

# socialist

## appeal

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# Labour 1998: Is the honeymoon over?

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An exclusive interview with the last surviving relative of Leon Trotsky still living in Russia.

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## **Editorial**

# **Labour's honey-moon is over**

**Is Labour's honeymoon over? Well, only seven months ago you'd have thought we were crazy just to pose such a question as early as the turn of the year. But here we are after the Formula One affair, after Paymaster General Geoffrey Robinson's tax haven scandal was exposed and, most importantly, after the Labour leadership forced through a vicious and nasty cut in lone parent benefit. Hardly Blair's much vaunted 'new Britain.'**

Yes, we can remember those days and those speeches. Blair asked for a thousand days to prepare for the next thousand years. How does scrapping invalidity benefit fit in with these preparations. Or how about the new ceiling of £500 for funeral expenses for the homeless in the event of their death. Hardly an inspiring programme for the new millenium. Yet these cuts, and many more, are in the pipeline for the next couple of years.

### **Reviews**

And all this is before we get the results of the various reviews set up by Blair into the welfare state. Once that happens the new 'policies' will come thick and fast.

Isn't it ironic though that it will take up to a year to come up with a figure for the national minimum wage - a fairly prominent manifesto commitment, yet it only took six months to introduce the cut in lone parent benefit, nowhere mentioned in the run up to the election.

Blair told his ministers to go away and 'think the unthinkable.' And we can only wait to see what 'unthinkable' policies will be proposed. David Blunkett, always eager to please, has got in early with plans that some of his proposed 'education action zones' will be given over to the private sector. Senior civil servants have already announced that private firms are 'queueing up' for contacts. The policy is lifted straight from the US where companies as varied as detergent group Proctor and Gamble and management consultants Arthur Anderson have run schools. Michael Barber, Blunkett's senior policy adviser, said that many 'household names' in manufacturing, commerce, insurance and information technology were ready to jump at the chance. The zones will be able to tear up all the normal rules governing the curriculum and teacher's pay and conditions. Private firms would also be able to make a profit.

That is just one policy, in one department. But we now know what to expect in the rest of the education sector, in the health service, on pensions and so on. An enormous increase

and development in what the Tories called the Private Finance Initiative. In fact the transformation of this 'initiative' into the central plank of the governments policies throughout health, education and welfare.

Blair, alongside US president Bill Clinton, has championed so-called 'flexible' labour markets and 'welfare reform' as the twin pillars of government policy. The Labour leadership is using its 6 month presidency of the European Union to lecture the European governments on just such measures.

Blair would have us believe that 'new' Britain, the 'young country,' is a country built around 'innovation,' excellence, high tech creativity and so on. Yet we do not have to travel far to see the reality of life here. The poverty, the destitution, the huge disparities in wealth and income that now exist on a scale not seen since the 19th century, regional decay, the development of an 'underclass' living on paltry benefits on the 'fringe' of normal society. These are the products of Tory economic dogma, of two decades of attacks and cuts, of labour market 'flexibility' and all the other policies that big business has thrown down our throats for twenty years.

And Blair accepts all this. His admiration for Thatcher scarcely concealed. His only response: to 'reform' welfare. And now we know what he means.

### **Evaporate**

The honeymoon? Is it such a strange question now? Any hopes, any aspirations we might have had for this Labour government evaporated that night when so many of those MPs we campaigned and fought for last May trailed through the division lobby on orders from the top to vote in that cut.

It may yet be one of the most significant votes in modern times. 47 Labour MPs voted against, braving the whips and threats of disciplinary action - probably the biggest rebellion of Labour MPs ever, and certainly unprecedented so early in the life of a government. It is a warning and a taste of what is to come.

*The Economist* recently pointed out that the Cabinet was expecting to go through 'mid term hell' and was trying to make all the necessary preparations - one member one vote, *Party into Power* and so on, all geared to undermine the influence of the trade unions and the activists in the constituencies.

Yet no constitutional change can hold back the movement once it begins. The party and unions will be turned upside down as a result.

The rebellion on lone parent benefit was just an opening shot. We need to prepare for the next.

# Blunkett to let big business run schools

In what may yet become seen as the most scandalous announcement of the Labour administration yet, education secretary David Blunkett's policy adviser, Michael Barber, has announced that big businesses will be asked to tender for the management of some of the proposed 'education action zones' to be set up later this year in some of Britain's most disadvantaged areas.

Barber said that *Capita*, the company that administered the disastrous nursery voucher scheme and runs various council payrolls, *Nord Anglia*, a stock-market listed company that runs a chain of private 'prep' schools for the rich, and the *Centre for British Teachers*, which runs careers services and Ofsted inspection teams, are already in the frame. Many management consultancies were showing interest and he hoped that other non-educational companies would get involved.

Graham Lane, Labour education chairman of the Local Government Association, who can hardly be described as a radical, was quick to condemn the moves, 'This could be the beginning of the privatisation of the education authorities. It could lead to the breakup of education authorities. It could lead to the destruction of local democracy.'

Of course most of our readers will be asking the big question: if business has made a mess of running the economy, how can we trust it to run a school? Only a short while ago Blair and co. were telling us about the disastrous 'short termism' of British business, now they will reward this 'short termism' with new profit making ventures in the education system.

The scheme is supposedly an attempt to tackle the fairly bad literacy and numeracy levels in British schools. Yet the 'action zone' concept has been lifted straight out of the US, a country with an even worse literacy and numeracy record than us. There, even companies like Procter and Gamble, the household detergent manufacturer, are involved.

In the US the moves have been bitterly fought by both teaching unions and local education officials. An early attempt to involve *Education Alternatives Incorporated* in schools in Hartford and Baltimore were defeated, but the company has now won a contract to run 12 schools in Arizona. Across America the pace of this 'privatisation' is speeding up. 10% of the 700 charter schools are now privately run and the numbers are increasing rapidly. Authorities in Cleveland and Milwaukee are already giving parents 'vouchers' to allow them to choose between state-run and private

schools.

Paradoxically, the incoming Labour government has only just scrapped the Tories nursery voucher scheme. Now, however, it is bringing private business straight back in to education through the front door. How profitable it will be for private companies is not yet known, but on the day of the announcement, shares in *Nord Anglia Education plc* rocketed and netted their chief executive a cool £1.6 million.

The 'action zones' will be made up of about 20 schools in areas of 'disadvantage.' According to Blunkett, 'Zones will offer hope... We are looking to innovators in the educational and business world who will make best use of a new flexibility.' This was echoed by Barber, 'Successful companies are uniquely able to manage change and innovation.'

These moves must be opposed. They represent a 'trojan horse' which will be used to undermine the whole of the education system, healthcare, welfare and the public sector generally. That is what Blair's *welfare review* is all about. Other 'action zones' in health and in employment services are as yet unannounced - but they will be set up, have no fear about that.

Education 'zones' will be allowed to tear up national agreements on teachers pay and conditions. They will be exempted from the national curriculum and the teaching of 'unnecessary' subjects like history and geography, in order to concentrate on getting 'better' results in English and maths. They will get extra cash over and above the cash already given to schools. They may well employ 'superheads' on salaries of £100,000 or more. They will be allowed to make a profit. This is Blair and Blunkett's vision for education in the twenty first century.

According to Tribune (9 Jan 1998), 'it (*New Labour*) shares the view of the Tories before it that the post war settlement (and especially welfare spending) is intellectually discredited, morally indefensible and financially insupportable. *New Labour* is therefore promoting a new settlement based upon a combination of the monetary and fiscal restraint of neo-liberalism and the authoritarianism of communitarian philosophy.'

That's what Blunkett's plans are all about. That's what lies behind Blair's 'welfare reform' and the task of 'thinking the unthinkable.' And that's why we must fight them every inch of the way.

Alastair Wilson

## CWU General Secretary Election - Vote For Billy Hayes

The ballot is underway for the first General Secretary of the CWU after a period of power sharing between joint General Secretaries from the former NCU and UCW.

Two of the candidates, Derek Hodgson and Tony Young have opposed the renationalisation of BT, and neither can really be said to have shown the necessary commitment to fighting the introduction of *Total Quality Management*. The left in the union will therefore be supporting Billy Hayes.

The CWU needs a bold leadership prepared to stand up to the continued attacks of management, in the way the membership have done in recent years.

In addition, the union has a very important role to play in the Labour Party. Both Derek Hodgson and Tony Young would be firm allies of Blair on the NEC of the party, both supported the scrapping of Clause Four.

The CWU needs a leadership willing to defend conference policies inside the Labour Party as well as when meeting management. Electing Billy Hayes would be a start, but a lot more needs to be done by organising throughout the union to step up the fight against management attacks like TQM, for the shorter working week that every national conference votes for, for the renationalisation of BT, to defend our members interests in work and in the Labour Party.

Charlie Balch  
RML Secretary  
South East Wales AMAL

# New developments in Irish peace process

Recent events in Northern Ireland have shown the volatility and underlying weakness inherent in the 'peace process.' Despite the ceasefire, despite hours and hours of talks between all the various sectarian politicians and the governments in London, Dublin and Washington, little or nothing has changed.

The assassination of loyalist Billy Wright, leader of the the UVF breakaway group the LVF, seemed to throw the whole process into reverse. Loyalist prisoners in the Maze prison withdrew their support for the 'talks' as they believed they were being sold out by the new Labour government, it was being far too 'soft' on the Republicans. Whether it was the negotiating 'skills' of Mo Mowlam, some secret deal on concessions, or just the fear of what might happen if the ceasefire really did break down, the prisoners retracted their withdrawal of support and the talks began.

Almost immediately the British and Irish governments have thrown in a document outlining a proposed basis for the talks: much to the consternation of Sinn Fein, from their point of view it is actually a retreat from the 'framework document' of 1995 produced by John Major and John Bruton, two conservative and supposedly pro-unionist politicians. However, despite condemning it as a sop to the unionists, Sinn Fein's leadership are prepared to stay in the talks and discuss it.

Brinkmanship and posturing are always the hallmark of the sectarian politician, but it is no coincidence that the loyalist prisoners, then the Sinn Fein leadership have been prepared to back down.

## Futility

The sectarian politicians were only forced to the conference table as, on the one hand, the futility of the methods of individual terrorism became evident to even the most hard nosed sectarian and, on the other hand, both Republicans and Loyalists feared losing support from 'their' respective communities as workers became weary of the endless round of sectarian murders. This war weariness became vocal opposition in the 1992-94 wave of strikes and demonstrations by trade unionists, which concentrated the sectarians' minds further. Indeed the latest IRA ceasefire was called only three days after the mass protests against ETA in Spain—the Republicans feared a similar upsurge in Northern Ireland could occur, undermining their social base

even further.

These are the major reasons the loyalist prisoners stood back from the brink. And that is why Sinn Fein's leadership has had to accept what is widely seen as a retreat by going into the talks to discuss the new proposals.

All the parties involved are now prepared to negotiate around the new 600 word document's proposals. It outlines a new devolved assembly in the North, a council of ministers between the North and the Republic and a 'council of the isles,' that is a new intergovernmental body made up from the the new Northern Irish assembly, the London and Dublin parliaments, the Scottish parliament and the Welsh assembly. Of course the relationships between and within these bodies is now to be negotiated. This could present endless stumbling blocks to the talks as one side threatens to quit then another.

The stance of the loyalist prisoners points to the underlying pressures. Fear of being sold out, tempered by the fear of the 'doomsday scenario,' a reversion to the so-called armed conflict which could lead rapidly to a situation that would make 'the troubles' seem like a picnic.

Fissures are also there in the Republican leadership. Martin McGuinness at first objected to the inclusion of the proposal of a new 'assembly' in the talks, while Gerry Adams has said Sinn Fein would participate in such an assembly albeit as part of a 'transitional process.'

As Socialist Appeal explained at the outset of the very first IRA ceasefire in 1994, "Any agreement they can cobble together will... in the long run not solve any of the underlying problems facing the working class. If the workers' organisations do not act then the frustrations can bring new acts of terrorism to the fore."

Workers throughout Ireland and Britain were relieved at the cessation of violence. It was they who were the main victims, whether from the paramilitaries or the British state.

But the violence was not some historical aberration, but the direct consequence of the material conditions created by British imperialism—partition, poverty, mass unemployment, sectarianism.

For all the talk of 'progress' being made in the peace process, not one of these conditions have changed one iota. The economic boom in Northern Ireland gave some respite, giving some sections of workers the hope that a 'bright, brand new day' had dawned. More importantly, for the business class peace meant prosperity—there was

an unprecedented level of inward investment; the bosses have put pressure on their Unionist political representatives to 'keep the peace.'

But even now this upturn is beginning to falter. October 1997 saw the first rise in unemployment in 14 months. Even with the boom, with male unemployment still the highest in the UK currently running at 10.7%, conditions of poverty in Northern Ireland have been little more than dented. For all the jostling at the conference table by the sectarian politicians—both parliamentary and paramilitary—nothing has changed.

## Last legs

The 'peace process' was on its last legs as the Tories staggered out of office. There were hopes that the election of the Labour government would breathe new life into the process, but the Blairite right wing merely took over the reins from Major, offering nothing new. As Socialist Appeal warned last March, before Labour's election victory: "For all the 'New Labour' rhetoric, unless it breaks with its bipartisan stance, a Labour government will end up with the same old depressing cycle of violence."

The stark fact is that the question of Northern Ireland cannot be resolved on a capitalist basis. Britain partitioned Ireland in 1920 to put a brake on the growing social revolution that was accompanying the struggle for national liberation, and to wreck any chance of an independent Ireland becoming a serious capitalist rival, while maintaining the profitable businesses and strategic military bases in the North.

All that changed in the boom years of the post war period; Britain's policy has been to offload the costly Northern Ireland state onto the South, which it now views as a safe capitalist satellite.

Yet it had created a legacy of a sectarian monster that discriminated against Catholic workers—in the absence of a labour movement intervention—looked to a United Ireland to alleviate their miserable conditions.

But at the same time the one million Protestants of Northern Ireland fear unification on a capitalist basis, as they know the South could not maintain the North and it would be they who at worst would become the oppressed minority, facing even greater levels of unemployment and poverty, or at best faced 'equality of deprivation.'

It was these ingredients that led to the explosive events of 1969; and which have plagued the state ever since. On a capital-

ist basis, where is the 'common ground? where is the room for compromise? That is why the peace process—despite welcome brief respites from the killings—have gone nowhere.

But as Marxists have explained, such working class pressure cannot be maintained forever—political action by the labour movement is needed. It has tragically not been forthcoming from the labour and trade union leaders, while the sectarian 'leaders' have produced nothing from their endless rounds of negotiations. In such a vacuum it is inevitable that reaction—in the form of sectarian conflict—would return.

The way out of the deadlock is for the labour movement to intervene. Indeed, it is an outrage that the largest organised section of the Northern Irish society—the trade unions with 225,000 Protestant and Catholic members—have not been invited to the conference table—and equally outrageous that Northern Ireland's Labour leaders have not been banging on the door demanding entry.

The election of a Labour government in Britain should provide an opportunity for the presentation of socialist policies. Rather than attempt to 'carry on regardless' with the failed Tory initiatives, Labour should use its commanding position to—along with their counterparts in Southern Ireland—do all they can to assist the Northern Ireland labour movement in forming its own independent party of Labour, based on the trade unions.

### Class party

If such an independent, class based party was formed, it could adopt a socialist programme which, through the taking over of the commanding heights of the economy, could provide jobs, decent homes and conditions for all workers, both Catholic and Protestant, sweeping away the cancer of sectarianism. It would not only inspire workers throughout Britain and Ireland—if not the world—making the reunification of Ireland on a socialist basis a reality and with it the creation of a socialist federation of the Britain, Ireland and Europe. That is the programme of socialism—that is the only programme that can guarantee peace.

# Labour MEPs expelled

**Ken Coates MEP and Hugh Kerr MEP have both been expelled from the Labour Party, astonishingly by fax, without even a hearing. The charge against them was allegedly applying to join the Greens, a charge both strenuously deny. In reality they were expelled for speaking out against the cuts in lone-parent benefit and the continuing erosion of democracy inside the party, of which their expulsion is a perfect example. CLPs, trade union and Young Labour branches should protest at this outrage.**

In their opposition to the scandalous attacks of a Labour government on some of the most vulnerable in society they are far from alone. Many activists have begun to see through the thin veneer of Blairism to the Tory policies underneath, and while the Labour leaders retain a great deal of support amongst Labour voters in general, that too wanes with each new attack.

Inside the party, opposition is developing rapidly. After only 8 months in power, dissent is already spreading from top to bottom. 120 MPs wrote to Gordon Brown urging him to reverse the decision to cut lone-parent benefit. 47 MPs voted against in the Commons with 14 abstaining. CLPs up and down the country have passed resolutions condemning these moves. Bob Marshall-Andrews QC, Labour MP for Medway, wrote a scathing attack on the party leadership in the Sunday Times (11/1/98) under the heading, "Don't push the Labour Party too far Mr. Blair." The article draws an interesting literary analogy

that many party members will recognise, "Napoleon, the chief pig in Orwell's *Animal Farm*, was a master of political manipulation and control. Whenever his fellow animals, recently emancipated by their revolution became restless at the apparent lack of change or progress, he, or his messenger Squealer (who interestingly had a twisting, spinning tail), would speak sternly to them of the realities of life and the dreadful economic and environmental inheritance of the farm-yard.

He would warn darkly that criticism and division would lead to the most dreadful event of all, namely the return of the farmers; anything was better than that. And so the animals shut up. Unhappily as we know, the farmers did come back, not as the masters, but at the invitation of the pigs who, the animals sadly observed, were now walking on two legs."

The two expelled MEPs are now considering standing as independents in the upcoming Euro-elections. Whilst sympathising with the frustration they share with many party members over the current direction of party policy, the only answer is not to get mad, but to get even. The growing discontent in the party needs to be galvanised. Organising a struggle inside the party must be seen as a far greater priority than a protest election campaign. Get organised now, join with us in the fight to take the party back. No expulsions, fight for democracy and socialist policies in the Labour Party.

*Phil Mitchinson*

## Bond merchants

**MI5 has announced an end to spying on leftwingers, trade unionists and activists.**

**It has said it will destroy tens of thousands of files on a whole host of subversive people. Well, if you believe that you will believe anything.**

MI5 took over from the Met in 1931 to spy on Communists, Trotskyists and other subversives. Since then it has widened its remit to a large number of potential threats: CND, NCCL and many others. It has built up around 250,000 files on people, including Peter Mandelson, Harriet Harman and Harold Wilson!

A series of leaks from former MI5 officers, like Cathy Massiter and Peter Wright exposed the dirty tricks of the organisation. Wright in his book *Spycatcher* revealed that MI5 officers plotted to destabilise the Wilson government. Under Stella Rimington, MI5's counter-subversion department gathered information on Scargill and the NUM during the miners' strike.

Their announced change of tack is no more than a "cunning plan" to appear more acceptable, but behind this mask lies the real MI5 dedicated to defending the establishment with all the dirty means at its disposal. So don't be taken in by this New Britain, New MI5 nonsense... its the same old gang, with the same old ends.

# Will Blair change the voting system?

*With a majority of 179 just why are the Labour leadership talking of changing the electoral system. They've even gone so far as invite Paddy Ashdown onto the cabinet committee looking into 'reform.' With all the talk about 'political realignment' Barbara Humphries looks at the underlying issues.*

The Labour Government is rushing through legislation to introduce a proportional representation system for the next Euro elections in 1999. Voting for the proposed Scottish parliament and Welsh Assemblies, and the London Authority to be decided upon in a referendum next year, will also be based on a system of proportion representation.

PR has never been tried in the UK before. Why is Labour committed to PR? It was an issue which had no support within the ranks of the Party for decades. Labour like the Tories was committed to a first past the post system which would produce a majority for one of the two main parties. For years objections that the system yielded votes for parties which were not translated into seats in Parliament were confined to a handful of keen electoral reformers.

The two party system has been a feature of British politics for centuries. In the 19th century politics was dominated by the Liberals, representing trade and industry and the Tories who represented the landed gentry and finance capital. This was to change when sections of the working class got the vote in 1885 and socialist and labour candidates started to stand in

elections. Three cornered contests started to arise. The early Labour MPs, including Keir Hardie, favoured PR, not for abstract reasons of democracy but because it would help Labour in its infancy to break the stranglehold of the two party system. In 1900 for instance the Labour Representation Committee won 62,698 votes and 2 seats. (The Liberals and Tories would have won 8-10 seats with the same number of votes.). The Lib-Lab pact of 1906-1914 helped to enforce the support for electoral reform within the Labour Party although it was never universally endorsed.

After 1918 the situation changed. Labour replaced the Liberals as the second main political party and in 1924 became a beneficiary of the first past the post system, gaining a 67 per cent increase in seats on the basis of a 0.75 per cent swing. In 1926 Labour Party conference came out against proportional representation. The class politics of the 19th century had been replaced with the class politics of the 20th century - labour v. capital was represented in the two party system. The British labour movement was strengthened by having one party who would oppose the Tory Party, the party of capitalism at each election. Subsequent defeats for the labour movement were to throw this position into doubt. The split in the Party and the formation of a National Government in 1931 was to lead to a disastrous electoral vote for Labour. Labour's vote declined from 37% to 31%, but the number of seats was reduced from 287 to 52. In 1935 with 38% of the vote Labour only won 154 seats. However PR did not become an issue in the 1930s; Labour concentrated on winning a majority on a political basis.

The Labour victory of 1945 confirmed this perspective. Labour emerged with a landslide majority, in some constituencies won on a very small percentage swing. The movement of population in the 1930s whereby Labour voters left declining industrial areas and moved into former Tory areas in London and the South East had helped to achieve that result, But the main reason for the result was the overwhelming change of political mood post 1945. It was politics not the electoral system which had brought about the Labour victory. People wanted change -no return to the 1930s!

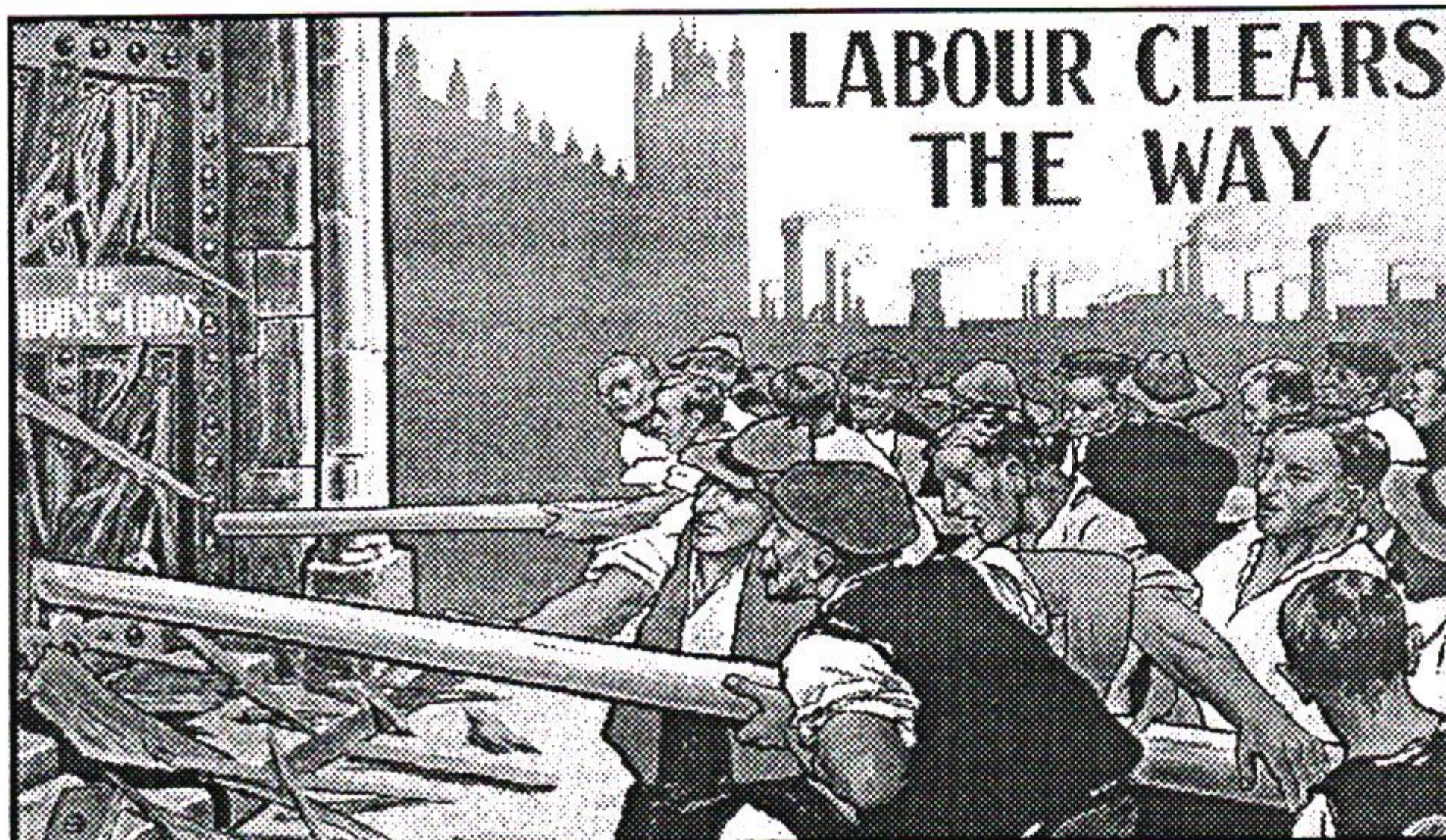


After 1945 the two party system re-established itself and the Liberal Party went into decline. In the 1950s 96% of the population voted for the Tories or Labour. The Liberal revival in the late 1950s initiated calls from them for electoral reform. Also PR for the Euro elections was raised as early as 1977 to bring Britain into line with the rest of Europe.

PR was not raised seriously within the Labour Party until after the third Tory victory in 1987. Consistently it was argued that the Tories were achieving power on a minority vote and implementing extreme policies rejected by the majority of the electorate. It was a time of despair as party activists believed that Labour could never achieve power on its own again (!) - a change in electoral system was needed. Voters were switching to tactical voting and it was felt that seats in the south east of England were lost to Labour for ever. The only opposition to the Tories in those seats would be the Lib-Dems. But changes in seats is nothing new. They are not fixed - there are genuine changes in population in areas and changes in politics. In the 1940s many rural seats like Stroud in Gloucestershire were Labour and inner city seats in Liverpool and Glasgow were Tory. In the rural areas there has been a decline in population as rural employment has declined. Middle class commuters and retired people have moved into villages. In inner cities such as Liverpool the sectarian Protestant pro-Tory vote has been diminished. Changes of political mood produced vast swings in the last election, for instance amongst 'Essex men and women.'

However, in spite of the election result Labour's commitment to PR endorsed by the 1990 annual conference was part of its manifesto commitment for the Euro elections and for the Scottish parliament and Welsh assembly. The 1990 conference set up a committee led by an academic from Southampton University, Sir Raymond Plant, to report back in 1991. The Labour Committee for Electoral Reform has grown to 2,000 members. A committee on electoral reform has now been set up to recommend a change of voting for the House of Commons.

For socialists systems of democracy cannot be supported or defended on abstract grounds of fairness. Inevitably in a class society, the majority of the population have no power over their lives, at



work or at home. Their lives are controlled by vested interests. For most people their only effective involvement in politics is putting a cross on a ballot paper once every five years. What system would best represent the interests of the labour movement and further the struggle for socialism. The first past the post system in the UK reflects the reality of class politics, it has meant that the party of labour could win an election outright.

In spite of the pessimism of the 1980s Labour has just been returned to power with a larger landslide than 1945 in an election based on the first past the post system. However Blair still toys with the idea of alliances with the Liberals, in the future, as part of his agenda of turning the Labour Party into a 'democratic-style' party, devoid of socialist content and trade union roots.

### Westminster

It is possible that PR used for the Euro and assembly elections may be extended to Westminster. What is also of concern to labour movement activists is the method of PR which is being recommended. PR although endorsed by the Labour Party conference, is not a single system - there are many different types of PR. For instance:

- the alternative vote, where voters cast their preferences 1,2,3 for candidates, as in an eliminating ballot
- the additional or mixed member system whereby MPs are voted by their constituents as at present, in a smaller number of constituencies and the MPs who loose with the highest votes are added on to achieve a proportional balance of votes by party

These systems which are used in Germany and Australia would retain the right of electors to elect a particular MP for their area and allow party activists to select and maintain links with their MP.

However the system which has been chosen by the PLP for the 1999 Euro elections is that of a regional list system in a multi-member constituency. London for instance would have 10 MEPs to be voted for as a slate. Who would draw up this list of candidates? The present trend towards centralisation within the Labour Party would indicate that Millbank Tower would have very great powers in this. Even if constituencies were able to nominate and the membership of the London Labour Party vote on this it would be difficult to achieve electoral accountability. It is proposed that the existing Euro-constituencies are wound up after 1999.

There has been virtually no discussion within the Labour Party on the crucial issue of how these elections are to be run. A bill has been introduced and presented as a 'fait accompli.' Jack Straw, the Home Secretary has now backtracked on the proposal that there should be a 'closed list' whereby voters simply vote for the Party and have no say in which candidates, and said that there should be an 'open list' whereby the names of the candidates appear on the ballot paper. However, supporters of PR in the Party do not support a regional list system at all. PR is required for the Euro elections to conform with the rest of Europe. The regional list system in the form the Single Transferable Vote is currently in operation for the Euro elections in Northern Ireland. However these are not reasons for endorsing a system which will destroy the links between MPs and the electorate and put an end to accountability.

It is important that CLPs protest about the proposed legislation for the Euro elections. If they do not we risk having the same system imposed even in future Westminster elections. This will mean a huge loss for democracy within the labour movement.

# What lies behind 'Welfare to work'?

The recent rebellion against the Labour government's decision to cut single parent benefit and the growing disquiet about proposals to cut benefits for the sick and disabled have brought the *welfare to work* programme into sharp focus. **Mick Brooks** looks at what it's all about, and asks the important question: can it create real jobs or is it just another way of massaging the statistics and reducing the social security budget?

The welfare state is the greatest achievement of the working class under capitalism. It is a basic principle of the welfare state that, in a rich country such as Britain, nobody should starve. Implicitly the existence of benefits for the unemployed is an acceptance of the fact that unemployment is not the fault of the unemployed but a problem of the system.

It is an irony that the Labour Party has been the main instrument for the reform of capitalism through working class pressure. Yet the present Labour government intends to breach the basic principles of the welfare state by introducing *workfare* for the long-term unemployed. *Workfare* is an attempt to scare the unemployed into finding a job with the threat of withdrawal of benefits. Of course Gordon Brown doesn't call his proposals to 'help' the unemployed find a job *workfare*, but that is what it is.

*Workfare* is based on the theory that the unemployed are basically skiving. It beggars belief that after twenty five years of very little shirking (relatively full employment), after 1974 the Western world should see a sudden and simultaneous outbreak of mass scrounging (mass unemployment). And of course Gordon Brown doesn't mention skiving as the root of the problem. But that is the logic of *workfare*.

Has sitting around claiming benefits become more attractive under the Tory years? Hardly. The 'replacement ratio' - the ratio of benefits to paid employment fell under the Tories from 79% in 1978 to 60% in 1983-84. In that year a fifth of dole claimants got less than half of what they earned in their previous job. Not much incentive to skive there - and everybody knows that unemployed people are desperate to get a job.

Are there the jobs to go to? To take a typical month, January 1997, the official unemployment level was 1,815,000. As Labour, then in opposition, was quick to point out, this figure had been massaged downward by wholesale fiddling of the figures. And this figure was after six years when the British economy was supposed to have been in boom. What was the official level of job vacancies in that month? - 262,000. The official sorcerers of the unemployment figures assure us that this refers only to vacancies referred to job centres and the real level is three times as large. Let us accept their assurance for a moment - that still means that there are no jobs for

all the unemployed to take up.

But the unemployed are desperate for work. It is true that the long-term unemployed face prejudice from potential employers. In effect they stay unemployed because they are unemployed. They do need carefully crafted assistance to dig them out of the unemployment trap. They want to know - will Gordon Brown's plan help them? Brown offers four options: - a job, full-time education, work with a voluntary organisation, work on an environmental task force.

## Budget

Gordon Brown made it quite clear in his budget speech, 'There will be no fifth option - to stay at home on full benefit.' If a claimant refuses a job or placement, they will lose at least 60% of benefit, and they will lose the lot for two weeks. Since the level of *Job Seeker's Allowance* is carefully tailored to be an absolute minimum level of subsistence, a loss of the major part of it means nobody could make do on what's left. So it is *workfare*, no doubt about it. Some workers may argue that if Gordon's options are valid, then that is fair enough. But the proposals will do nothing to reduce the dole queues and very little for Gordon's guinea pigs in consequence.

As we've all been told the plan is to cost £3,500 million paid for by a one-off windfall tax on the fat cat utilities. They can afford it, no problem. But what happens when the money runs out and no more real jobs have been created in the economy in the meantime? And there are no proposals to create new permanent jobs.

For the '*Welfare to work*' project, the biggest target group are jobless 18-24s. Pilot schemes will be up and running by January and the programme will be generalised from April to cover a quarter of a million young people. And there are 178,000 youth who have been on the dole for more than six months. The jobs in the private sector will be provided by handing out £60 a week for 6 months to the bosses.

Work for a voluntary organisation will be paid at benefit levels plus £400, as does work for an environmental task force. Over six months that works out about £15 per week. This means a young unemployed person (who gets £37 dole money) will be working for about £52 a week or £1.30 per hour! Option number four is a year in full-time education on benefits. Really this just amounts to a relaxation of the regulations that only allow up to sixteen hours study





without loss of benefit, to allow more young people to take up further and higher education as an option. This concession only applies to 'suitable' courses, presumably those most likely to have a job at the end of them. The feeling is very strong among youth advisers that employers will cherry pick the most able young people to make money out of - not hard when they're being subbed £60 a week - and the voluntary and environmental task force will be seen as the rubbish option. These in any case are just the latest in a long line of schemes to keep young people off the dole figures. We've had an alphabet soup of schemes under the Tories, and young people are well aware they don't lead to a permanent job.

The plans for the long term unemployed are basically similar, and subject to the same criticisms. This is a shame since 350,000 people have been jobless for more than two years. About half of them are to be subsidised into private sector employment, this time with a £75 per week top up to the boss, plus a £750 training subsidy. 10,000 will have the option of full-time education on benefit.

What about the private sector work? Can we create new jobs by just handing money over to employers? Both supporters and opponents of the plan reckon that there will be a deadweight effect of about 50%. This is another way of saying that about half of all the vacancies would have occurred anyway, and the boss would have had to take someone on - £60 subsidy or not. So it is employers that are subsidised, not jobs for youth! On top of the deadweight effect there is a 'substitution effect.' This means that young people are taken on for the £60 subsidy, but somebody else loses out. How important is this? Estimates vary but the general guess is around one in five of the new jobs (critics put the deadweight and substitution effects together as high as 90%). Some defenders of the scheme would justify this as they say it gives the long-term unemployed a bit of work experience. Presumably they are not in danger of losing their job to a subsidised youngster! In any case work experience is useful for one thing only - experience of work, and if no new jobs come into existence it will just be a waste of time.

The main point is that, even under favourable estimates, nearly three quarters of the jobs 'created' under the plan are not new jobs at all. Tory critics are predictably saying the whole thing is just a waste of money. The Wise Group for instance has worked out that each job created could cost



***'So workfare is really about saving money and putting pressure on claimants, not giving the jobless a chance. What for? Subsidising employers gives the bosses the idea that they can employ workers for peanuts. The real aim of the job subsidy is to drive down the wages of those already in work, especially the youth.'***

£14,000. But we don't need lectures from the Tories about 'value for money.' Unemployment is the biggest waste of money there has ever been. Defenders of 'Welfare to work' reckon that even if most of the jobs created are not new, we will all benefit from the fact that an average £76 benefits will no longer have to be paid out, and every new worker will be paying an extra £13 in tax. So by paying out a £60 subsidy we can save £89, according to Gordon Brown's advisers - pure magic! If we accept this argument the programme should be quids in by year two. The Tory-dominated House of Commons Employment Select Committee in 1996 worked out that unemployment costs us all £24 billion, or £8,500 for every person in the country. They also castigated the civil servants for not giving them the full figures to provide a more detailed and devastating calculation as to how much unemployment is costing us all. *Socialist Appeal* and everyone else in the movement would regard the money as well spent if the Brown plan works and unemployment is reduced - but it won't be.

Then there are the proposals for single parents. There are one million of them out there, looking after 2 million kids and costing £10 billion in benefits. Yet every serious survey shows they are desperate for work. For years we have had the Tories whining about lack of incentives for the rich - faced with a 'punitive' 40% top rate of tax. Now there are people who are faced with confiscatory rates of tax - but they are not rich, they are on benefits! People on the dole routinely face a marginal tax rate of 80% when they are offered a job. This means that when they take account of lost means-tested benefits as well as paying tax they can keep only 20p of every £ they earn. For single parents they can quite often be absolutely worse off in work. This is the poverty trap. The main reason for this is the cost of child care.

Harriet Harman has decided to do some-



thing about this. She has raised the 'disregard' on benefits spent on childcare from £60 to £100. So single parents can spend up to £100 on child care without losing benefit. The trouble is, childcare costs an average £6,000 a year!

### Lone parents

Next October half a million lone parents will be offered the same sort of options as the young and the long-term unemployed. Like them, they will meet up with counsellors. The single parent scheme meshes in with the others, as 50,000 on the voluntary sector scheme will be training in child care. Labour has also floated the idea of 'after school clubs' as a cheap way of dealing with the child care problem. Yet as we have pointed out in the past, child care and nursery provision in this country is about the worst in Europe. The National Institute of Economic and Social Research has worked out that decent child care provision could pay for itself, by freeing up women to participate in the labour force. Instead of claiming they would be paying back taxes in to the pot while working - and that is what they want to do anyway.

Harriet Harman has already been running pilot schemes for single parents. Taking no chances, they have been set up in high employment areas such as Cambridge. Harriet claims success as 400 have since found jobs - one in five interviewed. But Harman has been caught out telling porkies, for 8,500 lone parents were originally approached, so less than one in twenty of these are in work.

But the most startling spread of workfare is to the long term sick and disabled. A £200 million project is to target 80-100,000 people with disabilities. The problems are

obvious. The hidden agenda is given away by the *Sunday Times* headline of July 7th, 'Labour to clamp down on 'sick' benefit scroungers.'

What Labour is doing is not new. They are just generalising the Tory 'Workstart' programme over the whole country. Yet in opposition Labour MPs denounced workfare and the miserable one in ten success ratio claimed by the Tories.

In fact the Tory record is about par for the course for workfare schemes around the world. Their success record is only miserable if you take the argument that they aim to make benefit claimants 'employable' at face value. Their real intent is to put the frighteners on the unemployed. And the real problem is not that some people are unemployable, but that there aren't the jobs to go to. The 1930s were a depressed decade, with millions of workers out of a job for ten years or more. Yet with the coming of the war all of these 'unemployables' got a job. It is a tragic irony of capitalism, that workers exchanged the horrors of unemployment for those of rearmament and war.

The classic country of workfare is the USA where President Clinton, Tony Blair's role model, has proclaimed the 'end of welfare as we know it.' The administration has declared a limit of five years on anybody claiming benefits. The aim is to save \$55 billion over six years. When the system was launched three years ago, three quarters of the states who have to administer workfare applied for exemptions. Why? - because the jobs didn't exist! Since 1994 the numbers on welfare have fallen by nearly a million. Most commentators accept that the fall in rolls is mainly because of economic growth creating jobs - the USA is now in

the seventh year of a boom. The fall in claimant numbers has been fastest where economic growth is highest, not in the blackspots where unemployment remains stubbornly high. But there is a statistical puzzle - more people have been driven off welfare than have re-emerged into the labour force. Where have they gone? - into the criminal economy. Where else can they go? Americans are likely to pay dear for workfare and 'welfare reform.'

The second country where the workfare 'experiment' has been made on the livelihoods of the unemployed is Australia. The Labour 'working nation' programme was a major influence on Gordon Brown. Yet it has been a resounding flop. There is no chance that it will even get near its stated aim of 1% unemployment by the year 2000. The jobless rate currently stands at 8.0%. The facts are that employers would sooner recruit workers from other jobs rather than take a chance on the long-term unemployed, even with a hefty handout.

### Pressure

So workfare is really about saving money and putting pressure on claimants, not giving the jobless a chance. What for? Subsidising employers gives the bosses the idea that they can employ workers for peanuts. The real aim of the job subsidy is to drive down the wages of those already in work, especially the youth who are most likely to be competing with the people who get a temporary job as a result of the job subsidy. As Samuel Brittan argued in the *Financial Times*, 'employers would respond by reducing their pre-top-up pay offers.' That is what has always happened, as the separate article on *Speenhamland* shows.

What if workfare did what its advocates claim, and make the long-term jobless more employable? Then we would have more workers in the economy - but we wouldn't have any more jobs. But unemployment exists precisely because there aren't enough jobs to go round. If it did what it is supposed to, workfare would make unemployment worse! What is needed is more jobs. The world economy has slowed down since 1974 and capitalism can no longer provide a job for all. The reasons for the slowdown are complex. They have been analysed elsewhere by *Socialist Appeal*. One thing is for sure. The system has failed us and we need to change it. Attacking the unemployed is just blaming the victim.

# Welfare 'reform' in the nineteenth century

**The Tories often talked about getting back to 'Victorian' values. But it has taken Blair's welfare 'review' to really put the prospect of nineteenth century conditions at the top of the agenda. 'New' Labour's much loved flexibility has brought back the 'hire and fire' labour market of the past. Now 'welfare reform' threatens us with means testing and the modern day workhouse. It's worth looking back into the history books just to see how bad it really was.**

Tradition ruled the English countryside. Workers were expected to know their place, but in return they were entitled to a 'right to live,' albeit at a basic subsistence level. Farm workers were not free in the Marxist sense; they were not free to move round in search of better paying employment, but neither were they 'free' to starve if no work was available. This system of coercion and subsistence was administered through the Old Poor Law.

Traditional arrangements were shattered by the coming of capitalism, bringing insecurity in its wake. To maintain the social fabric the magistrates (who were the local gentry) who actually implemented the Poor Law locally introduced a new system in *Speenhamland*, Berkshire as a crisis measure. This quickly spread throughout the country and became known as the *Speenhamland* system. The idea was to subsidise low wages up to the subsistence level. So Gordon Brown's approach is nothing new. What was the result?

The outcome is explained in Hobsbawm and Rude's book *'Captain Swing.'* *'The traditional social order degenerated into a universal pauperism of demoralised men who could not fall below the relief scale whatever they did, who could not rise above it, who had not even the nominal guarantee of a living income since the scale could be - and with increasing expense of rates was - reduced to as little as the village rich thought fit for a labourer. Agrarian capitalism degenerated into a general lunacy, in which farmers were encouraged to pay as little as they could (since wages would be supplemented by the parish) and used the mass of pauper labour as an excuse for not raising their productivity; while the most rational calculations would be, how to get the maximum subsidy for their wage-bill from the rest of the ratepayers.'*

So there we have it. Wages were cut penny for penny with the subsidy. We are therefore entitled

to point out that wage subsidies are really subsidies to the employers. And the existence of the subsidy perpetuates low productivity and inefficient practices which can never pay Britain's way in the world.

An American visitor observed as a result that farm workers were *'servile, broken-spirited and severely straitened in their means of living.'* At the height of the system one in five Britons were dependent on relief.

Farm labourers tried to fight back. *'Captain Swing'* is the name of the huge wave of riots that rolled round the English countryside around 1830. For the capitalist class, too, this could not go on. The notion of a *'right to live'* had to be burned out of the consciousness of the common people if capitalism were to progress. After the *Swing* rising a magistrate wrote to the government asking them to *'sanction the arming of the bourgeois classes,'* since *'if this state of things should continue the peasantry will learn the secret of their own physical strength.'*

The Frank Fields of the day began to think the unthinkable. They didn't call it workfare, of course. But *Speenhamland* was denounced because it *'makes them idle, lazy, fraudulent and worthless'* and *'the labourers are not as industrious as formerly'* and *'all habits of prudence, of self-respect and of self-restraint vanished.'* Clearly these people needed an incentive to make them employable! In fact none of this was true. A survey in Halifax showed that 80% of welfare recipients were widows, elderly women and men, women with illegitimate children, and those with physical and mental disabilities.

## Poor Law

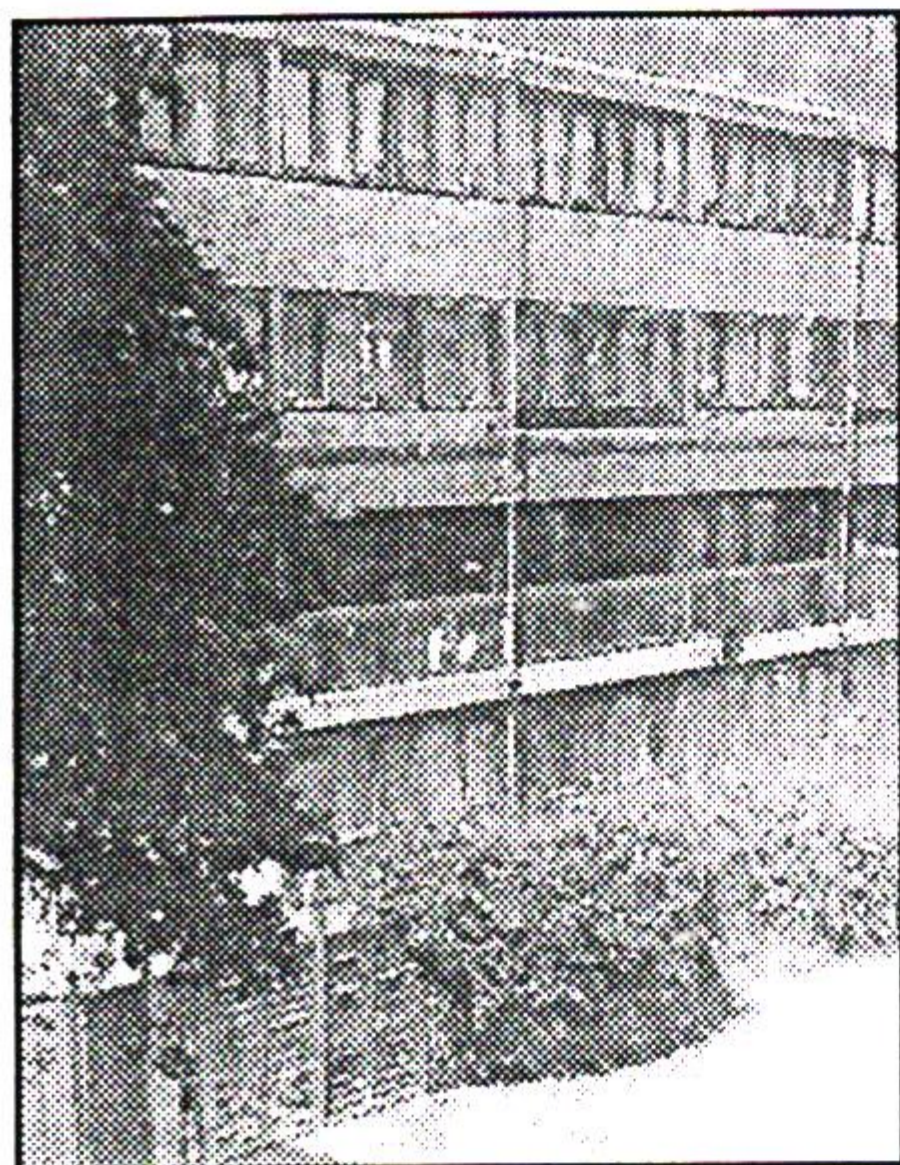
The Poor Law (Amendment) Act of 1834 provided that relief was only available to those prepared to enter a workhouse. Was this the first workfare system in the world? The workhouse was to *'join the discipline of a prison to the incantation of a manufactory - in short a barrack.'* The only way to claim was to abandon household and friends and put up with the degrading conditions inside. The sentimental old song *'My old Dutch,'* for instance, is about a couple married for forty years who are separated in the workhouse *'in case they breed.'* No wonder such places were condemned as *'bastilles'* by the common folk.

Did such drastic measures reduce unemployment? There is no evidence that they did. Nobody even counted the jobless until much later in the century. It was enough for the capitalists that they had the working class where they wanted them - under the hammer. The Poor Law *bastilles* were a constant threat to the employed population. Life as a worker was *'free'* - that is completely insecure.

The welfare state put a breach in this basic principle of existence of capitalism - work or starve. Till now?



# Council housing: safe in Labour's hands?



A new idea has emanated from Millbank Tower. Not satisfied with tuition fees or a few more Trident nuclear weapons they have set up another Labour sacred cow for slaughter. You yourself might have been advised by your ancient auntie to get your name on the council housing register, once upon a time a council house could have meant a secure roof over your head, pay the rent and not upset the neighbours and you'd probably not have to worry. However, what remains of Britain's council stock now faces a new threat, dreamed up over a decade ago by the Tories, Labour ministers seem hell bent on pursuing council housing into the private sector. The name of this new threat is the 'Local Housing Company'.

by Mark Townsend

After decades of underfunding Britain's council housing is generally in bad shape. Lack of investment and a dash for owner occupation have meant that many communities in council areas have become ghettoised, populated by often second generation unemployed and those too old or ill to work. In the eyes of the Millbank Tendency these very practical results of Thatcherism are an unnecessary drain on the public purse. Therefore like all problems, Blair's boys have discovered a suitably 'new' and 'modern' alternative. Cynics and socialists among you will have deduced that this involves as little

public investment as possible and in the longer term the opportunity for the banks and the fat cats to get their whiskers in the trough.

The plan is simple. Council estates that have large repair problems, tenant rent arrears, anti-social behaviour, crime et al, should be tarted up and flogged off to the banks. The screw is simple, even with 'bad tenants' now, bricks and mortar are long term and the future rental income adds up to a pretty penny. The bankers can see a profit down the road and might just, if prodded stump up a modest loan now to ensure that they can reap interest benefits later.

So here goes. The Department of the Environment set up a scheme (the carrot) called the Estate's Renewal Challenge. The real purpose of the 'challenge' is to get councils to invent the smoothest plan for getting the estate of their choice out of the public sector, and out of the Public Sector Borrowing Requirement. If their plan is really good the Department of the Environment throw a modest bag of money at the estate, for all those really useful things like windows that don't leak and lifts that work etc. Alongside this modest bag of cash comes the other bag of cash from the private sector. This is recognisable, as always, because there are strings attached, namely interest payments on the aforementioned cash. The catch (the stick) is that the tenants have to agree to set up a Local Housing Company, which from then on OWNS the housing. So the tenants are balloted on the plan with the theme being 'vote yes and have the roof repaired' with the cash and the subsequent debt, 'Vote No, stay with the Council, and stay damp!'.

Looks good? However like every deal with Devil the results are unforeseen! Tenants who vote yes will find their rent heading out of the estate in the form of debt repayments to the gnomes of Zurich. To cover existing costs and the interest payments, as sure as night follows day, rents will creep up. The tenants will begin to pay for what was recently the role of the state, and the gnomes will be smiling from pointed ear to pointed ear.

Tenants of the Midlands Council in Sandwell have recently been faced with this Hobson's Choice. The carrot was £120 million, £40 million public money and £80 million of private sector cash. Eighty percent of eligible tenants voted in

the ballot and when the dust settled the Gnomes and the Blairites on Sandwell council were left crying into their Evian. The tenants after listening to the local 'Stop the Sell Off' campaign organised by one of the tenants' associations and the local unions, stopped the plan in its tracks. Oddly, Sandwell's Labour group had inadvertently received a vote of confidence in the Council by the tenants' they wanted rid off. One could hear the torture chamber be prepared in the Millbank dungeons.

There is no doubt the Housing minister Hilary Armstrong will continue with a further round of the Estates Renewal Challenge, enticing more tenants into a private sector replete with higher rents big debts and less security of tenure. All socialists should oppose these sell offs and defend public sector housing as a major gain of the Labour and tenants' movements. If your Council seems placed to make this move organise in the party, your union and your tenants' or residents' Association to prevent it.

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# World economy: fear of recession grows

*'Typhoon in east Asia North America and Europe feel barely a breeze. That, in a nutshell, is the official view of the financial crisis that has laid waste what was once the most dynamic part of the world economy. It is a comforting view. It is not implausible. But it is not the only possibility.'* (Financial Times, 2/1/98.)

Shortly after the October 97 stock exchange crash, Alan Greenspan, head of the US Federal Reserve, delivered a speech at a charity dinner in which he assured the illustrious guests that everything was fine and the US economic performance *impressive*. The optimistic declaration of Greenspan, Clinton and others after the crash were entirely predictable. These people imagine that the cause of the crisis is subjective, the mood of investors (confidence). What Greenspan's fellow guests did not know is that, even while he was speaking, an aide was surreptitiously passing him updates on the state of the market, so he could judge the effect of his every word! This little detail in itself is sufficient to show the extreme nervousness of the American bourgeoisie. True, the stock exchange later rallied, mainly on the basis of a large number of small investors who were foolishly persuaded to buy shares in a falling market, after the big monop-

olies had already sold their shares the day before. This rally, however, is of a temporary and unstable character. Further big falls are inevitable.

by Alan Woods

The fall on Wall Street, despite all the attempts to play it down, was a serious one. Historically, the Dow Jones changes on a daily basis between 1-2 per cent. On Monday 27th October 1997, there was a fall of 7 per cent, the 12th worst fall on record, though less than the spectacular crash of 1987. The rise on Tuesday was 4.7 per cent, quite a steep rise, which did not however recover the ground lost. Despite this fact, US shares are extremely overvalued. This, in itself, is enough to ensure a further and more severe fall in the future, and probably not too far away.

After the initial shock, the capitalists recovered their nerves. On all sides we read reassuring statements. President Clinton reminds us that *'the fundamentals of the US economy are sound.'* It is interesting to compare this comforting observations with the speeches made by all the bourgeois politicians and economists before, during and even after the Great Wall Street Crash of 1929. Then also they all insisted that *"the fundamentals were sound."*

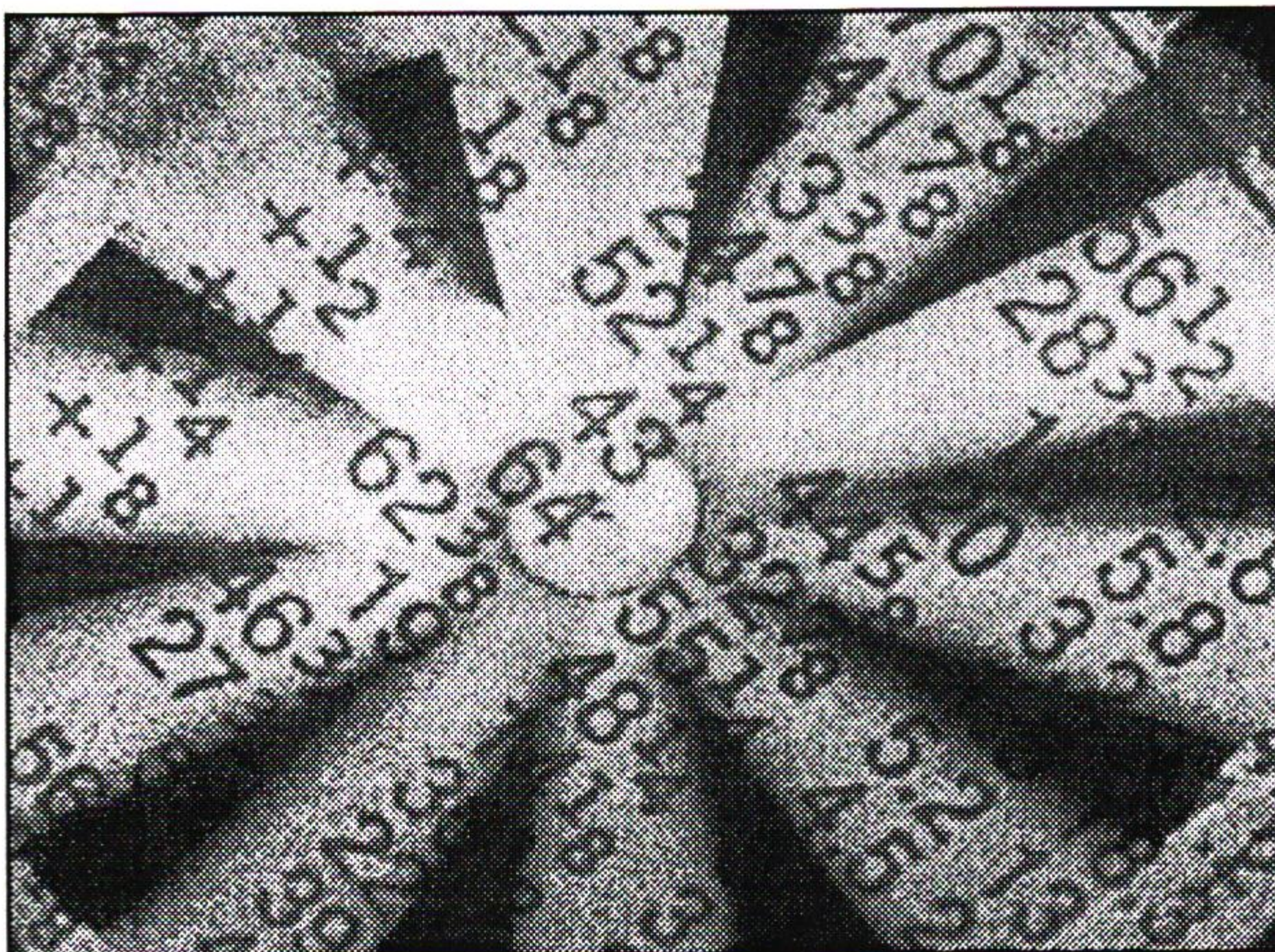
In his classic study *Great Crash 1929*, J. K. Galbraith describes the mood on Wall

Street after the initial crash in terms that might have been written yesterday:

*'Almost everyone believed that the heavenly knuckle-rapping was over and that speculation could be now resumed in earnest. The papers were full of the prospects for next weeks market. Stocks, it was agreed, were again cheap and accordingly there would be a heavy rush to buy. Numerous stories from the brokerage houses, some of them possibly inspired, told of a fabulous volume of buying orders which was piling up in anticipation of the opening of the market. In a concerted advertising campaign in Mondays papers, stock market firms urged the wisdom of picking up these bargains promptly. We believe, said one house, that the investor who purchases securities at this time with the discrimination that is always a condition of prudent investing, may do so with utmost confidence. On Monday the real disaster began.'* (Ibid., pp. 128-9.)

The times may have changed, but the system and the mentality of its representatives remain exactly the same! And the effectiveness of this kind of speech-therapy in preventing a slump is about the same of the mumbo-jumbo of the medicine-man in curing cancer. Greenspan, evidently forgetting his earlier warnings, now claimed that the fall in share prices was a *salutary event*. This overlooks the fact that one year ago when he first issued his warning about *irrational exuberance*, the Dow Jones index had reached the record 5,000 mark. Before the present crash it had passed 8,000. But even now it stands at well over 7,000. This still defies the economic laws of gravity. Further buying will push it still higher, preparing the way for further, even more catastrophic falls. Greenspan is evidently aware of this, but, under the given circumstances, clearly believes that discretion is the better part of valour.

The history of economic cycles and stock market crashes present essentially similar phenomena. If there is a difference today, it is essentially that the level of capitalist development is much higher, far vaster sums of capital are involved, and the potential scale for disaster is far greater. The capitalisation of the American equity market has risen to over \$9 trillion—equal to 115% of GDP compared with a previous peak of 82% in 1929 and a 60-year moving average of only 48%. About 30m Americans now own equities directly compared with only 3m before the second world war.





While it is impossible to predict with any degree of accuracy the ups and downs of the stock exchange, it is perfectly possible to foresee new and even more severe crises in the next few months, ending in a serious crash at a certain point. It is extremely doubtful that the appeals for calm based on allegedly *sound foundations* will have the same effect on small investors in the event of a serious downturn, when it becomes increasingly clear that the situation is not sound at all. Under such conditions, a stock exchange crash in America would have the most serious consequences for the internal market, and therefore the world market. Investment would suffer a sharp decline, provoking a recession.

### Is the economy "sound"?

How much truth is there in the soothing assurances about the *underlying soundness* of the US economy? The present boom already lasted six and a half years (in the USA). This is quite long by post-war standards. There are some indices that suggest that it still has some life in it. House sales are still growing at the fastest rate for 19 years. The rate of inflation, at 1.4 per cent in the last quarter, is less than half the rate for 1996. Despite the victory of the UPS workers in the Summer and warnings of economists like Stephen Roach of a *worker backlash*, wage costs are still being held down, increasing at only 0.8 per cent in the third quarter of 1997, although unemployment has fallen to the lowest level for a generation. Corporate profits remain strong. Third quarter profits exceeded estimates for the 19th consecutive quarter. On the other hand, the government reported that the budget deficit for fiscal year 1997 shrunk to \$22.6 billion, the smallest since 1974 and better than expected.

The budget deficit has been reduced partly because of economic growth and higher income from taxes, partly from cuts in welfare spending, affecting the poorest and most deprived sections of American society. It is calculated that capital gains

from the mutual-fund sector and stock-option programmes will boost tax receipts by over \$100 billion and push the federal tax share of GDP above 20 per cent for only the third time in American history, excluding wartime. This may mean that the Federal budget deficit will be under 0.5 per cent of GDP one-sixth the proportion of Germany, Britain or France. But behind these glossy images there is a lurking fear. This situation cannot last. Clinton dreams of liquidating the budget deficit altogether, just like his European friends, but a new recession will blow a hole through the whole scheme.

### Backlash

Serious bourgeois economists like Stephen Roach have admitted what Marxists knew all along that the present boom has been at the expense of the working class a colossal increase in exploitation generating huge profits at the cost of nervous and physical exhaustion of the workers, toiling long hours in bad conditions for low wages. What Marx described as absolute surplus value: overtime, weekend working, no holidays, two or three jobs, etc. and relative surplus value: intensification of exploitation through relentless pressure, speed-ups, just-in-time production, etc.

This is the secret of the *productivity explosion* that has taken place, and not just in the US. But this has its limits. On the one hand, there is a physical limit: there are only so many hours in the day and the nervous and muscular strength of the worker can only be stretched so far. The unbearable strain placed on workers and their families is stoking up a colossal discontent, frustration and anger which at a certain point must indeed provoke a backlash. The UPS strike was merely an anticipation of this. If the boom is extended for a further period, falling unemployment will inevitably lead to further strikes, as workers strive to win back what they have lost in the last period. This, in turn, will have an effect on profit margins in a tight market where it is not possible to increase prices to any extent. Pressure from cheap imports from Asia will make the situation still worse, inevitably giving rise to increased demands for protectionism from American manufacturers.

Even leaving to one side the question of Asia, after six and a half years, the boom in the USA would now probably be nearing its end. Such things as a booming stock exchange, wild optimism, unbridled specu-

lation and consequent over-production are precisely what one would expect to see at the peak of the economic cycle just before a slump. This point was made many times by Marx. And the most perceptive bourgeois economists also understand it:

*'But even if that chain of events never occurs, some analysts believe the US is headed for a recession, or severe slow-down, in 1998, all on its own. If they are right, Mondays plunge may have been the first shot across the proverbial bow, with others to follow. Those who so quickly dismissed the sell-off and are now boasting of buying at the bottom may find they were wrong.'* (Time magazine, 10/11/97.)

One factor is the level of consumer debt in the USA. According to Ron Reuss, economist at Piper Capital Management, Minneapolis, half the households with less than \$50,000 in annual income have non-mortgage debt equal to 24 per cent of their take-home pay—an all-time high. This is already expressing itself in a higher number of bankruptcies and the slow growth in consumer credit, which is now only 5 per cent a year, compared to a more normal figure of 10-15 per cent in a boom. In this and other respects, the present boom, for many workers, already feels more like a recession. Given the high level of consumer debt and the very large number of US citizens who now hold part of their wealth in shares (ten times more than before the war, as we have seen), any sharp drop in share market values can have a major impact on consumer spending, precisely at a moment when the US economy is slowing down (everyone agrees on that) and is faced with a huge influx of cheap imports from Asia, which must affect prices and profit margins, and therefore investment—the fundamental motor force for any real boom. Jeffrey Shafer, a former Clinton Treasury official, recently said that if he were still in his old job, I would be staying up at night worrying about a major meltdown of banks in Asia, especially in Japan. Such statements are becoming increasingly common as the crisis in Asia deepens.

### Asian Model

The attempts of the bourgeois to shrug off the crisis in Asia verge on the comical. Previously they exaggerated the importance of Asia. Now they try to belittle it. However, the importance of this region is shown by the fact that 60-65% of the growth of world output between 1990 and 1995 came from this area. This was pre-

cisely what prevented the world recession of 1990-92 from turning into a *depression*. To argue that a slump in Asia will have no effect on the world economy is to fly in the face of the facts.

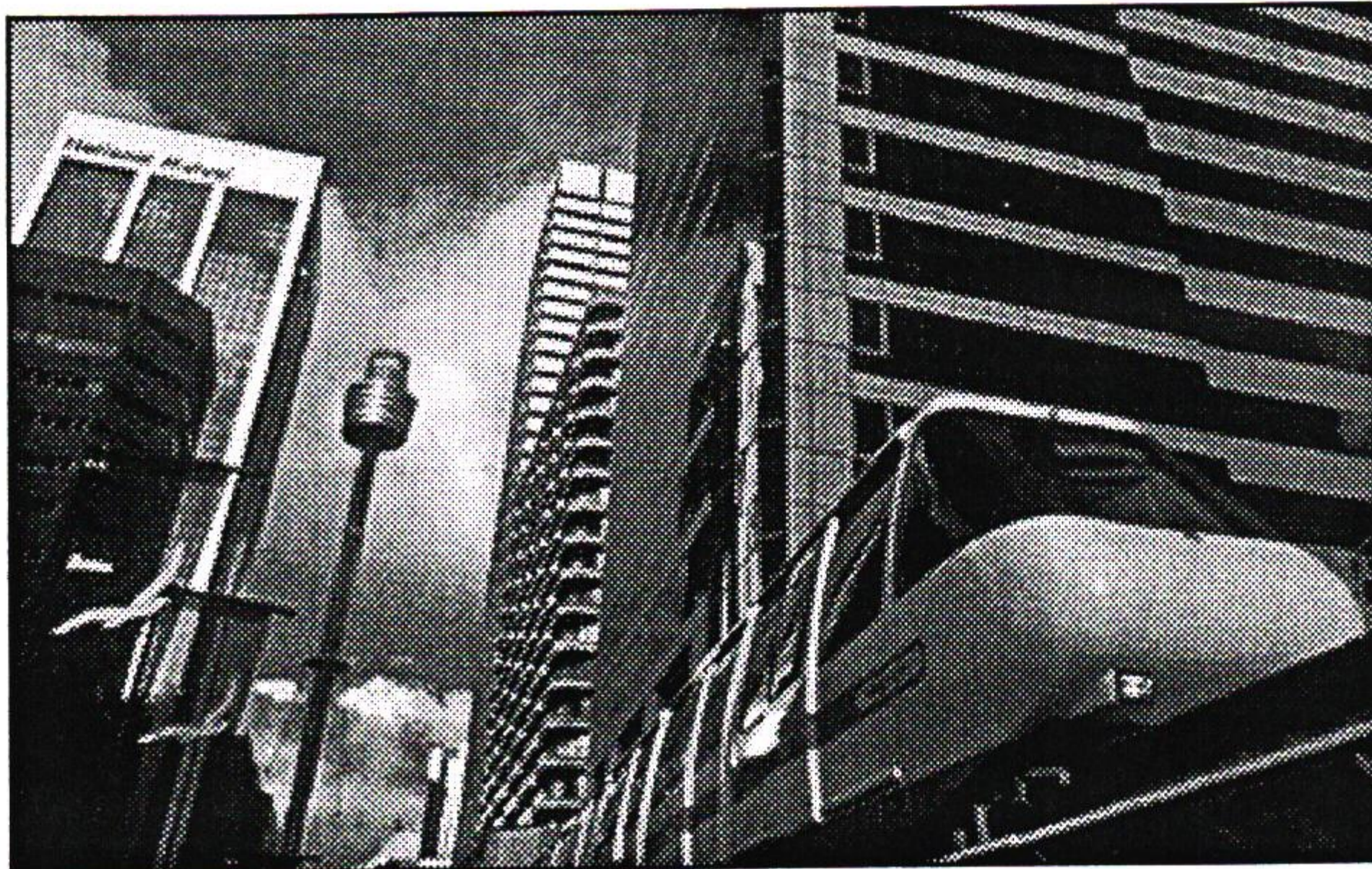
So far, of course, this has not happened. It is not even theoretically excluded that, following the stock market crisis, the US economy might recover somewhat, and the boom could sputter on for another 18 months or two years, although with lower rates of growth. However that would only prepare the way for a new and deeper slump thereafter. However, this optimistic scenario is not at all certain. As the months go by, the voices expressing alarm are gathering strength. Even *The Economist*, that most optimistic mouthpiece of *liberal capitalism*, can no longer conceal its deep misgivings about the prospects for the world economy. In the editorial of its 20/12/97 issue, significantly titled *Asia and the abyss*, it admitted what was already self-evident that the spread of the crisis to South Korea and Japan had the most serious implications for the entire world:

*'But when the story moved north-eastwards to South Korea and Japan it took on a new seriousness. These are two of the worlds largest economies which, contrary to popular perception, are also two of the worlds largest importers as well as sending their investments all over the globe. A financial calamity there could bring on a worldwide slowdown or even slump. So is one likely? The answer, alas, is that such a calamity can still not be ruled out.'*

It is comical to follow the twists and turns of the bourgeois economists as they struggle to explain away the events in Asia which not long ago they heralded as the *new capitalist dawn*. On returning from his negotiations in South Korea, the French director of the IMF Michel Camdessus admitted that *'The Asian Model was out of date.'* Actually, there was never anything new in the wave of investments in South East Asia or the illusions that flowed from them. In this respect, the bourgeoisie displayed the same childish superstition as those who believe that there is a pot of gold at the end of every rainbow if only they could find it!

### New markets

In point of fact, in every period of capitalist development, from the 16th century onwards, capitalism has always opened up new markets, starting with the discovery of the New World. The plunder of South



America provided the gold and silver which fuelled the initial period of capitalist development in Europe. Subsequently in the 17th and 18th centuries we saw the development of the colonies in Asia, Africa and America and the beginnings of a world division of labour which was intensified in the 19th century with the *opening up* of China (through the pleasant device of the Opium Wars). Engels refers to the exaggerated illusions of the Lancashire cotton manufacturers in the boundless prospects of the China market (which subsequently ended in overproduction and slump). Later we saw the gold rush in California, the development of Australia, Russia and so on.

The measures inflicted by the IMF on Asia will only make the crisis worse, while tightening the stranglehold of imperialism on the region. In a desperate effort to shore up the South Korean economy, the IMF agreed to a huge loan, but as usual imposed draconian terms. It demanded a slowing-down of the economy to between 2.7 and 2.8 per cent—a disaster for South Korea which was growing at a rate of 6 per cent this year and an increase in the interest rate to 18-20 per cent, a measure that would lead, to use the current euphemism, to radical corporate restructuring that is, widespread factory closures and massive unemployment in a country where mass unemployment had disappeared and where a safety-net for the unemployed is practically non-existent. Similar policies have been forced upon the other former *"tigers"*.

Despite the huge scale of the attempted rescue it is not at all certain that the IMF measures will have the desired effect of re-establishing confidence and encourage foreign banks to resume lending to Korea. The scale of the economic disaster in South Korea is only now beginning to emerge as new figures reveal the depth of the collapse. The devastating social effects of these measures are not in doubt. They will produce political instability on a scale not

seen for decades, placing the prospect of revolutionary movements of the masses on the order of the day. This is hardly an ideal scenario for big foreign investments! Having swallowed the bitter medicine presented by the IMF, South Korea waited for the verdict of the market. This did not take very long to reveal itself. After an initial recovery, the won plunged a further 18 per cent on December 30th, following heavy dollar buying by debt-burdened Korean companies.

The general instability in the region necessarily found its reflection in Japan, which sends more than 40 per cent of its exports to Asia. The possibility of a financial meltdown in Japan terrifies the strategists of capital. The Nikkei index lost 292.91 points in early December, on the announcement that new estimates place the growth of Japan's GDP at zero, not only for 1998, but also for 1999. In real terms (excluding inflation) the Japanese economy only grew by a miserable 0.5 per cent in 1997. These figures are all the more catastrophic when we recall that Japan, the second largest economy in the world, was not long ago the power-house of the world economy, with a growth rate that sometimes even surpassed that of the USSR in its period of 10 per cent annual growth in the 1950s and early 1960s. Now, to all effects and purposes, Japan has been in recession for the best part of a decade, with no end in sight. On the contrary. The prospect of a serious collapse in Japan is staring the bourgeois in the face.

### Crisis in China

Confronted with the crisis of the Asian tigers, the West seeks to comfort itself with the idea that China may steer clear of trouble. So far, this seems to be the case.

However, the Beijing authorities are well aware that events in the rest of Asia will certainly have an effect on China in the not-too-distant future. To begin with, two elements have directly spurred China's spec-

tacular growth in the recent past—foreign investment and exports. Both of these will be affected by the present crisis. Foreign investors will certainly prefer to set up businesses in those countries which have devalued their currencies rather than China, where, so far at least, Beijing is resisting a new devaluation of the yuan, which would put in jeopardy the link between the Hong Kong dollar and the US dollar.

It is not generally realised that it was the devaluation of the Chinese yuan in 1994 that gave a huge boost to Chinese export which probably detonated the present crisis in Asia, aggravating the problem of over-production in Asia's saturated markets. Now the tables have been turned. China's products are now 40% more expensive than those of Malaysia, and up to 60% dearer than those of Indonesia. This will inevitably mean that China's export drive to Asia, one of the main motor-forces of its development over the past 18 years, will decelerate rapidly over the next months, unless China also devalues, something which, despite all denials, cannot be ruled out. The rapid growth of production in China has led to the appearance of over-production (*over-capacity*). By the end of last year (1996) \$360 billions in stocks, is snowed under with unsold or unsalable articles.

True, the Chinese economy continues to grow, but the rate of growth is already falling, and will fall still further in the next months. It is estimated that bad debts to Chinese banks amount to the equivalent of 30 per cent of GDP. This is twice the level of South East Asia. *The Economist* (22/11/97) warned that a banking crisis in China 'would make the one in South East Asia look like a gentle breeze.' In the context of economic crisis and a struggle for markets in Asia, tensions between China and the USA are already coming to the surface. Thus, from being a potential market and factor for stability for American and world capitalism, China will become a new and powerful element for instability in Asia and on a world scale.

It is simply not true that the stock exchange crisis has no effect in the real economy. To begin with, the prices (in dollars) of the exports from Asia has automatically fallen in relation to prices in Europe and the USA, thus automatically giving them an advantage on world markets. If we add to this the fact that the very fact of devaluation (which means a corresponding rise in the price of imports) plus the rise in interest rates, forced upon these countries in an attempt to defend the value of their currencies, means a sharp reduction in living standards and a corresponding fall in domestic demand. On top of all this, these economies have an urgent need to obtain foreign currency to pay their debts. The only way to do this is by exporting. One does not have to be a genius to see that the only market that can (in theory) absorb all these low-priced exports from Asia is the USA and Western Europe.

The produce of Asian industry was already highly competitive before this. There are huge quantities of cars, television sets, com-

puter chips, shoes and textile which cannot be absorbed by the Asian market and which are seeking an outlet. This contains the seed of a very serious problem. What worries the strategists of capital is not so much the stock exchange crisis, or even the existence of over-production or the threat of a recession. What worries them most of all is the threat of protectionism. In point of fact, this has already appeared in the form of competitive devaluations in Asia. Let us recall that this was one of the main methods of protectionism in the 1930s. This is what turned the slump of 1929-33 into a world depression which persisted right up to world war two.

### World trade

In *Capital*, Marx describes world trade as 'the basis and the vital element of capitalist production.' (Marx, *Capital*, vol. 3, p. 109.) One of the main motor-forces of the period of capitalist upswing of 1948-74 was the unprecedented growth of world trade. However, the figures show that world trade in the recent period has not had the same effect in promoting growth and productive investment as it did previously. So far, however, there has been no return to the kind of ferocious protectionism we saw between the two world wars. Such a development would shatter the delicate fabric of world trade which was created over decades since 1945. It would have the most catastrophic effects on the world economy. And there are already clear warning signs that protectionist tendencies are emerging, not only in Asia, but in the USA.

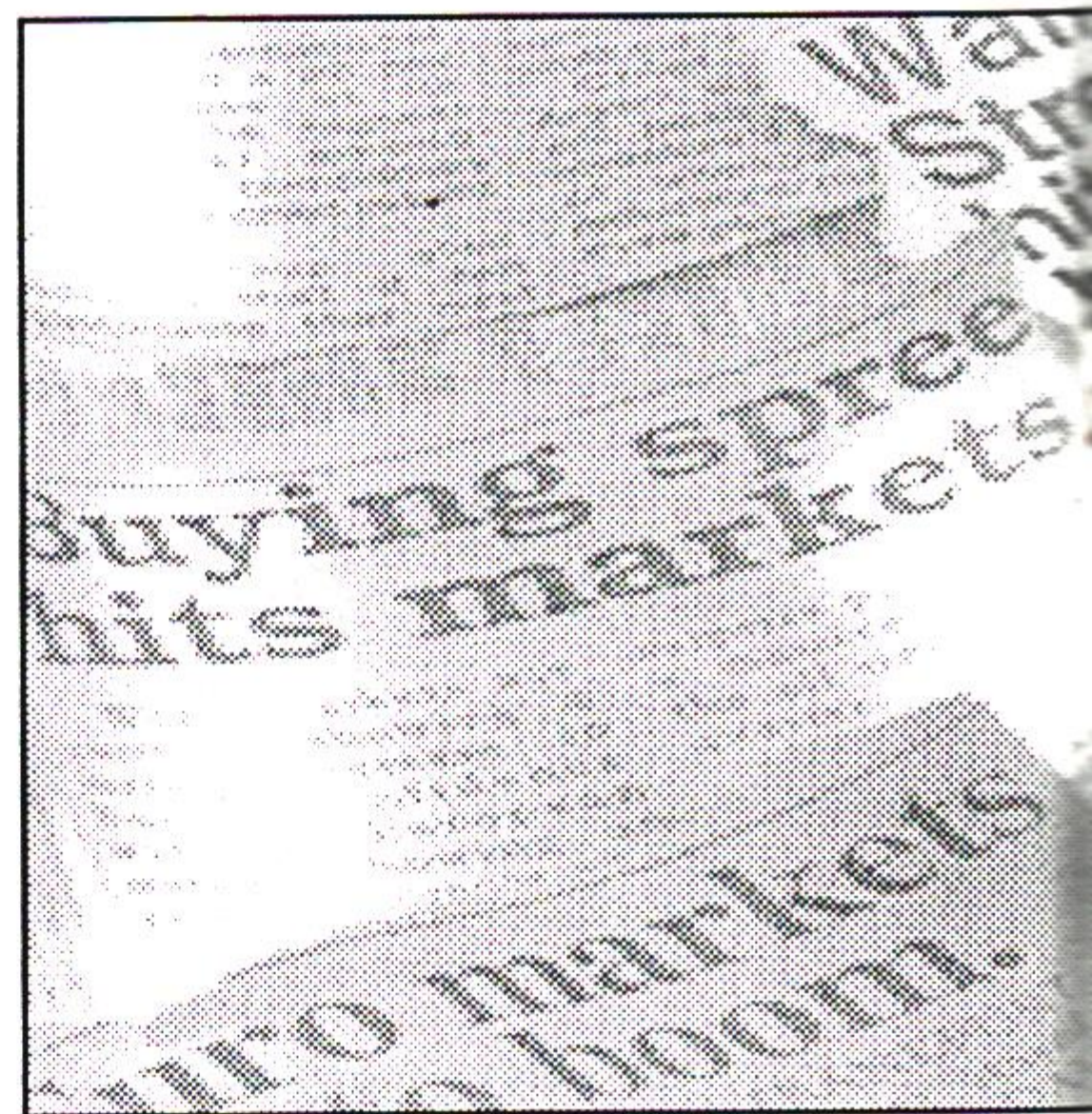
Not long ago, President Clinton went to Congress to request permission to proceed with the so-called *Fast Track* agreement to develop free trade. In a humiliating defeat, his proposal was thrown out by a majority of both Republicans and Democrats. What does this mean? Clearly a big section of the US bourgeois were worried about the effects of a massive inflow of cheap foreign imports even before the crisis of the stock exchange. They are preparing for a ferocious struggle for markets in the coming period.

The fact of globalisation, the high degree of interpenetration, means that one factor rapidly affects another. Cause becomes effect, and effect cause. The losses suffered by foreign banks in Asia now means that the cost of credit to that area will increase. The bankers are demanding a hefty surcharge to lend money there. And not only to Asia, but to Eastern Europe, Russia and *emerging markets* in general. Surprisingly, the banks worse affected are not Japanese. Over the last three years the bulk of foreign funds present in Thailand, Indonesia and South Korea (the countries in that region which have had the greatest recourse to foreign capital). European banks accounted for 27 per cent (30 per cent in Thailand), as against 25% from US banks and 22 per cent from Japanese banks.

The tightening of the credit screw will undoubtedly make the crisis in Asia deeper still, giving rise to further indebtedness, factory closures and falling demand. However, the central problem remains that of overpro-

duction (overcapacity). Valerie Brunschwig writes from Hong Kong: "But beyond the mechanism linked to currency devaluations, the extent of the contagion will depend, above all, on the degree of excess capacity of the Asian economies and their ability to dump their excess product at low prices in Europe and the United States. How many Korean and Indonesian vehicles, how many tons of steel from Thailand and Korea, tons of cement and plastics from Thailand, how many televisions and electrodomestic appliances from the Peoples Republic of China, or how many microchip from Korea or Taiwan are waiting to find buyers?" (*El País*, 1/12/97.)

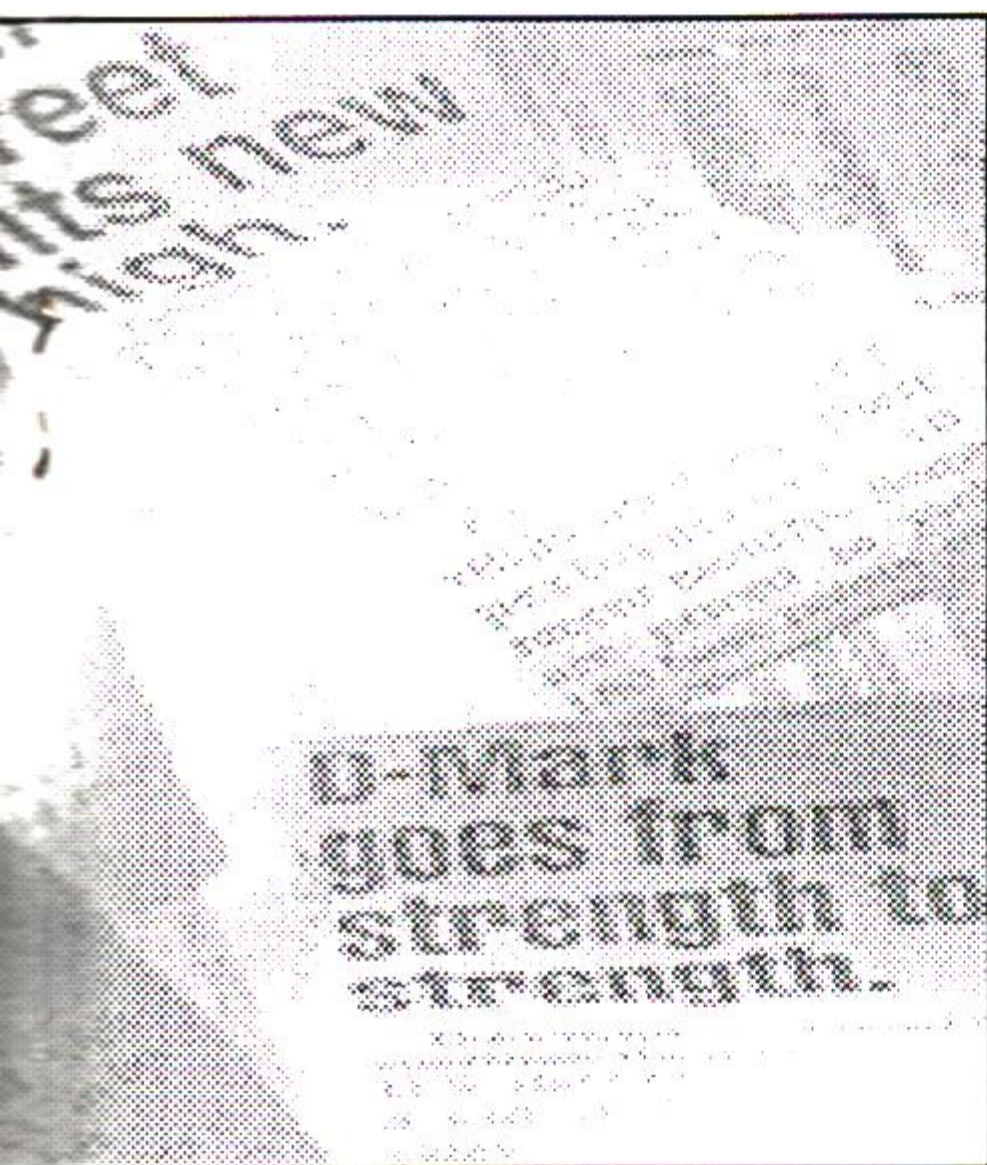
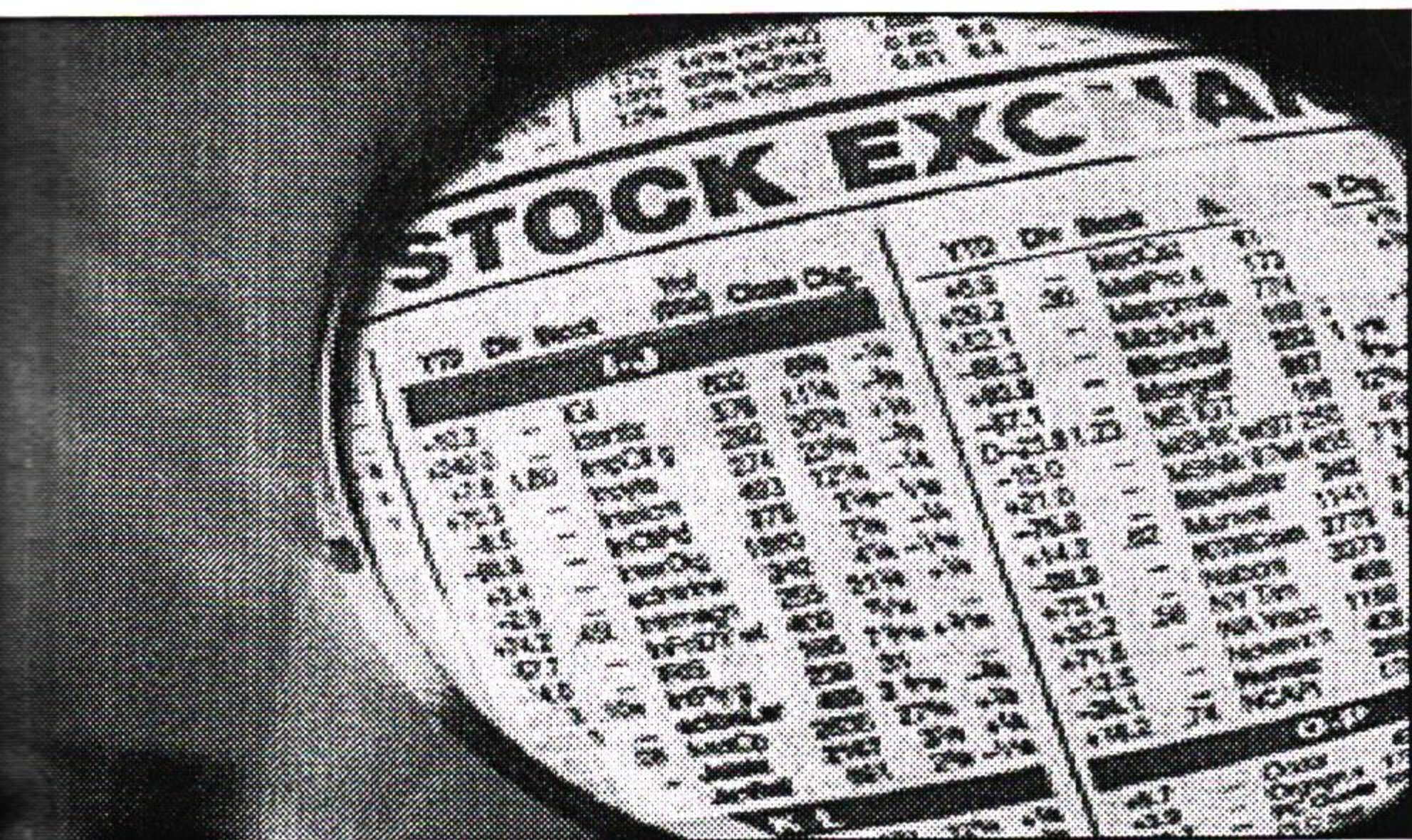
However much the Western economists seek to deny or minimise the problem, it remains present like a black cloud threatening the current burst of sunshine. We have already given the figures for over-capacity in



China. Brunschwig relates the position in other Asian countries, beginning 'with the gigantic surpluses of cement in Thailand and, in general, all building materials, from steel to ceramics, in a country where all building work is paralysed.' True, the surplus of textiles in Thailand has been reduced, but only because competition from Vietnam, the Philippines and Laos has forced the closure of a large number of Thai textile factories. Such lessons will not be lost on the US Congress and the EU when the Asian tigers seek to dump their cheap produce. They understand only too well that competitive devaluation is a means of exporting unemployment. To believe that US manufacturers and their spokesmen in Congress will merely sit back with arms folded while this goes on is, to put it mildly, a bit naive.

'More worrying,' continues Brunschwig, 'are the mountains of surplus products in South Korea, which continues to churn out goods with no outlet in order to keep workers employed in jobs for life. In South Korea, in almost every sector of productive activity, they have no idea what to do with their unsold products, says Russel Napier, head of strategy for Crédit Lyonnais Securities





Asia in Hong Kong. It matters little whether we are talking about chemicals, steel, plastics, automobiles, ships, or even computers, semi-conductors or electrical goods for the general public. And the economist concludes: Since they have a vital necessity to sell, they will shatter the price system to flood Europe and the USA with their products.'

### Korea

The huge excess of petrochemical products in Korea, Thailand and Singapore can lead to a rapid fall of between 15 and 20 per cent of world plastic prices, according to Janet Yound, chemical analyst of Salomon Brothers in Hong Kong. Here we have the other face of globalisation something predicted by Marx over a hundred years ago. In its insatiable greed for profit, the capitalist class is constantly seeking new markets, outlets for investment and sources of raw materials. *The creation of the world market is the inevitable result of the fact that the development of the productive forces has long since outgrown the narrow limits of private property and the nation state.* Whoever does not grasp this fundamental fact will forever be incapable of understanding the most decisive phenomena which are taking

place on a world scale. Participation on the world market is now a necessary condition for capitalist production. Even a giant like the United States is compelled to participate in the world economy on a scale unprecedented in the last hundred years, when it first erupted on the scene of world history with the Spanish-American War of 1898. Ten years ago, only the equivalent of 6 per cent of US GDP was devoted to exports. This has now been increased to 13 per cent—quite a staggering increase in only a decade, and the American bourgeoisie would like to increase this figure to 20 per cent by the end of the decade.

This fact, in and of itself, is a graphic illustration of the process predicted by Karl Marx. He pointed out that, by means of participation in world trade, the capitalist system could, for a time, alleviate its problems, developing new markets and (in part) combating the tendency of the rate of profit to fall. Big profits can be obtained for a time by this means, and crises can be postponed or alleviated (the Asian market, as we have explained, had the effect of softening the effects of the recession of 1990-92 and prevented it from turning into a 1930s-style depression). *But this was achieved only at the cost of preparing even deeper crises on a far vaster scale in the future.*

While it is true that the degree of interpenetration of the different capitalist economies on the world market has reached hitherto undreamed-of levels, this does not at all signify that the contradictions between them have been removed. On the contrary, it means that they have been exacerbated to the nth degree and provided with a gigantic field than ever before on which to manifest themselves. The natural impulse of capitalism to push aside all barriers that stand in the way of extracting surplus value has been manifest in every period of capitalism from the blood-stained chapter of primitive accumulation, passing through the enslavement of the colonies to the school of *free trade* to the modern epoch of imperialism and monopoly capitalism. The extreme nature of the antagonisms generated by the epoch of capitalist decay was revealed in two horrific world wars.

Nowadays, the advent of nuclear weapons (and even more horrific methods of chemical and bacteriological warfare which have not attracted so much attention), war between the major powers as a means of resolving these antagonisms is ruled out (though not *small wars*, like the Gulf War). The scene is therefore set for the most violent and cataclysmic crises of the world economy, which will put in the shade the crises of the past. This in turn will completely destroy the relative equilibrium which has characterised both world trade, world relations and also the relations between the classes since the end of world war two. We have entered into the uncharted waters of the most disturbed period in the history of capitalism. This is what fills the most intelligent representatives of the ruling class with deep foreboding.

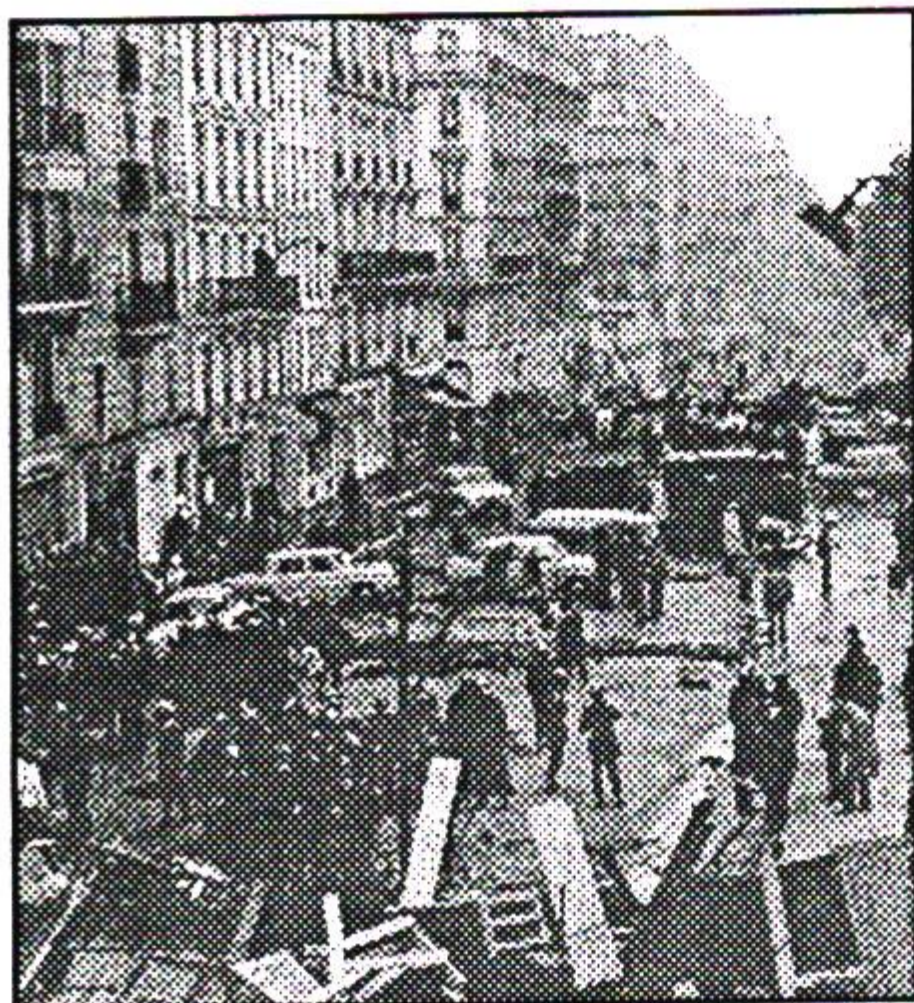
In the long run there is no way out for capitalism. Even now a section of bourgeois economists, like the Keynesian Galbraith, and even that king of speculators, George Soros, have been warning of a catastrophe if global capitalism is not "*regulated*". But since planning and capitalism are mutually exclusive concepts, all such proposals remain pious wishes. The predominant economic *theory* (if it can be dignified with that name) asserts just the opposite: that the *market*, left to itself, will sort everything out sooner or later. This is merely the ideological expression of the age-old obsession with the bourgeois with making easy, short-term profits, and to hell with the consequences. Anything that interferes with this must be ruthlessly eliminated.

### Monopolies

The untrammelled rule of Capital in the form of the big banks and monopolies has never been seen in such a clear almost laboratory form as at present. By making a bonfire of all controls and regulations, especially in the last decade, by mass privatisation and the looting of the state, vast and uncontrollable forces have been unleashed which at any time can bring the whole unstable edifice crashing down. All the warnings fall on deaf ears. There is nothing new in this. As old Hegel once remarked, the only lesson one can draw from history is this: that no-one has ever learnt anything from history. At any rate this is absolutely true of the bourgeois, as the history of every crisis shows.

Despite the unprecedented ideological onslaught against the ideas of Marxism and socialism, on the eve of the 150th anniversary of the Communist Manifesto, every one of the basic propositions of Marxism has been vindicated in practice. In historical retrospect, the collapse of Stalinism will be seen as merely the prelude to a far greater cataclysm—the general crisis of world capitalism that will unfold over a period of years and will once again place on the order of the day the central task of humanity—the struggle to replace capitalist barbarism with world socialism.

# 1968: the year of revolution



In 1968 the world turned upside down. The long years of the post war economic upswing had led many to declare that class struggle was obsolete, revolution outdated, the working class bourgeoisified, capitalism invincible. Within a few short months, though, they were all proved wrong.

In Vietnam, US imperialism was being humiliated and millions of students and youth in the west were in open rebellion against the war and the system that generated it.

From the pitched battle of London's Grosvenor Square, to the barricades in Paris and on to the riot outside the Chicago convention of the US Democratic Party, young people were openly challenging and fighting the establishment.

Key, though, was the movement of the working class. Long written off by every academic and so-called radical as 'bought off' and 'petit bourgeois,' one leading so-called 'Marxist' began 1968 by declaring that the workers would not move for a generation. How wrong they all were.

The events in France during May 1968 vindicated a genuine Marxist approach. The greatest general strike in the post war period showed the mighty power of the working class, only defeated by the scandalous role of the French Communist Party.

1968 brought an end to the political 'stability' of the post war period and was an early indicator of the revolutionary events that were to follow in the 1970s.

In Czechoslovakia, workers took to the streets in struggle against the tyranny of Stalinism, in Northern Ireland the civil rights movement mushroomed. In America itself, as well as huge anti-war protest, the black civil rights movement lost one of its leaders, Martin Luther King, at the hands of a gunman, but would develop to challenge the reactionary bigotry of the American political establishment.

After King's assassination many major US cities erupted. The biggest riot of them all was probably in Watts Town, where a sizable area of Los Angeles was torched.

In June, Bobby Kennedy, who may well

have won the Democratic nomination for the presidential election on an anti-war ticket was gunned down at a meeting.

And at the convention itself, in Chicago in August, the police went wild and attacked the anti-war demonstrators outside and inside the convention, with truncheons, maces and tear gas. At least two delegates were dragged from the hall by the police, and the riot reached a high point on the steps of the Hilton Hotel where the world's television flashed the pictures of the brutal beatings being meted out by the Chicago police force.

Inside the convention Senator Ribicoff grabbed the microphone to condemn the 'gestapo' tactics of Chicago's Mayor Richard Daley, supposedly a fellow Democrat. The convention overturned the anti-war motion by 1,567 votes to 1,041 and elected nonentity Hubert Humphrey as its presidential nominee.

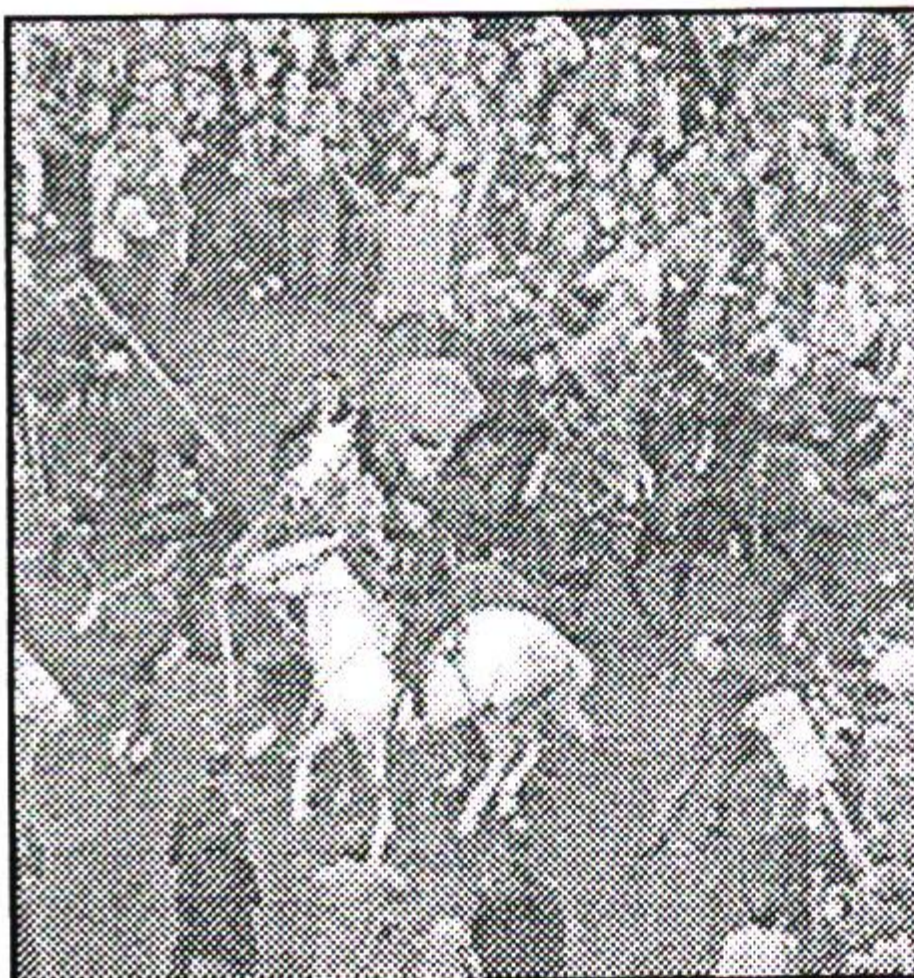
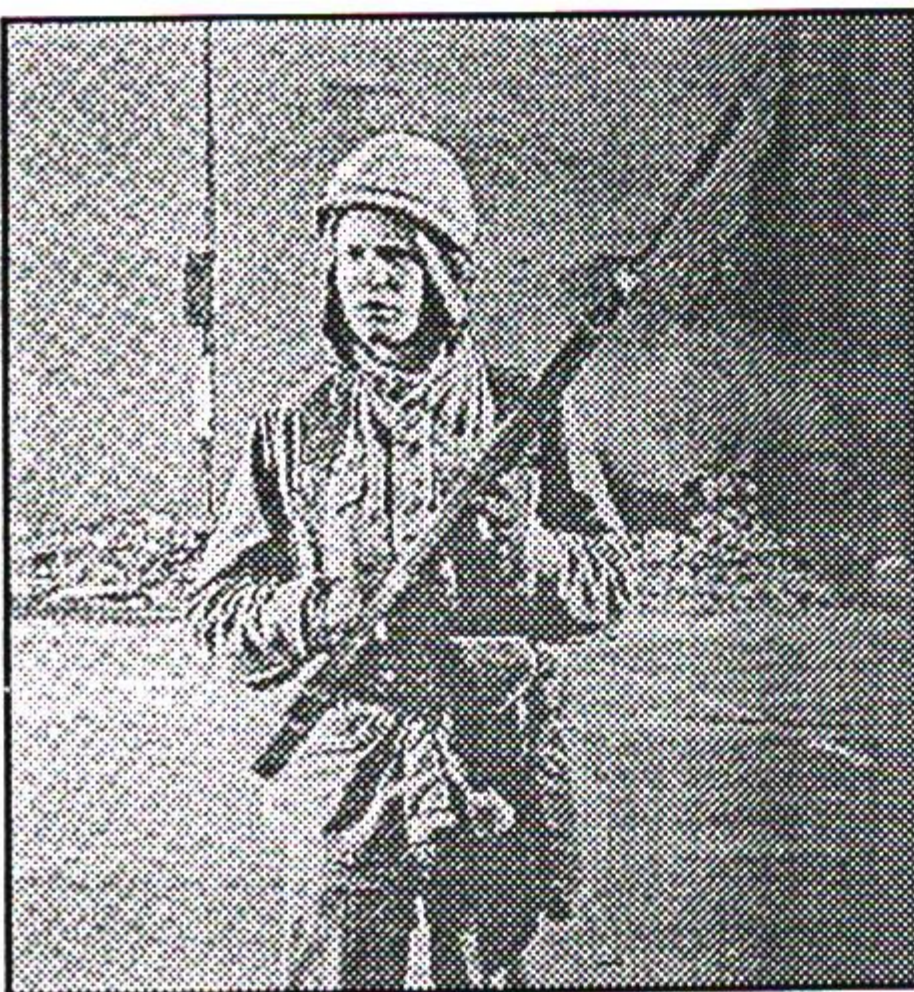
In Britain it was a year of student protest and occupations. A year of cultural turmoil and experiment, with bands like the Beatles at their greatest and most powerful. It was also a year of the first political stirrings against the right wing policies of the Labour government. Barbara Castle was busy preparing her draft for the controversial 'In Place Of Strife,' a document that would be echoed later on with the waves of Tory anti-union legislation in the 1980s. The government had also introduced a 3.5% ceiling on wage rises. The October party conference was incensed and voted against the wage restraint policy.

Thirty years on, many of the lessons are crucial. That's why, over the course of this year, we will be publishing a series of articles looking at many of these events.

Through the 1980s and 1990s we've had many of the same old stories told to us: capitalism has changed, the boom will last forever, the workers cannot fight, the working class has disappeared, and so on.

1968 disproved it all then, and the class struggles of the new period will disprove it again. Capitalism means exploitation and repression. The only real way forward for the planet is on the basis of socialism.

**Alastair Wilson**



# Turning point in the Vietnam war

**The American intervention in Vietnam began in 1963 with the direct aim of stopping the South falling into 'communist' hands. In August of that year, Lyndon Johnson, who had taken over the American presidency in the wake of the assassination of John F. Kennedy, ordered the first air strikes on the North.**

**Six months later the 'Rolling Thunder' air campaign began. In this campaign alone more bombs were dropped on North Vietnam alone than were used in the whole of the Second World War. In the following five years the two Vietnams received the equivalent of 22 tons of explosives for every square mile of territory, or 300lb for every man, woman and child. 7 million tons of bombs and defoliants were dropped in total and 2.6 million Vietnamese were killed.**

**The American deployment jumped from 23,300 in 1963 to 184,000 in 1966 and reached a peak of 542,000 in January 1969 under Richard Nixon's presidency.**

**The Tet offensive is seen as the great turning point: from then on the war, costing £30 billion a year, was widely acknowledged as unwinnable by the Americans. It was only a matter of time before mighty US imperialism was humiliatingly forced to withdraw.**

On the night of 31st January 1968, 70,000 North Vietnamese soldiers launched the Tet offensive - it proved to be one of the greatest campaigns in military history.

by Steve Forrest

Vietcong guerrilla fighters violated the temporary truce they had pledged to observe around the *lunar new year* celebrations, and surged into more than one hundred towns and cities, including Saigon.

Shifting the war for the first time from its rural base into the new arena of South Vietnam's supposedly impregnable urban areas, it was a campaign of 'enormous breadth, speed and scope.' It shook US imperialism to its roots and had a dramatic and lasting effect on US public opinion.

It was a campaign that had been in preparation since a study carried out by General Giap in September 1967 had concluded that the war had reached a 'stale-mate' situation and that something needed to be done. Out of this report arose the plans for the Tet offensive. Vietcong leaders had carried out a vigorous propaganda campaign in order to prepare their forces. Ho Chi Minh urged the troops on to 'ever

greater feats of battle' in 1968.

Giap had set the campaign's minimum and maximum objectives. As a minimum the Tet outbreak would force the halting of the aerial bombardment of North Vietnam and force the Americans into negotiations. As a maximum the offensive could drive the Americans out of Vietnam all together opening up the path to liberation and unification.

Although not meeting its major objectives the Tet offensive did have a lasting effect on the course of the war. It was a turning point. According to US secretary of state, Henry Kissinger, 'Henceforth, no matter how effective our action, the prevalent strategy could no longer achieve its objectives within a period or within force levels politically acceptable to the American people.'

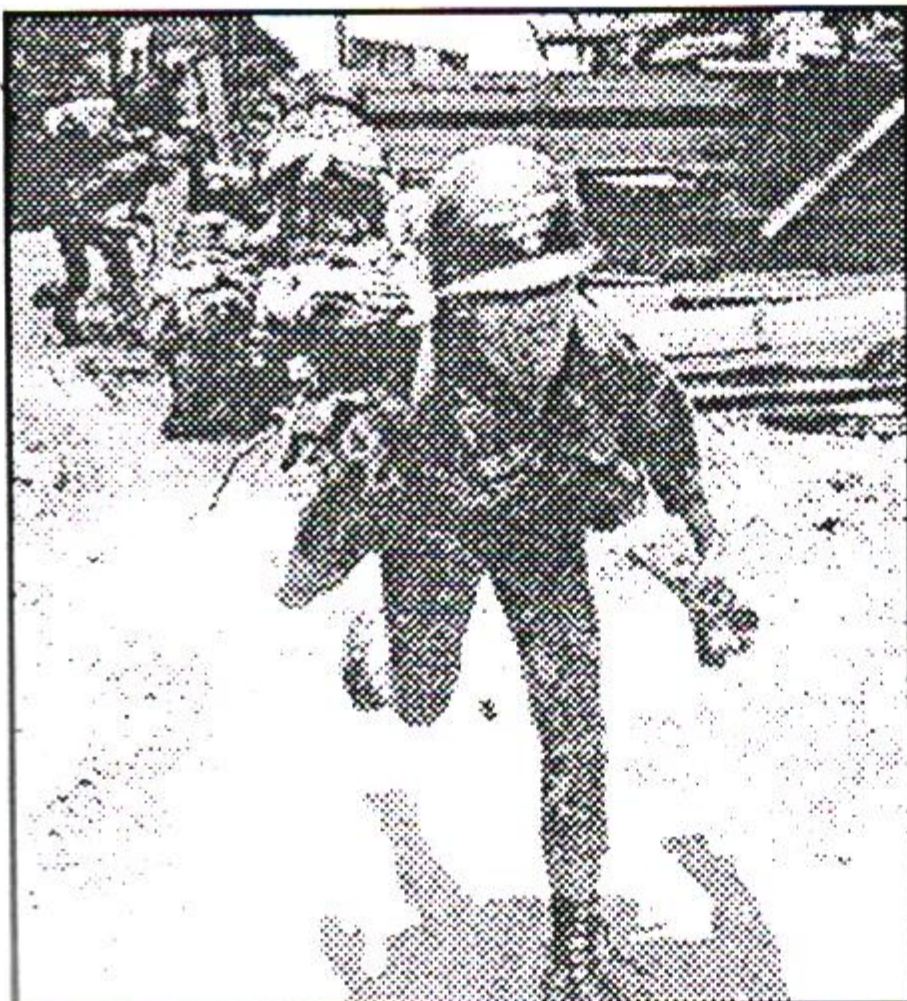
Vietcong soldiers stormed the highland towns of Banmethout, Kontum and Pleiku, they then simultaneously invaded 13 of the 16 provincial capitals of the heavily populated Mekong Delta.

In an attack that took the Americans off guard a small group of commandos seized the US embassy in Saigon. The embassy was an ultra modern building in the heart of Saigon and with the stars and stripes flying above it represented the very embodiment of US imperialism.

Through contacts and spies the Vietcong had managed to store arms, ammunition and explosives in a secret location in preparation for the attack. Then on the night of 31st January at 3am 19 Vietcong commandos literally arrived by taxi, then quickly blew their way through the wall and into the compound, automatic weapons blazing. Within five minutes, and four dead GIs, they were in control.

The attack stunned US President Lyndon Johnson and proved to be a catalyst in the attitudes of the American people towards the war. For the first time in a major war, television played a crucial role. Splashed across the screens of fifty million Americans. 'Dead bodies lay amid the rubble and rattle of automatic gunfire as dazed American soldiers and civilians ran back and forth, trying to flush out the assailants. Americans at home saw the carnage wrought by the offensive.' (Stanley Karnow)

Attacks were also launched at the HQs of both the US and South Vietnamese armies, as well as the massive US army



base at Bienhoa, north of Saigon airport. The 14 commandos who had attacked the main Saigon radio station were trapped inside for 18 hours before blowing up the entire building with themselves inside.

The dimension and sweep of the offensive amazed US army generals, prompting one to comment that tracking the assault pattern on a map resembled a 'pinball machine, lighting up with each raid.'

US public opinion was probably most affected by the infamous incident at Mylai, where American soldiers massacred one hundred peasants, women and children among them.

Myron Harrington, commander of the US marines that eventually retook the city observed on first entering, *'My first impression was of desolation, utter desolation. There were burnt out tanks and up-turned automobiles still smouldering. Bodies lay everywhere, most of them civilians. The smoke and stench blended, like in some kind of horror movie - except that it lacked weird music. You felt that something could happen at any minute, that they would jump out and start shooting from every-side. Right away I realised we weren't going to a little picnic.'*

By early March there had been enormous casualties on both sides. The US and South Vietnamese had lost 6,000 men while the North Vietnamese lost a staggering 50,000 and in the process had seen the destruction of their organisation's command structure in the south.

General Westmoreland, supreme commander of US forces, perceived incorrectly that the Tet offensive paralleled the Battle of the Bulge in World War Two where the Germans staged a desperate bid to go for broke before meeting a rapid and inevitable defeat.

However as General Giap pointed out after the war, *'For us, you know, there is no such thing as a single strategy. Ours is always a synthesis, simultaneously military, political and diplomatic - which is why quite clearly, the Tet offensive had multiple objectives.'*

One of the major objectives had been to drive a wedge between the Americans and the South Vietnamese. The embassy attack was aimed at showing up the vulnerability of the American forces. The Vietcong had hoped that their liberation of towns and cities would lead to an uprising against the Americans, they believed that



the South's weary soldiers, dislocated peasantry, fractious youth and widely discontented layers of South Vietnamese society were ready to join the struggle. However this only occurred on a sporadic basis.

One of the most awesome battles in the offensive took place in Khesanh. Khesanh was a 'rolling region as lovely as Tuscany,' but it was also the home of a small US army base. Westmoreland believed that Giap's troops were converging on Khesanh as part of the policy to seize control of the northern provinces. He also likened it to the 1954 battle of Dienbienphu, when the North Vietnamese attacked the French in a bid to enhance their bargaining power at the then Geneva peace conference.

The analogy with Dienbienphu was preposterous - the US was in a far stronger position than the French were in '54. In 'Operation Niagra' the Americans had unleashed their B52 bombers ariel firepower - the greatest in military history. The Vietcong suffered huge losses, as many as 10,000 dead, while only 500 US marines were killed.

Westmoreland and most of the US high command were convinced that the Vietcong were desperately trying to re-enact Dienbienphu. But it was actually a brilliant piece of strategy to draw the Americans away from the big population centres and leave them open to assault.

Not only were the Americans caught off guard by Khesanh, but also by the rapidity and surprise of the whole offensive itself. Years later a West Point textbook describe the US intelligence failure to see what was happening on a par with Pearl Harbor.

A 1968 CIA report concluded: *'The intensity, coordination and timing of the*

*attacks were not fully anticipated,'* adding, *'another major unexpected point'* was the ability of the Vietcong to hit so many targets simultaneously.

Tet was the final nail in the coffin for the administration of Lyndon Johnson. In 1963, when he came to power in the wake of the assassination John Kennedy, his approval rating was over 80%. But by 1967 it was down to 40%. *'But then came Tet - and his ratings plummeted - as if Vietnam were a burning fuse that had suddenly ignited an explosion of dissent.'* (Stanley Karnow)

By the beginning of March his popularity dropped towards 30%. More dramatically, endorsement for his handling of the war stood at only 26%. His credibility was gone.

Then came the humiliation of the New Hampshire Democratic primary, where he polled only 300 votes more than Eugene McCarthy, an unknown standing on an anti-war ticket. This was unprecedented for an incumbent President, who would usually go for re-election unhindered. The result electrified the nation and intensified the anti-war protest.

On March 31st, Johnson announced *'I shall not seek, and I will not accept, the nomination of my party for another term as your President.'* He also announced that air strikes would be confined to below the twelfth parallel and authorised the opening of negotiations with the North Vietnamese. However, troop levels remained at about 500,000 and the war would drag on for another five years. More American soldiers would die after Tet than before, and the United States itself would be *'torn apart by the worst internal upheavals in a century.'*

# Labour government sends in the troops

*With the peace talks in the balance, we can only make sense of what's going on in Northern Ireland today with an understanding of its history. We continue our series with a look the situation that developed after Harold Wilson's Labour government sent in the troops in 1969.*

The decision by Labour Prime Minister Harold Wilson to send British troops into Northern Ireland in 1969 reflected that government's abandonment of any semblance of socialist policies. It was a squandered opportunity that tied the Labour leadership to the blind alley of 'bipartisanship' for the next three decades.

The explosion of violence in Northern Ireland in August 1969 horrified the British ruling class. The statelet tottered on the brink of all out civil war. There were furious battles on the streets of Derry. Belfast was ablaze as sectarian mobs burnt down workers' homes while nearly 5,000 Catholics fled to makeshift refugee camps on the southern side of the Border.

The ruling class feared the conflict would spill into British cities—such as London, Birmingham, Manchester, Glasgow and Liverpool—with their large Irish populations. More ominously, that such a sectarian maelstrom had been allowed to develop was prompting stern retorts from Britain's major trading partners, in particular the USA with its influential Irish lobby hinting at economic reprisals.

There was also growing unease in Whitehall at the small but growing development of the conflict taking on all the attributes of a social revolution: in Derry the Northern Ireland state machine—and British rule—had been expelled from the 'No Go' areas of the Bogside. The workers were policing and organising welfare services themselves, while the Derry Young Socialists controlled the local radio station, Free Derry, and directed the fighting

against the RUC and B-Specials from the street barricades. The situation was out of the ruling classes' control—and that made them nervous.

The British Army was sent in as a 'temporary' measure to regain control for the British state. That the 1964-70 Labour government should work at the behest of the interests of the ruling class should come as no surprise. On every other front, from cutting back the welfare state to attacking workers' rights, they had followed the capitalist line. As Karl Marx had always warned, those 'workers' representatives who took office thinking they could reform capitalism rather than transform society, merely became the "executive committee of the ruling class."

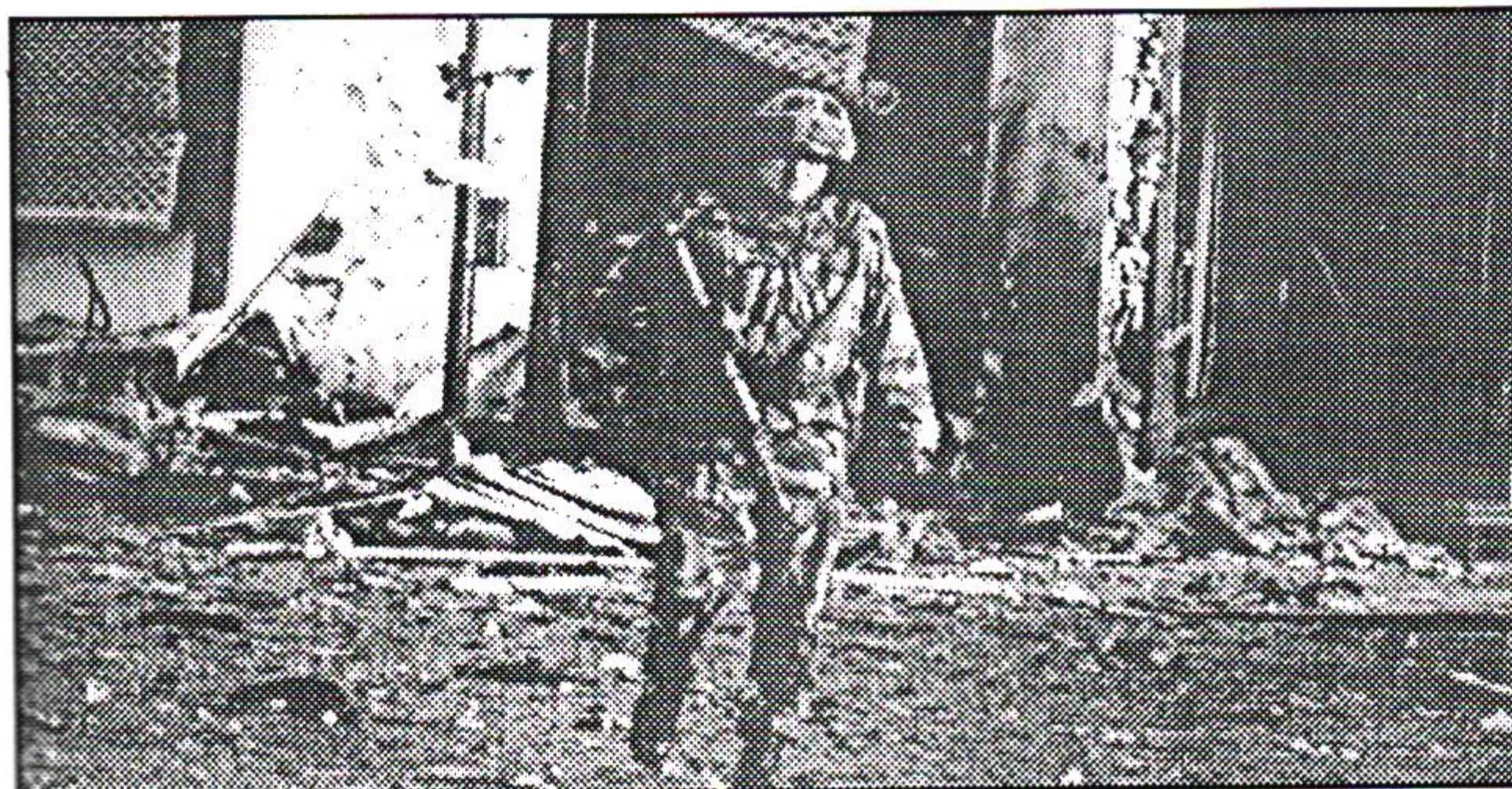
It would be wrong however to think that the idea to dispatch the army was the sole preserve of Labour's right wing. The self-appointed champions of the Civil Rights movement, from John Hume to Bernadette Devlin, were screaming down the telephone to the Labour Home Secretary James Callaghan to send in the troops.

Their shrill voices were joined by those from throughout the labour movement, from the left reformists to the ultra-left.

*Tribune*, then a major voice of the Labour left, demanded on August 8th 1969: "...how much of the present violence is it (the Labour Government) going to watch before it asserts its authority and accepts its responsibility to protect the lives and effects of law-abiding people in this part of the UK? It would take a corps of security officers along with a division of armoured infantry to ensure peace in the present ominous situation."

After the troops went in, *Tribune* added on August 22nd 1969: "General Freeland has only 6,000 troops in Ireland: they must be heavily reinforced."

This reliance on the state machine of British imperialism—which created the situation in the first place—was not restricted to the left reformists. The ultra left shared these illusions. *Socialist Worker*, in its reports on the deployment of British troops declared on August 21st 1969: "Because the troops do not have the same ingrained hatreds of the RUC and B Specials, they will not behave with the same viciousness..." and that "The deployment of British troops in Ulster provides some sort of security against lawlessness of the RUC and B Specials." The demand to withdraw the troops was conspicuous by



its absence.

Even the IRA on 18th August 1969 issued a statement calling for the deployment of troops—not British ones of course; the IRA Chief of Staff Cathal Goulding demanded that the Irish Army “invade” the six counties and rush to the aid of the Catholic communities—which would have been no better recipe for all-out war in the province.

It was the Marxists alone—along with Derry Labour Party—who understood the dangers of relying on the British state machine to defend Northern Ireland workers. As they stated at the time: “The call for the entry of the British Army will turn to vinegar in the mouths of some of the Civil Rights leaders. The troops have been sent in to impose a solution in the interests of Ulster big business.”

Derry Labour Party, in their Barricades Bulletin, forewarned: “The troops cannot stay on guard duty forever. When they come into the area they will be coming to re-establish the Government’s control and pave the way for the RUC.”

The call by the Marxists was taken to the 1969 Labour Party conference in October where a resolution was moved and it was argued there that “...it would be a mistake to think they (the British Army) were sent there solely to defend the Catholic population... We have got to back up our comrades in Northern Ireland, we have got to demand, as they do, the withdrawal of British troops. British troops have never acted in the interests of the working class in any country.”

Of course, the demand to withdraw the troops was not raised in isolation. To do so would have appeared madness to the Catholic workers at the time serving soldiers cups of tea, relieved at a temporary respite at least from the continuous onslaught by the RUC and loyalist terror gangs. Marxism linked their demand to calls for the formation of a workers’ defence force, based on the trade unions, to defend working class areas from attack from any quarter. They also raised socialist demands around which Catholic and Protestant workers could unite.

Unfortunately the call by the Marxists fell on deaf ears. The Labour government simply attempted to contain the situation, viewing it as a temporary aberration, although the worst of the discriminatory measures against the Catholics (see the



previous article in *Socialist Appeal* Issue 54) were reformed. But the Northern Ireland statelet remained intact and the reigns of repression were set in place ready to be taken up by the Tories following Labour’s election defeat in 1970.

The 1970 General Election should have presented an opportunity for Labour to go on the offensive with a socialist programme, including a socialist solution for Northern Ireland. Instead, the Labour leadership retreated behind its programme of counter reforms offering only further attacks on workers’ rights, as outlined in their ‘In Place Of Strife’ policy. Standing on their dismal record they duly lost to Ted Heath and his gang of “yesterday’s men.”

The opportunity was squandered too by the Northern Ireland Labour Party (NILP). They received a tremendous 100,000 votes, reflecting the shift to the left in Northern Irish society following the tumultuous events of 1969. Even as late as 1971, workers were still looking to the NILP for a lead, giving them 40% of the vote in a by-election.

But this support was betrayed. The NILP remained glued to pro-Unionist policies, fighting the election under the slogan of “Full British Rights, Full British Standards!” This hardly rallied those Catholics to their banner who had been suffering “full British standards” in their most reactionary form for decades.

The NILP also put forward the idea of the formation of a “Community Government”, with the right wing Unionist leader Brian Faulkner as the suggested Prime Minister of such a government! Indeed, NILP leader David Bleakley—in keeping with the old ‘Walker/Midgley’ tradition—put his own ideas into action when the workers ‘failed’ him and became Stormont’s Minister for Community Relations under Faulkner’s subsequent

administration, tying the NILP forever to the Unionists and finally heralding its demise and disappearance from Northern Irish politics.

Alongside the NILP, left leaning Nationalists also pushed up their support. The vaguely socialist ‘Peoples Democracy’ gained 27% of the vote, while Bernadette Devlin standing as a ‘Unity’ candidate in a by-election gained the votes of 1,500 Protestant workers.

The shift to the left did not stop at the border. There was also a huge growth in the Irish Labour Party, following the events in the North. In the North West of the Irish state, there had only been one ILP branch—by 1969 there were 10. In 1969, in a general election, the ILP stood on its most radical programme and gained 17% of the vote, one of its best results ever.

Yet despite the workers both North and South, Catholic and Protestant, turning to the traditional organisations looking for a lead as the crisis heightened, their aspirations were thwarted by the inaction of the labour leaders, and their reliance on British capitalism to resolve the crisis. The labour leaders merely paved the way for Tory reaction.

The Heath government of 1970 unleashed a new wave of repression, squashing any final illusions that the British Army would act in the interests of workers. Overnight, at the direction of the British ruling class—and backed by the closet approval of the Southern capitalist class—the army became as brutal as the RUC and the B-Specials.

Their opening gambit was the ‘Rape of the Falls’. A curfew was imposed on the Catholic Falls Road area of Belfast, effectively imprisoning 30,000 residents while the army carried out a brutal house to house search, leaving a trail of destruction in their wake, with 244 arrests.

This was followed by *Internment* in 1971. By the following year nearly 1,000 had been detained without trial or charge, with many being tortured. Then came *Operation Motorman*, with tanks being used to smash their way into the former 'No Go' areas.

These vicious assaults culminated with *Bloody Sunday*, where the Parachute Regiment turned their guns on a 3,000 strong Civil Rights march in January 1972, leaving 14 dead. Despite the pathetic claims by this elite regiment that they were under attack, most of the dead were shot in the back.

Driven to a frenzy by this onslaught—and because of the vacuum left by the inaction of the Labour leaders—Catholic workers flocked to join the Provisional IRA in droves.

The Provos had split from the Official IRA with the backing—in finance, guns and training by the Southern state's secret service—of sections of the Southern Irish ruling class, based around Charles Haughey. Irish big business and feared that the left leaning Official IRA could take the lead in the mass discontent which had followed the 1969 crisis, leading to a social revolution at home. Part of the deal with the Provos was that they also kept their attacks to the North, ensuring the safety of the Southern capitalists' property and profits.

The Provos' main thrust was the 'military' campaign—a campaign of individual terrorism that would simply drive the British Army, and presumably one million Protestants also, from Northern Ireland. The wave of bombings and assassinations were met *tit for tat* by the Loyalist thugs—by the end of 1972, Northern Ireland was in the depth of sectarianism, with 467 mainly innocent workers murdered and thousands more maimed and injured.

Yet even during these days of darkness, rank and file trade unionists gave a glimpse of what could have been achieved if the Labour and trade union leaders had raised their heads above the parapet and given even just an ounce of leadership.

A one day strike in Derry against *Internment* was joined by 8,000 workers. 30,000 families took part in rent and rate strikes. But without a class based lead, and with the labour leaders rallying to

their respective capitalist states, the movement was isolated to the Catholic community.

The labour movement had a second chance with the explosion of anger which followed *Bloody Sunday*. 70,000 protested in Newry and the three day general strike swept through most of the west of Northern Ireland.

This time however, given the enormity of the events, Protestant workers began to join the struggle. There was significant Protestant participation in the strikes in Derry at the Dupont plant and the Post Office. Staff and students at the mainly Protestant Colrairie University joined the strike wave while 400 students attended a debate on the question of a "Workers' Republic", between a Unionist MP and Ted Grant. In London meanwhile, many workers joined their Irish workmates in protest strikes across the city's building sites.

Yet once again the momentum was lost. The demonstration in Dublin against *Bloody Sunday* perhaps typified the consequences of the labour leadership's failure to act. 60,000 workers turned out to demonstrate their anger. Left leaderless with no direction given by either the Irish Labour Party or the trade union leaders, the workers in their frustration turned on the British Embassy and burnt it to the ground.

Similarly in the North, the Labour and trade union leaders sat on their hands giving only minimal criticisms of the worst excesses of military repression—they merely supported the call for an inquiry into *Bloody Sunday* by Lord Widgery (later dubbed Lord Whitewash), or demanded direct rule from Westminster, as though that would make a ha'penny of difference. As they retreated further into a bipartisan agreement with the Tories, so Northern Ireland slid deeper and deeper into the mire of sectarian reaction.

Hopes were raised with the Labour election victory of 1974. But Labour merely took its turn in the repressor's chair—and then reaped the consequences.

by Cain o'Mahoney

**Next issue: From Wilson to Blair—two decades of lost opportunities**

## 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.

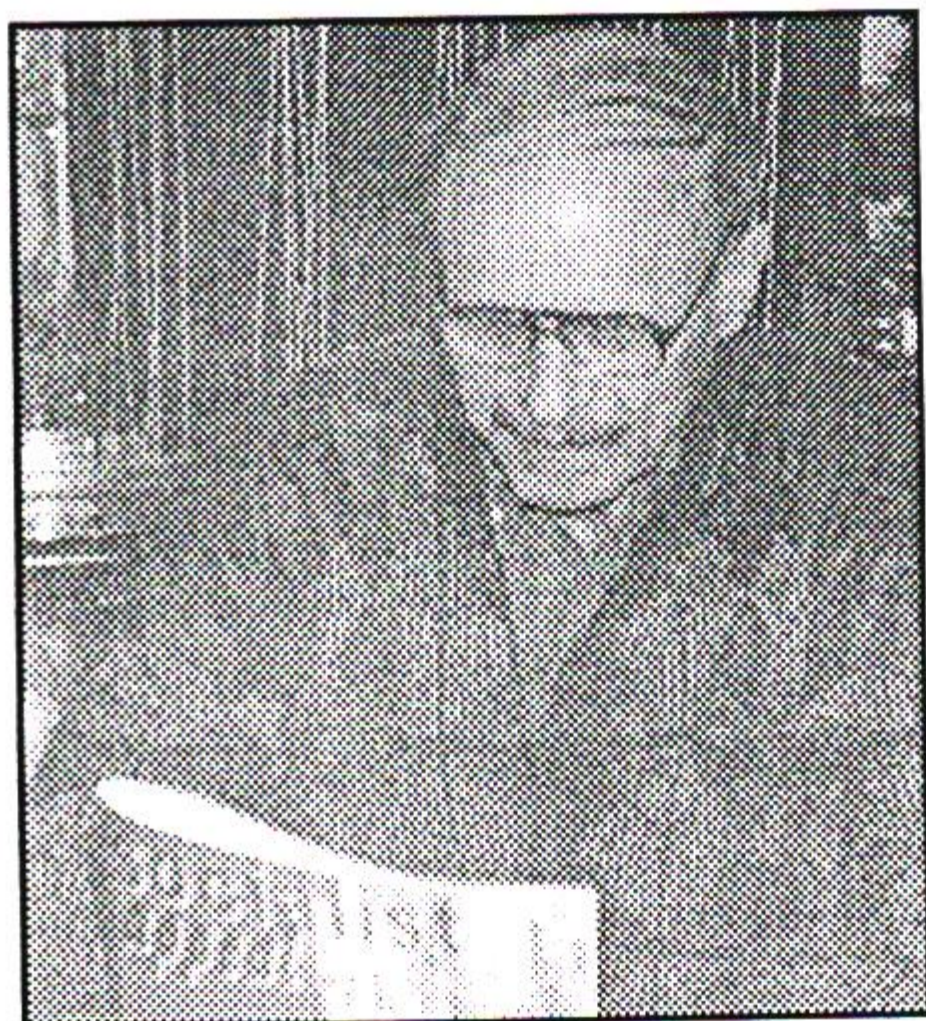
Copies can be ordered now at a cost of £14 each including postage. Order from Wellred Books, PO Box 2626, London N1 7SQ. Make cheques/POs payable to Wellred.

# 'The last bearer of Trotsky's family name'

Last October, *Socialist Appeal* editor Alan Woods visited the Trotsky Conference in Moscow, where he met Valery Bronstein, the grandson of Trotsky's brother, who spoke on Stalin's Purges of which his father, mother and he himself were victims. In that bloody holocaust every one of the male members of Trotsky's family who remained in Russia was murdered and their wives sent to concentration camps. Too young to share this fate, Valery, like many other children of Oppositionists, was separated from his family and sent to a state orphanage, though later he also ended up in Stalin's Gulag. He is now the only one of the family left alive in Russia to bear the name of Bronstein, Trotsky's real surname.

On a grey, rainy afternoon in October, I visited the Moscow flat of Valery Bronstein, the son of Trotsky's brother Alexander, who, along with countless others, fell victim the monstrous purges launched by Stalin against the Bolshevik Party. Now a lively 72 year old with twinkling eyes, Valery shows no outward sign of the sufferings of his earlier life. He lives in retirement in his neat and comfortable apartment in the company of his wife Tamara and their cats. But Valery's life was decisively shaped by the momentous events of a past that haunts him still. He describes his past life in a calm and measured tone, while turning over old photos which have survived by some miracle. Valery is still fighting past battles, fighting to draw the attention of the new generation to a past which both the Stalinist regime and its bourgeois successor have conspired to bury under a mountain of lies.

He pauses for a moment, gazing at one particular photograph. It shows the face of



quite a handsome man, still young, with an expressionless face but with a haunted look in his eyes. It is a prison photograph of Boris Bronstein, Valery's father, taken on the eve of his execution. He produces a book which he has produced in collaboration with others bringing together all the available information about the victims of the Purges, some with photographs similar to this one. Others with just a blank space.

"After Trotsky's enforced exile, some members of the family went abroad. That was the case, for example, of Trotsky's son Lyova, and also my aunt Zinaida and her son Seva (Esteban Volkov). The rest of the family stayed behind, including Trotsky's youngest son Sergei Sedov. The Purges practically wiped out the lot. All the men were shot and all the women were sent to the camps. Most of them died. So now I am the last of the Bronsteins left alive," he affirms proudly. "I do have a daughter, but she is married, so she is no longer called Bronstein. I am the last bearer of Trotsky's family name."

## Revolutionary

"My father was shot in 1937 when he was forty years old. He was Trotsky's favourite nephew and a life-long revolutionary. When he was 15 years old he was expelled from school for his political activity. Later he went abroad, but came back after the Revolution and joined the revolutionary movement. He was a commissar in the Red Army during the Civil War, serving in the artillery and motorised regiment. He saw action in most of the fronts—the West, South and East. He became a close friend of Tukhachevsky (the brilliant Red Army general, later murdered by Stalin). Tukhachevsky was my (atheist) godfather! Later on my father served in the Ministry of Foreign Affairs with Chicherin (the first Soviet Foreign Minister). But when Trotsky was expelled he fell from favour. Naturally, he supported the Left Opposition against Stalin. Trotsky helped him as much as he could. He and Sergei both lived in Trotsky's flat before he was exiled.

"However, he continued to serve the Soviet regime, and participated in the first expedition to cross the Arctic Sea. But when the Purges came, he was demoted, and then arrested in 1937. He was arrested in June and shot in October. He was shot at the same time as Trotsky's younger son Sergei. Immediately after that, they took my mother away. I was then just a teenager, so they sent me to a state orphanage. But my grandmother, Sokolova, took me from there." Valery showed me a photograph of

a young, elegant and very beautiful woman—his mother. "I did not see my mother for almost ten years after that. But I hid my sorrow and did my best to carry on. They had already arrested my grandfather, Alexander Davidovich, Trotsky's brother. Then in April 1938, Sokolova was shot.

"What was my fate after that? I managed to finish school and even went to collage. Then War broke out. Now nobody knew that I was Trotsky's relative, so I joined the army and served on all the fronts. I fought at the battle of Kursk and at the siege of Warsaw, and also the taking of Berlin," Valery recalls, with evident pride. "I was decorated with many front-line medals and was even promoted to the rank of sergeant-major. When I returned from the front after the War, I went back to my studies. Then something happened which changed everything.

"At that time my mother returned from exile after ten years in the camps. She was, however, not allowed to live in Moscow. She had to live 100 kilometres away in Alexandrova. But three or four months later, she was re-arrested. This time, they also arrested me. My mother had to spend another seven years in the camps, until she was finally released in 1955. As for me, I was taken to the Lyubyanka (the notorious GPU prison and interrogation centre). I was interrogated for some time. They asked me questions like: 'Are you a Trotskyist?' 'Did you set up secret cells in the schools?' and so on. Actually, I knew nothing, since I had never participated in political activity and at that time was not even acquainted with Trotsky's writings. But that did not matter! They condemned me as 'Trotsky's grandson'. I was sentenced to five years in one of the most notorious places in all Russia—Kalyma."

Valery clearly did not wish to go into details of his experiences in the camps, and minimised the extent of his own suffering. "It was easier for me, you see, because I had been a soldier and was used to putting up with all kinds of hardships at the front. Of course the conditions were grim—bad food, freezing conditions, harsh treatment. However, that was not the worst thing. The worst thing was that you were completely without rights, utterly at the mercy of the camp guards. They could beat you up for no reason at all. And not only they. You could be beaten by common criminals—thugs, thieves and murderers of all sort whom they put with the political prisoners in the camps. Even worse than the camps was the interminable period when you were 'in transit'. You were moved from



# News

## correspondence

one terrible place to another, from prison to prison, from camp to camp. It took me a year to get there. That was the worst part. Once you were in the camp, you could get used to it. I was lucky for two reasons. As I said, I was used to tough conditions at the front. It was much harder for other people, especially the intellectuals who came from good homes. They soon went under. Most of them died."

The second reason why Valery was lucky (if you can call it that) was his professional qualifications. As a geologist, his services were useful to the authorities. "I had it easy because I was a geological physicist", he insisted. "They were short of them at the time, so I was necessary. Actually, by 1948, the camp regime was in decline. They had me working at my speciality. In fact, I discovered a few gold mines," he said with some pride. "After Stalin's death they gave me an important post in the field of geological exploration. I made quite a name for myself. Finally, in 1958-59 they invited me to back to Moscow and work in the Ministry. I worked in the geological production unit of the Central Region, where I was completely absorbed in the search for minerals, though I did join the CPSU under Khrushchev."

### Campaign

Having retired in 1994, Valery now lives as a pensioner, but is actively involved in what he calls "social work"—that is, he actively participates in a campaign for a memorial for the victims of the purges. He is constantly raising the issue of those countless victims of Stalin who were shot or disappeared without trace in the camps. Recently, he has done work in the archives of the KGB, in an effort to discover, and if possible publish, the biographies of these nameless martyrs. He explains the vast scale of the terror: "In just 18 months in 1937-38, 202,000 people were shot in the Moscow region alone," he says, "There were many others. Over 5,000 corpses were burned in the Butovo crematorium, that we know of. We have found a lot of material, even photographs, but there is a lot more we do not know." He gazes silently at the pile of old photographs on the table. "Of course, we get no help from the state."

At that point Tamara comes in from the kitchen. Will I be staying for dinner? Unfortunately I have to leave for another discussion. I took my farewell from Valery and Tamara, but for a long time after I could still see the haunting face of the man in the photograph. The face of a generation of revolutionaries obliterated by Stalinist counter revolution, which all honest socialists and communists will pledge themselves never to forget.



**From Pam Bromley in Manchester**

**Dear comrades,**

I enclose a copy of a letter I recently sent to Tony Blair which I thought your readers might like to read: *Dear Mr. Blair, As a Labour Party member of 24 years standing, a single parent and mother of a severely disabled young man, who is in full support of any measures which allow equality of opportunity to women and disabled people, I had considered resigning from the party because of the disgusting benefit cuts over which you are presiding.*

*However I fully support the action of the 47 MPs who voted against these dickensian measures, and have decided to stay in the party in order to fight alongside them to see the Labour Party restored to a body which fights for the ideals on which it was established.*



**From Julianna Grant in Brighton**

**Dear comrades,**

"Charles has spent over £9,000 on his wife this Christmas" - Cole Moreton tells us in the Independent on Sunday. He has bought Caroline a silver-gilt snake bracelet, a Rolex watch, two ribbed jerseys and an oak Gothic-revival bookcase. This latter item alone cost £8,500. According to this journalist "Big money is back!" Sales of second homes are booming, Porsche salesman are overworked, Rolls Royce and BMW are doing better than they have been for years. The most expensive restaurants are full and so are expensive seats in theatres and at sporting events. Now that the feelgood factor is back, money has started talking again.

Readers of this journal could be excused to think: "What planet is this guy from? Not this one!" They could also be quite rightly expecting that after 8 months of a Labour Government it should be ordinary working people, who should be feeling good. But that is most definitely not

the case. If you have a poorly paid job, you can now worry about what exactly does Labour mean by a 'minimum wage', if you have children going to University, your main concern is, how you will find £3000 in tuition fees and if you are a miner, you could be forgiven for thinking that you might not have a job by the end of the year. These and many other concerns do not add up to the feelgood factor mentioned above.

But then again, I can't imagine too many City analysts, legal eagles, stock brokers, tobacco manufacturers, Formula 1 bosses or chairmen of privatised utilities reading these pages. In Tony Blair's brave *New Britain*, you have to be one of those to feel good. In the meantime the only way you or me can join their ranks is by winning the Lottery, that marvellous con trick on poor people, which helps them finance needy aristocrats like Winston Churchill.

Perhaps the only way I can see that I would feel good soon, is by making Tony Blair and his government abandon the disgraceful toadying to big business and start doing our bidding.

That might not make him feel too good, but it would make my year, decade or even century for sure.



**From a Labour Party member**

**Dear Comrades,**

I felt I should write and congratulate you on publishing the special edition on the *Communist Manifesto*. It is good to see that there are Marxists inside the Labour movement where it counts prepared to stand up for such ideas. Even after 150 years the ideas of Marx and Engels are still relevant for us today. Keep up the good work, *Socialist Appeal* is the best journal of the left I have read for a long time!

**Best wishes**  
**A non-Blairite Labour Party member**

# 150 years of the Communist Manifesto: "Workers of all countries, unite!"



This month marks a key anniversary in the development of scientific socialism. One hundred and fifty years ago the most famous document of the Marxist movement was produced: *The Manifesto of the Communist Party*, written by Karl Marx and Frederick Engels.

by Rob Sewell

The decision to produce such a document was taken at the second congress of the *Communist League*, which took place at the end of November and the beginning of December 1847 in London. Marx and Engels came there from Brussels to present their views on modern communism and to speak about the League's attitude to the workers' movement generally. According to Friedrich Lessner, who was a close friend of Marx and Engels, "The meetings, which, naturally, were held in the evenings, were attended by delegates only... Soon we learned that after long debates, the congress had unanimously backed the principles of Marx and Engels..." The Rules were finally adopted on December 8, 1847, when, too, the question of programme was settled. "All contradictions and doubts," Engels recalled years later, "were finally set at rest, the new basic principles were unanimously adopted, and Marx and I were commissioned to draw up the Manifesto."

The precise venue of the congress was in the Red Lion public house, Great Windmill Street, Piccadilly. Today a plaque commemorating the event hangs in the pub. Marx and Engels later described this congress as the first international congress of the working class.

In a speech given to the *Fraternal Democrats* on 29th November 1847, Engels explained the basis of their outlook: "Because the condition of the workers of all countries is the same, because their inter-

ests are the same, their enemies the same, they must also fight together, they must oppose the brotherhood of the bourgeoisie of all nations with a brotherhood of the workers of all nations."

After the congress, Marx and Engels returned to Brussels and worked jointly on the *Communist Manifesto* in the latter half of December. The ideas in the *Manifesto* were developed by Marx and Engels earlier on. In June 1847, Engels had drafted a document, which after further preparation and revision for the coming second congress of the League, became known as the "Principles of Communism". This draft was in the form of a catechism, which was used at the time in propaganda. At the end of November Engels approached Marx: "... Think over the confession of faith. I believe we had better drop the catechism form and call the thing: *Communist Manifesto*. As more or less history has got to be related in it the form it has been in hitherto is quite unsuitable..." Both agreed on the change and the format the *Manifesto* would take.

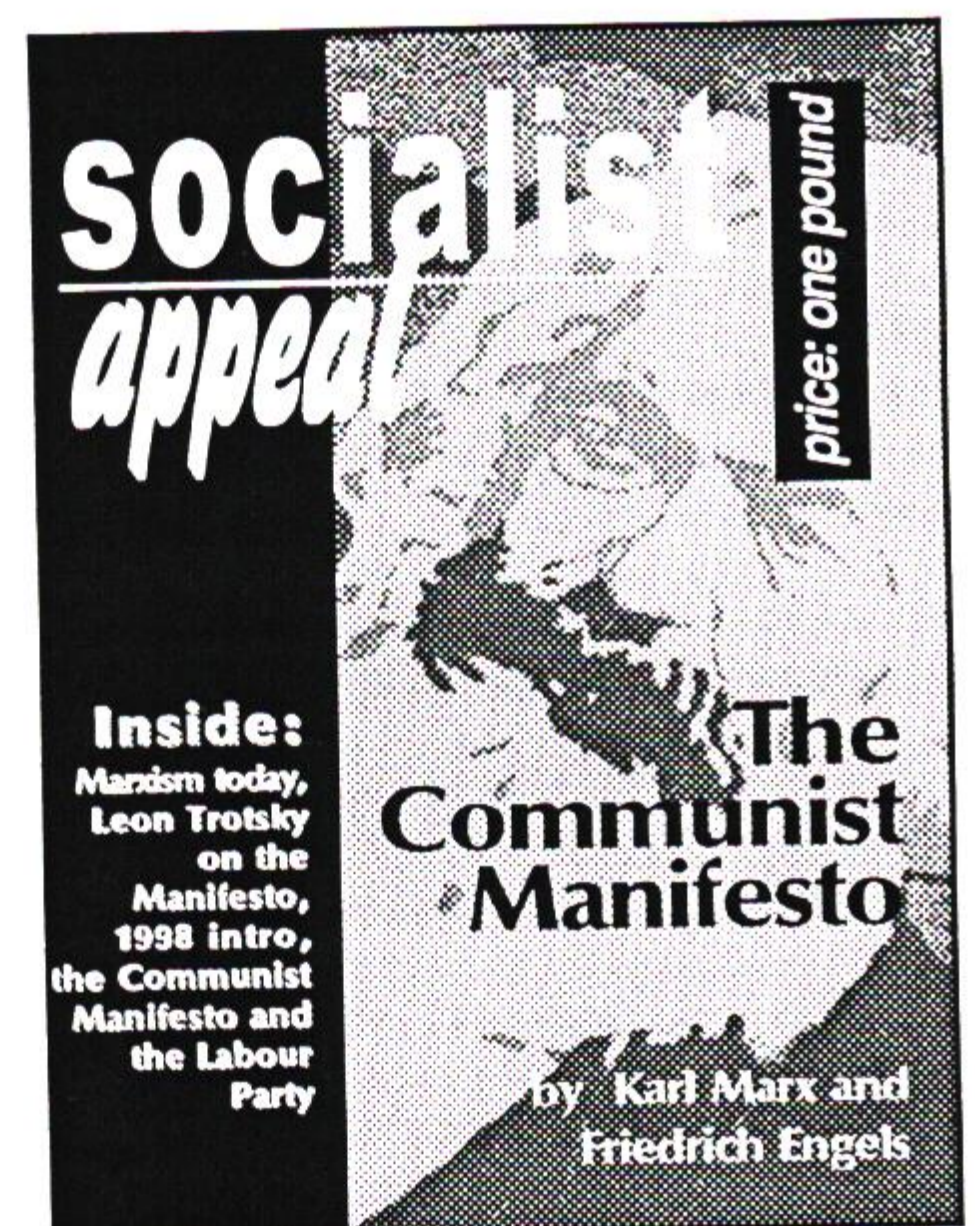
However, according to Franz Mehring, "Neither of them seems to have been in a hurry to carry out the task with which they had been instructed, and on 24th of January 1848 the Central Committee of the *Communist League* sent an energetic warning to the district committee in Brussels threatening measures against citizen Marx unless the *Manifesto of the Communist Party* which he had agreed to draw up was in the hands of the Central Committee by the 1st of February." Mehring is also puzzled by the delay and suggests: "It is hardly possible to discover now what caused the delay, perhaps it was the thorough fashion in which Marx was accustomed to carry out everything he undertook, perhaps it was the separation from Engels, or perhaps the Londoners grew impatient when they heard that Marx was zealously continuing his pro-

paganda in Brussels."

Nevertheless, by the end of January 1848, the manuscript of the *Manifesto* was sent to the *Central Authority of the Communist League* in London. In February 1848, the book was printed at a small printing shop at 46 *Liverpool Street* belonging to JE Burghard, a member of the *Communist League*. The initial print run in the German language was 1,000 copies.

The booklet appeared on the eve of Europe's chain of revolutions. In England there was no revolution, although the British ruling class were terrified by the possibilities of such a development. The great Chartist movement began to stir again. Two years later the *Manifesto* was translated into English and published in the *Red Republican*, edited by the Chartist Julian Harney.

The *Communist Manifesto* became, in the words of Engels, a "common programme accepted by millions of workers from Siberia to California." In summing up the significance of the *Manifesto*, Lenin, who continued to develop the ideas of Marxism, wrote: "With the clarity and brilliance of genius, this work outlines a new world-conception, consistent materialism, which also embraces the realm of social life; dialectics, as the most comprehensive and profound doctrine of development; the theory of the class struggle and of the world-historic revolutionary role of the proletariat - the creator of a new, communist society." He went on to explain that: "This little booklet is worth whole volumes: to this day its spirit inspires and guides the entire organised and fighting proletariat of the civilised world."



Inside:  
Marxism today,  
Leon Trotsky  
on the  
Manifesto,  
1998 intro,  
the Communist  
Manifesto and  
the Labour  
Party

The  
Communist  
Manifesto

by Karl Marx and  
Friedrich Engels

# History of Labour's daily

*The Bloody Circus - The Daily Herald and the left by Huw Richards*  
Reviewed by Rob Sewell

Given the colossal resources of the British labour movement it is a disgrace that a national Labour daily newspaper does not exist. The evolution of the *Daily Herald* - the first and only Labour movement daily in Britain - from its birth in January 1911 to its ignominious demise in 1964, provides us with a reason for this state of affairs.

Huw Richards' book is a graphic and detailed account of the rise and fall of the Herald. The *Daily Herald* first came into existence during the London printers' strike of 1911, putting forward the case for a 48 hour week and answering the attacks of the employers. It was a bold, militant voice, whose sale climbed to 25,000 within a matter of days. After the strike, an appeal was made to keep the paper going, and started life with a capital of £300. Its success was based on a resolute defence of workers' interests and an all-out attack on the capitalist system.

## Sacrifices

Throughout its early years, the paper existed from hand to mouth. The staff made enormous sacrifices to get the paper out. The labour editor, Rowland Kenny recalled: "When pay-day came the staff had an apprehensive time. Sometimes there were funds, sometimes there were not." The news reflected the vigorous industrial militancy of the period. In Lansbury's words, who bought the paper in 1913: "The policy of the paper was not merely unofficial, it was avowedly anti-official." Although forced to go weekly during the war, it held an anti-war position and hailed the Russian Revolution. It gave unequivocal support to the police strikes of 1918 and 1919. By 1919, the *Daily Herald* had returned which topped 400,000 sales during the rail strike.

After the revolutionary wave had subsided, Lansbury, who had gone to prison as a Poplar councillor in 1921, gradually abandoned the militant style of the prewar Herald. Hamilton Fyfe, who became editor in 1922, continued that drift. This also coincided with the paper being taken over by the Labour Party and the TUC. As Richards points out: "Style changed. In place of Lansbury's excitably exhortatory rhetoric, Fyfe's editorials were measured, detached and a trifle didactic."

With the control of the paper in such hands, the rightward shift in the papers stance continued, especially after the election of the first

Labour government. From support of Soviet Russia, the editorials now began to equate Fascism and Bolshevism as creeds based on violence.

MacDonald, the PM, constantly demanded that all criticism be dropped, which did not go down well with the readership. As one reader from Shropshire wrote, the *Herald* was "more and more the mouthpiece of reactionary bureaucracy."

## Minority movement

The *Herald's* supportive coverage of the *Minority Movement* gave way to official condemnation, especially after the sell-out of the 1926 general strike. When the *Mond Turner Talks* were in full swing, the *Herald*, echoing the TUC leadership, attempted to justify class collaboration. In 1929, the paper was effectively privatised by the TUC when it entered into a partnership with the commercial publishers *Odhams Press*. The new circulation drive was accompanied with a choice of a new camera or pen and free insurance for every new reader.

This marked a new stage in its shift rightward. Fienburgh, a Labour MP, summed up the feelings amongst a large layer of activists: "My own family almost wept at the death of the old, genuine, workers' Herald and sternly refused to buy the new capitalist paper."

After the war, sales declined. Throughout the 1950s the *Herald* lambasted the Bevanites while praising the talents of Gaitskell. The witch-hunts of this period rooted out and 'lefts' working on the paper, such as Basil Davidson, who was accused falsely by Gaitskell of being a "communist". The paper, attempting to copy its capitalist rivals, turned to pin-ups to boost its circulation. In the early 1960s the *Herald* changed hands when *Odhams* were taken over by the *Mirror Group*, which operated under the *IPC* title. The new management wanted a new start. In 1964, with TUC agreement the *Herald* changed its name to the *Sun*. The paper was subsequently sold to Rupert Murdoch in 1969, becoming the gutter tabloid of today.

The *Herald's* history, well outlined by Huw Richards, is a tragic attempt to promote a radical socialist paper, which fell victim to the stifling grip of the Labour and trade union bureaucracy. It is clear the "New Realists" are incapable of running a genuine workers' paper. Then they don't need to, when it comes down to it they have the backing of the capitalist press.

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Available from Wellred Books

## Election 97

*BLAIR'S 100 DAYS* (Faber £7.99)

Derek Draper

*WERE YOU STILL UP FOR PORTILLO?* (Penguin £5.99) Brian

Cathcart

*CAMPAIGN 1997* (Indigo £8.99)

Nicholas Jones

Given the momentous nature of the 1997 general election it was inevitable that, within just a matter of months, a whole plethora of books would start arriving on the subject.

The most entertaining of the books on offer is Cathcart's book which deals just with the night of May 1st itself. Allocating a chapter to each hour of the night you are able to relive the events with suitable relish as the full depth of the disaster for the Tories becomes apparent. He pays particular attention to the TV coverage and shows how even they struggled to come to terms with what was happening, swingometer and all. Not a particularly heavy book but one with obvious advantages since there is nothing more entertaining than yet again seeing the Tories get the hammering they so richly deserved. "Campaign 1997" covers the whole election campaign and is obviously intended to give a more serious overview of what happened and why.

Unfortunately the author, BBC man Nicholas Jones, tends to view things from the vantage point of the endless news conferences and briefings he had to attend. As such he puts too much weight onto the complex battle of the spin doctors. In the world outside most of their games went unnoticed.

Draper's book uses the election as his starting point as he seeks to review the first 3 months of the Labour government's life. However he is not an impartial observer. As a former adviser to Mandelson he is clearly committed to the aims of the spin doctors around Blair. At every stage he seeks to portray his chums in the best light possible thereby confronting us with a picture of a bunch of snappy, sharp-suited guys working 25 hours a day to be thoroughly modern in thought and deed. Looking beyond the image, insights are mainly gained here in spite rather than because of the author. The author does occasionally let the real world show its face, for example when he worries about what the unions will do if they do not "accept their place." This book does little to reassure you, but it is worth getting as it represents a useful statement of what the so-called Blairites are saying.

Steve Jones

# Olwyn Hughes: worker, fighter, Marxist

**I first met Olwyn in 1971 in a Marxist discussion class we had organised in the small Welsh mining town of Ammanford. But Olwyn's political life went back a lot further, to the period during and just after the War, when he first got active in politics, first in the Young Communist League, and then in the Trotskyist Revolutionary Communist Party.**

For a young miner like Olwyn, it must have been difficult *not* to have been a Communist. Ammanford used to be known as "*Little Moscow*". And not accidentally. The mining valleys of South Wales had a long history of bitter class war. Memories of the general strike and the inhuman treatment meted out to the miners and their families driven back to work by starvation by the mine owners in cahoots with Winston Churchill were burnt into the consciousness of a whole generation and passed on to the next.

The Russian Revolution offered a beacon of hope to these workers who embraced it with that passion so typical of the Welsh. The South Wales miners' union actually affiliated *en bloc* to the Communist International. Even in the 1970s I remember that there was still a bust of Lenin in the Ammanford workingmen's club where we held our Sunday night meetings, alongside the photographs of young men from the area killed in the Spanish Civil War.

## Generation

Tragically, the Stalinist degeneration of the Russian Revolution had its effects on the British Communist Party, as all the others. A whole generation of class fighters were cynically duped and deceived. And what fighters they were! In spite of everything, one has to admire the militant spirit and dedication of the Communist workers who sincerely believed that in carrying out the orders of their leaders, they were preparing the revolutionary transformation of society. Olwyn used to speak of one of these, who would be out every evening selling the *Daily Worker*. A man of small stature, he would stride into the miners' club, plant himself firmly in the middle of the floor clutching his bundle of papers under his arm, and shout out: "*Does anybody want to read the truth?*"

But the real truth was that the Communist Party was no longer a weapon for changing society, but a tool in the

hands of the Moscow bureaucracy. This was clearly revealed by the cynical gyrations of the CP line before and during the Second World War. Dudley Edwards, who was a marvellous old comrade, described to me one incident on the eve of the War when Stalin suddenly signed a non-aggression pact with Hitler. Prior to this, the CP line was one of "*popular frontism*", a class collaborationist policy, the alleged purpose of which was to secure an alliance of the Western "*democracies*" with Russia against Nazi Germany. Knowing nothing of the change, Dudley was preparing to mount the speakers' rostrum to defend the popular front, when someone tugged him by the sleeve and whispered "*Comrade, the Line's been changed!*" So he threw his notes away and delivered a speech saying the exact opposite of what he had intended. There were many such cases.

The abandonment of the policy of popular frontism and the adoption of an ultra-left policy in the first days of the War did not shake the confidence of the working class Communists, though many middle-class fellow-travellers immediately jumped ship. What really caused dismay in the ranks was the next change of Line. When in the Summer of 1941, Hitler cynically broke his pact with Stalin to attack the Soviet Union, Moscow required a totally different policy. Hitherto, the British CP had had a caricature of Lenin's policy of revolutionary defeatism, demanding, in effect, peace on Hitler's terms. They irresponsibly fomented strikes at the slightest pretext at a time when the British workers were working round the clock for the War effort. Now, at the drop of a hat, the Party called a halt to all strikes and demanded the workers step up productivity for the war.

Overnight, without any explanation, the imperialist war became a progressive war against fascism. This was too much for many Communist workers to swallow. How could such a policy be justified? What did it all mean? The only people who gave explanations were the Trotskyists of the Revolutionary Communist Party (RCP). While consistently calling for the defence of the USSR, they advocated a policy of class independence, calling on the Labour Party to break the coalition with the Tories and Liberals and take power on the basis of a socialist policy of nationalising the banks and monopolies under workers' control and management. As a result they were viciously attacked by the Stalinist

leaders of the CPGB who issued a scurrilous pamphlet called *Hitler's Secret Agents*, and even called on Herbert Morrison, the Home Minister (and Labour Party member) to illegalise them—which he refused to do.

Throughout the War, the Labour Party agreed to an electoral truce with the Tories. They were all in the wartime coalition, so there were hardly any elections. An exception was the by-election in working-class Neath in 1945, when the RCP fielded a candidate in a safe Labour seat. The Stalinists were beside themselves with rage. They did everything possible to disrupt the RCP's campaign, but without success. The RCP made a big impact with its programme and ideas—not least among sections of the CP workers.

## Self educated

A few miles away from Neath, along a desolate, wind-swept valley, lies the small mining town of Gwaun-cae-Gurwen, popularly known as G-C-G, or "*the Waun*". Here the RCP established an active branch, mainly of miners who had come over from the Communist Party. The leading spirit was one Johnny Jones, a self-educated man, like many Welsh workers at that time who took the trouble to raise themselves above the terrible conditions of life to conquer for themselves the world of culture and ideas. Johnny used to write marvellous articles for the *Socialist Appeal* from which you could get a clear idea of the lives, thoughts and aspirations of working people. Still a youth, Olwyn joined this group. He never really left it till the moment of his death.

It took some guts to be an active Trotskyist militant in a CP stronghold like that. The Stalinists looked on them as traitors or worse, and on more than one occasion criticism was not limited to verbal exchanges. Olwyn gave me the following example. One of the RCP members (I don't remember the name) was quite a tough man, although quietly spoken. Once, he and Olwyn were chatting over a pint in the local club, when a particularly fanatical Stalinist came up behind them and began taunting the alleged "*Trotsky-fascists*." Olwyn's companion turned round and addressed the provocateur: "*Are you talking about me?*" The man had scarcely had time to reply in the affirmative, when the fists started to fly. The aggressor ended up on the carpet, whereupon the victor looked

challengingly round the room: "Now then. Anyone else got anything to say?" They did not.

Of course, my own acquaintance with Olwyn started many years later. Yet he always spoke of that period with the liveliest enthusiasm and affection. There was a reason for that. These were the years that gave him the education and the ideas that would shape the rest of his life. In the bleak days of the capitalist upswing, when the forces of genuine Marxism were isolated for a whole historical period, Olwyn became temporarily cut off from the movement. But unlike others he always kept faith. Not the blind faith of a religious fanatic, but the conscious faith of a working class revolutionary who has absorbed the fundamental ideas and theories of Marxism.

When I met up with him in that study group, it was as if the knot of history had been suddenly retied. He instantly recognised our ideas as his own. When he met Ted Grant again after many years he commented in amazement: "He's just the same as always". He was really delighted that we had remained firm, defending the ideas of Marxism "just the same as always". He was always a voracious reader and had a very high political level. Whenever we met, he always insisted in discussing theory. The question of the Soviet Union was one of the things that interested him most. Shortly before his death he had just read Ted Grant's new book *Russia—From Revolution to Counter-Revolution*. He regarded both this and *Reason in Revolt* as wonderful achievements, and "a real addition to Marxist thought."

All his life, Olwyn Hughes remained what he had always been—a working miner. In the last period, he worked in small private pits, and on one occa-

sion he described the kind of conditions that prevailed in them. There was an explosion in a nearby mine, and Olwyn rushed to help with other miners. The first one to enter the mine, at first he could see nothing. Then, as his eyes got used to the dark, he could see a man on the ground, black all over with coal dust. Eventually, the man spoke to him in Welsh: "Olwyn. Don't you know me?" It was a friend of his. What Olwyn did not know was that, beneath the thick layer of coal dust, most of his skin had been blasted away by the explosion. He died shortly afterwards. Later, the mine owner claimed to have found a box of matches in the dead man's pocket. This version was supported by the man from the mines inspectorate who came to investigate. When I saw Olwyn in the pub, his face was ashen. "Well," he told me, "I was in that mine after the explosion. The heat was so bad, it had melted metal. Yet they say there was a box of matches!"

From this single incident you can learn more about Olwyn Hughes and thousands like him than in any book. The unshakeable loyalty to the cause of socialism and the working class he displayed all his life did not come from books, though he loved them too. It came from life itself. From hard experience. From a deep and enduring sense of rebellion against injustice. It is a matter of the most heartfelt regret that I did not manage to see Olwyn before he was taken from us. I had intended to. Now that meeting will never take place. This short tribute must stand in its place. It is the only kind of monument that I know Olwyn would want to have.

**Alan Woods**



## Victorious general strike rocks Israel

**Last December, Israel was rocked by a general strike called by the General Federation of labour, Histraduth. The strike started on December 3rd, lasted for five days and ended up in total victory. Despite the media attacks and the threats of the Netanyahu government to use the law against the strikes, fine the union and jail their leaders, and the courts declaring the strike "illegal", 700,000 workers took part. We must remember that a year ago Sholo Shani, Histraduth's number two was arrested for "contempt of the court" over a wave of strikes and also that the first attempt of Histraduth to call a general strike last September was halted after a few hours by the courts.**

The strike demanded that the Netanyahu government respect the agreements on pensions and wages signed by the union and the previous government, that consultation with the unions over privatisation issues be maintained and that wage negotiations be opened. All the main demands were conceded by the government.

There have been a number of bitter strikes, like the occupation of the Kitan textile factory in Nazareth Elite protesting against closure, the struggle of the Tel Aviv refuse collectors against privatisation, the struggle at Haifa Chemicals, etc. In some of them, like the protests at the "new town" of Ofakim against unemployment, Jewish and Arab workers have demonstrated together.

These class issues have also had an effect in the political arena. There has been talk of the need to create a party based on the unions and the works councils, and even the Labour Party MP and general secretary of Histraduth, Amir Peretz, has made sympathetic comments about the idea. The Labour Party, traditionally based in the more middle class Ashkenazi Jews (of European origin), showed no support for the strike, and actually some of their leaders said if they were in power they would apply the same politics as Netanyahu.

The divisions are also affecting Likud, traditionally based in the poorer, working class Sephardic Jews (of Middle Eastern origin) which has been seen as abandoning its traditional supporters by applying an openly "thatcherite revolution" programme. This is the reason behind the resignation of one of Netanyahu's coalition government ministers, David Levy, because of his opposition to the cuts in social spending. He was obviously worried about the loss of support for his small party amongst Jewish workers.

All in all these are some indications that a class based programme, would be able to unite Jewish and Arab workers, Ashkenazi and Sephardic Jews, cutting across the national and religious hatred. Such a programme can only be a socialist programme and cannot be limited to Israel and the occupied territories, but be fought for in the whole of the Middle East.

**Jordi Martorell**

# Final push for £5,000 target

With just a few days to go the total figure of Press Fund raised towards the £5000 target stands at £2888 (or 58% of the target). We will announce the final figure next month together with the new targets for the spring drive. Any money sent in now will go towards that new target, so why not get your area of to a good start by sending in what you can. The figure of nearly three grand raised this time is a good one and we thank all those who contributed. However I'm sure that we can do better and that next time the target will be reached if not surpassed. With Blair's honeymoon coming to an end

the cash sent in will be put to good use—explaining the need for a socialist programme and taking up questions such as the attacks on the benefits of the disabled, cuts in public spending and so on. Socialist Appeal is here to take a stand on these attacks and provide a focal point for those in the labour and trade union movement who want to do something about it. You can start by showing your support for socialism by making a donation. Send it to Socialist Appeal, PO Box 2626, London N1 7SQ.

Steve Jones

## Press fund target

Area	percentage raised	Target
Scotland	61%	£600
Northern	102%	£400
Yorkshire	31%	£400
Manch/Lancs	49%	£300
Mersey	35%	£350
Midlands	40%	£200
Wales/SW	28%	£450
London	65%	£1,700
Eastern	61%	£200
Southern	49%	£400
<b>Total</b>	<b>58%</b>	<b>£5,000</b>

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*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!



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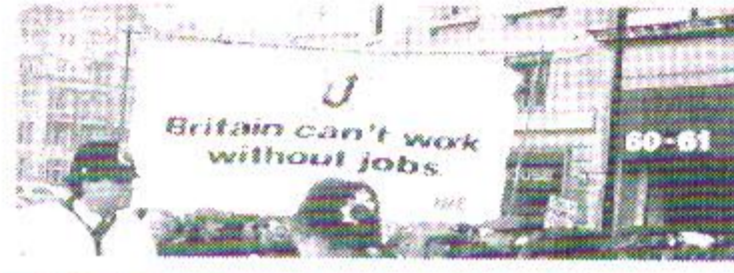
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# A socialist programme for Labour



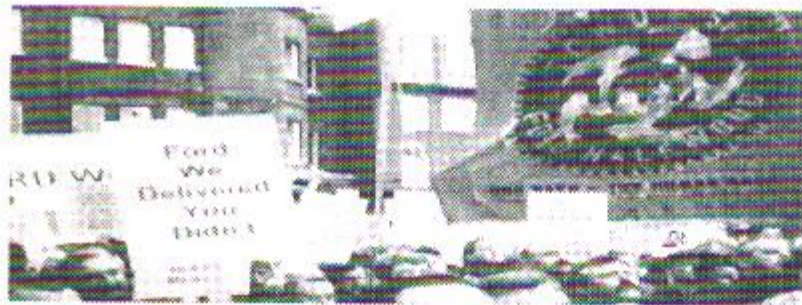
☆ A Labour government must immediately introduce socialist policies that can really answer the needs and aspirations of working people.



☆ 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.

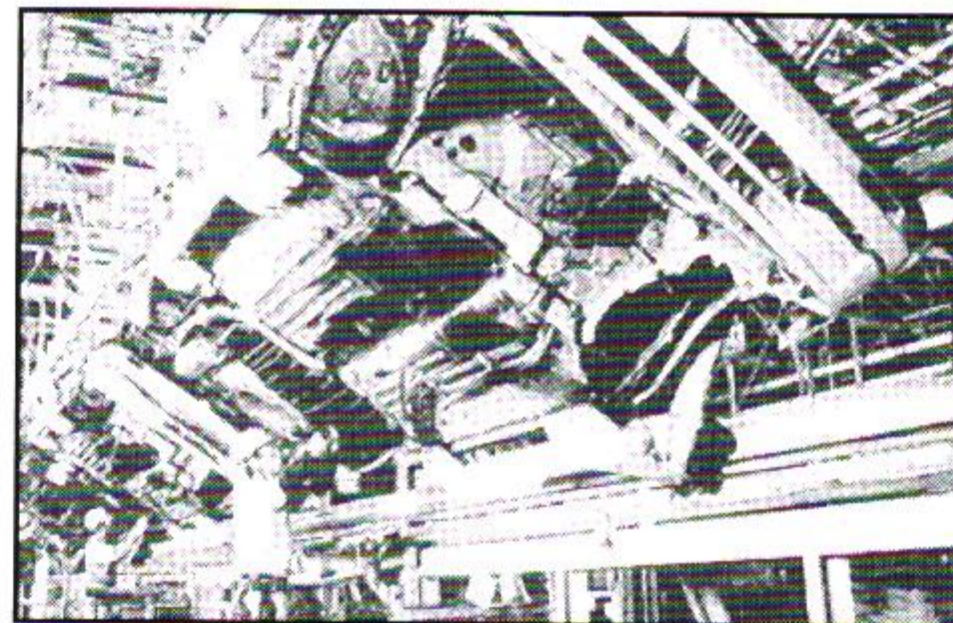
☆ Outlaw all forms of discrimination. Equal pay for equal work. The development of quality childcare facilities available to all. Scrap all racist immigration and asylum controls. Abolish the Criminal Justice Act and other repressive legislation.

☆ 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.

☆ 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.



☆ 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.

☆ 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.



☆ 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.

☆ 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.



## 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:

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# socialist

## appeal

The Marxist voice of the labour movement no.56 February 1998

# Welfare plans exposed

The heady days of May 1997 seem long gone as the Labour government ploughs on with its proposed 'welfare reform.' The cut in lone parent benefit agreed at the end of last year, against the worthy rebellion of 47 Labour MPs and hundreds of party branches up and down the country, is only the start.

The labour leadership has done nothing to quash speculation on an upcoming cut in benefits for the disabled. We can only conclude that it will happen. Tony Blair has made it clear that he is not happy spending so much on social security, so there can be only one end to all the reviews he has set up - cuts. In fact there seems to be a host of cuts already in the pipeline to the tune of

£3.2 billion, and this is before any of the 'reviews' present their reports.

The axe is about to fall on the unemployed, on lone parents (again!), on the homeless, on war pensioners and on the disabled. The biggest 'saving' will be made by replacing invalidity benefit with incapacity benefit. This will net the treasury a smart £2.3 billion alone.

Of course no matter how it is all dressed up, with 'welfare to work' rhetoric, targeting, efficiency and so on, Blair's 'welfare reform' is not a reform in the real sense of the word. The biggest reform of all, that is a huge cash injection to help the worst off and most vulnerable in society, is just not a consideration in any of the reviews.

Ironically, these cuts are coming

through when Gordon Brown and the treasury are awash with cash. They hope to balance the budget, even start paying off some of the national debt - something the last Major government could only dream of. So why the attacks?

At its most cynical, it's an attempt to build up reserves for the last couple of years before the next election. In other words get your betrayal in early and then give yourself some leeway for concessions in the run up to 2002.

However, the last recession put a death knell on Tory finances. In the early 1990s the budget deficit exploded and the Tories were never able to get it back down. Brown seems to think he can start cutting back now, sit out the coming recession and wait for better times. He will be sorely mistaken.

Big business have proclaimed 'welfare reform' and 'flexible' labour markets as the twin pillars of their policy moving towards the next century. The Tories gave us 'flexibility,' now the Labour government is being asked to 'reform' welfare.

*Unless it breaks from big business then it will inevitably have to do its bidding. Now, more than ever before, Labour needs socialist policies.*

*Let's start the fight for those policies now.*



**Labour needs real socialist policies**