

# socialist

## *appeal*

### *inside*

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**In the grip of poverty and debt**

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## Feature

# In the grip of poverty and debt

This month *Socialist Appeal* carries a special feature on the developing world and its huge debt burden to the west. These countries are truly in the grip of the IMF, World bank and the other organisations of global capital. The horrendous problems they face, reflecting the legacy of colonial rule and the super-exploitation of international big business, cannot be underestimated.

Our newspapers and television screens are constantly filled with images of famine and death. Sudan is the latest example. But as socialists we have to look beyond the pictures. This level of poverty cannot be eradicated by personal charity, no matter what the advertisements may tell you. We reject the image that the people of sub Saharan Africa or any other impoverished region are casualties of some great 'act of God' or victims of their own backwardness and economic mismanagement.

### World poverty

Outside the recent G8 summit in Birmingham over 50,000 people demonstrated on the issues of world poverty and debt relief. Inside, however, there was a different story. A year ago, Gordon Brown, at the commonwealth finance ministers meeting, had called for three quarters of the 41 poorest countries to be on the way to 'meaningful' debt relief before the end of the century. Now the G8 have downgraded this commitment to one of taking 'the policy measures needed to embark on the process as soon as possible.' Once again the leaders of world capitalism have tuned their backs on the millions who face a life of poverty, unemployment, hunger and early death throughout the developing world.

About a quarter of the world's population, 1.3 billion people, live on incomes of less than a dollar a day. Nearly one billion are illiterate and some 840 million go hungry or are living a hand to mouth existence. Nearly one third of people in the least developed countries will not live beyond the age of 40.

The worst affected countries are in sub-Saharan Africa, which accounts for 33 of the 42 low income countries which the

World Bank rates as 'highly indebted.' In 1962 sub-Saharan Africa owed \$3 billion. By the early 1980s their debts had mounted to \$142 billion. Today their debt has risen to an enormous \$222 billion, about \$370 for every adult and child in the continent. And it is getting bigger by the day as the countries fall further behind with their repayments. In Africa as a whole, governments spend four times more on debt repayments than they spend on health and education combined.

Debt and the ravages of global capitalism are slowly killing these countries. Compare Britain with Ethiopia. In the UN's Human Development Index, Britain stands at 15 while Ethiopia is at 170th out of 175. In Britain no one lacks access to health care or clean water, there is no adult illiteracy and every child goes to school. In Ethiopia, on the other hand, 54% of the population are without access to health care, 75% lack access to safe water. Adult illiteracy is at 64.5%. 625,000 children died in 1995 before they reached the age of one. There are no figures for the number of children in school.

So what can be done? Or are the world's poor always to be with us, only to provide the news agencies with a series of potential 'special reports' or the aid agencies and charity organisations with new campaigning 'opportunities?' In this special feature we not only outline the problems, but point toward the political solutions.

### Challenging

Capitalism has always meant poverty, that's why challenging world poverty inevitably means challenging the rule of capital. Famine and death seem like visitations from another age, but for millions they are the reality of the everyday. We have to analyse why and draw the necessary conclusions as we progress towards the next century.

Socialism is not a luxury, a good idea that might take off one day. Its the only solution to these questions of life and death.

**Feature begins page 16**



# Northern Ireland: build a party of labour

The new 108 member Northern Ireland Assembly has now been established. To a huge media fanfare the assembly met for the first time in a hastily converted room in Stormont. 'Historic' is how the media described the event. All the protagonists of the 'peace process' gathered in the same room for the first time. And we did get some interesting television: Gerry Adams, speaking in Irish, being heckled by Ian Paisley just a few feet apart, Loyalist paramilitary representative David Ervine sitting elbow to elbow with Martin McGuinness. But can it work, will it really bring peace and prosperity to the North?

The assembly elections held few surprises. The SDLP, for the first time, got the most votes of any individual party, but the Ulster Unionists still got the most seats. The break down went like this: Ulster Unionists 28, SDLP 24, Sinn Fein 18, Democratic Unionists also 18. The rest of the seats were divided between the 'Alliance' party, some anti-deal independent Unionists, the pro-deal Progressive Unionists of David Ervine and Billy Hutchinson, and two from the Women's Coalition.

## Pro-deal

Overall, Unionists gained 51% of the seats, but they were divided 30 to 28 between pro-deal and anti-deal. And here lies the biggest trial for the new assembly. Support for it amongst the Catholic community has been overwhelming, but support amongst the Protestants is balanced on a knife-edge. As we head into the 'marching season' the whole process could be pushed into rapid reverse.

Yet for a few days at least, the assembly is up and running. David Trimble has been elected First Minister, and the SDLP's Seamus Mallon his deputy. Lord Alderdice, that 'man of principle,' by sheer coincidence resigned his membership of the Alliance Party (which he himself had founded) and, now being 'neutral', was elected Speaker of the assembly.

The assembly is having some immediate results in at least one area. David Trimble, as well as his Westminster salary, will pick up £60,000. The cabinet will be appointed in proportion to the seats

gained. So as well as Trimble and Mallon, the Ulster Unionists will get three, the SDLP three, Sinn Fein two and the DUP two. This will likely mean Gerry Adams and Martin McGuinness serving in the cabinet. What this will mean for the Unionists is still to be seen, but for them - a nice £45,000 salary plus expenses. More gravy train than peace process now.

However the biggest gainer is obviously Ian Paisley. His £45,000 salary from the assembly, his Westminster cash and his wages and expenses as an MEP, means that he stands to earn nearly a quarter of a million pounds 'representing' his constituents. Who says 'democracy' doesn't pay?

But despite all the flourish, hard reality stares the assembly directly in the face. The new Parades Commission's decision to stop the Orange Order's Drumcree march from going down the Garvaghy Road in Portadown means immediate problems. The Orange Order says it will march, even if it takes them the next 365 days. 1,000 more troops have been flown in and, as we go to press, Tony Blair himself is travelling to the North seeking a compromise. Two years ago, in the middle of the peace process, the North was taken to the brink of civil war because of the attempted ban on the same march.

The assembly is set up, jobs and salaries are being handed out, but the real situation out on the street is far from settled. Ominously, Gary McMichael, leader of the UDP, political wing of the UDA, failing to gain a single seat in the assembly, questioned whether the UDA ceasefire could hold in the event of major trouble over the summer.

## Extricate

As we have already pointed out in other articles, the British ruling class would like to extricate itself from Northern Ireland as quickly as possible. The government's formal position is that it no longer has a 'strategic' interest in maintaining its rule there. Northern Ireland is an £8 billion drain on its resources plus it's a political and military nightmare. But the reality is, they can't withdraw: civil war could be the only result.

For years Britain has only been able to maintain a policy of 'containing' the situa-

tion at enormous expense. However, after twenty five years of so-called 'armed struggle,' the Sinn Fein leadership were further away from their stated aims than ever. They had reached an impasse. Partly as a result of this imperialism has been able to push through a deal.

So are the troubles over? The big headache is now the thousands of Unionists who see the deal as a sell out of their 'ascendancy' - a sell out that will be opposed on the streets if necessary. The fact is, despite a new assembly and acres of media hype, Northern Ireland politics is still bogged down in a sectarian quagmire. There is no real way forward on offer. On the basis of sectarianism and capitalism there can never be a deal that satisfies all sides.

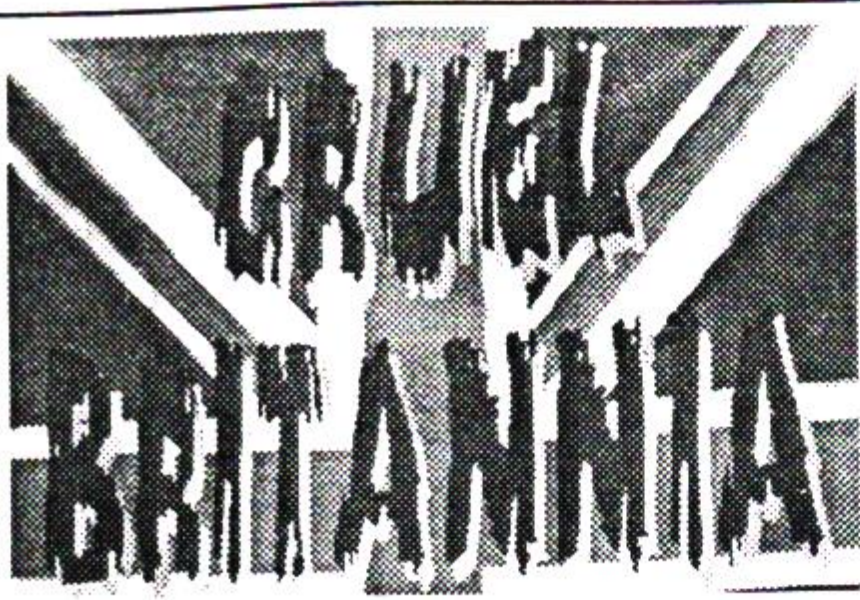
## Working class

Every shade of Unionist and Nationalist may be represented in the assembly, but the organised working class is not - and they are the only force that can really bring about unity and a genuine solution to the burning problems of jobs, bad housing, low pay and poverty. ICTU general secretary Peter Cassells told a rally in Belfast earlier this year that 'it is more important now than ever before to stand together so that your strength as individuals can be fortified by your solidarity with each other. That same solidarity across the religious divide in the community can make 'people power' the answer to sectarian terror.'

However, without proper working class political organisation, the sectarians will always be left in charge. That's why the ICTU must start the process of building a genuine party of labour in Northern Ireland. A party, basing itself on a real class programme, is the only alternative to more years of sectarian politics.

How can an assembly that has the sectarian divide written in to its rules ever hope to bring an end to the division that has ripped Northern Ireland apart. There is no solution to these problems within the framework of capitalism. Only unity between Catholic and Protestant workers offers a real solution. A party of the organised working class, basing itself on a programme of socialism to tackle the horrendous problems faced by both communities, is the only way forward.





○ So Blair's 'Cool Britannia' hype hasn't worked the desired miracle after all.

Eurostar may be full of young, hip people from the continent coming over to take in some of London's club scene, but for the average Lake District B&B, the type of establishment that makes up the vast bulk of Britain's tourist trade, the rebranding of Britain's image hasn't exactly had them queuing up to visit *Wordsworth Country*. Tourism, including pubs, restaurants and leisure, is Britain's biggest 'industry,' worth £50 billion. It accounts for 10% of GDP and a similar proportion of the workforce, yet recent statistics now show a massive 'travel' deficit to the tune of £1.7 billion for the first three months of the year. Last year the deficit was £4.6 billion, this year's total figure will easily surpass this.

Now, in a desperate attempt to redress the imbalance, the tourist authorities want a further repackage creating a 'warm Britannia' image - cream teas and friendly landladies, no doubt.

But at the end of the day, you just can't escape the fact that more of us want to get out of the country than stay. Maybe Tony Blair will have the time to come up with a new approach as he relaxes during his forthcoming holiday in Tuscany!

○ The 'Cool Brits' took another knock when Stella McCartney walked out of the Panel 2000 committee.

Panel 2000 was set up to advise the government on style and culture issues and how to refashion Britain's image. Stella's claim to 'coolness' seems to be that her dad was once cool about thirty years ago and that she is chief designer for Paris fashion house Chloe (more Joan Collins than Jarvis Cocker we'd say!) It's now an open debate who can take up her mantle as a representative of the young and trendy - Colin Marshal, chairman of BA, Peter Mandelson himself, or even the sardonically distressed Martin Bell MP. Cool or what?

## £10,000 appeal launched

Socialist Appeal has launched an appeal for £10,000 in order to buy new printing equipment and lay the foundation for a more frequent publication.

On top of the money already collected this £10,000 will allow us to purchase a new

press, platemaking equipment and collator. Given the rapidly worsening economic picture and its consequences for the Labour government, we need to rapidly extend our profile, with the aim of publishing fortnightly and then weekly in the coming period.

*Full details page 29*

# News

## Energy workers pull plug on TUC scam

The rightwing leadership of the AEEU were left with egg on their face last month after its Energy Industrial Conference voted by a clear margin not to endorse the TUC's new commercial venture, Union Energy Ltd., involving the supply of gas from Scottish Power.

*by Rob Sewell*

The vote was an embarrassment not only for the union leadership, but also the 'new realists' of the TUC, as the AEEU represents the biggest group of trade unionists in the energy sector. Union Energy was recently set up by the TUC, with the full backing of the AEEU rightwing, "to give to union members the best possible deal on mains gas and electricity in the new competitive market."

### Venture

This venture typifies the class collaborationist approach of the TUC leaders, who not only are the arch promoters of partnership with the bosses, but who want to reduce trade unionism to a friendly society concerned with fringe benefits rather than militant struggle.

The Conference defeat was very much unexpected, with glossy literature promoting the new company being handed out in the adjacent hall. Delegates were suitably unimpressed, outlining a whole series of objections to the scheme.

Mike Gaskell, a Merseyside delegate, and employee of Manweb, explained that a recent survey of shop stewards had overwhelmingly rejected the TUC-Scottish Power deal. To warm applause from the delegates, Mike asked "How can such a

company benefit union members? Seven million TUC members are being urged to buy Union Energy, but that means that workers in other companies will be put at a disadvantage. It is a divisive scheme that can set worker against worker. Nobody is going to join the union using these methods." Another delegate pointed out that other energy companies were giving bigger discounts to staff than the TUC.

### Promotional

According to the TUC's promotional material, "Scottish Power work closely with trade unions and have outstanding credentials." This shows how far out of touch these people are. Certainly such arguments do not go down well amongst those employed by Scottish Power who point to the downsizing and deteriorating conditions that the company has introduced.

Predictably, the only support for Union Energy Ltd. came from Dougie Rooney, the AEEU's National Officer responsible for energy. Referring to the speech of Energy Minister, John Battle, of the previous day, he said: "as with renationalisation of the public utilities, there is no going back on the TUC deal. The only option was to work for reform within the business."

Despite this appeal, conference rejected the resolution. Afterwards, Mr Rooney stated that the decision would not affect union policy. "The vote will not change the AEEU's position of promoting Union Energy", he said. So much for AEEU democracy. Nevertheless, to the chagrin of the rightwing leadership, this issue will not go away.



# We can afford social security system!

Harriet Harman described the DSS in a *New Statesman* interview as the "department of hard choices." Not it would seem the department of hard facts.

Their 'Focus File' bemoans welfare spending levels, "On current trends benefit spending will be approaching £100 billion by 2000. This is more than is currently raised by Income Tax (£72 billion), and nearly as much as is raised by Income and Corporation Tax combined (£107 billion)."

Why compare welfare spending with just these two taxes which account for only one-third of national income? To make the Welfare figures look disproportionately large. National Insurance contributions don't even get a mention, yet they are levied specifically to cover part of the Social Security budget. Across the EU welfare spending averages 20% of GDP. The UK not only lags way behind on 13%, but has been lagging behind now for 20 years. Nicholas Timmins, writing in the *Financial Times* comments "the idea that the welfare state in its present form is unaffordable is, in fact, a myth." Chris Giles of the Institute for Fiscal Studies agrees, "You simply cannot make the argument that in some way we cannot afford the social security system we have got." It's a shame Harriet Harman doesn't see things that way.

# Growing crisis in further education

Cuts in further education, like those in other public services, not only affect the staff in them, but the whole community. Further education colleges teach 4 million students and they are vital if the Labour government's commitment to lifelong learning is to be realised and if the so called 'new deal' is to contain quality training. This means that further education must be adequately funded.

Further education suffered devastating cuts in funding under the Tories. Hand in hand with this went the policy of 'convergence', this meant making all colleges funding equal despite local needs. The Tories also introduced the ethos of the market, a totally alien concept in relation to education.

The service has seen overall cuts of 12% in their agreed targets for funds since 1994. The number of colleges described as financially weak increased from 6% in 1994 to 27% in 1997.

It is true that the number of students has increased but the amount of resources devoted to each student has decreased by 34%. Staff have borne the brunt of the cuts with redundancies, pay freezes and being expected to work harder in order to service the increasing number of students. A Unison survey in January showed that only half the colleges had implemented the 1997 pay increase.

Convergence of all college's funds at the same level sounds fair until you examine the facts. The so called high spending colleges are those which have tried to address the increased needs of students in their areas, invariably inner cities, in

order to provide access to further education. The money is spent on student support, either financial or by providing services such as nurseries or learner support. Colleges with low levels of spending in these areas of service either don't have the same local needs or are ignoring them. The combination of funding cuts and convergence has also had an effect on wages and conditions. Across the board colleges are changing conditions and cutting support staff jobs in order to meet targets.

We believe that colleges should receive adequate funding based on local needs that enables the college to provide decent pay and conditions for all its staff.

Under the Tories colleges were taken out of the control of local authorities and changed into quangoes with built in business majorities which invariably rubber stamp the decisions of the Principal. Colleges are not accountable to the communities they are supposed to serve.

As a first step the students union, unions like Unison who represent staff in the colleges and community groups should link up and campaign for:

1. The return of further education to local democratic control.
2. An end to the funding methodology of convergence, replacing it with a system of funding that reflects local needs.
3. Restore adequate funding
4. No to the market ethos, restore the principle of a demand led service.

**Mike Hogan**  
**Liverpool**

# Tameside Care workers fight new contract scandal

Tameside Care Group was formed in 1990 to run elderly peoples homes on behalf of Labour controlled Tameside council. Previously they were run directly by the council.

In 1992/93 the firm claimed it was in financial difficulties. In a negotiated settlement existing staff accepted a wage cut and new starters were taken on at an even lesser rate. Since that time workers have not had a pay rise.

On 30th January 1998 the company issued notices to all employees terminating their existing contracts and offering new contracts from 1st May 1998. The new contracts reduced the hourly rate of pay, cut holiday entitlement and terminated the company sick pay scheme.

The pay reductions proposed by the employer would cut hourly rates for some employees to as little as £2.08 per hour.

Meanwhile the company paid its directors £141,145 in the year to march 1997. This dispute involves over 300 union members, most of whom are in Unison.

Donations should be sent to :  
**Tameside UNISON Hardship Fund,**  
**Unity Trust Bank, 4 The Square,**  
**111 Broad Street, Birmingham, B15**  
**1AR**

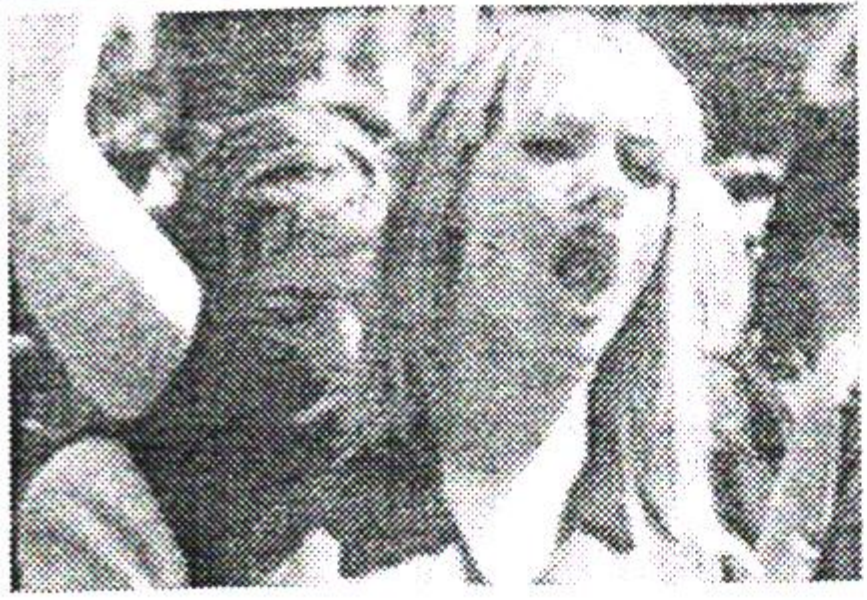
Messages of support to Noel Pine,  
Branch Secretary, Unison  
Tameside Branch, 29 Booth Street,  
Ashton under Lyne OL6 7LB.

## www.marxist.com

The *In Defence of Marxism* website, which contains a host of material from *Socialist Appeal* and it's associated publications has moved to a new site ([www.marxist.com](http://www.marxist.com)).

Also in the pipeline, the launch of the full online version of *Socialist Appeal*. See next issue for more details.





## Who's watching you?

A recent television programme stated that a person working in any large modern city can expect on a week-day to be recorded on video approximately 25 separate times a day. This may seem incredible until you consider how many shops and firms now have CCTV not to mention those used by the police for traffic control etc. In fact a person walking down Oxford Street can expect to never be out of sight of a camera either in the stores or in the street itself. In case you were wondering, the programme which revealed this was discussing the influence of Orwell's book 1984. So hello to Big Brother 1998 style.

## Telling The Truth

It is quite something for a bus company to tell the truth when it comes to justifying their actions. So well done to privateer Arriva for not beating about the bush when it came to explaining away why an important London bus route is to be cut. According to the Havering Yellow Advertiser, they proudly stated: "It's the same as in any other business. If there's no return they get chopped." No mention here of providing a service or working for the community! For them it's cash pure and simple—and this firm certainly knows about that. Last year Arriva's parent company Cowie made profits of over £100 million. Sounds like they are chopping all the way to the bank—but at our expense.

## Golden handshakes

Robert Peel resigned as Chief Executive of Thistle Hotels in November 1997 and left the group in February this year with a pay off of £718,000. Alan Bostock left Spandex the sign-making equipment manufacturer in April 1997 with "compensation" of £479,000. Keith Southwood did a little better out of the Alliance & Leicester demutualisation than your ordinary account holder. He left the company on the eve of its conversion with a golden handshake worth £346,000.

## Lift threat to benefits...

How many times have we heard the Tories and their mouthpieces in the press ranting and raving about the heinous crime of benefit fraud. They have claimed that this was costing us up to £1 billion per year. Well leaving aside the fact that this is a drop in the ocean compared to the massive tax evasion committed by the bosses, it isn't even true. The Benefits Integrity Project,

set up by the DSS to investigate claimants of Disability Living Allowance, has managed to uncover 70 possible cases of suspected fraud, after harassing 55,000 people. The threat to attack disability benefit must now be lifted, those Labour ministers who've joined the Tories attack on "scroungers" should apologise, and benefit levels should be restored to a decent level, without any more humiliating investigations.

# News

## Labour's Liverpool election debacle

**Labour have launched an inquiry into the devastating election defeat in May which brought the Liberal Democrats into power in the city for the first time in 15 years. A report in the Liverpool Echo of 30th May says that local MPs who have been called to give evidence, will probably conclude that the Labour council was not in tune with 'New Labour' ideas. However those seeking the real reason should consider the fact that shortly after the election defeat the NUT voted for strike action by 91% against compulsory redundancies arising from cuts made by Labour when they were in office.**

The election in Liverpool was an unmitigated disaster. Labour lost 45% of its vote as compared to 1996 and only 5.74% of the total electorate voted Labour. In one ward the Labour vote was actually lower than the number of party members. The total Labour vote in the city, which has five out of five Labour MPs was only just over 20,000. This compares unfavourably with over 90,000 votes gained in 1984. Even at its lowest point in the 1980s, Labour gained over 70,000 votes in 1986.

The question that now needs to be asked is why? Already various commentators have put it down to the fact that the Liverpool Labour Party was not 'modern' enough, was 'old' Labour. But these commentators also need to be examined. First of all there is Blair himself who has attacked various parties, then there is Nev Bann, defeated chair of the Education Committee and a leading Blairite. Both are clearly biased, and both share a lack of support amongst the Liverpool working class. Time and time again the sense of betrayal felt by many as regards welfare 'reform' and the failure to fulfil aspirations on the minimum wage and the health service have come across. Bann, who was heavily defeated in his own ward, was closely associated with the council's right wing policies.

The local paper, the Liverpool Echo, tried to say that the council was in the pocket of

the trade unions and yet the council had been responsible for cutting the terms and conditions of council staff including stopping sick pay for the first 3 days of sickness.

Liverpool is not the only place where the spin doctors have put an 'Alice in Wonderland' interpretation on the results. Both Sheffield and Islington, where Labour did badly, were described as 'old' Labour and yet both slavishly followed right wing policies.

The worst results were in some of the poorest wards in the city. Labour lost Netherley, Speke and Dovecot, which consist of large working class housing estates, confirming the warnings given by the left that so-called 'modernisation' was alienating the working class. Labour received only about a fifth of the vote it got in 1986.

### Comparison

The comparison with the 1980s speaks volumes. The plain fact is that Labour in Liverpool when it was led by Marxists and the left was never defeated at the polls. The 47 councillors, 49 including the two comrades who died, had to be surcharged in order to remove them. Later their co-thinkers elected in their place were suspended from the Labour Group for opposing rent rises and the implementation of the poll tax.

Labour's decline exactly mirrors the period when the national party took charge to unleash a witch hunt against the Marxists, the left and anyone else who beleived the council had a duty to defend the city against the Tories.

If natural Labour supporters had been mobilised around policies to improve their lives then the Liberal Democrats would have been easily beaten. But a woman interviewed in Speke said simply that she hadn't voted Labour as they had 'done nothing for the area.'

The big lesson of this election is that socialist policies win votes, right wing neglect loses them.

*by a Liverpool Labour Party member*



# Labour government letting coal down

In September, Silverdale—the last remaining deep coal mine in Staffordshire—will close. A personal tragedy for the 330 miners and their families. Most of those who work at Silverdale have only ever known the mines and many are in their 40s and 50s. They expect that the remainder of their working lives will be spent on the dole or on long term sick benefit. Stout reward for men who have worked twenty years or more down the mines.

The work itself is hard and dangerous and fear can never be too far away for any miner. In the Staffordshire coalfields during the last 150 years, over a thousand men have lost their lives. For these reasons it is a proud industry which at one time commanded respect from governments as generation after generation risked their lives in order to fuel the nation. Coal is our one natural resource and this industry was once the envy of the world.

## Political threat

However successive governments have seen coal and the coalminers as a political threat. In our 'get rich quick' markets, coal is also, so it seems, an economic liability and that is underscored by the misleading propaganda that 'coal is dirty but gas is clean'. But coal can be scrubbed clean! The technology exists but the research funding was abandoned by the last Tory government.

Since 1957 Staffordshire has lost some 21 pits with the loss of over 50,000 jobs. The last Tory government, in revenge for the strikes of the 70s, cut subsidies to the industry. In passing, let us note that it is called subsidising when its money from the government but investing when its money from the private sector. In 1992 much of the industry was declared by Michael Heseltine to be unprofitable in a 'free market' and he announced that Silverdale was one of those to be closed. The mine however survived in the hands of British Coal until the following year when it was announced that it would close on the 3 December 1993. The reason being that some economic guru or other had decided that financial and market pressures made mining there unviable. Around 600 miners were thrown on the dole. the pit was offered to lease in the private sector and a firm called Coal Investment PLC bought the lease until the year 2009. The government privatised the mine by the back door.

The company identified resources of 90

million tonnes (ie 90 years of work) and re-employed around 200 workers, obviously with new contracts. Miraculously, Silverdale was now able to find a buyer for its coal as the power generating industry decided that they would after all buy British coal. Something of a u-turn seeing as how a nationalised British Coal could not find a buyer.

## Financial trouble

Towards the end of 1996, Coal Investment PLC declared that they had run into financial trouble with the banks and were trying to sell the lease or face closure (ie 'take the money and run'). Silverdale underwent another change of hands with a management buyout lead by Trentham superpit manager Jim Sorbie. The future for Silverdale seemed brighter and the workforce was increased to over 300.

The first hint of any major problem came with the abandonment in October 1997 of a six month project on a new seam. Colliery manager Mike Arthur assured the press that the pit's current targets for the next five years would not be affected. Two months later the owners were writing to the government asking for clarification on current contracts to supply coal to the generating industry. In February of this year however, the owners put the pit up for lease. The deadline came and went. Without assurances from the labour government about the future of the markets for coal in the long term, no one was willing to invest in the industry. If this is the case then we should learn to see coal as a national resource for the benefit of all rather than as just another source of profit.

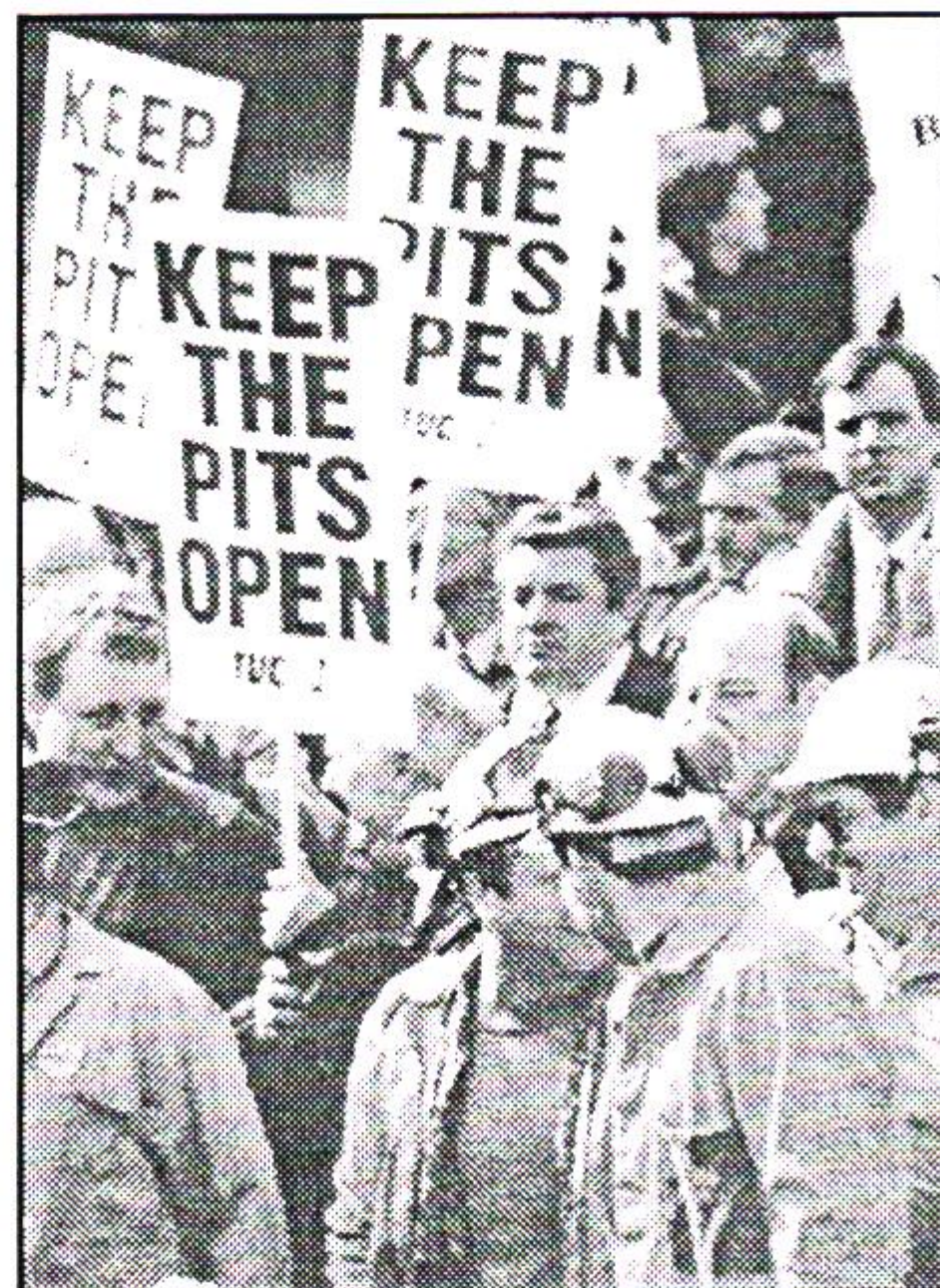
The government should be taking responsibility to ensure that this resource is not lost to the people. Coal will outlast gas and oil four to five times over. But to be used effectively, it must be used within the context of planning industry as a whole. But this would be a step towards a socialist solution, something this present government shies away from. If they had the necessary political will they would start by putting faith in the miners of Silverdale just as these same miners and their families put their faith in this Labour government. Renationalise the mines under democratic workers control!

*Chris Baddeley  
(Vice-Chair,  
Keele Labour Club)*

## Energy review offers little hope

Labour's failure, in the fuel review programme announced in June, to make satisfactory guarantees in relation to the coal industry has come as a big blow to miners and their families.

Although the proposals announced by Trade and Industry secretary Margaret Beckett will remove some of the measures which work against coal, the result will only stop at best the closure of up to 8 of the remaining 23 pits. The industry remains in the grip of the whims of private ownership and is facing a very uncertain future. Suggestions by Left MPs that all pit closures should be halted until a full review has been carried out were rejected by the government. A call that miners should at least continue to enjoy protection under the TUPE provisions on change of mine ownership was also not accepted. In short, we have been presented with an inadequate short term half-fix which totally fails to tackle the real problems facing the coal industry. Private ownership of the mines has proved a disaster and should be ended without delay. Ditto for gas and electricity. The privateers who, with the connivance of the last government, have helped wreck the pits should be thrown out without a penny compensation. This is the only way to save the pits and lay the basis for an integrated socialist energy policy in which all sections of the industry work together.





# Make a stand on union rights!



The failure of the new Labour government to deliver any meaningful reforms is causing growing frustration in the trade union movement. The nominal level of £3.60 that the minimum wage has been set at and the discriminatory level of £3.00 for 18 to 21 year olds with total exclusion for 16 and 17 year olds is pitifully low and will benefit very few workers.

by *Stuart McGee*

The 'Fairness at Work' white paper on employment rights gives some minimal reforms like lowering the qualifying period of employment before being able to apply to an industrial tribunal. However its insistence on 40% of a workforce having to vote yes in a recognition ballot, instead of a simple majority as promised in the manifesto, renders the task of gaining recognition very difficult. The exclusion of those in firms employing less than 20 workers is also quite disgraceful as it is precisely these workers who need a union most.

The government is clearly bending to the CBI agenda on both of these issues.

Just as bad, if not worse, is the decision of the government to stick to the Tory spending limits for the entire period of this parliament.

The cuts and attacks on public services that this will lead to means that the unions will be forced to act to defend the members interests. Already the government's continuation of the Tories policy of privatising public services through the private finance initiative (PFI) has led to confrontation between London Underground Management and the RMT with a series of one day strikes.

The annual strike figures for the last year of the Tory government were 1,303,000, this fell to 235,000 in 1997. The figures stand at around 70,000 for the first four months of 1998. With the railway maintenance dispute, the Essex firefighters dispute, and many other small disputes developing the figures are set to rise.

This reflects the general mood of give them a chance, but if things carry on as they are this mood will not last forever.

Already in the unions there are growing demands for action to remind the government of their obligations to those who elected them and those who helped to get them elected.

The United Campaign to Repeal the Anti Union Laws [which unites several campaigns including Reclaim our Rights] involves nine national unions. They are currently in the process of organising a mass demonstration

for 15th May 1999 to remind the government of their obligation to repeal the Tory Anti Union Laws and grant proper recognition rights on the basis of a simple majority.

Unison conference voted by a large majority in the face of strong opposition from the unions leadership to organise a demonstration against low pay and the level of the minimum wage.

Whilst such demonstrations, if organised properly, would be of enormous significance in relation to these two issues, demonstrations in and of themselves will be inadequate in relation to halting the continuing cuts and privatisation in the public sector.

When cuts, closures and privatisation leads to reductions in the level of service, job losses, and a worsening of wages and conditions there will be little alternative to industrial action if an effective campaign of opposition is to be waged.

Unfortunately there is a clear reluctance on the part of many union leaders to wage any campaign, take any action or say or do anything that may upset the government. As a result of this approach the government have become contemptuous of the unions.

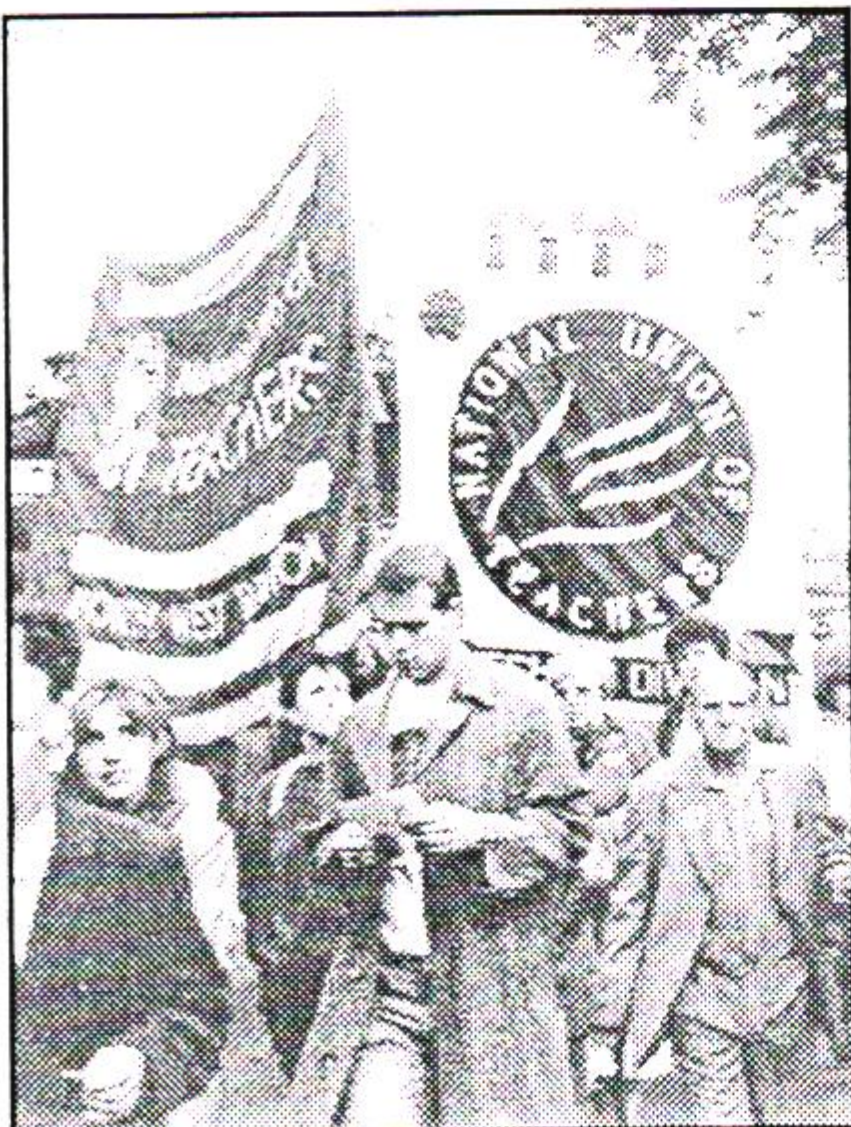
At Unison conference Ian McCartney, the Trade and Industry minister, lectured delegates and told them to 'stop whingeing' in relation to the Fairness at Work white paper and the minimum wage.

## Negative

At a TUC meeting on 24/6/98 McCartney told 500 senior trade unionists to 'ditch their victim culture and stop being negative about government proposals.' This aggressive attitude partly reflects Mr. McCartney's guilt, but more significantly weakness invites aggression, and the weakness of the trade union leaders in failing to stand up to the government is being graphically exposed.

Trade union leaders must change tack: social partnership, co-operation, a so called pragmatic approach is utopian.

The interests of big business and working class people are diametrically opposed. If Tony Blair and the government persist in acting on behalf of big business, the union leaders must make a stand. If they refuse to do so and continue to allow their members and workers in general to suffer the indignity of poverty pay, lack of trade union rights, cuts and privatisation etc. they will have to be replaced with those who will make a stand.





# Unison: build for national low pay demo

Unison's annual delegate conference took place in Bournemouth from the 16th to the 19th June. With 1.4 million members Unison is the biggest union in Britain and therefore the annual conference, as the supreme policy making body of the union, should be, a very significant event in the labour movement calendar. There were several major issues for debate. Clearly one of the most important was that of the introduction of the statutory minimum wage.

*by Steve Holmes  
Senior shop steward  
Blackpool Health Unison  
(personal capacity)*

The low pay commission had submitted its recommendations to the government some weeks earlier. Consequently Unison's national executive council [NEC] had submitted an emergency motion to conference and invited amendments to ensure that the debate wasn't centred around out of date motions.

## Minimum wage

The NEC motion welcomed the principle of the minimum wage being introduced, but quite rightly went on to criticise the inadequate levels that were being proposed, the discrimination against young people, the fact that no uprating mechanism was in place and that there were too many powers of discretion in the hands of the Secretary of State in relation to the application of the minimum wage.

The motion reaffirmed Unison policy for the introduction of a minimum wage set at a level initially of half male median earnings rising to two thirds with no exclusions or exemptions.

However the weakness of the resolution was in relation to what action was going to be organised to pressurise the government on this issue. The NEC resolution restricted itself to lobbying the government, submitting ongoing evidence to the low pay commission etc. etc.

Fortunately several branches had put amendments to the motion some calling for the strengthening of trade union representation on the low pay commission, one calling for Unison to submit one of its two resolutions to the TUC on the question of the minimum wage and the most significant calling on the union to organise a mass demonstration in the autumn on this issue.

The NEC opposed every one of these amendments but every one of them was passed on a card vote. The majority in the card vote for the demonstration was 205,000.

Over lunch the left were turning their attention to how to put pressure on to turn conference policy into a reality.

The problem was that this turned out to be premature. On returning to conference the president announced that the vote would now have to be taken on the NEC motion as amended and the NEC were recommending that the conference vote against. Technically this should not have caused a problem and a majority of around 205,000 for the motion should have been the outcome. This was not to be and the motion as amended was defeated by a slender margin of around 20,000 votes.

Clearly pressure had been applied and some delegates had been persuaded to alter their votes. The following day the government announced its decision to accept the low pay commissions recommendations with one very significant alteration, the rate for 18 to 21 year olds would only be £3.00 per hour. This was rubbing salt in the wound. At this stage Unison had no policy at all in relation to the governments position. As a consequence delegates ensured that the whole debate was reopened on the last day of conference.

This time the NEC supported the submission of a motion to the TUC but were still in opposition to the national demonstration. It was argued that it would not be successful, that a small turnout would mean the government would see our weaknesses and would therefore not treat us seriously in future and so on.

It was also argued that it was not the right time to call such a demonstration. As delegates argued from the rostrum if it isn't the right time now it never will be. The motion was passed with a majority of over 300,000.

If Unison were to name the day and the venue now it is entirely feasible, that, campaigned for properly, this could be one of the biggest trade union organised demonstrations for years. The build up to such an event would inspire workers everywhere and especially the youth who would begin to see the relevance of belonging to a trade union.

Unfortunately that seems lost on those now charged with the responsibility of implementing conference policy i.e. the same people who opposed it in the first

instance. In a situation like this speed is of the essence if an effective campaign is to be run. To date the silence has been deafening

Another major debate was the government's employment white paper 'fairness at work'. Once again, owing to the recent publication of the proposals the NEC submitted an emergency motion which was open to amendment from branches.

Baring a striking similarity in approach to the minimum wage motion from the NEC, this emergency resolution welcomed the limited steps forward proposed in the white paper. i.e. the reduction in the qualifying period from two years to one year before a worker can apply to an industrial tribunal for unfair dismissal, the right of representation by a trade union in a grievance or disciplinary situation, the removal of compensation limits for tribunal awards and so on.

The resolution then went on to make critical remarks pointing out that all workers should have employment rights from day one of employment including the right of recognition of the appropriate trade union for collective bargaining purposes if a simple majority wanted it and so on. Once again the weakness in the resolution was the fact that it limited itself to lobbying as the only form of campaigning.

Clearly the government will need a little more pressure than lobbying if the necessary pressure is going to be exerted to force Labour to stick to its manifesto commitments to give recognition on the basis of a simple majority. Anyone who believes that we would be able to force the repeal of the Tory anti union laws on the basis of lobbying is mistaken.

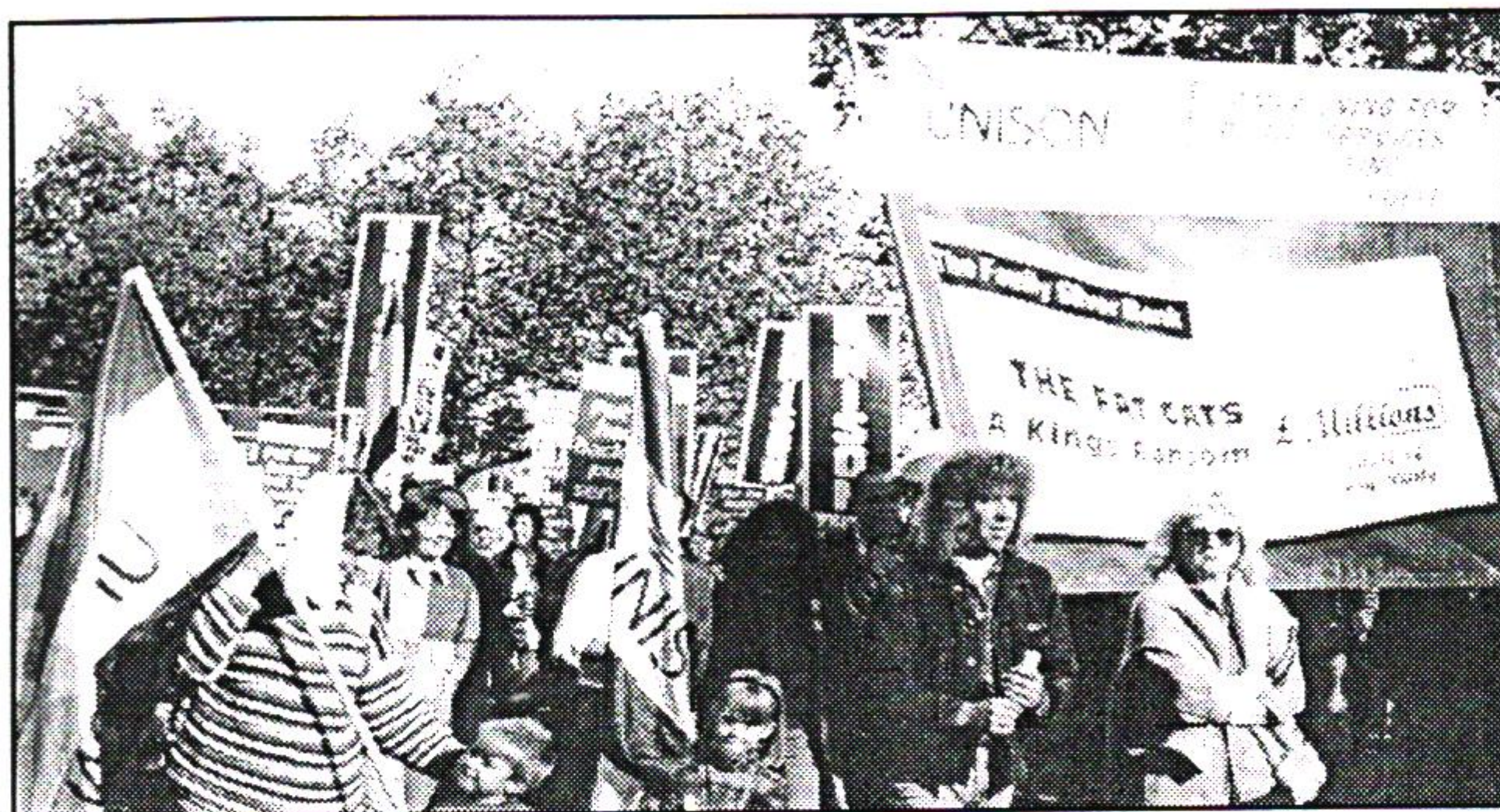
## Draconian

The resolution implicitly acknowledged that Britain has the most draconian anti union laws in the industrialised world when pointing out the need for 'a coherent framework of individual and collective rights such as those contained in the International Labour Organisations conventions and International Human Rights Instruments'.

It is completely utopian to believe that this situation can be reversed and the right to take industrial action including solidarity action, can be won by one union alone even if it is as big as Unison.

The left therefore had a motion submitted calling on Unison to affiliate 'to the United Campaign for Trade Union Rights [formerly Reclaim our Rights and Free Trade Union Campaigns] in recognition that this cam-





campaign is a broad based movement attracting wide support from the labour and trade union movement.'

In a most acrimonious debate representatives of the NEC adopted, quite unnecessarily, a hostile red baiting attack on the United Campaign, vilifying individual trade union leaders like Arthur Scargill, attempting to depict the campaign as sectarian.

The campaign has 9 national unions affiliated to it and is conscientiously run on a non-sectarian basis. The red scare was a red herring designed to divert attention away from the real issue. Clearly the logic of uniting the unions in a campaign to repeal the Tories anti union laws is unanswerable. Unfortunately the tactic employed by the NEC had the desired effect and the left's amendment was defeated.

### **Campaign**

Clearly the task for the left now is to try to get branches and regions committed to supporting the campaign in the build up to the national demonstration that is planned for next May.

Ironically the two issues that will directly affect the overwhelming majority of Unison members over the next few years were not the subject of significant controversy at this stage.

Both the Private Finance Initiative and the Best Value pilot projects are opposed by the overwhelming majority of Unison activists, national and regional officials, the NEC and just about everybody in the public sector who has any idea of what these methods of privatising public services are really about.

PFI projects in the health service, local

government and public services like the London Underground all follow basically the same format.

Consortia of private firms raise finance to build or upgrade schools, hospitals, railway stations or whatever. The loan, the interest on the loan and a guaranteed profit level is then paid to the consortium and staff in certain services are handed over to individual firms involved in the consortium or their subsidiaries. Attacks on wages and conditions then follow to further increase profit margins.

The Best Value pilot projects are a different version of the same thing. Initially there was union support for the concept of Best Value. It was meant to replace Compulsory Competitive Tendering and the idea was that service users, the workforce, and elected councillors would look at how services were run and seek improvements.

Firstly compulsory competitive tendering is still in operation while the pilot projects in selected authorities are under way. Unison members still have to suffer the indignity of tendering for their own job every few years.

Secondly there is little or no involvement of the workforce in the consultative and planning aspects of Best Value. Significantly there isn't even a recognition that a directly employed, decently paid, properly trained, highly motivated workforce is more capable of providing an effective and efficient service.

But on closer examination it gets worse, the ultimate test of whether *best value* is being provided is comparing how the service would stand up to competition.

All council services will be subjected to *best value* testing over a five year period. Furthermore, just to rub salt in, there has

to be improvements and savings made on a year by year basis.

At this stage a campaign needs to be mounted to alert Unison members and the public in general as to the realities of PFI and Best Value.

However the time is fast approaching for a more serious approach to be adopted. In the coming months and years it is clear that individual branches will be involved in industrial action as the effects of local PFI schemes and Best Value pilot projects hit home.

Leaving individual branches to fight alone proved absolutely disastrous in the 1980's in relation to Compulsory Competitive Tendering. Many hundreds of thousands of public service workers either lost their jobs or had their wages and conditions cut.

We must not make the same mistake twice. Sooner or later the question of national action will have to be on the agenda.

### **Union democracy**

Another major issue debated at the conference revolved around internal union democracy. Over the last year there have been a number of disciplinary actions against individuals on the left and on left wing branches.

In a clear attempt to curtail the ability of the left to organise internally in the union a motion and amendment was pushed through with the support of the unions leadership, the most significant part of which read 'that it was not permissible for branches to fund organised factions within the union with declared aims and objectives or separate constitutional structures and/or set up to support particular candidates in elections.'

Rather than using these organisational methods to curtail democratic debate, the leadership should be fulfilling its mandate from conference, organising and building effectively for the national demonstration against low pay and the level of the minimum wage. That's the only way forward for the union.

✧ **For a minimum wage set initially at half male median earnings, £4.61, rising to two thirds, £6.91, with no exemptions**

✧ **No to PFI and Best Value**

✧ **For full trade union rights from day one of employment**

✧ **For open discussion: no witchhunts!**



# Minimum wage plans discriminate against young workers

On Thursday 18th June the government announced the rates to be applied for the minimum wage. £3.60 per hour, a reduced rate of £3.00 per hour for 18/21 year olds and total exclusion for 16/17 year olds. For 18/21 year old this wasn't even the level recommended by the Low Pay Commission.

At Unison conference the Welsh Youth Forum of the union issued the following press statement: 'Young people in the largest trade union in Wales are appalled by the government's proposed minimum wage announcement. Whilst Unison welcomes a minimum wage, young members believe that the proposals are fundamentally flawed. The government has created a safety net containing gaping holes.'

The chair of Unison's Youth Forum in Wales, Rob Lynch said 'The government has made great play of fairness at work. The complete exemption for 16-18 year olds from these proposals and a reduced rate for 18-21 year olds will reinforce discrimination in the workplace. Unison young members in Wales will continue to vigorously campaign to end the exploitation of young workers.'

Socialist Appeal interviewed Darron Dupre, the secretary of the Welsh Health Common Service Authority Unison branch and delegate to the Welsh Youth Forum.

**SA:** Could you explain what the Welsh Youth Forum is.

**Darron:** Yes, Unison is trying to develop a youth section in the union which will involve having a youth forum in every region in Britain. In Wales we have set up a forum which at present comprises of 8 young Unison members.

**SA:** What activities has the Welsh Youth Forum been involved in so far?

**Darron:** We are at an early stage at the moment, we have had several meetings so far and discussed several issues. We have come to the conclusion that the key issues affecting young people are the minimum wage and the New Deal.

**SA:** Where do you go from here?

**Darron:** There are several activities planned including meetings in various locations on the above subjects. We are also planning to have a stall at the Eisteddfod. The idea is to try and draw more young members into the activities of the youth forum and to encourage young people in general to join trade unions.

**SA:** What is your reaction to the government announcement on the minimum wage.

**Darron:** It's insulting, its discriminatory against young people. Although the government claims up to two million people will have their pay lifted, in reality, it will only help the very lowest paid.

At this point in the interview Claire Daniel, who is the Wales regional delegate to Unison's National Youth Forum, intervened pointing out that 'what the government had done was statutory discrimination against young people.'

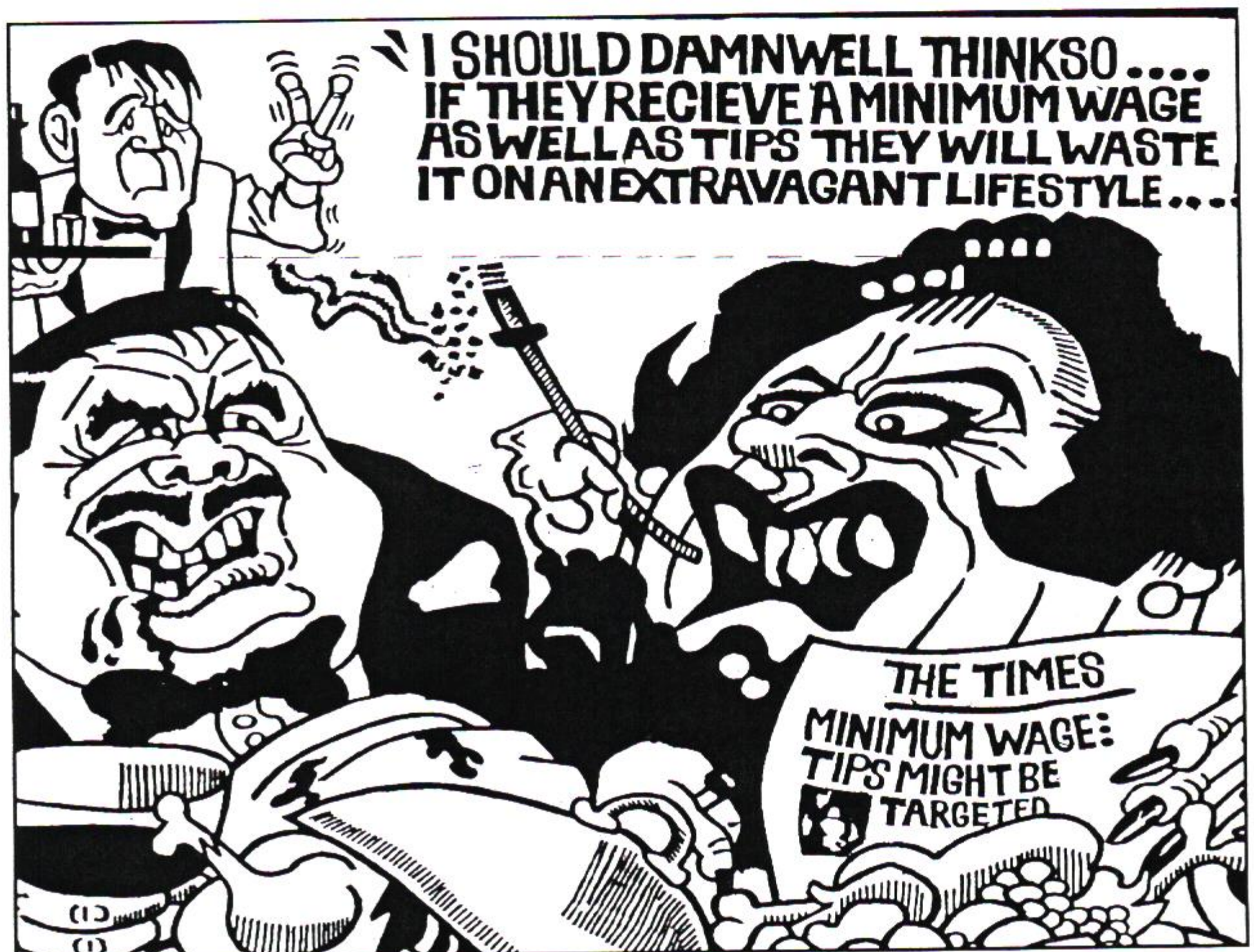
Darron drew everyone's attention to the fact that if the wages councils had not been abolished by Thatcher their mini-

mum rate would have stood at £3.85 per hour. At this point Rob Lynch, the chair of the Welsh Youth Forum, joined us and reminded everybody of the fact that nobody on the low pay commission had any experience of low pay themselves.

**SA:** The government, big business and the low pay commission all speak of the dangers of rising unemployment if the minimum wage is set too high, what is your view on that.

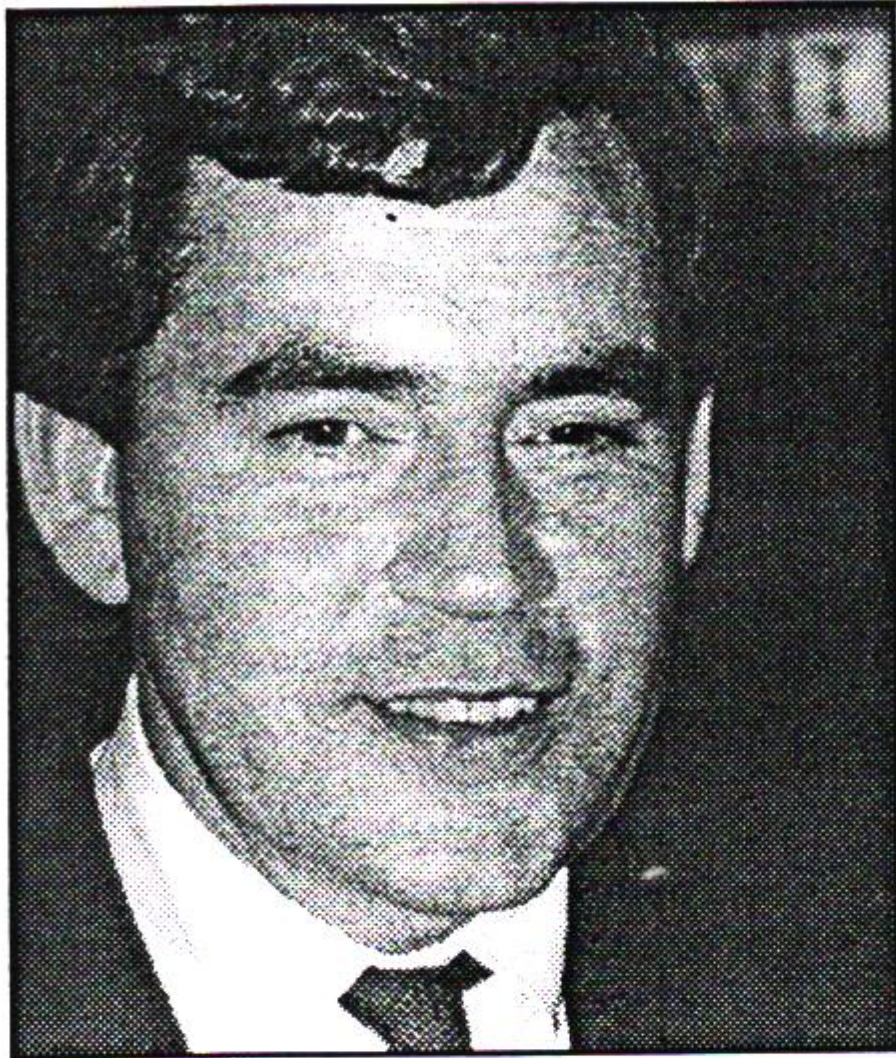
**Darron:** If that were true then why did we have record levels of unemployment under Thatcher at the same time as wages and conditions were being driven down all the time.

Unfortunately the interview had to be cut short because the afternoon session of the conference was about to start. Up for discussion was the possibility of putting a motion to the TUC on this issue but far more importantly a debate on whether Unison should call a national demonstration over this issue.





# Labour's economic policy exposed



Labour's economic policy is now clear. For one whole year, Chancellor Gordon Brown and the other Labour leaders have said that they were tied down by the election promise not to raise income tax rates and not to spend any more public money than the Tories. As the budgets for 1997-99 had been fixed by the Tories before the election, New Labour could do little more than follow the Tory plans. But all would be different in the final three years of New Labour's rule before the next election, no later than 2002.

by Michael Roberts

In June Gordon announced Labour's public spending plans for the next three years. What would be his main aim: to improve a badly underfunded National Health Service? To boost spending on teachers, nurses and social services? To restore public transport services to something that works and does not cost the earth?

No - none of these things. The most important thing for Gordon was to announce that Labour would be achieving surpluses on its budgets. In other words, a Labour government would be trying to tax people more than it spends - to the tune of £30bn over the years 1999-2002.

So if any surpluses were not to be spent on better public services, what would they be spent on? The answer from Gordon, New Labour's Iron Chancellor, was clear. It would be used to reduce the national debt.

What is the national debt? It is what the government has borrowed over the decades from the bankers and capitalist institutions to finance public spending over and above tax revenues. Most of this debt was built up in two world wars to build tanks and weapons. You see the capitalists did not make these weapons for free. During the war they were paid handsomely for their workers' skills in making weapons to defeat the Germans. After the war, huge defence spending continued to the level of 6-8% of annual production on such things as nuclear bombs and aircraft and later missiles like Trident - still in service now. Governments (mostly Tory) borrowed to pay for all this.

Every year the interest on this debt is taken from the public purse and handed

over to the capitalist institutions. Gordon's aim is to cut that debt back from around 42% of GDP now to 38%. Yet the UK government's public debt ratio is one of the lowest in Europe. Even Germany's is much higher. But it seems that paying the capitalists their dues is more important to New Labour than better housing, schools, hospitals and transport for the people who voted for Labour.

The other great pledge coming from Gordon is that spending on the wages and conditions of teachers, nurses, civil servants and soldiers will not be allowed to exceed tax revenues. So there will be no new borrowing to improve the lot of those who keep the welfare state going. As Brown is still committed not to raise income tax rates, that means better wages can only come from faster growth in the economy or from higher VAT or national insurance contributions or from privatisation.

## Public spending

And here is the most startling figure of all. Public spending will grow by 2.25% a year after taking into account inflation for the next three years. That's less than the expected overall growth of the economy over the next three years. So public spending as a share of total national expenditure will fall under Labour! Even the proposed spending increases are illusory. As there has been no real increase in the first two years of a Labour government, that means that over the life of this parliament, public spending will rise by just 1.5% a year. That's less than the Tories raised it in their last parliament!

Even this paltry figure is objected to by the capitalists. They argue that if you exclude the interest payments on the national debt and on unemployment, then spending on the welfare state will rise by 3% a year - too much! Of course, paying interest on debt is necessary for the capitalists, while higher wages for nurses is not.

Gordon does plan to spend more on public investment. Spending on new schools, hospitals and transport will rise to a magnificent 1.5% of GDP by 2002! But it will not be financed by taxes and only partially by extra borrowing. No, it all depends on selling off more of the nation's assets - the air traffic controllers, local authority property and even (it is rumoured) the post





office, are to be sold off. Tory asset stripping is to be continued under New Labour.

But even this spending depends on the British capitalist economy growing fast enough over the next three years. Tony Blair and Gordon Brown have the very feeble target of just 2.25%-2.5% real growth each year in mind. With the economy presently nipping along at a 3% rate, all would seem to be well.

But not even the capitalists believe that. The OECD, the international capitalist club, has just published its forecast of future UK economic growth. The OECD expects only 1.7% this year and just 1.8% next year. And those forecasts were before the Bank of England, freed by Gordon to set interest rates without any democratic control, raised rates yet again to 7.5%, one of the highest levels in the EU. Mortgage rates rose again and British industry was again squeezed by higher costs of borrowing for investment and by a stronger pound pushing up export prices and making it even more difficult to sell abroad.

The result has been that the boom in the UK economy is over for manufacturing industry. Manufacturing output and investment is now falling and for the first time in this economic cycle unemployment rose in May. It's true that in the services sector, namely banking, finance and tourism, output continues to rise. Indeed, wages in the private sector and services rose over 5%, while public sector workers have had increases of just 2.5%. But much of this increase is due to the bonuses received in

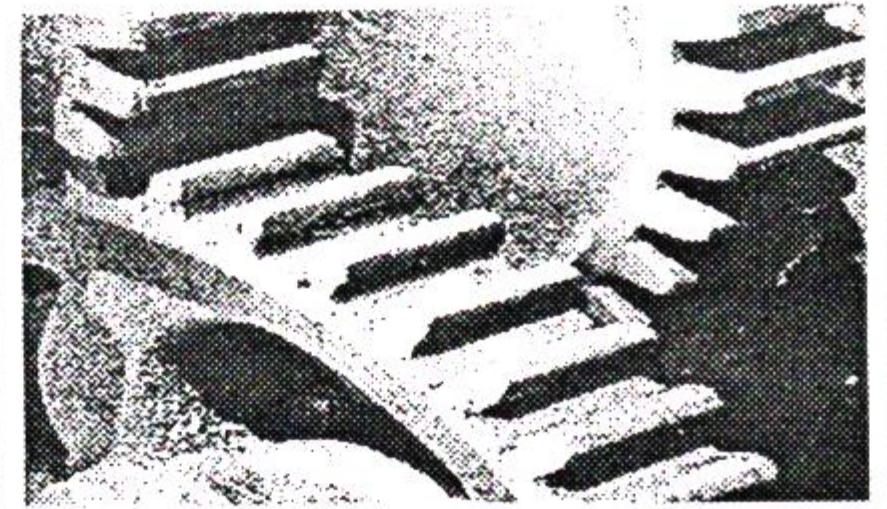
the City of London and in the big companies among middle ranking executives. Strip that out, and wages are up only 4%.

Manufacturing profits are being squeezed by slower productivity growth, rising wages and poor sales abroad. All the old signs of bust are appearing in this boom. Inflation is on the up, now rising up 4.2% a year. And the UK's balance of payments with the rest of the world is getting worse. The deficit on payments rose to £3.2bn in the first quarter of this year compared with a surplus in the last quarter of 1997. And manufacturing orders fell to their lowest level for five years. The deficit on manufacturing trade with the EU rose to £1.6bn in May.

### Stagflation

Britain is going back to stagflation: stagnation in production alongside inflation. So the Bank of England will keep interest rates high to try and control inflation, thus driving the productive sectors of the economy deeper into recession.

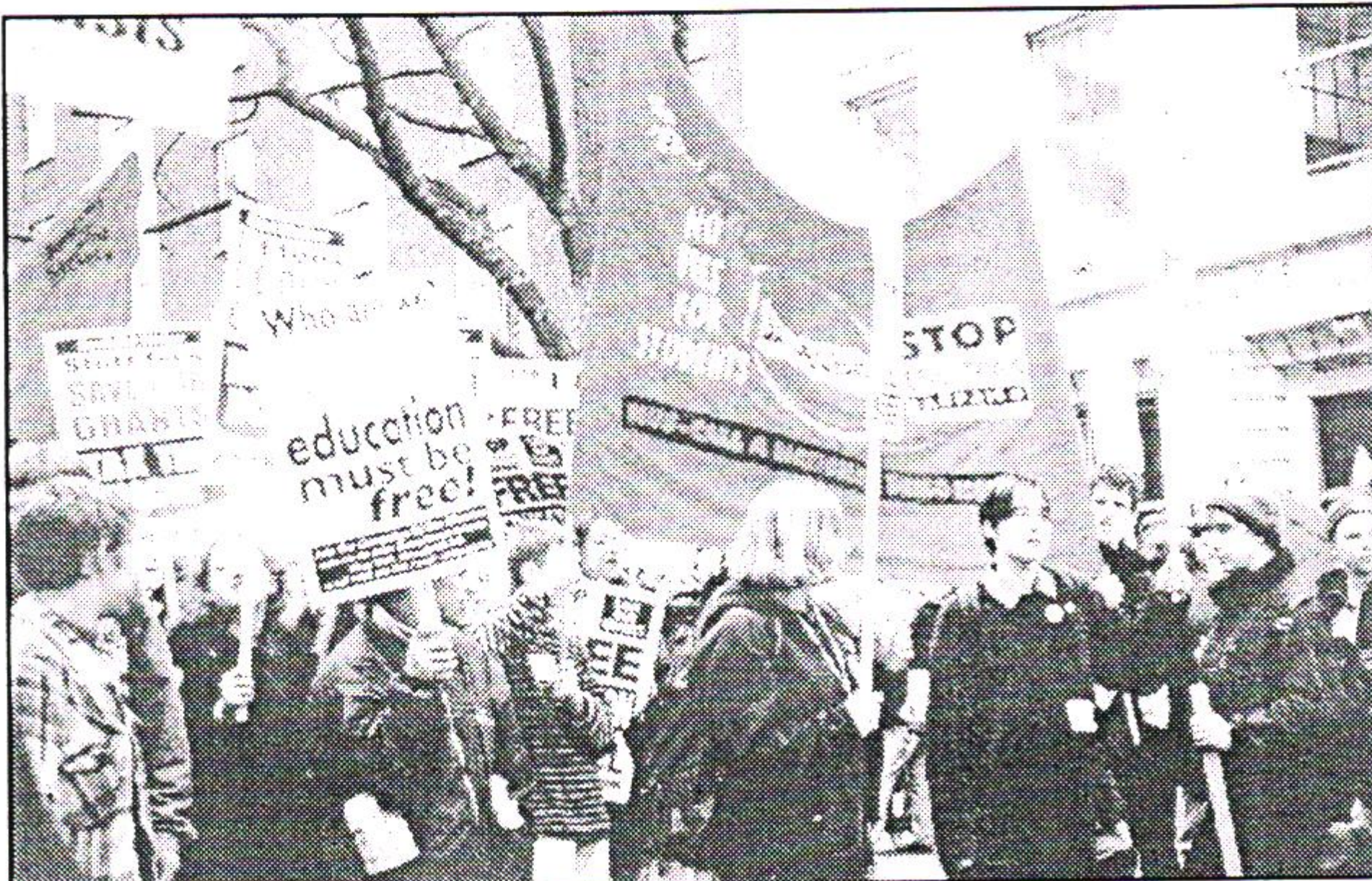
In such an economy, all the plans of mice and men (and Gordon Brown) will come to nothing. If the economic growth is not there, then even the very modest plans for better public services that New Labour has got will not happen. On the contrary, Gordon's goals are likely to be in his own net. The answer from New Labour will be for more cuts in spending as Gordon tries to preserve his 'balanced budget' over the needs of working people.



○ A recent survey by the Health and Safety Executive found that 2 million people suffer from work related illnesses. As a result almost 20 million working days are being lost each year. Muscular disorders top the table, including RSI and back pain, affecting 1.2 million people. Next, and often directly linked comes stress, severe enough to make 500,000 people ill. According to the TUC, this accounts for nearly 6 million working days a year being lost, at a cost of more than £5 billion to the economy.

○ In the first quarter of 1998 Britain's trade in goods fell into the red by £4.7 billion - the highest figure since the months leading up to the last recession in 1990. While still maintaining a surplus in oil of £4 billion, manufactured goods are in deficit by £8 billion, food and drink by £5 billion, there is a deficit in shipping and aviation. A part of these deficits is covered by a surplus in financial services of £4 billion in each of the last 6 quarters. Management consultancy is particularly strong, Britain's capitalists obviously living by the slogan "Do as I say and not as I do." The growing strength of the City cannot completely disguise the lack of industrial capacity. 2 grinding recessions in 20 years mean that manufacturing output in 1998 is only fractionally higher than it was in 1973 - and a new slump looms.

○ Top paid directors are doing well under a Labour government. According to an Institute of Management survey, they enjoyed average pay rises of 10.2% in the year to January 1998, compared with 7.9% in the previous year, while average earnings rose by just 4%. The average director is now 48 years old and earns £93,787 a year. Just over a quarter earn more than £100,000 a year, and 3% earn over £250,000.





# US economy heading toward slump

Here's a prediction. The US economy is heading for slump. By the end of this year, that reality will start to emerge behind the smoke and mirrors of stock market exuberance and big business bluster. Since 1945, all world slumps have started in the US. This time will be no exception. Europe is just beginning to pick up steam. Its budding boom will be cut off by the frost of the American recession. Japan and Asia are already freezing. Before the millennium is reached, the world will be ice. At the moment, there appears to be no cold weather on the horizon for the US economy. On the contrary it looks like a hot summer ahead.

by Michael Roberts

Last month the US government reported that the economy was growing at 4% a year even after taking into account inflation. Indeed, prices in the shops were rising at only 2% a year, and at the factory gate they were actually falling! At the same time, the official unemployment rate was just 4.3%. And the number of people out of work for longer than half a year had fallen to just 900,000, 50% less than three years ago. With mortgage rates steady, house building has reached record levels, at least for the 1990s. Adding wages, hours worked and jobs together, then the overall income going to the American working class is rising at near 4% a year even after inflation.

President Bill Clinton has echoed the words of Harold Macmillan, the Tory prime minister of the good old days of the 1950s, who said once to the British working-class:

"you've never had it so good!"

And the good news has been expressed in a wave of buying in the shops. And of course, the great idol of American capitalism, the stock market, has boomed. US stock prices are up over 50% in just two years. Nothing has been seen like it since... the 1920s.

And here is the rub. US capitalism is in the same wave of euphoria last seen 70 years ago. And as my Scottish grandmother used to say: "You mark my words. It'll all end in tears".

In the UK, at the dinner parties of the chattering middle-classes, contrary to their claims, the main topic of conversation has never been culture (the theatre, the opera or good books) but money, in particular, the value of their houses. Were their investments in real estate still going up?

## Stock prices

But in the US that same money talk is no longer about house prices but about stock prices - "how are my shares doing?" Now any self-respecting American money earner with something to spare is betting on the stock market, mainly by investing savings in a personal retirement account (similar to the so-called PEPs in the UK), which in turn is given to a money manager to invest through what are called mutual funds. So big has been the flow of money into mutual funds been, that for the first time in American capitalist history, these mutual funds have more savings in total than all the American banks.

The American middle classes are speculating with their life savings in a big way. Now something like 40% of the average American household financial assets

(that's savings outside the house they own) is invested in Wall Street. So far, it's been a bonanza! The Dow-Jones, the main stock market index was under 7,000 just 18 months ago. Early in 1998 it reached 9,400. Some small investors in Arizona were so enthused that they have formed a club - the 10,000 club - which aimed to celebrate when the Dow Jones reached that figure - by Xmas 1998, they hoped.

But that avaricious dream is beginning to turn into a nightmare. The Dow has stopped rising. Indeed in recent months it has fallen back to 8,700. Not disastrous, but it's treading water. More money is being poured into the market but each wave of cash seems to have less and less effect on stock market prices. What's happening?

The reality is that beneath the sunny exterior of US capitalism, the old mole of the capitalist cycle is working away at undermining the surface strength of the economy. The boom of the 1990s has been based on three key factors: a huge rise in profitability; very low interest rates and fast rising global trade.

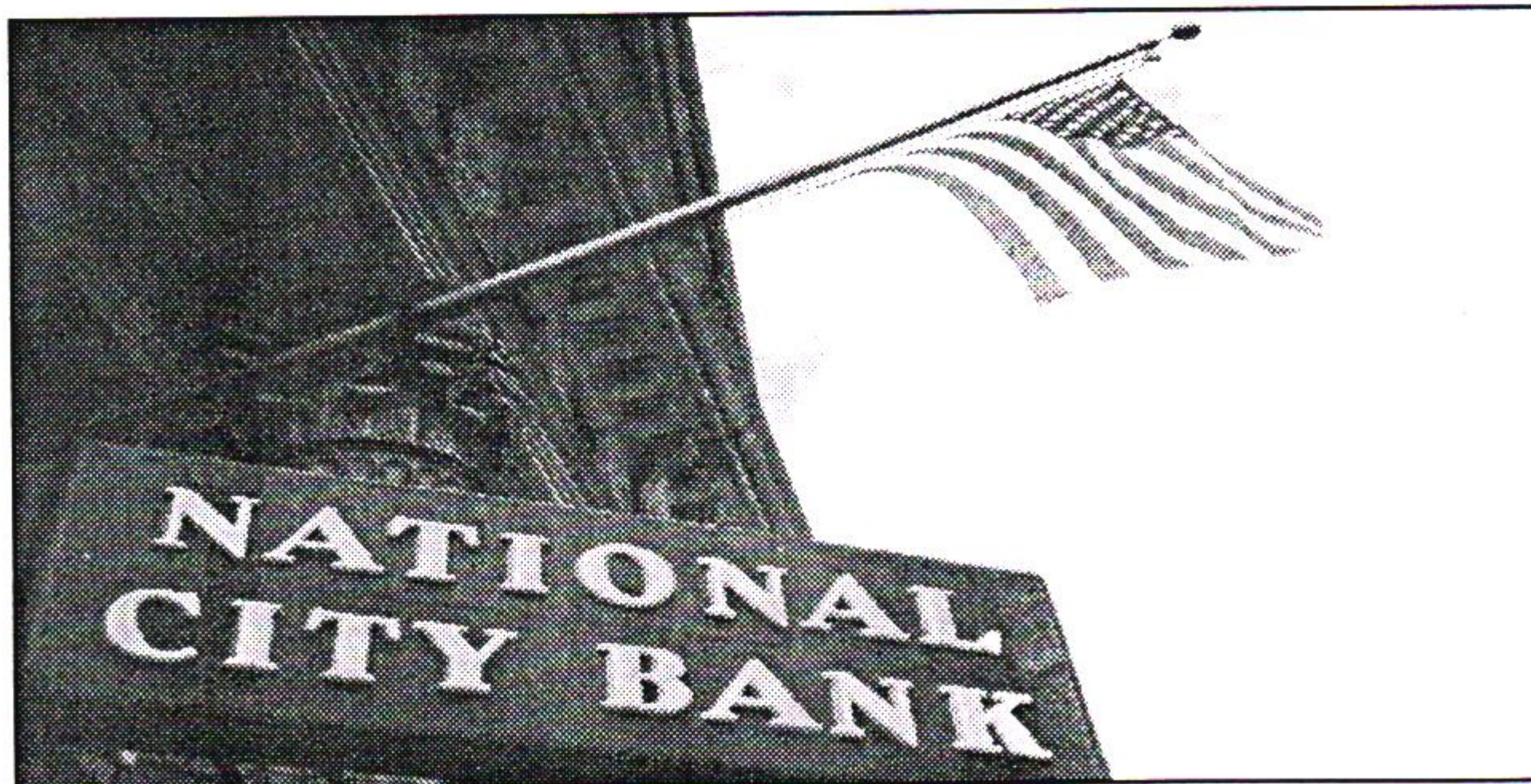
Profits have been rising by 15-20% a year for the last four years. The rate of profit has now reached a level not seen since the late 1960s. This profits boom has been based on three factors. First, the US dollar hasn't been stronger for years. Since April 1995, it has appreciated against the Japanese yen and the Deutschemark.

## Computers

As a result, the cost of importing semiconductor chips, computers, electronics, oil and a host of other essentials for industry and households alike has fallen. That has kept industry's production costs down.

And it has forced American labour to accept lower wage increases. While real wages for the average worker have hardly risen until recently, productivity has rocketed. The high unemployment in the early 1990s enabled US employers to whip their workers into shape. 'Downsizing' the labour force came along with the replacement of workers with machines, particularly new information technology. Investment in information technology hardware has risen at a rate \$220bn a year.

As a result, overall investment in what Marx called constant capital shot up at





8.5% a year, a pace not matched since the 1960s. But because the price of each unit of new technology kept falling, the overall cost of this constant capital did not rise as fast as the cost of living labour (variable capital). So the organic composition of capital (the cost of machines over labour) fell and profitability rose.

Workers wage rises were restrained by the fear of losing their jobs. And the workforce was made to work longer and harder. In 1973, the average US worker put in 41 hours a week. Now he or she works nearly 51 hours a week on average! The American worker is slave to his or her computer. No wonder labour costs per unit of production shrank back and profits accelerated.

Inflation died away during the huge recession of 1990-92. It did not come back in the mid-1990s because of the strong dollar and low labour costs. That meant that the bankers could afford to keep interest rates on borrowing low and still make a fat profit. Low interest rates always benefits the productive capitalist employing workers to make real things that people can use. If borrowing money is cheap, then capitalists will invest.

### Surplus value

With finance capital taking a smaller share of the overall surplus value created by American workers, American corporations built up huge piles of cash to invest or to buy other companies with. There has been an unprecedented burst of takeovers, as capital centralises even more.

World trade continued to boom during the 1990s. Growth in trade averaged 6-8% a year. But most important, American capitalists re-established their hegemony in world markets as their superior technology kept costs down and because Europe (until very recently) and Japan remained in stagnation. As American industry reaped super-profits from exploitation abroad, the Mexican crisis of 1995 and the collapse of the Asian miracle in 1997 only seemed to confirm American capitalism's omnipotence.

But the stock market has stopped its meteoric rise because the first signs of the end of the American boom have appeared. The traditional capitalist cycle goes like this. First after the slump, labour is plentiful and cheap. Many capitalist



competitors have been liquidated, so those capitalists left can earn quick profits. That reignites growth. Interest rates are low so capitalists start to borrow to invest. Growth accelerates and eventually increased jobs and rising wages boosts consumption. Now the boom really gets under way.

But later, the capitalists start to over-invest, while productivity slows because there are diminishing returns on each new investment and wages are rising faster as the spare capacity in the labour force (what Marx called the reserve army of labour) gets used up. Then profitability starts to drop. Inflation picks up and with it interest rates. Capitalists are over-extended. They start to cut back on investment. Production slows and then drops sharply. Workers get laid off, stop buying goods and the crisis of production begins.

The first signs of this late stage of the cycle are now to be seen. The stock of goods unsold is beginning to build up in the factories. The level of unsold goods reached \$77bn in the first quarter of this year compared with \$65bn in the last quarter of 1997. May's figures suggest it has reached \$100bn. Manufacturing output has slowed as a result, to just a 2% growth rate compared with 4% in March. It will stop altogether this summer.

Above all, the profits squeeze is on. In the first quarter of 1998, earnings from the top 500 US companies were 2.4% lower than the same time last year. And the fall is accelerating. And world trade is no longer coming to American industry's rescue. The Asian crisis has made it much tougher. Export volume growth was rising

at over 10% in 1997. Now it is in outright decline. The US payments deficit with the rest of the world is widening. The shortage of labour would normally force up prices and interest rates. But the weakness of world prices, particularly imported oil and other goods, because of Asia's collapse is holding factory prices steady. Otherwise it is clear that the boom is nearly over.

As night follows day, falling profits and slowing growth can only mean a collapse in stock market prices. The US market has continued to hold on in wave after wave of euphoria. Just as in the 1920s, rational calculation has given way to the blind belief that the market can only keep going up. A recent survey of American investors found that they expected to earn an annual 20% on their investments in the stock market. The average for the last 100 years has been just 5%! The forecast increase in profits this year is just 3%.

### Corporations

Up to now those poor figures have not appeared in the results of most American corporations. Profits have been artificially kept up by raiding workers pension funds, cutting back on pension contributions and paying wages in stock options rather than cash so it does not appear in the profit and loss account. And the government has obliged by cutting taxes. But these tricks cannot last much longer. Eventually, companies will start to admit slowing or even falling profits. When that happens, then investors will pull out. The market will crash quickly. The big freeze is coming.



# In the grip of poverty and debt

How many pictures of death and famine do we have to watch. Only 18 months off the new century, amongst the litter of reports and articles on the new high tech 'global culture,' we witness another famine. This time it's Sudan.

by Alastair Wilson

The media bring us a host of pictures, articles and special reports. The aid organisations vie with each other for our cash. They seem to live off each other, uncovering the worst areas of death and poverty, bringing them into the public eye, then campaigning for the cash to help alleviate the problems. Does it really make any difference, or are their deeper causes and problems to be dealt with?

Famine seems like a visitation from another age. It is hard to comprehend what is really happening. Natural disaster, 'act of God,' mismanagement, corruption, civil war: the media is quick to offer up a host of reasons. But the

real causes go unmentioned.

In the sub Saharan country of Mali the average person 'lives' on less than 50 pence per day, yet each and every one of them owes about £205 to the bankers of the worlds richest countries. What do these sorts of figures mean for Mali. Life expectancy of 43, two thirds of the population with no access to clean water and 80% illiteracy amongst women.

The picture can be repeated across Africa. In Niger, one in three children will die before they reach the age of five from hunger, measles, diarrhoea or meningitis. In a country of ten million people, just over half a million children will die before the year 2000, mostly from easily cured diseases. Yet Niger has to pay British banks alone around £750,000 to service a debt of £8 million. If Britain cancelled the debt for just a year the money could finance the inoculation of three quarters of a million children against the killer diseases.

The recent G8 summit discussed the huge problem of debt relief. But did nothing. The position adopted by the Commonwealth finance ministers meeting, and supported by Gordon Brown, of 'meaningful debt relief by the end of the century,' has now been downgraded by the G8 to one of taking 'the policy measures needed to embark on the process as soon as possible.'

## Debt relief

Looking at the pictures coming out from across sub Saharan Africa how soon will 'as soon as possible' be. The IMF and World Bank are linking debt relief, through the Highly Indebted Poorest Countries initiative (HIPC), to programmes of 'structural adjustment.' In other words do as we say or risk sinking further into a morass of debt. 'Structural adjustment' means 'liberalising' your economy, opening it up to the west, privatisation and reducing state budgets. To qualify means at least three years of budgetary austerity. Like some sick joke the world's bankers ask the poorest countries in the world for 'austerity.' Even these harsh measures were not agreed unanimously by the wealthy nations with Germany, Japan and Italy reluctant participants, believing that debt relief on even this scale could weaken the 'financial credibility' of the World Bank and IMF. This is somewhat rich given that Germany was the recipient of one of the worlds biggest debt write-offs in history in 1953.

Where there's a will there's obviously a way. But today there is little will to lift the huge burden of debt that slowly strangles the worlds poorest countries.

The cries for 'austerity' in the world's poorest nations mean more suffering for the poorest in those societies. It is not those who owe the money that will suffer, but those who work in the towns and countryside, who try to scratch an existence from the land or who live in the vast urban jungles across the developing world. Noam Chomsky, writing in the Guardian recently, pointed out that 95% of Indonesia's foreign debt of \$80 million was







owed by a mere 50 individuals, not the 200 million other Indonesians who would be at the brunt of the 'austerity' measures brought in by the IMF's 'rescue package.'

*'The old fashioned idea is that responsibility falls upon those who borrow and lend. Money was not borrowed by campesinos, assembly plant workers, or slum dwellers. The mass of the population gained little from borrowing, indeed some often suffered grievously from its effects. But they are the ones who bear the burdens of repayment, along with the taxpayers in the west - not the bankers who made the bad loans or the economic and military elites who enriched themselves while transferring wealth abroad and taking over the resources of their own countries.'* (Noam Chomsky)

So under capitalism the mass of the population in the world's poorest countries face either a life in the grip of poverty and debt or a life in the grip of poverty and debt relief. The so-called 'hunger gap' will always exist.

### Depression

Debts can and have been cancelled in the past. Germany we've mentioned. Britain, France and Italy defaulted on their debts to the US in the depression of the 1930s. When the USA took over Cuba last century they immediately cancelled Cuban debts to Spain on the grounds that the burden was 'imposed upon the the people of Cuba without their consent and by force of arms.' So what's different today?

'Meaningful' debt relief is not an option in modern global capitalism. Much of capitalism over the last couple of decades has been all about debt and speculation. In 1970 90% of 'cross border' transactions were related to the 'real' economy (ie. trade and long term investment) but by 1995 95% of transactions were speculative, and most of them, 80%, were short term with a return time of a week or less. So capitalism is built on debt, and the poorest will continue to suffer so that 'confidence' can be maintained in the whole global financial structure.

So if 'meaningful' debt relief under the present economic regime is not an option, can we start solving at least some of the worst problems with aid? Much of the world's governmental aid is tied up with so many strings that is almost worthless. Look at Clinton's recent visit to Africa, where he was quite open about US imperialism's intentions - open up your economy to the US, privatise, sort out the budget with 'sound fiscal policies,' and then maybe you'll get some aid.

The private aid and charitable organisations have fared little better. Despite the sometimes huge media coverage, events like Live Aid and more recent campaigns have not improved the long term situation one inch.

AA Gill, writing in the Sunday Times put it this way, *'Charities may work as a selfless consciousness of the world at the sharp end, but at the tin rattling end, they exist in a*

*deeply competitive capitalist market: an appearance by a logo and spokesman on News at Ten means donations. An American religious charity went to an MSF feeding centre (in Sudan) and put their T-shirts on the hungry kids to film them - cash in the tin back home. Someone sent a plane-load of anti-hypothermia suits made for Bosnia; ah, beggars can't be choosers. Brenda Barton made the front pages and the Nine O'Clock News in her logo T-shirt by feeding two malnourished children with her own breasts. It was a great picture. The fact that she had presumably taken up 10 stone of food space on an aid plane to transport a pair of pint sized breasts to the starving wasn't mentioned. Nor was the horrible symbolism of a fecund European dribbling largesse over black babies... 'I didn't do it as a publicity stunt,' she said. Barton is the press officer of the World Food Programme and just happened upon a BBC camera crew in the biggest, emptiest country in Africa.'*

Gill concludes quite brutally, *'It is impossible not to draw the conclusion that Africa has simply swapped colonialism for charity and there is very little difference. Both are buttressed with fine words, both in practice are paternalistic and divisive. It is still the white folk in the shade and the black folk humping the sacks.'*

Of course Gill is wrong in one thing. Colonialism has never really gone away. The colonial master replaced by a World Bank economist or IMF adviser. The results are always the same. Both aid and charity have their place in these new forms of exploitation.

### No solution

Clearly, capitalism can offer no solution to the plight of the billions of people across the globe who, at best, scratch out a meagre hand to mouth existence; the 1.3 billion who exist on less than a dollar a day; the one third of the population of the least developed countries who will not live beyond the age of 40. Capitalism quite literally means death.

Despite all the talk of 'meaningful' debt relief, there can be no such thing. Relief that is in the pipeline is tied by a thousand strings to the IMF and World Bank's 'austere' fiscal approach. The Multilateral Agreement on Investment (MAI) means even more exploitation by the west and the big multinationals. Every new 'initiative' in the developing world is little more than a stitch up. The sun may have set on the empires of the advanced capitalist powers, but their appetite for plunder and exploitation is as voracious as ever.

Poverty, hunger, death and famine are not natural disasters or 'acts of God.' At the end of the twentieth century feeding the people of the world is not an impossible task. But we can never do it as long as the world remains under the stranglehold of capitalism and its thirst for profit. The struggle to eradicate hunger and death in the developing world, to lift the grip of poverty and debt, is inseparable from the struggle against capitalism and the fight for a socialist future.



## Debt relief

- Developing countries received \$25.1 billion in aid in 1997, down from the \$35.1 billion in 1991. So for every \$1 aid, \$11 goes back to the west in debt service.
- The poorest 20 countries are spending more than 20% of their export earnings on servicing their debt.
- The 1000 richest people in Britain have a combined wealth of \$175 billion - more than the entire debt of all the south Asian countries and almost as much as Brazil's \$179 billion.
- Richard Branson's personal wealth of \$1.6 billion is the same as the debt of the west African state of Benin.
- Rupert Murdoch's personal wealth could clear Lebanon's debt of \$4 billion.
- The staff budget of the IMF could provide a basic health care package for more than 14 million children in the worlds poorest countries.
- Britain's contribution to HIPC will be around £2.5 billion - less than has been spent on National Lottery scratchcards.

## Developing world

# The burden of debt

The ruthless over-exploitation of the Third World has meant an enormous transfer of wealth from these countries to the coffers of the big multinational companies and banks. This can be seen in the burden of the debt, which has reached such proportions that even before the G8 meeting in Birmingham there was some talk about debt relief initiatives for some of the poorest countries. In the end nothing was agreed. The World Bank has also started a Highly Indebted Poor Countries (HIPC) programme aimed at cutting the debt burden of 41 countries which spend more than 20% of their export earnings in debt service payments (never mind about actual repayment of the debt).

All these plans are not borne out of the good will and charitable intentions of the World Bank and IMF executives. First of all it is very unlikely that these countries are ever going to be able to pay their debts at all. Therefore they have decided to recognise reality and make the governments pay the money to the lending banks with taxpayers' money. In this way the banks never lose. The main aim of these debt relief initiatives is, on the one hand, to make sure the bankers get their money back and on the other to lift these highly indebted countries to a point where they are able to ask for more loans! Secondly, the amount of the debt that these highly indebted countries owe as a percentage of the total debt of former colonial countries is very small. And thirdly, these plans come with a lot of conditions attached. The countries involved have to put into practice the "recommendations" (that is, orders) of the IMF. The IMF's infamous Structural Adjustment Plans (SAPs) have now been around for long enough to know what their consequences are.

### Relatively developed

To give just one example, Zambia was a relatively developed country, with schools and hospitals, an education service and a modern infrastructure built mainly on the basis of income from the copper mines. A decade of "Structural Adjustment" managed to push life expectancy down from 54.4 years in 1991 to 42.6 years in 1997. Literacy rates are declining, and as a direct result of hospitals being more expensive there are now 203 infant deaths per 1,000

births compared to 125 in 1991. Access to clean water is declining and 98.1% of the population live on \$2 a day or less. Debt represents 225% of the GDP. It is no surprise therefore that there have recently been food riots in Zambia —and in other African countries, like Zimbabwe and Tanzania.

The debt burden of the world's poorest countries represents 94% of their annual economic input. For the countries in line for the HIPC programme this figure averages 125%. The percentage of the debt in relation to export earnings reaches astonishing levels: Somalia 3,671%, Guinea-Bissau 3,509%, Sudan 2,131%, Mozambique 1,411%, Ethiopia 1,377%, Rwanda 1,374%, Burundi 1,131%. And the situation far from improving is actually worsening. In 1980 the total debt of underdeveloped countries was \$600 billion. In 1990 it had gone up to \$1.4 trillion and in 1997 the figure was an amazing \$2.17 trillion. It is important to note that in the 1990-97 period, when the total debt increased by \$770 billion, these countries had actually paid \$1.83 trillion just on debt servicing! An even more scandalous picture emerges if we compare debt servicing payments with aid given to these countries: for every \$1 they receive in aid, the pay back \$11 dollars in debt servicing.

### Nightmare

The situation in Sub-Saharan Africa is a nightmare. According to *The Economist* (6/6/98), "Nearly half the continent's 760m people are 'profoundly poor', surviving, it is said by the ADB [African Development Bank], on less than \$1 a day. Despite encouraging signs in some parts of the continent, average real GDP growth fell in 1997 to 3.7% from 5% the previous year. Africa's recovery is still fragile and as vulnerable as ever to commodity prices and bad weather. Globalisation of world trade, suggested speakers at the Abidjan meeting, could push the continent's economy further towards the margins. According to the World Bank, Africa attracted just 1.5% of the world's foreign direct investment in 1996. The biggest recipient, getting 32% of the total, was Nigeria, which, apart from having a lot of oil, is not reforming its economy in the way that the World Bank says is essential for attracting foreign investment."



# How will the revolution unfold?

**Is socialist revolution possible in the developing world? The theory of permanent revolution holds the key to understanding how it can, and will unfold.**

The theory of the permanent revolution was first developed by Trotsky as early as 1904. The theory explained how in a backward country in the epoch of imperialism, the "national bourgeoisie" was completely linked to the remains of feudalism on the one hand and to imperialist capital on the other and was therefore completely unable to carry through any of its historical tasks.

*by Ted Grant*

The national bourgeoisie in the colonial countries entered into the scene of history too late, when the world had already been divided up between a few imperialist powers. It was not able to play any progressive role and was born completely subordinated to its former colonial masters. The weak and degenerate bourgeoisie in Asia, Latin America and Africa is too dependent on foreign capital and imperialism, to carry society forward. It is tied with a thousand threads, not only to foreign capital, but with the class of landowners, with which it forms a reactionary bloc that represents a bulwark against progress. Whatever differences may exist between these elements are insignificant in comparison with the fear that unites them against the masses. Only the proletariat, allied with the poor peasants and urban poor, can solve the problems of society by taking power into its own hands, expropriating the imperialists and the bourgeoisie, and beginning the task of transforming society on socialist lines.

## **Oppressed**

By setting itself at the head of the nation, leading the oppressed layers of society (urban and rural petty-bourgeoisie), the proletariat can take power and then carry through the tasks of the bourgeois-democratic revolution (mainly land reform and the unification and liberation of the country from foreign domination). However, once having come to power, the proletariat would not stop there but would start to implement socialist measures of expropriation of the capitalists. And as these tasks cannot be solved

in one country alone, especially not in a backward country, this would be the beginning of the world revolution. Thus the revolution is "permanent" in two senses: because it starts with the bourgeois tasks and continues with the socialist ones, and because it starts in one country and continues at an international level.

The theory of the permanent revolution was the most complete answer to the reformist and class collaborationist position of the right wing of the Russian workers' movement, the Mensheviks. The two stage theory was developed by the Mensheviks as their perspective for the Russian revolution. It basically states that, since the tasks of the revolution are those of the national democratic bourgeois revolution, the leadership of the revolution must be taken by the national democratic bourgeoisie.

## **Revolution**

For his part, Lenin agreed that the Russian Liberals could not carry out the bourgeois-democratic revolution, and that this task could only be carried out by the proletariat in alliance with the poor peasantry. In all of Lenin's speeches and writings, the counter-revolutionary role of the bourgeois-democratic Liberals is stressed time and time again. However, up until 1917, he did not believe that the Russian workers would come to power before the socialist revolution in the West—a perspective that only Trotsky defended before 1917, when it was fully adopted by Lenin in his April theses. The correctness of the permanent revolution was triumphantly demonstrated by the October Revolution itself.

Had the Communist International remained firm on the positions of Lenin and Trotsky, the victory of the world revolution would have been ensured. Unfortunately, the Comintern's formative years coincided with the Stalinist counter-revolution in Russia, which had a disastrous effect on the Communist Parties of the entire world. The Stalinist bureaucracy, having acquired control in the Soviet Union developed a very conservative outlook. The theory that socialism can be

built in one country—an abomination from the standpoint of Marx and Lenin—really reflected the mentality of the bureaucracy which had had enough of the storm and stress of revolution and sought to get on with the task of "building socialism in Russia". That is to say, they wanted to protect and expand their privileges and not "waste" the resources of the country in pursuing world revolution. On the other hand they feared that revolution in other countries could develop along healthy lines and pose a threat to their own domination in Russia, and therefore, at a certain stage, sought actively to prevent revolution elsewhere.

Instead of pursuing a revolutionary policy based on class independence, as Lenin had always advocated, they proposed an alliance of the Communist Parties with the "national progressive bourgeoisie" (and if there was not one easily at hand, they were quite prepared to invent it) to carry through the democratic revolution, and afterwards, later on, in the far distant future, when the country had developed a fully fledged capitalist economy, fight for socialism. This policy represented a complete break with Leninism and a return to the old discredited position of Menshevism—the theory of the "two stages".

## **Mass forces**

In Sudan and Iraq in the 1950s and 1960s, the Communist Parties were mass forces able to call demonstrations of a million people in Baghdad and two million in Khartoum. Instead of pursuing a policy of class independence and leading the workers and peasants to the taking of power, they looked for alliances with the "progressive" bourgeoisie and the "progressive" sections of the army. The latter, having taking power on the backs of the Communist Parties, then proceeded to eliminate them by murdering and jailing their members and leaders. In Sudan, the same process happened not once but twice. Yet, even to this day, the leaders Sudanese Communist Party have a policy of a "Patriotic Alliance" with the Christian guerrillas in the South (now backed by US imperialism) and the "progressive" bourgeoisie in the North against the fundamentalist regime. These so-called Communist leaders "forget nothing and learn nothing." Their policies are a recipe for one defeat after another.



## Veteran cadres move into action

While the Communist Party has been filling up with new capitalists, Veteran Cadres (members of the Party since before Liberation) have taken to the streets in protest.

On November 12th '97, in Yichuan city in the Ningxia Hui Autonomous province, retired veteran cadres formed their own "anti-graft and corruption" team, they went to the Provincial Party Committee and Government Compound and smashed seven luxury cars - including a Mercedes-Benz - with iron bars. After a clash with guards in which eleven were injured, veterans were joined by hospital staff and workers who came to express their support.

In Hebei 250 veteran retired cadres (including seven cadres whose rank was equivalent to the vice provincial governor) gathered on December 19th '97 after three months delay in pensions. They stormed the Provincial CPC Committee Building in Shijiazhuang, and submitted a letter of protest against corruption, payment delays, and the failure to pay medical expenses. They accused the provincial leadership of being "a new born Kuomintang" and "a nascent bureaucratic class". A bloody clash with security personnel ensued.

In Shanghai December 20th, 150 retired cadres drafted an open letter requesting the publication of the incomes and assets of the members and families of Shanghai Municipal Party Committee.

The open letter says,

"The houses of most senior cadres of the municipal party committee and government exceed the normal standard. Why has no corrective action been taken? Why should the central authorities and the 13 million citizens of Shanghai continue to be hood-winked?"

When the working class, now one of the largest and most powerful in the world, takes to the Indonesian road, the road of revolution, no force on earth will be able to stop them.

# Storm clouds gather over China

With a population of over 1.2 billion, including a mighty working class with a remarkable revolutionary tradition, China plays a central role in the world economy. Yet aside from the same garbage about an economic miracle we've seen crumble to dust in the rest of South East Asia, the media is deafeningly silent about the growing struggles of the Chinese workers against the effects of the attempts to move in the direction of capitalism.

by Heiko Khoo

In April a laid-off metal worker Yang, was fined for illegal street trading. Deprived of the means of living he burst into the district administration of industry and commerce in Fuzhou, grabbed two top officials and using petrol, set them all on fire, he died and one of the officials was badly burnt.

Angry workers at the state owned Qingshan Department store in Wuhan, blocked key road intersections, on June 9th. They demanded an increase in shop worker wages from 350 yuan to 650 yuan a month, a lowering of managerial wages, and guarantees against victimisation. One demonstrator said, "Most cadres are getting bonuses and using public assets for personal gain. Everyone in the leadership has purchased a home and is buying and selling stocks for profit. In contrast workers standing at the counter are unable to make a decent living after working hard day-in day-out."

### Coal mines

The Anyuan Coal Mine in Jiangxi Province is one of the most famous coal mines in China. In the 1920's Mao Zedong is said to have organised the workers there. In Mid-April laid-off workers from a local chemical fertiliser plant began to protest, holding high posters reading "We Want Food and Work".

After a meeting with them was rejected by city authorities, they blocked a passenger train and demanded the train carry them to Beijing to make the central authorities aware of their plight. The protestors were joined by laid off and retired workers from the Anyuan coal mines. After arresting 13 "ringleaders" the authorities agreed to make living expenses payments of 120 yuan a month.

At the end of 1997 over 100,000 people were involved in violent clashes with armed Police units in four cities in the northern province of Heilongjiang. Strikes of workers and shopkeepers, beginning as petitions rapidly turned into near insurrectionary revolts.

In Qiqihar the Train Locomotive and Compartment Manufacturing Plant and the United Timber Processing Plant demanded that the city party and government put an end to corruption and exploitation in their factories. On November 28th the party committee and city government, broadcast in defence of the management and warned workers not to follow "hostile elements". The next day a strike which drew in seven other factories with 30,000 workers was declared. Workers burst into the managers office and the office of the party committee, demanding a statement itemising the plant's financial expenses.

In Mudanjiang City elected representatives of 22,000 workers from seven state owned enterprises sent detailed demands on enterprise reform to the city and provincial authorities, including a ban on layoffs, the defence of the constitutional "right to work", a fight against corruption under workers control, and that Worker Congresses, which until now have been powerless shells, be transformed into organs that supervise the government and the party. On December 1st some 15,000 workers besieged the Party HQ. After being denounced they sang revolutionary songs, "We workers are powerful", and "The Internationale".

In Jiamusi, 30,000 workers protested against several months of non-payment of wages. They denounced the corruption and decadence of party and government cadres, blocked the roads, stormed the police station to secure the release of their comrades, stopped trains and took over the airport.

At the rallies their banners read, "All power and property belong to the people"

"Strike down power, economic, and political exploitation and oppression."

In all these cases, armed police repressed the protests, but only after heavy clashes, which included shootouts with armed workers. The fact that the protests occurred simultaneously indicates that a generalised revolt of this character is likely.



# Indonesian revolution: workers strikes grow

On June 17th the Indonesian rupiah hit a new low of 16,800 to the dollar - a fall of 10% in one day, a collapse of 30% in one week. Economists are now predicting that inflation will hit 100% and the economy will contract by 20%. The rupiah has now devalued by a staggering 66% this year and more than 80% since the economic crisis began to unfold in mid-1997.

by Phil Mitchinson

Outrageous rises in food prices have resulted in an explosion of angry protests. Decisively the heroic demonstrations of students which brought down the hated dictator Suharto are increasingly being joined by a barrage of strikes and protests by workers who are being made to pay for the bosses crisis.

The currency crisis is rapidly affecting the rest of the economy. Many of Indonesia's most labour intensive industries rely heavily on imported components, where devaluation means that prices have risen by over 500%. In addition to all their other problems, the drought means that Indonesia will have to import around 3.1 million tons of rice this year - also at exorbitantly overinflated prices, around 5000 rupiahs per kilo, while many are already struggling to find the current 1200 per kilo.

## Reposessed

Even crises have their funny side. The sight of airlines having to cancel flights because their leased jets are being reposessed, demonstrates how ephemeral the so-called economic miracle really was.

For workers however there is nothing amusing in such an economic collapse. The national car manufacturer, Astra are suspending production unable to pay for imported components. 60% of Jakarta's public transport system is out of action, because of the soaring price of the spare parts needed to repair the city's buses. 40% of the country's 1500 chemical plants have been forced to halt production because of the soaring cost of imported raw materials.

Economists are now predicting that 60 million of the country's 200 million population will be pushed beneath the poverty line as the crisis continues unabated, with a further 30 million losing their jobs. The currency and banking crisis has even raised fears of the central bank collapsing!

This is the real explanation for the

regime's new found conversion to democracy, for them it is not a matter of principle, but a desperate attempt to restore some kind of stability to the economy.

Meanwhile a new law, originating no doubt in the office of armed forces chief General Wiranto, seeks to ban "disruptive" political rallies. A government spokesman commented that "Political parties and pressure groups are free to demonstrate but they need to get permission and give assurances they will not violate other people's freedom."

The government claims that "some might think that we are taking a step backwards in democratic reform by pushing through this law. But we are sure that many moderates will support it because they know that without stability, there will be no economic recovery - only chaos for many more months ahead." The moderates have again shown their true colours by their meek acceptance of this new attack. They have done nothing to date to disprove that they too are more concerned with "national stability," ie capitalist stability, than the conditions of the masses.

The whole purpose of the reform process is to stabilise the regime, to protect the property and profits of capitalism. It is a classic case of reform from above to prevent revolution from below. However it may prove to be a case of closing the stable door after the horse has bolted. The revolution has already begun, and now decisively the working class is moving into action.

While the moderate, 'liberal' bourgeois opposition discusses with government officials, reaction plots and manoeuvres. The warnings issuing from General Wiranto's office are ominous, "If this state of affairs is

allowed to continue the nation will fall deeper into crisis in all fields, and the end result would be unavoidable internal conflicts...which will lead to the disintegration of the nation."

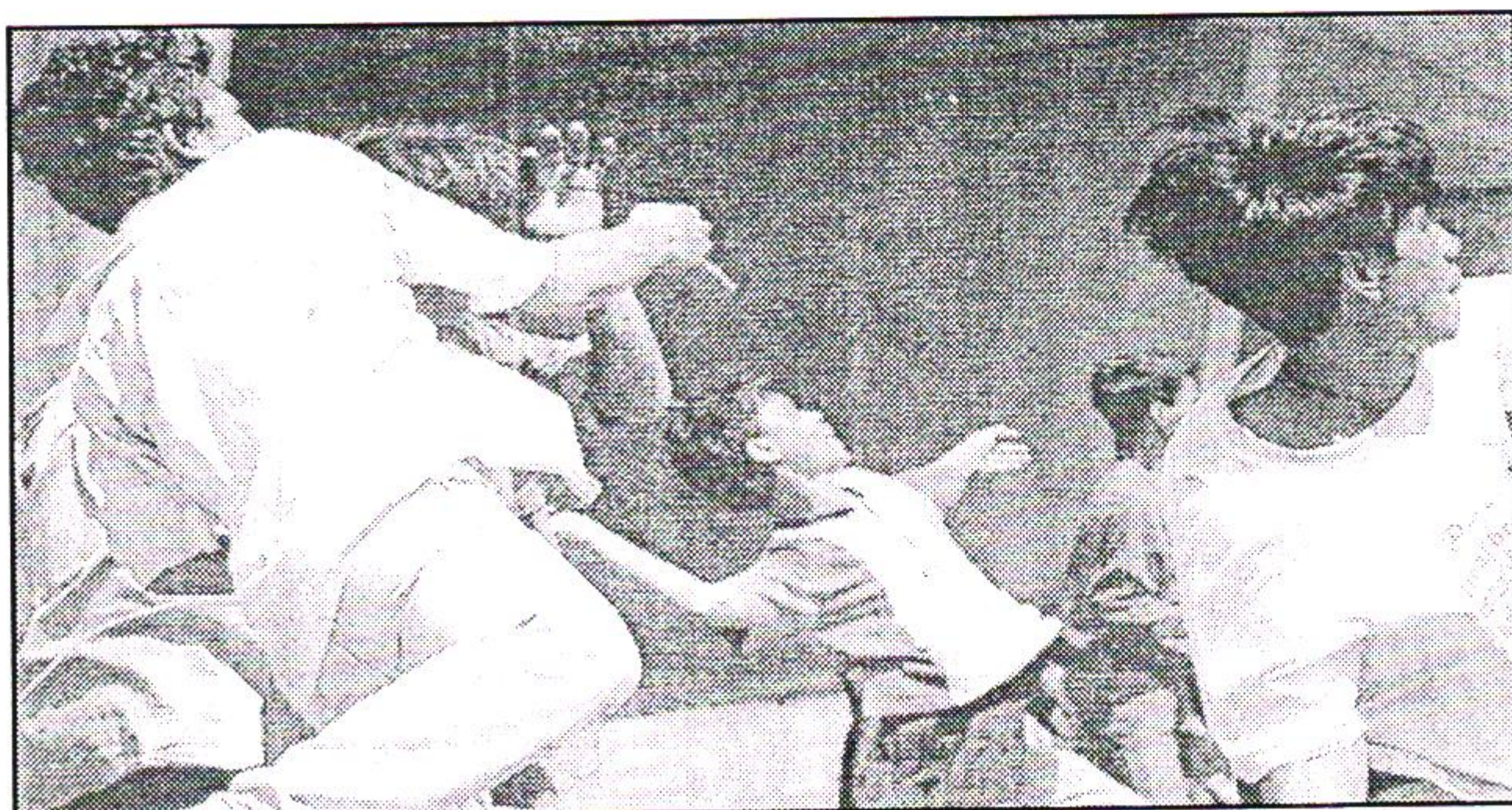
Sections of the military are trying to slow further the snail's pace of reform. There are reports in the newspapers of "grumbings" in the corridors about the "traitors" who brought down Suharto. The alliance between Suharto and his army chiefs, remains firmly in place, at least to protect each other from too close scrutiny. There is even talk of Suharto making a comeback in the Presidential elections. The speculation is that he has enough money to buy millions of votes. In this situation the workers and the youth must be vigilant and trust only in their own organisations to represent them. All too often in history liberal reformers, have provided the cloak behind which reaction prepares itself.

## Reformers

The weakness of these reformers, calling off, or scaling down demonstrations for fear of confrontation, will only invite aggression. From the beginning of the movement the troops have shown a great deal of sympathy with the students, who instinctively fraternised with them. But that sympathy can't turn into positive action unless the soldiers believe the movement is going to go all the way to a transformation of society.

The process is being drawn out because of the lack of a clear revolutionary leadership. Sooner or later however, if the movement is not successful, the military will intervene to restore 'order.'

The past weeks have seen a growing





military build up in and around Jakarta, as strikes and demonstrations bringing together workers and youth gather pace.

Troops in tanks and on motorbikes armed with rocket launchers blockaded the University of Indonesia on Sunday June 23rd to stop a joint rally of students and factory workers.

10,000 workers were due to attend this event organised jointly by the University of Indonesia People's Struggle Command Post and the Workers Committee for Reformation Action. They were not only prevented from entering the university grounds, but were even prevented from leaving Jabotabek, the workers district outside Jakarta.

Demonstrations are spreading across the country like a prairie fire demanding the resignation of local officials tarred with Suharto's brush. In Cianjur 50 miles south of Jakarta 15,000 demonstrated demanding the resignation of the head of the district.

### **Militant protests**

East Timor in particular has been the scene of growing militant protests in the last few weeks, buoyed by the sweep of the struggle across Indonesia. Student leader Antero Benedito da Silva told the June 19th South China Morning Post, "The Suharto regime has collapsed, so we have to do something in this new atmosphere....We [students] have stopped our studies. Maybe we will find a new way to learn on the streets."

So far the biggest demonstrations have been those following the shooting of 21 year old Herman Soares near the village of Manatuto, 50 kilometres east of Dili.

10,000 demonstrators led by students from the University of East Timor marched along with the car carrying his body through the streets of Dili on June 18th. The march was the biggest off-campus action to date. They proceeded first to the governor's office and then the provincial parliament, where 40 or 50 students staged a brief occupation.

On June 17th in Jakarta, 320 East Timorese students marched on the Justice Ministry, demanding the release of all political prisoners. Many of these same students had participated in the 1500 strong sit-in at the Foreign Office on June 12th which was brutally attacked by troops.

There is a seething, volcanic anger mounting, and after years of brutal repres-

sion, the people of East Timor expect something from the so-called democratisation process. Thus far it has offered them nothing new. On June 24th around 50,000 marched through the East Timorese capital. Most of these protests have been allowed to go ahead peacefully, at this stage military intervention would serve to stir up the masses still further.

Between the 27th and 29th of June, however, there were two separate incidents of protestors being shot by security forces. Indonesia's governor of East Timor, Jose Soares has pledged to take "strict measures against all those involved in anarchic activities." Somehow you know he isn't referring to the actions of the police.

Rotten Indonesian capitalism can no more solve the problem of East Timor than it can provide food and work for the rest of the population.

While the government of Habibie shows a liberal face to the outside world, even meeting East Timorese leaders for talks, the military who stand behind him are concealing a far uglier one.

25,000 heavily armed troops were deployed to prevent the Indonesia Prosperity for Workers Union's plan to mobilise 10,000 workers for a march to the parliament buildings. Jakarta's military commander warned, "Anyone who wishes to disrupt security will confront my troops. I have given them orders to warn the protestors first, and then cripple them if they have to."

Soldiers stopped dozens of busloads of workers from entering the capital and prevented demonstrators gathering around the union's headquarters. About 300 managed to reach the office, but were prevented from leaving by a military cordon.

A confrontation seemed likely as the busdrivers, factory workers and unemployed labourers carrying banners and placards demanding Habibie's resignation, the release of detainees and lower prices, marched to within five yards of the soldiers. But after a two-hour stand-off, the demonstrators backed down. "The army has said they will kill us if we try and march on the House of Representatives" union spokeswoman Anti Sulaiman said, "But we will continue with our street rallies every day until Habibie steps down."

The last few days have seen a further explosion on the part of the workers. Tens of thousands are on strike and joining

protests. Port workers in Surabaya, Indonesia's second largest city have been striking for a wage increase from the current 7,116 rupiah per hour to 15,000 (around \$1) per hour. The management have offered 9000, but the collapse of the rupiah means this still represents a drastic pay cut. 10,000 shoe factory workers tore down branches from trees to build road-blocks on the second day of their protests demanding pay increases. The workers marched to the regional parliament building through tense streets lined with soldiers.

### **Major strikes**

Major strikes have now broken out too in the factory belt surrounding Jakarta. In Karawang, 2,500 workers from PT Texmaco Perkasa Engineering walked out demanding a wage rise and improvements in overtime pay, annual holidays and food allowances. Most of the 1500 workers at the PT Kukdong factory are also on strike demanding a reduction in taxes, more holiday money and money for food and transportation. Another strike has hit the PT Sandang Mutiara Era Mulia factory where most of the workforce walked out on Monday June 22nd demanding a 30% pay rise, payment for overtime work and again better food provisions.

Workers have also been out at the government's main currency printing plant, protesting about excessive overtime and demanding higher pay and benefits. The regime's answer to the collapse of the rupiah has been to keep the printing presses rolling.

It is in the hands of the workers and youth of Indonesia that the only solution to this crisis lies. The opportunity when it comes will not last forever and darker forces are preparing in the background to step in. That would be a new nightmare. But the mighty Indonesian working class will not allow that to happen. The working class today is far more powerful than it was thirty years ago. The new younger militant generation, armed with the ideas of Marxism would be unstoppable linking up with their brothers and sisters across South East and the whole of Asia, the roar of the revolutionary tigers would gain a ready echo from workers all over the world.



## Russia: from revolution to counter revolution

by Ted Grant

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*International*

# Puerto Rico national strike

The Executive Meeting of the Broad Committee of Trade Union Organizations met on Monday June 29, at 6:00 p.m. to set the date for the beginning of a national strike to oppose the privatization of the Puerto Rico Telephone Company. The strike will begin on Tuesday, July 7, 1998 at 6:00 a.m. No date was set for an end to the strike. The unions will evaluate the progress of the strike day by day.

The local press has reported widespread sabotage against phone lines and automatic teller machines in offices of the Banco Popular de Puerto Rico. Annie Cruz, president of one of the telephone workers' unions (HIETEL) and spokesperson for the CAOS, declared at the assembly that "the fibre optic cables have not been able to resist the people's indignation."

In response to recent declarations by the chief of police, Mr. Pedro Toledo, that students, from the University of Puerto Rico, and other "outside agitators" are responsible for the violence in the picket lines, HIETEL president Annie Cruz explained that the strike of the phone workers has become a national strike against privatisation.

Police Chief Toledo is attempting to isolate the strike by associating it exclusively with pro-independence figures, portraying the strike as the work of "extremists." Toledo has singled out professors Rafael Bernabe and Julio Muriente of the University of Puerto Rico, Jorge Farinacci of the Socialist Front, and Ricardo Santos of the electrical workers as the "agitators" responsible for the strike.

### Picket lines

In the Carolina assembly, HIETEL president Cruz thanked the broad sectors of the population which have shown up at the picket lines in support of the telephone workers, defending the lines against strikebreakers and the police, and providing physical and monetary support to the strikers. Students, faculty, members of other unions and the public in general who have provided strike support are not "outsiders," declared Cruz. They are part of a broad popular movement against the takeover of the phone company by a foreign corporation.

Women have played a critical role on the picket lines, and are in charge of the organisation of security at critical sites such as Celulares Telefónica in Río Piedras.

Last week buttons and stickers in the pickets characterised the telephone workers strike as "la huelga del pueblo" (the people's strike). In Carolina the 1,200 delegates voted for a "national strike" of all workers in

Puerto Rico against privatisation.

The struggle of the phone workers has become a line in the sand for the labour movement as a whole. Privatisation has been advancing in education with a recent bill which takes money from public higher education in favour of private universities, in health care, where many hospitals and clinics are being privatised, and in many other government agencies through subcontracting.

The surprising level of support for the phone workers is an indication of the accumulated effect of neo-liberal policies of privatisation. A coalition of workers who can expect layoffs and consumers who can expect higher prices for basic services is saying, loud and clear, that the neo-liberal program of privatising everything under the sun may be good for private capital, but is bad news for the average worker and consumer.

### Puerto Rico no se vende

The main slogan which has caught on expresses a combination of broad anti-market and anti-imperialist feelings among the population: Rendered into English, the slogan means both "Puerto Rico is not for sale" and "Puerto Rico does not sell out."

There has been a broad based movement in Puerto Rico against the privatisation of the Puerto Rico Telephone Company. On October 1st of last year, over 100,000 demonstrators converged on San Juan to protest government plans to privatise the PRTC. That mobilisation was the largest demonstration of any kind ever to take place in Puerto Rico.

The PRTC is an efficient government owned enterprise and governor Pedro Rosselló's attempt to privatise it is due to an abstract commitment to a neo-liberal economic program, not to a reality of inefficiency of government enterprise, as has been claimed.

In fact, consumers who still remember the time when the local phone company was privately owned by International Telephone and Telegraph agree unequivocally that under government ownership the PRTC has provided better and more efficient service than its private predecessor. If the privatisation plan is carried out, at least 2,700 workers will lose their jobs in the immediate future, and many more will lose their jobs over the medium term.

**César Ayala**  
**Puerto Rico**



# Russia facing long hot summer

The roar of hundreds of coal miners drumming their helmets on the pavement rolls like thunder up the glass and granite face of Russia's White House, the seat of government. Even more ominous is the repeated mass chant: "Resign! Resign!"

*by Fred Weir in Moscow*

"Coal miners put Yeltsin in power, and now we will remove him," says Alexander Sergeev, chairman of the Independent Miners' Union, once Yeltsin's key working class power base in his struggle against former Soviet leader Mikhail Gorbachev.

In mid-June Sergeev led a contingent of miners to Moscow from Vorkuta, an Arctic coal producing centre, to protest nearly a year of unpaid wages and a ledger of broken promises to retrain and resettle miners who have been displaced by Russia's dead-end market reforms.

## Angry

Joined by angry scientists from the blighted former Soviet science communities of Pushino and Protvino near Moscow, they say there is no longer any point in repeating their time-worn economic demands; they're ready to make it political.

"This government has betrayed us times beyond counting, and we will not back down now until it is gone," says Sergeev.

Though it's received scant notice so far, Russia's chronically unpaid and abused labour force is in ferment. In recent months groups of desperate workers in a dozen regions have blockaded highways and railroads, occupied government buildings, taken their managers hostage and staged drawn out, bitter hunger strikes over the collapse of their hopes.

"The problems of wage arrears and disappearing jobs have been with us for several years, and there has always been protest," says Andrei Isayev, spokesman for the 50-million member Federation of Independent Trade Unions of Russia (FITUR). "But this year something new is happening, workers are becoming radicalised and they are no longer willing to be put off with promises."

The crisis has its roots in the Russian government's inflation-fighting policies since 1995, which put public sector workers' salaries, pensions, military expendi-

**"There are many flash points in our society, and all of them are going critical at once. In many regions of this country the situation is dramatically close to social breakdown. Serious labour upheavals in the coming months are inevitable. Mass revolt is a distinct possibility."**

ture and reimbursement of state suppliers at the bottom of the list of things to pay. Millions of public employees and workers in industries that depend on government contracts often go for months without any cash income. The chain of non-payments has worked its way through Russia's entire dilapidated - if nominally privatised - industrial heartland. In 1997 nearly half of all Russian workers experienced some disruption in their wages; one-in-four went without a paycheck for at least 3 months.

People survive by producing their own food - a staggering 40 per cent of all food consumed in Russia is grown in private family gardens - moonlighting, sharing within extended families and avoiding taxes and cash payments of all kinds. In the past the government headed off protest movements by making sweeping pledges of imminent reform and by making occasional pay-offs to the better-organised workers, such as coal miners.

Financial collapse this year has ruptured that precarious balance. The Moscow stock market has lost roughly 60 per cent of its value since January, interest rates have soared to crippling levels, and servicing Russia's huge domestic debt now devours over a third of all state spending. So far bankers and bondholders appear to be getting their interest on time, but millions of doctors, teachers, scientists and coal miners have yet to see a single pay packet in 1998.

"The government has just stopped paying its bills to the military, pensioners, public service employees and workers in state industry," says Vladimir Spiransky, a researcher at the Russian Academy of

Sciences' Centre for Labour Studies. "At the same time the state is squeezing struggling industries to pay more taxes, and threatening to cut off electricity and gas to communities that don't pay their bills. People who were just barely surviving are now driven to desperation."

## Blockaded

In May miners in Vorkuta, southern Russia and Siberia blockaded the railways, stopping hundreds of trains and nearly paralysing Russia's transport network. Joined by doctors and teachers in some areas, the actions came dangerously close to touching off a general strike.

Vigorous intervention by the government, including large cash injections to the miners, convinced protesters to temporarily lift the railway blockade. But by mid-June Vorkuta miners had sent the contingent to lay siege to the Russian White House and were shutting down the Moscow-Vorkuta rail line again.

As the mountain of wage arrears grows, government spending dwindles and the economy shrinks, the threat of working class explosion looms over Russia.

"This is going to be a hot summer," says Isayev. "There are many flash points in our society, and all of them are going critical at once. In many regions of this country the situation is dramatically close to social breakdown."

"Serious labour upheavals in the coming months are inevitable. Mass revolt is a distinct possibility."



# Greek Blair faces worker backlash

Konstain Simitis—the Greek Tony Blair—is a worried man. Elected after the death of Andreas Papandreu less than two years ago as leader of the Greek socialist party (PASOK) under the banner of “modernisation” he had 70% of public opinion behind him. Now it has dropped to 18%. The streets of Athens (congested at the best of times) are regularly blocked with demonstrations of angry bankworkers, airline employees and teachers. In the city centre, stirring music blares out over the loudspeakers from the premises of the Ionian bank, which the government wants to privatise. The bank is occupied by the workers and covered with black flags.

by Alan Woods

The desperate crisis of Greek capitalism has been commented on in other articles. This has already led to a 14% devaluation of the drachma and Simitis seems determined to press on with Greece’s application for membership of the common European currency—an utopian perspective from any point of view, but a useful excuse for launching an all-out assault on the living standards and rights of the Greek workers. Simitis began his attack on Olympic Airways, the nationalised airline, where the workers put up a spirited resistance. That struggle ended in a partial victory of the workers. The government was unable to push through all its measures. Now it is trying another tactic. By launching a campaign aimed at discrediting the airline, it hopes to depress its market value and force it to be sold at a fraction of its true price.

## Soft option

Next the government turned its attention on what it clearly regarded as a soft option. They announced the privatisation of the Ionian bank. At the time of writing, the workers in the bank have been on strike for more than a month against privatisation. Simitis thought that they would not get public support. This was a bad miscalculation! The sight of armed riot police attacking striking bank staff caused an outcry. Let us not forget that Greek people still remember the dictatorship of the colonels (1967-74) and are very sensi-

tive about this kind of thing.

Originally, Simitis thought that he would be able to count on the support of the trade union leaders, a not unreasonable assumption, since the majority of the PASKE (socialist trade union) were keen supporters of his. But sadly times change. Bowing to the fury of the rank-and-file, the trade union leaders were forced to move into at least semi-opposition. The unions backed the bank strike. Furious at this, the government resorted to legal action against the strikers. Naturally, the courts declared the strike illegal. At this point, one might expect that the TUC would back off. But things have been moving inside the TUC also. Divisions have opened up inside the PASKE. A left wing has crystallised around Maria Fragiadaki and the militant building workers’ leader Leonidas Kariyanis, who is also a prominent supporter of the Greek Marxist paper *Sosialistiki Ekfrasi*. As a result of the differences, the PASKE left put forward a separate slate at the recent elections to the Athens Trades Council—the most powerful trade union body in Greece, and got three elected, including Leonidas.

## Balance of forces

Such is the balance of forces now, that the TUC was compelled to continue to support the workers at Ionian, despite the court’s ruling. The result is that the PASOK government has taken the TUC to court—the first time that any government has dared to do such a thing since the black days of the Junta. After this, Simitis decided to pick on another section that seemed weak—the teachers. They passed a law which abolishes the lists according to which university graduates were appointed as teachers in schools. Until now a teacher, despite having all the qualifications, had to wait. Instead, they have introduced a new exam. There are about 120,000 graduates in Greece who are waiting for jobs in state schools. Some have been waiting for five, ten or even twenty years. Suddenly they find out that only 8,000 are going to be employed, on the basis of the new examination.

On 11th of June, one day before the examination, thousands of unemployed teachers as well as teachers working at state schools who were on strike in solidarity, marched towards the examinations centres. Hundreds of policemen and riot

police were guarding the centres. The police attacked the demonstrators baton-charging them, using tonnes of tear gas and making arrests. The arrested demonstrators were beaten up savagely. They were kicked on the head and face and sprayed with tear gas even when on the ground. There were demonstrations in almost all towns all over Greece. In 14 towns there were violent clashes with the police. Most of these towns had never experienced such violent clashes before. Two examination centres were occupied by the demonstrators but the Ministry of Education announced another site for the examination. The clashes with the police continued over the four days of the examination. The examinations which took place were a farce. Candidates were allowed to use mobile phones and enter the examination centres after the questions were given. However, the government wanted to show that they were determined to go ahead with its plan, no matter what.

## Pressure

This is not the end of the story. Under the pressure of the EU and the World Bank, Simitis is pressing ahead with his attacks against the rights of the workers. They have announced the introduction of a bill for the abolition of the 8-hour-working day, labour “flexibility” and privatisation of public utilities. This spells a further radicalisation of Greek society and civil war inside PASOK. Already there is a ferment of discontent, even in the parliamentary group. Splits are even opening up between the “renovators”, as two prominent ministers from the Simitis camp, Vaso Papandreu (Industry) and Kostas Lalayotis (Public Works) publicly call for a change of policy. The capitalist press is becoming more critical, too. Kathemerini, clearly worried at the radicalisation on the streets, has said that the government’s victories have been Pyrrhic ones. Was it worth doing all this to lose so much support and provoke such a reaction in society? The answer to these questions will not be long in coming. In October there will be local elections in which the PASOK will be massacred. In the Spring of 1999 the party congress is due. It promises to be a hot Autumn, and an even hotter Spring for the Greek Tony Blair!



# 'Brezhnev has gone mad'

**'Lenin wake up, Brezhnev has gone mad.'** This was one of the slogans chanted on the street of Prague 30 years ago as Russian and Warsaw Pact troops invaded Czechoslovakia. The upheavals in Czechoslovakia had begun with a stormy session of the Writers Union which passed a resolution supporting Soviet author Solzhenitsyn's protest against censorship.

This ferment amongst the intelligentsia rapidly spread to the students who demonstrated against power failures in their hostels. The demonstration was brutally attacked by the secret police, who wounded several of the students. The bureaucracy was so rattled that they tried to pacify the students by offering to pay the hospital bills of the injured demonstrators. The students' response was to demand that those responsible be punished and the press publish the facts. Student leaders warned that if the papers did not report the truth they would march to the factories and report the incident to the workers themselves.

The split in the bureaucracy, the fall of Novotny and the rise of Dubcek which followed these events cannot be explained solely by the actions of the writers and the students, but must be seen against the background of the developing crisis of the Czech economy.

## Stalinist

The insanity of the various national Stalinist bureaucracies of Eastern Europe trying to build socialism in 'their own' countries led to each state attempting to construct every branch of industry 'independently,' without giving any consideration to the inevitable restrictions imposed by the old capitalist national boundaries.

Bureaucratic planning 'from above' and the concomitant inefficiency, corruption and mismanagement meant that the necessity of 'meeting the plan' led to the replacement of quality with quantity. Those consumer goods which were produced, could not be sold on the world market, while their price put them beyond the reach of Czech workers.

The Czech economy was grinding to a halt, clogged with bureaucracy. The need to rationalise the economy, and fear of the consequences among the Czech workers, led to a split at the top of the Czech bureaucracy, and the emergence of the Dubcek wing of 'reformers.' In the West Dubcek and co. were lauded by the media, but what and

who did Dubcek really represent?

The main thrust of Dubcek's programme was an economic reform where directives from the central plan would be replaced by plans drawn up by individual enterprises or associations of enterprises. Far from abolishing the privileges of the bureaucrats, Dubcek was aiming to increase wage differentials and grant 'incentives' to the factory managers. This was a classical Bonapartist manoeuvre balancing on one set of bureaucrats (the factory managers etc.), against another layer (state bureaucrats).

Initially the Western press reported that many workers were suspicious of Dubcek, and with good reason. In the last analysis Dubcek's reforms would work against the interests of the Czech workers. Competition between state-owned enterprises would inevitably lead to the closure of unprofitable factories producing large-scale unemployment.

From the beginning Dubcek looked primarily to the intellectuals and students for support. The Czech bureaucracy was clearly frightened that the ferment in the intelligentsia would spread to the workers - that was a lesson they had learned from the "Crooked Circle" in Poland and the "Petofi Circle" in Hungary, whose agitation sparked off the revolutionary movements of 1956. They were prepared to grant concessions temporarily, especially to the intelligentsia, in order to protect their own privileged position.

The rapid development of the mass movement in Czechoslovakia terrified Brezhnev and the Moscow bureaucracy. Dubcek's reforms were timid (incidentally it later emerged that Dubcek himself was a compromise candidate of the Central Committee, not even the most radical of the bureaucrats!) but they were enough to act as a catalyst to the discontent welling up in the working class.

The split in the bureaucracy precipitated an unparalleled outburst of discussion, protest meetings and demonstrations. In every factory, college and village a furious discussion raged. Resolutions poured in demanding the sacking of Novotny and the speeding up of reforms. Even Communist Party meetings were the scene of noisy debate. The movement was gathering impetus and the bureaucracy was forced to swim along with the current, granting reform after reform.

The Kremlin alleged that the "forces of reaction....with the aim of restoring the bourgeois system" were behind the movement. This was the standard contemptible formula

employed by the Russian bureaucracy to frighten the workers into line.

The Stalinist bureaucracies of Russia and Eastern Europe feared strikes like the plague because they saw within them the potential for a movement which could overthrow their rule. Even worse in their eyes was the development of political organisations around which an alternative socialist programme to the perverted caricature of socialism that existed in these countries could crystallise.

Heavy pressure bore down from Moscow on the Czech bureaucrats to 'put their house in order.' The 'reformers' meanwhile had realised that they could not simply rule by the old methods. If the reforms created a dangerous situation for the bureaucracy, an attempt to go back to their previous policy would be ten times as dangerous. When a whole people stand up and say "No," no force on earth can stop them.

## Dubcek

Dubcek's immediate intention was to grant concessions, removing the worst causes of discontent, but leaving the power and privileges of the ruling clique intact. However the movement below could not be allowed to go too far.

The pressure from Moscow wasn't the sole cause of Dubcek's rapid backsliding. His main concern was to restrict the movement of the Czech masses. With one hand the bureaucrats gave out concessions, with the other they issued warnings to the workers to "avoid another Hungary at all costs."

As always these so-called reformers constantly appealed for "calm," attempting to lull the masses into passivity. As the pressure from other frightened Stalinist cliques mounted, the Czech bureaucracy began to retreat step by step from the concessions they had made.

The Czech press was warned off printing articles too critical of the Soviet Union. At a meeting with Romanian Stalinist leader Ceaucescu on August 16th, Dubcek announced, "We need order in our country. The meetings in Prague [ie public discussions], if they continue, will have a negative effect on the democratisation process." (The Times, August 17th 1968). They were taking very seriously the warnings from the Kremlin.

The Russian bureaucracy were terrified that if censorship were to be abolished in Czechoslovakia, they would be left with little justification for resisting the clamour of Soviet intellectuals for the dead hand of



**'In the end it proved to be the bureaucracy itself, no longer able to guarantee its power and privileges on the basis of a nationalised planned economy strangled by the absence of democratic workers control, who turned towards capitalism as Trotsky had predicted in the 1930s. In Czechoslovakia their actions were eventually responsible for the criminal break up of the country.'**

bureaucracy to be lifted from literature and the arts. More serious still would have been the effect on the working class. A free airing of opinions in the press would provide a focal point for organised expressions of discontent, inevitably leading in the direction of a new programme and a new party.

In Czechoslovakia, as in Hungary in 1956, (where the workers actually set up workers' councils, soviets in all but name) the working class would undoubtedly have tried to move in the direction of the programme drafted by Lenin in 1919, based around the following four demands:

- ☆Free and democratic elections with the right of recall
- ☆No official to receive a higher wage than a skilled worker
- ☆No standing army, but an armed people
- ☆No permanent bureaucracy, "every cook should be able to be Prime Minister."

At least one Czech journal was already raising the idea of genuine, democratic workers councils. In the course of events, experience would have demonstrated to the workers the need to by-pass the limitations imposed on them by the Dubcek clique.

In 1956 the Hungarian workers went much further than the "reformers" like Nagy and Dubcek had foreseen. They built a genuine workers' revolution, not a social counter-revolution to overthrow the socialist property relations, but a political revolution to oust the bureaucracy and establish a healthy, democratic workers' state. That movement was only crushed by the intervention of Russian tanks at a tremendous cost. Now again in 1968 Moscow was faced with a stark choice, either intervene which would mean yet another blow against the power and prestige of Stalinism; or stay out which would probably create an even more dangerous situation for the bureaucracy, a danger which would not be confined to the borders of Czechoslovakia. In other words, the invasion was not a sign of strength on the part of the bureaucracy but of weakness, motivated by fear.

### Superficial

From a superficial point of view the appearance of tanks on the streets of Prague spelt immediate and inevitable defeat for the movement in Czechoslovakia. From a purely military point of view any talk of Czech resistance to the mighty army of Soviet Russia would be ridiculous. However, for Marxists military factors by themselves are not decisive in war. If that were the case, then the young Soviet

Republic would have been crushed by the twenty-one armies of foreign intervention sent against them. But this did not happen. The reason was the clear internationalist position adopted by the Bolsheviki and the class appeals made to the workers in uniform of the foreign armies. The result of the Bolshevik propaganda and fraternisation on the already demoralised troops led to mutinies in the armies of intervention which became infected with "Bolshevik influenza."

A genuine Leninist leadership would have prepared the Czech people for the eventuality of an invasion, both politically and militarily. If the Red Army had been confronted by an armed working class organised in soviets it would have made a tremendous impact on the Russian workers in uniform. As it was, numerous eye-witness reports tell of the bewilderment and demoralisation of the troops, as the realisation dawned on them that they had been duped by their leaders. There were instances of Russian troops breaking down and weeping in the streets, protesting that they didn't even know they were in Czechoslovakia. In this situation a clear internationalist, class appeal would have led to massive disaffection in the Red Army. The Czech workers and youth showed an instinctive grasp of the need to fraternise. Mere passive resistance is not enough though. The interventionist troops should have been made to feel the absolute determination of the Czech people to fight to the death if necessary to defend their gains. They should have been confronted with a force so implacable as to encourage them to disobey the officer with his pistol at their back. Without such a confrontation the officer caste can always force the troops back into line with the threat of the firing squad.

The tragedy of Czechoslovakia was that at the crucial moment the Czech people found themselves leaderless, disarmed and unprepared. The cowardice of the Dubcek clique, which preferred to see the country occupied rather than arm the working class, is a clear indication of their real interests.

Undoubtedly the Soviet invasion was a defeat for the Czech working class. As in 1956 the capitalist press had a field day exploiting the invasion as proof of the bar-

barity of communism. They shed crocodile tears but were not prepared to lift a finger to help because they knew that all the Kremlin's propaganda about counter-revolution was a lie. There was no desire on the part of the Czech workers to restore capitalism, rather they were groping towards creating a genuine workers' state. Of course the capitalists have no interest in allowing that to happen. So despite all their hypocrisy, they were quite pleased to see Russian forces crush the movement, while taking advantage of the cheap propaganda opportunity to drag the name of socialism through the mud. For decades the capitalist class in the West and the Stalinist bureaucrats in the East leaned on each other for support, while simultaneously the western capitalists used the crimes of Stalinism to discredit socialism, and the bureaucratic cliques relied on the threat of counter-revolution to control their own workers.

### Bureaucracy

In the end it proved to be the bureaucracy itself, no longer able to guarantee its power and privileges on the basis of a nationalised planned economy strangled by the absence of democratic workers control, who turned towards capitalism as Trotsky had predicted in the 1930s. In Czechoslovakia their actions were eventually responsible for the criminal break up of the country.

The movement towards capitalism in Russia and throughout Eastern Europe has created a nightmare for the working class. Every day is providing new lessons in the wonders of the market. In the next period the workers of Eastern Europe will rediscover the traditions of 1956 and 1968 and the other marvellous struggles of the working class, and rediscover too the genuine programme of socialism and Bolshevism. The banner of Marx and Lenin will be recovered from the mud through which the Stalinist bureaucracies dragged it by a new generation who, standing on the shoulders of their forebears, will link arms with their brothers and sisters in the West in the struggle for a socialist future for all humanity.

*This is an edited version of an article by Alan Woods originally published in 1968.*



# New Labour - new grass roots party?

Much has been written about the changes that have been imposed on the Labour Party over the last few years. The most popular theory which has been advanced—by both the right wing and ultra-left—is that in some way the party has been fundamentally transformed into a new middle class party, **New Labour**. The paper, 'New Labour—New Grass Roots Party?', produced by Paul Whiteley and Patrick Seyd from the Politics Department at the University of Sheffield (£2.50) provides some interesting data to challenge this assumption. Some of their conclusions are open to challenge but more of that later.

by Steve Jones

Seyd and Whiteley have been analysing the Labour membership for a number of years and the publishing of this paper is a clear attempt to update their previous research in the light of Blair's claim that Labour is now "literally a new party."

They start with a brief summary of how Labour has dealt with the issue of party membership. For many years after the 1945-51 Labour government party membership declined.

## Disillusionment

A number of reasons can explain this including disillusionment with the policies of successive leaderships both in office and in opposition alongside a less than active interest in actually recruiting anyone. In 1989 Neil Kinnock raised the question of a drive to double the membership and create a national membership scheme.

However this campaign was stillborn since many of the then leadership believed that the way forward was to bypass the membership and influence things directly through the mass media. Only after the 1992 defeat did it become clear that something would have to be done about revitalising the ranks of the party. A drive would have, as the authors explain, a number of advantages. A new source of income and a boost to the numbers involved in campaigning work are objectives we would all support but to this was added a third aim—to create a pool of inactive members who would blindly support the leadership and swamp the old activists in key votes. This was the strate-

gy behind OMOV with its attack on the traditional decision making structures of the party. Interestingly we should note that as OMOV has been seen to be less and less reliable by Millbank, it has quietly been shunted into a siding. The strong vote for the left in the 1997 NEC elections was most definitely not part of the script.

The authors quote data that show that between 1994 and 1997 membership grew by 40%. Why was this? The paper does not really tackle this question but the reasons are clear. Many people saw joining the party as a clear and easy way to get at the hated Tory government and given the bombardment of adverts inviting people to join and put Major's nose out of joint it was inevitable that large numbers would sign up. The reduced subs rate for trade unionists who belonged to affiliated unions was also a factor. So who were these new recruits? Seyd and Whiteley show that if anything they are marginally more working class than was the case prior to 1994. Of course large numbers of middle class people joined as well but this was primarily due to the grinding down of that class by the actions of the Tories in office. In other words they joined because of what Labour traditionally represented as a vehicle for the aspirations of the working class rather than any desire to create a new party. The authors make an interesting point in comparing the status of those members who joined after 1994 as against those who joined before: "...with regards to subjective social class there does not appear to be any significant difference between the two groups. It is noteworthy that many party members who would be classified as middle class by the sociologists, think of themselves as working class."

## New recruits

The data in this paper does show that new recruits tend less to be members of a trade union (only 29%) but this is to be expected given the general decline in trade union membership and a corresponding increase in those who have fallen outside the main areas of trade union protection (unemployed, self employed and workers in non-organised areas of employment). In the main we can see that there has not been a fundamental change in the character of the party membership.

But what about the aims and politics of this new membership? The conclusions which the authors come to are that the

new members are "... more conservative and have views more in line with current Labour policy on crime, welfare dependency and redistribution of income than Old Labour members." But do the figures presented (which compare views between 1990 and 1997 and between those who joined after 1994 and those who joined before i.e. New verses Old) support this conclusion? Certainly they show a shift in views but how dramatic are these figures? For example they say that "61 percent of New Labour members are in favour of the redistribution of income and wealth in comparison with 70 percent of Old Labour." But that is only a shift of 9 percent. Similarly they state that "... 44 percent of the New Labour members (want) more nationalisation compared with 52 percent of the Old Labour members." Again only a difference of 8 percent. Some of the changes in views are more pronounced, others virtually static, but none represent the sort of total transformation which the Blairites would have us believe has occurred. But obviously the figures do show a shift of sorts—why?

## Landslide

When the authors' survey was carried out Labour had just won a landslide election. There was still therefore considerable goodwill towards—and illusions in—the new Labour government. It is not surprising that many party members (and indeed people in general) were prepared to give more support than before to some of the positions argued by the Blairites. Yet considerable numbers still supported aims such as the redistribution of wealth, nationalisation, action against poverty and the trade union links. More to the point we should ask how solid based are these new shifts in opinion? Far more members in 1997 were only prepared to answer 'neither agree/disagree' to questions and most steered clear of the 'strongly agree/disagree' options. What will happen in the face of setbacks and retreats in policy and action? If the 1997 data showed the hopes which people had in Labour, what will the 1998 and 1999 figures show? Indications are that some of the new members have not renewed their membership and that others are becoming far more critical. This report provides far less comfort to the Labour leadership than might have been expected.



# £10,000 press appeal launched

July 1st 1998. Note that date. It marks the start of an important campaign to raise £10,000 by the beginning of 1999. Why has Socialist Appeal launched this drive? The reason is that the editorial board has agreed to target the purchase of new printing and collating machinery so that we can be ready to match up to the demands that will be placed on us over the next few years.

This decision reflects the tasks posed by the rapidly changing events which have—and will be—unfolding both nationally and internationally. The crisis affecting SE Asia has cast a cloud over the economies of the rest of the world. The next few years will see these economies stagger from crisis to crisis as recession rears its head. Under such conditions we will see economic, political and social turmoil. Such develop-

ments will undoubtedly lead to renewed attacks on the working class and a severe discrediting of the so-called market economy. So in fact there has never been a more important need for the ideas of Marxism inside the labour and trade union movement. Only the voice of Marxism can provide a clear way forward for activists and that voice must be heard. As a consequence we believe that we need urgently to move towards a more regular publication—first fortnightly then weekly so that we can react quickly to events.

However our existing resources will not be up to the job. Our current printing machine has served us well but has reached its maximum capacity so far as the volume it can produce. We need to be able to increase our print run and cycle of printing beyond what this machine can handle. This applies not only to the production of Socialist

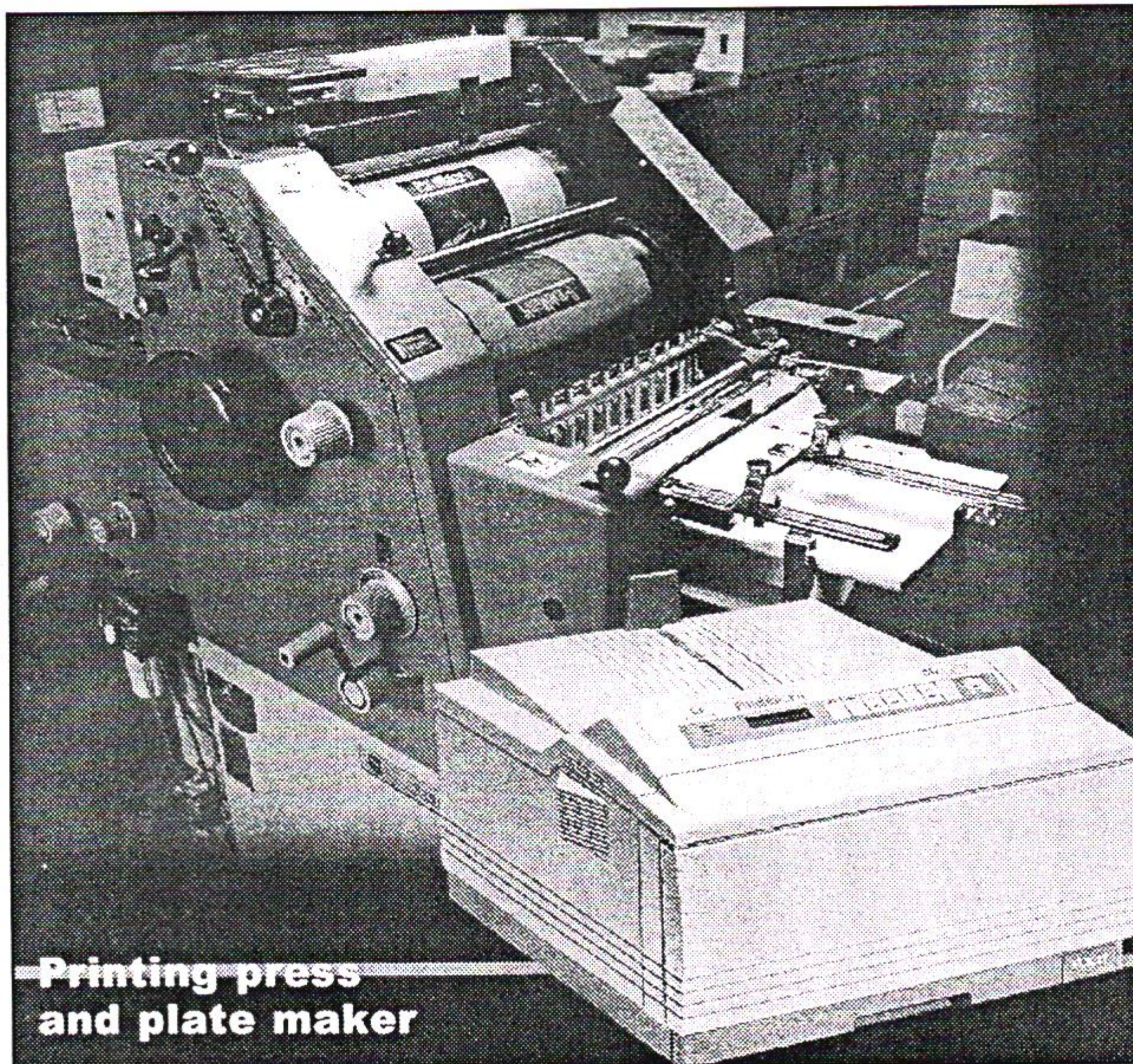
Appeal but also to the other material we wish to produce including leaflets, pamphlets and posters. For example special supplements were produced for the Unison and AEEU conferences. We will need more of these in the future. That is why we need the new machinery—and sooner rather than later.

To achieve this target we will need the full support of every reader. A special call has been made for every supporter of our ideas to make a serious socialist investment in helping us to meet this target. A number of people have already responded by making pledges or donations of £100 each. Other sizable donations have also been made. We thank all these readers and hope that more will join them as soon as possible.

We are appealing for every supporter and reader to dig deep and chip in what you can. Every bit counts, however small. Socialist Appeal is your journal. It is you who have kept it going over the last six years and we are confident that you will make this new press fund appeal a successful one. In addition to the individual donations we are also looking to supporters to supplement this with a whole series of fund raising events, particularly as Christmas draws nearer. Plans are also being laid by the editorial board for a number of exciting initiatives to support this. Watch this space over the next few months for details.

Linked to the drive to push up the sales of Socialist Appeal (announced elsewhere) we feel certain that with your help the financial and political basis can be laid for the important steps forward which we will all be taking in the next year.

*Please send all donations to us at PO Box 2626, London, N1 7SQ and make all cheques/POs payable to Socialist Appeal. We thank you in advance. Supporters can also make regular donations to our press fund by standing order. If this suits you then write or phone for details and a form.*



**Printing press and plate maker**



# Drive launched for new subscriptions

This month Socialist Appeal is not only launching a drive to raise the cash for new printing equipment but also a new push on the sales. As part of this we are going to try and get 200 new subscribers.

Special letters are available for use and these can be sent on request. But you can start helping us now by showing this journal to a friend or someone you know in the workplace or labour movement and inviting them to fill in the subscription form. Alternatively why not get your labour or trade union branch to take out an order for 1 or more copies. 12 issues costs only £15 posted direct to their door. Of course if you haven't got a subscription then the first person to fill this form out should be you. The more subscrip-

tions we have the more solid is our regular income. This will help us to plan and prepare for the future.

The other part of the sales drive involves increasing the number of bulk sales. We can send you a bulk order to sell—simply ring or write to us and we will sort something out. This can be done for as few as 5 copies. Selling Socialist Appeal to your workmates or at meetings will not only help increase our sales but will also help promote the socialist ideas we are trying to defend. Supporters should also look at street sales, perhaps with a stall. A good display involving the journal, some pamphlets and books together with petitions and the new stickers we have produced will soon attract interest. All this material is available from our office—contact us now. Help keep the red flag flying!

## Get out there!

A number of Socialist Appeal supporters have already been out on public sales. As an example of what can be done we print below extracts from a letter sent by Vic from Southampton.

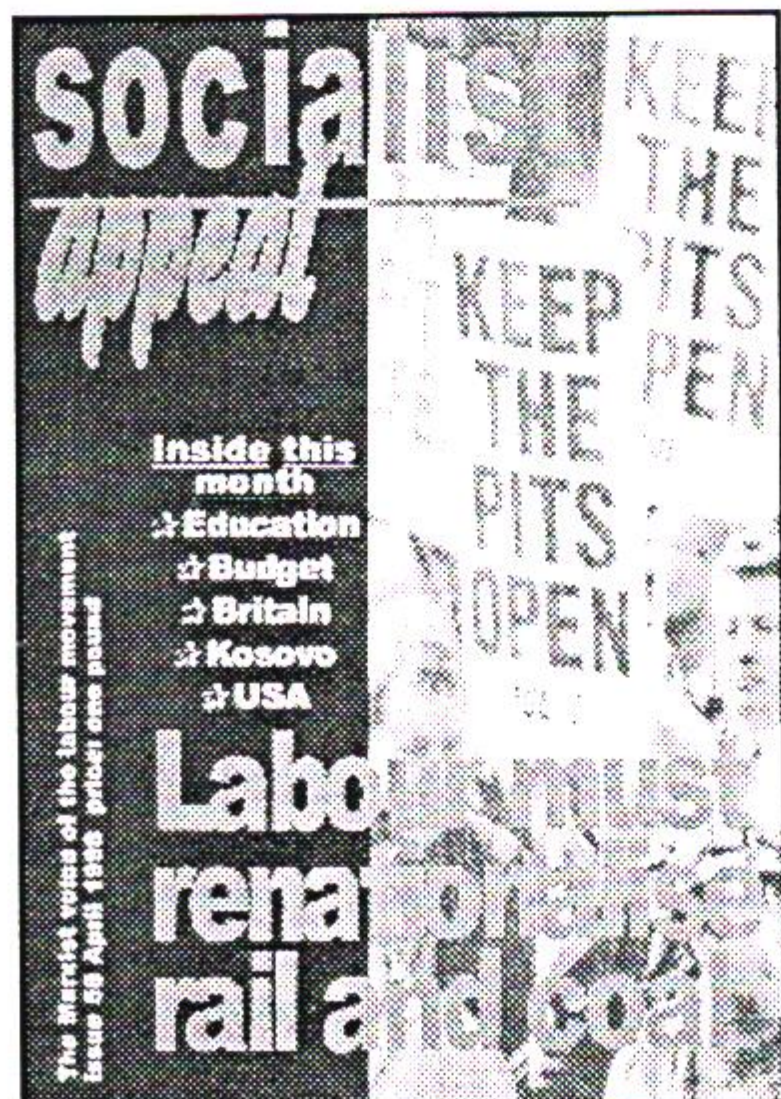
'This week some local sellers of Socialist Appeal took the decision to raise the public profile of the journal. As a first step we decided to revisit Fords plant at Swaythling... We agreed that our immediate target would be to re-establish the sale and if we managed to sell a copy of the journal then all well and good.'

'We stood together in the early morning cold, thinking fondly of those still in their warm beds... the workers began to file silently past and we started calling out: "Socialist Appeal!" "Repeal all anti-union laws!" and so on. Not much imagination for sloganising so early and we got some pretty unimaginative replies: "No thanks mate" and "What, on my money?" said some. Others: "Don't you buggers ever give up?" Anger. That's encouraging, maybe a dispute brewing? All too soon, the gut-wrenching howl of the factory hooter and the last rush to clock-on brought our sale to an end.'

'But three sold on our first attempt. Not bad—and we established contact with workers who had not been seen for a while...'

## Subscribe to Socialist Appeal

*the Marxist voice of the labour movement*



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## Kosovo

The Balkans crisis continues



by Alan Woods

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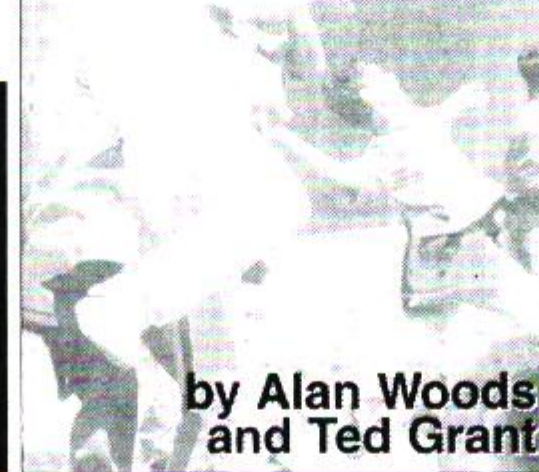
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# socialist *appeal* fights for

☆ Socialist measures in the interests of working people! Labour must break with big business and Tory economic policies.

☆ The repeal all the Tory anti-union laws. Full employment rights for all from day one. For the right to strike, the right to union representation and collective bargaining. Stop casualisation. Part time work only for those who want it.

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

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



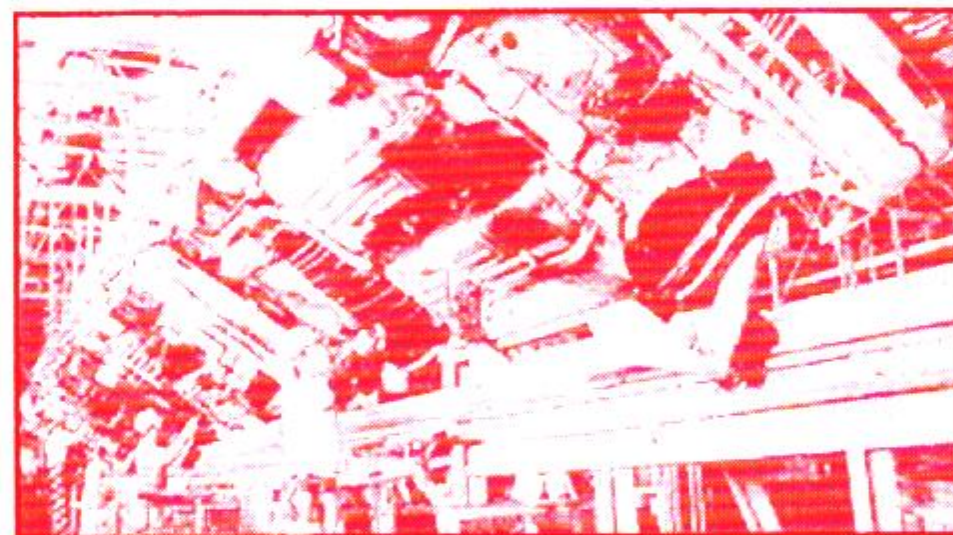
☆ A national minimum wage of at least two-thirds of the average wage. Support £4.61 per hour as a step toward this goal, with no exemptions.

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



☆ Reversal of the Tories' cuts in the health service. Abolish private health care. For a National Health Service, free to all at the point of need, based on the nationalisation of the big drug companies that squeeze their profits out of the health of working people. The NHS to be run democratically by representatives of health workers, the government and the local community.

☆ Action to protect our environment. You can't control what you don't own, only public ownership of the land, and major industries, petro-chemical enterprises, food companies, energy and transport, can form the basis of a genuine socialist approach to the environment.



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

☆ The abolition of the monarchy and the House of Lords. Full economic powers for the Scottish Parliament and the Welsh Assembly, enabling them to introduce socialist measures in the interests of working people. ☆ No to sectarianism and nationalism. For a Socialist United Ireland linked by a voluntary federation to a Socialist Britain.

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

## ★ Join us in the fight for socialism!

*Socialist Appeal supporters are at the forefront of the fight to commit the 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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