

socialist

appeal

inside this
month

★ *Labour's
'hard choices'*

★ *Single
currency*

★ *New Tories*

★ *East Asia
slumps*

★ *Indonesian
inferno*

★ *Russian
revolution*



The Marxist voice of the labour movement
issue 55 November 1997 price: one pound

Socialist Appeal
issue 55
November 1997

Europe's new currency?

As the months count-down to the Euro, what's really going to happen?

Labour's hard choices

We look behind the hype and spin of the recent Labour Party conference.

East Asian currency chaos

Michael Roberts on the end of the Tiger miracle.

Indonesian inferno

As the forest fires still burn, we ask who's to blame and what are the consequences.

Russian revolution

To mark the eightieth anniversary, we republish one of Leon Trotsky's greatest speeches.

France

French workers win 35 hour week. But with the global drive for 'flexibility' how long can they keep it?

Socialist Appeal, PO Box 2626,
London N1 7SQ
tel 0171 251 1094
fax 0171 251 1095
e-mail:
socappeal@easynet.co.uk
editor Alan Woods
design Alastair Wilson
business manager Steve Jones

Editorial 1

Can Hague transform Tories?

In the wake of their devastating election defeat on May 1st Hague and , this years Tory Party conference was sure to be interesting. After eighteen years in office just how could such a terrible blow be explained? And more importantly just what was the new leadership around William Hague going to do about it?

At least one thing seems to have remained constant for the Tories though, the rows and rows of aged, blue rinsed Tory women and Blimp-type men who filled the conference hall. People who year after year had met to declare the Tories the natural party of government, and applaud their heroes, Margaret Thatcher, Norman Tebbit and their like. All the more surprising then that the conference seemed dominated by discussions on 'inclusion,' 'compassion,' gay rights, single mothers and minorities. Just what was going on?

Hague seemed to deliberately antagonise the old traditional conference attenders by announcing that he was to share his bedroom for the duration of the conference with his fiance. Then he made his sympathy with gay rights clear with the publishing of a letter he had sent to Tory gay group, Torch. His speeches did not address the old Tory 'victorian' values but stressed 'modernity' and 'inclusiveness.'

Surely only a true Thatcherite hero like Michael Portillo could now save the day. But no, not only did he talk about the Tories' mistakes while in office, he went on to give the clearest indication of the new Tory 'rethink,' even going as far as congratulating the millions of lone parents and their sterling work bringing up kids under very difficult circumstances.

Crazy

Well, many of the Tory die-hards will consider that the new leadership has just gone stark raving crazy, too many blows to the head during the election campaign. Maybe next year it will be back to business as usual? Others think that they are witnessing a retreat from Thatcherism back to the ideas of 'one nation' Toryism - if you can't beat Blair join him! Well the truth, as always, is something a bit more complicated, and certainly a little more frightening.

Hague, Portillo and the rest of them are leaving old style Thatcherism behind, in as much as they will no longer be going on about 'traditional values' and attacking minorities and the people considered 'weak.' But what seems to be in the process of emerging is a 'new right,' libertarian philosophy probably married to a some very 'radical' free market

economic and social policies.

This combination of brutal free market economics, combined with social 'libertarianism' has more in common with some elements in the American Republican party than with more traditional Tory views. Where it leaves the 'one nation' Tories around Kenneth Clarke remains to be seen.

One of Hague's closest advisers, Alan Duncan, wrote a book in 1995 (Saturn's children: how the state devours liberty, prosperity and virtue) that outlines much of the new thinking. In pursuit of 'minimal government' he proposes the end of state education, for instance, and it's replacement with an entirely 'market based' system. He also outlines his views on scrapping all existing welfare benefits and replacing them with a very minimal 'Citizen's Income.' His 'libertarianism' is openly expressed in relation to drugs, where he argues that the only answer to Britain's huge drug problem is for legalisation of even hard drugs like heroin.

Lifestyles

At the conference Hague and the leadership propounded a new 'liberal' line on peoples sexual and personal lifestyles. This was reiterated at the Tory MPs so-called 'bonding' session in Eastbourne. But behind all this lies the darker side of a new, even more right wing set of policies on welfare, education and social issues. Although ditching Thatcher's old fashioned 'morality,' she is still their hero in regards to 'modernising' the British economy. The new Tories want to take this same thinking across the board. The market will rule not just in economics, but in all issues. If they ever get elected again the Tories will be up for the wholesale dismantling of state healthcare, education and welfare.

The Labour movement must be aware of this developing threat. We also need to ask some searching questions of the Labour leadership and where exactly they think they are going with their policies. Issues like welfare reform for instance. We are all in favour of reform and the biggest reform of all would be a massive injection of funds into healthcare, education and welfare. However, this is the one reform that the Labour leadership will not countenance. If we are to stop the Tories in their tracks then we need change. This means socialist policies. They are the only policies capable of combatting the move towards the untrammelled rule of big business over all aspects of our lives.

A Tory revival is a frightening prospect. Let's make sure it doesn't happen by building the campaign for a genuine socialist programme. It's the only way!

132

Labour and the single currency

European Monetary Union has dominated the political arena throughout Europe for a whole period. The British Conservatives are busy tearing themselves apart on the issue. Countries have debated it. Hundreds of thousands of trade unionists have taken to the streets to protest against the cuts, job losses and austerity instituted in its name. Now the time has come for the big decisions to be made.

Labour Chancellor Gordon Brown was forced to make a statement to parliament putting forward the 'clear' position of the new Labour government after weeks of press speculation, briefing, counter briefings and leaks. And after all the waiting what did he come up with?

Despite the very pro-EMU rhetoric, Brown didn't take Britain much closer to joining than Tory John Major did with his policy of 'wait and see.' The Chancellor effectively ruled out British membership at least until after the next election in 2002.

Speculation

There has been a lot of talk and speculation about a rift between Brown and Tony Blair on the issue and it seems Blair's more sceptical approach has won the day. Blair's Euro credentials are a little tarnished after his badgering session with European social democratic leaders to follow Britain's lead in creating 'modern' economies with 'flexible' labour markets. He thinks he has a special accord with US president Bill Clinton and that, in fact, US and British capitalism should be role models for the Europeans.

So Brown's statement was eagerly awaited, and not just in this country. We do not need to remind our readers how much pain Europe has had to go through supposedly to meet the Maastricht criteria for membership. But it now seems that all the European Union members bar Greece will qualify, with Britain and, probably, Sweden and Denmark opting out in the first instance.

So the big question is not whether monetary union will go ahead. But rather what will happen once it does, can it succeed or even last, and what will happen to the British economy?

Brown outlined five criteria for British membership: trade cycle convergence, flexibility, financial services, investment and employment. The big one is obviously the economic cycle.

The British economy has been running out of 'sync' with Europe and more in line with the US. This means that we are at present

at the top of the economic cycle while most of Europe is well behind. We are at the peak of the boom, with lower unemployment, higher growth, rising retail sales and a 'booming' property market. Subsequently, in order to deal with the capitalist bogeyman of inflation, interest rates have been hiked up to somewhere about double that on the continent. So Brown's argument goes that we can't join now or in the foreseeable future because on interest rate policy alone we would be landed with a rate wholly not suited to Britain's economic needs. The Treasury admits that to sustain a European-style interest rate at present would probably mean something in the region of £20 billion of public expenditure cuts.

Although the Labour leadership remains committed to joining the single currency there was no outlining how the gap in our economic cycles could be closed. There is no policy prescription that could do such a thing. So it will be the continuation of a 'wait and see' policy.

Brown's statement has been met by muted enthusiasm in the media, the City and most of the boardrooms around the country. What else could he have said?

Only TUC general secretary John Monks has broken ranks with a proclamation that by not joining right away jobs and investment will be lost. But it does seem the lone voice speaking out of desperation, Monks right wing leadership has shown little interest in defending jobs by other means - the jobs of the Liverpool dockers for instance.

But one worry for British big business is that we will lose out on some inward investment decisions. Toyota has already announced that its new European investment will not go to extending its profitable Derbyshire plant, but to a new site in Northern France. Big business is also contemplating a loss of 'clout' as Britain becomes even more of an off-shore 'haven' around the City of London.

Then there's still the biggest question of them all - can it succeed? British big business may want to be in there at the first shout, but it is not about to make all the sacrifices it would need to when the whole success of the project remains in serious doubt.

With membership of probably eleven countries, there will be more than a couple of weak economies in there and we may well see a rerun of the ERM fiasco. Can Italy stay with it anymore than it did in 1992? Impoverished regions like southern Italy will be lumbered with an exchange rate and interest rates set in the middle of

Germany. The euro-optimists talk of a big single currency trading area like the USA. But everyone in the US doesn't live in Californial Millions live in states like poverty stricken Arkansas. While some states boom, others can turn into 'rust belts.'

Solutions

The fact is capitalism cannot provide any lasting solutions to the problems faced by millions of Europeans. It is a pipedream to think that a single currency can provide wealth and stability for all.

Countries like Italy, Spain and Portugal are signing up for a little of German stability and prosperity, but that is probably the opposite of what they will get. Even Belgium and France could be squeezed hard to stay in when the problems mount.

Europe would need a long period of economic expansion for the single currency to succeed - and that is just not on. The currency gets up and running in 1999. Just in time for the next world recession! Gordon Brown thinks we will be making our decision sometime after 2002. That decision may be already taken for us, as the European dream is wrecked by the forces of global capital.

A socialist united states of Europe is the only alternative to the chaos of capitalism. This is no utopia, but is an entirely realistic vision of what is possible. European industry, agriculture, science and technology offers us a tremendous possibilities. But this potential cannot be realised as long as Europe remains under the domination of a handful of big banks and monopolies. We need to break this stranglehold and set about the radical transformation of society - that is the only goal worthy of workers and youth on the eve of 21st century.

150 years of the Communist Manifesto

The December issue of *Socialist Appeal* will be a special edition to mark the forthcoming 150th anniversary of the *Communist Manifesto*. As well as the *Manifesto* itself this new edition will contain Leon Trotsky's 1937 introduction as well as more up to date material.

The subsequent issue of *Socialist Appeal*, issue 56, will be published early in January. The deadline for articles, letters and other material is Monday 15th December.

NHS facing winter of cuts and crisis

This winter the NHS faces a real crisis. Everyone recognises that the new Labour government's determination to stay within Tory-set spending limits will cause grave problems. The announced extra cash will only be able to deal with a few of the possible breakdowns in the service. Around the country the attacks and cutbacks will continue. *Miles Todd writes from Scunthorpe.*

Fury erupted at a public meeting called by South Humber health Authority as chief executive Clive Dench outlined proposals

for an £8 million package of 'cash savings.'

There were calls for his resignation as he spoke of plans to shut down 150 beds at Scunthorpe General Hospital and close Brumby Hospital which houses a wide variety of services including a purpose built carers unit, wheelchair and disability services, a drug and substance misuse unit and mental health and health promotion staff.

The strategic review document states, "The main objective will be to study the possibility of rationalising current NHS capital stock in the Scunthorpe area with a view to realising substan-

tial revenue savings without diminishing the quality of parent care."

But as Ray Kennedy, chair of the Crosby Community Association said, "Cutting costs and improving services in the same hand do not go together."

Already petitions organised by the unions and community associations have attracted thousands of signatures. A unified campaign to force the government to release extra funds would receive massive local backing and send Tory appointed health chiefs into the oblivion they so richly deserve.

Plastering over the healthcare crisis

The government has announced £300 million extra for the Health Service to alleviate the crisis this winter. But without adequate funding the NHS will confront the same crisis next year and the year after that. The reason why hospital admissions rise every winter is to do with a simple fact: hundreds of thousands of frail and impoverished people, especially the elderly, are living in homes which are unfit for human habitation.

Every year at least 30,000 people die in Britain of cold. They live in damp decrepit dwellings, that are deteriorating year after year. Fifty percent of homes can't meet minimum energy efficiency standards; one in five is beyond hope. According to Age Concern, 1,800 of Scotland's pensioners are homeless, 400,000 live in accommodation that is in urgent need of repair, and 40,000 live without central heating or home insulation. After years of neglect, the whole sale neglect and damage would now cost £80 billion to repair. As Blair said last month, he didn't want to live in a country where "people who fought to keep that country free are now faced every winter with the struggle for survival, skimping and saving, cold and alone, waiting for death to take them."

This horrendous scandal must be ended. But with Frank Field in charge of "reforming" the Welfare State, these people are to be given short shrift. He said it was "naive" to suggest increasing benefits would help the poor. No doubt he accepted his big increase in parliamentary salary recently. Our Frank is not so naive.

Student nurses left cashless

Student nurses at Bell College Faculty of Nursing and Midwifery (Lanarkshire) are up in arms because the Scottish Office failed to pay us our quarterly bursaries on time. Staff at the college told nurses that 'the Scottish office had a computer problem and it was nothing to do with them.'

Individuals phoned the Scottish Office but they were forced to wait up to forty minutes in the telephone queue system just to be told that "there has been a problem and the college has been fully informed." Some nurs-

es heard an unconfirmed report that one student had contacted her MP to give him her student reference number and bank account details and the money was electronically transferred. The students are very angry about the delay in payment. Some students who are parents have had to seriously consider resigning from the course because without the bursary payment they cannot pay for childcare fees, rent, bank charges and other debts they may have to other financial institutions.

The college staff have helped

wherever they can for example preparing official letters that can be sent to student's bank managers (well known for their ruthless follow up of any debt) saying that cheques are definitely on the way. One female student in the sociology class said, 'they should stop making their filthy interest on the financial markets with our money.'

It is ridiculous that student nurses are being treated like this - they will hardly be well paid when they qualify. Yet people's lives can depend on the work of student nurses. They are required to observe and assist in the delivery of care but accord-

ing to some student nurses much more responsibility is put on their shoulders during practice placements. The financial crisis in the NHS needs to be addressed by the Labour government. The government needs to invest in the future and that also means making sure that student nurses and midwives receive a decent living wage. It is not much to ask for those who apply themselves to learning so that they can look after people who need medical care and attention.

A student nurse from Lanarkshire

Liverpool dockers fight on

"How many ballots do you need before you make a dispute official?" shouted Jimmy Routledge, locked-out Liverpool docker. This was in the wake of the latest ballot result rejecting the companies "final offer" called by the dockers' union the TGWU.

After two years in dispute with the Mersey Docks and Harbour Company, for refusing to cross a picket line, the dockers voted by 213 to 97 to turn down the latest offer of 40 jobs or a £28,000 pay-off for each man. The workers have made it clear - they are only looking for reinstatement - nothing more and nothing less. The first ballot gave an 84% vote against an earlier company offer. The latest vote saw a 69% rejection.

The management have brushed aside the vote, and appealed to the men direct to take the money. Few will take up the offer. Nevertheless, after such a long dispute, which the TGWU leadership are refusing to make official as it is illegal under the Tory anti-union laws, there is fear that the union leadership will now pull the plug on the dis-

pute. As a minimum the union should be organising mass pressure on the new Labour government to intervene and get the men their jobs back. After all, the MDHC is partly owned by the government. "We will be stepping up both industrial and political action", said dockers' steward, Bobby Morton.

No alternative

The men remain on the picket line as there is no alternative these days. What work is there on Merseyside for a locked-out dockworker? as John Smith put it: "I'm 47. When I go looking for another job and they find out my last job was on the docks, they say: 'Goodbye sweetheart'." There is no alternative but to fight. The dockers have received tremendous support worldwide for their campaign. The international support has been on a larger scale than anything since the 1984/5 miners' strike.

This dispute is not just about refusing to cross a picket-line, but the whole issue of casualisation and flexible labour. It is essential these workers get all the backing they deserve.

Sheffield Unison

The constitutional changes passed at this years Labour Party conference will have worried many members of the party. The ability to influence policy through ward, constituency meetings and at conference has, on paper, severely weakened the influence of members.

At a trade union level the picture appeared the same. A deal around representation in the workplace was the return for backing Blair's "modernisers." If all this were true there would be little point in socialists remaining in the Party. But is this the real picture?

In Sheffield it is already possible to sense a change of mood following Labour's election victory. At the turn of the year an emergency budget meeting of the District party agreed (although only because the right wing organised an unprecedented high number of delegates for recent years) a proposal to "out-

source" three key areas of service.

At each meeting since July UNISON delegates have been able to challenge this decision and whilst the policy still stands the level of support for a reversal has grown steadily - in August a move to scrap privatisation was lost by just one vote.

In reality, this policy would never have been agreed in the first place if it were not for the fact that delegates, particularly from the trade unions, had stopped attending.

The lesson is clear. Blair & Co have not risen to power because people have finally realised that there is no alternative to capitalism. They hijacked the party because we allowed them to do so. The left must now re-discover its organisational skills and open their eyes and ears to a mood for change.

**Ken Pickering
Sheffield**

Thanks a billion

American billionaire and cable TV tycoon, Ted Turner, is donating one billion dollars to the United Nations to help the poor. "All I'm giving away is my nine month's work", said modest Ted.

But if he "worked" every second of that nine months, including eating, sleeping, and attending to all other bodily functions, the billion would equal a "wage" of \$42.55 per second, or \$153.180 per hour. He could earn \$125 for a three-second sneeze and another \$125 for wiping his nose. But what does Ted do to earn such money? Nothing. As a stock market gambler, Ted is busy wheeling and dealing. In other words, like all billionaire "philanthropists", like Rockefeller and Carnegie, his income is derived from the sweat and toil of millions of workers who are exploited day-in and day-out by these big business tycoons. Their philanthropy to the poor is simply a smokescreen for their money-grabbing parasitic activities.

Quote of the month

"We love the job because it is part of our heritage... I'm 47. When I go looking for another job and they find my last job was on the docks, they say: 'Goodbye sweetheart'."

We are standing here every day because an injustice was done to us. We were sacked unfairly and we want to be back in there. They are trying to blackmail us, telling us to take the money or fuck off. But it doesn't work that way."

**John Smith,
third generation Liverpool docker,
on strike for 756 days**

New pamphlet out now

The coming world financial Crash

by Ted Grant

Price 80 pence incl. post from Socialist Appeal, PO Box 2626, London N1 7SQ.

Unison Labour Left

The Unison Labour Left conference took place in Sheffield on Saturday 25th October. Reports of the activities of the Unison delegation at this year's Labour Party conference made it clear that the left in Unison needs a more coordinated input into the unions Affiliated Political structures.

There was no motion submitted by the union on one of the most important issues facing our members - the introduction of a statutory minimum wage for all set at a realistic level, that means half of male median earnings, currently £4.60 an hour.

Instead, Unison submitted a motion welcoming the Party in Power proposals, which of course is the first part of the party 'modernisers' plan for state funding of political parties, breaking the links with the unions and moving towards proportional representation.

Just when it felt like things couldn't get any worse, in direct opposition to Unison conference policy, our delegation voted against a motion calling for the de-com-

missioning of Trident.

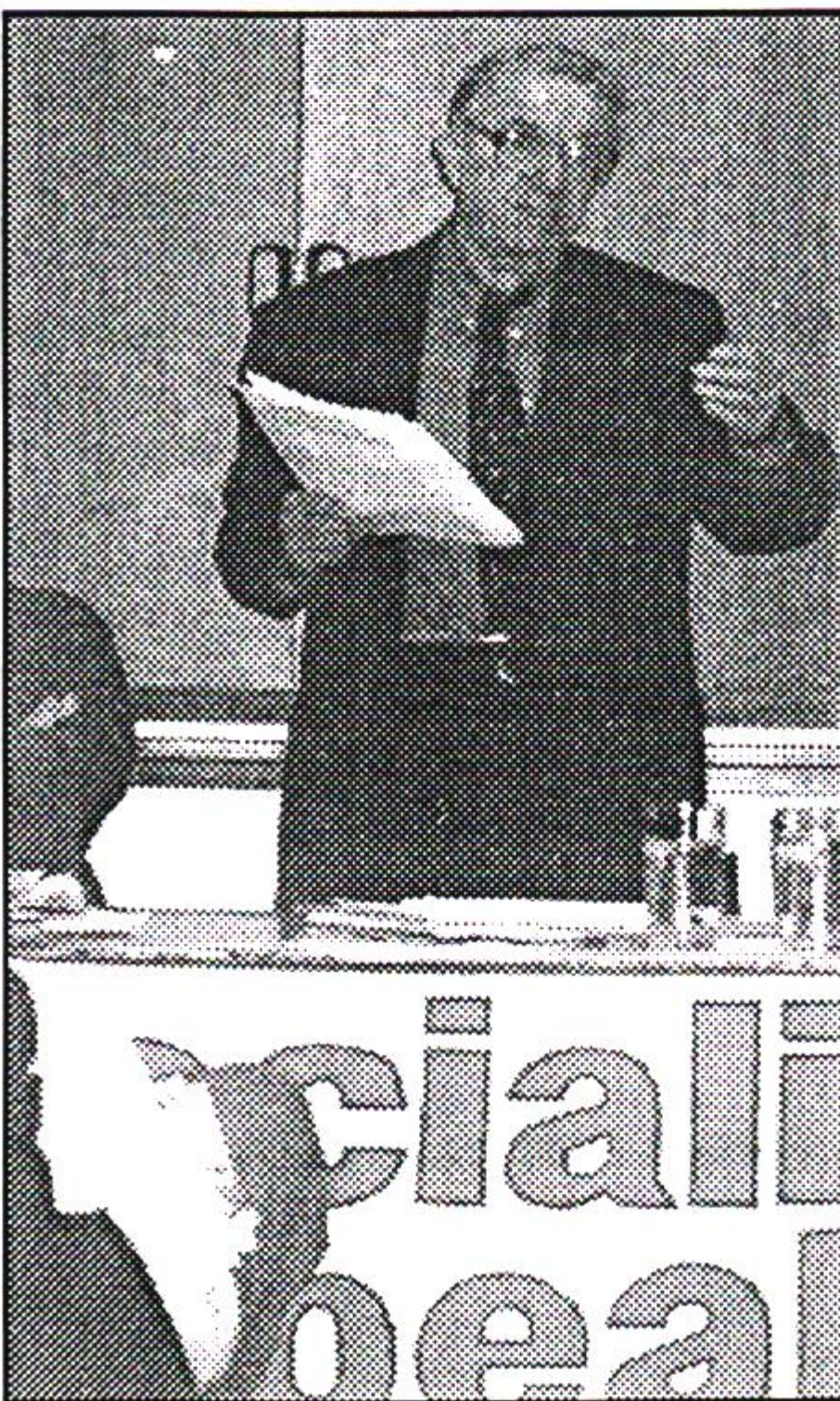
As one Unison member at the Labour Left conference caustically commented, "They maybe closing down schools and hospitals, but there's a missile with Unison's name on it."

There was a general feeling that the undemocratic nature of the Affiliated Political Fund structure had enabled a small clique of senior officials loyal to the 'Millbank tendency' to usurp power and manipulate Unison's input into the Labour Party.

This has resulted in a situation where it would appear that the actions of our delegation at Labour Party conference were made more in the interests of Tony Blair and the Labour leadership than they were for Unison members.

There was a commitment from all present at the Unison Labour Left conference to redouble efforts to democratise the unions Affiliated Political structure and to fight to ensure that in future Unison policies are projected into the Labour Party in the most effective way.

Book launch success



October has seen the launch of Ted Grant's new book *Russia: from revolution to counter revolution*, with a series of meetings across the country.

In London over 60 people attended the launch, with £500 raised for the *Socialist Appeal* press fund and the literature stall doing good business. Other successful meetings were held in Manchester, Southampton, Swansea and Birmingham. In November Ted will be speaking in Glasgow and Liverpool as well as making a tour of the main cities of Spain.

The Spanish language edition of the new book was officially launched at a packed meeting at the annual Festival of the Spanish Communist Party (PCE). Speaking were Francisco Frutos, "number two" in the PCE, and Alan Woods, editor of *Socialist Appeal*. The meeting was attended by about 200 people, mainly members of the PCE and the Workers' Commissions (CCOO). Over 100 Russia books and £2,500 of other Marxist literature was sold.



Stinking rich

Surprise, surprise. The rich are getting richer in the US. Forbes' magazine's annual list of 400 wealthiest Americans shows that the country has 170 billionaires compared with 135 last year. When Forbes began its list in 1982, there were only 13 billionaires. Tony Blair's mate, Bill Gates heads the list with a fortune of \$39.8 billion. He has taken a "pay" rise of \$250 million every week! The numbers of the really rich are growing so fast that David Rockefeller Sr, grandson of John D. Rockefeller, slipped four places to 83, even though his net worth climbed \$400 million to \$1.8 billion. His oil baron grandfather, once America's richest man, peaked at \$1.4 billion. Who says capitalism doesn't work?

Aid with strings

Many under developed countries are in the grip of spiralling debts to Western banks. War-ravaged Mozambique spends 33 percent of its budget on servicing debts, compared to 8 percent on education and 3 percent on health. Gordon Brown recently set targets for speeding up the process of relieving poor countries of an estimated £3.5 billion debt burden. But this is chicken feed. For every £1 spent on Western aid to the Third World, £3 is returned in the form of debt repayments. It is not partial, symbolic relief that is needed, but the breaking of the stranglehold of capitalism and imperialism that is the root cause of the problem.

Russian robber capitalists

The billionaire financier George Soros has now joined forces with Russian mafia banker Vladimir Potanin, in a winning but controversial bid for a quarter of the state communications company, Svyazinvest. Last year Soros had condemned Russia's business elite as "robber capitalists". He has obviously decided to join the gang. "They are players at the present time and they must make the transition from acting as robber capitalists to legitimate capitalists" says Soros. "This is not the way I imagined the development of Russia after the collapse of communism, but that's the way it is."

Why not visit our website?

[HTTP://easyweb.easynet.co.uk/~socappeal/IDOM.html](http://easyweb.easynet.co.uk/~socappeal/IDOM.html)

Schools crisis: more funds not 'hit squads'

Inner London Labour boroughs with large black populations were regular targets for Tory ministers. Hackney, Lambeth and Brent (until it turned Tory) were useful whipping boys. It was easy to point to their failings to show that local government was better run by the Tories, as in Wandsworth and Westminster. Labour's victory on May 1st might have been expected to bring some relief. It is therefore disappointing to find that Hackney is still the butt of ministers keen to look tough and that now it's our own side that's doing the kicking.

by Elizabeth Short

In a blaze of national publicity, the Minister for School Standards, Stephen Byers, drafted in Ofsted inspectors to examine the Local Education Authority last May. Minus a Director of Education for nearly two years, the LEA was expecting an inspection in January 1998. The new government suddenly brought this forward. The declared reason for the change of plan was the urgency of the situation. How convenient, then, that the inspectors' interim report should be ready for publication a fortnight before Labour conference, giving ministers the perfect opportunity to parade their toughness and 'zero tolerance' of failure. Hackney could once again be given a good kicking in the fierce glare of the media.

Instability

Undoubtedly, the political instability of the council led to a vacuum at the top of the Education Authority. The senior managers left, unable to work any longer with councillors' indecision and in-fighting. But Hackney is only a more extreme version of many inner city Labour councils. The refusal of Labour nationally to fight the Tories' privatisation of local services led directly to squabbling and splitting Labour groups and hung councils. Under the intense pressure of impoverished populations and their demands on services, councillors who didn't fight the enemy, ended up fighting each other.

The Minister and the Head of Ofsted, Chris Woodhead, at the press conference to publicise the inspectors' findings, made much of their comment "The LEA is in a state of disarray." However, the comments which amplify this statement could apply to

just about every authority in the country: "Organisational structures have been changed repeatedly and extensively." "Many competent and highly committed officers remain, but their morale is low." Constant local government reorganisation and downsizing was part of the Tories' drive to reduce public spending which new Labour has embraced. Low morale and turmoil are not unique to Hackney in the face of privatisation and cuts.

Some of the criticism of the LEA in the report is undoubtedly justified and there is obviously plenty of room for improvement. In the most hopeful scenario, the analysis provided by the inspectors will provide a positive framework for an improvement strategy. Although more money is unlikely to be forthcoming, the 'hit-squad' may produce helpful recommendations. Nevertheless the overall impression of this being a political sting remains. The timetable of the publicity leaves an unpleasant taste in the mouth. The audience being played to was not in Hackney. We were merely incidental to the government's obsession with presenting an image of toughness.

The unfortunate, indeed contemptible, side effect of the blaze of bad publicity, is on the children supposedly at the heart of ministerial concern. Along with the two year spending freeze, Labour is holding on to another vicious Tory legacy - "naming and shaming." No-one need waste any tears on the councillors, but the beleaguered staff of the LEA and the schools, and most of all, the borough's children, deserve better from a Labour government than being publicly pilloried. Why should children at Primary School, some of them in television interviews, have to puzzle over why their school has been labelled by the government as failing? Since the place where they live is labelled a failure, does that mean that they and their families are also no-hopers?

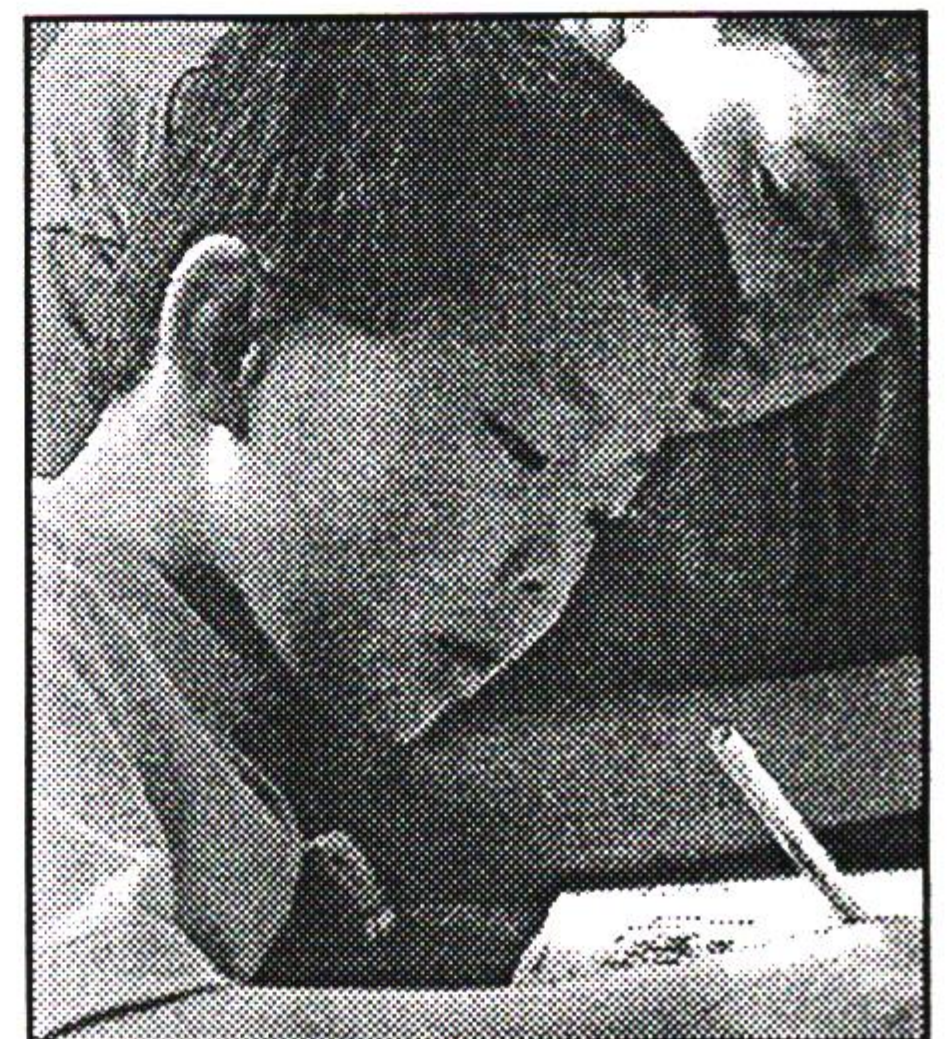
Her Majesty's Inspectors report the stark facts of what these families are up against: "Hackney is one of the most impoverished urban areas in Western Europe. It has the highest rate of unemployment in London. Ten of the 23 wards in Hackney were, in 1991 census figures, among the fifty most deprived in London. In 1993, the average gross household income was £11,900 (compared to an average for Inner London of £19,700). A third of all Hackney households had a gross income of under £5000.

Two thirds of households had no car. A quarter lacked either a bath/W C or central heating. More than a quarter had at least one person with a long-term illness. Only 27% of Hackney homes are owner occupied. There is a large proportion of one parent families. Many of these aspects of deprivation bear with particular force on schools.

Extraordinary

Two thirds, for example, of the pupils in Hackney secondary schools take free meals. This is an extraordinary figure, the highest in the country. The figure in one school is 94%, again the highest in the country. Many Hackney children have little or no English when they start school. Many have parents who are themselves poorly educated or who are unfamiliar with the English education system. Many experience a poor diet. Family responsibilities often make the completion of homework difficult. The education of many children is interrupted as their parents move to alleviate economic pressures or in response to domestic difficulties. It is, in short, difficult to overstate the day-to-day difficulties experienced by Hackney teachers and the complexity and intensity of the problems faced by the Authority's officials and elected members."

What an indictment of our social system! No education, however good, can compensate for the poverty and deprivation which flow from it. Instead of the empty rhetoric and posturing on show in this affair, the best help the government could give the children of Hackney would be zero tolerance of poverty and action to eradicate it.



Party conference: hard choices, hard labour



This year's Labour Party Conference witnessed a further shift to the right amongst the leadership. With the Tories attempting to move towards a more "moderate" compassionate stance, the two parties have never been so close. As in the 1950s, with the domination of the rightwing under Hugh Gaitskell, there developed a certain "consensus" with the Tories. This was known as Butskellism. Blair, with his appeal to the Liberal Democrats and the One Nation Tories, has taken the Party in a similar direction.

by Rob Sewell

However, the Labour Conference reflected deep underlying tensions in the so-called New Labour project. On the surface, the Conference was a massive victory for Blair and the rightwing. So rightwing have the leadership become that many of the platform speeches would have found a ready echo at the Tory Party conference. On policy, the leadership were able to get away with a further shift to the right, avoiding a confrontation on the controversial issues of tuition fees, so-called reform of the Welfare State, and transport. On "modernisation" of the constitution, allowing greater power to be concentrated into the hands of the Cabinet, they also emerged victorious.

But Labour Party conference only represents a single, very distorted, snap shot of the processes unfolding in the mass organisations. It is also many steps removed from the real mood developing in the workplace and society generally. We should bear in mind that this year's Conference took place only five months after the biggest landslide victory in the history of the Labour Party, after 18 years of Tory rule, which inevitably meant that the delegates would extend enormous credit to the leadership. It was, in effect, a victory Conference, and the high point of the Blair leadership. Using this electoral victory, and coming to a deal with the trade union leaders over legislation covering workers' rights, they were able to manipulate the conference "debate" and remit or vote down critical resolutions. Blair made it clear that the "modernisation process" had to continue. On the surface, everything looks completely sown up.

But reality always has two sides, and this is only one side of the picture. The huge security arrangements which cordoned off the streets around the Conference centre, the huge layers of careerists and hangers-on who swarmed around the Conference, the shepherding of delegates - many of whom were

there for the first time - by the officialdom, and the blatant manipulation of the Conference in the interests of the rightwing leadership, were an attempt to squash any opposition views and silence any rank and file criticisms. However, despite the fact that it was probably the most rigged Labour conference ever, there were definite widespread undercurrents of discontent amongst the delegations. In order to placate this mood, the leadership was forced to dress up their policies and arguments in all kinds of double-speak and rhetoric. Gordon Brown talked of "full employment", which is a pipe-dream under present day capitalism, as a cover for increased sacrifice and flexibility. In the Tribune meeting he talked of "socialism" and made references to Bevan and Keir Hardie as a smokescreen for rightwing monetarist policies. Blair on the other hand, who never mentioned the word 'socialism' once, tried to "soften up" the ranks with talk of "compassion with a hard edge", and we were in the "Giving Age."

Shallow

In reality, Blair's speech to the Conference was completely shallow in content. More sinister was the repeated warning of "hard choices" on health, education and welfare. He was clearly attempting to prepare the party for a future draconian attack on the welfare state. It was all about "thinking the unthinkable", which is designed to cut the welfare bill, with policies that would drive people off benefits. As in the United States, welfare is to be cut and claimants forced into low paid sweat shops. The minimum wage, if big business gets its way, will be set at a "sensible" level, ie., at the poverty level. Apart from the rhetoric of the "giving age", Blair made the routine attack, echoing the Tories, on "bad teachers" who would be sacked, advocated zero tolerance on crime without any reference to the causes of crime, and praises for the "family", while in effect turning single parents into scapegoats. Even the Tribune newspaper has had to balk against this Tory rhetoric: Blair's appeal to "modernise" the country "merely means accepting late nineteenth century capitalism and replacing the Conservative Party as its vehicle, thereby drawing the support of those in business and the media who benefit most from it." (3.10.97). It went on correctly to state, "There will be a day of reckoning when the Labour Party will have to be reclaimed from the incense-filled room in which the Prime Minister and his cronies now run the country on behalf of failed Thatcherism."

At the moment everything is still very much



coloured by the honeymoon period. In the opinion polls Labour has reached the astonishing 59% mark, while the Tories have been pushed in some polls into third place. There still very much exists the attitude of "give them a chance" after 18 years of Toryism. There remains the hope that Labour will be able to deliver a better life. As the Guardian explained: "Nobody wants to rock the boat when the economy looks to be in good shape and Labour has already fulfilled many of its manifesto promises."

However, the dramatic shift to the right of the Labour leadership and their adoption of Tory policies has created widespread disquiet and opposition amongst the rank and file. This was clear from the 100 Conference resolutions against the *Partnership in Power* document. Although the GMB went along with changes after some reassurances, John Edmonds turned to the leadership and said "We'll be watching you." It was also revealed in the big vote for the left in the NEC elections. When the result was announced there was a big cheer for Skinner's victory, followed by cheering and applause for Mandelson's defeat. This was a most telling episode. Mandelson is a Cabinet minister, endorsed by Blair as an arch "moderniser", had the full backing of the party officialdom, was given enormous media exposure as the "deputy prime minister" when Blair was on holiday, and despite all this, was resoundingly defeated in a postal ballot of all party members. To top it all, he was beaten by the Campaign Group nomination, Livingstone, whose vote increased by 43%.

How can this be explained? The Blairites put it down to a "personal setback" for Mandelson. But this cannot explain the fact that the votes of the other left candidates rose sharply, by around 40%. The result was not down to the campaign of the Campaign Group, which was very limited indeed. The success of the left candidates clearly reflects an undercurrent of opposition within the party. This is quite amazing feature at this very early stage in the opposition to Blair's policies. As one Blairite official said: "We give them all a vote and this is how they repay us!" This sums up the real contempt the Blairites have for the ordinary members of the party. They wanted to rest on the inert members of the party against the activists. They hoped that through a postal balloting system of party members, using their influence in the media, they could permanently eliminate the left on the NEC and defeat the party



activists. This has clearly backfired. The same processes that have affected the activists have also started to affect the inert layers of the party. Again this is only five months into the new Labour Government. This must have sent shivers down Blair's spine.

The mood of opposition was also reflected throughout the Conference, which after all was supposed to be a victory rally. As the Economist noted (4.10.97) "It was noticeable during Mr Blair's speech that he got his biggest ovation for a sharp attack on the House of Lords. Class war still quickens the pulse more than technocracy.. Warm words about business were not warmly received. And - most noticeably - the conference is simply unable to come to terms with the government's case for rigorous control of public spending, especially on health and education." It then went on to remark: "All this, remember, is only five months after an election. What will it be like after five times that long?"

Mood

According to the Telegraph (1.10.97), when Blair delivered his key-note speech, "the overall mood of the hall was flat." Repeating the point, "The only loud cheers yesterday accompanied the old war cries, particularly a brief reference to the removal of the hereditaries from the Lords. Most of the messianic talk about modernisation was met with stony silence."

In contrast, at the very end of the Conference, the delegates rallied to those loyal stalwarts of the party who received their merit awards. "Jean Haywood, 79, took the conference by storm for voicing thoughts which many ordinary Labour members still believe but dare not say in public any longer", reported the Daily Telegraph (4.10.97). She urged progressive taxation and criticised the government's plans for "reforming" the welfare state. Socialism, she said, was nothing to be ashamed of. "Tony Blair struggled to hide

his irritation", commented the Telegraph.

The undercurrents of opposition again burst through after Mandelson blurted out that the national minimum wage would not be paid to under 25s. This created a storm of protest from the trade union leaders who had promised to keep silent until the low pay commission had reported next May. "Union leaders, who are already suspicious of the Labour leadership believe that his stance indicated a shift in the Government position and reacted furiously to the suggestion that the minimum wage would not be universal", commented the Telegraph. John Monks, the arch moderniser, said such a differential would be "dynamite". This reflects some of the deep tensions that exist, which, no matter how much they paper things over, will certainly open up in the future.

Very often the conclusions of the serious strategists of capital coincide with the strategists of Marxism, but from the opposite class point of view. Every serious commentator can see there are going to be difficult times ahead for the Blair leadership. According to most members of the present Labour Cabinet, "almost to a man and woman," reveals another perceptive article in the rightwing Economist (26.7.97), "they assume that they will go through mid-term hell. Almost to a man and woman, they expect their popularity to plummet once the honeymoon is over, and they are braced for the ritual of excuses and reappraisals that go with repeated by-election disasters."

In a very perceptive observation, the article continued: "unpopularity would have nasty consequences nevertheless. It would mean defeat in the Euro-elections in June 1999. It would fuel party doubts over the New Labour project. Worse, it would have a potentially deadly affect on the unity of Labour in Parliament." What it is saying is that a crisis Labour government would lead to a revolt in the party, undermine the rightwing domination and lead to a split in the PLP. This clearly shows that the grip of

the rightwing is far from solid and that the whole "project" is going to unravel with extreme consequences. "Lots of Labour MPs who unexpectedly won their seats in May's landslide have little enough chance of winning next time", comments the Economist. "If little chance seems to be turning to no chance, they may be tempted to make a splash as parliamentary rebels. If they are going down, they may decide to take a few hundred of their colleagues with them."

It is this crisis scenario that Blair is trying in vain to avoid by changing the Constitution of the party, stamping down on party democracy, and changing the selections procedures to block out any left opposition. But this will not succeed. To think that by constitutional and organisational trickery the rightwing can prevent a reaction to pro-capitalist policies is the height of constitutional cretinism. You cannot legislate away the class struggle. At a certain stage, Tory policies will inevitably provoke a backlash in the trade unions, and then in the Labour party. Labour won a landslide on 1st May under the banner of "Time for a Change". It was the discredited Tories who wanted further privatisation, state pensions to be hived off to the private sector, and changing public provision into private provision. To believe that Labour can go down the same road "with compassion", without a revolt is inconceivable. It will be this groundswell that will affect even the PLP. Already the latent opposition is clear for those who wish to see.

Ironically, Blair was forced to rely on the bloc vote of the trade unions to carry through his "Partnership in Power" proposals.

Links

The original ideas floated last year of breaking the trade union links had to be temporarily dropped in order to secure the support of the trade union leaders, who still retain 50% of the vote at Conference. Blair was forced to revise the original proposals. The loss of union influence has been minimal, mainly concentrated on the election of the NEC's women's seats. But the union's direct representation would only slip slightly - from 12 seats out of a total of 30 to 12 out of 32. Although the Blair leadership has tightened its grip over policy making, they have failed to break the party's trade union links, as was their intention. The unions remain the foundations of the party at every level. The Blairites boasted that less than

half of the Party's income comes from the union for the first time in history. That was due to "fund raising" before the election. But fund raising is a very variable source of income. The Party's accounts show that unions still provided £6.9 million in affiliation fees in 1996, compared with around £4.5 million a decade ago. In 1996, Party affiliation cost political-levy payers in the TGWU £1.2 million, but another £300,000 was spent on supporting local constituencies. And in the GMB, affiliation cost £1.3 million but total spending on Party support and activity was nearly double that at £2.5 million. It would be a very long time before membership fees or donations from business could make up the losses which would result from a breaking of the union links. Even state funding would not necessarily mean an end to trade union financing of the Labour Party. Out of all the countries of the European Union, only the UK, Ireland, Luxembourg and the Netherlands do not have state funding. In France around half the cost of electoral campaigning is paid by the state and in 1995 around 37% of the main parties' income came from public money.

Of course, the Blairites hope to come back to this question of breaking the union links. It was not for nothing that Blair hinted in his Conference speech about state funding of political parties by the next election. However, the later they leave it the more difficult it will become. If they were going to get away with it, this honeymoon period would have been their best chance. But they had to drop it like a hot potato. Even Ken Jackson, general secretary of the AEEU, and arch 'moderniser', stressed that "we would not support a further reduction in the bloc vote unless we move to ... an enshrined guarantee of trade union representation at all levels of the Party."

The changes to the constitution are a setback to Labour Party democracy, but let us have no illusions on this score. Although the Labour Party was "formally" democratic in allowing resolutions from CLPs to be debated each year at conference, it was largely a talking shop. Resolutions had little effect on a Labour Government. Formally, the Conference will remain the sovereign policy making body, and affiliated organisations will in theory be able to submit motions. But let us not fall into "parliamentary cretinism" and have any illusions about the real powers of Conference as it stood in the past. At best, as Ken Livingstone argued, party Conference was an important

"safety valve" for the leadership, in allowing opposition to blow off steam. Blair thinks he is so clever when in fact he is very short-sighted. With that "safety valve" blocked, the explosive mix will be even more potent in the future - at a local level and in the trade unions. It cannot be legislated away!

In any case, we have been here before! For the best part of the 1950s and 1960s, the Labour Party and the trade unions were dominated by the extreme rightwing. In the party you had the Gaitskellites, while the unions were dominated by the likes of Lawther, Lord Carron, Deakin, Lord Cooper, and Sir Sydney Green. In the AEU, union members were faced with Carron's Law. The TGWU banned Communists from office. On Merseyside you had the "rule" of the Braddocks, who replied with "full up" to new membership applications! The Bevanites were witch-hunted, proscribed and even expelled. Conference resolutions were completely ignored. The youth section was closed down. The proscribed list was in force, and Transport House officials kept extensive files on leftwing opposition. The NEC was, as now, firmly in the grip of the rightwing. Did this prevent changes to the unions and the Labour Party? Then, as now, the hard-nosed sectarians wrote off the party (and the unions) with the words: "They'll never change!"

Rejection

The rejection of Mandelson, and the rise in the vote for the left, at this very early stage, mean that the attempt to manipulate the rank and file of the party through postal ballots can easily blow up in the leadership's face. Blair intended to rest upon the inert layers against the activists. He used the party machinery to manipulate election procedures to select Blairite candidates for the new intake of Labour MPs. However, even in the PLP, he will face a growing revolt as the effects of his policies bear down on the pensioners, the disabled and the singled-parent families. He is already facing a revolt over proportional representation in the voting for the European Parliament. This explains his decision to turn his back on 100 years of Labour history and make deals with the Liberals.

That is why Blair is making other plans. Why, with a 179 majority in Parliament, is he cuddling up to the Liberal Democrats? The new Lib-Lab politics of Blair has seen the creation of a key cabinet committee with the involvement of the Liberals to discuss constitutional reform. The Financial

Times recently disclosed that Blair and Ashdown met every two weeks or so before the general election, and discussed the appointment of Lib-Dems as ministers in a new Blair government. However, "after the landslide it was impossible to sell a coalition to Labour's rank and file." However, the FT revealed that Blair phoned Ashdown at 4am on 2 May to tell him: "We are still on to sort something out between us. I will be in touch." Apparently, Ashdown was reportedly "surprised" given the scale of Labour's majority. Now the cabinet committee is functioning, Ashdown may get his projected official government car and new salary, and there is discussion under way to broaden the cross-party co-operation. Blair has now come out in favour of fighting the 1999 European elections on the basis of PR, which will sacrifice 25 seats to the opposition. It will also form the basis for elections to the Welsh Assembly and the Scottish Parliament.

Of course, the rank and file were kept in ignorance about the discussions that were taking place between Blair and Ashdown. With the turmoil in the Tory party and the ever-present danger of an open split over Europe, a realignment is under way. "Tory divisions over Europe have not gone away", states the Economist. "Kenneth Clarke and the pro-Europeans haunt Mr Hague from the backbenches, able at any moment to destroy any semblance of party unity." The danger of a split in the Tory Party is greater now than ever before in the post war period. The fact that Hague intends to give the Tory rank and file a voice in electing the leadership and over policy could in fact doom the party. In the past, before the rise of Thatcher, control of the party was firmly in the hands of the established aristocratic wing. This changed under Thatcher, with the resulting swing to the right and the abandonment of One Nation Toryism. The backwoodsmen and women of the Tory ranks are extremely reactionary, as can be witnessed at the gatherings of the party conference. They are largely unreconstructed Thatcherites. To post decision making to these people will push the party to the extreme right and split it from top to bottom. As the Guardian (7.10.97) commented: "The obvious candidate for such 'direct democracy' treatment would be the EU single currency which still retains the power to split the Tories from top to bottom, possibly on the Blackpool fringe this week. Yet the precedent it creates could open a Pandora's Box for future Tory leaders in



which party referendum campaigns could be launched to reopen such issues as capital punishment." Some have already threatened to split, with the pro-European MPs stating "they could leave the party rather than vote against joining a single currency." No doubt secret discussions have been and are going on behind the scenes with the Blairites and the Clarke wing, as with Ashdown. After all, what is the fundamental political difference between them?

None of this makes any sense, given the Labour Party's huge majority in Parliament, except as moves towards some possible coalition at a certain stage in the future. Blair hinted at this in his speech to the Party conference when he regretted the split between the Liberal Party and the Labour Party almost a century ago. He pointed to the Liberals Keynes, Beveridge and Lloyd George as being among his heroes. "Division among radicals (sic) almost 100 years ago resulted in a 20th century dominated by Conservatives. I want the 21st century to be the century of the radicals."

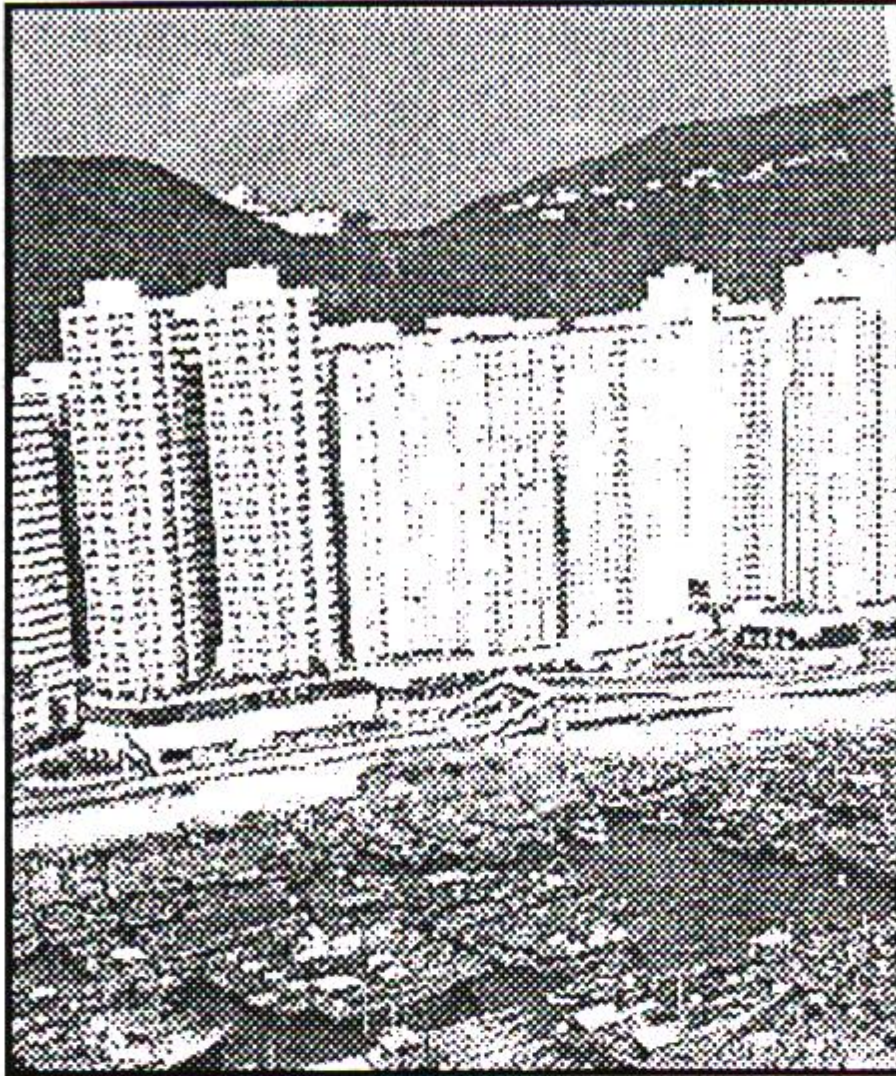
Crisis

It was Ramsay MacDonald who also travelled along these lines in 1931. Faced with an economic crisis, he attempted to push through austerity measures and split the Labour cabinet. They then crossed the floor with a handful of ministers to form the National Government, with himself as prime minister. A Marxist analysis cannot predict such a detailed development in advance. A national government may or may not come about. All we can do is to explore the general process that are pointing in this direction. History never repeats itself exactly, but all the elements are there for some kind of political realignment, whatever the exact outcome.

Recent events indicate a possibility of such a variant. A perspective is not about crystal-ball gazing. It is a working hypothesis, which we must add to, or even change on the basis of events. Even the most cor-

rect perspective can only ever see the broad outlines of the situation. It cannot predict "events" or timescales, which are extremely difficult to map out accurately. What is clear, on the basis of events, the Labour movement will be turned upside down, national government or no national government. Again, unfortunately, all those who have abandoned the party, including those in Arthur Scargill's SLP, are blind to these processes and have simply written the Labour Party off as a "stinking corpse." They will be completely by-passed by the working class when it moves into action. As night follows day, they will inevitably move through their traditional organisations. These will be tested and retested on the basis of events. The coming world economic crisis will shatter attempts to patch up capitalism. "Next year's slowdown could turn into a full-scale recession", argues the Guardian. It continued: "in the end corporations are only as good as their future earnings prospects. If those prospects are endangered by the end of a long upswing in the economic growth cycle, then the paper used in mergers will take that much more time to justify its value. The mega-mergers could thus hasten, deepen and worsen any coming recession." Under these crisis conditions, the ideas of "New Labour", of an attempt to patch-up capitalism, will be discredited. It will lead to a crisis in the Labour government as the trade unions and the rank and file exert pressure for a change in course. It will not be the trade unions that will split away from the Labour Party. That relationship is too entrenched. The more likely scenario is for a split away of the rightwing. In these extremely volatile conditions the ideas of genuine socialism and Marxism will attract a ready audience, as the only ideas that can solve the problems of the working class, and guarantee a decent future for everyone. ☆

Hong Kong, the crash and the tigers



It started in Hong Kong. The screens went red as the price quotes for the company shares on the Hong Kong stock market index, the Hang Seng, started to fall like a stone. On 'black Monday', the value of Hong Kong stocks had lost \$60bn, as the big investing institutions sold out.

by Michael Roberts
economics editor

That sent shock waves across the international financial cybernet. As the Hong Kong market began to close, the European markets opened up and immediately began to plummet, and Wall Street then followed, falling over 550pts, the biggest fall since 1987 – so bad that the market was closed early... And then another round on Tuesday as Hong Kong took its cue from New York and took an even bigger plunge, down nearly 14%. Again Europe started to fall again. Was this the big crash?

Extremely worried the Latin American stock exchanges of Brazil, Argentina and Mexico announced that they would not open at the usual times, but would wait for Wall St. The leading investment gurus in the US announced that there was nothing to worry about. This was an opportunity to buy now prices were lower. President Clinton stated that the 'fundamentals of the US economy were sound with growth good, inflation down, the budget deficit at an all-time low'. So there was no need for the stock market to plunge. Then the big companies announced that they would buy back their shares at the new low prices.

When it opened, at first the market plunged again. Then as it hit 7000, down over 1500 pts from its peak in August, it turned. The bulls started to win again. By the end of the day, the US market was back up to 7500. That was all Hong Kong needed on Wednesday. It jumped back nearly 19%. The crisis was over.

But is it? For what started the whole thing off anyway?

It started back in July in Bangkok. The Thai government suddenly announced that after decades of keeping its currency, the Thai baht, fixed to the US dollar at around Bht25/\$, it was going to let its currency 'float'. Float it did not! Immediately

the baht's value drowned. It fell below Bht30/\$ and continued to fall. Its' now near Bht40/\$, or down 60% on the old level! Before long, other Asian tiger currencies followed the baht down. The Malaysian ringgit dropped from M\$2.50/US\$ to \$3.40/\$ now. The Indonesian rupiah and the Philippine peso also collapsed. It was not long before the Taiwanese dollar and the Korean won hit the bucket too.

The Thai government also announced that it was seeking financial support from the IMF so that it could make its payments for foreign imports and debts in foreign currency. It revealed that it had spent nearly all its foreign currency reserves trying to keep up the value of the baht. The government was broke! More than that, most of the banks and the finance houses were bust too, because they had such huge debts owed to foreign banks that they could no longer pay and because the loans they had made, mainly to property companies and other speculative ventures had gone 'absent without leave'.

Miracle

How could this have happened? After all, the great Asian miracle was based on the idea that these handful of countries spread between Australia and China could continue expand at 8-10% a year, as their populations saved and invested 35-40% of their national income, and foreign capital, attracted by their success, delivered extra capital for investment worth another 5-7% of national income in the region. When the world went into recession in 1990, East Asia did not follow. It seemed impregnable to vagaries of the capitalist cycle of boom and slump.

The capitalists argued that this was because the Asian were trading nations that thrived on the 'free market' principles of capitalism. Hong Kong and Singapore were supposed examples of pure capitalism that had produced modern successful economies at the top of the capitalist league of excellence. And this was presented to us at a time when 'communism' in Eastern Europe was in ruins, proving that the planned economy could not work.

We know that this the image of Asia was a fake. Far from most Asian economies being examples of free market capitalism, they were really testaments to state-directed monopoly capitalist planning, complete



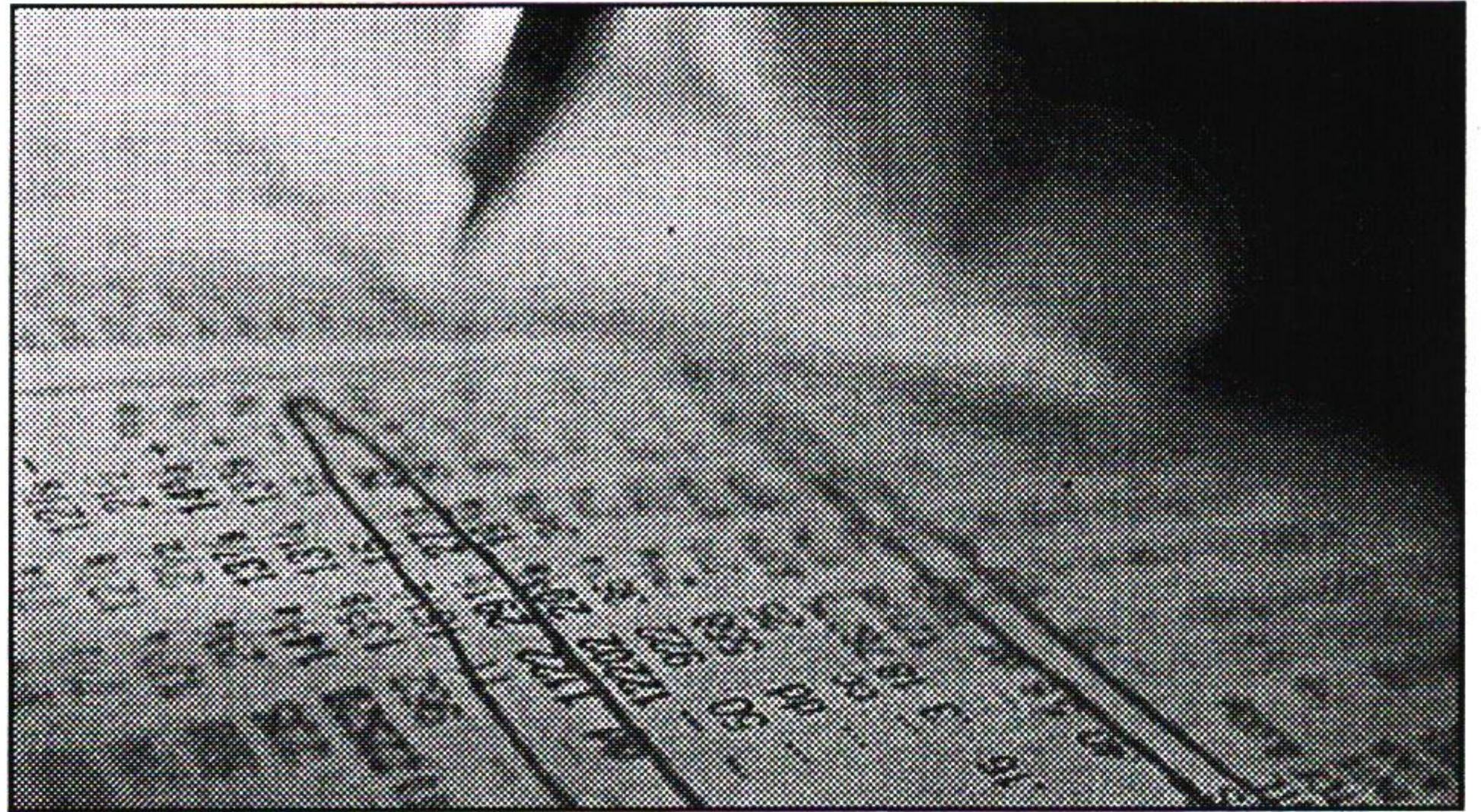
with national five-year plans (Malaysia, Taiwan, Korea, Singapore) and products of military-backed finance from the west (Korea, Taiwan, Thailand), and examples of cheap labour exploited under the boot of dictatorship, military regimes or one-party states (Korea, Taiwan, Singapore, Indonesia and even Malaysia).

The irony was that once the ruling class in these countries were finally persuaded to break with trade protectionism and lower taxes on foreign imports, were persuaded to open up their markets to foreign capital, and to drop planning and controls by the state, as they were in the 1990s by the proponents of globalisation (the imperialist powers of the West), they started to flounder.

For a while the Asian economies grew fast in the 1990s. But then came their nemesis in the form of the US dollar. It had been good policy to tie their currencies to the dollar. It meant that foreign capitalists could be sure that if they invested in Malaysia or Thailand, their profits could be turned into US dollars with some degree of certainty. And while the US dollar was weak compared to the Japanese yen and European currencies, then Asian exports would be cheap as well. And during the early 1990s, the dollar was very weak and the yen was strong.

But from April 1995, the US dollar began to strengthen sharply. The failure of the Japanese economy to recover from the world recession and the stronger US economy meant that the Japanese devalued their currency in order to increase their exports into the US. But the Asian economies suffered. Their currencies strengthened with the dollar. Their exports began to fall off, and huge debts that they had in US dollars became more difficult to service. Their trade balance between exports and imports went into big deficits. Increasingly they could not pay their way and continue to grow at 7-9% a year.

Foreign lenders became worried. Their loans may not be repaid. They began to demand higher interest rates to lend more or to keep their money in Asia. As they began to withdraw their money and capital, they sold the Asian currency to buy US dollars. The pressure was on the Asian currencies. As the groundswell built up during 1997, there was only one



result. The currencies collapsed.

The golden days are over. Now all the Asian governments are raising taxes and cutting spending to pay off these debts. Interest rates have rocketed. Investment and spending is falling off. Economic growth in Thailand next year could be zero. Other economies will grow at half previous rates.

The ruling classes in these countries are now running scared. The Thai government, composed of old military generals and business tycoons does not know what to do. It has had four finance ministers and three prime ministers in one year. It has been forced to accept a new constitution designed to stop corruption and election fiddling (we shall see!). It won't last the year.

Speculators

Malaysia's prime minister Mahathir bin Mohamad has looked for scapegoats. It was 'international speculators' like George Soros (the man who brought the British pound down under John Major during the ERM crash of September 1992). Now Soros was trying to do the same thing to Malaysia, up to then a great success under Mahathir's leadership. The irony was that while Mahathir was blaming the 'Jewish-Capitalist conspiracy' in speeches for Malaysia's demise, his close friends, the big Malaysian tycoons, were quietly selling their currency and Malaysian shares and buying dollars. The truth was that Malaysian companies had to buy dollars to pay their debts and get imports as their currency fell. So patriotism went out

of the window!

Then there was Indonesia's corrupt old anti-communist ex-general President Suharto, the butcher of millions during the military coup of 1965 and the proponent of genocide in East Timor, one of the remote islands that make up the hugely populated Indonesian state. Suharto and his family rule this country like it was their own personal household. Suharto's wife and sons own most of the industry that is not foreign-owned. They run most of the plantations that have cut so much precious timber and palms down that this summer they caused huge forest fires that left most of Singapore and Malaysia under a dense and suffocating fog.

Suharto and his gang tried to do what the foreign investors wanted. They devalued the rupiah, they lowered their import taxes, they taxed the people more, and finally, they asked for money from the IMF just like Thailand. But there was one thing they would not do. That was end the Suharto family's monopoly of industry. Suharto's son still owns the national car industry and refuses to allow foreign car manufacturers to compete on level terms. The economy remains in deep crisis.

And it's a crisis that now threatens the rule of the old elite. Mahathir makes populist attacks on foreigners to protect himself. Suharto trembles that popular revolt may surge up as he applies more austerity on his people. Korea and Taiwan's presidents have lost tremendous popular support and are likely to be defeated in coming elections, as are the ruling party in the Philippines.



And the people of the Asian tigers are going to suffer sharp falls in their living standards to several years as the Tigers slow down to pussy-cat pace.

But at least they have devalued their currencies. That will make their exports cheaper in world markets. Only one Asian tiger has not done so – Hong Kong. But then Hong Kong was special, so the argument went.

When the British colonial regime finally handed back the territory to the Chinese stalinist regime last July, Tory governor Chris Patten (and his lovely daughters) shed a tear or two. But he also said that it would be business as usual. By that he meant that Hong Kong would continue to be a beacon of free market capitalism. It would continue to be a gateway for goods into and out of China, and the major conduit for foreign capitalists (many of them Chinese in Asia) to invest into the mainland. The Chinese regime would change nothing and the great boom would continue.

Collapse

How the mighty have fallen. The collapse of the other Asian currencies exposed the sham that was Hong Kong. Far from being a great example of free capitalism, Hong Kong had always been a state-run economy. The government strictly controls what the banks can do, it allows no democracy and the tycoons rule without opposition. And above all, it controls the land. Most of the land in Hong

Kong is nationalised. The government sells bits of it off to raise revenues for grandiose projects and to provide housing for its workers. And it has restricted its sales for years.

Suddenly the new Chinese chief executive announces that the government will now sell more land and build more cheap housing. The property monopolies are alarmed, as astronomic property values could start to fall. It costs nearly \$1m for a small flat to buy in Hong Kong! So high are the prices that the cost of doing business is now way above that of even Singapore and certainly the rest of Asia. And with the other Asian economies becoming suddenly cheaper by devaluing, Hong Kong stuck out like a sore thumb.

The Hong Kong dollar was fixed like Prometheus to the rock of the US dollar. The Hong Kong dollar peg, as it is called, was the cornerstone of the territory's success. It ensured that foreign investor and Hong Kong citizen alike could change their money at a moment's notice from Hong Kong to US dollars. But they did not have to because the HK\$ was as good as the US\$ because the government guaranteed it. But now the US dollar was expensive and so was Hong Kong. It had lost most of its industry across the border into the sweat shops of Shenzhen. Now it could lose its positions as financial centre for China to cheaper rivals.

Investors decided that the currency peg needed to be devalued to cut costs. But the Hong Kong authorities could not allow

that because if all Hong Kong citizens switched their cash into US dollars because they feared a devaluation of the Hong Kong dollar, then all the banks would go belly up. So the authorities put interest rates up, at one stage to 1000% for keeping money in HK\$ for one night!

But higher interest rates mean higher mortgage rates for Hong Kong citizens, lower profits for business and falling property prices. The stock market plummeted.

But what has the Asian crisis to do with the rest of the world? After all, less than 10% world output comes from the Asian tigers. Even if their economic growth was to slow to zero over the next year, that would only take 10% off expansion in the West, now growing at the rate of 3.0-3.5%. In other words perhaps one-quarter of 1% a year. Important, but not decisive.

But international capital was worried by the Hong Kong stock market collapse. For over two years, the world's stock markets have rocketed up, fuelled by low interest rates, lots of money capital and a recovery in economic growth and company profits. But share prices have shot up much faster than company profits to back them up. The US stock market was up over 50% in two years, while company profits rose 20%. As the Chairman of the US Federal Reserve bank, Alan Greenspan, put it, financial markets were suffering from 'excessive exuberance', and he feared a 'correction'.

Meltdown

When Asia's markets collapsed in July, Wall St was unimpressed. But when Hong Kong had a meltdown, nervous investors in Europe and the US decided it was time to take their profits and run. Fear triumphed over greed.

As I write, the market have recovered most of their losses in the big fall. It appears that it was all just a bad dream and investors have been comforted by the experts, government and bankers that all is now well.

But the stock markets are still too highly priced in relation to future profits. Investors are living in a dream world all right. In a recent survey, it was found that US investors (and they are now 40% of all US households!) thought that they would make 30% a year on their shares! As any horse race better or Las Vegas gambler

First tremors of global recession

could tell them, that's a pipedream. Markets are heading for further falls.

Share prices cannot keep going up with no relation to the real economy, and in particular, with no relation to profitability of the companies being bet on. And the great boom on US corporate profits is coming to an end. Once profits start to slow, and that looks likely next year, and companies report less favourable results to their shareholders in their reports, then there will be a big sell-off.

The danger for capitalism is that if people's wealth is drastically reduced by a stock market collapse, or that people begin to worry about their prosperity, they will stop spending. And as companies see their share capital fall and profits slow down, then they will stop investing in production. The result is a slow-down, then a recession and even full-scale slump. That's what happened in 1929-32. It did not happen in 1987, the last great crash.

Crashed

In 1987, when the stock market crashed, the central banks of the big countries immediately cut their interest rates to make it cheaper to borrow and reduce the cost of company debts. And they began to cut taxes and boost public spending. That stretched the boom for another three years before the inevitable capitalist cycle of boom and slump reasserted itself.

This time there is less room to manoeuvre. Interest rates are already near rock bottom levels. In Japan, the government is already running a huge 7% of GDP deficit on its finances. In Europe, every government is desperately cutting back on spending and raising taxes to keep within the 3% of GDP deficit target to entering the European single currency. To save growth and stop a slump, European government would have to sacrifice monetary union.

The stock market crash may just be a blip on the trading screen this time, or it could be the signal of the coming economic crash. But what is certain is that the Asian bubble has burst. The Tigers have entered an era of austerity and social collision. And also, that capitalism will enter another recession worldwide within a few years whatever investors in shares do today.

The stock market rebound has given rise to the euphoric idea amongst economic whizzkids that after this minor "correction" its back to business as usual. Investors are now looking for bargains as share values are pushed up and up. Alan Greenspan, chairman of the US federal reserve, avoided his previous comments of the stock market showing "irrational exuberance", and concentrated on how well the US economy was doing. "It is quite conceivable", he said, "that a few years' hence we will look back at this episode as we look back at the 1987 crash as a salutary event in terms of its implications for macro-economy."

by Rob Sewell

But these pundits see things very much in terms of "confidence", of subjective feelings, when the crisis is really a reflection of the underlying objective situation. The capitalists managed to avoid a slump in 1987, by lowering interest rates pouring in "liquidity" into the world economy. This simply postponed the recession until 1990. The strategists of capital have not learned anything, and are blind to the real process of capitalist economy. A lead article in the Guardian commented: "What is important about 1929 was not the shares crash itself (much smaller than in 1987) but the great depression that followed. The share crashes of 1973 and 1981 were harbingers of recession but those of 1946, 1962 and 1987 were not. This time there is no sign of global recession apart from East Asia which is a small part of the whole." (29/10/97)

What is clear, the recent stock market crash represents a first tremor of an impending slump in the world capitalist economy. There will be more. The underlying causes have not disappeared. The examples of the absence of crises in 1946 and 1962 was due to the reconstruction of the post war period.

In 1987 there was a delay. Capitalism has not abolished the boom and slump-cycle. The speculation on the stock exchange is a typical characteristic of the peak of the boom years. Illusions were widespread of the boom years continuing, as they are today. In

October 1929, Andrew Mellon, US Treasury Secretary stated: "The US economy is fundamentally sound."

Today, Robert Rubin, US Treasurer Secretary, says: "the fundamentals of the US economy are strong." This was a deliberate attempt to boost "confidence". But the US economy is heading for a recession. There is growing excess capacity in cars, steel, microchips, and other products.

When this recession will occur is not possible to predict with accuracy.

Economic processes are notoriously difficult to pinpoint, and timescales are extremely difficult to determine. However, what is clear is that we have reached the peak of the boom in the USA and Britain. Within the next year or two there will be a downswing. This could be precipitated by a further crash on the world stock markets. The

National Bureau of Economic Research in the US in October 1987 reported that "There have been eight recessions in the post-war period and the stock market has entered sustained declines, signalling their approach, by lead times averaging just under eight months."

The next slump, given the massive amounts of fictitious capital that has been built up in the last period, is likely to be deeper than most. It will be further exacerbated by the austerity measures of all the capitalist governments.

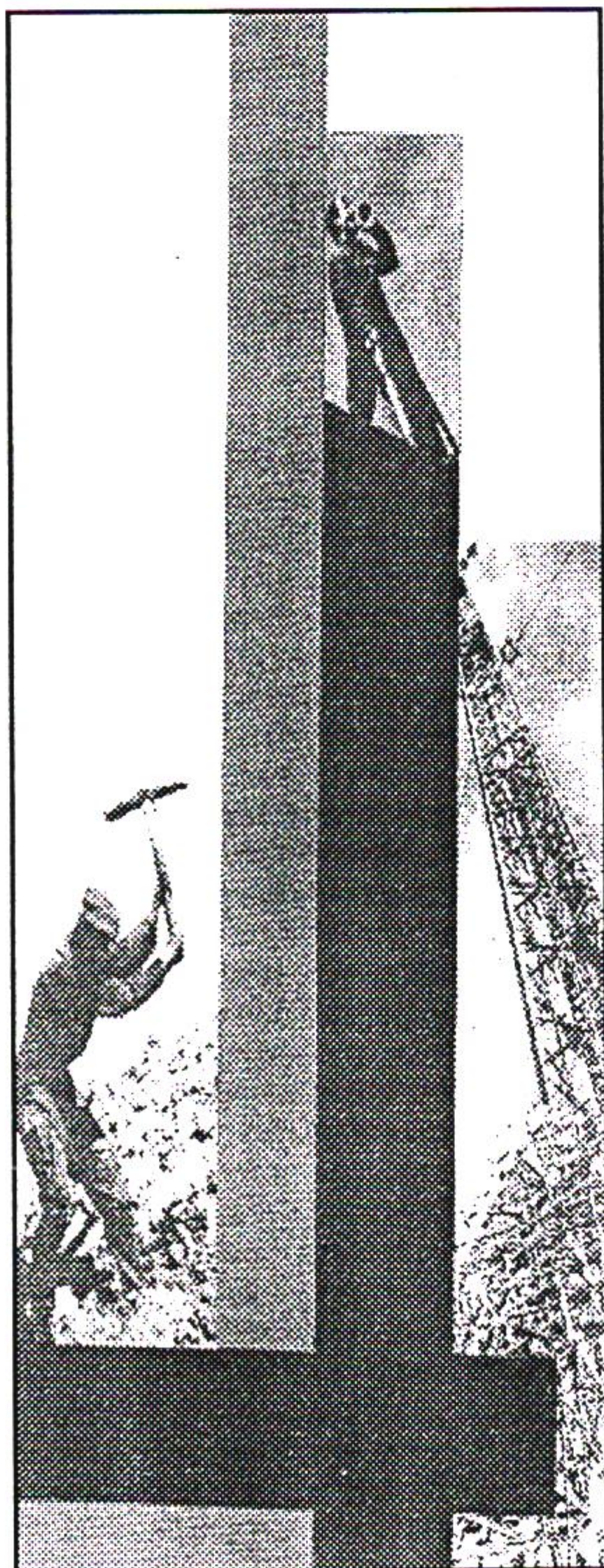
These events will have a profound political effect internationally. It will finally destroy the illusions in the market economy once and for all, and bring into question the durability of the capitalist system. Even in this boom there has been mass unemployment, which has assumed an organic nature. In the downswing it will grow to astronomical proportions. All governments will be thrown into crisis as they try to unload their problems onto the backs of the working class.

After the initial shock, the workers will draw the necessary conclusions that capitalism is the reason for all their problems. Once again, the ideas of genuine socialism and Marxism will come to the fore. The task will be the overthrow of capitalism and the building of socialism, which will relegate to the dustbin of history the nightmare of slump and mass unemployment for ever.

In defence of the Russian revolution

This month marks the eightieth anniversary of the great Russian revolution - one of the most monumental events of human history.

Alongside Lenin, Leon Trotsky was the foremost leader of the revolution. To celebrate those great days we are republishing an edited version of a speech he gave in Copenhagen in 1932. It outlines and defends both the methods and ideals of the Bolshevik Party and the role of revolutionary Marxism in the events of 1917.



Up to the war, the Bolshevik Party belonged to the Social-Democratic International. On August 4, 1914, the vote of the German social democracy for the war credits put an end to this connection once and for all, and opened the period of uninterrupted and irreconcilable struggle of Bolshevism against social-democracy.

Does this mean that the organisers of this assembly made a mistake in inviting me to lecture? On this point the audience will be able to judge only after my lecture. To justify my acceptance of the kind invitation to present a report on the Russian Revolution, permit me to point to the fact that during the thirty-five years of my political life the question of the Russian Revolution has been the practical and theoretical axis of my thought and of my actions... At all events, the purpose of my lecture is to help to understand. I do not intend to conduct propaganda for the Revolution, nor to call upon you to join the Revolution. I intend to explain the Revolution.

The Materialist Conception of History

Human society is an historically originated collaboration in the struggle for existence and the assurance of the maintenance of the generations. The character of a society is determined by the character - of its economy. The character of its economy is determined by its means of productive labour. For every great epoch in the development of the productive forces there is a definite corresponding social regime. Every social regime until now has secured enormous advantages to the ruling class. It is clear, therefore, that social regimes are not eternal. They arise historically, and then become fetters on further progress. *"All that arises deserves to be destroyed."* But no ruling class has ever voluntarily and peacefully abdicated. In questions of life and death, arguments based on reason have never replaced the arguments of force. This may be sad, but it is so. It is not we that have made this world. We can do nothing but take it as it is.

The meaning of revolution

Revolution means a change of the social order. It transfers the power from the hands of a class which has exhausted itself into those of another class, which is in the ascendant. Insurrection constitutes the sharpest and most critical moment in the struggle for power of two classes...The insurrection can lead to the real victory of the Revolution and to the establishment of a new order only when it is based on a progressive class, which is able to rally around it the overwhelming majority of the people. As

distinguished from the processes of nature, a revolution is made by human beings and through human beings. But in the course of revolution, too, men act under the influence of social conditions which are not freely chosen by them but are handed down from the past and imperatively point out the road which they must follow. For this reason, and only for this reason, a revolution follows certain laws. But human consciousness does not merely passively reflect its objective conditions. It is accustomed to react actively to them. At certain times this reaction assumes a tense, passionate, mass character. The barriers of right and might are overthrown. The active intervention of the masses in historical events is in fact the most indispensable element of a revolution. But even the stormiest activity can remain in the stage of demonstration or rebellion, without rising to the height of a revolution. The uprising of the masses must lead to the overthrow of the domination of one class and to the establishment of the domination of another. Only then have we achieved a revolution. A mass uprising is no isolated undertaking, which can be conjured up any time one pleases. It represents an objectively-conditioned element in the development of a revolution, just as a revolution represents an objectively-conditioned process in the development of society. But if the necessary conditions for the uprising exist, one must not simply wait passively, with open mouth; as Shakespeare says: *"There is a tide in the affairs of men which taken at the flood, leads on to fortune."*

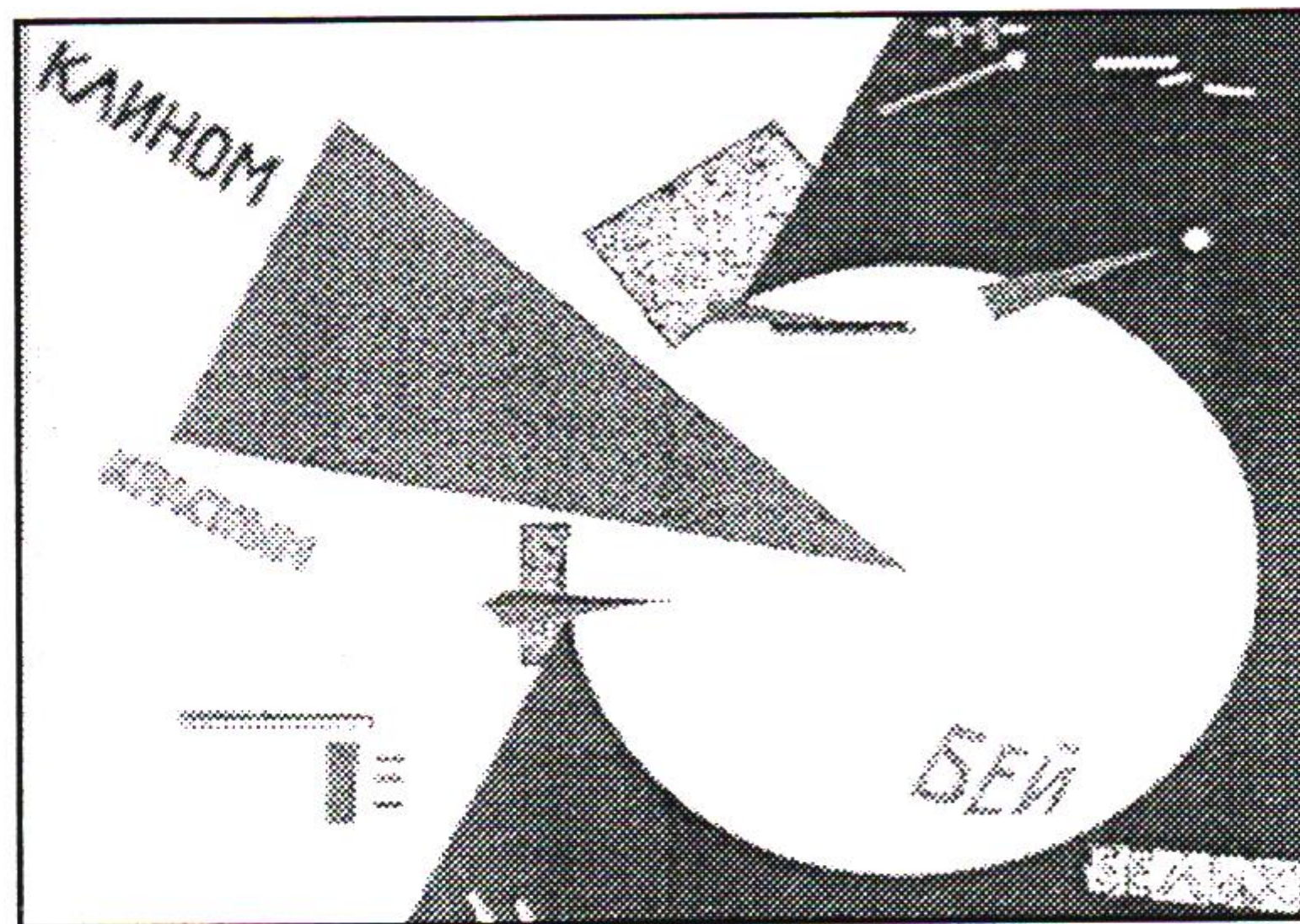
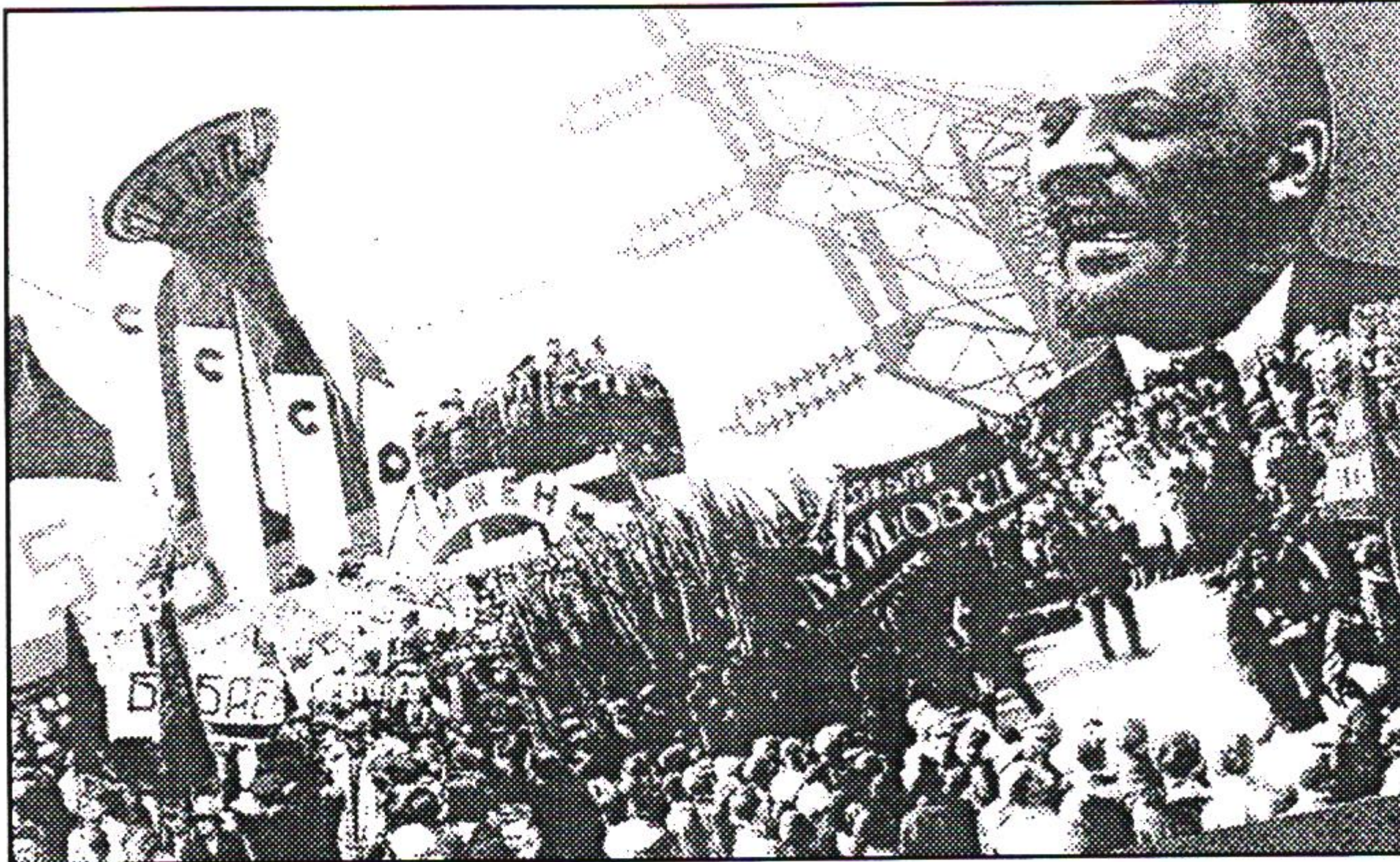
In order to sweep away the outlived social order, the progressive class must understand that its hour has struck and set before itself the task of conquering power. Here opens the field of conscious revolutionary action, where foresight and calculation combine with will and courage. In other words: here opens the field of action of the Party...

The revolutionary Party unites within itself the flower of the progressive class. Without a Party which is able to orientate itself in its environment, appreciate the progress and rhythm of events and early win the confidence of the masses, the victory of the proletarian revolution is impossible. These are the reciprocal relations between the objective and the subjective factors of insurrection and revolution.

The Causes of October

What questions does the October Revolution raise in the mind of a thinking man?

1) *Why and how did this revolution take place? More correctly, why did the proletarian revolution conquer in one of the most backward countries in Europe?*



2) What have been the results of the October revolution? And finally:

3) Has the October Revolution stood the test?

The first question, as to the causes, can now be answered more or less exhaustively. I have attempted to do this in great detail in my *'History of the Revolution.'* Here I can only formulate the most important conclusions.

The Law of Uneven Development

The fact that the proletariat reached power for the first time in such a backward count as the former Tsarist Russia seems mysterious only at a first glance; in reality it is fully in accord with historical law. It could have been predicted, and it was predicted. Still more, on the basis of the prediction of this fact the revolutionary Marxists built up their strategy long before the decisive events. The first and most general explanation is: Russia is a backward country, but only a part of world economy, only an element of the capitalist world system. In this sense Lenin solved the enigma of the Russian Revolution with the lapidary formula, *"the chain broke at its weakest link."*

A crude illustration: the Great War, the result of the contradictions of world imperial-

ism, drew into its maelstrom countries of different stages of development, but made the same claims on all the participants. It is clear that the burdens of the war would be particularly intolerable for the most backward countries. Russia was the first to be compelled to leave the field. But to tear itself away from the war, the Russian people had to overthrow the ruling classes. In this way the chain of war broke at its weakest link.

Still, war is not a catastrophe coming from outside like an earthquake, but, as old Clausewitz said, the continuation of politics by other means. In the last war, the main tendencies of the imperialistic system of "peace" time only expressed themselves more crudely. The higher the general forces of production, the tenser the competition on the world markets, the sharper the antagonisms and the madder the race for armaments, so much the more difficult it became for the weaker participants. That is precisely why the backward countries assumed the first places in the succession of collapse. The chain of world capitalism Always tends to break at its weakest link.

If, as a result of exceptional unfavourable circumstances—for example, let us say, a successful military intervention from the outside or irreparable mistakes on the part of the

Soviet Government itself capitalism should arise again on the immeasurably wide Soviet territory, its historical inadequacy would at the same time have inevitably arisen and such capitalism would in turn soon become the victim of the same contradictions which caused its explosion in 1917. No tactical recipes could have called the October Revolution into being, if Russia had not carried it within its body. The revolutionary Party in the last analysis can claim only the role of an obstetrician, who is compelled to resort to a Caesarean operation.

One might say in answer to this: Your general considerations may adequately explain why old Russia had to suffer shipwreck, that country where backward capitalism and an impoverished peasantry were crowned by a parasitic nobility and a decaying monarchy. But in the simile of the chain and its weakest link there is still missing the key to the real enigma: How could a socialist revolution succeed in a backward country. History knows of more than a few illustrations of the decay of countries and civilisations accompanied by the collapse of the old classes for which no progressive successors had been found. The breakdown of old Russia should, at first sight have changed the country into a capitalist colony rather than into a Socialist State.

This objection is very interesting. It leads us directly to the kernel of the whole problem. And yet, this objection is erroneous; I might say, it lacks internal symmetry. On the one hand, it starts from an exaggerated conception of the phenomenon of historical backwardness in general.

Living beings, including man, of course, go through similar stages of development in accordance with their ages. In a normal five-year old child, we find a certain correspondence between the weight, size and the internal organs. But it is quite otherwise with human consciousness. In contrast with anatomy and physiology, psychology, both individual and collective, is distinguished by exceptional capacity of absorption, flexibility and elasticity; therein consists the aristocratic advantage of man over his nearest zoological relatives, the apes. The absorptive and flexible psyche confers on the so-called social "organisms", as distinguished from the real, that is biological organisms, an exceptional variability of internal structure as a necessary condition for historical progress. In the development of nations and states, particularly capitalist ones, there is neither similarity nor regularity. Different stages of civilisation even polar opposites, approach and intermingle with one another in the life of one and the same country.

The Law of Combined Development

Let us not forget that historical backwardness is a relative concept. There being both backward and progressive countries, there is also a reciprocal influencing of one by the other; there is the pressure of the progressive countries on the backward ones; there is the necessity for the backward countries to catch up with the progressive ones, to borrow their technology and science, etc. In this way arises the combined type of development: fea-

tures of backwardness are combined with the last word in world technique and in world thought. Finally the countries historically backward, in order to escape their backwardness, are often compelled to rush ahead of the others.

The flexibility of the collective consciousness makes it possible under certain conditions to achieve the result, in the social arena, which in individual psychology is called "*overcoming the consciousness of inferiority*". In this sense we can say that the October Revolution was an heroic means whereby the people of Russia were able to overcome their own economic and cultural inferiority.

But let us pass over from these historical-philosophic, perhaps somewhat too abstract, generalisations, and put up the same question in concrete form, that is within the cross-section of living economic facts. The backwardness of Russia expressed itself most clearly at the beginning of the twentieth century in the fact that industry occupied a small place in that country in comparison with the peasantry. Taken as a whole, this meant a low productivity of the national labour. Suffice it to say that on the eve of the war, when Tsarist Russia had reached the peak of its well-being, the national income was eight to ten times lower than in the United States. This expresses numerically the '*amplitude*' of its backwardness if the word '*amplitude*' can be used at all in connection with backwardness.

At the same time however, the law of combined development expressed itself in the economic field at every step, in simple as well as in complex phenomena. Almost



without highways, Russia was compelled to build railroads. Without having gone through the European artisan and manufacturing stages, Russia passed directly to mechanised production. To jump over intermediate stages is the way of backward countries.

While peasant agriculture often remained at the level of the seventeenth century, Russia's industry, if not in scope, at least in type, reached the level of progressive countries and in some respects rushed ahead of them. It suffices to say that gigantic enterprises, with over a thousand workers each, employed in the United States less than 18 per cent of the total number of industrial workers. In Russia it was over 41%. This fact is hard to reconcile with the conventional conception of the economic backwardness of Russia. It does not on the other hand, refute this backwardness, but dialectically complements it. The same contradictory character was shown by the class structure of the country. The finance capital of Europe industrialised Russian economy at an accelerated tempo. The industrial bourgeoisie forthwith assumed a large scale capitalistic and anti-popular character. The foreign stockholders moreover, lived outside of the country. The workers, on the other hand, were naturally Russians. Against a numerically weak Russian bourgeoisie, which had no national roots, there stood confronting it a relatively strong proletariat with strong roots in the depths of the people.

The revolutionary character of the proletariat was furthered by the fact that Russia in particular, as a backward country, under the compulsion of catching up with its opponents, had not been able to work out its own social or political conservatism. The most conservative country of Europe, in fact of the entire world, is considered, and correctly, to be the oldest capitalist country, England. The European country freest of conservatism would in, all probability be Russia.

But the young, fresh, determined proletariat of Russia still constituted only a tiny minority of the nation. The reserves of its revolutionary power lay outside of the proletariat itself-in the peasantry, living in half-serfdom; and in the oppressed nationalities.

The peasantry

The subsoil of the revolution was the agrarian question. The old feudal monarchic system became doubly intolerable under the conditions of the new capitalist exploita-

tion...

But you may argue the war of the peasants against the landowners is one of the classic elements of bourgeois revolution, and not at all of the proletarian revolution! Perfectly right, I reply-so it was in the past. But the inability of capitalist society to survive in an historically backward country was expressed precisely in the fact that the peasant insurrections did not drive the bourgeois classes of Russia forward but on the contrary, drove them back for good into the camp of reaction. If the peasantry did not want to be completely ruined there was nothing else left for it but to join the industrial proletariat. This revolutionary joining of the two oppressed classes was foreseen by the genius of Lenin and prepared for him long before.

Had the agrarian question been courageously solved by the bourgeoisie, the proletariat of Russia would not, obviously, have been able to arrive at the power in 1917. But the Russian, bourgeoisie, covetous and cowardly, too late on the scene, prematurely a victim of senility, dared not lift a hand against feudal property. But thereby it delivered the power to the proletariat and together with it the right to dispose of the destinies of bourgeois society. In order for the Soviet State to come into existence, it was consequently necessary for two factors of a different historical nature to collaborate: the peasant war, that is to say, a movement which is characteristic of the dawn of bourgeois development, and the proletarian insurrection, or uprising which announces the decline of the bourgeois movement. There we have the combined character of the Russian Revolution...

The national question

The second revolutionary reserve of the proletariat was formed by the oppressed nationalities, who moreover were also predominantly peasants. Closely allied with the historical backwardness of the country is the extensive character of the development of the State, which spread out like a grease spot from the centre at Moscow to the circumference. In the East, it subjugated the still more backward peoples, basing itself upon them, in order to stifle the more developed nationalities of the West. To the 70 million Great Russians, who constituted the main mass of the population were added gradually some 90 millions of other races. In this way arose the empire, in whose composition the ruling nationality made up only 43 percent of the population,

while the remaining 57 per cent, consisted of nationalities of varying degrees of civilisation and legal deprivation. The national pressure was incomparably cruder than in the neighbouring States, and not only than those beyond the western frontier, but beyond the eastern one too. This conferred on the national problem an enormous explosive force...

The inevitability of the development of the centrifugal national movements had been early taken into consideration by Lenin. The Bolshevik Party struggled obstinately for years for the right of self-determination for nations, that is, for the right of full secession. Only through this courageous position on the national question could the Russian proletariat gradually win the confidence of the oppressed peoples. The national independence movement as well as the agrarian movement, necessarily turned against the official democracy, strengthened the proletariat, and poured into the stream of the October upheaval.

The permanent revolution

In these ways the riddle of the proletarian upheaval in an historically backward country loses its veil of mystery. Marxist revolutionaries predicted, long before the events, the march of the Revolution and the historical role of the young Russian proletariat...

In accordance with its immediate tasks, the Russian Revolution is a bourgeois revolution. But the Russian bourgeoisie is anti-revolutionary. The victory of the Revolution is therefore possible only as a victory of the proletariat. But the victorious proletariat will not stop at the programme of bourgeois democracy: it will go on to the programme of socialism. The Russian Revolution will become the first stage of the Socialist world revolution.

This was the theory of permanent revolution formulated by me in 1905 and since then exposed to the severest criticism under the name of "Trotskyism."

To be more exact, it is only a part of this theory. The other part, which is particularly timely now, states: The present productive forces have long outgrown their national limits. A socialist society is not feasible within national boundaries.

Significant as the economic successes of an isolated workers' state may be, the programme of "Socialism in one country" is a petty bourgeois utopia. Only a European and then a world federation of socialist republics can be the real arena for a harmonious socialist society. Today, after the test



of events, I see less reason than ever to discard this theory.

Prerequisites for October

Without the armed insurrection of 7th November, 1917, the Soviet State would not be in existence. But the insurrection itself did not drop from heaven. A series of historical prerequisites were necessary for the October Revolution.

- 1) *The rotting away of the old ruling classes—the nobility, the monarchy, the bureaucracy.*
 - 2) *The political weakness of the bourgeoisie, which had no roots in the masses of the people.*
 - 3) *The revolutionary character of the agrarian question.*
 - 4) *The revolutionary character of the problem of the oppressed nationalities.*
 - 5) *The significant social burdens weighing on the proletariat.*
- To these organic preconditions must be added certain highly important connected conditions.*
- 6) *The Revolution of 1905 was the great school or in Lenin's phrase, "the dress rehearsal" of the Revolution of 1917. The Soviet's as the irreplaceable organisational form of the proletariat united front in the Revolution were created for the first time in the year 1905.*
 - 7) *The imperialist war sharpened all the contradictions, tore the backward masses out of their immobility, and thus prepared the grandiose scale of the catastrophe.*

The Bolshevik Party

But all these conditions, which frilly sufficed for the outbreak of the Revolution, were insufficient to assure the victory of the proletariat in the Revolution. For this victory one condition more was necessary.

8) The Bolshevik Party

When I enumerate this condition last in the series, I do it only because it follows the logical sequence, and not because I assign the last place in the order of importance to

the Party.

No, I am far from such a thought. The liberal bourgeoisie can seize power and has seized it more than once as the result of struggles in which it took no part; it possesses organs of seizure which are admirably adapted to the purpose. But the working masses are in a different position; they have long been accustomed to give, and not to take. They work, are patient as long as they can be, hope, lose patience, rise up and struggle, die, bring victory to others, are betrayed, fall into despondency, bow their necks, and work again.

Such is the history of the masses of the people under all regimes. To be able to take the power firmly and surely into its hands the proletariat needs a Party, -which far surpasses other parties in the clarity of its thought and in its revolutionary determination.

The Bolshevik Party, which has been described more than once and with complete justification as the most revolutionary Party in the history of mankind was the living condensation of the modern history of Russia, of all that was dynamic in it. The overthrow of Tsarism had long been recognised as the necessary condition for the development of economy and culture. But for the solution of this task, the forces were insufficient. The bourgeoisie feared the Revolution. The intelligentsia tried to bring the peasant to his feet. The muzhik, incapable of generalising his own miseries and his aims, left this appeal unanswered. The intelligentsia armed itself with dynamite. A whole generation was wasted in this struggle.

On March 1st 1887, Alexander Ulianov carried out the last of the great terrorist plots. The attempted assassination of Alexander III failed. Ulianov and the other participants were executed. The attempt to make chemical preparation take the place of a revolutionary class, came to grief. Even the most heroic intelligentsia is nothing without the masses. Ulianov's younger brother Vladimir, the future Lenin, the great-

est figure of Russian history, grew up under the immediate impression of these facts and conclusion. Even in his early youth he placed himself on the foundations of Marxism and turned his face toward the proletariat.

Without losing sight of the village for a moment he sought the way of the peasantry through the workers. Inheriting from his revolutionary predecessors their capacity for self sacrifice, and their willingness to go to the limit, Lenin, at an early age, became the teacher of the new generation of the intelligentsia and of the advanced workers. In strikes and street fights, in prisons and in exile, the workers received the necessary tempering. They needed the searchlight of Marxism to light up their historical road in the darkness of absolutism.

Among the emigres the first Marxist group arose in 1883. In 1889 at a secret meeting, the foundation of the Russian Social-Democratic Workers Party was proclaimed (we all called ourselves Social-Democrats in those days). In 1903 occurred the split between Bolsheviks and Mensheviks, and in 1912 the Bolshevik faction finally became an independent Party.

It learned to recognise and analyse the class mechanics of society in its struggles during the events of twelve years (1905-1917). It educated groups equally capable of initiative and of subordination. The discipline of its revolutionary action was based on the unity of its doctrine, on the tradition of common struggles and on confidence in its tested leadership.

Such was the party in 1917. Despised by the official "public opinion" and the paper thunder of the intelligentsia Press it adapt-

ed itself to the movement of the masses. It kept firmly in hand the lever of control in the factories and regiments. More and more the peasant masses turned toward it. If we understand by "nation" not the privileged heads, but the majority of the people, that is, the workers and peasants, then the Bolsheviks became during the course of 1917 a truly national Russian Party.

In September, 1917, Lenin who was compelled to keep in hiding gave the signal, "The crisis is ripe, the hour of insurrection has approached." He was right. The ruling classes faced with the problems of the war, the land and liberation, had got into inextricable difficulties. The bourgeoisie positively lost its head. The democratic parties, the Mensheviks and Social-Revolutionaries, dissipated the last remaining bit of confidence of the masses in them by their support of the imperialist war, by their policy of compromise and concessions to the bourgeois and feudal property owners. The awakened army no longer wanted to fight for the alien aims of imperialism. Disregarding democratic advice, the peasantry smoked the landowners out of their estates. The oppressed nationalities of the far boundaries rose up against the bureaucracy of Petrograd. In the most important workers' and soldiers' Soviets the Bolsheviks were dominant. The ulcer was ripe. It needed a cut of the lancet.

Only under these social and political conditions was the insurrection possible. And thus it also became inevitable. But there is no playing around with insurrection. Woe to the surgeon who is careless in the use of the lancet! Insurrection is an art. It has its laws and its rules. The party faced the realities of the October insurrection with cold calculation and with ardent resolution. Thanks to this, it conquered almost without victims. Through the victorious soviets the Bolsheviks placed themselves at the head of a country which occupies one sixth of the surface of the globe...

Can October be justified?

"Yes", some opponents will say, "the adventure of October has shown itself to be much more substantial than many of us thought. Perhaps it was not even quite an 'adventure'. Nevertheless, the question-What was achieved at this high cost?-retains its full force. Have the dazzling promises which the Bolsheviks proclaimed on the eve of the Revolution been fulfilled?"

Before we answer the hypothetical opponent let us note that the question in and of

itself is not new. On the contrary, it followed right at the heels of the October Revolution, since the day of its birth.

The French journalist, Claude Anet, who was in Petrograd during the Revolution, wrote as early as 27th October, 1917: "The maximalists (which was what the French called the Bolsheviks at that time) have seized power and the great day has come. At last, I say to myself, I shall behold the realisation of the socialist Eden which has been promised us for so many years ... Admirable adventure! A privileged position!" And so on and so forth. What sincere hatred was behind the ironical salutation.

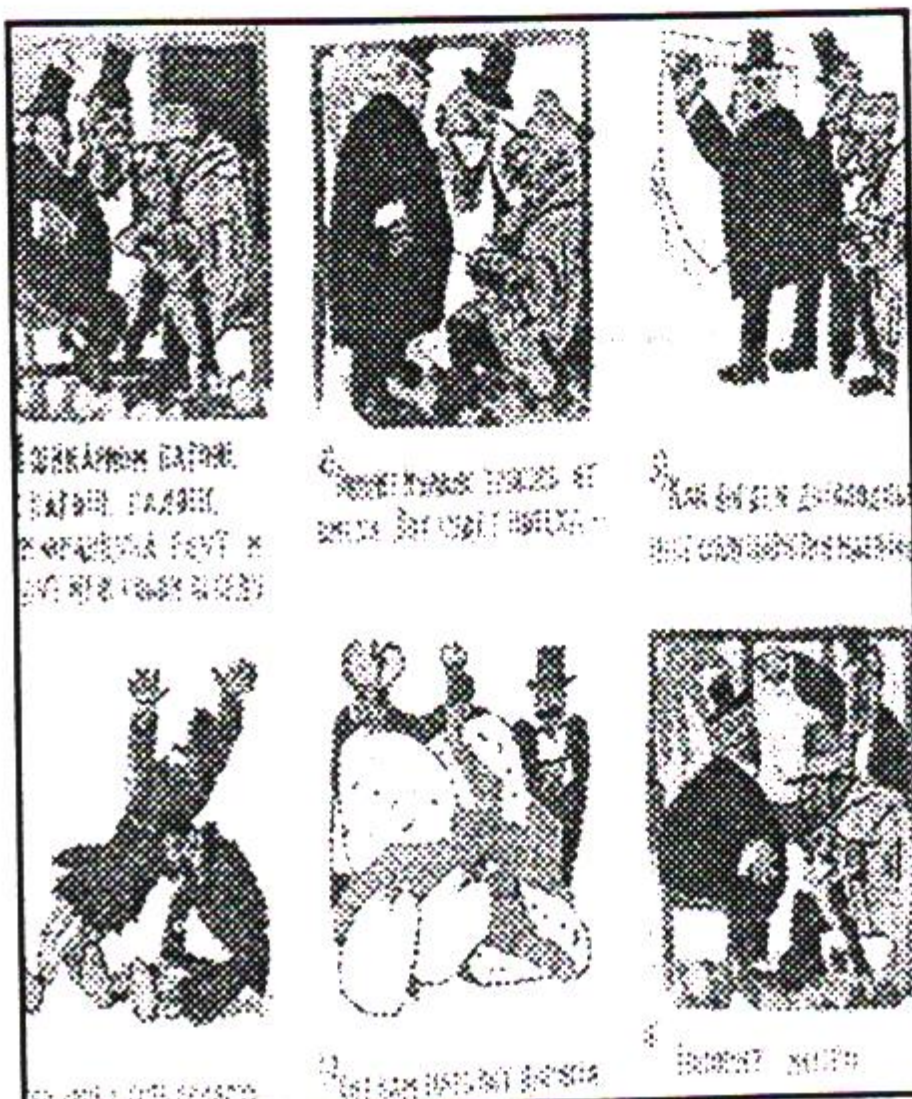
The very morning after the capture of the Winter Palace, the reactionary journalist hurried to register his claim for a ticket of admission to Eden. Fifteen years have passed since the Revolution. With all the greater absence of ceremony our enemies reveal their malicious joy over the fact that the land of the Soviets, even today, bears but little resemblance to a realm of general well-being. Why then the Revolution and why the sacrifice?

Permit me to express the opinion that the contradictions, difficulties, mistakes and insufficiency of the Soviet regime are no less familiar to me than to anyone. I, personally, have never concealed them, whether in speech or in writing. I have believed and I still believe that revolutionary politics as distinguished from conservative, cannot be built up on concealment. "To speak out that which is" must be the highest principle of the workers' State.

But in criticism, as well as in creative activity, perspective is necessary. Subjectivism is a poor adviser, particularly in great questions. Periods of time must be commensurate with the tasks, and not with individual caprices. Fifteen years! How long is that in the life of one man! Within that period not a few of our generation were borne to their graves and those who remain have added innumerable grey hairs. But these same fifteen years-what an insignificant period in the life of a people! Only a minute on the clock of history.

Capitalism required centuries to establish itself in the struggle against the Middle Ages, to raise the level of science and technique, to build railroads, to make use of electric current. And then? Then humanity was thrust by capitalism into the hell of wars and crises.

But Socialism is allowed by its enemies, that is, by the adherents of capitalism, only a decade and a half to install on earth



Paradise, with all modern improvements—Such obligations were never assumed by us. The processes of great changes must be measured by scales which are commensurate with them. I do not know if the Socialist society will resemble the biblical Paradise. I doubt it. But in the Soviet Union there is no Socialism as yet. The situation that prevails there is one of transition, full of contradictions, burdened with the heavy inheritance of the past and in addition is under the hostile pressure of the capitalistic states. The October Revolution has proclaimed the principles of the new society. The Soviet Republic has shown only the first stage of its realisation. Edison's first lamp was very bad. We must learn how to discern the future.

But the unhappiness that rains on living men! Do the results of the Revolution justify the sacrifice which it has caused? A fruitless question, rhetorical through and through; as if the processes of history admitted of a balance sheet accounting! We might just as well ask, in view of the difficulties and miseries of human existence, "Does it pay to be born altogether?" To which Heine wrote: "And the fool expects an answer" ... Such melancholy reflections have - not hindered mankind from being born and from giving birth. Even in these days of unexampled world crisis, suicides fortunately constitute an unimportant percentage. But peoples never resort to suicide. When their burdens are intolerable they seek a way out through revolution.

Besides who are they who are indignant over the victims of the social upheaval? Most often those who have paved the way for the victims of the imperialist war, and have glorified or, at least, easily accommodated themselves to it. It is now our turn to ask, "Has the war justified itself? What has it given us? What has it taught?"

In order to appreciate the new regime from the stand-point of human development, one must first answer the question, "How does social progress express itself and how can it be measured?"

The balance sheet of October

The deepest, the most objective and the most indisputable criterion says: progress can be measured by the growth of the productivity of social labour. From this angle the estimate of the October Revolution is already given by experience. The principle of socialistic organisation has for the first time in history shown its ability to record results in production unheard of in a short



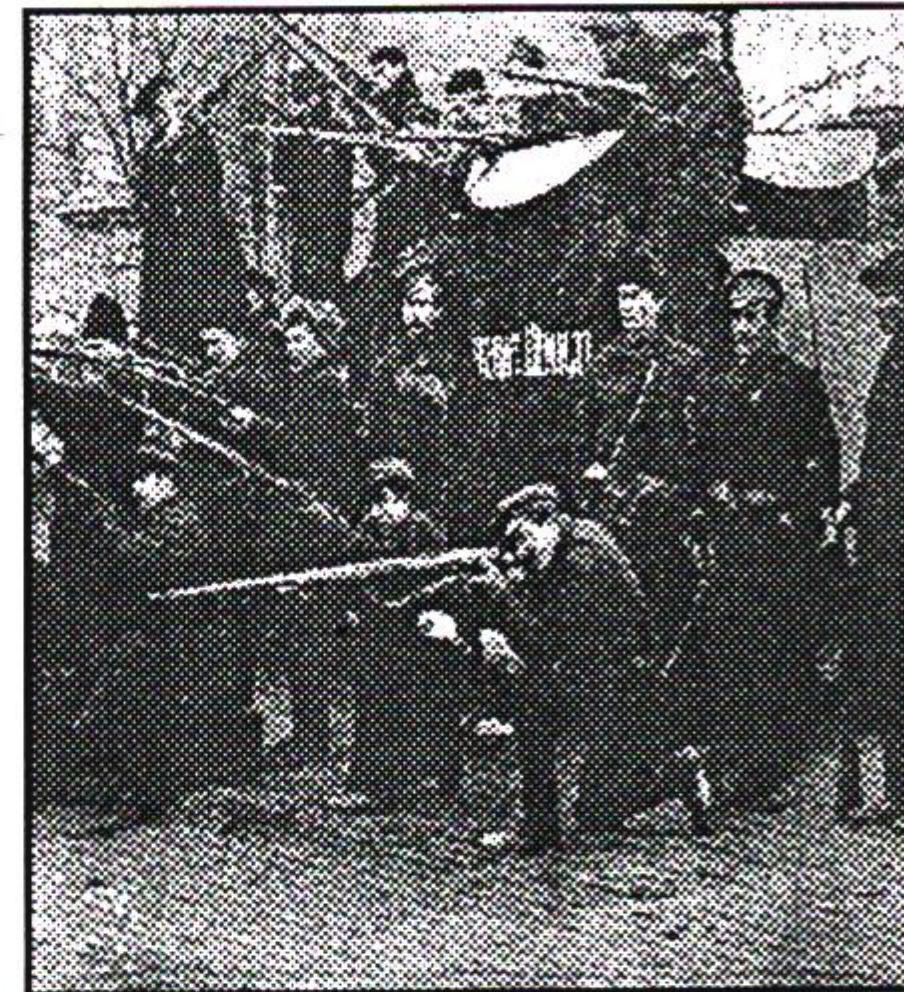
space of time.

The curve of the industrial development of Russia expressed in crude index numbers is as follows, taking 1913, the last year before the war as 100. The year 1920, the highest point of the civil war, is also the lowest point in industry—only 25, that is to say, a quarter of the prewar production. In 1925 it rose to 75, that is, three-quarters of the prewar production; in 1929 about 200, in 1932: 300, that is to say, three times as much as on the eve of the war.

The picture becomes even more striking in the light of the international index. From 1925 to 1932 the industrial production of Germany has diminished one and a half times, in America twice, in the Soviet Union it has increased four fold. These figures speak for themselves.

I have no intention of denying or concealing the seamy side of the Soviet economy. The results of the industrial index are extraordinarily influenced by the unfavourable development of agriculture, that is to say, in the domain which essentially has not yet risen to Socialist methods, but at the same time had been led on the road to collectivisation with insufficient preparation, bureaucratically rather than technically and economically. This is a great question, which however goes beyond the limits of my lecture.

The index numbers cited require another important reservation. The indisputable and, in their way, splendid results of Soviet industrialisation demand a further economic checking-up from the stand point of the mutual adaption of the various elements of the economy, their dynamic equilibrium and consequently their productive capacity. Here great difficulties and even set backs



are inevitable. Socialism does not arise in its perfected form from the Five-Year Plan like Minerva from the head of Jupiter, or Venus from the foam of the sea. Before it are decades of persistent work, of mistakes, corrections, and reorganisation. Moreover, let us not forget that socialist construction in accordance with its very nature can only reach perfection on the international arena. But even the most favourable economic balance sheet of the results so far obtained could reveal only the incorrectness of the preliminary calculations, the faults of planning and errors of direction. It could in no way refute the empirically firmly established fact—the possibility, with the aid of socialist methods, of raising the productivity of collective labour to an unheard of height. This conquest, of world historical importance, cannot be taken away from us by anybody or anything...

The October Revolution has laid the foundations for a new civilisation which is designed, not for a select few, but for all. This is felt by the masses of the whole world. Hence their sympathy for the Soviet Union which is as passionate as once was their hatred for Tsarist Russia...

The February insurrection against the autocracy, the struggle against the nobility, against the imperialist war, for peace, for land, for national equality, the October insurrection, the overthrow of the bourgeoisie and of those parties which supported it, or sought agreements with the bourgeoisie, three years of civil war on a front of 5000 miles, the years of blockade, hunger, misery, and epidemics, the years of tense economic reconstruction, of new difficulties and renunciations—these make a hard but good school. A heavy hammer smashes

glass, but forges steel. The hammer of the revolution is forging the steel of the people's character.

"Who will believe," wrote a Tsarist general, Zalweski, with indignation shortly after the upheaval, "that a porter or a watchman suddenly becomes a chief justice, a hospital attendant the director of the hospital, a barber an office-holder, a corporal a commander-in-chief, a day-worker a mayor, a locksmith the director of a factory?"

"Who will believe it?" But it had to be believed. They could do nothing else but believe it, when the corporals defeated the generals, when the mayor-the former day-worker-broke the resistance of the old bureaucracy, the wagon greaser put the transportation system into order, the locksmith as director put the industrial equipment into working condition. "Who will believe it?" Let anyone only try not to believe it.

For an explanation of the extraordinary persistence which the masses of the people of the Soviet Union are showing throughout the years of the revolution, many foreign observers rely, in accord with ancient habit, on the "passivity" of the Russian character. Gross anachronism! The revolutionary masses endure privations patiently but not passively. With their own hands they are creating a better future and are determined to create it at any cost. Let the enemy class only attempt to impose his will from outside on these patient masses! No, better, he should not try!

The Revolution and its place in history

Let me now, in closing, attempt to ascertain the place of the October Revolution, not only in the history of Russia but in the history of the world. During the year of 1918, in a period of eight months, two historical curves intersect. The February upheaval-that belated echo of the great struggles which had been carried out in the past centuries on the territories of Holland, England, France, nearly all over Continental Europe-takes its place in the series of bourgeois revolutions. The October Revolution proclaimed and opened the domination of the proletariat. World capitalism suffered its first great defeat on the Russian territory. The chain broke at its weakest link. But it was the chain that broke, and not only the link.

Capitalism has outlived itself as a world system. It has ceased to fulfil its essential function: the raising of the level of human power and human wealth. Humanity cannot remain stagnant at the level which it has

reached. Only a powerful increase in productive force and a sound, planned, that is, socialist organisation of production and distribution can assure humanity-all humanity-of a decent standard of life and at the same time give it the precious feeling of freedom with respect to its own economy. Freedom in two senses-first of all man will no longer be compelled to devote the greater part of his life to physical toil. Second, he will no longer be dependent on the laws of the market, that is, on the blind and obscure forces which work behind his back. He will build his economy freely, according to plan, with compass in hand.

This time it is a question of subjecting the anatomy of society to the X-ray through and through, of disclosing all its secrets and subjecting all its functions to the reason and the will of collective humanity. In this sense, socialism must become a new step in the historical advance of mankind. Before our ancestor, who first armed himself with a stone axe, the whole of nature represented a conspiracy of secret and hostile forces. Since then, the natural sciences hand in hand with practical technology, have illuminated nature down to its most secret depths.

By means of electrical energy, the physicist passes judgement on the nucleus of the atom. The hour is not far when science will easily solve the task of alchemists, and turn manure into gold and gold into manure.

Where the demons and furies of nature once raged, now reigns over more courageously the industrious will of man.

But while he wrestled victoriously with nature, man built up his relations to order men blindly almost like the bee or the ant. Slowly and very haltingly he approached the problems of human society.

The Reformation represented the first victory of bourgeois individualism in a domain which had been ruled by dead tradition.

From the church, critical thought went on to the State. Born in the struggle with absolutism and the mediaeval estates, the doctrine of the sovereignty of the people and of the rights of man and the citizen grew stronger. Thus arose the system of parliamentarianism.

Critical thought penetrated into the domain of government administration. The political rationalism of democracy was the highest achievement of the revolutionary bourgeoisie. But between nature and the state stands economic life. Technical science liberated man from the tyranny of the

old elements-earth, water, fire and air-only to subject him to its own tyranny. Man ceased to be a slave to nature to become a slave to the machine, still worse, a slave to supply and demand. The present world crisis testifies in especially tragic fashion how man, who dives to the bottom of the ocean, who rise up to the stratosphere, who converses on invisible waves from the Antipodes, how this proud and daring ruler of nature remains a slave to the blind forces of his own economy. The historical task of our epoch consists in replacing the uncontrolled play of the market by reasonable planning, in disciplining the forces of production, compelling them to work together in harmony and obediently serve the needs of mankind. Only on this new social basis will man be able to stretch his weary limbs and every man and every woman, not only a selected few-become a citizen with full power in the realm of thought.

The Future of Man

But this is not yet the end of the road. No, it is only the beginning. Man calls himself the crown of creation. He has a certain right to that claim. But who has asserted that present-day man is the last and highest representative of the species Homo Sapiens? No, physically as well as spiritually he is very far from perfection, prematurely born biologically, with feeble thought, and has not produced any new organic equilibrium.

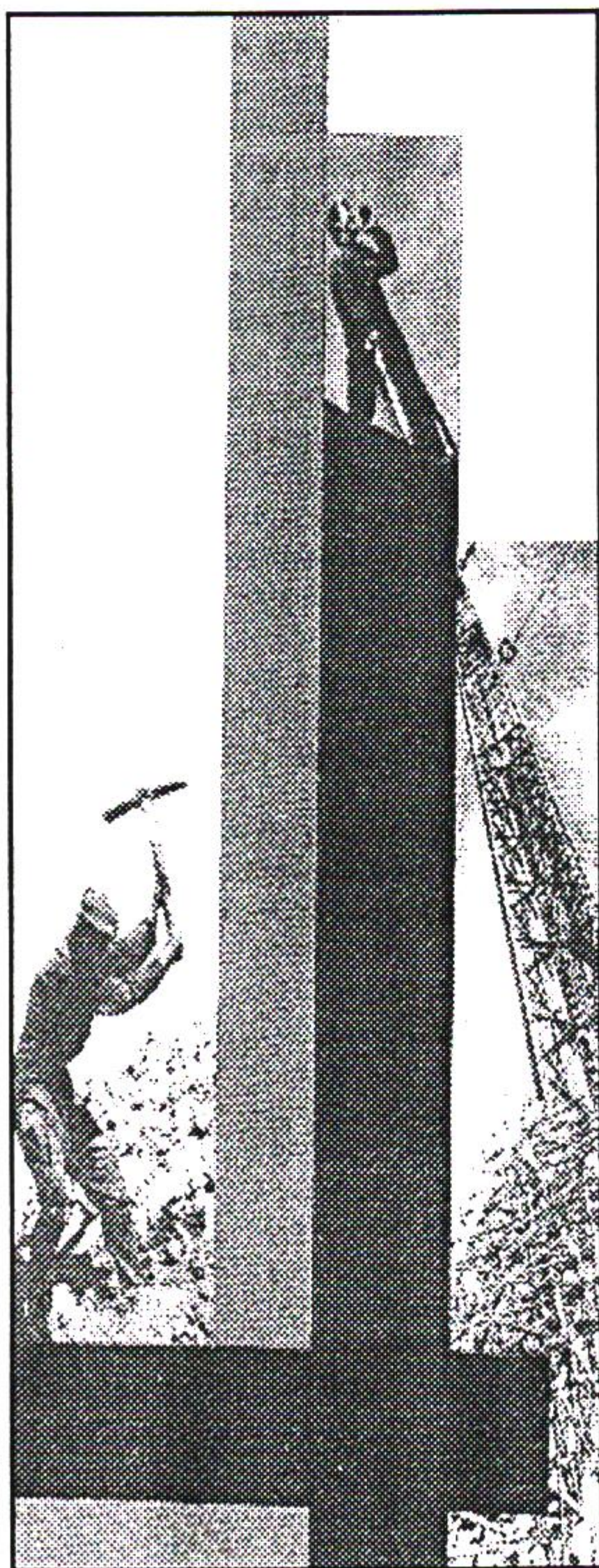
It is true that humanity has more than once brought forth giants of thought and action, who tower over their contemporaries like, summits in a chain of mountains. The human race has a right to be proud of its Aristotle, Shakespeare, Darwin, Beethoven, Goethe, Marx, Edison and Lenin. But why are they so rare? Above all, because almost without exception they came out of the middle and upper classes. Apart from rare exceptions, the sparks of genius in the suppressed depths of the people are choked before they can burst into flame. But also because the processes of creating, developing and educating a human being have been and remain essentially a matter of chance, not illuminated by theory and practice, not subjected to consciousness and will...

Socialism will mean a leap from the realm of necessity into the realm of freedom in this sense also, that the man of today, with all his contradictions and lack of harmony, will open the road for a new and happier race. ☆

Russia's economic and social ruin

**An eyewitness account
by Alan Woods**

Eighty years after the revolution, Russia is in turmoil. With an economy in freefall and huge social problems, *Alan Woods*, in the first of a series of articles and interviews, details what's really going on behind all the headlines.



I stepped outside the door of the metro station and saw him. A corpse, half-covered with a white plastic sheet, stretched out on the muddy pavement. It was clearly a man, probably in his mid-forties, although, as his face was covered, it was impossible to say. Who was he? An alcoholic whose liver had just given up? One of the many homeless, dead from malnutrition and exposure? Did anyone know? Did anyone care? A couple of bored-looking cops stood around the body. Three paces away, the myriad of little stalls that have sprung up alongside all such stations carried on with its usual bustling activities. At every step one comes face to face with mind-numbing poverty. Beggars line the streets and metro stations, many old people, particularly women, whose pensions and life-savings have been rendered worthless in the process of "market reform."

Particularly tragic are the disabled who must get along as best they can. A common sight is that of a man with no legs propelling himself on his knuckles on a couple of planks with skates underneath. In the entry of one of the metro stations near Red Square a middle-aged man is comforting his wife. She is wrapped in a sleeping bag, a huddled faceless heap. The sheer mass of human misery is overpowering. One vision sticks in my mind. It is ten past midnight and raining hard. In the street, a woman in her late thirties, a plastic bag tied on her head and a basket under her arm, tries desperately to sell bread to passers-by:

"Do you need any bread?" "No, thank you."

She persists: "I have cakes and chocolate too." "I don't need any."

"But I have children to feed and there's no father....For the love of god!"

The general collapse is shown by falling health standards and a rising death rate. Diseases like tuberculosis (associated with poverty) are rapidly increasing. As the following report from the Moscow Times (17/10/97) makes clear:

"About 2.2 million people are ill with tuberculosis in Russia and the disease is steadily spreading, a health official said Thursday. Last year, 24,700 people died of tuberculosis and 98,000 people were recorded as having contracted the disease, Interfax reported, citing the first deputy health minister, Gennady Inishchenko."

Overall, the number of tuberculosis cases has risen nearly 4 percent during the past year, while the number of children suffering

from the disease has gone up about 11 percent. This is the real face of market reform in Russia.

Moscow's artificial "boom"

A Western tourist coming to Moscow for a few days might get the impression of a booming economy. But this is completely untypical of Russia, since over 80% of foreign investment comes here, giving a superficial sense of prosperity. All the big banks and finance houses are based in Moscow. There is a large service sector, as well as all the government offices as well as the stock exchange, tourism, hotels etc. On the basis of this, there has been a construction boom. On every street corner there seems to be a building site. A host of small businesses have mushroomed: shops, restaurants, bars, and the like. A large section of the population depends to one degree or another on servicing the needs of the nascent bourgeoisie. There is a large number of waiters, domestic servants, shopkeepers, prostitutes, bodyguards, taxi drivers and so on. Many of these are on low wages, but somehow identify themselves with capitalism and "the market". At least they feel that they are relatively better off than the people in the provinces, and are under the influence of the avalanche of capitalist consumer propaganda on the television. For the vast majority, of course, this is an empty illusion.

A handful of super-rich parasites enjoy the kind of life-style reserved for the billionaire class in the West. In the old days the television screens carried mind-numbing coverage of Party Congresses with four hour speeches by the General Secretary. Now they full of American movies, game shows and advertisements for everything from Wrigley's chewing gum to electrical massage machines complete with scantily-clothed young ladies with no apparent reason for investing in the latest remedy for cellulitis. As I write these lines, the financial programme has just finished. After the stock-exchange report, they are showing scenes from the latest exhibition of top-of-the-range Western goods to hit town. An elegantly-attired Italian gentleman is extolling the virtues of his new collection which, he assures his audience, "represents the latest avant-garde models." One can only guess at the price of this fancy footwear. In the same way, a TV interviewer asks Moscow motorists stuck in a traffic jam if they could guess the price of a metro ticket. Very few got it right.

October in Moscow was grey and rainy, though not particularly cold. The meteorolo-



gists (those who have not been laid off, that is) are predicting a bitterly cold winter. And many people are already trembling. The economic collapse has begun to undermine the very fabric of social life. In the Maritime Region of Russia's Far East there are reports of regular and prolonged power-cuts. In freezing conditions, the people of Vladivostok have endured 24-hour cuts with no light, no heating, no cooking facilities, and sometimes no water. Last Spring this sparked off riots in which people clashed with the police on the streets. Now the authorities in Moscow are anxiously looking out for signs of more serious social unrest. Terrified that an open clash with any significant group of workers might lead to an explosion, the government has been forced to retreat on a number of occasions. The miners at a major open-cast mine in the Maritime Region went on strike for two weeks to protest against unpaid wages. The strike was immediately supported by other miners who refused to load coal. The strike ended in victory, as the government caved in and sent the wages. Something similar occurred with the air controllers, a group with a lot of industrial muscle.

Unfortunately, not all Russian workers wield similar industrial clout. Faced with the problem of bankrupt companies and huge amounts of unpaid wages, they see little point in taking industrial action, although they find other ways of expressing their protests. There has been a large number of demonstrations, pickets, hunger strikes etc.

Absolute collapse

Under conditions of such absolute collapse, people many families find it difficult

even to get the basic necessities of life. Millions of workers have not been paid for three, six or even twelve months. But now the accumulated anger, bitterness and discontent is erupting to the surface. Although not publicised in the press, there has been a sharp upturn in the strike movement in recent months. The number of strikes in Russia during the first half of 1997 increased five times as against the same period last year, while the number of workers participating increased three times. There was a total of 15,000 strikes in this period.

The general mood of disaffection spreads far beyond the industrial working class. On the 15th of October, Pravda carried an article which reveals the explosive situation in Russian countryside. "When a government oppresses its own people, everyone has a duty to fight for his life." With these words, Alexander Semyonovich Davydov, head of the Russian trade union of agricultural workers expressed the indignation of the rural workers against proposals to privatise the land, a proposal which is now being openly discussed. Using the pretext of a good harvest, Chernomyrdin argues that this success is due to "reform" and that the next logical step is privatisation. But this is strongly disputed by Davydov, who points a bleak picture of conditions in the Russian villages:

"How can you talk about 'achievements,' when the villages are practically left without chemical fertilisers, more than 50% of the machinery is clapped-out, and there is a chronic shortage of oil and fuel? Doesn't the prime minister know about this?"

"...Last year about 80% of agricultural

enterprises ended up with losses. And that's not surprising, because the productivity of labour in the years of reform fell by 40%. The collapse of production is causing a rapid increase in unemployment—one and a half times higher than the Russian average. About 26% of the unemployed have higher and medium education, more than a third are young people. Structural unemployment shows that our villages have neither a present nor a future.

"Those who attend village technical colleges get a miserable grant. With such money today you can't even buy a crust of bread. Are their parents supposed to be sitting on sacks of gold? Wages in the countryside are 2.6 times lower than the average for the rest of the economy, and they do not get much support. To date the total overdue debts amount to 7 trillion roubles. A more sombre picture than that presented by our countryside now, in my view, cannot be seen anywhere."

The figure for the fall of agricultural productivity is particularly important, since in Soviet times, the rate of agricultural productivity was already very low. A further collapse of 40% spells an absolute calamity for the production of food in Russia, which is rapidly being undermined by a flood of imports. A country which could potentially feed the whole of Europe and more has become a net importer of food.

Mood of disaffection

Meanwhile, the crisis in the countryside has provoked a mood of disaffection which led to the calling of a national day of protest on the 15th of October. The seriousness of the position is shown by the declining rate of birth in the countryside—down 25% in relation to 1991, while the death rate has risen by almost the same amount. The figure for state aid to agriculture has fallen from 19% of the budget in 1991 to a miserable 2.4% this year. And next year they plan to cut it further to only 1%.

Davydov comments: "The government is cutting the village to the bone and depriving it of life itself."

In the last six years, agricultural production has actually dropped by about one half. Scandalously, about 70% of agricultural produce is purchased abroad. A shocking picture of waste and decline.

The pro-capitalist elements argue that Russian goods are too expensive to compete with imports. The farmers must reduce their prices! But everyone knows that both the US and the EU heavily subsidise their

farmers. The USA subsidise meat prices by 64%, grain by 38%. In Germany the equivalent prices are 60 and 52%. In the case of Finland and Japan, subsidies can amount to up to 70%. Yet, according to the wisdom of the so-called "free market," Russian agriculture is deliberately allowed to collapse and the market opened up to an avalanche of subsidised western products. No wonder the words "liberalism" and "market reform" stink in the nostrils of the Russian agricultural population. They spell only ruin and poverty. Thus, paradoxically, the rural areas of Russia are among the most hostile to market reform, something which could not have been anticipated fifty years ago.

Already about half of the beef cattle, 60% of pigs and about the same of chickens has been lost. All animal raising, except chickens is running at a loss. Before the so-called "reform," only 2% of agriculture was loss-making. Now it is anything up to 80%, according to Davydov. This destruction of agriculture means that, if the West were to interrupt its supply of meat, Russia would only be capable of supplying 50% of demand. This fact alone shows the criminal irresponsibility of the nascent Russian bourgeoisie. Incidentally, this so-called "free marketeering" does not apply in other cases. American rice is considerably cheaper than Japanese rice, but Tokyo makes sure that its farmers are protected and cheaper foreign rice is kept out. But Washington feels free to put pressure in Moscow to let its products flow freely in the name of "liberalisation." And the Yeltsin clique, which are really degenerate agents of world imperialism, and particularly US imperialism, grovel abjectly like servants expecting a tip which never comes.

Most of the minerals which provide chemical fertiliser are shipped to more profitable markets abroad, leaving Russian agriculture with a miserable 20% of the total. This short-sighted policy will eventually inevitably mean an exhaustion of the soil, with even more calamitous consequences. Symptoms of this already exist in the form of lower yields of grain per hectare. At the same time, cuts in social spending means the closure of village clinics, clubs, libraries, schools and hospitals which made life a bit more bearable for the rural population.

Conflict in the Duma

The general mood of discontent finds a distorted expression in the struggle at the parliamentary level. The presentation of the draft budget for 1998 immediately gave rise

to a new conflict in the State Duma where the CPRF and its allies (the Agrarians and the People's Power groups) has a majority. Reporting on the balance sheet of the current budget, Chernomyrdin painted the course of the last nine months in glowing colours. He claimed that for the first time since the "reform" began, the GDP has not fallen, and that industrial production has actually risen—by 1.5%! (Pravda 9th October 1997) Chubais, the main spokesman for the "reformers" also pointed to success, but was forced to admit that the general appraisal was "unsatisfactory." A more sombre picture was presented by the chairman of the state budget committee, Mikhail Zadornov. He underlined that about half the taxes went uncollected and that many branches were completely running at a deficit. The figure for tax collection is not really surprising since the Mafia is not renowned for its fiscal probity.

However, the official estimates for next year's growth are disputed. According to figures cited by the Chairman of economic policy, Yuri Maslyukov, this year there was a reduction in the growth of investment in production by 9.3% and that the investment programme had collapsed. In general the economic situation was aggravating social tensions. The point was made to me very forcibly in a conversation I had with Boris Slavin, Pravda's leading political columnist. Slavin asks the question "Do we need a government that is ruining the country?" He paints a black picture of economic and social collapse in complete contrast to the official propaganda: unemployment has already reached the 10 million mark: "People await the winter with trepidation":

as in the days of the Civil War, millions of homeless children and beggars wander the streets of Russian provincial cities. Hundreds of factories stand idle and indebtedness increases.

On this basis, Slavin points out what is self-evident—that there is ample basis for a vote of no-confidence in the Duma. "Shock therapy" has led to a catastrophic situation. Yet the Yeltsin government persists in dish-ing out more of the same medicine. Yet all the main parties in the Duma—including the CPRF—are trying to avoid a vote of no-confidence (also Yabloko and Ryzhkov's "People's Power"). Instead of returning the budget to the government (i.e., rejecting it), they referred it to a three-party commission (with representatives of the government, the Duma and the Federal Soviet). This was proposed by Zyuganov himself, who said that if the commission did not come up with a solution the people's discontent would "spill over onto the streets and it will all end up in a big fight," which most people did not want.

Thus, the CPRF leaders are acting like the old Russian liberals trying to frighten the autocracy with giving concessions by the threat of revolution. It appears that Zyuganov originally agreed with other opposition leaders (Ryzhkov) to go ahead with a no-confidence vote, but changed his mind. The last thing these people want is a election, let alone a revolution! They are desperately clinging to their parliamentary seats. They are fatally stricken with the disease of parliamentary cretinism. The reference to a commission was a sell-out because, as Chubais remarked in private, the Duma can only change the small print



of the budget, not the "macroeconomic aspects." In other words, a farce.

Within days, the No Confidence motion was withdrawn in exchange for a few minor concessions. The hopes placed by millions of CP voters in their elected representatives were dashed. The bourgeois-controlled mass media lost no time in praising the CPRF Duma faction for their "realism." Slavin comments: "So that's how the leaders betray the interest of the working people, of all the poor and those people humiliated by the powers-that-be, who naively believed that the slogan launched by the 4th Congress of the CPRF 'No Confidence in the Government!' would be carried into practice."

Cracks in the CP

The CPRF leaders are terrified of new elections in which they might lose their seats, with all the perks and privileges associated with them. Yeltsin, a skilful gambler, played his ace card when he threatened to dissolve parliament and call elections. Zyuganov moved swiftly to prevent this and accept a so-called "compromise" which was really a sell-out. The very next day the press openly speculated that a rotten deal had been struck between the Yeltsin government and the "Opposition" in parliament: "Analysts also suggest that a secret arrangement may be in the works between the opposition and its closest government supporter, Prime Minister Viktor Chernomyrdin," writes The Moscow Times (17/10/97.)

However, Zyuganov's shameful capitulation in the Duma will not solve anything. The terrible social contradictions will grow. Ultimately they will find an expression even in the CPRF, where a growing section is bitterly critical of the leadership. On CP Duma deputy openly voiced his anger against Zyuganov in a private conversation with me just after the climb-down: "He (Zyuganov) is not a Communist. He's not even a Social Democrat. He's a social-chauvinist." The same man confessed to me that "The CP does not advocate Communist ideas any more. Where does the Party advocate nationalisation and the state monopoly of foreign trade? Nowhere! There are more Communists outside the Communist Party than inside! Just look at how radical the workers are!"

Some of the (well-informed) people I spoke to thought the CPRF would eventually split. Certainly the bourgeois elements seem to be aware of this possibility and openly back the "moderate" wing around

Zyuganov. The same article goes on: "The government is trying to bolster the position of the Communists moderate leader, Gennady Zyuganov. It was Zyuganov who withdrew the no-confidence motion this week after he received a conciliatory personal phone call from Yeltsin, but he is coming under intense pressure from more radical elements in the opposition." And the article concluded:

"The government should make an effort to support these particular Communists, because the ones on the outside looking in are much more angry and dangerous."

But weakness invites aggression. The "statesmanlike" conduct of Zyuganov and co. earned them no thanks from the government, but only new and well-deserved kicks. Showing his complete lack of concern for Zyuganov and co., Yeltsin announced that there would be no presidential elections in 2,000 and that the next president would be a "young democrat"—a phrase which has aroused a good deal of speculation. Who can it be? Not Chubais, who is generally hated and will almost certainly be got rid of. Maybe Nemtsev, who is now Yeltsin's favourite protégé...

Intrigues

But all these plans and intrigues will come to nothing once the working class begin to move. And that cannot be far off. Paradoxically, if the economy does pick up just a little (and that is possible), that will be the signal for a big movement on the industrial front. Even this year, as we have seen, there was a big increase in the number of strikes (teachers and miners in the main). At the present time there is a movement of the engineering workers which has not been reported. If the heavy battalions of industry get on the move, the entire position can be rapidly transformed. Even a small upturn would encourage such a development. Once it starts, it can assume tremendous dimensions. Then Yeltsin and his "young democrat" would quickly be swept aside.

Until that time, the present situation of parliamentary deadlock, manoeuvres and re-shuffles will continue to grind on tediously, altering nothing except the careers of various individuals. There is still plenty of combustible material—the threat to cheap housing and social services—all could spark off an explosion. At a certain point quantity will turn into quality. When they least expect it, this sleeping volcano will erupt. ☆

Russia: from revolution to counter revolution

by Ted Grant

intro by Vsevolod Volkov

available from Wellred
price: £11.95



Following on from the successful publication of *Reason In Revolt* in 1995, Wellred Books have produced a new book written by Ted Grant on Russia.

The book is 585 pages long and covers the key developments in Russia from the period following the revolution of 1917 right up to the present day. It is a unique book tracing the elimination of workers' democracy, the rise of Stalinism, the direction of the USSR before and after the Second World War through to the collapse of the bureaucratic system during the 1980s. Using the method of Marxism, Ted Grant analyses the contradictory developments which shaped the Soviet Union and led to its downfall. He also deals with the current situation and assesses the possibility for a successful restoration of capitalism. This book represents a comprehensive defence of the ideals of the October revolution. It is not simply a "history" but also a thorough explanation of Stalinism which can serve to politically re-arm a new generation of militants and labour movement activists. Not since the publication of Trotsky's book *Revolution Betrayed* in 1936 has such a detailed and comprehensive Marxist study of Russia been undertaken.

Copies can be ordered now at a cost of £14 each including postage. Order from Wellred Books, PO Box 2626, London N1 7SQ. Make cheques/POs payable to Wellred.

French workers win 35 hour week

The historic decision introducing the 35 hour week without loss of pay represents a major achievement for organised labour in France. Right up until the last hours before the conference on employment and wages which was promised in the election platform of the left, it looked as if Prime Minister Lionel Jospin would capitulate to the increasingly intense pressure of the bosses' union, the CNPF. The fact the Jospin dealt a blow to the employers interests immediately provoked a crisis within the CNPF, with Jean Gandois resigning from the presidency. He will no doubt be replaced by a more implacable hard-liner.

"We've been taken for a ride," Gandois declared as he came out of the conference hall. In announcing his resignation as the main representative of capitalist interests in France, he said he was "more a negotiator than a 'killer'. I don't have the profile needed to defend business interests against this government". The CNPF has openly spoken of waging a "war" against the Socialist-Communist majority, in order to force a retreat on the 35 hour week, due to become legally obligatory in all workplaces of more than 10 employees on 1st January 2000.

Shock

The bosses are used to being listened to and obeyed by governments. This decision came as a terrible shock to them. They were not the only ones to be taken by surprise. Trade-union activists fully expected a climb-down on the part of the government. Just one week before the conference, Jospin himself had declared that 35 hours without loss of pay would be an "anti-economic" measure. Dominique Strauss-Kahn, Finance Minister, even went so far as to say that "everybody knows that such a law would lead to the destruction of jobs on a massive scale."

Interviewed in the press, Jospin justified his action by saying that the bosses left him "no choice," in that they obstinately refused to put forward any alternative proposals which would cost them anything. Someone described as a "source close to the Prime Minister" was quoted in the daily Libération as saying: "We hesitated, but in the end we were faced with a choice between creating profound disappointment with the government and possibly a crisis

within the left coalition, or else annoying the CNPF."

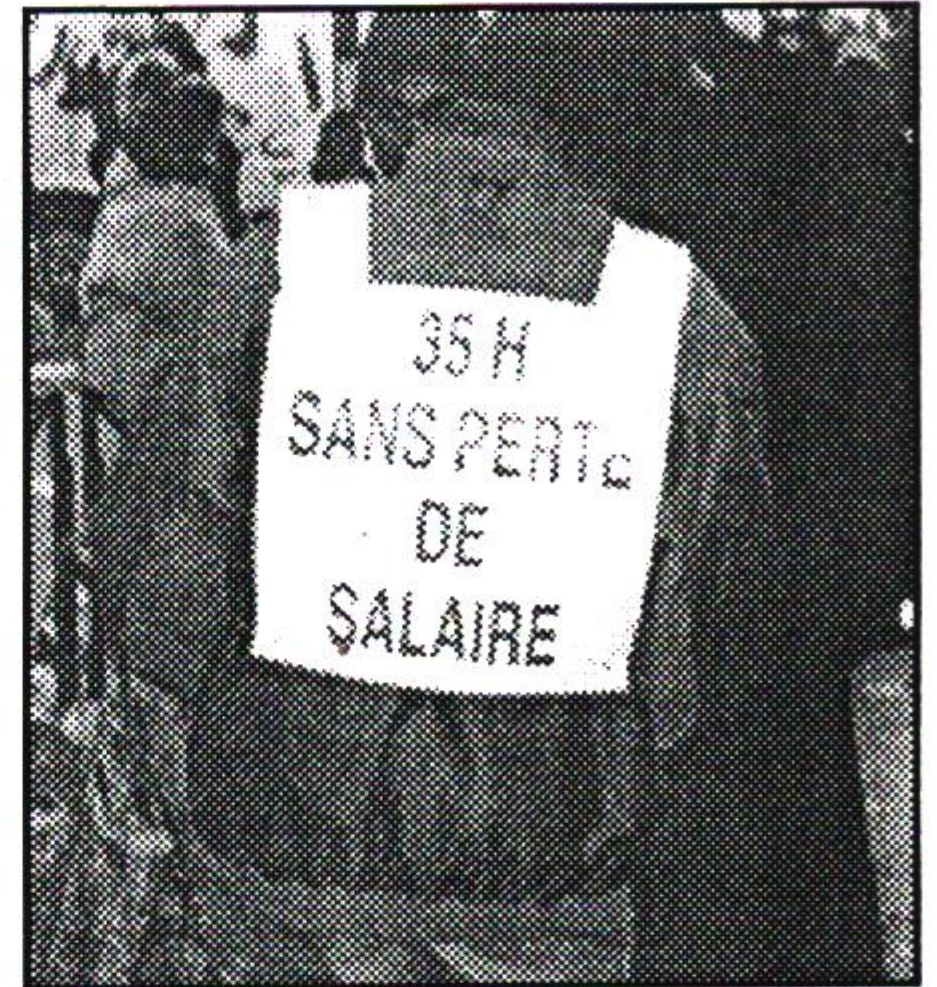
Unfortunately, the two year period between now and the enforcement of the law will allow the employers to launch a counter attack in the workplaces, increasing pressure for gains in productivity and "restructuring" the workplace in an attempt to claw back the cost to them of the reduction in the working week. Nonetheless, against a background of massive unemployment, officially over 3 million and in reality closer to 5 million, with the increasingly precarious character of work contracts, and the generalisation of poverty, particularly affecting young people, any attempt to put the warlike declarations of the CNPF into effect will be a recipe for major social upheaval.

The 35 hour week is the result of the growing militancy and political awareness of the French working class. The consciousness of the French workers has been shaped by the concentrated political and social experience of the last 5 years.

In 1993, the left parties suffered a colossal defeat in the parliamentary elections of that year, as a direct result of the complete failure of the right-wing policies pursued by Mitterrand and the socialist governments under him. Two years later, with the left in disarray and not presenting any serious alternative to the Balladur government, Chirac won the presidential election on the basis of a "radical" but completely demagogic programme, which was forgotten as soon as the elections were over. Right-wing Prime Minister Juppé tried to introduce a "plan" of Thatcherite counter-reforms, which provoked the biggest wave of strikes and industrial action ever seen since the revolutionary general strike of 1968.

The victory of the socialist-communist alliance this year was a reflection of the awakening of the working class in the course of this movement.

Jospin is a moderate right-wing socialist. Public sector companies have been opened to private capital, and a number of privatisations are scheduled for the coming months. Immediately after coming to power, he failed to support the Renault workers at Vilvorde. But such are the hopes invested in the 35 hour week as a means of fighting unemployment and as a means of improving the quality of life of working people, that unless the employers came up with some credible alternative, it



would have been extremely difficult for Jospin to back down.

Paradoxically, the contents of the future law as they have outlined by the government actually go beyond the demands of two of the three main trade union confederations, namely Force Ouvrière and the CFDT.

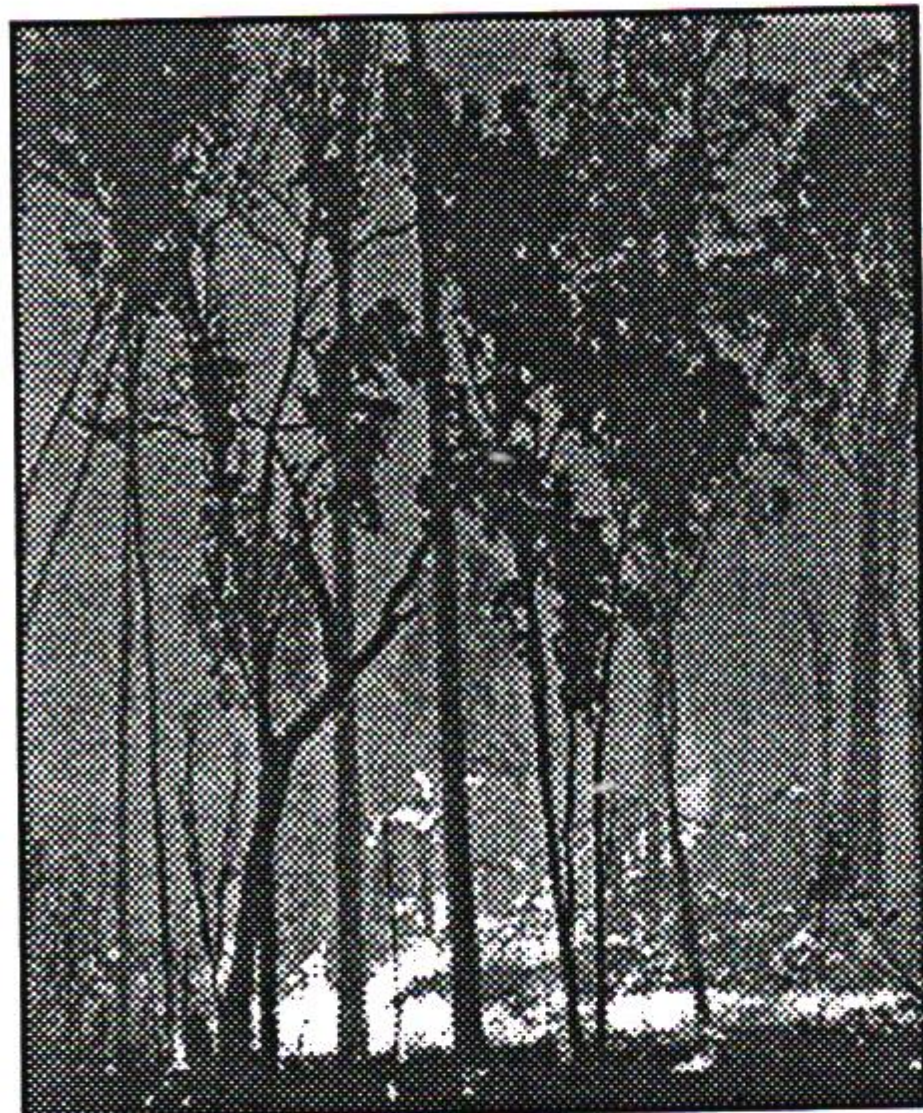
The 35 hours are a great achievement, but rather than being the end of the battle, this new law will mean an intensification of the class struggle in France. The labour movement has no guarantee that the law will come into full effect unless it continues the struggle. The decision taken by the government in France has already had an impact on the labour movement internationally, giving rise to renewed demands for cutting hours in a number of countries, particularly in Italy.

Way forward

The French workers have shown the way forward. Either we accept the drive for "flexibility," turning the worker into little more than a machine, to be exploited as much as possible at the lowest possible cost, intimidated into accepting low wages and poor conditions by the fear of unemployment, or else the labour movements of Europe will succeed in imposing genuine work-sharing without loss of pay, through the 35 hour and further on through the 32 hour week for all.

Greg Oxley
Syndicat du Commerce de Paris,
Parti Socialiste, Val de Marne
(personal capacity)

Why Indonesia's forests continue to burn



"Visibility is often less than 10 metres here. Smoke levels are over 30 times the permitted level. The city is completely isolated. There have been no flights here for over a month. Over 8000 people are suffering from sore throats, headaches, eye irritation and stomach pains."

Suwido Limin, a biologist speaking from the Indonesian city of Palangkaraya.

by Alastair Wilson

The fires raging across Kalimantan (the Indonesian sector of Borneo), Sumatra and Java, are part of one of the worst human-made environmental disasters of all time. Fires are burning across an area the size of Western Europe and have created a huge cloud of smoke and smog. There is little that can be done to stop it but wait for the monsoon rains, already delayed by the 'El Nino' climatic phenomenon, which has caused a long drought period in the Western Pacific.

Smog is wafting around the skyscrapers of cities like Kuala Lumpur over 1,000 kilometres away. And in the cities at the heart of the burning areas the effects will be devastating.

Smog

Up until now the worst human-made air pollution disaster was the great London smog of 1952. Here smoke pollution reached a level of 4.6 milligrams per cubic metre and killed an estimated 4,000 people. In the Indonesian fire zones pollution has reached 7.5 milligrams and has lasted for over five weeks, compared to a London smog of five days. In other words, the death toll in this creeping inferno will ultimately be immense. The health of over 20 million people is now at a severe danger level.

In Pontianak, a city of half a million people in western Borneo, people have lived the last month in near darkness while the pollution levels have crept higher and higher. The Indonesian Health Department's pollution index now stands at 1800. 300 is considered dangerous, like a couple of packs of cigarettes a day for life, so the effect of a level of 1800 is way beyond measurement.

"This is very dangerous to people's health but we don't know the real extent of the danger," says Soeparno Soehardi, head of the local task force.

The vast bulk of the population cannot afford any medical help so the long term impact will be colossal.

If such a disaster was taking place in

Europe or North America it would be the only story on the news and action would be immediate from the world's governments and agencies like the United Nations. The horror of such a catastrophe would not be allowed to go on. Yet in this remote part of South East Asia the forests are being left to burn and people are being told to wait for rain as if it is all some horrible act of God. Yet an act of God it certainly is not.

For the reasons behind the disaster we need to look at the huge economic forces at work in the region.

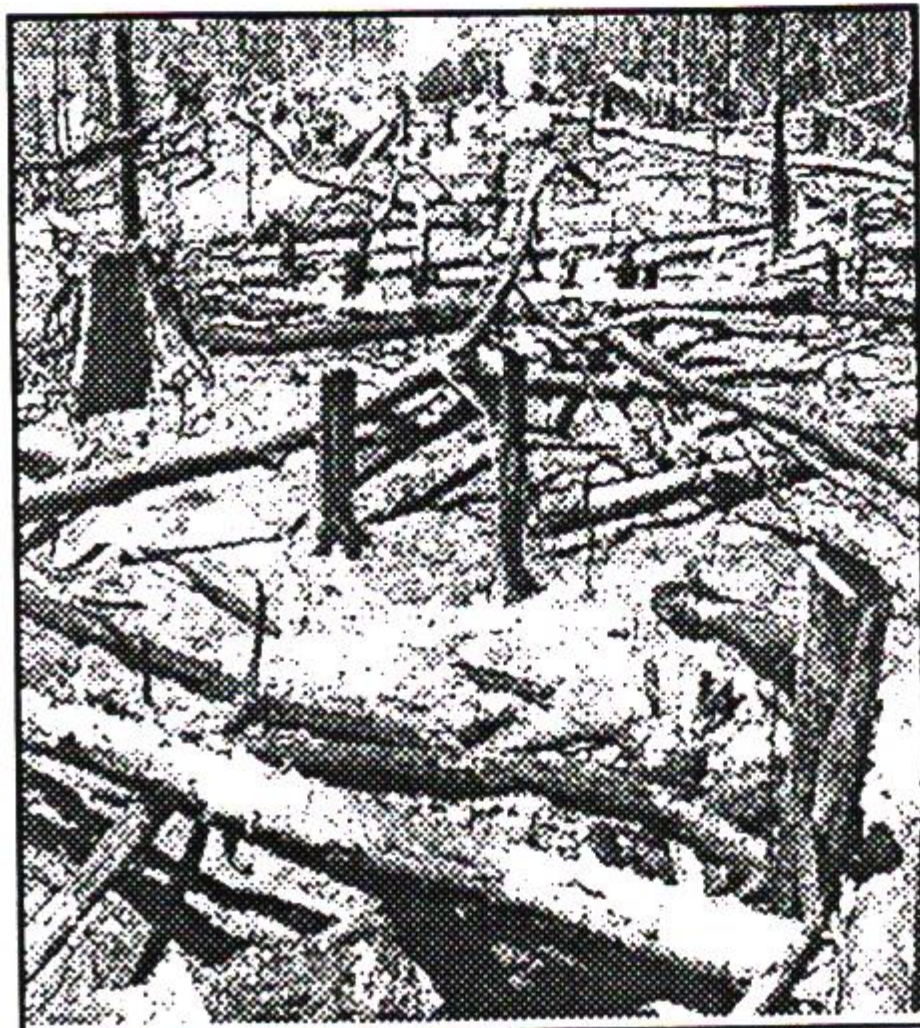
We all know about the big economic growth in South East Asia and the development of the so-called Tiger economies. The media would have us believe that this is all about modern car plants and shipyards in South Korea and the development of 'city states' like Singapore and Hong Kong.

But that is only part of the story. Countries like Indonesia have been pursuing a monstrous policy of so-called economic 'modernisation.' Something akin to Stalin's policy of forced industrialisation in 1920s and 30s Soviet Russia. Unlike Stalin's five year plans, however, in Indonesia the 'growth' is being driven by big capitalist corporations interlinked with the extremely corrupt state regime. But just as the Soviet Union suffered from huge problems like famine, Indonesia is also being afflicted by some monumental human-made disasters.

Growth

This rush for economic growth at all costs has meant encouraging big logging operations in the rainforests and the clearing of huge tracts of land for rice production. It has meant the development of mining and rubber and palm oil extraction on a huge scale. And the thousands dispossessed by the big corporations have been pushed further and further into the hinterland of the rainforest, forced into a temporary existence of slash and burn farming.

The quickest way to clear the forest is by burning it and that is exactly what the big corporations have been doing on a massive scale. For example, one local project, under the Suharto regime's direct control, is to clear the forest for rice production in an area the size of Northern Ireland southeast of Palangkaraya City. Government targets are for the clearance of 40,000 hectares this year and fire is the only practical method. *"After the valuable timber, such as ramin, is cut down, the forests are just burned,"* says Susan Page an expert at the University of Leicester. Her colleague, Jack



Rieley at the University of Nottingham says, "The fires are a result of government policy. There is a hidden agenda not to stop the burning. The fires will continue every year."

Control

And every year the fires get out of control. However, for a number of reasons this year has seen the fires burn longer and further than ever before. Much of the forest is on top of peat bog that once alight will burn for months, giving off its dangerous carbon fumes.

Millions of people are now hoping for rain, however the smog itself is now a big factor in extending the dry season. The soot creates clouds with more, but smaller, water droplets, a type that rarely produces rain. Secondly, the soot particles warm the clouds, making them evaporate before any rainfall.

Globally, the fires will release more carbon dioxide into the atmosphere over the next six months than all the power stations and car engines of Western Europe emit in a year.

20% of the estimated 600 billion tonnes of carbon stored in the world's peat bogs is in Indonesia. If the fires go on for six months they will release one billion tonnes of carbon

into the earth's atmosphere!

In other words the fires could have a significant impact on global warming.

This disaster is no act of God. Nor is it some kind of accident fueled by climatic changes. The devastation is a product of capitalism.

South East Asia was heralded as one of the great success stories of late twentieth century capitalism. Not only was it part of the new 'global economy' but it showed the way forward for third world economies. The 'emerging markets' were booming.

But now we can see the costs. As the stock markets and currencies of South East Asia tumble, the fires of Indonesia and Malaysia are ablaze. Through the dense smog a few things have become clear.

Capitalism cannot offer us a secure economic future, neither can it safeguard the planet or our health. What we see in the forests of Indonesia is a warning.

The only solution will be a socialist one. Economic growth in the region has had a horrific downside. But it has also produced a young and militant working class. That is where the future lies. ☆

Indonesian trade unionists facing arrest

On September 19 police broke up the second congress of the main independent trade union organisation in Indonesia, the SBSI, attended by 200 trade delegates. The leaders of the SBSI were arrested together with a number of foreign trade unionists who were visiting the congress.

The SBSI was founded in 1992 and has since become the biggest independent trade union centre in Indonesia. The SBSI has never been recognised and the police broke up its first congress in July 1993. Despite this the organisation still claims to have 250,000 members all over the country. Its leader, Muchtar Pakpahan, was arrested in the summer of 1996 after Jakarta was rocked by the worst riots in 25 years, as a result of the attempt of the Suharto regime to manipulate the internal elections in the legal PDI opposition party. Despite brutal repression, labour unrest in Indonesia has continued. On September the 23rd, 1000 mainly female workers from the shoe exporting factories Sindoll and Multi Beta Pertiwi, which produce for multinational companies like Reebok, demonstrated in Jakarta. Eight trade unionists were arrested after the police broke the demonstration. Some 16,000 aerospace workers in Bandung struck on October 13 and held mass rallies protesting threatened layoffs.

High rates of economic growth in Indonesia have not benefited the majority of the population, but only a handful of companies around dictator Suharto's family. But at the same time a massive proletariat has been created, and it has started to lose its fear of repression. The economic growth has allowed the Indonesian masses to recover

from the bloody repression of 1965 and massively strengthened their numbers.

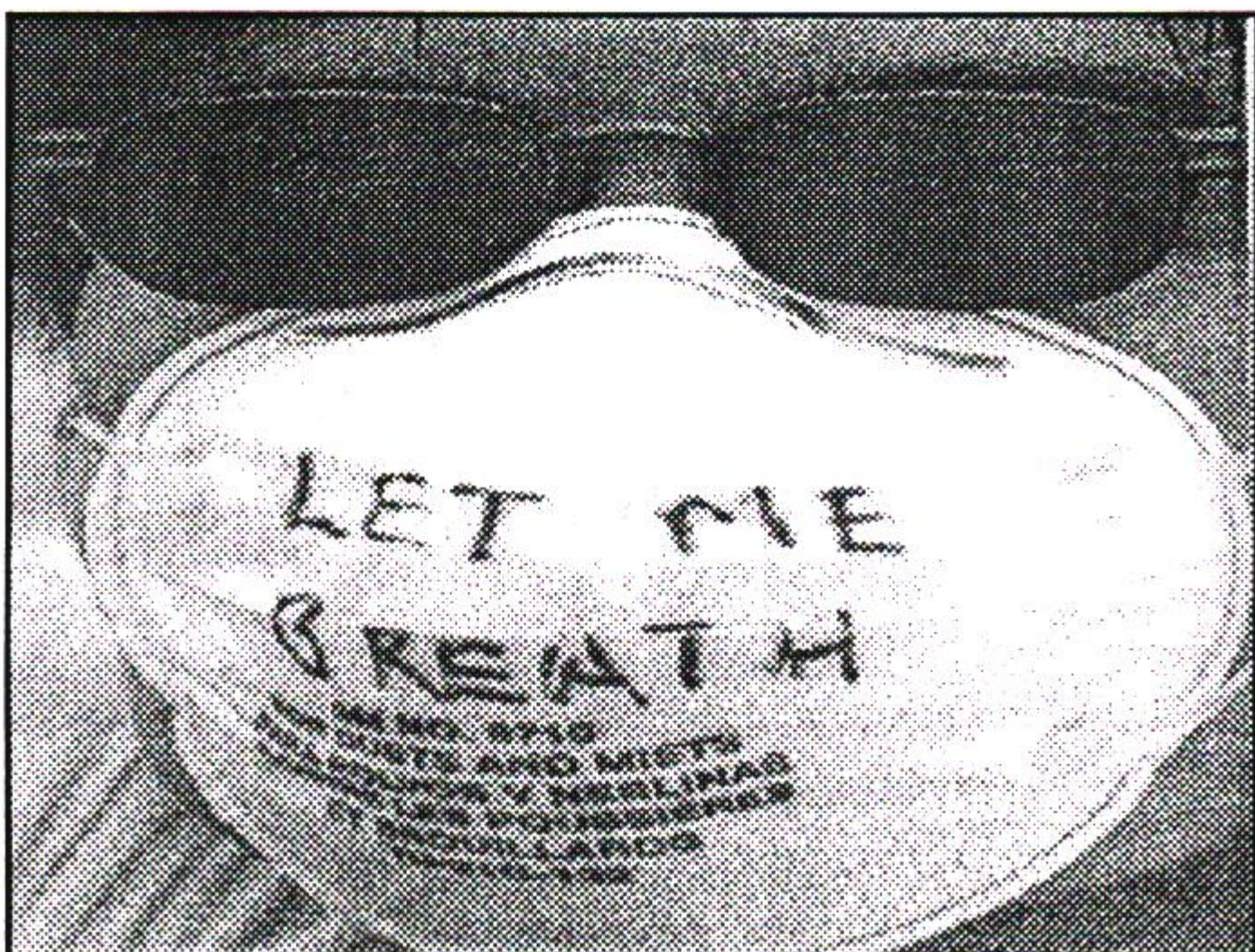
Apart from the SBSI, which is linked to the legal opposition party PDI, there are other more radical workers organisations like the PPBI, Indonesian Workers Struggle Centre, linked to the People's Democratic Party (PRD). The PRD and all its associated workers, peasants and students organisations were banned on September 29.

Arrested

The chair of the PPBI, Dita Indah Sari, is now serving a jail sentence after being arrested at the 20,000 strong workers rally in Surabaya on July 8, 1996. The PRD distributed a leaflet at that rally which amongst other things pointed out that: "since the beginning of the 1990s Indonesia's workers have launched hundreds of strikes demanding wage rises and improved conditions. The workers' wages go up, but they are followed by rises in prices and in transport costs. So what have we gained? The workers remain paupers, still sucked poor by the bosses, the businessmen alias the capitalists. So the workers' struggles, and therefore the struggle of the Peoples Democratic Party, cannot be limited to the struggle for wage increases. (...) So we must be clear that our enemy is not just the bosses but also the militarist capitalist New Order regime."

The Indonesian proletariat, 80 or 90 million strong, is starting to organise itself, to feel its own strength and will rapidly draw revolutionary conclusions. The general strike in South Korea caught the imagination of millions of workers around the world. Indonesian workers will be also in the forefront of the struggle in Asia.

Due to our extended coverage of the stock market crisis and the Russian Revolution anniversary, we have had to hold over some regular items. Our series on Irish labour history, the reviews and letters pages, and other features will all continue in issue 56.



Lets go for £5000 target now!

The splendid figure of nearly £500 raised at the London meeting held to launch the Russia book shows that people are prepared to put their hands in their pockets if asked to support the fight for socialism.

In marking the 80th anniversary of the Russian revolution we should be asking all our

readers to make a donation to the press fund to show their support for the ideas of 1917. We have received £1187 to date, with more due, but we still have to get another £3000 by January 1st to meet our £5000 target. Up And down the country shops are gearing up for the run up to Xmas. They want over the next two months to get as

much money off you as they can and they will be working their staff into the ground seven days a week to do it. Let's take a leaf out of their books and have a real push on the press fund over the next 8 or so weeks. Please send what you can to Socialist Appeal, PO Box 2626, London, N1 7SQ and make this Xmas a red one!

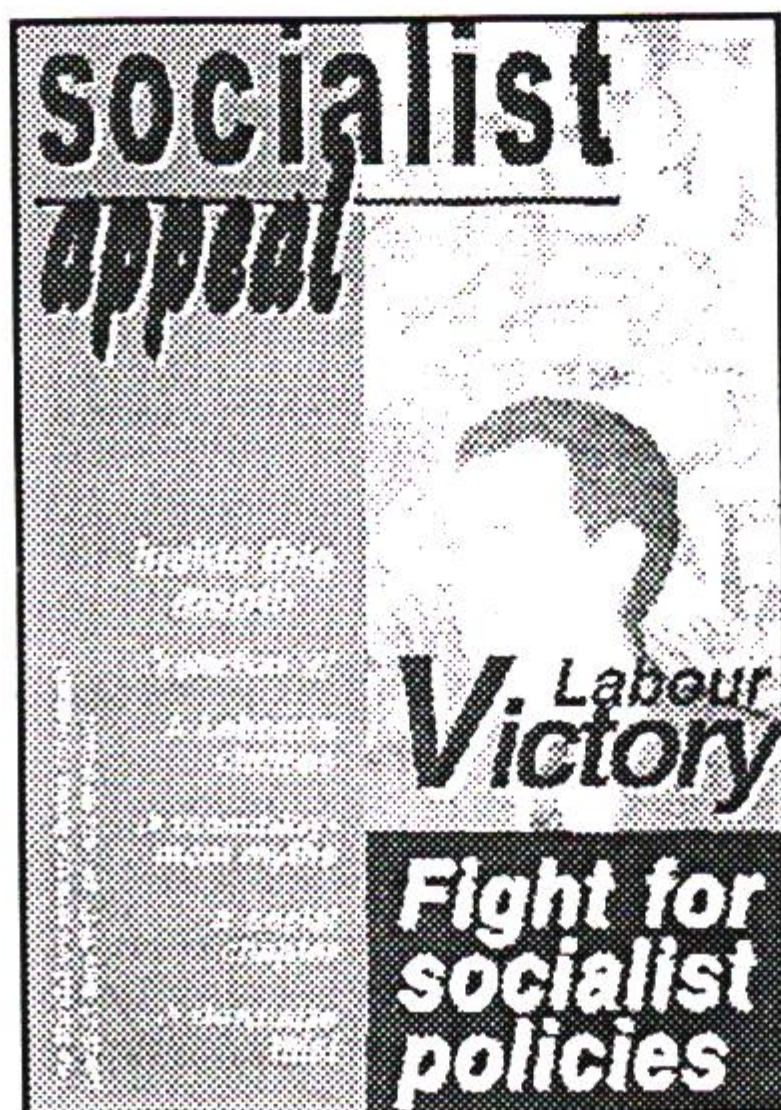
Press Fund Target

Area	percentage raised	Target
Scotland	24.0%	£600
Northern	5.0%	£400
Yorkshire	4.0%	£400
Manch/Lancs	38.0%	£300
Mersey	23.0%	£350
Midlands	0.0%	£200
Wales/SW	16.0%	£450
London	42.0%	£1,700
Eastern	6.0%	£200
Southern	4.0%	£400
Total	24.0%	£5,000

Subscribe to Socialist Appeal

the Marxist voice of the labour movement

Socialist Appeal was launched in April 1992 to provide trade unionists, Labour Party members and youth with a Marxist analysis of events. The election of a labour government marks a real turning point in British politics. That's why we have launched a new style magazine. If you want to keep abreast of what's happening inside the labour and trade union movement, in the workplace and in society at large, as well as key international coverage, then subscribe today!



I want to subscribe to Socialist Appeal starting with issue number..... (Britain £15 / Europe £18 / Rest of World £20)

I want more information about Socialist Appeal's activities

I enclose a donation of £..... to Socialist Appeal's Press Fund

Total enclosed: £..... (cheques/PO to Socialist Appeal)

Name..... Address.....

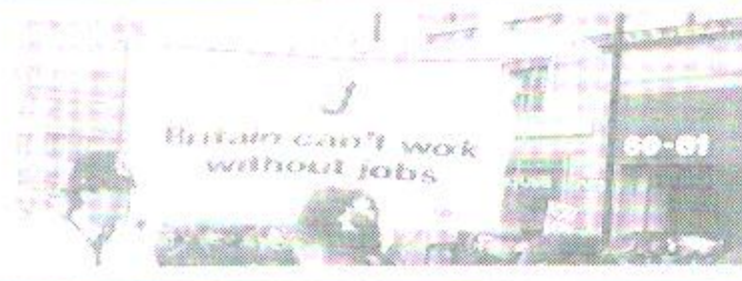
..... Tel.....

Return to: Socialist Appeal, PO Box 2626, London N1 7SQ

A socialist programme for Labour



✧ A Labour government must immediately introduce socialist policies that can really answer the needs and aspirations of working people.



✧ For full employment. No redundancies. The right to a job or decent benefits - abolish the JSA. An immediate introduction of a 32 hour week without loss of pay. No compulsory overtime. Reduction of the age of retirement to 55 with a decent full pension for all.

✧ A national minimum wage of at least two-thirds of the average wage. Support for £4.42 per hour as an immediate step toward this goal.

✧ Outlaw all forms of discrimination. Equal pay for equal work. The development of quality childcare facilities available to all. Scrap all racist immigration and asylum controls. Abolish the Criminal Justice Act and other repressive legislation.

✧ Repeal all the Tories anti-union legislation. Full rights for all workers from day one of their employment. For the right to strike and the right to union representation and collective bargaining. Stop casualisation. Part time work only for those who want it. End the zero-hours contract scandal.

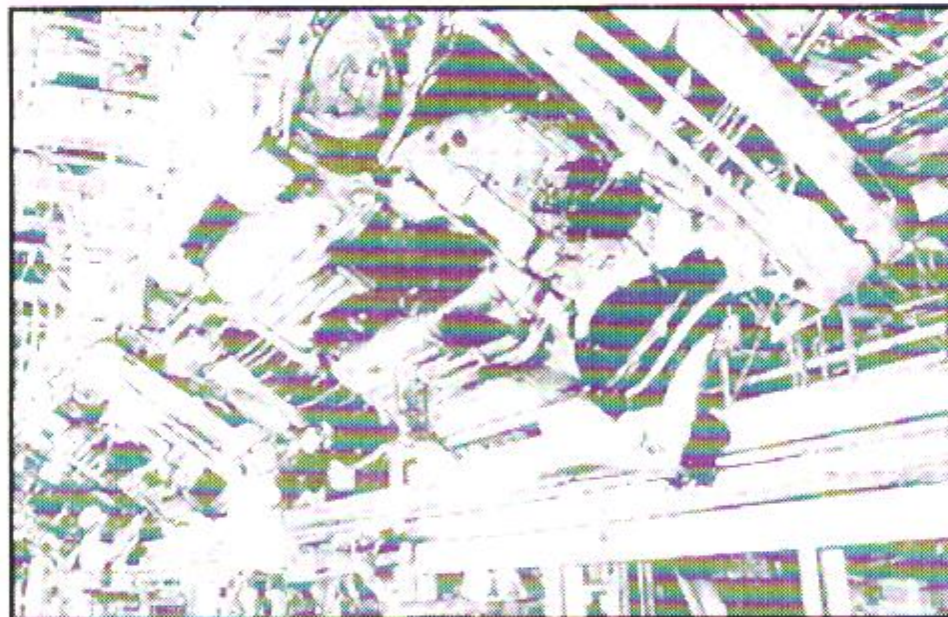


✧ A Labour government must bring in stringent environmental controls and regulations under the supervision of the relevant workforces, consumers and representatives of affected communities. These measures, along with nationalisation of the land, the big petro-chemical enterprises and the major food companies, can form the basis of a genuine socialist approach to the environment.



✧ Reverse all the cuts in the health service. End the trusts and the internal market. Abolish private health care. A properly funded health service must be available to all. Nationalisation of the big drug companies that squeeze their profits out of the health of working people.

✧ Return education to real democratic control through the local authorities. For a fully funded and resourced, fully comprehensive education system. ✧ For a properly funded extension of higher education. No to student loans - for a decent living grant for all over 16. A guaranteed job, apprenticeship or place in further/higher education for all young people.



✧ Reverse the Tories privatisation strategy. Renationalise all the privatised industries and utilities with minimum compensation according to need - not on the market price of shares.

✧ For real internationalism. No to the bosses European Union. Yes to a socialist united states of Europe, as part of a world socialist federation.

✧ **Labour must immediately take over the "commanding heights of the economy."** Nationalise the big monopolies, the 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.



Join us in the fight for socialism!

Socialist Appeal supporters will be at the forefront of the fight to commit a Labour government to introduce bold socialist measures. We are campaigning on the above programme as the only solution for working people. Why not join us in this fight? For more details:

Name.....

Address.....

.....tel.....

return to: Socialist Appeal, PO Box 2626, London N1 7SQ

socialist

appeal

The Marxist voice of the labour movement no.55 November 1997

Fees/loans: the fightback starts now!

The fight is on. Up and down the country the call should be to stand up to defend free education. If the government is allowed to go ahead with its plan to abolish grants, institute a new loans system and bring in £1000 a year tuition fees for students then the consequences will be far reaching indeed.

The disquiet shown by many delegates at this year's Labour Party conference shows that the battle is still there to be won. Unions and Labour Parties should be putting the pressure on and linking up with the student organisations in giving full support to the demonstrations that have been called.

The package is being sold on the basis that a) only the more better off will have to pay and b) it will allow resources to be redirected. However you will have to be pretty poor to avoid paying fees. Already countless thousands of students are having to do part-time or even full-time work to survive and are still ending up with debts of over £10,000 at the end of their course. There is also a hidden agenda to all this.

Principle

Introducing even "modest" fees will establish the principle of fees and once that is done then we are on the rocky road to higher fees for more 'popular' colleges and courses.

The talk of "redirecting resources" is in itself a tacit admission of the crisis facing education. Bosses want educated workers but are not prepared to pay for it. As jobs have declined so the numbers seeking a way forward by becoming students have increased, doubling over the last 20 years. Yet we have seen cut after cut, year after year. Staff have been laid off and funding cut—and, given the declared aim of the new Labour government to stick to Tory spending levels, this looks set to continue.

The whole education system needs refunding from top to bottom. We need quality education free for all. The money is there—just look at the huge profits made year after year by the big companies, banks and financial institutions. Money which is squandered on big salaries to directors and payouts to shareholders. No talk of cutbacks there! The nationalisation of just the top 200 or so monopolies, with compensation on the basis of need only, would release the resources to ensure that we could have a decent education system on the one hand and a proper system of living grants on the other. Students should not only be fighting to defeat the new proposals but also for socialist policies and a socialist society.



Labour needs real socialist policies