution shows, the prevalent capitalist 'reality' is threatened to be terminated by the new necessity, which in turn, will become real and rational and therefore necessary in the course of its own development: a genuine democratic socialism and communism of the Bolivian workers and peasants. This new necessity of socialism and communism which was posed during the course of Marx and Engels' lifetime, is being proved forcefully again today in the Bolivian and Venezuelan revolutions on the Latin American continent. And the 'New Left' critics and everyone else who can only view socialism and communism through the prism of Stalinism will be forced to

rethink their positions!

The socialism and communism of the twenty first century is precisely that of Marx, Engels, Lenin, Trotsky and the best of their followers. However, the Bolivian working class and its allies have yet to seize political power, but the conditions are favourable for that seizure as *Socialist Appeal's* Alan Woods points out. The creation of the Bolivian People's Assembly and the establishment of a revolutionary HQ in the city of El Alto is a giant step forward from which to expose the illegitimacy of bourgeois political institutions. And the moral authority displayed by the masses in the streets is forcing splits within the repressive apparatus of the state. These are two vital conditions for the success of the revolution. The absence of a distinctive Marxist revolutionary party is nonetheless worrying, but a revolutionary party can perhaps be quickly constructed out of the most class conscious elements who intend to carry through and implement the policies stipulated in the People's Assembly (see below).

### The People's Assembly

On the other hand, the capacity for working class self-organisation is another favourable sign for the revolution's success. And having seized power, the nationalisation of the energy industry must clearly be shown to be a 'first step'. Other expropriations and what Marx calls, 'despotic inroads on the rights of property' must surely follow, and the workers' and peasants' government must not hold back on dealing with their class enemies - the population of Miami must be forced to swell with the refugees of Bolivian capital and landlordism.

The Bolivian People's Assembly, established following the 'First Enlarged Meeting of the National Originaria People's Assembly of Bolivia, stands on the following resolutions, and they are worth quoting in full:

'The transnational corporations, North American imperialism and the treacherous rulers of the Bolivian state have plunged the whole nation into a deep political, economic and social cri-

sis, with the country currently on the verge of total collapse. The aroused masses in the city of El Alto and throughout the country have a decisive role to play: to save the country through a people's government elected from below and with real accountability.

1) That the city of El Alto be the General Headquarters of the Bolivian Revolution in the XXI century.

2) To create a United Leadership of the Originaria National Peoples' Assembly as an INSTRUMENT OF POWER, at the head of the Federation of Neighbourhood Juntas of El Alto (FEJUVE), the Regional Workers' Union of El Alto (COR), the Bolivian Workers' Union (COB), the United Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB), the Trade Union Confederation of Artisan Workers, Small Traders of Bolivia, the Trade Union Federation of Mine Workers of Bolivia, the Interprovincial Transport Federation of La Paz and the other mobilised social organisations in the interior of the country.

3) To create SUPPLY, SELF DEFENCE, PRESS AND POLITICAL Committees whose aim is to guarantee the success of the organised peoples' organisations.

4) We reiterate that our struggle for the NATIONALISATION AND INDUSTRIALISATION OF HYDROCARBONS is non-negotiable.

5) To organise the formation of Peoples' Assemblies in every department under the leadership of the COB, the Departmental Workers' Federation, and the delegates elected from the rank and file in mass meetings and cabildos.

6) To reject all manoeuvres of the ruling class either through a constitutional succession or elections involving the same old "politicians".

In the city of El Alto, the eighth day of June of two thousand and five.

[Note: 'Originaria refers to the "original" inhabitants of the country before Spanish colonisation, i.e., the indigenous people'] "

Signed

John Kelly, Tyneside.

## Deep crisis hits the European Union

By Maarten Vanheeuverswyn

"Nations have no permanent friends or enemies, only permanent interests."

Lord Palmerston, British Foreign Minister, 1846-1851

"People will tell you next that Europe is not in a crisis. It is in a deep crisis," said Luxemburg's Prime Minister Jean-Claude Juncker, who currently holds the EU presidency. Last week's European summit ended in tears as negotiations on the European Union budget collapsed. The usual diplomatic talk was nowhere to be seen on what will become known as the summit where the whole integration process in the EU got halted in its tracks. Jacques Chirac, the president of France, made no bones about placing the blame for the meeting's failure on British Prime Minister Tony Blair, whom he accused of "national egoism". Blair in turn used his closing press conference to shoot back at French accusations that Britain lacked a "European spirit", making the tart remark that "Europe isn't owned by anybody".

What was all the song and dance about? On the face of it, the summit's failure was the result of disagreements over the financing of the EU budget for 2007-13. However, the budget was only one particular issue dividing the different nations participating in the summit.

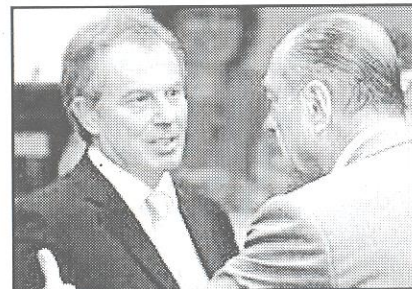
Saying that the recent rejection of the European Constitution in both France and the Netherlands has had tremendous ramifications is stating the obvious. Indeed, three weeks ago, the Thalys train that connects Paris with Amsterdam via Brussels, the much trumpeted symbol of the borderless Europe that the leaders of the European Union allegedly want to build, was pushed violently off the rails. The Paris-Brussels-Amsterdam route became the fault-line for a European political earthquake. Despite the insistence of José Manuel Barroso and Josep Borrell, presidents of the European Commission and the European Parliament, that the constitution was not dead and that ratification must continue, after the French and Dutch "no" vote the constitution is now as dead as a dodo.

At least, that is what one would think, after all, for the constitution to

come into force, all 25 members of the EU need to ratify it. However, last year a declaration was attached that if, two years later, four-fifths of countries had ratified the constitution, but some had "encountered difficulties" (that is, when the people democratically rejected this reactionary piece of paper crammed into their throats), an EU summit would be held to "consider the situation". What is needed now, apparently, is a period for "stock-taking, debate and explanation". Last year's declaration was the basis for Juncker's insistence that ratification must continue. Never mind that of the nine countries that have already ratified the constitution, only Spain did so via a referendum.

### The Constitution is dead - long live the Constitution!

Officially, the EU leaders claimed to have reached a deal on the constitution at last week's summit. The same Mr Juncker who acknowledged that Europe is now going through a very serious crisis, claimed that the constitution is still alive and might still come into force. How does he square this contradiction? The argument goes that the document was a carefully balanced compromise and could not be amended, despite the negative verdicts of the French and Dutch voters, who he claimed had been "confused" and "ill-informed". Hence he announced that there would be a pause in the ratification process, "to allow a broader debate among European citizens". In other words, think again, people of France and the Netherlands! Although most European leaders would like to see the French and Dutch vote again on the same constitution, this is unlikely as this would put President Chirac and Dutch Prime Minister Balkenende in a very difficult position in their own countries. However, as *The Economist* commented, "it is clear that in Mr Juncker's mind - and he was supported in his arguments by the presidents of the European Commission and the European Parliament - there can only be one acceptable outcome of this debate: eventual ratification of the constitution." (June 18, 2005)



Democracy, you see, is a dangerous thing. From a bourgeois point of view, it is all well and good to have people cast their vote as long as their fundamental interests remain untouched. As a wise man once said: "The oppressed are allowed once every few years to decide which particular representatives of the oppressing class are to represent and repress them." In June 2001, for example, there was the spectacle of Ireland holding a referendum on the Nice treaty, but to the government's embarrassment voters rejected it. That did not stop that same government holding the same referendum another time, thus artificially pushing through a "yes" vote.

Things are no different with the European Constitution. Initially, government officials were very confident that they would easily get away with the constitution so why not have some referendums giving it at least a semblance of democracy? Nobody was really interested in this constitution anyway and with a massive propaganda campaign in the mass media no real difficulties were to be expected. Things turned out differently, however, because the bourgeois in Europe underestimated the seething resentment of their own population. After the electoral disasters of almost every ruling government party in the European elections, they should have known better. It is one thing to control the media and use it to disseminate a non-stop stream of propaganda; it is another thing to keep control of what people really think after the increasingly blatant attacks on their living standards, pensions, social security, etc.

The crux of the problem is that the French and Dutch "no" vote may well have set a precedent. Referendums in Poland, the Czech Republic, Denmark or Britain would probably lead to further

rejections. Hence Luxemburg will likely cancel its planned referendum on July 10, while Britain, the Czech Republic, Denmark, Ireland and Portugal will probably do the same thing.

For the moment, it looks like the European leaders have decided to postpone any real decision on the matter. The one agreement on the summit may have been a resolution on the ratification process for the constitution but because of its vagueness the statement boils down to a mere declaration of "good intentions". Member states are supposed to have the freedom to define their own tempo in ratifying the constitution. The November 2006 deadline for ratifying the charter has been abandoned and an "evaluation" will be made instead. Those who want to go faster are allowed to do so. Those who want to go slower will be free to do so as well. Above all, the text says, a period of reflection will be needed to win back the "confidence of the citizens". In other words, nothing has been solved and all underlying contradictions will only come back with a vengeance in the future.

The bone of contention at the summit was essentially about money. At the moment, Britain gets two-thirds of its net contribution to the EU budget paid back as a rebate. This was the stick Chirac tried to use to hit Britain as he demanded the abolition of the rebate, claiming that otherwise Britain would not pay its share of the cost of enlarging the EU. The fact that President Chirac launched a frontal attack on Britain's rebate can only partly be explained as a diversion tactic he used after the constitution fiasco in France. Whatever the different reasons are for the collapse of the summit, the real causes are to be found in the fundamental economic contradictions that are present between the EU member states. These have been exacerbated over the years by the prolonged economic crisis throughout Europe. On top of that, different member states are also pursuing contradictory foreign policies. The Iraq war, splitting the Union right in the middle, was only the clearest example of this.

Now we have the spectacle of European leaders hurling recriminations at each other who are supposed to convey a message of unity for the "European project".

The Italian welfare minister, Roberto Maroni, has renewed calls for a referendum on whether the country should abandon the Euro and reintroduce the

lira.

How could it be otherwise? The weaker economies in particular have suffered from the adoption of the common currency. In the past they could get out of an economic crisis by resorting to devaluation. Now this is impossible so each government has to seek a solution at home, which inevitably means a policy of savage deflation and unemployment. In that sense, the words of Maroni are merely the recognition that the Euro has put severe limits on the policies of the Italian government and the ruling classes of Europe in general.

In order to come to grips with what is happening now, it is important to bear in mind how exceptional the period of the last fifty years was.

The tensions that now exist between different member states of the European Union in another period would have already led to war. In the past, even more innocent bust-ups like the recent one between Chirac and Blair could easily have provoked a war. This is obviously not the case today - and diplomacy will probably be pushed again in the next few months - but it is clear that something fundamental has changed in the relationships between the different European nation states.

### The Common Market

After the Second World War Europe lay in ashes. Its weakness was the main factor that led to the setting up of the European Common Market, also known as the European Economic Community. European nations like France and Germany, which was totally ruined after the war, had to establish a political and economic counterweight against the USA and Japan. On their own, the separate European powers were not able to compete effectively with the economic domination of America and Japan, which had emerged strengthened out of the war. It was necessary to pool resources and arrive at an agreement to share a common market, first in steel and coal, then in other products. This was a tacit recognition of the fact that under modern conditions, the nation state has turned into a reactionary fetter on the development of the productive forces.

Although the broad analysis made by the Marxists has been proved to be correct, the expansion of the European Union from six countries to 25, and the integration of their economies has gone

far further than we originally anticipated. This was mainly due to the development of world trade and the general upswing in world capitalism in the period 1948-74, from which they all benefited.

As late as 2004, ten more countries, mainly Eastern European, joined the European Union. More than ever the illusion was created of an irresistible movement in the direction of a united Europe. Nevertheless, the internal contradictions remain and will inevitably emerge in a period of economic downswing. The present crisis will probably stall the process of enlargement of the EU. Politicians are openly doubting whether further enlargement is a good idea, and it looks unlikely now that a country like Turkey will receive full EU membership.

It is unlikely that the EU will break up completely because of the need to defend their markets against the USA and Japan. The European capitalists are forced to hang together, in order not to end up hanging separately. All that is left to them will be a series of bilateral agreements and shifting alliances, which would be very unstable situation pregnant with all kinds of explosions.

The common thread uniting all the EU countries is that they all have to deal with an economy that is going downhill. Everywhere there is too much capacity: there is too much steel, too many cars and even the disgusting spectacle of too much food they have to throw away. It is necessary to cut back, to close down, to cease production, and, particularly in the case of the heavily subsidised farmers, even to pay people not to produce! Factories are closed down as if they were matchboxes; millions are put out of work; whole communities are thrown into disarray.

In every single member state of the European Union, the government is slashing state expenditure. By what means do the European capitalists propose to reduce unemployment? By lowering taxes that only benefit the rich; by slashing social benefits and unemployment pay to force the jobless to accept low-paid employment; by removing all restrictions on sacking workers ("labour flexibility"); by promoting part-time and "hamburger jobs" with no protection and low wages.

Back in 1992, the Maastricht treaty was not about European unity, but merely served as an excuse for carrying out an attack on living standards and

public spending. The real reason was the burning need to reduce the very high public debt which absorbs a disproportionate amount of the wealth of society and has become a monstrous ulcer gnawing at the bowels of the system. The public debt of Italy now amounts to 105 percent of their Gross Domestic Product (GDP), and that of Belgium equals a staggering 130 percent of GDP. This cannot be sustained. The interest repayments on these debts swallow up a great part of the national budget and hang like a Sword of Damocles above individual governments, which now have very little room for manoeuvring. Without these repayments, most of these countries would have a budget surplus.

Instead, the tough Maastricht criteria were a recognition that if Europe continues with its present ever-growing deficits and public debt, there will be an explosion of inflation. Hence from a capitalist point of view, the only option is to put the burden for this entirely on the shoulders of the working class of Europe. However, every action has its reaction, and the attempt to go back to the "classical" period of capitalism will provoke an unprecedented upsurge in the class struggle.

Every one of the European countries is faced with a crisis in the economic, social and political plane, which they will have to deal with sooner rather than later.

Anyone interpreting the above lines as an anti-European position is mistaken. Socialists are not against a united Europe. We are one hundred percent in favour of unity, and fight the nationalist and racist poison that is creeping into the debate. The key question is: unity on which basis? It is necessary to approach this question very concretely and to look at the present discrepancy between theory and practice.

In theory, the "European project" looks very nice and logical. The problem is that the capitalist system is anything but logical. Take for example the Euro. In the abstract, the idea of a common European currency makes a lot of sense. It saves a lot of money, streamlines trade, facilitates long-term economic planning and investment decisions and eliminates a whole series of unnecessary and wasteful operations. However, in practice, on a

capitalist basis, it is proving to be a disaster. At this moment all the national currencies are locked into a rigid system. No national government is allowed to alter the agreed exchange rate and to get out of a crisis by devaluing its currency. If a country like Italy were to hold a referendum tomorrow about going back to the lira, the vast majority of the people would undoubtedly support this for a very simple reason: people can see that since the introduction of the Euro prices have gone up by leaps and bounds. The question of the Euro cannot be dealt with in the abstract. Who is introducing it and why is it being introduced? Everybody with eyes to see can see how its implementation is being used to carry through attacks on living standards.

## For a Socialist United States of Europe!

Yes, we are very much in favour of a united Europe since the nation state has outlived its historical role and is now only a fetter on further development. But do we want the present capitalist body that is alien to the mass of the people that live within its borders? There is a very good reason why people look with suspicion on the "bureaucrats in Brussels". They can feel that this body is not theirs. It is under the control of the major European imperialists, in particular the German and the French capitalists and their junior partners such as Italy and Spain. The present way is a dead-end and can offer no solution for the mass of the workers, peasants, unemployed, pensioners and small business people

So-called lefts having illusions about the "progressive nature" of the EU (usually put forward as a "friendly alternative" to the United States) stubbornly overlook the fact that part of the reason for the EU's existence is also for the pur-

pose of the continued exploitation of the former European colonies in Africa, the Caribbean etc. The only difference is that this is joint exploitation, as opposed to the old one-to-one relationship of a colony to its imperial masters. This time the plunder is carried out through the mechanism of trade, as opposed to the direct robbery perpetrated under military rule. The ex-colonies are used as a source of cheap raw materials. In the period of economic upswing, the capitalists of Europe also needed cheap labour so they encouraged the immigration of a large number of workers from the former colonies in Africa, Asia and the Caribbean. Now, in the downswing, they can no longer be used so they have to get rid of them. Instead they have become the scapegoats for mass unemployment and the target for the demagogy of right-wing politicians. Racism is the inseparable twin of imperialism and the domination of one people by another.

Opposition to the Europe of the banks and monopolies does not mean that we must support the kind of "national independence" advocated by the nationalist opponents to the European Union. The policy of national self-sufficiency has failed everywhere where it was tried, and must inevitably fail in the modern epoch when everything is dictated by the world economy. The attempt to build "socialism in one country" led to a disaster in Russia and China, although they were both mighty economies based on the resources of sub-continent. What future could there be for small states like Britain, France, or even Germany in isolation? The idea of combining the economic resources of Europe - and the whole world - is a progressive aim which shows the only serious way forward out of the present crisis of humanity. The two main obstacles which are preventing the further

development of industry, agriculture, science and technique on a world scale are private ownership of the means of production and the nation state. Only by eliminating these obstacles can society break the shackles that fetter its development. Thus, the real alternative to the capitalist EU is not "national independence" but the Socialist United States of Europe. □



## The Gulag Of Our Time:

### Amnesty International Condemns Guantanamo Bay

By Rob Lyon

AMNESTY INTERNATIONAL has published a report condemning the US and UK betrayal of the cause of human rights in the so-called "war on terror" and urged the US to shut down its Guantanamo Bay camp. Irene Khan, Amnesty International general secretary, accused both governments of condoning torture while trying to keep a clean conscience. She exposed the hypocrisy of the UK in trying to use the language of "freedom and justice" in Iraq while at the same time insisting that the Human Rights Act does not apply to its soldiers there.

The Amnesty report also condemned the UK's illegal detention of prisoners. Although the highest court in the UK ruled that the indefinite detention of "suspected international terrorists" without charges being laid and without trial was illegal, 12 men are still being detained or held under house arrest.

Khan explained that the US claimed to be promoting freedom in Iraq, yet its soldiers had been involved in unspeakable acts of cruelty, torture and sexual abuse. She also said that evidence had since come to light "that the US administration had sanctioned interrogation techniques that violated the UN Convention against Torture." She then described Guantanamo Bay as "the Gulag of our time, entrenching the practice of arbitrary and indefinite detention in violation of international law. Trials by military commissions have made a mockery of justice and due process."

Ms. Khan also said, "The US administration attempted to dilute the absolute ban on torture through new policies and quasi-management speak such as 'environmental manipulation', 'stress positions', and 'sensory manipulation'." When representatives of the US government say 'Environmental manipulation' what they mean is exposure to the elements and exposure/lack of exposure to light, 'stress positions' is doublespeak for torture, and 'sensory manipulation' means sensory deprivation and solitary confinement.

Under the Freedom of Information Act the Associated Press of London was able to get hold of 1,000 pages of tri-

bunal transcripts from Guantanamo. There are still some 520 prisoners being held there from 40 countries around the world. One prisoner told the military tribunal that he was beaten so badly that he can no longer control his bladder. Another told the panel that prisoners in Afghanistan were stripped and intimidated with dogs so that they would admit to terrorist activity.

It is hard to see how the Pentagon takes these charges seriously. The 'enemy combatant tribunals' were quickly set up after the U.S. Supreme Court ruled in June 2004 that Guantanamo prisoners could challenge their imprisonment before U.S. courts. The fact that the term "enemy combatants" is used exposes the intentions of the US in imprisoning these people. A person declared an "enemy combatant" is not considered a POW (Prisoner of War) and is not subject to the Geneva Convention. These "enemy combatants" can then be held indefinitely in military custody. They also have no rights of communication, can be interrogated and are beyond the reach of any judicial review. The US simply changed the term under which these people are held so that they can break the Geneva Convention, and deny POWs their rights. If a law does not suit the imperialists, they simply change its terms.

#### US Imperialism Abuses Human Rights

The Bush administration tramps all over the world, threatening death, destruction and war to all of those countries that it considers are not "democratic" and that do not follow "the rule of law". The Amnesty report exposes the hypocrisy of the Bush government, which has flagrantly disregarded the rule of law, and ignores its own institutions of "justice".

Amnesty International placed the US on its list of human rights abusers, something which has enraged the Bush administration. US imperialism has never really cared about human rights. They were only interested in human rights so long as it could be used to serve their interests. The US government goes on and on about human rights

abuses in Cuba, in order to put pressure on the Cuban government and to find excuses to attack the country. How can the Bush administration even mention these "abuses" when it presides over the Guantanamo camp on the island, or talk about the "war on terror" when it harbours Luis Posada Carriles, a suspected terrorist? As long as capitalism and imperialism remain the dominant system on the planet, a genuine respect for human rights will never be achieved. Human rights have simply become a tool in the interests of imperialism. Human rights abuses (real or fictitious) are cynically cited by the US and other imperialist countries when they wish to destabilize or launch military operations against a given country, and these same human rights abuses go ignored as long as the interests of imperialism are served, such as in Colombia.

As long as there is capitalism, there will be poverty and misery, and as long as these exist there will be human rights abuses. These problems cannot be legislated away, and no amount of declarations or conventions will ever be able to stop these abuses. Many clauses in the Universal Declaration of Human Rights are broken on a daily basis. There is however one important clause that has been trampled underfoot:

#### Article 25

(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

This will never be achieved under capitalism. A genuine human society must be established, a socialist society, one based on equality and production for need not profit. This will be the only way to guarantee a decent standard of living for all, and the only way to end want and the struggle for survival in the world, and the only way to guarantee everyone's human rights. □

# fighting fund

## Join the fight for Socialism

NOW THAT the last (for now anyway) of the Star Wars films is out, a vital question must be asked. What is to become of Darth Vader? Even allowing for the right wing enthusiasm of the Home Secretary there are few job openings at present for tall nasty men in black plastic suits with a chesty breathing problem. But hold on! There is yet another vacancy for leader of the Tory Party. At the rate the Tory Party are working through them, job centres will soon be placing cards in their windows for suitable chaps willing to apply - short term contract only. Mr Vader could do a great job at Tory Party conference with the blue rinse brigade and election broadcasts would be a bit more fun. He would certainly stand as much chance of improving the lot of the Tory party as any of the other current front runners might do - that is to say, zilch!. Let's think about it - Darth Vader or David Davis? Fu Manchu or Malcolm Rifkind? The Joker or Ken Clarke?

It's an odd world is it not. Tony Blair owes his third term to the unpopularity of the Tories and the Tories owe most of their newly gained parliamentary and local government seats to the unpopularity of Tony Blair and the now doomed New Labour Project. The establishment parties are in crisis - both the Tories and New Labour. We need to reclaim our organisations from the right wing carpetbaggers. We can no longer let our lives be ruled by the pin-striped Mr Vaders of this world. The task is to fight for socialist ideas and fight where it counts. This is the task of Socialist Appeal - to educate and explain, yes, but also to organise and challenge the forces of capital and their Tory and New Labour supporters.

As regular readers of this column will know, this can only be done with your help.

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May the force of the working class be with you.

Steve Jones

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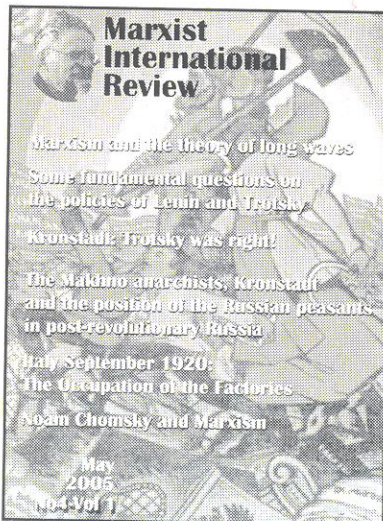
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noticeboard

July/August 2005

### Labour Representation Committee:

**'Time for Real Labour'**

**- A post-election conference for the Labour Left**

**10am - 4pm, Saturday 16th July, 2005**

**TUC Congress House, Great Russell St, London WC1**

**Nearest Tube: Tottenham Court Road**

**Speakers Include: Tony Benn, Jeremy Corbyn, Jeremy Dear and Paul Mackney.**

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✚ **For a Labour government with a bold socialist programme!** Labour must break with big business and Tory economic policies. Vote Labour and fight to reclaim the party.

✚ **A national minimum wage of at least two-thirds of the average wage.** £8.00 an hour as a step toward this goal, with no exemptions.

✚ **Full employment!** No redundancies. The right to a job or decent benefits. For a 32 hour week without loss of pay. No compulsory overtime. For voluntary retirement at 55 with a decent full pension for all.

✚ **No more sell offs.** Reverse the Tories privatisation scandal. Renationalise all the privatised industries and utilities under democratic workers control and management. No compensation for the fat cats, only those in genuine need.

✚ **The repeal of all Tory anti-union laws.** Full employment rights for all from day one. For the right to strike, the right to union representation and collective bargaining.

Election of all trade union officials with the right of recall. No official to receive more than the wage of a skilled worker.

✚ **Action to protect our environment.** Only public ownership of the land, and major industries, petro-chemical enterprises, food companies, energy and transport, can form the basis of a genuine socialist approach to the environment.

✚ **A fully funded and fully comprehensive education system under local democratic control.** Keep big business out of our schools and colleges. Free access for all to further and higher education. Scrap tuition fees. No to student loans. For a living grant for all over 16 in education or training.

✚ **The outlawing of all forms of discrimination.** Equal pay

for equal work. Invest in quality childcare facilities available to all. Scrap all racist immigration and asylum controls. Abolish the Criminal Justice Act.

✚ **The reversal of the Tories' cuts in the health service.** Abolish private health care. For a National Health Service, free to all at the point of need, based on the nationalisation of the big drug companies that squeeze their profits out of the health of working people.

✚ **Reclaim the Labour Party!** Defeat Blairism! Fight for Party democracy and socialist policies. For workers' MPs on workers' wages.

✚ **The abolition of the monarchy and the House of Lords.** Full economic powers for the Scottish Parliament and the Welsh Assembly, enabling them to introduce socialist measures in the interests of working people.

✚ **No to sectarianism.** For a Socialist United Ireland linked by a voluntary federation to a Socialist Britain.

✚ **Break with the anarchy of the capitalist free market.** Labour to immediately take over the "commanding heights of the economy." Nationalise the big monopolies, banks and financial institutions that dominate our lives. Compensation to be paid only on the basis of need. All nationalised enterprises to be run under workers control and management and integrated through a democratic socialist plan of production.

✚ **Socialist internationalism.** No to the bosses European Union. Yes to a socialist united states of Europe, as part of a world socialist federation.



# Socialist Appeal

Marxist voice of the labour movement

## LRC Conference: Unions Hold The Key To Reclaiming Labour

THE ANNUAL CONFERENCE of the Labour Representation Committee (LRC) in London on July 16th will be the first serious opportunity, outside of the trade union conferences, for labour movement activists to meet and discuss, at a national level, the lessons of the last general election. For many that election will have been a battering experience. Coming up against the deeprooted unpopularity of the New Labour government was undoubtedly an unpleasant process for those party workers out 'on the knocker' last April. In truth many activists did not even bother to try, resulting in minimal canvassing and leafleting as party election machines struggled to find anyone willing to go out and do some work in the campaign.

There was a lot of talk after May 5th about lessons having been learnt by the leadership but it is clear that Blair and the rest are still madly set on implementing their neo-con programme - privatisation, continuation of the PFI scam, ID cards, the continued occupation and war in Iraq... The dismal list is endless. And there is no benefit to be gained by shutting your eyes and just hoping that Brown will replace Blair sooner rather than later. Let us be very clear here. Brown, if elected to follow Blair, will stick to the same path of implementing right wing proposals as his rival has done. Brown is a bit cleverer than Blair but will basically be singing from the same song sheet and what he will be singing will be distinctly

off-key and flat for activists and voters.

In bringing together activists from both the Labour movement and the trade unions, the LRC conference should prove to be an excellent opportunity to start an organised fightback. There is no alternative to this task. The various proposed replacements to Labour such as the SLP and the Socialist Alliance have failed to get off the ground. Even the one-size-fits-all bandwagon of Respect only made a breakthrough in one constituency - electing the maverick George Galloway who has his own indefatigable agenda and is by no means on the Left over many issues. Respect will soon start to break down into their individual constituent elements and will join all the other such efforts in the graveyard of politics.

### Fight For A Socialist Programme

The serious task for socialists and class fighters is to start a proper organised campaign to reclaim the party, armed with a clear socialist programme which could transform society and defeat the forces of capital and imperialism. At the centre of that programme must be the clear demand to take over the commanding heights of the economy, to nationalise the monopolies, banks and insurance house and to reorganise society, realising the long held ambition of the movement to implement workers control and management. Such a programme would not only re-enthuse thousands of

party activists and trade unionists but draw millions of workers, all those who are sick of what New Labour has to offer, back behind the party banner thereby ensuring that the Tories and their Lib-Dem chums are wiped off the face of the political map. The LRC needs to propose and agree such a programme and then get stuck in to actually organising at a rank and file level. The aim is clear - to make the programme of socialism the property of Labour in power and ensure that we have the representatives who will act on it rather than being in thrall to the voices of the City of London. For too long now those in the leadership of the Left in the party have tended to try and keep things at a parliamentary level and not properly mobilise the powerful forces available to them inside both the party and the unions. This has served to maintain the grip of the right wing on the party - a grip they do not deserve. We know that on paper the unions now have a clear controlling say on what is agreed at party conference. We know that if the unions organised properly they could exert a great and deciding influence over the selection and re-selection of parliamentary candidates. We know that many party members at all levels are desperate for a change and will act if given the chance. Now we must start exercising that potential power. Following the recent general election it is clear that the mood exists for such a campaign - the task of the LRC is to set about it without delay. □

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