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SocialistAppeal

October 2008 issue 166

Price: £1 - Solidarity Price £2

1929 again?



www.socialist.net

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contents this month

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Editorial: 1929 again?.....3
Students: Join the fight for socialism.....4
Energy: Greedy energy companies - take them over6
 Say no to nuclear power.....7
Britain: Drug giants' huge profits.....8
 Look who's talking.....9
Abortion rights: Defend a woman's right to choose.....10
Leon Trotsky: On nationalising the banks.....11
Europe: Recession and class struggle.....12-14
Economy: Bail-out blackmail15
 Financial meltdown.....16-17
Our History: Mutiny! Invergordon 1931.....18-19
US elections: Socialism - change we can actually believe in.....20-21
Review: There will be blood.....22
 Flat earth news.....23
Pakistan: Rulers playing games - masses suffering.....24-25
Bolivia: As reactionary coup unfolds, action is needed.....26-27
Trade Unions: The tension rises.....28-29
London Tube: Wheels falling off?.....30

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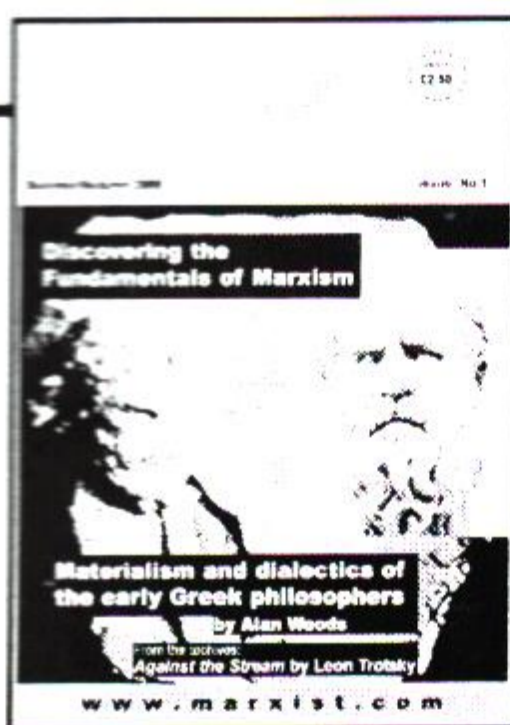
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Marxist International Review

The main part of the Summer 2008 issue comprises the first two chapters of Alan Woods' unpublished book on the history of philosophy. Also included is Leon Trotsky's short but ever relevant article, *Against the stream*.

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The Deadline for Issue 166 is October 20th 2008

1929 again?

Letter to Daily Telegraph (17.09.08) "Without being a Marxist, one can see why Marx's prophecies of how capitalism would implode were correct".

THE BANKS are going down like ninepins. It's just over a year ago that Northern Rock went bust. That was the first time we heard of the 'credit crunch' - the fact that banks were nervous of lending to each other. Why? Because they realised the whole financial system was stood on an unstable house of cards of credit. The pyramid had been built up over years of mad speculation. They had got to the stage where they did not know which bits of coloured paper in their vaults were sound and which were non-performing toxins.

Does this sound familiar? "One investor buys General Motors at \$100 (he means a GM share), sells it to another \$150, who sells it to a third at \$200. Everyone makes money." This is a bubble. This was an analysis of the Wall Street boom offered shortly before the crash in October 1929. That is what has been happening over the past few years too - with house prices rather than shares

Leverage

Sales were made in the 1920s 'on the margin'. In lay terms this means that you buy shares on the never-never. You bet with other people's money. What's the problem, as long as you can sell the shares at a higher price to a person known in the 1920s as 'the greater fool'? These days they call it 'leverage'. It's exactly the same. Fannie and Freddie, the huge mortgage insurers, had lent 50 times as much as their assets. That's leverage!

The problem, of course, is when the 'greater fool' wises up. After all the speculators are not really stupid. Their system is stupid. Then the bubble bursts, the house of cards collapses. It happened in 1929, it's happening now.

How bad can it get? When the US government took over the giant firms Fannie and Freddie, they nationalised \$5.3trn in mortgage obligations. That's not all. Speculators had built up claims of \$62trn in credit default swaps (a kind of derivative, a sort of bet) on the two firms. By way of comparison the whole world's output in 2007, the fruit of 6½bn people's labour, is estimated at \$53trn!

The authorities thought that the bail-out would stop the rot. It didn't. The next week Lehman Brothers (founded 1850) was allowed to wither on the vine and Merrill Lynch was taken over by Bank of America in a shotgun wedding organised by Treasury Secretary Henry Paulson. This was just months after Bear Stearns disappeared beneath the waves. In a few months three out of five US investment banks have gone to the wall and the other two, Goldman Sachs and Morgan Stanley, have



had to clean up their act.

At the same time insurance giant AIG indicated it was drowning, not waving. Paulson (dubbed Lenin by some commentators) once again acted to take an 80% government stake for \$85bn - he nationalised it. Nothing's can cost too much to bail out the rich from their own stupidity.

Over the pond the same week Gordon Brown supervised the effective takeover of our biggest bank HBOS by Lloyds TSB. Things are going from bad to worse in London, New York and all over the world. Share prices of the banks are in meltdown. Other shares are following suit. This means billions of paper wealth wiped out. Central banks are pumping in billions as 'liquidity' - to no avail. The decision to set up a 'bad bank' to buy up all the (\$700bn) toxic mortgages has bought another respite - but for how long? It's not a solution, just a mopping up operation.

Herd instinct

Banks are nervous. Some executives claim they are being stalked by predators. Is there a herd instinct at work in the present panic? Definitely. If a speculator sees somebody making money they'll try to pile in. If they see people losing their shirt, they'll run a mile too. They've nothing better to go on. That is why Keynes spoke of the 'animal spirits' of the entrepreneurs. But blaming 'spivs and speculators' when it all goes wrong is just blaming normal capitalist behaviour. As Charles Kindleberger comments in 'Manias, panics and crashes' an explanation of the 1929 stock market collapse, "Requires an old-fashioned theory of the instability of the financial system."

The crisis will not confine itself to the temples of high finance. 100,000 banking jobs are to go in Britain, and the knock-on effects will penetrate deep into the real economy in the form of unemployment, as it did after 1929.

The financial system is unstable because capitalism is unstable. The system is unplanned, and only thing linking people's economic activity is the exchange of money. No wonder credit is so powerful and mystifying when it all goes pear-shaped. Panic, convulsion and the lurch from hysterical speculative boom to the depths of despair are not accidental. They are rooted in the system. 1929 could be re-run at any time. It could be re-running now. □

Join the Fight for Socialism

By Dan Morley

WHY SHOULD students fight for socialism? The dominance of the market on all aspects of life is crushing students and threatening the public nature of our education system. This was a huge conquest of the working class against capital. Since the government has been opening up education and student life to the market, the crisis of capitalism will inevitably affect education. Of course, students now have to take out loans, sucking them into debt and tying them up with the credit system. Students have to pay interest on their loans, which accrues after only one year of higher education. The interest rate is linked to inflation so, as the cost of living goes up, so does our debt. Students are also sucked into the housing crisis; as fewer homes are built, competition for rented housing intensifies. Rent prices are already going up. This saddling with debt ties students more and more to the problems of society as a whole. Indeed, 87% of students need a job to complete their education.

Market forces

It is clear that the market is creeping into education through every gap. The stress involved and the subordination of education to the needs of profit, not society as a whole, will lead to a crisis in education. Students already pay fees, but the plan is to remove the cap on these. This will force the working class out of higher education, espe-

cially as the crisis of capitalism deepens, and will turn higher education into a commodity. The government has already relaxed the laws on degrees, allowing companies to own universities with the aim of making a profit. In fact, education is already to some extent open to the highest bidder - at Cambridge, there is a Shell chair in Chemical Engineering; an ICI chair in Applied Thermodynamics; BP professorships in Organic Chemistry and Petroleum Science; a Glaxo chair of Molecular Parasitology; a Unilever chair of molecular science; a PriceWaterhouse chair of Financial Accounting and a Marks and Spencer chair of Farm and Animal Health and Food Science. Thus capitalism is unable to develop and advance education. Instead it prices out the majority and subordinates what is learnt to the interests of multinationals who, as we know, do not produce for humanity's benefit but for their own profit.

Socialist policies

It is clear that socialist policies are needed, and that students must be involved in the struggle for them. The market has become so untenable that even this government has been forced to admit it, by nationalising Northern Rock. But this was not done on a socialist basis. Socialists would use the £50 billion spent on Northern Rock to end tuition fees and loans, ending the need for students to get jobs, massively

improving and extending higher education. This pro-capitalist New Labour government has instead only 'socialised' the losses of Northern Rock, in order to artificially prop up a failing system. As Gore Vidal said, it is 'socialism for the super-rich and free enterprise for the poor'!

Gore Vidal

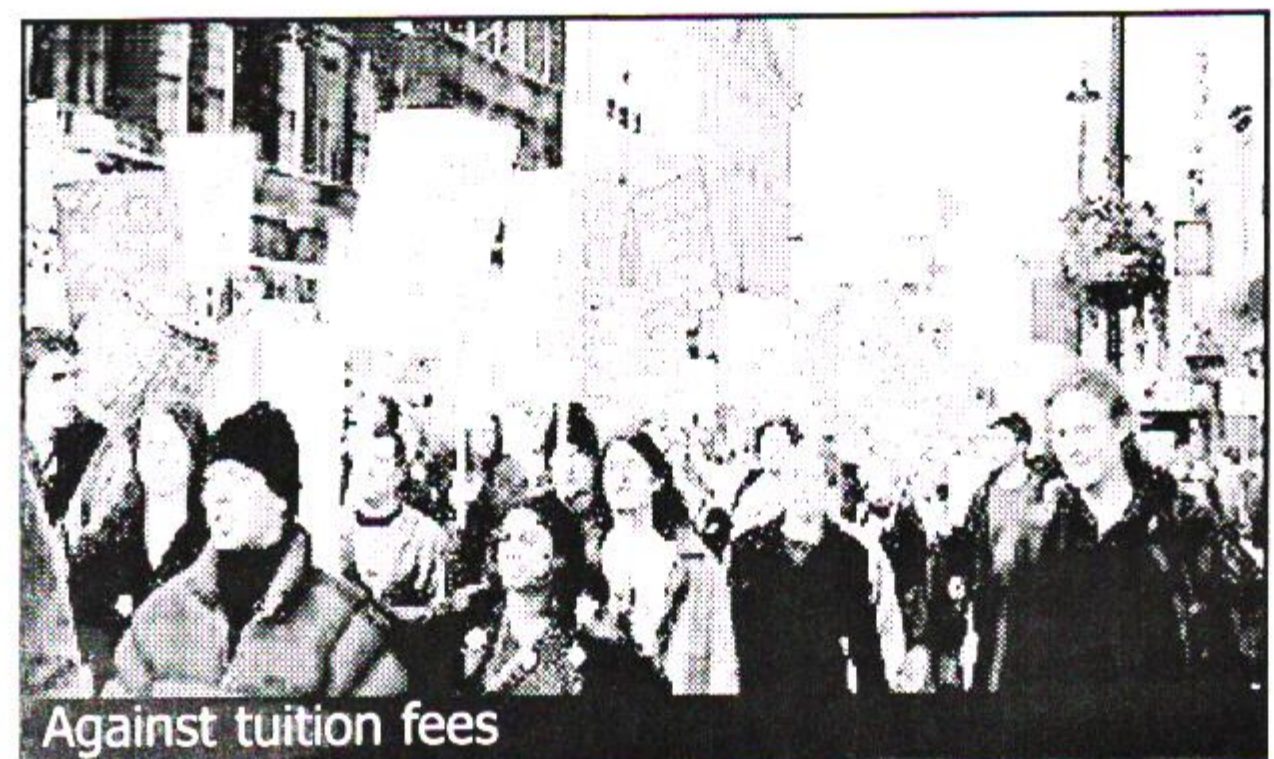
Students, for their own sake, need to join in the struggle with workers to end these disastrous policies! The money spent on Northern Rock could be used not only to extend education, unlocking huge amounts of knowledge for society's benefit, but also to build houses to end the housing crisis, create jobs, and give students access to much cheaper accommodation.

Grants, not loans

But this can only be done through socialist demands and methods. We have seen that students more and more face the exact same problems as workers, especially since most of them work. As workers, especially public sector workers in education, see the need to struggle, as

is more and more the case, the basis is being laid for united action with students. Grants were originally won by the working class; now that students face similar conditions to the rest of the working class, the possibility of winning grants back is better than ever. And just as for workers those with the lowest strike rates suffer the worst conditions and wages, students who do not struggle will quite literally be forced to pay the price - in Canada, where tuition fees have been introduced, they have only gone up and up, as in Britain. But in Quebec, where there have been 10 student general strikes since the 1960s, fees are the lowest in all Canada.

Marxists understand the viability and progressiveness of any social system by its ability to take society forwards through developing the means of production. And it is clear today that capitalism is no longer able to take humanity forwards. It is in fact a massive fetter on human development, and is thus unable to solve its most basic problems. Everywhere there is an enormous increase in social inequality and a massive gulf opening up between the classes. The rich are obscenely rich, while a



Against tuition fees



Anarchy of the market

growing layer of society, even in the richest countries, is sinking into absolute poverty. According to the US Deputy Treasurer Lawrence Summers, "a child born today in New York is less likely to live to the age of five than a child born in Shanghai." In Britain 200,000 babies (1/3 of all born) are born into poverty every year. 3.4 million children live in poverty. When the Blair government came to power in 1997, the wealth of Britain's richest 1,000 was £98.99 billion. Eleven years later, it is now £360 billion.

Third World

This is to say nothing of the so called 'third world', through which global capitalism expresses its deepest inability to solve humanity's problems. The wars started in Afghanistan and Iraq, and their disastrous consequences, show imperialism's bankruptcy. According to the World Bank, a total of 1.2 billion people are living on the brink of starvation, out of which 8 million people die each year because they do not have sufficient money to keep them alive. The global food crisis is massively exacerbating this, and displaying capitalism's contempt for humanity - it is well known there is enough food to feed

the world, but it is not profitable to do so. A corporation is legally bound to put the interests of its shareholders above those of its workforce, consumers or anybody else. This makes it legally impossible for a corporation to increase outlays on anything that doesn't make short term profit. The same logic applies to environmental problems.

Credit crunch

Thus Marx's 160 year old prediction that the market would come to dominate the entire world and every aspect of life has been proven true. The credit crunch demonstrates this beyond all doubt. The global credit and banking system was used to generalise market profitability all around the world, extending the boom. But beneath this veneer, the market proved ultimately unsustainable. Once this infected the credit system, the former device for global growth has rapidly become its opposite, and it has sucked the entire world into the mess.

Don't stand on the sidelines. Join us in the fight for socialism! In the words of Trotsky: "Life is beautiful. Let the future generations cleanse it of all evil, oppression and violence and enjoy it to the full." □

odds'n'ends

Mind the gap. Brad Mills, boss of platinum mining company Lonmin, gets £8.2m a year. That's just 790 times as much as the firm's average wage of £10,410 that workers in South Africa get for risking life and limb in one of the most dangerous industries in the world. Mills reckons the pay gap is down 'in large part' to the lower cost of living in South Africa. So that's all right, then.

Not quite instant bestseller. Japanese author Takiji Kobayashi wrote *The Crab Ship* (described as the Japanese equivalent of the *Ragged Trousered Philanthropists*) in 1929. Since then it's sold a steady 5,000 a year. Now it's taken off, because, "Young people...see themselves and today's situation in the novel." 79 years on it has just sold half a million copies. Unfortunately Takiji won't be counting his royalties. He was tortured to death by the secret police in 1933.

Lord (Jack) Cunningham - a former Labour MP and Cabinet Minister has been paid £36,000 for just 3 hours a week advice. Not surprisingly Jack was unwilling to reveal these consultancy fees to the House of Lords anti-sleaze register. What, exactly, are these companies buying?

An oil man from Kazakhstan hit a nightclub in Regent Street one Saturday night in August. He and 15 mates started out with dinner and fine wine for £10,000. After that they really pushed the boat out with 20 bottles of Armand de Brignac Ace of Spades champagne autographed by Jay-Z for £40,000. Then... well, we don't want to bore you, but the drinks bill for the evening came to £95,000.

The credit crunch spares no-one. Liz Windsor of Windsor Castle has been forced to cut down on travel costs. No more £22,849 helicopter trips to the Kentucky Derby, then. She's scraping by with just £12.7m from the civil list. How can you expect to keep up all those palaces on that money?

While workers are being asked to take below-inflation pay increases to stop inflation, directors' pay has increased by 6.1%, states a survey by Deloitte's annual executive compensation study. They looked at the top 350 FTSE companies (except investment trusts). This survey does not tell the whole story. According to the *Financial Times* (08.09.08), "This understates total remuneration, because most top executives also receive a bonus worth on average of 157% of their salary last year. That is 10 to 15% higher than the previous year. Many also receive long-term stock awards that can be worth up to 165% of salary if performance targets are met".

Greedy energy companies - take them over

By Eric Hollies

New Labour has climbed down before big business again, on the issue of a windfall tax on the energy companies.

Brown's pathetic advice, that the elderly should wrap up warm and switch off lights when prices go up, makes you wonder whether we voted for Labour or the Big Six gas and electricity companies to run the country in the last election. Brown says he has a cunning plan to lag people's cavity walls and lofts and save fuel bills in the long term, rather than a windfall tax now. The trouble is, there is no doubt that more people will die in the short term - this winter - as a direct result of the hike in heating bills.

"Money for us"

They will also die as a direct result of the cowardice of Brown and this government. Let's hope for all concerned that it's a mild winter. E.ON senior executive Mark Owen-Lloyd remarked that spiralling fuel bills "will make money for us." E.ON 'only' made £877m profit last year. The Big Six are looking at £4.5bn profits this year. Owen-Lloyd's little joke shows the contempt that the fuel barons correctly feel for this gutless government. Does he sound as if he could care less that millions more will end up in fuel poverty or that thousands of elderly people could die of hypothermia this winter, faced with the choice of heating or eating?

The facts are not in dispute. The Big Six energy

companies are responsible for distributing 98% of gas. E.ON also owns Powergen, which supplies electricity to millions of households. They are members of a sinister body, the Energy Retail Association. It costs £100,000 to become a member. Meetings are 'private and confidential.' These people have the power to drive millions into fuel poverty and to cause thousands of deaths with excessive heating bills. They stick up two fingers to us, the British people and the elected government, and declare, 'Mind your own business.' What they're plotting is our business - it's our standard of living they're attacking.

Adam Smith

We may well be inclined to draw the same conclusion as that champion of free markets, Adam Smith, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."

We see them now in the process of edging up prices, colluding in fleecing the consumers - 'After you, Claude'. EDF have put prices up by 22% so far this year, and there's more to come. Household fuel bills are soaring as we write. Average household energy bills are likely to be over £1,000 - some say £1,200 - by the end of the year. 4.5 million people are in fuel poverty, defined as spending more than 10% of disposable income on heating bills. More families are being

tipped over the edge by ever-rising prices. There could be 6 million fuel poor by the end of the year.

Windfall tax?

Socialist Appeal believes the only solution to these desperate problems for working people is the renationalisation of the gas and electricity companies, as we shall explain later. The demand for a windfall tax on windfall profits among trade unions Party members and rank and file Labour MPs is understandably popular. We believe a windfall tax is better than no windfall tax, though it's not a permanent solution to the problem of rising heating costs.

After all the energy companies have shown no entrepreneurial skills to 'deserve' this money. They have just marked up their prices with the price of oil, and their profit margins increase automatically. How hard is that? Oil prices are important for electricity generation and because the price of natural gas is closely linked with the price of oil. But hang on, oil prices were \$150 a barrel a couple of months ago and now they have slipped below \$100. Aren't we all due a rebate? Don't be silly! It is a characteristic of oligopoly industries that they put

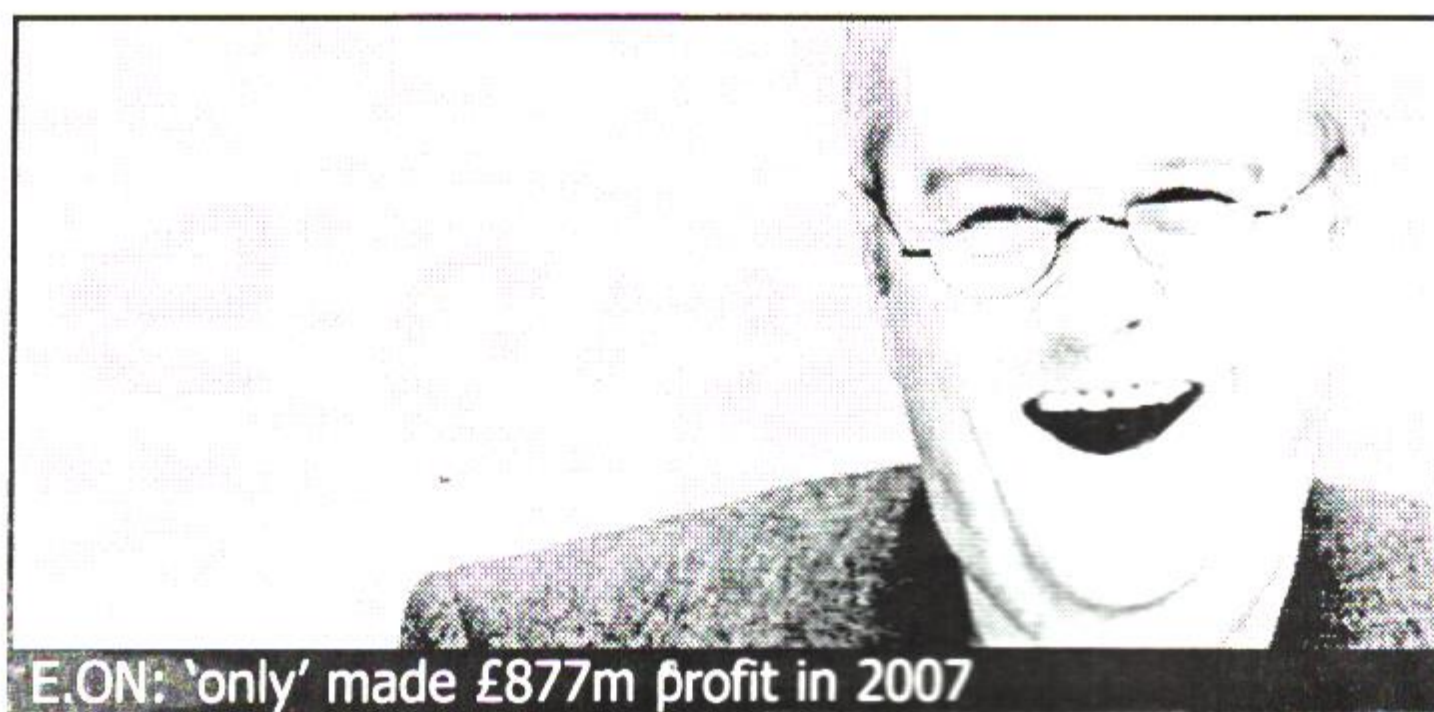
prices up when costs go up and don't put them down when costs go down. It's evidence that they are 'a conspiracy against the public.'

Dividends

Brown and New Labour hope the energy giants will invest. Fat chance! Last year they declared £1.64bn in dividends, up from £1.38bn the previous years. Shareholders must be licking their lips at the bonanza they'll get as a result of the increases this year. In the end it's our money, of course. Dividends just fly out of the industry without even touching the sides.

The plunderers oppose a windfall tax. David Porter, spokesperson for the Association of Electricity Producers, warns, "Whenever people impose costs on an industry like ours, inevitably the bill to some extent always ends up with the customer." He might as well have said, 'To hell with you. Either way, we'll shaft you.'

So we'll pay either way. This is more proof that the Big Six are abusing monopoly power. That is the case for renationalisation in a nutshell. These greedy parasites are holding us all to ransom. It is high time we took them over. □



E.ON: 'only' made £877m profit in 2007

Say no to nuclear power

By Rob Walsh

NEW LABOUR'S nuclear ambitions suffered a setback in August when a proposed deal to sell British Energy to EDF for £12 billion fell through. Brown, Hutton, Darling and co. say that new nuclear power plants are the only way to achieve "energy security" and reduce carbon dioxide emissions, and they are determined to provide the right incentives to EDF (or possibly another bidder, Centrica) to build and operate them. Surely these wise men have impartially analysed all the options and come up with the best solution to Britain's energy needs?

Well, hardly impartially; the government is stuck with a 35% stake in British Energy after bailing out the nuclear industry when it was bankrupt. Hoping against the odds to stay in office, they need this money back to give them more room to manoeuvre as the election gets closer. British Energy's eight existing nuclear power plants are near the end of their life and due to be decommissioned soon, but the land upon which they are situated offers prime sites for a potential investor in nuclear power. Besides, this is the preferred energy strategy of New Labour's friends in big business. So the government is presenting "new nuclear" as the only viable option to address the projected shortfall in Britain's energy supply, whether we want it or not.

Economics

The economics of nuclear power led to decisions in the 1970s and 1980s in most countries, including Britain, not to build new nuclear power facilities. When decommissioning and disposal of waste was taken into account, nuclear turned out to be far less cost-effective than rival energy sources and ended up being heavily subsidised out of our taxes and energy bills.

The cost of decommissioning Britain's 20 worn-out reactors has reached £84 billion, according to offi-

cial figures, and is still escalating. Nobody knows how much storing nuclear waste will cost, but it remains a hazard for thousands of years. Sellafield reprocessing facility is a site which holds at least 400 metric tons of decaying spent fuel, 1,200 cubic meters of radioactive sludge and 1,500 cubic meters of intermediate-level waste. Total bills at Sellafield are estimated at £3 billion per year.

Now the government says that the economics have changed, mainly because of the rising price of oil and gas and because of carbon trading, which attaches a cost to carbon dioxide emissions. They claim that nuclear power will pay its way, including the cost of decommissioning and "waste management" without any subsidy out of public funds.

Track record

The actual track record of nuclear energy, however, says different. The industry has been plagued with construction delays, cost overruns and long outages due to safety issues, all of which have driven costs up. The prospect of "clean electricity, too cheap to meter" never materialised. Instead, future generations are saddled with the costs of a failed experiment!

Life-threatening incidents like the 1957 Windscale reactor fire, the partial meltdown at Three Mile Island and the tragedy of Chernobyl, the faking of safety records at Sellafield, the fear of radiation-induced diseases like leukaemia and the ongoing problem of hazardous radioactive waste have all severely damaged the industry's image, and rightly so. It is an industry shrouded in secrecy; if these are the incidents we know about, what else is going on?

In the Government's 2003 energy review they had said that no new nuclear energy facilities would be built without the fullest public consultation. In order to manufacture a façade of popular consent, the government and the industry have gone on the offensive with a massive campaign of creep-

ing propaganda in schools and in the media using the threat of catastrophic climate change to present nuclear energy as the lesser evil. In early 2007 they held a consultation exercise which was successfully challenged in the High Court by Greenpeace; the consultation was called "a sham" and "very misleading" by the judge. A new "consultation" was held which was also a sham; all the environmental organisations pulled out as it became yet another PR exercise for New Labour's predetermined policy; this is also being legally challenged.

Carbon emissions

What they don't tell you is that the maximum contribution nuclear energy could make to cutting carbon emissions would be just 4%. Greenhouse gas emissions don't just come from electricity generation but also from heating and transport. Therefore a whole number of integrated measures are needed to resolve the problems of affordable, secure energy supplies and reducing carbon emissions. But these alternative solutions would be squeezed out by skewing the market in favour of nuclear energy.

These measures would include (among others) renewables such as wind and tidal energy; a programme of investment in energy conservation to improve the energy-efficiency of homes and other buildings; combined heat and power installations; greater investment in public transport to reduce emissions from cars. All these technologies are proven, cost less than the nuclear option and have a short lead-in time.

In contrast, the soonest new nuclear power plants could be supplying electricity would be 2018 (and this is assuming they break all records for planning and constructing such plants), so they won't even bridge the "energy gap"!

What they call "consultation" is really lies, propaganda and spin. Don't let them fool you. Say 'no' to nuclear power! □

Drug giants' huge profits

By Fred McDowell

A ROW has broken out after 26 oncologists wrote to the 'Sunday Times' protesting at the decision taken by the National Institute for Health and Clinical Excellence (NICE) not to approve expensive kidney cancer drugs. They complained that, "We have seen distraught patients remortgaging their houses, giving up pensions and selling their cars to buy drugs that are freely available to those using health services in countries of comparable wealth. Protesters also lobbied NICE headquarters in Holborn carrying placards declaring, "Kidney Cancer Patients Deserve the Right to Life."

Drug rationing

NICE has been set up to make sure the same standard of care is available to patients throughout the NHS. There should be no post code lottery. But they also serve to ration drugs on behalf of the NHS. Andrew Dillon of NICE comments, "There is a finite pot of money for the NHS. If one group of patients is provided with cost ineffective care" (his words) "other groups - lacking powerful lobbyists - will be denied cost effective care for miserable conditions like schizophrenia, Crohn's disease or cystic fibrosos." It will seem to patients, their friends and relatives that NICE is playing god.

There is a problem. The Observer (17.08.08) ran a front page headline "Health chief attacks drug giants over huge profits." Sir Michael Rawlins hit out after NICE was accused of 'barbarism' for refusing to authorise the drugs. NICE said the drugs 'only' gave the patient an extra few months of life. We wonder if they would be so insouciant if it were their lives on the line.

"We are told we are being mean all the time, but what nobody mentions is why the drugs are so expensive," Rawlins commented. He argued that kidney cancer drugs could be produced for a tenth of what the NHS is charged. He explained that, "Traditionally the pharmaceutical industry will admit that they actually charged what they think the market will bear." This is the source of the problem.

He went on, "Pharmaceutical companies have enjoyed double-digit growth year on year and they are out to sustain that, not least because their senior management's earnings are related to the share price. It's not in their interests to take less profit, personally as well as from the point of view of the business. All these perverse incentives drive the price up.

Marketing costs

"The other thing we have to pay for is the costs of marketing. Marketing costs generally are about twice the spend on research and development.' Advertising to patients was forbidden in Britain, but widespread in the US, and some of that marketing cost was built into European drug prices," Rawlins said.

So let's get this straight. The NHS pays for the cost of marketing drugs in the USA! The drug companies say their profits are ploughed back into research into new life-saving drugs. In fact they spend twice as much on marketing as on R & D. Marketing complex drugs direct to patients sounds like an unscrupulous activity - we're not talking about informed consent here. These are sick, worried people. They will pay whatever it takes and clutch at straws.

So let's save the NHS some money and give sick people the drugs they need. Nationalise the drug companies. Problem sorted. □

David Lammy bumps into real world

SOMETIMES LITTLE incidents reveal much more fundamental truths. This article from the Guardian (09.09.08) which covered some of the fringe meetings at the TUC conference clearly demonstrates just how out of touch many of the New Labour careerists really are:

"One telling anecdote to emerge from the Compass gathering was when David Lammy, the schools minister, discussed his shock at finding one of his mother's pay slips, dated 1986. Lammy's mother, recently deceased, had worked both in the

NHS and for London Underground. Going through his mum's things after her death, Lammy learned that her take-home pay 22 years ago was just £900 a month.

Ears to the ground?

"The eyes of fellow panellist Heather Wakefield, Unison's head of local government, visibly widened. She waited until it was her turn to speak to point out that £900 sums up the take-home pay of some of the lowest earning staff serving in local

government in the 21st century - something Unison has been trying to raise for quite some time. It's good for Labour ministers and trade unionists to talk."

So much for New Labour having its ear to the ground and dealing with the realities of modern living. The fact is that many workers are on the breadline and simply can't afford Gordon Brown's wage restraint policy. More than that, it shows how vital it is to begin to reclaim the Labour Party. □

Trade Unions and Tories

By Steve Jones

UNION MEMBERS will be more than a little alarmed at reports that union officials have been having secret talks with someone called Richard Balfe, who is Tory Leader Cameron's 'special envoy' to the trade unions. Those who lived through the last Tory government and remember all too well their vicious attacks on trade union rights as part of their plan to destroy the union movement will be amazed, to say the least, at the fact that a) the Tories have a trade union envoy and b) that some of our leaders are prepared to talk to him.

Who is Richard Balfe?

He was a minor figure in the London Labour movement who served for a time as a committee chair on the Greater London Council and later on became an MEP. When he fell out with the party hierarchy in 2001, he jumped ship in a hump and joined the Tories - an act which went completely unnoticed by just about everybody.

Now he has convinced Cameron who, being a toff, would not know any better that he has 'the common touch'

and is able to start up a dialogue with the unions - or more to the point its paid officials. So far it appears that Ucat and Unite have refused all contact, offered in a letter sent to all unions by the Tories. PCS initially assumed the letter was a joke and have not responded either. However, according to a report in the Guardian dated May 29th, around 20 meetings have already taken place with various officials. Balfe was also intending to 'pay a visit' to last month's TUC conference in Brighton.

No doubt some will say that, given the strong position of the Tories in the opinion polls, the unions should start some sort of dialogue with the people who may well be in power within a year or so. Other will ask that, since the current government is so right wing, what is the difference anyway? However, we should be clear - having talks with the Tories is nothing short of madness. The Tories are the party of capital and big business. They hate the union movement and will be looking to take revenge for the humiliation of being out of office for so long. The fact that Cameron and co. are trying to look all nice and cuddly at present

should not blind us to the fact of the behind the scenes preparation of a right wing agenda for power which they will implement once they have won any future election.

Weak and malleable

What interests them at present is finding out which union leaders are weak and malleable, with no intention of launching any fightback against any coming attack. Alas there are already no shortage of such individuals. You only hope that it is just naivety which has convinced some officials that they will be really listened to in these little chats with Balfe.

Rather than talking to Tories, these officials would be better off looking to get Labour to change course and start defending the interests of working people instead. This would be the best way of stopping the Tories getting back in and would, at a stroke, render Balfe redundant. Labour, armed with a socialist programme and a fighting leadership, could be more than confident of winning the next election with ease - which is not the case at present. □

Members back Karen...

By Terry McPartlan

After being sacked for whistle blowing and fighting for her rights Karen Reissmann has been elected to the National Executive of UNISON. It's a great victory, but there is still a risk that Karen's sacrifice and struggle will be in vain. Karen was offered a financial settlement by her employers. When she declined to accept this, (against advice from the union), the NW Region of the union withdrew her funding. She is now appealing to the NEC, because she wants to fight to get her job back.

Essentially if UNISON doesn't see the case through, it sets a dangerous precedent that won't go unnoticed by the employers. It would be much easier to intimidate and victimise trade union activists, especially the best fighters.

Karen's election to the NEC shows that members recognise and support her struggle. The NEC should take the same view.

As a letter on behalf of Karen to the Regional Secretary explains:

"Karen's case not only highlights the right to speak out

about cuts and privatisation, but is also about the defence of trade unionism. These are important issues to many people.

We are writing to ask you on behalf of UNISON to reconsider the decision to withdraw legal support from Karen.

We should continue to stand up and defend the right of NHS trade union reps to comment on government policy and its impact on services. Karen wanted to prove to a court that she was unfairly dismissed, and we support her in this. That would protect her and make it more likely that she would be able to get a job back in the NHS in the future. It would also be a reminder to all other NHS Trusts that they cannot sack trade unionists for speaking out.

Without legal support from UNISON, it will be harder for Karen to continue pursuing her case. The legal view on the merits of her case has not changed.

Karen has been prepared to sacrifice a great deal in pursuit of the principles. We believe that UNISON should continue to support her in this." □

Defend a woman's right to choose

By Niklas Albin Svensson

PARLIAMENT WILL once again be discussing the Human Fertilization and Embryology Bill in October. Once again battle is joined between those who defend the right for women to decide over their own bodies, and those who want the state to do it for them. This time, however, there is room for improvements to existing legislation - not just calls to turn the clock back fifty years.

1967 Act

In 1967, abortion was made legal under certain provisions. Women who want an abortion within 24 weeks had to get the approval of two doctors, who had to sign a paper that a continuation of the pregnancy involves a greater risk to 'the physical or mental health' of the woman or her existing children than a continuation of the pregnancy. In practice, most doctors would sign such a statement but it establishes the principle that the doctors are the one to judge the woman's situation - rather than the woman herself. After 24 weeks, abortion is restricted to cases where there is 'risk of grave physical or mental injury'. If you live in Northern Ireland, it is almost impossible to get a legal and safe abortion - the 1967 Act does not apply.

Since 1967, Parliament has, particularly in later years, received persistent demands for the lowering of the 24 week limit. The so called "pro-lifers", in reality a coalition of various reactionary Christian groups, appeal to "developments in science". The professional associations such as The Royal College of Obstetricians and Gynaecologists and The Royal College of Nurses are firm defenders of the current time limit, and even want to improve access to abortion within that limit. The less sophisticated argument, that abortion is murder, is usually appealing to emotions evoked by images of fetuses, in a completely unscientific way.

The Christian right around Europe

and the world have time and time again shown their complete contempt for human life. In Poland and the U.S., for example, there have been several instances of attacks on and murders of doctors that perform abortions. More significantly, prohibition of abortion does not necessarily reduce the number of abortions. Around the world it has been estimated that 20 million unsafe abortions take place every year, resulting in the death of some 80,000 women. The so called "pro-life" groups do not seem to care much for the life of these, mainly poor women.

Pro-choice

Most of these issues were brought to a fore in May this year, when the Human Embryology Bill was debated in parliament (see issue 162). The anti-choice ("pro-life") amendments were soundly defeated, with 304 to 233. This was no thanks to the media who in the run-up to the vote broadcasted and published plenty of images of fetuses in an attempt to put pressure on the MPs, primarily of the Labour Party. Neither did the government help, calling for a free vote, since it was a "matter of conscience".

Abortion is of course to some extent a "matter of conscience" - to the women that have them - not to the MPs that legislate.

In preparation for the bill's return to Parliament in October, a number of MPs have submitted improvements to the bill. The perhaps most heated discussion will be on Northern Ireland - an amendment have been introduced to remove the disgraceful exception. The second most important is the one that would remove the requirement of two doctors' permission, replacing it with the same phrase that is used for cosmetic surgery: abortion is to be conducted according to 'the conditions and principles of good medical practice'.

Matter of conscience?

Others suggest that nurses can perform the early abortions (the one that only require administration of a pill) and the performing of earlier abortions in GPs surgeries. All of these have the backing of the aforementioned professional associations.

Socialist Appeal naturally supports these important steps to improve women's right to choose. Improving access to abortion will make it easier for working class women as well as students to access these services when they are needed.

Yes to improved access to abortion - no to a return to the back streets! □



On nationalising the banks

FOR OVER a century Marxists have argued the need to take the banks and other financial institutions into public ownership as part of the socialist transformation of society. The founding document of scientific socialism, the 'Communist Manifesto', in 1848 called for, "Centralisation of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly."

For decades we have been lone voices crying in the wilderness for this demand. Earlier this year the government was finally forced into taking over Northern Rock, after months of futile searches for an alternative, and after wasting £50bn of our money trying to keep the bank in private hands. New Labour was terrified of the 'N' word.

Fannie and Freddie

The right wing Republicans in the USA have been forced to nationalise Fannie and Freddie, the giant mortgage guarantee companies. As Treasury Secretary Henry Paulson declared "Fannie Mae and Freddie Mac are so large and so interwoven in our financial system that a failure of either of them would cause great turmoil in our financial markets here at home and around the globe. This turmoil would directly and negatively impact household wealth." Paulson, like Gordon Brown, eschews the word 'nationalisation'. He prefers the term 'conservatorship' but nationalise is what he has done. As a result the US taxpayer has taken responsibility for \$5.3trn in mortgage debt.

Paulson

No doubt Paulson considered such a dramatic U-turn would draw a line under the financial panic. He was wrong. Next in trouble was AIG, which insured mortgages. On Monday September 15th the government took a 79.9% stake for \$85bn. AIG was nationalised. At the same time Merrill Lynch was forcibly taken over by the Bank of America. In the same week

our biggest bank HBOS was rescued by a government-sponsored amalgamation with Lloyds TSB.

Further far-reaching nationalisations are on the cards. This is about bailing out the capitalist system. Just as hypocrisy is the tribute vice pays to virtue, so nationalisation and other interference in the functioning of the hitherto sacrosanct free market are measures intended to preserve capitalist wealth, not to destroy the system.

Bailing them out

We republish a section from Trotsky's basic programmatic document of 1938, the 'Transitional Programme,' on nationalisation of the banks. It speaks for itself but the key points to note are that:

- Nationalisation of the banks is an essential prerequisite for socialist planning
- It is necessary to expropriate the wealth of the capitalist class, not preserve it.
- Bank deposits are not to be expropriated. They are safer than under collapsing private banks.
- Taking over the banks must be part of a programme for the working class to take power.

From 'The Transitional Programme'
By Leon Trotsky, 1938

Expropriation of the Private Banks and State-ization of the Credit System

Imperialism means the domination of finance capital. Side by side with the trusts and syndicates, and very frequently rising above them, the banks concentrate in their hands the actual command over the economy. In their structure the banks express in a concentrated form the entire structure of modern capital: they combine tendencies of monopoly with tendencies of anarchy. They organize the miracles of technology, giant enterprises, mighty trusts; and they also organize high prices, crises and unemployment.

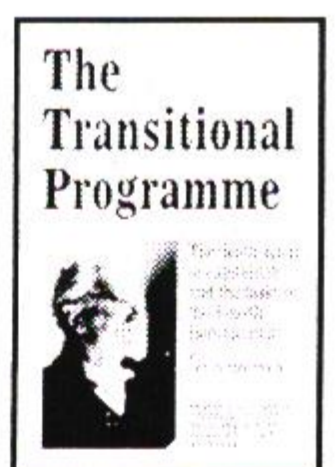
It is impossible to take a single serious step in the struggle against monopolistic despotism and capitalistic anarchy - which supplement one another in their work of destruction - if the commanding posts of banks are left in the hands of predatory capitalists. In order to create a unified system of investments and credits, along a rational plan corresponding to the interests of the entire people, it is necessary to merge all the banks into a single national institution. Only the expropriation of the private banks and the concentration of the entire credit system in the hands of the state will provide the latter with the necessary actual, i.e., material resources - and not merely paper and bureaucratic resources - for economic planning.

Expropriation

The expropriation of the banks in no case implies the expropriation of bank deposits. On the contrary, the single state bank will be able to create much more favorable conditions for the small depositors than could the private banks. In the same way, only the state bank can establish for farmers, tradesmen and small merchants conditions of favorable, that is, cheap credit. Even more important, however, is the circumstance that the entire economy - first and foremost large-scale industry and transport directed by a single financial staff, will serve the vital interests of the workers and all other toilers.

However, the state-ization of the banks will produce these favorable results only if the state power itself passes completely from the hands of the exploiters into the hands of the toilers. □

The Transitional Programme by Leon Trotsky is available for £1.50 including P+P from Wellred Books online at wellred.marxist.com



Recession and class struggle

By Mick Brooks

Economic prospects

THE USA has been the focus of most economic commentary since the credit crunch broke just over a year ago. But as financial crisis, property crash, inflation and slowing growth interact it's now official - recession is looming in Europe.

Even the European Commission has slashed its growth forecasts and admitted that Germany, Spain and Britain are heading into recession.

Britain has a trade deficit with more or less everyone, but our biggest trade partner by far, and the biggest black hole in the trade figures, is with Europe. Europe is by far our biggest export market, and as it goes into recession they'll buy less of our stuff - and that is going to hurt.

Nouriel Roubini is an economic commentator known as Dr Doom. But he's got everything right so far. His latest newsletter predicts that, "Europe is the next leg down in the global housing bubble."

Denmark is already in recession. It's official. The Roskilde bank has had to be bailed out by the government. Earlier the Trelleborg Bank was forced to sell itself to Sydbank. In the second quarter of 2008 Italy's GDP fell by 0.3%. But then, Italy is the sick man of Europe. However France's GDP also fell 0.3%. Sweden has been on a credit binge in the Baltic countries, which are slowing rapidly. Sweden is due to take a hit.

The financial crisis has also hit the plans of the right wing government in Sweden. Determined to privatise state assets, they would have to sell them for a song. "We are not going to have a clearance sale here," says Finance Minister Odell, adding that it would be "political suicide."

In Germany, which a lot of people were hoping would get Europe out of this pickle, output also dropped by 0.5% last quarter. These are the big players in the EU. The Eurozone as a whole fell by 0.2% in the second quar-

ter of 2008.

In Spain the finance minister says, "It's the most complex crisis ever." The Spanish economy has been extraordinarily dependent on the construction industry, responsible for 25% of GDP. The Spanish have been knocking out 600,000 houses a year for the past five years (compared with the pathetic 100,000 generated by the UK building industry this year). Of course it was all based on the house price bubble, and it's all gone pear-shaped. Demand has collapsed, construction giant Martinsa-Fadesa has gone belly up, and several banks are teetering on the brink. 280,000 building workers have lost their jobs and unemployment is up by half a million this year already to reach the highest level since the 1992-93 recession. In August alone 245,000 lost their jobs. Car sales and industrial production are down. It's just like home!

Two quarters of actual economic decline counts as a recession. So here it comes. And this trouble is set to continue till at least 2009.

Kenneth Rogoff, former chief economist at the IMF, promises that "the worst is to come." He continues, "We're not just going to see mid-sized banks go under in the next few months, we're going to see a whopper, we're going to see a big one - one of the big investment banks or big banks." Is this bloke a prophet?

Is there anything they can do about it? The European Central Bank is keeping interest rates at an excruciating 4.25%. This acts as a straitjacket on the economies of the Eurozone. The reason? The ECB thinks inflation is the main enemy. Maginot line economics! No wonder only 5% of Spaniards and 8% of Germans think the ECB is doing a good job.

The Euro has been falling against the dollar for the past six months. We don't notice that in Britain as sterling is in freefall. The reason for the revival of the dollar is paradoxical. Speculators have realised that the recession may have been born in the USA, but it's now spread to the rest of the world,

so the Euro sinks. The recent fall in oil prices have also been a factor for the now rising dollar, but the price of oil is likely to provide currencies with a switchback ride in the future.

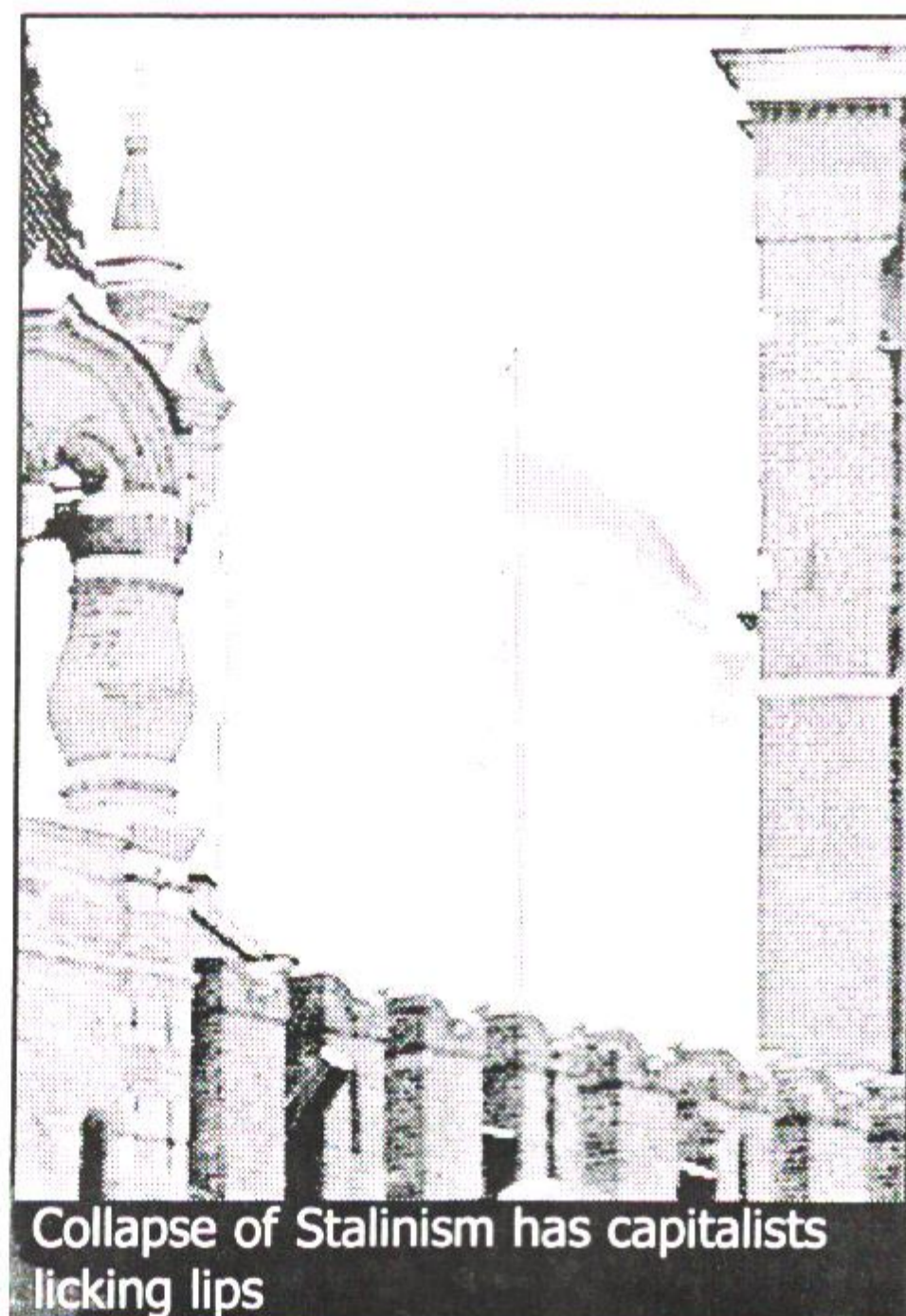
Michael Saunders, writing in the 'Financial Times,' (15.08.08) declares, "It's time to forecast a recession." He continues, "In pretty well all of Europe - the Euro area and the UK - the downturn is going to be longer and deeper than the consensus expects." It's a "competition in misery."

So we'll get poorer because they're getting poorer, and then they'll get poorer because we're poorer. It's a downward spiral with no end in sight. European workers face a gloomy future. They have no alternative but to fight to defend their standard of living and to overthrow the system that is the cause of their problems.

The new Europe

The collapse of Stalinism in Eastern Europe had West European capitalists licking their lips. As Matthias Schnetzer pointed out (Austria and Eastern Europe: Go East, where the skies are blue Marxist.com. 20.06.08),

"The capitalist restoration of Eastern Europe created a field of



Collapse of Stalinism has capitalists licking lips

investment for Western imperialism. This provided capitalism a certain breathing space by transferring large amounts of capital assets into the CEE (Central Eastern Europe) region. Banks, insurance companies, telecommunications, etc., were acquired by foreign corporate groups and are now almost entirely in the hands of Austrian or German owners."

This is an old story. Ever since Marx analysed the accumulation of capital, he emphasised the unevenness of the process, with capital constantly seeking new outlets to advance into.

Most East European countries have been growing at more than 5% p.a. over recent years. This, of course, is for the most part just a bounce back from the collapse of their economies along with the Stalinist regimes. Now they're running out of road, and inflation looms.

You might expect countries that have been growing so fast to have been doing so by running a surplus with Western Europe, by exporting more to us than we sell to them. After all there has been a hollowing out of manufacturing industry here as capitalists chase cheap labour in East and Central Europe. But in fact the CEE region is developing a threatening balance of payments deficit with Western capital. This shows that the advanced countries and capitals dictate the terms of trade. They are 'out East' for what they can loot.

The restoration of capitalism means the restoration of crisis conditions in the CEE countries. Matthias points to the unsound nature of speculation in the 'wild East.' "We can ask the question: what would happen, if one day the outstanding private loans cannot be paid back?" He concludes, "One can see to what extent the CEE region is facing a high risk of an upcoming financial crisis." So West European capital's conquest of the CEE region, which was supposed to give it a new lease of life, has actually recreated the contradictions of capitalism on a bigger scale. The bigger they come, the harder they fall.

Migrants and racism

Nobody knows how many migrants there are in Europe. A 2003 guessti-

mate was that there were 56 million in the European Economic Area. But then there are the 'irregular' migrants. 800,000 in Italy, 500,000 in Germany, 300,000 in France, 200,000 in the UK - who knows? This is apart from all the failed asylum seekers who have disappeared off the books without trace.

On first appearance the capitalist class seems schizophrenic about migrant labour. They love cheap labour to do the dirty jobs, of course. But then most EU governments impose all manner of restrictions and quotas on free movement, which effectively drive 'illegals' underground. But that's how they like it. Workers who fear deportation are not going to kick up a stink about wages and conditions. They fear going on strike. So the capitalist class is quite consistent. It sees restrictions on free movement as a way of creating a super-exploited layer of workers, and of dividing the working class.

The other side of the accumulation of capital is what Marx called an "Industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost." Migrant labour doesn't cost the capitalists a penny to train and reproduce. Then, when they don't need you any more, they dump you back where you came from. With relatively full employment in the advanced West, migration from the CEE countries has replenished the industrial reserve army for capital. These workers, they hope, can be used as a whip against the conditions of those in formerly secure employment and drive down conditions for all working class people.

The situation is probably worst at present for the Italian Roma. There are 150,000 gypsies there, mainly living in camps on the edge of industrial cities. Half of them were born in Italy, but that doesn't help their case. In one incident at a Roma encampment near Naples, hysterical stories circulated about the kidnap of a baby. The camp was attacked by vigilantes egged on by the camorra, the local mafia. Attackers shouted, "This is what happens when gypsies steal babies."

This is how fascism began. This is not just an outbreak of local madness. Reaction is deliberately promoted by the ruling class. Berlusconi is determined to fingerprint all Roma. Every

one a potential criminal! We say the Roma are our people. Workers must not fall for the bosses' tactics of divide and rule.

The Irish referendum on the Lisbon Treaty over the summer threw up a 'no' vote. So the Treaty, which outlines a new decision-making process for an enlarged EU, is effectively a dead duck. This has in effect paralysed decision-making for the European Union as a whole. But experience of the past fifty years has shown that, if EU integration is not going forward, then it will begin to roll back.

EU deadlocked

Now Europe is on the threshold of recession, nationalist resentment at the EU will be on the rise. As Marx said, "It is one thing to share out profits and quite another to share out losses." European integration has only proceeded as far as it has because of economic growth and prosperity. That can't be relied on in the future.

Decisions have to be taken, about EU expansion into Turkey, the Balkans and Eastern Europe, and about harmonisation of standards for services. All of this, of course, is part of the dominant neo-liberal agenda within the councils of the EU. As Europe has been enlarged, each new poor Eastern member has been seen as an excuse to tear up social protection for the working class among existing members and push standards down to the bottom. Before a member nation is allowed to join, the World Bank and WTO go in and lay down the law about implementing a full neo-liberal programme.

The revised Working Time Directive, 'inspired' behind the scenes by New Labour, has been diluted so as to allow working for 63 hours a week instead of 48. European trade unions should be fighting this change with all their might. Inflation is on the rise all over Europe. The European working class must unite to demand a sliding scale of wages across Europe like the Italian scala mobile (automatic cost of living-related wage increases) which for years protected workers' living standards against the ravages of inflation.

International relations

The EU's future is further complicated by the way its members have been inveigled into a series of treaty obligations, particularly under NATO, which is effectively dominated by the USA and is used as an attack dog on behalf of world imperialism. Naturally the bombing of wedding parties in Afghanistan and the indiscriminate massacre of Iraqi civilians in Operation Shock and Awe has not convinced everyone in the world of the humanitarian and democratic credentials of NATO. European governments rightly share the backwash of that unpopularity.

President Bush has seen it in the US interest over the past few years to virtually surround Russia, detaching former allied and subordinate countries from the former soviet bloc and pressing them to 'join the West'. Even from a bourgeois viewpoint it was unwise for European countries to involve themselves in these adventures, especially now they are increasingly dependent on oil and gas supplies from Russian pipelines.

Pipelines

But also the different ruling classes in the EU have different national interests, which come to the fore in times of stress. German and Austrian capitalism have oriented themselves to expand into the East, while Britain is seen as a servile pawn of the USA. France has its own agenda. This hobbles the prospects for unified European decision-making.

Putin has become tired of the humiliations heaped on Russia while its economy collapsed during the transition to capitalism. He is determined to assert Russia's position as a regional superpower, and has already demonstrated his willingness to switch off neighbours' energy as a diplomatic counter. This means increased uncertainty for Europe as a whole.

Fighting back

Many on the left have been demoralised by right wing election victories in Germany, France, Greece and most recently Italy. Britain looks set to fol-

low. But Merkel has to rest on the Social Democrats and Sarkozy has similarly proved unable to deliver on his promises to the bosses. European workers have shown their willingness to fight back.

This year there has been a huge public sector strike of 100,000 in Denmark, a country of 5 million people. The strike was illegal, but that didn't stop the Danish working class. There have been three general strikes in Greece in three months against the attempted privatisation of education and cutting pension rights, as the bosses attempt to lay the burden of the crisis on the shoulders of the working class.

Portugal has been in a state of continuous ferment for years. The bosses are determined to tear up legislation protective of workers' rights and casualise employment completely. As in Greece, pensions are in their sights.

Belgium

Even in sleepy Switzerland a railway workshop in Bellinzona, threatened with closure, was occupied by the workforce for two months, leading to a situation of virtual dual power in the town.

Belgium has seen an epidemic of wildcat strikes leading up to an effective general strike in June. As Erik Demeester reported (From wildcat strikes to general strike: how Belgium is 'catching up' Marxist.com. 10.07.08) "As inflation knows no language borders or nationalist divisions the whole of the Belgian working class has become involved in this movement. Even in the middle of June, factories were still facing spontaneous strikes related to the question of falling purchasing power. Such a wave of wildcat strikes has not been seen for more than 30 years. We need to go back to the seventies to remember strikes similar to the ones seen today..."

"The whole situation pushed the union leadership to declare a week of action from the 9th to the 12th of June around a series of demands to protect real purchasing power... The result was overwhelming and very much beyond what the union leaders had wanted. The readiness for action

of ordinary workers is very strong. Over just four days 100,000 workers took to the streets in very militant demonstrations, much more than expected."

We must build on the best traditions of the European working class to unite and fight capitalist cutbacks and build a better future.

The way forward

Here is the programme the International Marxist Tendency put to the European Trade Union Confederation when they demonstrated against European finance ministers at Ljubljana, Slovenia, last April. This shows the way to respond to attacks by the bosses and their political representatives in national parliaments and the European Union.

- Substantial wage increase to take back what has been lost in the last years!
- For a national minimum wage in each country of at least two thirds of the average wage, as a first step towards a European minimum wage.
- For a sliding scale of wages to defend our living standards!
- Repeal all EU directives that introduce or support casualisation of labour!
- No to the Lisbon Treaty!
- Scrap all racist immigration and asylum policies!
- No to 'social partnership'!
- For fighting and democratic trade unions!
- Organise shop stewards' committees (democratically elected and subject to recall) in every branch of industry, coordinated on a European level.
- For the re-nationalisation of what has been privatised for the profit of a few capitalists, and the public ownership under democratic workers' control and management of pension and health systems, transport, telecommunications, the production and distribution of energy, banking, insurance and credit, and of all major industries.
- No to the Bosses' European Union. For a Socialist United States of Europe! □

Bail-out blackmail

ON SEPTEMBER 19th US Treasury Secretary Henry Paulson unveiled a dramatic plan to arrest the present financial crisis and prevent future economic catastrophe.

The philosophy of neo-liberalism has been dominant in the capitalist world for the past 25 years. It says that markets are god. Don't interfere. Suddenly neo-liberalism is stone dead. Paulson has presented Congress with a plan to buy up all the dodgy mortgages that were rolled up in financial instruments and sold on, and are now destabilising the banks' asset base. He will lodge them in a 'bad bank' he calls the Resolution Trust Corporation. It's a bail-out.

Sellafield in Cumbria processes all the nuclear waste that is a by-product of our nuclear power programme. In the same way the Resolution Trust Corporation will process and store the financial 'plutonium' and other poisonous isotopes that have been generated by the present financial crisis. Naturally Paulson has pencilled in the US taxpayer to stump up the requisite cash. It's likely to cost – wait for it – \$700bn. If he gets away with it, Paulson will have the capitalist world in the end returned to its natural harmony, with the private banks making all the profits and the taxpayers holding all the losses.

Giant lie

Really neo-liberalism was always a giant lie. The financiers screw up spectacularly by causing a gigantic crisis. They created these financial toxins. Even George W. Bush has described them as "irresponsible individuals." (This comes from the bloke who invaded Iraq and Afghanistan!) Then they are to be bailed out. Meanwhile 'little people' are left to go hang in the recession triggered by financial collapse and, to add insult to injury, are told to stump up taxes to cover all the damage the wasters have caused.

It's bail-out blackmail! Congress is all at sea. The plan is flawed. The securities to be investigated are fan-

tastically complex. We now realise that the financial whizz-kids who devised them didn't have the foggiest idea what they were worth, if anything. They rolled up perfectly good financial assets in with the toxins. So, if the plan goes ahead, the financial institutions can pretty well charge the 'bad bank' what they like. After all, it's just the poor, stupid taxpayer who ends up bearing the burden. The taxpayers will get their revenge by giving Congress a good kicking if and when they find they've signed up to a dodgy deal. This row could run and run.

World's end

But, we're told, we haven't got years. The financial system needs saving now! Warren Buffet, the world's richest man, threw his weight behind the programme in order to avoid "an economic Pearl Harbour." He went on, "Last week, we were at the brink of something that would have made anything that's happened in financial history pale...I'm not saying the Paulson plan will eliminate the problem but it's absolutely necessary, in my view, to avoid going off the precipice."

So the pressure is on Congress. 'You don't have to agree,' they are being told by big business, 'but, if you

don't, the world will come to an end.' Congress is caught between the devil and the deep blue sea. It seems at the time of writing that they'll be forced to swallow the plan.

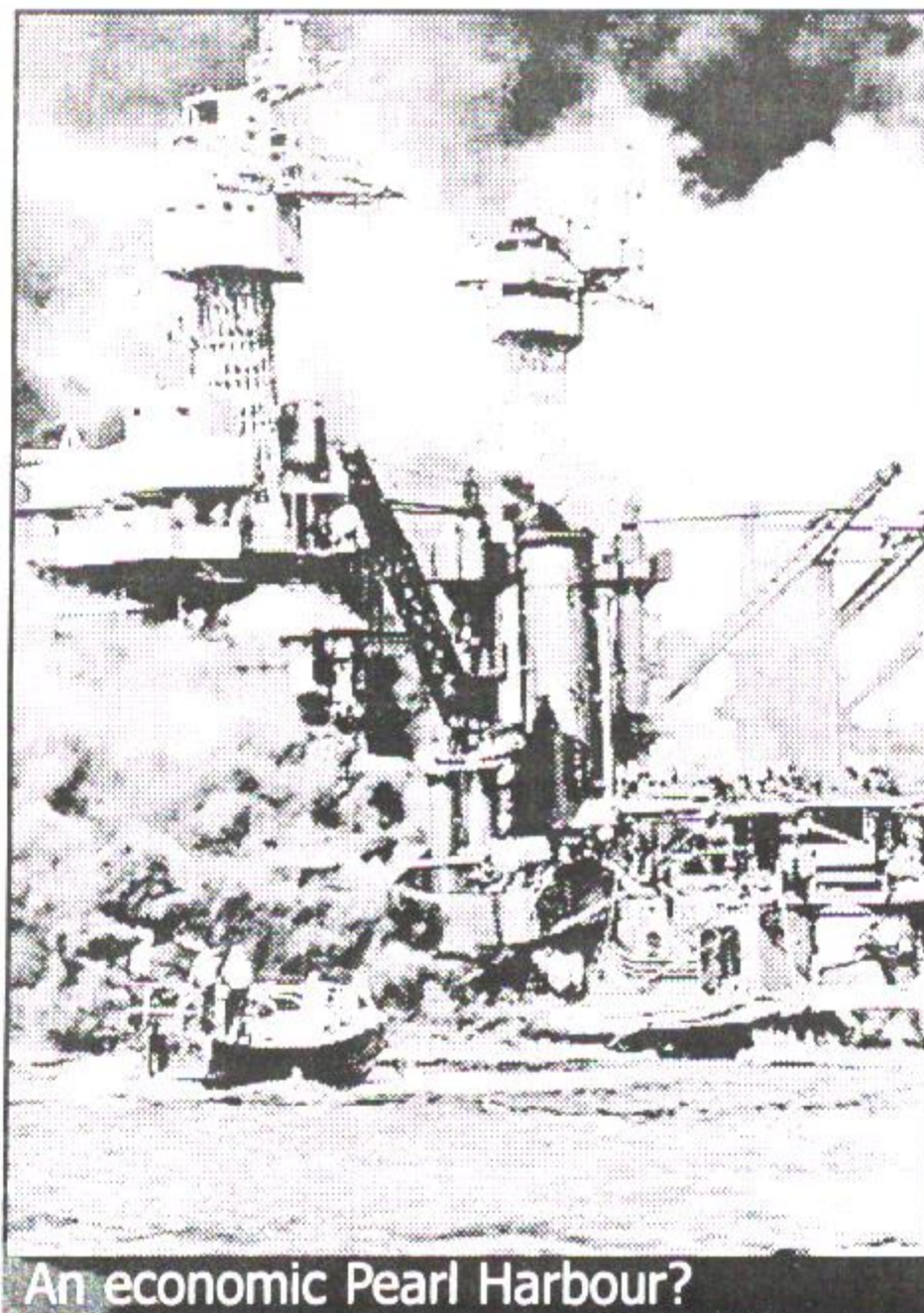
Against the plan

Ordinary Americans are against the plan. They can see that Main Street is being hammered for the benefit of Wall Street. Flint car worker Lew Rough, interviewed by the 'Financial Times' (24.09.08) declares, "We're not losing sleep over a few people losing their jobs on Wall Street...People who can't pay their mortgages are going to look at Wall Street and say, 'If they got bailed out, why not me?'" The trouble is, Buffet is right. If the banks are not bailed out, we could be looking at economic Armageddon. So there is great pressure on Congress to crumble before the deadline, probably with face saving concessions.

Inevitably the crisis and the ultimatum impact on the Presidential campaign. If the plan is accepted, \$700bn spent bailing out the bankers is \$700bn that can't be spent elsewhere – on reforms or for the poor. If the plan is rejected, common people will lose as their pension funds and other assets held in the financial institutions crash and burn. So, if you want to know who has won the Presidential elections, the bankers have won. That's before a single person has voted. Whatever the final outcome, the banks are going to dump on the common people.

Workers swindled

But this incident is going to leave a very sour taste in people's mouths. Whatever happens, ordinary American working people will have been swindled. They will have been shown in the starkest way that the country is run by the rich for the rich. And a lot of them may conclude that it's time that changed. The banks should not be bailed out for the benefit of the rich but should be taken over as part of the socialist transformation of society.



An economic Pearl Harbour?

Financial meltdown

By Michael Roberts

AS I write, financial markets in Wall Street, New York, the City of London and all over are in turmoil. In just 24 hours, two out of the four largest investment banks in the US have disappeared. Lehman Brothers, around for 158 years, has declared bankruptcy and 25,000 employees around the globe have lost their jobs.

Merrill Lynch, the world's largest investment bank, has been taken over by the largest high street bank in America, the Bank of America. The Bank of America was virtually ordered by the US financial authorities to take over Merrill Lynch, paying \$50bn. Otherwise, that bank too would have gone bust, putting thousands more out of work. Even worse for capitalism, it would have meant that both Lehman and Merrill Lynch would have defaulted on their contracts and obligations and thus brought down many other banks (15 were rumoured to be in trouble).

Along with Bear Stearns (wiped last March), three out of the top five investment banks in the US have vanished in a puff of financial smoke.

AIG

And finally, America's largest insurance company, AIG, announced that it needed to raise \$40bn within hours if it was not to default on its obligations and appealed to the Federal Reserve for a loan before it was too late!

All this took place only one week after the world's largest semi-government mortgage lenders Fannie Mae and Freddie Mac had to be nationalised to protect American homeowners and the mortgage industry from going bust. These two lenders had over 40% of all mortgages in the US and 85% of recent new mortgages. It would have meant the total collapse of the housing market if they could not do business. So the Bush administration was forced to nationalise them!

How did this terrible mess for capitalism come about?

The capitalist economists have no

real idea. Some say it is the fault of greedy chief executives of the banks who gone into reckless investments and lent too much money to people who could not pay it back. Some say it is the fault of the Federal Reserve and other central banks for keeping interest rates too low and thus encouraging too many people to borrow too much or too many banks to lend too much. Others say it was the failure of the central banks to 'regulate' the banks and investment houses to make sure they had enough funds to do their business instead of borrowing to lend etc.

Travel Agent XL

But perhaps the story of the British travel agent XL, which also collapsed this week, leaving hundreds without jobs and tens of thousands unable to get home from their holidays, has the most interesting clues to why this global financial tsunami is sweeping away so many big financial institutions.

XL chief executive explained tearfully to the press that his company had gone under without warning for two reasons: the sharp rise in the price of oil had dramatically increased the company's costs for air fuel; but when he tried to raise more finance to cover this, he was unable to get any banks to provide funding at rates or terms that made it viable to continue. And

there we have it. Such is the stranglehold and fear in the global credit crunch that banks are no longer willing to lend money at reasonable rates or on reasonable conditions to businesses. And those that are hard pressed are forced into bankruptcy - expect much more of this over the next year.

Why are the banks unable to lend? It's because they have lost so much money on the writing down of the assets they have bought over the last five or six years. Now they must retrench and stop lending. Now they must find new capital and investors before they can start relending. In the meantime, they are too scared or unwilling to lend, even to other banks (that's why Bear Stearns, Lehman, Northern Rock and others went bust - nobody would lend to them).

What are these assets that have lost so much value? In the main, they are called mortgage-backed securities. In the old days of the housing market, banks or building societies would attract cash deposits from savers like you and me (we should be so lucky!) and then use these deposits to lend to people who wanted to buy a home. From deposit to mortgage - simple.

However, some bankers started to be more 'innovative' in order to make more profits. They started to borrow funds from other banks and then lend that on mortgages. This 'wholesale funding' became particularly popular



XL collapse: clues as to why financial tsunami is sweeping away financial institutions

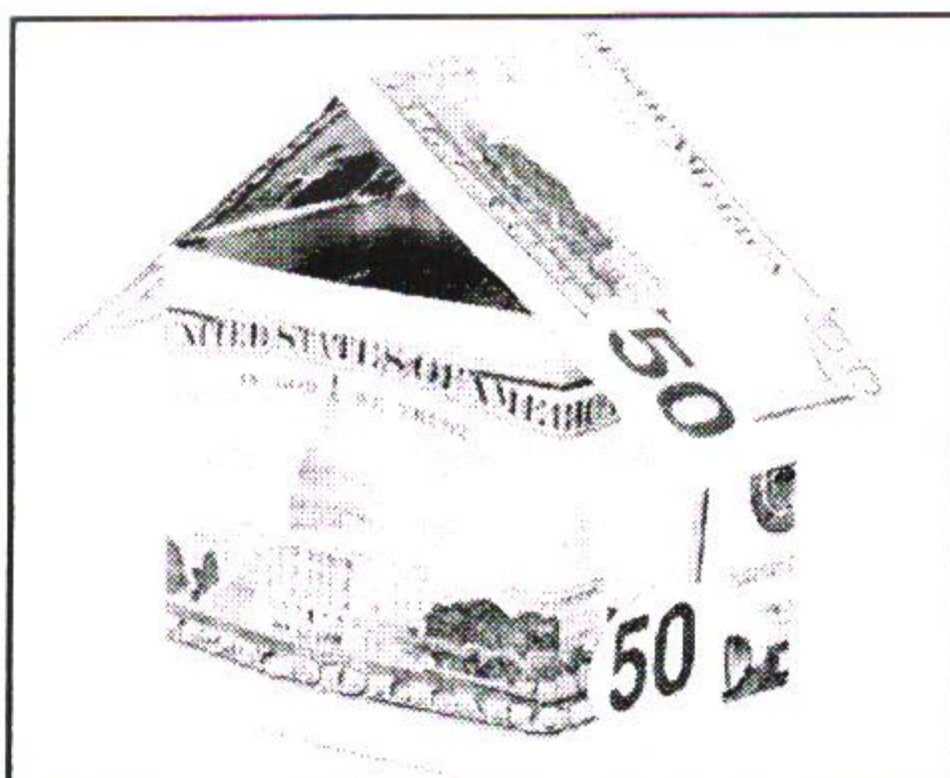
with US and UK banks, like Northern Rock, which had been a rather sleepy building society until the mid-1990s when it converted into a 'bank' with shareholders and an aggressive management out to make money for its 'investors' (not its savers).

Wheeze

But that was not the end of it. Many banks came up with another wheeze. They would take their mortgages and batch them up into a basket of different quality mortgages which they would sell off as a bond or security to other banks or financial investors. By creating these securities and selling them off, they 'diversified' their risk to others. Also they set up separate companies that took all these liabilities completely off their books. That meant they could go out and borrow more and do more mortgage business. Soon many banks that used to have enough cash and stocks to match at least 10% of the loans, now had reduced that to just 5%, or in the case of the big American banks and mortgage lenders to just 2%. Leverage was now 50 times as much money as the banks actually had to meet any losses.

But no problem - the US housing market was racing upwards. So as fast as banks lent money, they made it back in the rising house prices. Home owners could afford to pay them back and take out even bigger loans. Banks could lend to people who hardly had any income because they could count on the value of the home rising to cover their loan.

But then it all went horribly wrong. From about 2006, house price rises began to slow and then began to fall. Once house prices headed downwards, so did the ability of mortgage borrowers to pay back their loans and their willingness to take out bigger and better mortgages. The mortgage market slumped. Soon the mortgage lenders were losing money and behind them, the owners of all these mortgage-backed securities found that their 'assets' were no worth what they paid for them. And just everybody and his dog in the financial world had these securities. The risk had been diversified so that everybody got hit when



Housing market: had become a huge financial speculation

things went wrong.

Why did the housing market go down? Why did it not carry on in a straight line upwards and it had done for nearly 18 years? House prices were a huge bubble - a bubble waiting to burst

Cycle

This huge rise in house prices, exhibited around many parts of the world as well as the US, also represented a massive diversion of resources by capitalism into unproductive sectors that produced no new profit through investment in technology and productive labour. As a result, it actually reduced the ability of capitalism to invest in new technology to boost economic growth. It was entirely a process of creating fictitious capital. That is shown by one stark fact. You can measure the movement of house prices from 1991 to 2006. In 1991, the US house price index stood at 100; by 2006, it had reached 200, a doubling in price. But the costs of building a house including land purchase had not risen at all. So house prices were way out of line with the real production value of a home. The housing market had become a huge financial speculation. When home prices got so far out of line with the incomes of those who were buying them, the market finally toppled over.

Capitalism does not operate in a smooth and steadily increasing way to progress. It operates violently, lopsidedly, in cycles of boom and slump. The path of chaos and anarchy applies to the cycle of profit and also to the cycle of housing construction.

So what now? Well, more banks

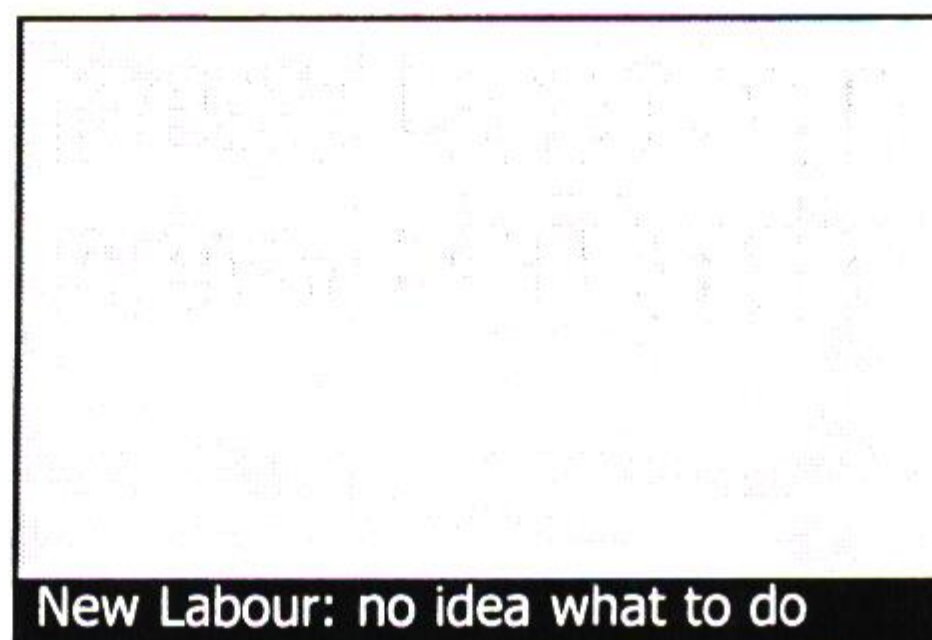
are set to fail. There will be more misery in the financial markets. More to the point for working people not worried about whether rich investors lose money, jobs throughout the financial services industry are going to go. And we are not talking about the fat cats at the top who caused this mess - they will leave with the payoff and pensions intact. We are talking about the tens of thousands on moderate pay packets who put all their savings into the shares of the banks they worked in, and which are now worthless.

Downturn

And more, the collapse of the financial sector will lead to a serious economic downturn. It is already underway with the US, the UK, Europe and Japan going into economic slump, where output will stop increasing, companies will fail and unemployment and inflation will rise sharply.

The politicians are lost in all this. Whether it is a right-wing Republican administration or New Labour, they know not what to do. Indeed, in many ways New Labour has been so tied to the model of American capitalism with its 'free choice' and 'open deregulated markets' that it is even more in denial than the Republicans. In America, they have nationalised the mortgage lenders. In Britain, they just look shocked and babble about the 'worst crisis in 60 years'.

Eventually, capitalism will recover, unless governments come to power mandated to end the rule of capital. But it will recover only by restoring profitability. To do that, many jobs must go and many companies must be swallowed up by richer ones. That process has started in the financial sector. It will continue across the whole economy. □



New Labour: no idea what to do

Mutiny! Invergordon 1931

By Ed Doveton

IN SEPTEMBER 1931, the sailors of the Atlantic Fleet of the British Royal Navy organised an insurrection against the government in response to pay cuts and conditions of employment. Known as the Invergordon Mutiny, it is one of the historical examples of the power of class-based action in response to attacks on living standards.

The story of the Mutiny is also important in that it gives historical testimony to the particular character of the armed forces as part of the state. The concessions prised from the government by the actions of the sailors are illustrative of the significant role that 'armed bodies of men' play as guarantors of the prevailing system. In consequence, the government rushed to placate the sailors and grant their demands in order to prevent this insurrectionary outburst spreading to the country as a whole.

Capitalist Crisis

The context of the Invergordon Mutiny was the crisis of world capitalism, which struck in 1929 and was signalled by the famous Wall Street Crash. In Britain, the 1929 General Election had put the Labour Party in government, under the leadership of Ramsay MacDonald. In contrast to today's Blair and Brown of New Labour, he actually went around talking about socialism; though in substance, MacDonald, and other Labour leaders such as Phillip Snowden, the Chancellor of the Exchequer, and the General Secretary of the National Union of Railwaymen, Jimmy Thomas, were not prepared to lead the fight for socialism. Their philosophy of reform within the system inevitably led to counter-reform when faced with the demands of capital to reduce the standard of living of working people, as the crisis threatened profits.

Bowing to this pressure, the leaders in the Labour Party proposed wide-ranging cuts in the summer of 1931. This included reducing unemployment benefit, the introduction of a means

test, and the cutting 10-20% per cent of the wages of all those employed by the State. The problem for MacDonald was that many Labour Party MPs, including a few in the Cabinet, were not prepared to stomach such an open attack on the working class. In response to this, MacDonald undertook secret negotiations with the leader of the Conservative Party, Stanley Baldwin. The purpose of this was to plot the formation of a government of collaboration between the right wing of the Labour Party, the Conservatives and Liberals. The 'national' government was formed in August 1931 and the cuts were to go ahead.

The response of the state to any resistance by the working class to these cuts was to implement a policy of repression. Earlier in the same month that the mutiny broke out, the police had already brutally attacked a peaceful demonstration of the unemployed in Parliament Square. The press, ignoring the unprovoked actions of the police, ran a media campaign highlighting the arrest of protestors as 'riotous demonstrators'. In truth, the working class were resisting and responding; the months of July through to September had seen a series of demonstrations and meetings, but no riots. Working people were becoming more conscious, and were questioning the logic of a system that had thrown millions onto the dole queues.

The North Atlantic Fleet

It was in this context of a raised consciousness of the working class, that the sailors of the North Atlantic Fleet were themselves faced with the massive pay cuts demanded by the government.

During early September the fleet had been out on sea manoeuvres, and as part of this activity the main battleships and cruisers temporarily docked at Invergordon, a small deep-water port off the north west coast of Scotland. The government cuts had been announced whilst the ships had been away. The sailors were to lose

one quarter of their basic pay.

The immediate response of the sailors was to organise meetings, which started at sea, and began the process where eventually leaders of the Mutiny emerged. However, it was the docking at Invergordon and the chance of the crews to go ashore together that facilitated their ability to meet and discuss in larger numbers.

Following the naval tradition where half the crew of a ship went 'off duty', divided between the port and starboard watches, rumours soon spread amongst the starboard watch sailors about a meeting being held at a local football playing field. This first meeting demonstrated all the signs of working people developing a consciousness of their position. There were arguments to 'wait and see what happens'; others raised the issue of unity and disunity, because some naval ratings were likely to receive less cuts than the others were; above all, they were debating what type of action could be taken.

Aware that they, as the starboard watch, only represented half the crew, it was resolved to have a general meeting the next day, where the other half of the crew, the port watch, could participate. It was arranged that key people from the starboard watch would also be present. In the meantime the government, through broadcasts by the BBC, announced that the cuts that would take place, stating it would be a shilling a day for each sailor. However, the Admiralty and Officers did not confirm the cuts. This created a situation of uncertainty and demonstrated a dithering by the Admiralty, which in turn accentuated the antagonism felt by the sailors. Not for the first time in the course of class struggle the crisis of the system also affected the behaviour of the ruling elite, which in turn became part of the dialectic of the unfolding struggle.

Mutiny and Rebellion

The key meeting took place on the Sunday afternoon, with some of the leaders of the mutiny emerging. One of these, Len Wincott, made key points

in his speech: the pay cut would drastically affect not only the sailors, but also wives and families who depended on their wages. He argued that the sailors were being made to pay for the crisis, while at the same time the government was quite happy to spend tens of thousands of pounds burning oil in North Atlantic sea manoeuvres. He also reminded the sailors that the officer class was living well at the taxpayers' expense, with thousands of pounds spent on luxuries such as captains' personal cars, wine and booze parties. His suggestion was to cut these out: not attack sailors and their families. The solution, Wincott argued, was to fight the cuts by 'refusing duties', or what we call a strike.

The meeting resolved to set up a committee, involving representatives from each of the ships, with each ship having its own meeting to agree to the action to be taken.

The sailors' committee met for the first time on Monday September 14th. But before the meeting could start, an armed patrol attempted to break it up. The officer in charge proved powerless, as the committee and other sailors united together to push them out of the meeting and guard it against further intimidation. At this meeting the sailors resolved to determine whether to strike or not. The method chosen, as so often happens in class struggle, emerged by the men drawing on their own traditions of struggle and organisation, sometimes long forgotten in the shadow of history. They decided to hold a meeting in each ship; if that ship agreed to join the rebellion, they would assemble on the ship's fo'c's'les (the open forward deck) at breakfast, and, as way of a signal, begin cheering. This method directly mirrored and was consciously drawn from the action taken by the sailors of the Spithead and Nore Mutinies in 1797. (see issue 160)

Ruling Class Tactics

The mood was now militant and growing by the hour, as an awareness of their own strength and determination grew. As the men came off shore and headed back to the ships, a few started began to sing a chorus of the 'Red Flag'; they were soon joined by

the hundreds of sailors who filled the returning boats. The officer class were cowed.

As the next morning came, only one ship failed to join in, the battleship *Repulse*, who that morning had steamed out to sea. However, across the harbour the ringing sound of cheering could be heard from the other ships: the mutiny had begun.

The initial reaction of the Admiral in charge of the fleet was to offer words of sympathy regarding the pay cuts. He sent his officers around to try to weaken the resolve of the men, arguing that he would look at individual cases of hardship. The sailors, however, rejected this attempt at divide and rule.

Committee of sailors

By the end of the next day, the committee of sailors had drafted a series of demands. The men demanded a reversal of the pay cut and said that they would continue to refuse to serve under the new rates of pay. These were circulated to the men, to the *Daily Herald* (then a labour movement oriented paper), and also sent to London via one of the officers.

Concerned with the developing situation, the Cabinet held an emergency meeting. They issued their public response through the Admiralty, ordering that the ships move away from Invergordon back to their home ports. They also promised to investigate hardships and that there would be no victimisation. At the same time, should the sailors refuse, they threatened to wield the big stick of the Naval Discipline Act.

This order was designed to disperse the fleet and weaken the resolve of the men, dividing the fleet and putting them once again under the command of officers as they sailed. If the men were to win, it was necessary to resist this demand and continue the united action. This was a crucial time in the struggle, as a series of other tactics, in combination with the Admiralty statements, were used to break the men's resolve. Officers made it known that they had ordered the Marines to load ammunition into their rifles; other officers and non-commissioned officers were used to break the strike and 'get

up steam', preparing the ships to sail.

At the same time, senior officers toured the ships, urging the men back to work and spreading stories that the other ships were returning to normal working. Under these conditions, those men who were less militant and who were wavering argued that the promise of a return to home ports and no victimisation was a success of the action they had taken and that the fleet had 'shown our resolve'. It was a compromise and an argument that succeeded.

Aftermath and Victimisation

But once the ships were back in their home ports, the Admiralty (as in the case of Spithead in the past) broke its promises of no victimisation. They singled out over thirty of the leading militants, ordering them off ship and sending them to be interrogated in barracks. Following the election of the National government in November, these militants, along with some hundred other sailors, were summarily discharged from the Navy.

The split in the Labour Party, headed by MacDonald (who formed the National government in alliance with the Tories) and the lack of a viable alternative leadership prepared to fight on clear class policies, left the labour movement momentarily rudderless. In the face of mass unemployment, it would be several years before the working class began to reassert itself. The militants, radicalised by their experience, went on to join the Communist Party, which for many workers stood as the symbol of resistance against capitalism. However, this too was a false dawn, as the British Communist Party, along with others internationally, was in the firm grip of Stalinist policies. This, through a succession of policy twists and turns, would lead to the rise of the Nazis in Germany and the defeat of the Spanish Revolution - and eventually to World War.

The sailors of the Royal Navy, along with other members of the working class, suffered hardships throughout the 1930s: a consequence of the continuation of capitalism and the need for successful militant struggle. ■

Socialism - Change We Can Actually Believe In

By US Socialist Appeal Editorial Board

IT'S OFFICIAL. Barack Obama is the presidential candidate of the Democratic Party. His rapid rise to national prominence and eventual nomination have left millions of American workers and youth dizzy with hope for real change. Many have lamented or attempted to justify his shift to the right since he won the nomination (a shift from the so-called "center" of U.S. politics as he has never been on the "left"). But few have drawn the logical conclusion from this: that as we have explained time and again in the pages of Socialist Appeal, Obama does not represent real change and is organically incapable of changing anything fundamental. How could he? He is a Big Business politician and he will defend Big Business' interests.

Big Business

It's understandable that so many people see in him what they would like to see. But the serious bourgeois press has a far more sober approach. They know that both Obama and McCain are stuffing their pockets with millions from Big Business as they prepare to take the helm of the most powerful economy and imperialist war machine in history. There is a lot at stake in these times of crisis; above all, the profits of corporate America and the very stability of the capitalist system.

According to the Wall

Street Journal, Obama's changing rhetoric is an admission on his part that the "conservatives are right" on most issues. The Journal then concludes that whether it's Obama or McCain, it will in effect represent a third term for Bush. And who would know better than the leading mouthpiece of American Big Business?

McCain

The smarter elements of the ruling class understand that it is probably in their interests that Obama win. Just as Bill Clinton was able to charm his way into dismantling the social safety net while pursuing an aggressive foreign policy, someone like Obama would likely be better able to contend with the economic, social, and political crisis threatening the system. A McCain victory would mean an instantly emboldened anti-war movement and even greater disillusionment with the two party system.

After eight years of Bush's disastrous policies, Obama should be able to wipe the floor with the incumbent party's candidate. In the early days of his campaign, he demagogically reached out to the millions of workers and poor who want quality jobs, universal health care, education, affordable housing and an end to the war, leading to the wave of "Obamamania" that swept the nation and even the world.

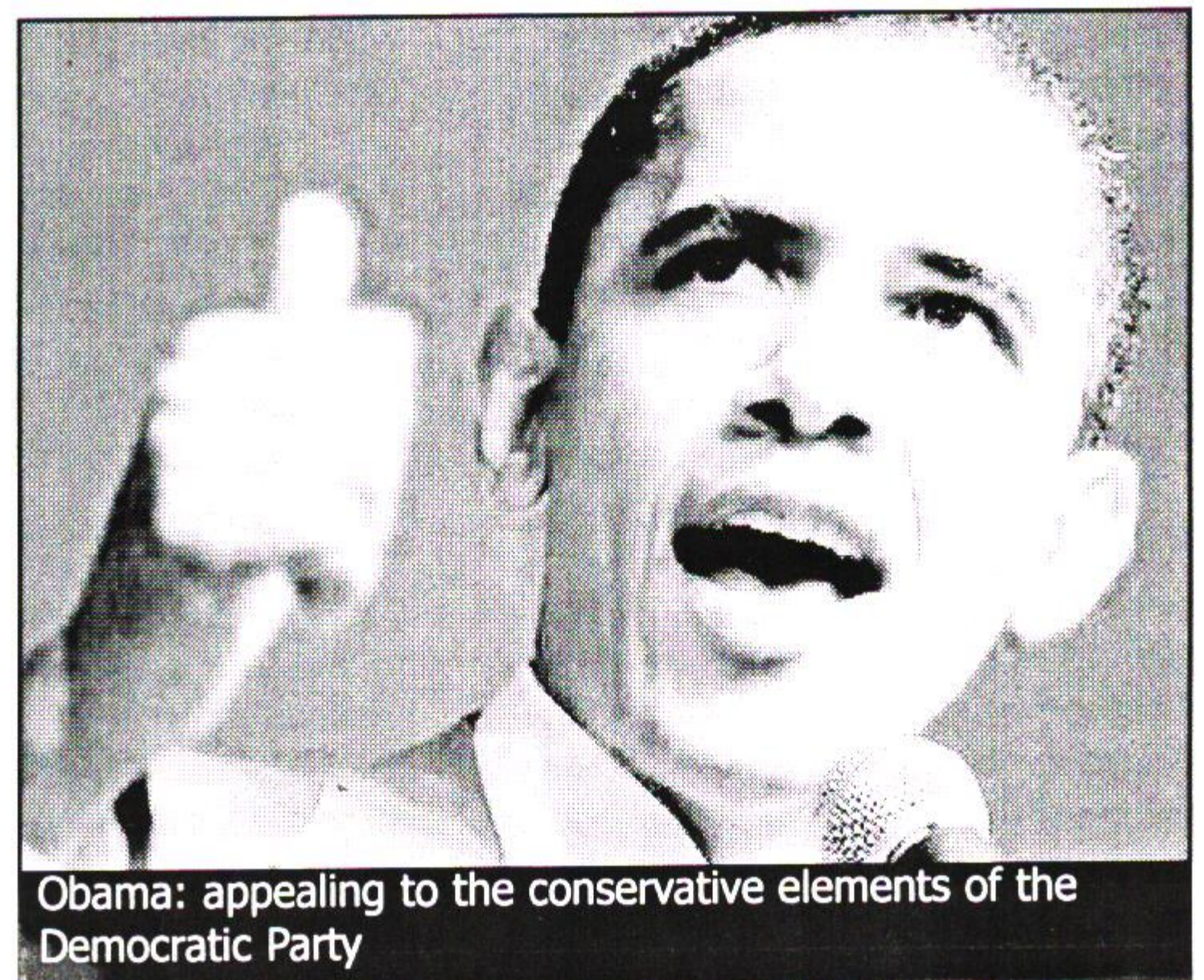
Obamamania

However, Obama's true colors are now coming out, and he appears to be focused on winning "the center," of appealing to the most conservative elements of the Democratic Party and Independents. If he continues this approach, then the election will be decided on questions of "morals," "character," race, and personality. If this is the case, Obama may well lose the election. In fact, some polls show that McCain has made gains on Obama's lead, and one poll, conducted by Reuters/Zogby, showed McCain ahead by 5 percent.

The fact is, the two main capitalist parties are so similar, even on the surface, that voters have little incentive to vote for one or the other, except when it comes to secondary "moral" and social issues. For example, it was rumored at one point that Obama might pick

Republican Senator Chuck Hagel from Nebraska as his running mate (not that Joe Biden's policies are that much different at root). And Joe Lieberman, former Democratic vice-presidential candidate in Al Gore's failed 2000 bid, spoke at the Republican National Convention. Many Hillary Clinton supporters have made it clear that they would rather vote for McCain than Obama, and during the primaries, many Republicans said they would prefer Clinton to McCain.

Perhaps the American novelist and political commentator Gore Vidal said it best way back in 1977: "[T]here is only one party in the United States, the Property Party ... and it has two right wings: Republican and Democrat. Republicans are a bit stupider, more rigid, more doctrinaire in their laissez-faire capitalism than the Democrats, who are cuter, prettier, a bit more corrupt - until recent-



Obama: appealing to the conservative elements of the Democratic Party

are cuter, prettier, a bit more corrupt - until recently... and more willing than the Republicans to make small adjustments when the poor, the Black, the anti-imperialists get out of hand. But, essentially, there is no difference between the two parties."

Change

Nonetheless, the thirst for change runs deep. A recent report on campaign contributions by active duty servicemen and women both overseas and at home, shows that they have a definite, albeit contradictory, anti-war and anti-"business as usual" leaning. Obama, who despite his real policies is perceived by many as being more "anti-war," has received six times more in contributions from soldiers than McCain, the "decorated veteran." Republican Ron Paul, whose anti-war sentiments stem from a conservative, libertarian perspective, received 4.5 times more money from military personnel than McCain. It is clear that those actually doing the killing and dying in the "war on terror" are looking for something different.

Third party

And according to a poll by the Pew Research Center for the People and the Press, a majority of U.S. adults, 56 percent, are in favor of a third major political party. This, despite the current lack of a truly viable third party with a nationwide presence. With the approval rating of the Democratic-controlled Congress at just 9 percent, it's no wonder so many people are open to the idea of a new party. This underlines the tremendous potential for

a mass party of labor in the U.S. And still, the unions continue to pour millions of dollars into the failed strategy of "pressuring" the Democrats into defending workers' interests.

But how can a party headed by a handful of millionaires and billionaires fight in the interests of the working class majority? How can McCain, who along with his wife is worth some \$100 million, and Obama, whose 2007 tax returns showed an income of \$4.2 million, know anything about the problems faced by working people?

The Consumer Price Index, a key measure of inflation, has jumped by 5.6 percent in the year since July 2007, the worst increase since the Gulf War in 1991. Meanwhile unemployment figures continue to mount while food and fuel prices soar. Although prices will likely ease as summer comes to an end, the damage has been done. Millions of workers have suffered while billions in profits were made.

Cynthia McKinney

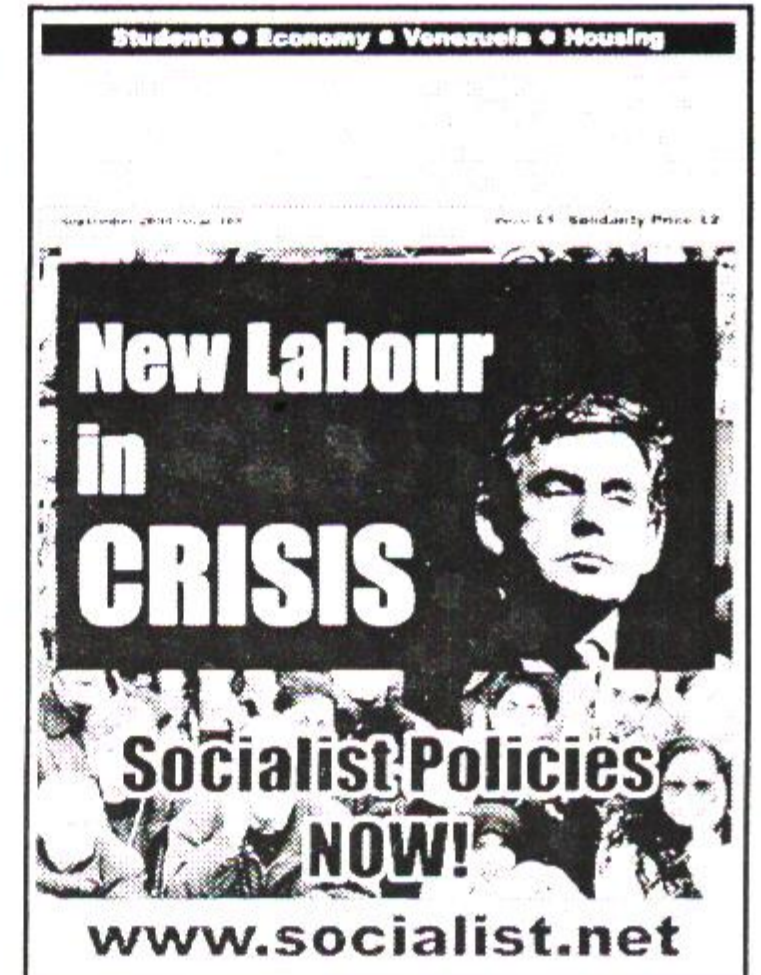
The WIL supports Cynthia McKinney's "Power to the People" presidential campaign as an example of what is possible outside the narrow limits of the two bosses' parties. But what U.S. workers and youth ultimately need is for the unions to break with the pro-capitalist Democrats and the building of a mass party of labor, fighting for a socialist program. In the final analysis, only the socialist transformation of society can put an end to the war, racism, inequality, poverty, and misery that are part and parcel of the capitalist system. Now, that's change you can believe in. □

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There Will Be Blood/Oil!

Reviewed by Mark Turner

The poster for this film says that it is based on Upton Sinclair's 1927 novel. Socialists, and lovers of American literature, should be grateful to Anderson for being responsible for Sinclair's novel being back in print and in the shops. But not for much else. Indeed, I would advise anyone who has read and enjoyed 'Oil!' to steer well clear of the much lauded film.

Sinclair, made a socialist by being exposed to extremes of wealth and poverty during his youth, was one of a clutch of socialist 'artists'; writers and journalists like Max Eastman and John Reed who made powerful artistic works driven by a passionate anti capitalism and commitment to socialist ideas.

In 1927 he wrote 'Oil!', ostensibly about the close relationship between a rapacious independent oilman, J Arnold Ross, and his son, Bunny. The novel is rich in its portrayal of family tensions and emotions, with a depth that ensures the main characters are never less than believable. They are far more than symbols or ciphers for the class conflict which plays out around them. But the main narrative drive of the novel is the conflict between the capitalist class, as exemplified by the oil companies, and the workers, in unions and socialist parties.

Bunny

Bunny, born into a world of privilege, mixing with the bourgeois and Hollywood stars of Southern California, finds himself impressed with the poor and intellectually superior Paul, who first tips the Rosses that there may be oil on his family's land. Paul fights for his own education after running away from his religiously overbearing father, and through a mixture of study and experience becomes a socialist. Paul returns to work for J Arnold Ross on the oil fields at his family ranch, but inevitably becomes a trade union agitator and leads a strike, gets arrested and imprisoned. J Arnold indulges his son and repeatedly bribes and bails

Bunny's ever widening circle of working class socialist activists out of jail. As J Arnold's oil empire grows he inevitably becomes more embroiled with the oil employers' association, led by the major players, and his natural sympathy for the 'working stiff' is severely put to the test. He also becomes involved with the oil companies' covert campaign to 'buy' the Presidential elections. Bunny's socialist ideals do not sit well with the playboy lifestyle he leads and increasingly he leads a dual life, part time socialist journalist (his dad gives him the money to set up a socialist newspaper!) and part time famous playboy.

Bolshevik

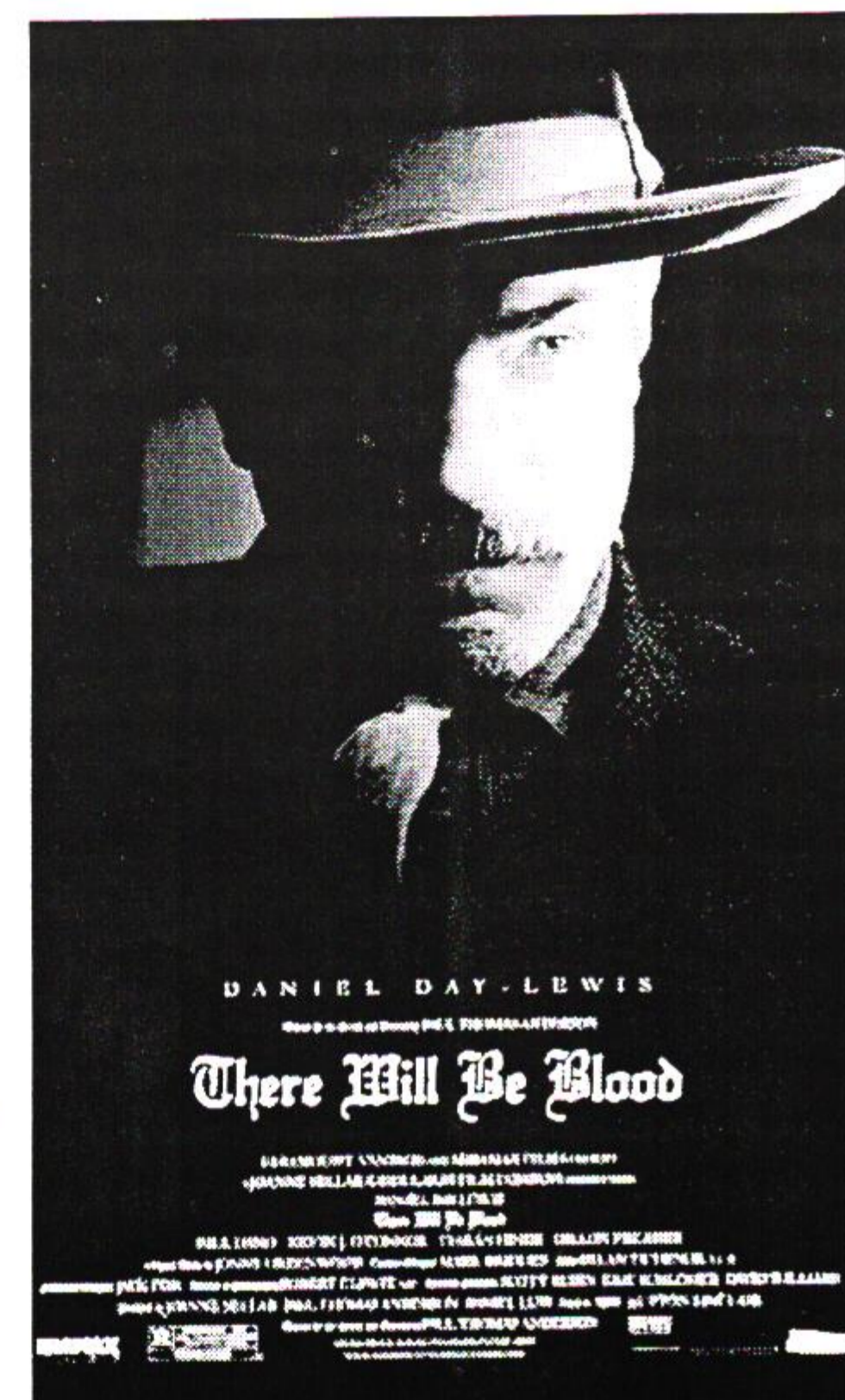
Paul (who, like Upton Sinclair himself, initially opposed US entry into WWI on internationalist grounds; but for a while reversed his position) becomes politically disorientated by the First World War and enlists, only to find himself used as one of the international forces sent to support the forces of reaction in Russia following the 1917 revolution. Following his harrowing experiences Paul becomes a committed Bolshevik agitator. Bunny is sympathetic but would he be able to completely break with his bourgeois background and reformist friends to join him?

But if you think you'll rush down the video store and get out a socialist film classic when you rent 'There Will Be Blood', forget it. Imagine if Mario Puzo's 'The Godfather' had been made into a film about an ordinary middle class American Italian family, who lead normal law abiding lives. That's how similar this 'adaptation' is to Oil! To turn a socialist epic into a frankly ridiculous two dimensional story, which even fails to demonstrate any psychological cohesiveness is an abuse of the original novel. Asked why he bought and read 'Oil!' Anderson admits that he was feeling homesick and the book had a painting of Southern California on the cover!

In the novel, J Arnold Ross (called Plainview in the film) is a kindly specu-

lator, hard but fair, who loves his son and is prepared to support him even when he personally stands to lose out. The novel explains the processes and tendencies that place pressures on even well meaning capitalists and his respect for Bolshevik Paul cannot prevent him from falling in with the strategies dictated by his class interests. In the film the character is simply a greedy misanthrope, a murderer in fact. Whereas the evangelical revival and religion is exposed and satirised in the novel, Ely, the preacher of 'The Third Revelation' is actually a sympathetic character in the film. There is no politics, no mention of unions, no Paul, except for a very brief appearance in the beginning. Whilst Day Lewis creates a character somewhat like the one in the novel, and the scenes at the beginning are similar to the book, none of the main themes appear and what is left is a shallow film with an increasingly over the top, personification of evil by Day Lewis.

Do yourself a favour - if you are in the mood to speculate, the film is a dry well, but read the book and you will strike a rich vein. □



Flat Earth News

Reviewed by Ian Aylett

THIS IS a really valuable book for socialists. Ironically its strength, as well as its weakness, is that it's not written from a 'political' position.

Nick Davies is an established and excellent investigative reporter. He writes from the point of view of a practitioner defending professional standards, seeking to explain, within those terms, why so much British journalism is so wrong.

Y2K Computer Bug

Davies begins with the tale of the media's massive millennium story, the Y2K computer bug that never happened, and ends with a chapter exposing the methods of the 'Daily Mail'. A lot of his material is not directly political, which contains an important political lesson in itself.

Marxists spend a lot of our time reading the media inside out - picking out and reconfiguring what we take as hard information within the stew of bourgeois ideology. And sometimes it is clearly possible to simply reverse the message.

When the news reports a strike we simply reverse the meaning from bad to good. From 'scandalous disruption of normal business' to 'workers defend themselves'. No problem. We know for instance that pro-capitalist commentators will always emphasise the good economic news, there are a host of pressures on them to do so. So when the bad news reaches the front page we feel confident that it's true - and probably worse

than they admit.

There is no shortage of debating and agitating material here, especially on the Iraq war. My favourite is a brilliant chapter on how the usually liberalish 'Observer' was turned into Alistair Campbell's personal newsletter. It is especially apposite given the then Editor, Roger Alton, has just been appointed Editor of the anti-war 'Independent'.

Churnalism

That doubly journalistic expose however captures some of the limitedness of Nick Davies' approach. There was no comparable comedy double act at sister liberal paper 'The Guardian'. But unless my ageing mem-

ory deceives me, that august journal also supported Blair's disastrous Iraq adventure. As they did the right wing's wrecking gang of SDP four in splitting to sabotage a leftward moving Labour Party in the early 1980s. Moreover, 'The Guardian' is not a conventional private or public company driven by profit or share price. There is something more going on here.

Commercial Pressures

Most of the reviews have concentrated on Davies' clever new word to describe contemporary news reporting - Churnalism. His description of the cost cutting, corner cutting methods imposed on journalists by rampant big business helps explain why, whenever you

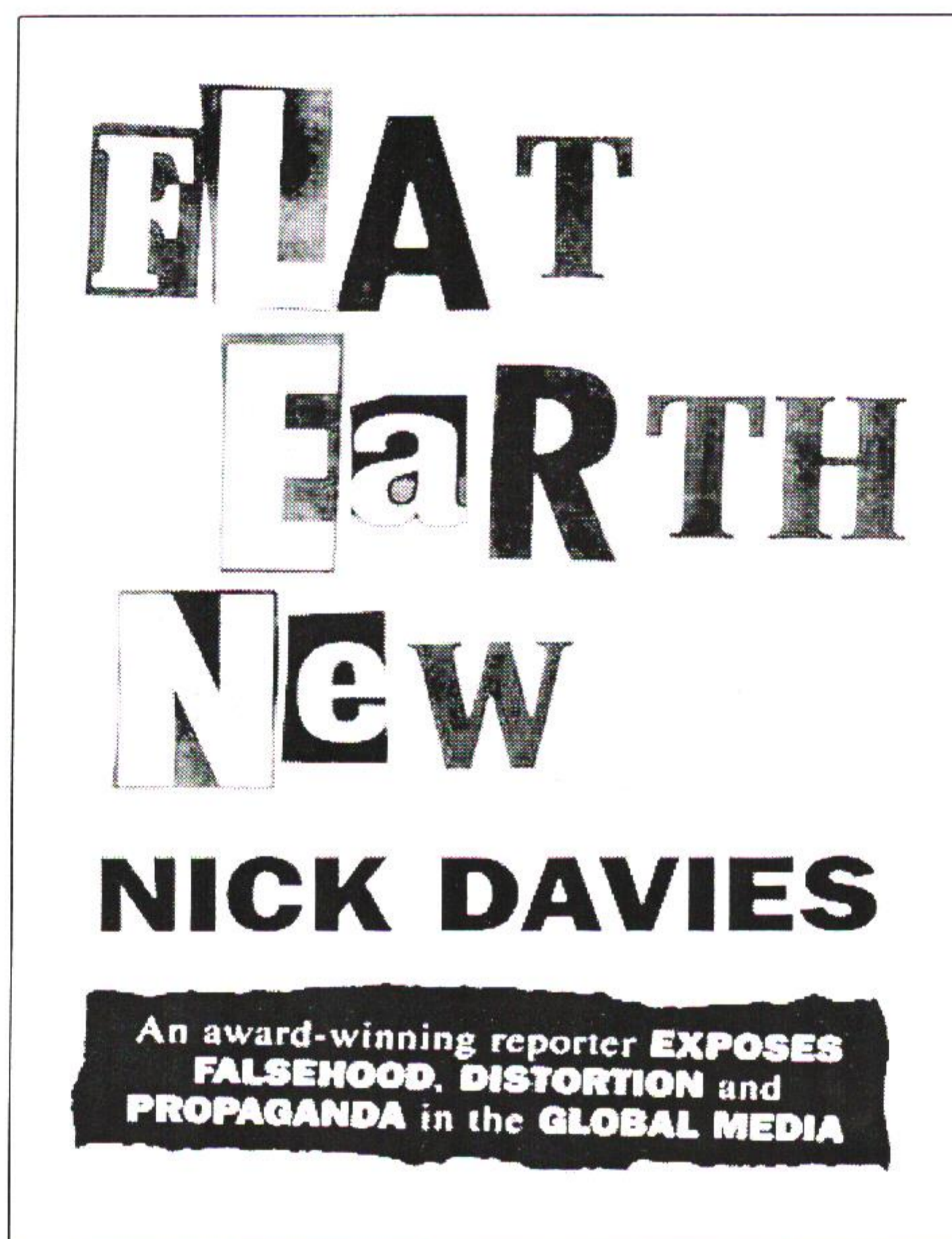
know the inside story personally, the reporting is invariably inaccurate for no obvious reason.

Davies' argument is that the basics of honest accurate reporting have been destroyed by commercial pressures. This has allowed the flood of partisan press releases and public relations companies to poison the well of accurate news. Internationally, the same cost cutting means that a handful of press agencies provide the mass of international news from a tiny number of reporters so that is equally partial, partisan and inaccurate. Overall, the basic journalistic practices of fact-checking and double-sourcing have been undermined or abandoned.

Run cheap stories

A chapter on 'The Rules of Production', with headings like 'Run cheap stories', 'Select safe ideas' and 'Give them what they want' generalizes his theme somewhat. It is all valuable in giving socialists a much better grasp of the mechanics by which the news media distort and misrepresent. But he also invokes a 'good old days' which, in my view, is dangerously misleading.

Good as this book is; maybe not eighteen quid's worth but definitely a must buy in paperback; it lacks both a theoretical foundation and a programme for change. I think Marxism already provides the basics for both. But we should honestly admit that there is work to be done. And Nick Davies has made a valuable contribution, which we can make much use of. □



Iran: Nine Vahed bus drivers sacked



NINE MEMBERS of the Trade Union of the Vahed Bus Company of Tehran and Suburbs have been sacked for taking part in the strikes of December 2005 and January 2006 at the Company's depots. This was in accordance with the ruling of the Labour Discipline Committees and was also approved by the Workplace Justice Tribunal.

This ruling was first issued by the Labour Discipline Committees. After the workers' appeal it was referred to the Workplace Justice Tribunal which then revoked the ruling for just one person, Nematollah Amirkhani, but upheld it for all the others. The verdict against Nematollah Amirkhani, who was to have been sacked, was revoked in the Workplace Justice Tribunal and referred to Tehran Province's Workplaces' Arbitration Committee. The Committee, with the recommendation of the Labour Ministry, decided that Amirkhani should receive a lump sum as severance pay and be made redundant. According to Saeed Torabian, one of the leading organisers of the union, this will be a compulsory redundancy.

Saeed Torabian also said that these cases did not follow the due process of the law. "After the sacked workers received their verdict from the Workplaces' Arbitration Committees they referred it to

the Workplace Justice Tribunal ... Since May 2007 around nine of our trade unionist friends have been sentenced to be sacked by the Workplace Justice Tribunal." He added that "... in 2006, when the Labour Discipline Committees passed the sacking sentence against the trade unionist workers, the Committees were not registered at the Labour Office. Because of this, in May 2008 we were able to get a letter from the Labour Ministry [confirming] that the Labour Discipline Committees that passed this ruling were not registered at the Ministry. ... we will [now] refer our complaint to the Workplace Justice Tribunal ... that the Committees that sacked the workers were illegal, and hope that our pursuit [of this issue] has a good outcome and a verdict [that is] legal and just to the workers is passed."

At the time of the strikes during the winter of 2005-06, Article 27 of the Islamic Republic of Iran's Labour Code specified that before a worker can be sacked the boss has to give him or her at least two written warnings and that the Islamic Labour Council in the plant has to agree to the dismissal. Last year the Ahmadinejad government amended this article so that there is now no need to get agreement from Islamic Labour Council. □

**Iranian Workers'
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Pakistan:

by Lal Khan

THE PAKISTAN economy looks like a basket case. But somebody's doing well. It's Asif Ali Zardari, the new President of Pakistan

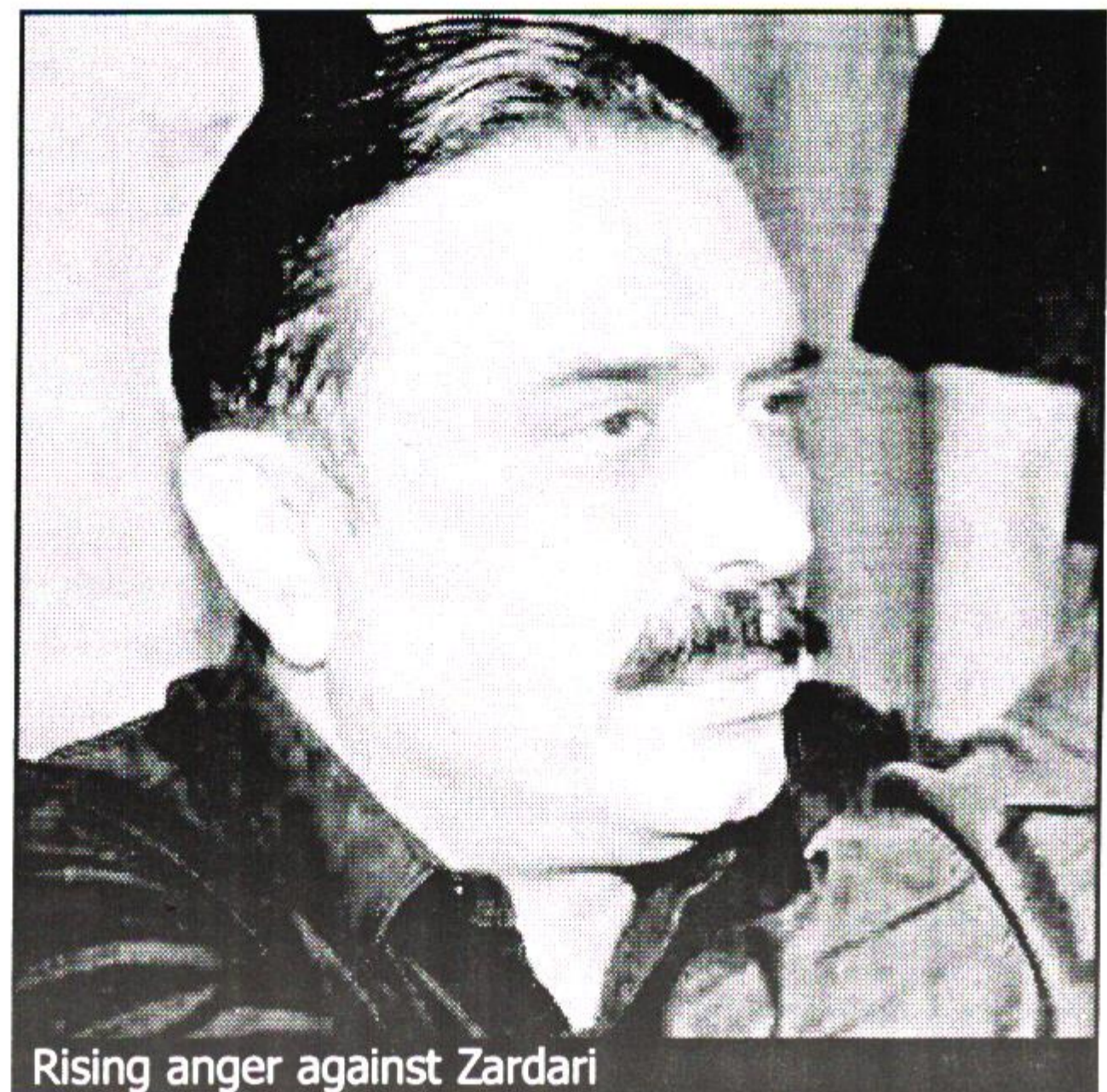
Zardari the leader of the Pakistan People's Party, has just got \$60 billion unfrozen from one of his several Swiss bank accounts through the NRO (National Reconciliation Ordinance). As soon as he got his hands on this money and other properties like his palace in Surrey, he ditched Musharraf. In reality the former dictator was already finished for quite some time. Now Zardari is the President of Pakistan and most analysts are of the view that he will retain the dictatorial powers Musharraf had enacted through the 17th constitutional amendment.

Zardari

Let us recall that Zardari, Benazir Bhutto's widower, was the man who killed off the movement that erupted on October 18th 2007 and went into an explosive phase on 27th December when Benazir was assassinated. This movement was diffused by a meticulously crafted democratic counter-revolution and the results of the February 18 elections, which were tailor-made by the strategists in Washington. The US ambassador in Pakistan is acting as a Viceroy who even puts the British viceroys in colonial India in the shade. She decides everything and the right wing PPP leaders are slavishly carrying out the dictates of imperialist institutions.

Devastation

The masses are in a state of shock and distress. There is a rising anger against the new government, and especially Zardari, as a result of the devastation



Rising anger against Zardari

Rulers playing games - masses suffer

being inflicted upon the masses by the present rulers. The masses hate the ruling clique. They hear about the lavish lifestyle of Zardari and his camarilla of toadies in Islamabad and compare this with their own living standards. There are sporadic explosions by the workers. Two months ago the PTCL (Telecommunications) strike was defeated through an extreme treachery of the "left" PPP leaders who were working at the behest of Zardari to break this strike. Then there was a violent uprising of the Faisalabad textile factories where the workers burnt the offices of the bosses for no payment of wages for several months. And there are spontaneous but sporadic uprising of workers elsewhere. The masses are in desperate need of flour, which has gone up in price by 300% and still being hoarded for even higher profits by the capitalists.

As a result the discontent and the anger of the masses is rising. The PPP is now an empty shell. The activists have left in droves and the sycophants and boot lickers of Zardari now rule the roost in the PPP. The crisis within the ruling classes and the state is rapidly sharpening. The ruling coalition has split. The bloody civil wars in the North West Frontier are taking their toll on the army. There is severe anxiety and distress within the army. But even if the army intervenes it will solve nothing. Hence the Americans are putting pressure on the army not to intervene.

Washington

The fact is that Washington has never had such a slavish regime in Pakistan as the present PPP government. They are more obedient than even their masters could wish. The fundamentalists are in decline. The nationalists are in disarray and seeking the support of US Imperialism to get their share of the plunder that is being extracted from Pakistan.

PPP

Despite this, it was absolutely necessary and correct to give critical support to the PPP as the expression of

the revolt of the masses against the Musharraf dictatorship. Not to have done so under those circumstances would have been to cut ourselves off from the mass movement of millions of workers and peasants who were mobilized under the banner of the PPP. All the other so-called Left groups in Pakistan failed to understand the way in which the masses would move and therefore were left high and dry by the movement of events. Only the Marxists of The Struggle correctly estimated the situation and were able to intervene in it successfully.

Musharraf

As always the policy of the ruling class towards the PPP government is: use and discredit. They want the PPP leaders to do all the dirty work for them, carrying out a policy of cuts, sackings, increased prices and privatisations. Then, once they have done all this, in the process alienating millions of workers and peasants, the ruling class will cast them aside like a dirty dishrag, preparing the way for an even more reactionary right wing government. That is why Nawar Sharif left the coalition early on. Sharif wants to leave all the dirty work to the PPP leaders, while he sits back comfortably in opposition and waits for power to drop into his lap.

Split in coalition

Apart from the splits in the coalition there is a rising dissent among the ranks of PPP and the masses that orientate towards it. There will be major crises and splits in the PPP in the coming period. The workers and Party activists will revolt against those leaders who once again have led the Party to an impasse. In this inevitable struggle the Marxists will stand firmly with the workers and the rank and file and against the bureaucracy and the right wing. In order that the PPP should purge itself and become an instrument fit for transforming society a break with the right wing, the corrupt elements and careerists and pro-bourgeois elements is absolutely necessary. These elements must be vomited out

in order for the PPP to advance.

Struggle

The Marxist tendency can make big gains among the masses that support the PPP. But the prior condition for our success is that we remain as an implacable left opposition to the policies of the PPP leadership and also those so-called "lefts" who are disgracefully acting as a left cover for Zardari and the right wing. These elements play an even worse role than the open right-wingers because they confuse and disorient the workers. Just as we wage an implacable struggle against sectarianism and ultraleftism, so we must wage an even more implacable struggle against unprincipled opportunism and careerism. Our slogan is: no deals, concessions or rotten compromises! No mixing up of banners! Down with class collaboration politics! The PPP must break with the bourgeoisie and carry out a socialist policies contained in its original manifesto!

Mild reaction

We know that in the short term we face great difficulties. The objective situation may be characterised as a period of mild reaction. The revolutionary wing is obliged to swim against the tide. We seem to be isolated. But that is only a superficial appraisal. In reality, great revolutionary events are being prepared and our forces are being prepared to intervene decisively in these events. Paradoxically in this situation, despite all the difficulties, a revolutionary tide can erupt with a greater intensity - perhaps even on the higher plane than 40 years ago in the Revolution of 1968. If the Marxist forces are prepared both quantitatively and qualitatively they can lead this movement to a victorious revolutionary conclusion.

Under the rule of a rotten, corrupt and degenerate bourgeoisie, Pakistan is now sliding towards the abyss of barbarism. The victory of socialism is now the only solution for this crisis-stricken nation. □

As the reactionary coup

by Jorge Martin

THE SITUATION in Bolivia remains one of confrontation between the oligarchy, backed by U.S. imperialism on the one side, and the masses who support the Evo Morales government on the other. We saw a reactionary offensive of the oligarchy in Santa Cruz and the other departments in the East of the country, where they control the regional prefects - a coup attempt.

On Thursday, September 11, at least 30 people were killed and 50 were injured in clashes in the department of Pando. A group of peasants was travelling to Cobija, the department capital, to attend a mass meeting called to organise the resistance against the right wing offensive. They were intercepted by a group of employees of the regional prefect, travelling in a car belonging to the road maintenance service, and armed with assault rifles. "They killed us like pigs, with machine guns, rifles, hand guns. The peasants were only carrying sticks and slingshots, we did not have guns. After the first shots, some ran to the Tahuamanu river, but they followed them and shot at them". This, according to Shirley Segovia, a peasant leader in Porvenir

Meanwhile, in Santa Cruz, armed gangs of the fascist Union Juvenil Cruceñista (UJC) attempted for the second night to take over the main public squares in the 300,000-strong working class neighbourhood of Plan

3000. Throughout the night there were running battles, but the UJC was repelled by the people of Plan 3000. Comrades present report that although the people in the neighbourhood heavily outnumber the UJC thugs, the problem is that the UJC are heavily armed with tear gas grenades, bullet proof vests, assault rifles, machine guns, pistols, etc.

Santa Cruz

We have also received reports from Santa Cruz that local MAS leaders dissuaded the workers and peasants of San Julian (the department's second largest city and a stronghold of the MAS) from marching to the capital Santa Cruz to counter the fascist gangs. The argument was that "we should not fall for provocations", "what the prefects want is for people to die so they can have their martyrs", etc.

A large number of public buildings - airports, radio and TV stations and so on - have been taken over by reaction in the last few days: in Santa Cruz, Cobija, Beni, Tarija and Sucre.

In most of the cases, police and army units that were protecting these buildings were overrun by the violent gangs of fascists, because they were under strict orders not to shoot and not to use violence to protect them.

The mood in factories and peasant communities throughout the country is

one of rage and at the same time impotence, as the oligarchy is allowed to attack government offices, social organisation offices, airports, gas fields, border crossing points, etc., with no response by the government. They are seething with discontent, but no lead is being given. A number of mass organisations in El Alto, Cochabamba and other parts of the country are calling on the government to declare a state of siege and use its powers against this "slow motion" coup. A national march on La Paz is being planned but that might be too late.

The government's inaction, and even in some cases its stopping of the initiative of the masses, could have the effect of demoralising the workers and peasants who support it.

Military coup

Vice-president Alvaro García Linera correctly characterised what is happening in the country as a "civic bosses' coup" and called on Bolivians to remain vigilant to "defend democracy and national unity". The problem is that he did not explain how the Bolivian masses are supposed to "defend democracy". As we have seen in the massacre in Pando and the clashes in Plan 3000, the unarmed masses can do little against the heavily armed gangs of fascists.

Once again, government ministers are calling for respect for the rule of



**Hands Off Venezuela
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Matt Wrack, General Secretary FBU

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NUJ**

John McDonnell MP

Alan Woods, author.



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unfolds, action is needed

law, for the judges to implement the laws and the prosecutors to prosecute those who break them. But these are just words when the oligarchy is tearing up the law in defence of their interests.

To add to the confusion, at the same time that several government ministers rightly blamed the deaths and the violence on the prefects of Santa Cruz, Pando, Beni and Tarija and the civic committees, others called again for negotiations, and a meeting with the prefect of Tarija has been set up for today, Friday, even putting a government plane at his disposal so that he can go to the capital La Paz.

In Beni, the regional army command has signed a truce with the regional prefect. The agreement involved the army withdrawing from the public institutions they were protecting (!!), while the prefect agrees not to take them over.

Zig-zags

This situation of constant zig-zags by the government is creating the feeling that power is slipping away from its hands. This is very dangerous. Amongst the military officers, many of whom are opposed to the government anyway, there is already talk of the need for a coup to restore law and order. From their point of view, the institution of the military has been humiliated, having been over-run by civilians, while carrying out their duties loyally. How can they continue to obey a government that seems to be giving up ruling the country? This is probably what many think already.

That a military coup is being discussed is also clear from Hugo Chávez's statement on Thursday night. After revealing that a coup plot had been uncovered in Venezuela and making an appeal for mass mobilisations, he said that in solidarity with the Bolivian people and government he was also expelling the US ambassador in Venezuela and recalling the Venezuelan ambassador in Washington. He then added a warning to the Bolivian military. He said: "Any movement by the oligarchy, the yan-

quis, or the army to overthrow the Bolivian government or kill Evo Morales, would give us carte blanche to intervene and support any armed movement to restore the people in power".

COB

A plan of struggle is needed

The national enlarged meeting of the COB trade union federation (its national leadership and representatives from all regions and unions) is taking place in La Paz, and they will report back on their decisions at similar meetings in all departments tomorrow. This is a crucial meeting.

In the present situation, a clear plan of struggle is needed. The COB should organise for an indefinite general strike, the holding of mass meetings in all cities and towns, the setting up of Popular Assemblies (committees of action) and the creation of self-defence organisations based on these assemblies. It should call for and implement the immediate arrest of all those involved in the violent and illegal activities of the last few days, and mobilize to expropriate of the property of the oligarchy.

Oligarchy

The onslaught of the oligarchy can only be stopped by the action of the masses in the streets, but they must be armed. 35 years ago, a few days before the military coup in Chile, a million workers marched in Santiago, demanding weapons to defend against the coup that everybody knew was coming. Salvador Allende believed until the very last minute that the army and the oligarchy were going to respect the democratic institutions. As a result, he was assassinated along with thousands of workers, peasants and youth. The country was plunged into decades of ferocious dictatorship. That should be a powerful lesson.

Evo Morales and Garcia Linera have correctly identified the threat as a "civic bosses' coup", but now they should act accordingly. They received the support of 67% of the vote in the

recall referendum on August 10th. More than 2 million Bolivians support them and the idea of a fundamental transformation in the country. The oligarchy is only a minority, but they have economic power, weapons, links to the military and support from imperialism. But even with all of these things in their favour, they can only control the streets and appear strong because of the inaction of the government and the leaders of the mass movement.

Government inaction

If Evo Morales were to issue an appeal to the workers and peasants to come out in the streets to smash the counter-revolutionary conspiracy, the coup plotters would flee. Nothing could stop the mobilized masses. He should give immediate orders to arrest the coup conspirators. If the police and the army refuse to obey these orders, he should appeal to the rank and file soldiers to put their officers under arrest, distribute arms to the workers and peasants and carry out the arrests themselves. He should issue a decree for the immediate expropriation of the property of the coup plotters and appeal directly to the mass organisations of workers and peasants to carry it out. And if the government is not prepared to do so, then the COB must take the initiative.

The coup attempt has failed, for now. They did not manage to take power and were starting to provoke a massive response on behalf of the workers and peasants.

The situation is still very dangerous. This is no time for words or negotiations. This is the time for action, to put an end once and for all to the power of the oligarchy. There is no time to waste.

No coups in Bolivia or Venezuela!

**No to U.S. interference!
Defend the Bolivian and Bolivarian revolutions!**

Smash the counter-revolutionary oligarchy!

Forward to socialism! □

The tension rises

by Terry McPartlan

PLATE TECTONICS is a wonderfully simple explanation of the way that deep underlying thermal currents deep within the Earth slowly push the continents around the world like a bits of a toddler's 6 piece jigsaw. It happens imperceptibly an inch at a time and isn't obvious at ground level, but from above its obvious how far the continents have moved over time.

The trade union movement behaves in a not dissimilar fashion. The heavy weight of the trade union bureaucracy sits on top of the movement and most of the time holds back the anger and militancy of the active layers, arrives at cosy deals with the employers and appears immovable and in some case utterly dead from the neck up. But, like the earthquakes and tsunamis that wreak havoc on the people who live along the faults and plate boundaries of the earth's crust, the pressure from below is inevitably manifested on the surface. It doesn't unfold gradually either but in an explosive way.

Cosy relationship

Leon Trotsky explained that the nice cosy relationships of the trade union leaders, even with the bourgeois state tend to breakdown on the basis of the pressure from below. In the current climate in Britain the relations between the trade union leaders and the Labour government are clearly under strain. To use the same analogy as before you need only look at the 130 resolutions and demands that were brought to the Labour Party National Policy Forum in July and compare it to the chorus of demands to "not rock the boat" throughout the Blair years, at which time it was a case of "unity at all costs". There is an ocean of difference between that position and the resolution from the Prison Officers Association at the TUC conference for a series of one day general strikes until the anti trade union laws were repealed. Reports that we have received indicate that at least one of

the major union delegations voted to support the resolution, but weren't able to lay their hands on their block voting cards, which had mysteriously disappeared! The vast majority of demands that were raised were straightforward basic stuff, the right to secondary action, improving the minimum wage and so on. Each demand reasonable and "moderate" even, but taken together they represent a big change.

Fault lines

It doesn't require a seismograph to work out what's going on now. The 130 demands that were taken to the Policy Forum represented the collective aspirations of hundreds of thousands and millions of workers and their families. At the time of writing financial markets are in meltdown. There is a huge uncertainty in workers minds about the future, and this has accentuated and sharpened the debate within the trade union movement. Inevitably this process found its way onto the floor of the TUC conference. There is always a lag between the real situation on the ground and the final agenda for the conference, the delegations are elected well in advance and the resolutions are composited and amended along the way. But the fault lines are there and the pressure from below is building up; as the BBC explained:

"Delegates were angry that public sector pay appeared to be blamed for rising inflation. Mr Darling said oil and food price rises were the main cause, but oil prices had fallen and inflation was forecast to come down next year.

"That is why it would be so damaging for us to allow inflation to become entrenched here as it did in the past.

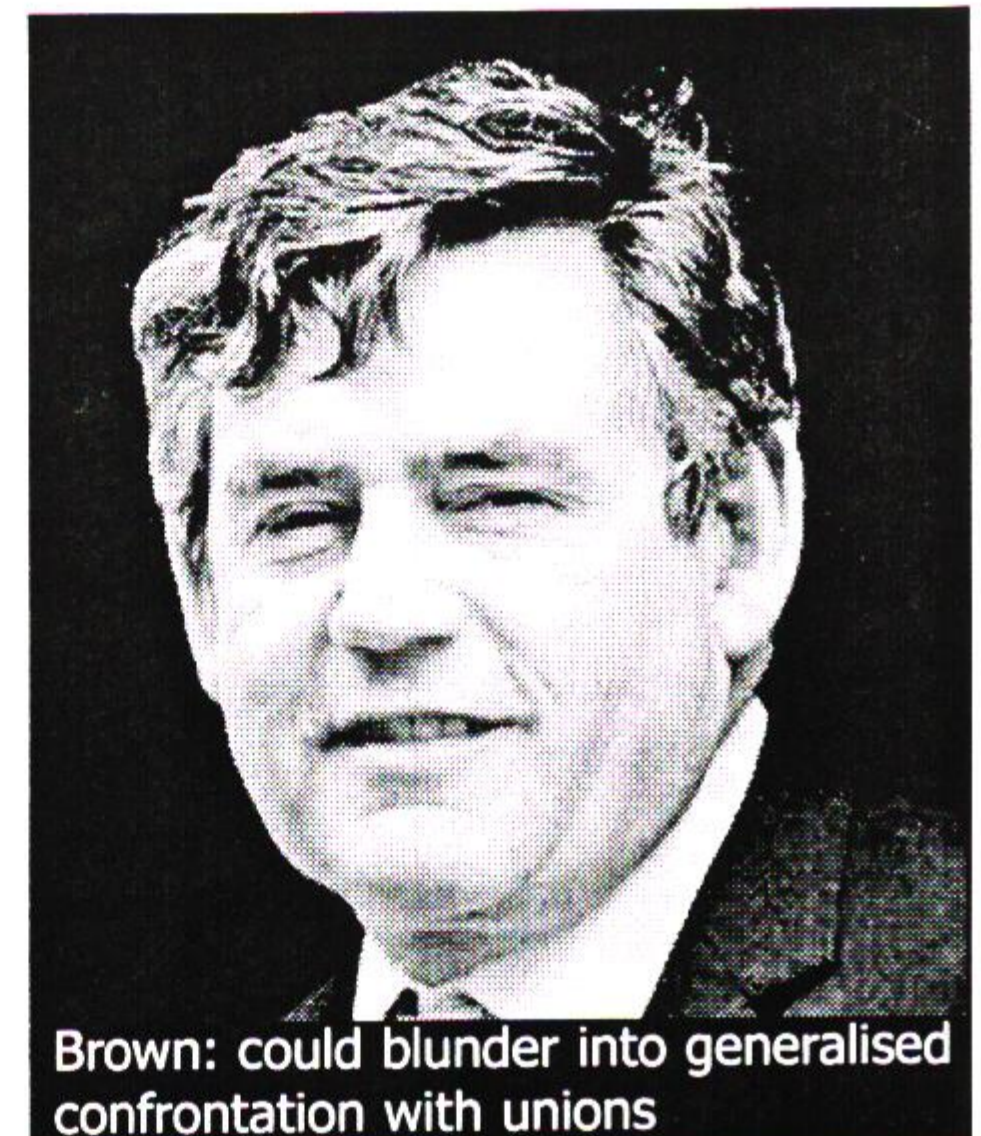
"Which is why in the public and private sectors pay rises must be consistent with our inflation target because otherwise every penny in pay rises will be quickly swallowed up in higher prices"

He agreed times were "tough" but said families and businesses would

face even tougher times if "we were to throw away the stability" the government had built up."

Class struggle

A policy of wage restraint during a serious financial crisis is, sooner or later a finished recipe for an intensification of the class struggle in Britain. The process is contradictory and complex, and to a certain extent the economic crisis has stunned some layers of the working class. The recent UNISON and Unite strike in local government is a case in point. Many workers are more worried about their jobs and the likelihood of cuts, than whether the pay rise is 2.45% or 3.3%, they have bigger fish to fry. However, such is the hole that Gordon has landed in,



Brown: could blunder into generalised confrontation with unions

it is not ruled out that the government could blunder into a much more generalised confrontation with the unions; if not now then sooner or later. You can only stretch a rubber band so far, before it snaps. Wage restraint is a blunt instrument which angers workers, and the experience of the UNISON and Unite dispute is that there has been a distinct polarisation among the membership. But, and this is a serious but, it's not been a polarisation about accepting 2.45% but about the chances of winning the dispute.

The disputes in the civil service and

the schools and colleges are still rumbling on. It's no surprise that the PCS have been in the forefront over the last period. Years of cuts, outsourcing and privatisation have created a desperate situation for many people and this has been reflected in the election of a more left leadership in a whole number of unions. What has been obvious over the past period is the spread of discontent and action. OFSTED, Coastguards and Driving instructors aren't the most traditionally radical, but neither are the Police Federation or the Prison Officers.

The attempts to deliver a coordinated campaign against wage restraint in the public sector have to be welcomed, but as we've pointed out before, the process has been very uneven and there are still some sectors of the union movement that are happy to hold the line. However, as the position in the health service reveals, "The best-laid schemes o' mice an' men gang aft agley". Within months of the UNISON health executive being presented with a 3 year deal that they were originally going to accept without a ballot, they have been forced to try and reopen the pay negotiations because of the rise in inflation.

It's important for Marxists to look beyond the day to day in the Labour and trade Union movement, and to look at the fundamental processes taking place in society. We live in perhaps the most tumultuous and disturbed period in world history. The relative stability in Britain that underpinned 10 years of Blairism has evaporated. The financial and economic crisis will tend to unravel the position of the right wing in the movement. They are intimately tied into the capitalist system. Workers are apprehensive and worried for the future. But there are limits to worker's patience and limits to how much pressure and how many wages cuts they can accept before they make the decision to fight back.

Relearn the lessons

Some are currently reluctant to take action, while in other sectors the mood is more positive. In Scotland where the local government pay dispute involves all three major unions, UNISON, Unite and the GMB, the mood seems more united and positive. Workers aren't daft, they fight hardest when there is a chance of winning.

Already the strike figures for this year have outstripped last year, but we

have been through a very long quiet period. In part this is down to the trade union laws, but not entirely. It's a long time now since the 1970s and the miners' strike was defeated. Someone who left school the year the miners' strike finished will be 40 sometime in the next 12 months. They won't have gone through those times and moods. We are at the beginning of the process and there are many lessons that will need to be relearned by the mass of members. The experience of a New Labour Government means that the right wing are utterly discredited, but the working class needs to get a sense of its own power before large layers begin to draw the conclusion that they have to become politically active. Human consciousness is incredibly elastic and there will be sharp turns and sudden changes in the mood of the masses.

The power of nature has shaped and reshaped the world over billions of years. It won't take any where near as long for the working class to begin to transform its industrial and political organisations. Events in Britain have lagged behind many countries over the last 15 or more years, but the next period promises to be radically different. □

Amicus/TGWU merger - great news for construction workers

Steve Kelly, London Construction, Unite

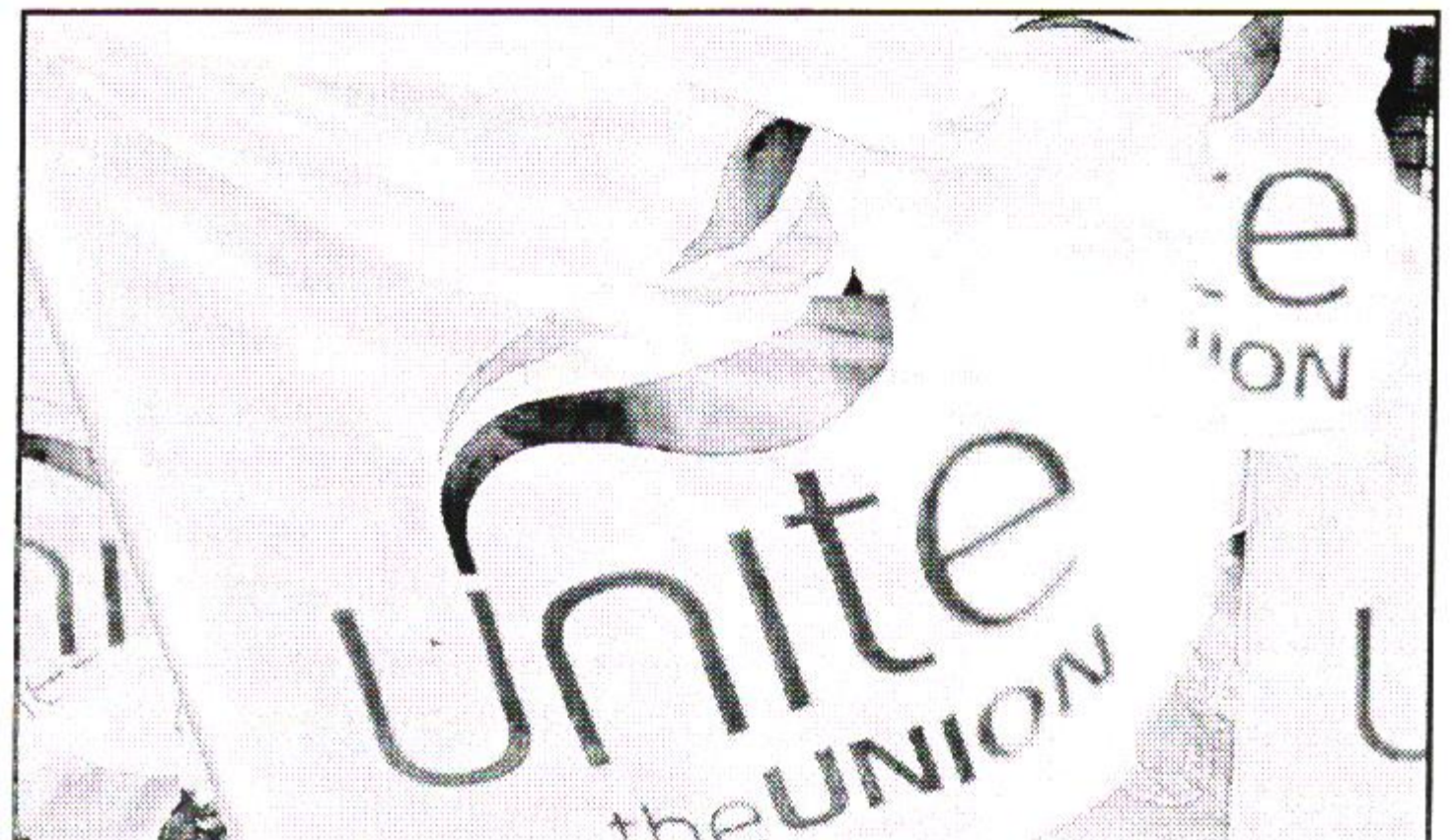
THE NEW merger and forming of Unite in November has massive potential in the construction industry. The Amicus section is mainly made up of electricians, pipefitters, plumbers and steel erectors from The Electrical, Electronic, Telecommunications and Plumbing Union days. There have been a number of well organised jobs in recent years at Wembley, T5, and JLE, as well as others in Manchester, Liverpool, Scotland and Wales. There are some excellent stewards and activists on UK sites at present. There are a number of well organised stewards and activists in T&G also.

EPIU

We must learn from the past though. In the late 1980s a breakaway union Epiu was formed by disillusioned socialists in Eetpu. As in the past this new union had little success. In fact the right wing in Eetpu were rubbing their hands together and were probably encouraging well known socialists in Eetpu to join this new union. It eventually led to Sir Ken Jackson taking over the union. The few socialists

left had very little influence as their comrades were Epiu members.

So now to the future. Let's all stick together and work to get on to committees and with a socialist programme we could turn the new union into a union to proud of - with real democracy and rank & file stewards committees. Hopefully we can also make the construction industry an industry with decent pay, safety top of the agenda and an industry you would want children to work in - with proper apprenticeship schemes available to all. Unity is strength! □



Unite leadership challenge

by a Unite member

FORMER BRISTOL Rolls Royce Convenor and Amicus Executive member Jerry Hicks has lodged a complaint with the government appointed Certification Officer over the undemocratic extension to office of Derek Simpson, the Joint General Secretary of Unite, beyond his retirement age next year. In a change of rules agreed as part of the merger between Amicus and the TGWU last year Simpson's period of office was extended to December 2010 when he will be 66. Simpson was elected as General Secretary of the AEEU in 2002 after successfully challenging the change in rules to extend Sir Ken Jackson's period of office beyond retirement without an election. Members of MSF, GPMU and Unifi have never had the opportunity to vote for a General Secretary of Unite. Similarly Jackson was only elected by members of the minority EETPU section of the AEEU before he was forced into an election.

Jerry Hicks

If Jerry Hicks complaint to the CO is upheld, it would force an election for a General Secretary for the whole of the Unite union to be held next year. The result of the complaint to the CO is not expected until October but it has

already been reported that Simpson is considering calling a snap election and would face a challenge from the former TGWU General Secretary Tony Woodley.

Both Simpson and Woodley supported Gordon Brown in the Labour leadership contest after refusing to back John McDonnell. They also refused to back calls at the TUC from the Prison Officers Association to organise days of strike action, including a major national demonstration against the government's pay policy, and Unite have now agreed to refer the local authorities workers pay claim to ACAS to avoid embarrassing the Brown government.

Derek Simpson

Simpson reneged on his election promises made in 2002 to support the election of officials in the union and suspended - then sacked - three leading left officials as part of his attempt to destroy left opposition to this move in the union. The Amicus section Broad Left split in May after Simpson supporters walked out of the AGM after losing the vote for chair. They have now launched a separate 'centre left' organisation with the backing of Simpson. The remaining Amicus Broad Left is now in talks with the TGWU Broad Left over a merger. It remains to be seen if they will select a left candidate in any leadership contest. □

Victory for PCS in Rural Payments Agency Dispute

By a PCS member

PCS MEMBERS in the RPA have gained an important success in the dispute with their employer over the imposition of a flawed and incomplete staff reporting system.

While the nature of any dispute is that you won't get 100% of your demands, the gains made over the course of a few weeks are significant. They will make a huge difference to PCS members from the shopfloor (an apt phrase for many members whose workplaces in many ways resemble a factory) upwards.

Disputes procedure

Further work on the system is being carried out in consultation with the unions and more training is to be provided to those that need it. Importantly, senior management have agreed to an independent disputes procedure so that staff and managers have a means of resolving differences of opinion on perform-

ance that could ultimately affect a members' pay. Industrial relations procedures are being re-examined, which gives PCS an opportunity to ensure that the system benefits members. There is likely to be a ballot later in the year to give members a final say before the system is fully implemented.

Take action

As we said on www.socialist.net on 25 June, it is members' willingness to take action that will in the end win the day. The strength of feeling shown by the members who backed PCS' industrial action strategy overwhelmingly, was the key factor in forcing the RPA to engage in proper negotiations. Senior management were seemingly hedging their bets but could not afford to ignore the ballot result and a vocal and active membership.

Ultimately, it was not necessary to take any industrial action as the threat alone was enough. This was

down to the hard work of branch reps organising members locally coupled with regular communication between the branches and negotiating team that ensured that the dispute was driven from the bottom up.

Head of steam

In the RPA and its wider departmental network, PCS can build on the experiences of this summer's dispute as attentions turn towards the national battle to break the 2% pay cap. A ballot for industrial action is to take place closing on 17 October in which the union will ask some 270,000 members across the civil service to endorse a wave of industrial action taking us into the new year. Reps at all levels will need to give a lead to members, organising in the workplace to deliver a high turnout and overwhelming Yes vote in the ballot. With other public sector unions in dispute, planning or considering ballots there is a head of steam building up. □

Every bit counts!

DURING THE last few weeks as things start to step up after the summer holidays, we have received quite a few small donations in addition to the, always welcome, larger ones. Most of these have been in the form of journal sale extras. Simply buying the journal at the solidarity price of £2 raises an extra pound for the fighting fund. This may not seem like much in the overall scheme of things but these one pound's soon add up. So let's remember that every bit counts.

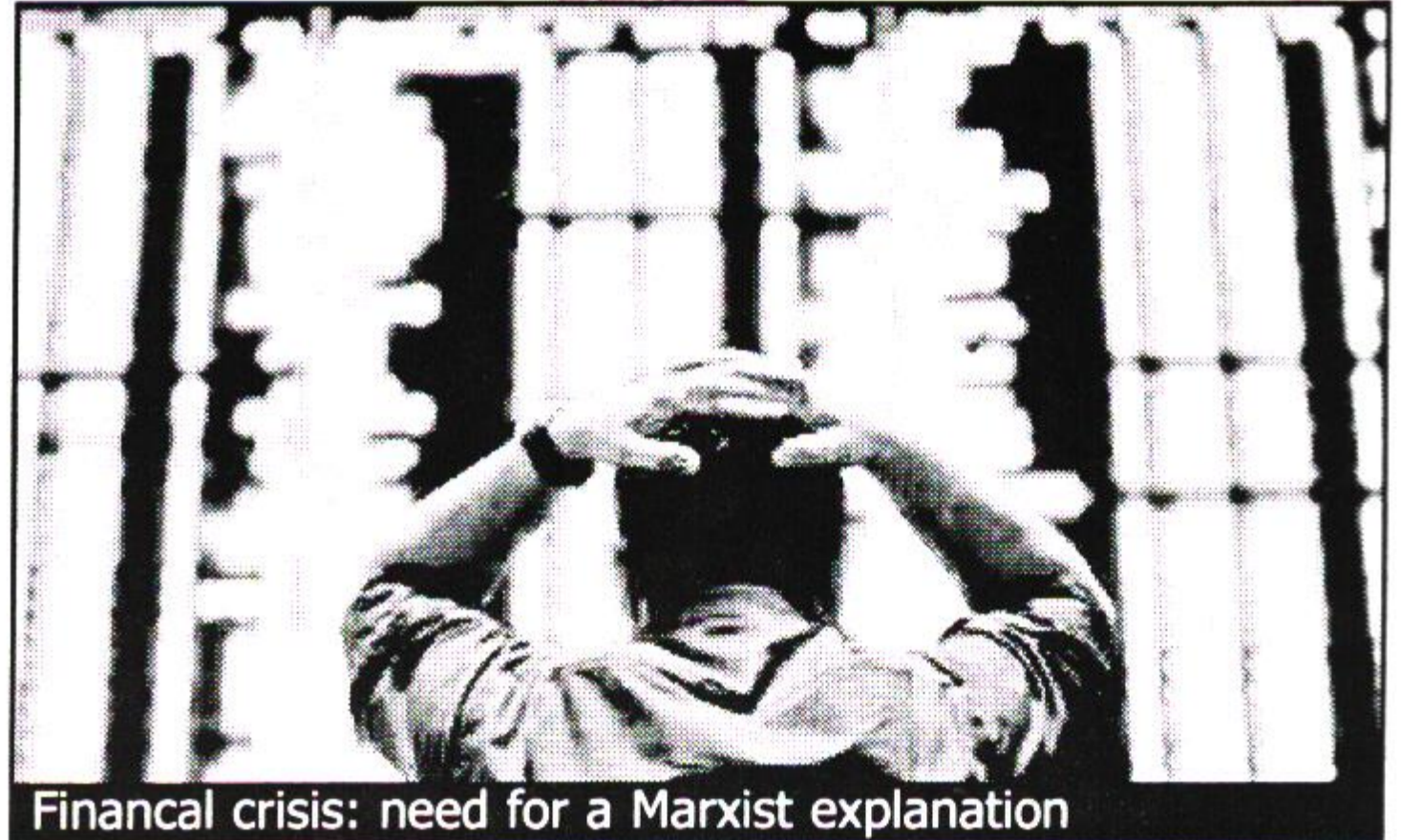
Given the chaos in the money markets at present, the need for a Marxist explanation of events has never been more important.

The editorials of the journals of big business have had to acknowledge that maybe Marx and Engel's were right after all about capitalism and crisis. But, of course, they have nothing to say about the solutions posed by the Marxists. That is our job - but we need your financial support. No multi-billion bail outs from the Bank of England will be coming our way anytime soon. We reply entirely on the support of ordinary people. So please consider sending something in, however small, to help us keep the work going.

Donations can be made online by going to www.wellred.marxist.com.

You can also go into any branch of Abbey and pay over the counter to us via account K2018479SOC in the name of SASC. Donations can also be made by post (again make cheques payable to SASC) by sending them to us at PO

Box 50525, Poplar, London, E14 6WG. So why not make that investment in socialism and send us what you can without delay - be it £1 or £100. Regular donations can also be made by standing order - contact us for a form. □



Financial crisis: need for a Marxist explanation

Socialist Appeal Stands for:

- ✎ **For a socialist programme to solve the problems of working people.** Labour must break with big business and Tory economic policies.
- ✎ **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.
- ✎ **Trade unions must reclaim the Labour Party!** 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 for labour and youth

Venezuela - fight coup attempts!

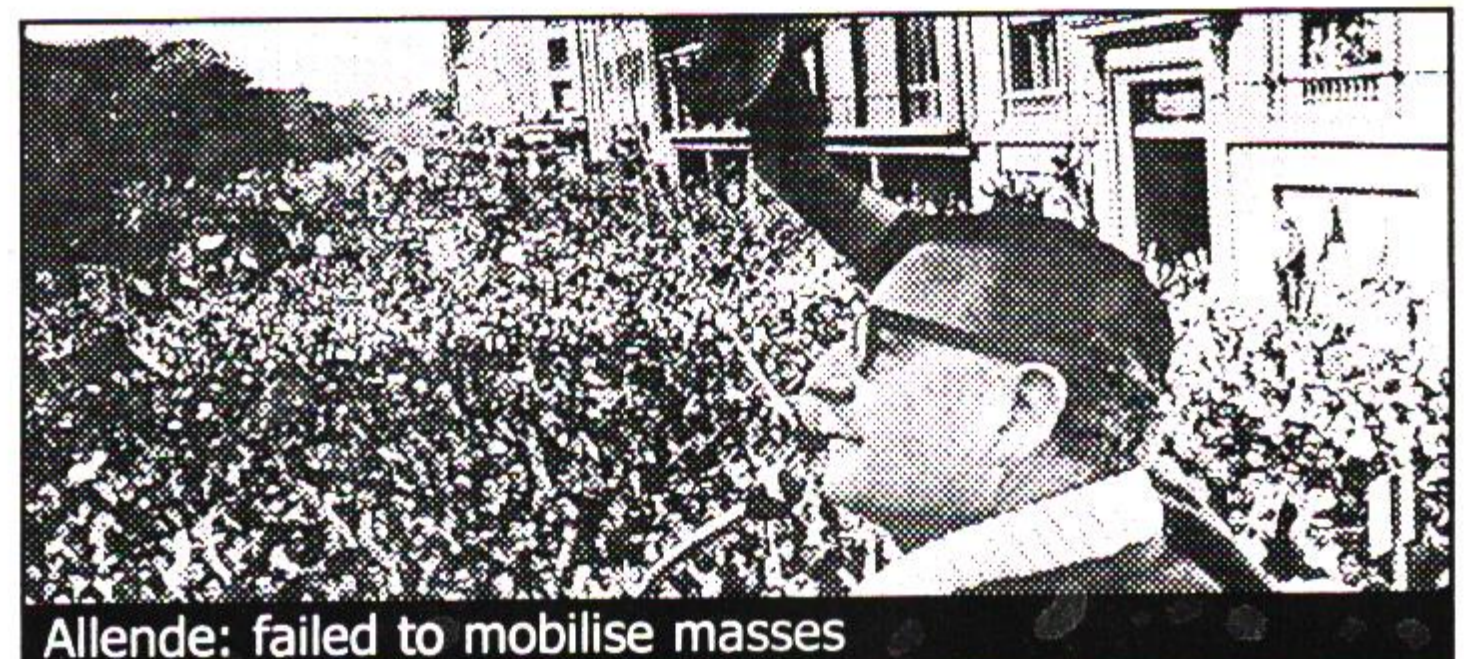
LAST MONTH President Hugo Chavez expelled the US ambassador from the country. He was found to be up to his neck in a plot to reverse the course of the Bolivarian Revolution. A devastating TV programme, 'The Razorblade', revealed a plot by present and retired military officers to murder Chavez by blowing up his plane or assassinating him in the presidential palace.

Wilfredo Barroso Herrera was captured on tape as saying, "We're going to take the Miraflores Palace. We're going to take the TV installations...That is all effort towards where the man (Chavez) is. If he's in Miraflores, the effort goes towards there."

Five men have been arrested. The coup attempt has been foiled for the time being. But the threat remains. As long as the Venezuelan Revolution threatens the wealth and power of the oligarchy and imperialism, reaction will continue to intrigue. That is also the lesson from Bolivia (See pages 26-27). The last coup attempt in 2002 was defeated by a magnificent spontaneous movement of the common people.

The common people who support the regime must be mobilised to stop plots to wipe out democracy by any means necessary. The only permanent safeguard for the gains of the last ten years is to sweep away the oligarchy and end the grip of imperialism. Reaction must be fought to the death, not conciliated.

This is the also lesson of the bloody coup in Chile. Thirty five years ago on 11th September 1973 a coup eliminated the democratic Popular Unity government in Chile and killed the elected President Salvador Allende in the presidential palace. In the days, weeks and months that followed tens of thousands of activists were murdered and dumped in unmarked graves by the military. Tens of thou-



Allende: failed to mobilise masses

sands more were imprisoned and tortured – many in Santiago football stadium. This was a catastrophe for the Chilean and international working class.

The death of 'Marxist' President Allende and the extermination of the finest flower of the Chilean working class was a horrible crime perpetuated by General Pinochet and the Chilean military. Pinochet followed this up by subjecting the economy to a terrible trial of monetarist austerity, all the while feathering his own nest and stuffing his Swiss bank accounts with the people's money. It was only possible because a month before the coup Allende had attempted to conciliate reaction by appointing Pinochet as his chief of staff.

A few months before the coup the 'rising of the tanks' was defeated by a mass mobilisation of the common people. Even on the 4th September, seven days before the coup, in every town and village in Chile massive concentrations took place in support of the government. In Santiago 800,000 people, demonstrated, calling for arms. The working class was prepared to fight to defend the gains of the Popular Unity government. But on September 11th they were not summoned to arms. We must learn the lessons. We must never let this happen again. □

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