

socialist

appeal

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October
1998

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'Coming apart at the seams'

"The global capitalist system... is coming apart at the seams," stated George Soros to the US Congress. Central bankers are admitting privately that this is the worst global crisis they have seen in their lifetime. It marks a growing realisation by the ruling class internationally that this represents a decisive turning point for their social system.

Everywhere you look, the strategists of capital are in a state of panic. This was vividly summed up in a recent issue of *The Economist*, a rightwing magazine: *"The global economic crisis continues to deepen. The latest horror, Russia's collapse, may be insignificant judged by that economy's puny weight in the world, but it was nonetheless a turning-point: the sickness that started in Asia is still spreading, claiming victims far beyond its source. Investors cannot find time to count their mounting losses, so busy are they trying to guess where the plague will strike next. The recent extraordinary (and mainly downward) gyrations in stockmarkets bear witness to the new surge of fright and confusion - and to mounting concern that the turmoil in emerging markets will end in worldwide depression."* (5th September 1998).

They go on to quote Keynes: *"We are today in the middle of the greatest economic catastrophe of the modern world... the view is held in Moscow that this is the last, the culminating order of society will not survive it."* Thus spoke John Maynard Keynes in 1931, as world output was tumbling and unemployment everywhere inexorably rising." And concluded: *"But plenty of economists might express similar views today."*

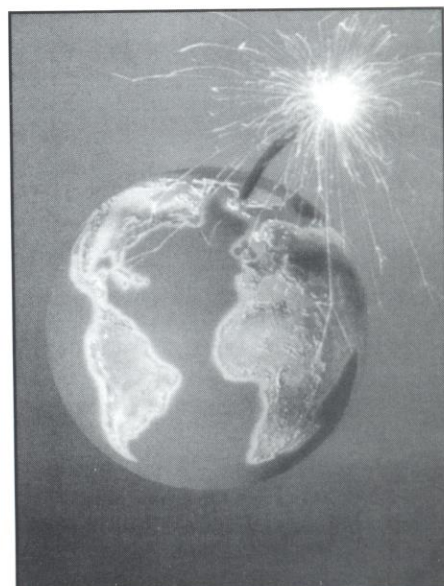
After having the so-called virtues of the "market" and privatisation forced down our throat over the last 15 years, there is now a profound change. There is an open challenge developing to the "market." The capitalists see this as an extremely serious problem. *"A particularly dangerous, though by no means unexpected, form of bad judgment,"* states *The Economist*, *"... is the kind*

that says: 'See, that's what free-market capitalism does for you.'

"As for the sentiment that it is not merely the international capital markets but the basic principles of capitalist economics that need to be questioned, one can only despair that the thought has even surfaced."

But surface it has. The developing crisis is shattering all illusions in the "market" amongst millions of people. Ironically, the only people who have unshaken confidence in the system are the Labour and trade union leaders. *"We cannot buck the market,"* says Blair to the redundant Fujitsu workers. The TUC want lower interest rates and a lower pound to *"help industry to compete,"* while seeking *"partnership"* with the bosses. They are completely blind to the processes taking place. They are busy fiddling while Rome burns, and capitalism comes apart *"at the seams."*

The working class has no future on the basis of the "market." Only through the socialist transformation of society can the ravages of economic crisis be eradicated. On the basis of a planned rational system science and technique can be harnessed to satisfy human need and prepare the way for a prosperous future throughout the world.



Blair's 'third way' or socialist policies?

*"You can't buck the world market"
Tony Blair addressing the news of job losses at Fujitsu in his own constituency.*

The world market is a dominant fact in all our lives. Its global meltdown will have a deep impact on all our lives. Already it is taking its toll on the livelihoods of hundreds of thousands of workers who find themselves joining the lengthening queues of the unemployed thanks to the almighty market. They will justifiably be asking "what is our government going to do about it?"

What exactly have they been doing for the last 18 months? Can you blame the new recession on the policies of the Labour government? Well, the whole world is sliding into a slump, and you certainly can't buck the market by sticking with it. At the same time a Labour government cannot simply abdicate any responsibility for hundreds of thousands of workers jobs.

The latest United Nations Human Development Report ranks Britain 15th out of 17 industrial countries for poverty. The Institute for Fiscal Studies latest research shows that between the mid 70s and the 1990s, the number of households receiving less than 50% of average income jumped from 3 million to 11 million, the poorest tenth of the population has seen no growth in living standards since the late 1960s. You can't blame that on Tony Blair of course, but you can blame it on the free market, on capitalism, and you have to ask how on earth can you possibly hope to halt this growing inequality, how on earth can you defend jobs, on the basis of the very system which causes all the problems in the first place?

Epidemic

Every day we are told by the papers, the bosses, and the Labour leaders that the epidemic of closures and redundancies is caused by the Asian crisis, and the Strong Pound. That is true. Yet as always they invest these phrases with a shroud of mysticism. You can almost picture some dark figure in cape and mask running round the country with a giant scythe, destroying jobs, communities and lives. What do they really mean? Blaming the Asian crisis means that this problem is caused by the world market, by their almighty globalisation. Blaming the strong pound too is blaming

both the market and government economic policy. In other words they are blaming the normal operation of capitalism. The *Grim Reaper* is the free market, and yet the Labour leaders stubbornly cling on to it.

That will bring them into conflict not only with the rank and file of the party, and with the unions, but also with the union leaders and the Parliamentary Party.

The TUC has given us an early indication of this. So did the rebellion of the 47 MPs against the scandalous attack on lone parent benefits. As the economic crisis spreads and deepens the patience of workers towards Blair will wear thin. Already for the activists in the movement it is stretched to breaking point.

At this year's National Conference a number of backbench MPs intended to auction off threatening letters they've received from whips. One MP is quoted in *The Sunday Times* (6/9/98) "*People are fed up with acting as Blair's poodles. Even the most Blairite ones are unhappy. The worm has finally turned and this meeting will mark the beginning of a new movement: not new Labour or old Labour, but democratic Labour.*" Bob Marshall Andrews MP for Medway adds, "*The first signs of unrest in the party are apparent. There has been a discernible shift in mood on the backbench.*"

The first signs of opposition are now clear. They may be muted by rule changes designed to transform the conference into a rally for the leadership. In the long run no piece of paper can prevent the crisis in

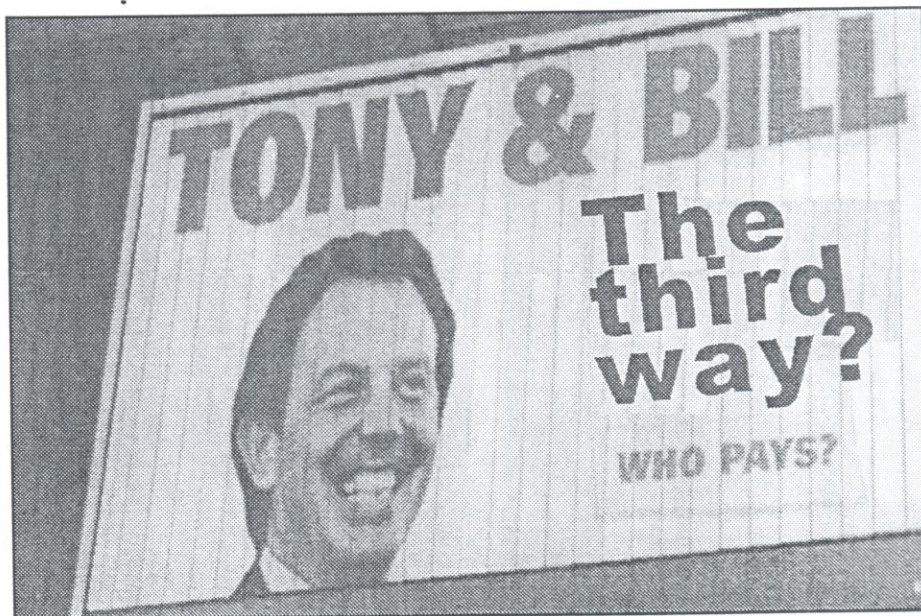
society being reflected inside the party.

The furore surrounding the NEC elections highlights this point. Allegations flew around in the press of ballot rigging by the leadership fearing a victory for the left. It seems that even this could not hold back the tide. The Left won four out of six constituency places on the NEC.

Suddenly the press is printing red scare stories again. The old Witchfinder General Kinnock has taken time off from the arduous task of sitting around in Brussels raking in a fat cat salary to write a piece for the *Guardian* attacking the left, while simultaneously foaming at the mouth. What are they frightened about?

Opinion

The papers tell us all kinds of stories about the Trotskyist sympathies of the Grassroots Alliance. In reality the Alliance represents several different shades of opinion, but none of them Marxist. *Socialist Appeal* has consistently supported left candidates for the NEC, but we have also criticised the Campaign Group/Tribune left in the party for not standing a left slate on a socialist programme. Campaigning for a decent level for the Minimum Wage, an end to privatisation, an increase in public spending on health and education, the repeal of the anti-union laws, the renationalisation of the privatised utilities and industries compensating only those in actual need not the fat cats, would have gained a ready echo amongst party activists and



thousands of other workers bitterly disappointed by the actions of the Labour government to date. Such a campaign for socialist policies could be a pole of attraction drawing thousands of trade unionists into the party to reclaim it from the self-serving careerists who have temporarily hijacked it.

The press argue that Liz Davies, Mark Seddon and co. will be an embarrassment to Blair. Anyone who's been out knocking the doors for Labour knows that it's Blair and his insistence on sticking to Tory economic policies that is the embarrassment.

Elected

In any case the press are missing the point. How did the left come to be elected? If Blair has the entire party eating out of his hand why didn't the membership vote for the candidates that he told them to vote for? Why instead did they vote for precisely those he opposed along with a little help from his friends in the press? There is a lesson here too for all those who have abandoned the struggle for socialist policies in the party in recent years, either demoralised or attracted by the sterile idea of sectarian isolation.

It is just as dangerous in politics as in any other sphere of life to see things only in black and white, yes or no. The benefit Marxism has over other trends is precisely its ability to see developments as a

process, the victory of the Blairites as a temporary phenomenon, which is far from over yet but which at the same time cannot last indefinitely. It was based on a passive acceptance of a further shift to the right, of a desperation to win an election after 18 years of the Tories, of the bombardment in the press that there was no alternative to the free market. Buoyed up by the collapse of Stalinism in Russia, there was an international barrage of propaganda that socialism was dead, that history had ended, that capitalism was the best possible system in the best of all possible worlds. This had an effect on all sections of society, not least the Labour leaders.

It isn't true as cynics assert that you get the leadership you deserve. You get leaders who reflect yesterday, when they were elected. But inevitably when conditions change they come into conflict with those leaders.

We warned at the time of the abolition of Clause Four that the danger with the kind of blackmail used to secure Blair's victory was that holding a gun to someone's head might get them to vote the right way but it also prepares for revenge when the opportunity arises.

Last years vote for Ken Livingstone rather than Peter Mandelson was undoubtedly an indication of the admiration in which the new Minister for Redundancies is held by the party membership. It was also

a slap in the face for the leadership of the party as a whole.

The vote for this years NEC goes deeper than that though. Things have begun to change. Ironically beginning in South East Asia and in Russia, "global capitalism," in the words of George Soros "is coming apart at the seams." The whole world faces the prospect of a deep slump, and at home jobs are already going in their tens of thousands. When Tony Blair tells his own constituents losing their jobs at Fujitsu that you can't buck the world market, he is of course telling them the truth. Once you accept the market then you have to play by its rules. That is precisely the problem. The Labour leaders blindly worship the free market, but it is us who will have to suffer its wrath.

One Minister quoted in the Sunday Times (20/9/98) comments "Even George Soros is saying there is a crisis in global capitalism and calling it into question yet that is the system which Blair and Gordon Brown have accepted without question."

Third way

Their much trumpeted 'third way' is nothing new. It is the same old attempt to marry the "-ism" from socialism with the "capital" from capitalism, it is no more than a new age title for social democracy. Listening to the new ideas of these people is like shopping in one of those shops that have sprung up on all our High Streets, everything cheap and plastic, and nothing over a pound.

In truth the "third way" is a paper-thin veneer behind which we find the same old Blairite "project" to team up with the Liberals, and transform the Labour Party into a US style Democrat Party. It's the same old soap powder in a new shiny box.

With a majority of 179 who needs a coalition? In fact with a majority like that you could immediately introduce measures like a decent Minimum Wage and an increase in public spending.

We were told many times in the past "you can't really expect a Labour government to go around nationalising things to pay for creating jobs and improving services, it wasn't in the manifesto, people didn't vote for it." Well no-one I know voted Labour to bring in tuition fees for students, or to attack benefits, to continue with the Tories cruel public spending limits or to privatise the Tube. People voted Labour for a decisive change, they'd had enough of fat



cat greed, sleaze and privatisation. Those are the expectations which put pressure on union leaders like John Edmonds to make speeches at the TUC condemning bosses pay rises as the "politics of the pig trough" calling on the government to tax the "greedy bastards," and calling on Blair to "break the grip of the tawdry and old-fashioned Conservatism that cramps the mind and breaks the spirit."

Radicalism

The reality is that Tony Blair wants to abolish the Labour Party, that's what he means when he talks about repairing the tragic rift in radicalism at the start of this century. For those of us who belong in the Labour Movement, that was an historic moment when the unions broke with the Liberals and set out to create a party to defend the interests of the working class. Any attempt to turn back the clock by these so-called modernisers will meet ferocious opposition throughout the movement.

According to The Observer (20/9/98), Blair would be willing to abandon 65 MPs for the sake of a deal with the Liberals. That's how many would stand to lose their seats on the basis of PR. That suggests 65 more MPs, those with the smallest majority, will be seated behind Blair sharpening their knives. There is no opposition coming from William Vague and co at present but opposition will start behind Blair. As The Economist pointed out last year when little chance of keeping your seat (won by surprise in a landslide) turns to no chance many of these MPs will speak out. When they are publicly abandoned by Blair, in the interests of further cuddling up to the Liberals, then their loyalty to the leadership will be stretched to breaking point.

All this of course is before the coming slump really bites. To date Blair, Brown and co have eagerly done the bidding of capital and particularly of the City. There is no reason to believe they will now change course. But Blair and Brown are not the Labour Party, much though they would like to think so. Blair says New Labour is the new politics, much like Napoleon believed "L'etat c'est moi." He will get a shock. The discontent bubbling beneath the surface of society is reflected inside the party already, and when that bubble bursts the discontent built up over years will explode. Opposition will come within Parliament, within the cabinet and from the tops of the unions. Eventually it will come too from those mil-

lions of ordinary workers who desperately expected so much more from a Labour government.

All serious economists now talk about a return to the Thirties. That not only means a deep economic slump, but like conditions tend to produce like results. Under such conditions it is not the left who will split from the Labour Party but Blair and his cronies who have no historical ties to the movement which for them is no more than a career vehicle. This is a very serious danger and must be combated now. Just as Kinnock sees it as his duty to warn his friends in the eateries of Islington of the danger from the left, it is our duty to warn the labour movement of the very serious dangers posed by the leadership.

Whether this happens or not the developing crisis will ignite a real debate over alternatives to the free market in the party at every level. All the discredited ideas of Keynes, which led to the explosion of inflation in the past, will be rescued from the rubbish bin in an attempt to offer a solution within the confines of capitalism. None of these ideas are new. They've all been tried before and have led us precisely to the current crisis. One Labour "source" quoted in the Sunday Times (20/9/98) complains, "now nobody has an alternative to humane capitalism." Humane capitalism is a contradiction in terms. But there certainly is an alternative.

Alternative

Global capitalism is indeed coming apart at the seams. It should not be the task of the labour movement to stitch it back together again, but rather to throw the dirty rag in the bin, and replace it with a genuinely modern alternative. A society based on scientific, and rational planning of our economy. A genuinely democratic society, where the levers of economic power are in society's hands not the death grip of a greedy few. A socialist society. The struggle for that society begins now with the struggle to modernise the party, to bring it up to date ready for the 21st century, the struggle for socialist policies. Come and join us in that fight.

- ☆Break with big business and Tory economics
- ☆No deals with the Liberals
- ☆Fight for socialist policies



Rail safety put in jeopardy

There is a growing concern, being expressed by both passengers and rail unions, about safety on Britain's privatised railway network. Cost cutting and the reduction of essential maintenance is now thought to be putting passengers lives in real danger.

During a recent series of strikes involving maintenance workers and nine engineering companies it was notable that train services continued to operate with little interruption. This has raised doubts about whether or not track maintenance was fully carried out during this period.

According to an article in the *Financial Times* (18.5.98) the RMT has accused Railtrack, who own and are responsible for the UK rail network's infrastructure, of actually stopping vital safety checks ahead of one of the strikes so that services would not be disrupted.

A blanket of silence has been imposed on rail employees, who could be sacked if they tell the truth, so hard facts are difficult to come by. But a group of rail workers thought to be based in the North have established a clandestine information service with the intention of exposing safety code abuses and providing a good source of damning evidence against the privatised companies.

The rail companies insist that employees sign new contracts over terms and conditions of work—effectively handing over 'blank cheques' to the management and the possibility of being rostered for work 26 weeks in a year with no enhancements. This would take workers back to the conditions which they had to endure at the turn of the century. Such are the results of the companies insatiable greed—see the profits and to hell with the workers and the passengers. Activists will have to remain vigilant.

Check out our new website:
www.socialist.net

Union members are told: "flood the Labour Party"

Britain's third largest union is about to flood the Labour with its own members in a campaign aimed at "reclaiming" the party.

"Leaders of the Amalgamated Engineering and Electrical Union", reveals a well-informed newspaper report, "say they are planning the tactics - once adopted by the militant tendency - because they fear Labour is losing touch with its roots and has been hijacked by a metropolitan middle-class elite." (Sunday Business, 6th September 1998)

The union, which has already diverted £1 million from the party to encourage members to stand as candidates and stop the Labour Party being dominated by middle class professionals, is now concentrating on building up working class membership. Ken Jackson, the general secretary, said: "We want to persuade our members out there to also join the Labour Party."

This move will be welcomed by the rank and file of the party who are sickened by the middle class carpet-baggers who have sought to take over the party.

This decision, however, is nothing to do with opposing the rightwing domination of the Labour Party. The AEEU rightwing have not changed their spots. They have provided the financial backing for the pro-leadership Members First slate for the NEC elections.

The decision of the AEEU is not born out of a struggle for socialism, but arise from a class conflict between the middle class Blairites and the old rightwing, epitomised by Jackson. While the AEEU stands on the rightwing of the trade union movement, it fears the real agenda of the Blairites who wish to break the trade union link and create a British version of the US Democrats. This would mean an end to any influence the trade union leaders have on the party or a

Labour government.

"Jackson is worried that they want to break the union link" says the report. "The AEEU is also funding a campaign against election voting reforms, fearing they would lead Labour to a coalition with the Liberal Democrats."

Thus the AEEU leadership are attempting to preserve their power and influence, against the Blairite moves to eliminate it altogether. This split in the rightwing camp has a progressive side. Whatever the intentions of the AEEU leaders, an influx of trade unionists into the party will serve to change the Labour Party. To think that these new recruits will follow the dictates of the AEEU leaders or the party leadership is fundamentally mistaken. Given the economic recession and the job losses in manufacturing industry, new AEEU members will be looking for answers and solutions. This cannot be provided on the basis of the market or a patching up of the capitalist system. Experience and events will push them to the left.

"We believe our members should join", says Jackson, "and we should support them out there by giving them training, encouraging them to take key positions within the party and obviously, at the end of the day, we expect and hope that they will remember their roots when key decisions are made."

This is to be welcomed and copied by all trade unions. The Labour Party was established as the political voice of the trade unions, as the organised expression of the working class. It must become so again. The working class must reclaim its party, clearing aside the middle class careerists which infest the hierarchy, and reestablish its socialist identity and objectives. That is the key task of the trade union movement today.



Defend provision for elderly and disabled

On Thursday 24th September over 200 people attended a demonstration and public meeting organised by the Bexley local government branch of Unison. The councils senior officers in the social services department had commissioned a firm of consultants to report on the provision of residential, respite and home care services for the elderly and physically disabled.

The conclusions drawn by this so called firm of experts was that the cost of the services were too high and the resolution to this problem was to either, close services, privatise them or cut the wages and conditions of those employed in them. Alternatively, a combination of these three options. The response of the local Unison branch was to immediately launch a campaign of opposition.

Broadsheets, leaflets, petitions and press statements have all been used as part of the campaign to alert union members, those who rely on the services and the public in general as to what is going on.

The well supported demonstration and public meeting received solidarity backing

from other local union branches and the London Convenor of Unison, Geoff Martin promised the backing of the region in the local branches ongoing campaign to prevent the council officers agenda from being implemented. Carl Millin, the local branch secretary said that changes of this nature would have a detrimental effect and reduce the level and quality of care currently provided. He pointed out that private firms employing less staff and paying worse wages and conditions would have to be magicians to provide the same level of service that is currently provided.

Elderly people and the physically disabled are among some of the most vulnerable in our community, they deserve far better than being farmed out to the private sector to be used like some sort of a commodity to make profit from.

A well paid, well trained highly motivated workforce is an essential part of providing the first class service that people deserve.

☆No to privatisation.

☆No to cuts and closures.

☆No to reductions in wages and conditions of the staff.

Ready for the great leap forward

As our campaign to raise £10,000 gathers pace, big developments for *Socialist Appeal* are in the pipeline. This edition is rather later than usual in order to carry coverage of Labour Party Conference. The next issue will be published around the 7th November to cover the November/December period, allowing us the time to install and get used to running our new equipment over the quieter Christmas period.

The first edition of the new *Socialist Appeal* will be published in mid-January. This will be an historic step forward, not only will the magazine look better but we hope that the technology will allow us to be more reactive to political events and suffer a lot less from technical hitches and delays.

Of course, the most important thing will always be political content and we aim to develop and enrich our political, social and economic coverage.

The new technology will also open up our printing capacity, allowing us to produce more good quality pamphlets, booklets, leaflets and other material than ever before, and allow us to publish *Socialist Appeal* more frequently when required.

These great steps forward can only be achieved, however, if we reach our press fund target of £10,000 by Christmas. That means keeping the donations coming in. If you have not already made a donation or organised a fund-raising event then get busy right away. *Rush the cash and cheques, made payable to Socialist Appeal, to us at PO Box 2626, London N1 7SQ. See page 30 for more details.*

Paul Wozny

Supporters and readers of *Socialist Appeal* in Southampton have been saddened to learn of the untimely death of Paul Wozny. Many of us first met Paul in the early 80s when he was active in the local trade union movement. However it was during the period when *Socialist Appeal* was being established that our respect for Paul really grew.

Although he was selling *Socialist Outlook* during this period, he readily paid for a years worth of *Socialist Appeal*s even before the first issue was published. He also purchased a copy of *Reason and Revolt*, again before it was published. He was elected (and reelected) by the membership of his union, now Unison, as a seconded full time official—something that was a source of great pride to Paul as it now meant he was working for his class. In the Labour Party he was a constant thorn in the side of the right wing and he worked closely with readers of this journal. Latterly he was active in helping to restart Southampton trades council. It is a tragedy that just as big opportunities are opening up for the Left in Southampton, the movement has lost a comrade of Paul's calibre.

Southampton Socialist Appeal readers and supporters send their condolences to Paul's family, friends and fellow comrades at this sad time.

"They'll be wanting us to work for nothing next"

More jobs gloom at Rover

As if the 1,500 redundancies already announced at Rover/BMW were not enough more job losses seem to be in the pipeline and the plant in Longbridge will be closed for the month of December due to falling demand.

BMW chairman, Bernd Pischetsrieder, speaking at the Paris Motor Show, said further 'action' was needed if the downturn continued and the pound remained strong. "What they (the cutbacks) will be is being discussed... but I expect it will go beyond what we have already announced."

Longbridge is already on a four day week and plans have already been announced to switch £1 billion worth of component purchasing abroad.

Rover is all that is left of the British Leyland group which employed nearly a quarter of a million workers only 15 years ago. Now that figure is down below 40,000 and a big question mark hangs over their future.

The upcoming launch of the new Rover 75 is a critical moment for the company. If it fails to make inroads into the market then Rover's days could be numbered in the form it is at present and thousands of jobs put in real jeopardy. Already, manufacturers like Renault have outstripped Rover in the domestic market. Like much of British manufacturing the closed signs could be up as BMW retreats away from Rover as a volume car producer.

According to Karl Ludvigsen, of Euromotor Reports, "It won't happen suddenly. BMW will not want to be seen to wind down the car side of Rover too soon... Resources will be gradually shifted to Land Rover. Some BMWs may be assembled in Rover plants, as will a new Rolls Royce. The MGF and Mini will be sold through BMW dealers. But, by the end of the 2000s, Rover as a passenger car marque will be extinct."

Now for the ultimate in 'flexibility' - working for nothing! BMW owned Rover announced in September that the group's 4,500 specialist engineers at Longbridge, Gaydon, Oxford and Solihull Land Rover plants must work two hours a week overtime for no pay.

This follows their announcement in July of 1,500 redundancies, when the company blamed a fall in orders due to the 'strong pound.' Now Rover say there is a skills shortage, but production must be kept up because of the pressure on profits due to, once again, the 'strong pound.'

Engineering Director Nick Stephenson told the *Birmingham Evening Mail* (5 September): "The strength of the pound is working against us in terms of profitability and it is well known we are looking for savings. Times are tough..." You can say that again Mr. Stephenson!

But the 'strong pound' argument, as ever, is a smokescreen. In reality, the 'strong pound' is not affecting Rover's profitability one jot. August saw Rover's sales fall to 42,000 vehicles. Such alarming have been used to terrorise the workforce into accepting any old crap the bosses throw at them, which now includes working for nothing, all to 'save their jobs.'

But tucked away in the financial pages of the newspapers you can find the real position of Rover's finances. The dip in car sales has not in fact dented the company's profits. On the same day the story broke about the unpaid overtime, a Rover spokesman was telling the *Birmingham Post* business section that they weren't worried about the fall in vehicles sales, because "...profit margins, rather than market share, was the key statistic."

Last year Rover sold 159,000; this year it is 152,000. But as the company spokesman pointed out: "If you look at the overall sales picture across the entire group, then we are there, or thereabouts, this year with what we were doing last year... (by) selling more profitable vehicles."

Add to this the savings Rover are going to make by 'outsourcing' £400 million worth of buying in supplies to Germany from the West Midlands (leading up to anything in the region of 20,000 job losses in the local supply chain). For all their bleating about the strong pound, the bosses never say a word about the huge savings the strong pound brings them by switching to overseas suppliers.

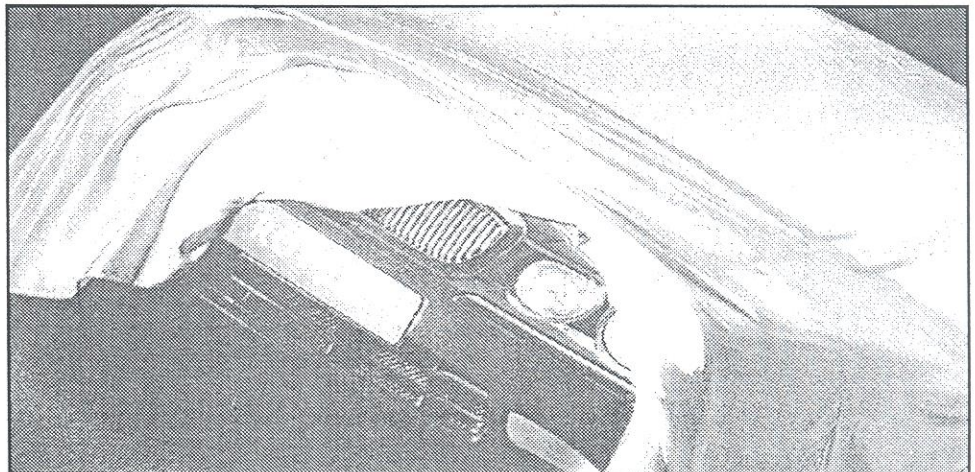
So where is this so-called 'strong pound' crisis, that has led to 1,500 redundancies and now needs workers to work for nothing? There is none. Rather it is the usual tactic of the bosses creating a climate of fear so workers will sacrifice anything for the 'luxury' of keeping their jobs.

And what madness. Sack 1,500 workers one minute, then ask those that remain to work for nothing because of a 'shortage of labour! Would it not make more sense - even by capitalism's crazy logic, particularly when profit levels are not under threat - to retrain the 1,500 workers to the skill levels required?

But that takes planning, which is something history has shown capitalism to be totally incapable of.

Only a short while ago, a common refrain from workers disgruntled at the latest pay cut was "they'll want us to work for nothing next." It would appear that day has finally come.

by a West Midlands activist



Trouble ahead for Labour in Scotland?

Since the general election, some 17 months ago, Labour in Scotland has been on the run from an upsurge of support for the Scottish National Party. Despite the creation of a devolved assembly, which some believed would provide a blow to nationalism; the SNP's electoral support has risen, while Labour has witnessed a whole series of defeats in council bye-elections. This caused alarm with Labour ranks, and was expressed in a number of critical voices being raised against the Blair leadership. Even more alarming has been the support for independence. In early September, an NOP poll found 50 per cent of Scots and nearly half of Labour voters in favour of a break from the rest of the UK.

by Graham Wilson

This has served to over-shadow politics in Scotland. In just 8 months time the voters in Scotland will elect on the basis of PR the first MPs to the new Scottish parliament. The Scottish Secretary, Donald Dewar, hopes to become Scotland's First Minister. But the way things are going for Labour, this could be in some doubt. Opinion polls over recent months, despite Dewar's summer offensive against the nationalists (the "Summer of Scrutiny"), have shown the SNP's steady advance. A number of polls – although not all – have even placed them neck and neck or just ahead of Labour. Dewar still trails Alex Salmond in polls over a choice for First Minister. The *Sunday Times* NOP poll gave Dewar 40 per cent and Salmond 44 per cent.

Scandal

Labour has been wracked by one scandal after another. From attempting to throw out Pat Lally, the Lord Provost in Glasgow, to the expulsion of Tommy Graham MP from West Renfrewshire on the grounds of "bringing the party into disrepute." Lally took the party to court and won. Now Graham is preparing to take the Labour Party to court to overturn his expulsion. It is clear the air of scandal will be around for some time. This can only play into the hands of the opposition parties, especially the nationalists, in the run up to next May's election.

Added to this has been the underhand fashion the Scottish Labour leadership has handled the selection of candidates for the

new Scottish parliament. Left-wingers, like Denis Canavan MP (who got 100 per cent backing from his local party), were deliberately excluded from the panel of members from which candidates would be selected. This was the work of the Scottish Blairites who hope to exclude the left and maintain a monopoly for themselves.

In a half-baked scheme to distance themselves from all this, the pro-Blair Scottish leadership has tried to re-invent themselves by changing the name of the party. To the anger of the rank and file, the Scottish Labour Party has been changed to "Scottish New Labour", without consultation. According to Bob Thompson, the party's treasurer and UNISON official, "It's substance and not spin that we need. There is no such thing as Scottish New Labour. Labour members see the term 'New Labour' as divisive and it can lead to factionalism."

Labour councils across Scotland are not enhancing the Labour cause by carrying through massive cuts in services and threatening jobs. With £7 million lost between North Lanarkshire and East Ayrshire, things are deteriorating. The budget cuts are causing Labour councils to speak and act like Tories, with continuous attacks on jobs and conditions. Cost-cutting schemes and so-called job flexibility mean more work being done by fewer staff. In Falkirk, PFI – a form of privatisation – is being used to build five new schools and has caused the local UNISON branch to question the union's links with the Labour Party. Although this is a mistake, it reflects the anger at the actions of the Labour council.

The trade union leaders, who asked us to wait for a Labour government to solve our problems, are now doing their best to

dampen down rank and file opposition. However, over 2,000 Glasgow social workers recently staged an unofficial walkout over transferring workers to another department. The Labour council got through a court interdict (injunction) forcing the UNISON officials to repudiate the action – instead of them supporting their members and balloting for action.

As the recession bights, big battles loom inside the Labour and trade union movement. The "market" will be seen as no solution. Socialist ideas will be back on top of the agenda, and democratisation of the party will be demanded.

New parliament

Next May, Labour is still favourite to win as the largest party in the new parliament. PR, however, will lead to horse-trading with the Liberal Democrats. However, a deepening crisis and a continuation of Tory policies by the Blair government could see the Labour Party's basis of support in Scotland further eroded. If the SNP emerge as the largest party and entering a coalition with the Liberal Democrats could place a referendum on Scottish independence on the agenda. Such a scenario would be very dangerous for the unity of the working class throughout Britain. The division of Scotland from the rest of Britain would be a political and economic disaster.

Despite the leftwing rhetoric of the SNP, their policies would be a disaster. While defending the right of self-determination, socialists should oppose the break up of Britain and fight for the maximum unity of the working class in the struggle for a socialist Britain. The only real answer to nationalism is class unity and socialist policies.



Teacher's pay must be top priority

'Obscene.' That was the word used by Doug McAvoy, NUT General Secretary, on hearing of the reappointment of Chris Woodhead, complete with a massive 34% wage increase. Speaking after the recent NUT special pay conference in Harrogate, Doug McAvoy also pointed out that if the Labour government went ahead with its plans to introduce performance related pay they could be faced with major industrial action from teachers. He went on to state that paying teachers by exam results would create an explosion of anger.

A report in the *Observer* 27/9/98 accurately stated, "The 500 delegates at the conference in Harrogate, North Yorkshire, were visibly outraged by the governments proposals on performance related pay."

The mood of teachers would have been further inflamed when they read the following day that David Blunkett the Education and Employment Secretary had responded by referring to some teachers as "a miserable bunch of sneering cynics."

Priority

The Labour government has continually said that education is its top priority. Reflecting the mood of the special conference the NUT leadership is making it clear to Labour that it needs to put money into education where it will most improve the service. This means improving the pay and conditions of staff. To motivate school students requires a motivated teaching force. Teachers have been attacked for 18 years under the Tory governments. In the first 18 months of Labour many of the same attacks have continued. Now our union is beginning to fight back to raise our pay and conditions. Decent pay and conditions are an essential prerequisite in producing a highly motivated teaching force, well paid support services in the classroom and in clerical and administrative support.

Over 50% of new entrants to teaching leave within five years. In 1997-98 the intake for secondary initial training courses in mathematics and foreign languages fell around a third short of target. Latest figures show graduate applications in 1998-99 are 60% below the government target in mathematics, 65% in design and technology, 40% in science and 36% in foreign languages. There is a severe crisis in teacher supply! Huge numbers have taken early retirement and breakdown rates continue to rise. In this situation only a big increase in pay and a cutting of the work burden can

help.

We must have smaller classes. It is clear that teachers, who work on average 55 hours a week, are facing increasing stress and problems that can only be helped by lifting bureaucratic workloads and increasing clerical and administrative support. The government has recognised the need for smaller classes for 5 to 7 year olds but surely it is true for all classes? Why else do the rich send their children to private schools where class size is on average half that in the state sector.

Response

The response from the government seems to be to move to a system of performance related pay and the creation of so-called super teachers, increasing pressure from OFSTED, and a threat to cut our holidays and increase our hours of work. The NUT must build a campaign to fight any proposals to attack our holidays and increase our hours of work and campaign for industrial action if necessary for a decent pay award for all teachers.

Performance related pay is a non-starter. We are talking about education of children not an assembly line! This relies on relationships and work with individual children and teams of teachers. Who will get performance related pay awards? Just those who teach the best academic kids? Just the heads and staff of the league table leaders? No performance can measure the work we do counselling and teaching the special needs children or the academically weaker children, or the children from deprived home backgrounds. We must reject any form of performance related pay!

Campaign

The NUT special conference in Harrogate had before it proposals from the executive majority that would have conceded pay rises linked to 'recognised competencies' (unspecified in the document). This would have been the opening which allowed the government proposals to not pay us all a decent wage rise but offer a few further advance beyond a basic grade. Conference accepted the Left's amendments which place the emphasis on a campaign to achieve:

☆A common national pay spine based on experience.

☆A basic scale for all teachers with no extra responsibilities ie. rewarding the classroom teacher, from £23,000 after 3 to 4 years, rising to £31,000 for all teachers.

☆A clearly laid down system of allowances for extra responsibility posts.

☆A flat rate rise of £2000 for all teachers and an extra two and a half per cent rise for the starting salary to meet the recruitment crisis.

☆All this to be fully funded and paid by the government from April 1999.

Teachers pay has continually fallen relative to average non-manual earnings. In 1974, at the implementation of the Houghton Committee report, teachers pay was 37% above that of the non manual average. By 1992 it had declined to 18% above the average, last year only it was only 8.4% and this year it is forecast to be a mere 6.3% higher. This decline must be reversed for all teachers if the crisis in morale and recruitment is to be dealt with.

Deprivation

We as teachers do agree we make a difference to our children but we also recognise you cannot ignore poverty, poor housing and social deprivation. It is time the labour government recognises that it needs to stop blaming teachers for the social ills produced by the society we live in. It has to tackle these immense problems as well fully resourcing education. We can do a good job as teachers but when the conditions are against us we cannot overcome that. Take the responsibility for so-called failure away from teachers in deprived areas and start dealing with the deprivation.

Conference rejected any measures that reward a few teachers and leave the rest low paid and in poor conditions. So-called *superteachers* are no answer for the NUT and the other unions. It is an attempt to divide and rule us and it was firmly rejected by conference.

As the conference outlined, the NUT must build a massive, united campaign to lift our wages, improve our conditions and is the only way to regenerate a well motivated teaching force. All branches must now meet to discuss the campaign for a decent rise and the fight against performance related pay. It is only by building a successful campaign that we will raise the standards of the service and really help the kids we teach.

Bryan Beckingham
Oldham NUT secretary
(personal capacity)

So Mr. Murdoch and News International/BSkyB have shown their hand at last. By moving for Manchester United Murdoch hopes to create a deadly triangle of TV, Newspapers (Sun, Times etc.) and product (the club) which he can use to open up a treasure chest of potentially massive profits. With a messy divorce case coming up he certainly needs to shore up his position.

Manchester United, as the brand leader of the football industry in the 90s, has always been a ripe target for takeover. Managing director and main shareholder Martin Edwards, has tried to sell before and now realises that he could make a real killing if this deal goes through. Equally Murdoch knows that he would then be in a commanding position to push through whatever deals he wants with the rest of football. The prospect of digital tv and the pay-per-view option, linked to the likely collapse of the Premier League's ability to represent all the clubs in TV negotiations (if the OFT case goes against them), has made it inevitable that Murdoch would have to strike—and strike now. Other big media companies are also starting to position.

The danger is now there for all to see. When Marxists talk about the grip of big business on football no one is laughing anymore. The fans will be turned into extras at a tv event—the only difference is that they will pay rather than be paid. As the other articles on this page show, fans need to organise and fightback now. Equally we need to remind the Labour government of their responsibilities, not to their newfound friends in News International but to the ordinary people who are the real lifeblood of the national game.

Steve Jones

BSkyB's Manchester bid exposes headlong rush for profit

The proposed sale of Manchester United to Rupert Murdoch's BSkyB is the most blatant example yet of the penetration of big business into sport.

Murdoch's motives are clear. He wants to use sport as a 'battering ram and a lead offering' in the Pay-TV struggle. It appears likely that clubs will soon be able to negotiate their own TV rights. By buying the richest club in the country, Murdoch will be able to guarantee a huge paying audience for his satellite company especially when they launch their digital transmission service (the gateway to pay-per-view) later this year. According to the Guardian: "With a fan base of around 4 million, experts predict that pay-per-view will add £10 million to Sky/United's pre-tax profits within five years."

Ownership will also enable Murdoch, along with the likes of Silvio Berlusconi, to influence the development of a European Super-League with massive TV rights deals as the reward.

The Murdoch deal is the latest step in the growing commercialisation of the club since it became a plc in 1991. 75% of the club's shares are either owned by around 124 City institutions or by Chief

Executive Martin Edwards, who stands to make £87 million from the Murdoch deal and has also been rewarded with a seat on the BSkyB board.

Following the 1991 flotation, ordinary fans have been priced out of matches in favour of corporate hospitality and executive boxes. Over half the clubs income now comes from merchandising (remember the grey shirts fiasco!) and TV fees. The directors have now dropped the words "football club" from the club crest!

According to Jim White in *The Guardian*: "With Murdoch in control the motive will be shameless money making. He has no interest in the culture or history of the club; if it made commercial sense tomorrow he would play matches solely at three in the morning on Thursdays for the benefit of the American television market, move the operation to Milton Keynes, and open a Busby Babes Experience Theme Park on the vacant Old Trafford lot."

If the deal goes through, Manchester United will become the football product division of News International and will be used to advance Murdoch's business interests. In order to cover his initial costs of purchase, ticket prices will probably have to be increased thus driving out

the last remnants of the club's working class support.

Supporters have reacted angrily to the proposed deal, reflecting a deep distrust of Murdoch rooted in past events like the Sun's coverage of the Hillsborough disaster. In a poll commissioned for the Manchester Evening News 96% of respondents opposed the takeover.

A meeting organised by the Independent Supporters Association, attended by over a thousand fans, vowed to fight the deal. Contacts will be made with supporters of other clubs for a joint campaign, as the whole of football will be affected.

The question of the control of clubs and the need for supporters and the local community to be involved has also been raised by supporters. It has been noted that at Barcelona, fans elect the club president. Pressure must also be brought to bear on the Labour government. If Tony Blair and the rest really are supporters of football then they should act to prevent this sale going through and take steps to put an end to the ever increasing grip of capitalism on the game.

Alan Creear
(Independent Man Utd
Supporters Association)

Southampton takeover fails to deliver

The takeover of Man Utd shows that big business are now into football in a serious way. It is also an indictment of the reverse takeover of Southampton FC by Secure Retirement Holdings. This takeover promised that funding would be obtained so that a new stadium could be built. In fact whilst the directors have done well for themselves, the stadium has not come to pass.

Now it appears that the plc does not have the ability after all to build the stadium. The Labour council has tried to help, even to the extent of trying to find a new site but the plc seems determined to ensure that funding comes from any source other than themselves. The council have offered £1million but the directors want between £5-10 million! Maybe the current board are just biding their time in the hope that someone will come along

and other them huge sums of money in return for selling. Meanwhile the chairman of the club has been awarded a £30,000 bonus. However what the Murdoch action really shows is that the rich clubs will be grabbed up as various media companies battle for supremacy and massive profits. The rest will be left to sink or swim!

Steve Fricker (SISA member)

Labour's calm before the storm

The raft of constitutional changes introduced at last year's Labour Party conference was meant to see off all criticism of the leadership. "Old Labour" was deemed dead and buried. The Blairites had conquered the body and soul of the party, at least that was the plan. But the best laid plans of mice and men can soon unravel.

by Rob Sewell

Despite all the manipulation, sanitisation, and so-called modernisation, which was to render the Labour Party conference merely a docile rubber stamp for the Blair leadership, opposition to the rightwing policies of the Labour government was clear for all to see.

This happened on the opening day of the conference when the votes for the constituency section of the National Executive were announced. Despite all the workings of the Blair machine at Millbank, the enormous resources that bank-rolled the "Member's First" slate, the press adverts and telephone canvassing, and the "one member, one vote" system of election which favoured the leadership, the Blair slate was humiliated, gaining only two seats. The *Grassroots Alliance*, against all the odds, won four seats - the biggest representation of the left on the constituency section of the NEC since the 1980s. This obviously reflects the opposition within the party rank and file to the rightwing policies of the Labour government.

Manipulate

The leadership also attempted to manipulate the conference by hand picking *loyalists* to speak during the debates. Millbank officials, in the same scandalous manner as the McCarthyites in the 1950s, had attempted to compile a profile on all delegates. They were caught red-handed "rigging" the conference, when their profile on London delegates was leaked, exposing their skullduggery. It revealed that out of a list of 188 delegates only 14 were considered "suitable" to speak at Blackpool. However, while rank and file CLP opposition could be excluded from the rostrum, the platform had no alternative but to call a series of trade union leaders who were obliged to reflect their member's concerns.

Peter Mandelson, who portrayed himself as the friend of big business, was clearly upstaged by the right-wing leader of the Communication Workers' Union, Derek

Hodgson, when he attacked the destructive briefings of "faceless and spineless backroom boys in Whitehall." Referring to continual leaks of Post Office privatisation, Hodgson told the Secretary of State for Industry that his members were "sick and tired of spin and leaks and being used as political footballs."

While Mandelson received polite applause, Hodgson's speech was interrupted with applause and culminated with a genuine standing ovation.

Bill Morris of the TGWU also made a similar impact on the Conference when he called on Mandelson not to water down any further the proposals contained in "Fairness at Work," especially on employment rights. "The debate was a clear victory for the critics of New Labour", admits *The Independent* (29/9/98).

Despite Mandelson's reference to himself as a "modern industrial revolutionary", *The Independent* observed, "The real revolution was on the conference floor, which erupted with a spontaneous ovation for Mr Hodgson. Mr Mandelson looked as though he had just sucked a very sour lemon", and concluded: "Old Labour is not dead, it is merely sleeping."

Again, the interventions of Rodney Bickerstaffe and John Edmonds constituted a sharp attack on the pay policies of the Government. Edmonds said it was a "massive disgrace" that excessive awards were given to the boardroom, while low-paid workers suffered. Bickerstaffe also attacked Brown's economic policy, asking why he was so proud of cutting the national debt, while he was building up a new one for the future through the private finance initiative. He urged "jam today" with decent rises for public sector workers.



The whole thrust of Tony Blair's speech was to reinforce his intention of being regarded as a leader above party and beyond ideological or vested interest. It was carefully crafted to prepare the membership for a rough ride over the next year. He used a significant part of his speech to defend himself not against the Tories, who barely got a mention, but against "those who accuse us of being Tories." This was a reference to the left and the rank and file who opposed the government's policies. There was not a single reference to socialism, which has been finally ditched in favour of the mythical *Third Way*.

Attack

Apart from his ritual attack on bad teachers, he underlined the point that his was "a pro-business, pro-enterprise government." He went on to defend the government's Tory economic policies, saying "We will stick to them - no backing down. We have an iron Chancellor, an iron commitment."

He then went on to attack the present welfare state, where "We are spending more but getting less, failing to help those who need it and sometimes helping those who don't - billions wasted every year through fraud and abuse." Unemployment benefit and disability benefit were highlighted as needing "reform" (ie. counter-reform).

He went on to warn: "when you make reform, people will oppose you; they will stand up at public meetings and be applauded for attacking you. When you reform welfare, they will say you are betraying the poor... There will be attacks to the left of you, attacks to the right of you, attacks from behind and in front."

This is an anticipation of the storm of protest that will emerge inside and outside of the Labour Party if the government - as they intend - cut benefits. The row over the cut in the single parent benefit will be nothing compared to the opposition over further cuts. Splits and divisions will open up also within the Parliamentary Labour Party, and even the Cabinet. The developing economic crisis will intensify this opposition, and prepare the way for a big shift to the left. The Labour conference may have changed, but no amount of sanitising can prevent opposition to pro-Tory policies. The fight for real socialist policies has begun.

Lean thinking: bosses offensive or utopia

Back in 1990, James Womack and Daniel Jones, along with Daniel Roos, wrote a book called *The Machine That Changed The World*. The machine in question was the Toyota Production System, or as we know it better *lean production*. The book has become something of a bible for management who want to introduce the new systems into their companies.

by Alastair Wilson

Now Womack and Jones have written a follow-on book, *Lean Thinking*, that develops the 'philosophy' behind the new systems and outlines numerous case studies in the West that the authors claim proves their point.

Modesty

The author's certainly can't be accused of modesty. Their claims make you wonder why all bosses have not adopted their views. "*Lean thinking can dramatically boost productivity - doubling to quadrupling it, depending on the activity - while dramatically reducing errors, inventories, on-the-job accidents, space requirements, time-to-market for new products, production lead times, the cost of extra product variety, and costs in general. At the same time, these simple ideas can make work more satisfying by introducing immediate feedback and facilitating total concentration, and they can damp the business cycle, itself the cause of an enormous waste of resources. They require little capital and they will create rather than destroy jobs as managers learn to use them properly. Finally, they provide a bridge to the next great technological leaps by pulling the economies of the developed countries out of their current stagnation and providing resources for research.*"

One of the major threads of lean philosophy is the idea of 'perfection' - the perfect assembly line, the perfect enterprise and the perfect economy - where waste, or *muda*, is banished, where employer/employee relations are harmonious, where outsourced supply companies have a symbiotic relationship with the parent company, where the consumer has real choice and 'pulls' value from the productive process and, to top it all, the old boom and bust economics are a thing of the past.

They also claim that lean production rather than new technology holds the key to future prosperity. "*Conventional thinking about economic growth focuses on new technologies and additional training and education as the keys... the overwhelming*

emphasis of current-day popular writing on the economy is on falling computing costs and the growing ease of moving data around the planet, as exemplified by the World Wide Web. Coupling low cost, easily accessible data with interactive educational software for knowledge workers will surely produce a great leap in productivity and well being, right?

The record is not promising. During the past twenty years we've seen the robotics revolution, the materials revolution, the microprocessor and personal computer revolution, and the biotechnology revolution, yet domestic producer per capita (that is the average amount of value created per person) in all the developed countries has been firmly stuck.

The problem is not with the new technologies themselves but instead with the fact that they initially affect only a small part of the economy... the great bulk of economic activity - construction, housing, transport, the food supply system, manufacturing, and personal services - is only affected over a long period... Stated another way, most of the economic world is a brownfield of traditional activities performed in traditional ways. New technologies and augmented human capital may generate growth over the long term, but only lean thinking has the demonstrated power to produce green shoots of growth all across the landscape within a few years."

Their argument that how we organise production is the crucial factor for economic growth is not new. The industrial revolution itself was as much to do with organisation as it was the new power technologies of steam. Early manufacture for instance increased productivity dramatically by merely bringing homeworkers under one roof in the early factory system. Henry Ford's assembly line was an organisational revolu-

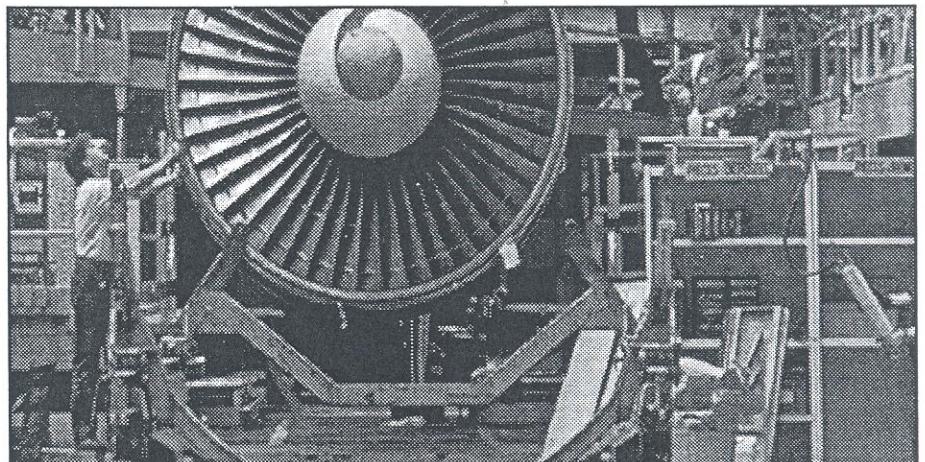
tion, not a technological one. So the book offers a useful antidote to the high-tech-hype currently fashionable in some quarters. The much heralded '*knowledge economy*' is a myth and when the likes of Trade and Industry Secretary Peter Mandelson becomes its champion then we know it is the refuge of a charlatan who has nothing to say on the manufacturing industries that make up the bulk of our economic lives.

Manufacturing

By dealing with manufacturing, supply chains, construction and the creation of value, the book is a bit of fresh air amongst the usual management crap. But its claims to have discovered the key to growth are, of course, extremely dubious. We only need to look at the current state of economic affairs in Japan, home of lean production, to see that. Although the authors are aware of this shortcoming and try to address it by arguing that the Japanese experiment in lean thinking is still very limited and that it must now be applied to Japanese distribution systems and services as part of a modernisation process for the whole economy.

You will not find many management books that are worth picking up. This one, however, despite its capitalist utopianism, is well worth it. It outlines the thinking behind one of the most important developments in modern manufacturing - it also describes in detail how it has been applied in companies as varied as Porsche and Tesco. If only to understand how a section of the bourgeois think, then it's well worth a read.

Lean Thinking
by James P. Womack and
Daniel T. Jones
Touchstone Books £8.99



Time to ditch outmoded Tory policies

This year's TUC will be remembered for John Edmonds presidential address when he referred to the fat cat directors and executives as "greedy bastards." Whilst this may be true and will certainly have struck a chord with many workers in Britain, it was other aspects of his speech that were perhaps even more telling.

by Stuart McGee

Criticising statements that had been made by leading city spokesmen that unemployment was an acceptable price to pay to ensure that inflation was kept under control, Mr. Edmonds said "Labour won the election but the fact that people in powerful positions continue to say such things demonstrates how far we have to go before we finally escape from the inhumane ideology of the last 20 years."

In relation to the public sector he went on to say "Public sector workers are caught in a similar time warp.... we now have an administration committed to the highest quality in education and health and municipal services. So I do not know why the government's attitude to public service workers is still stuck in the past.

Holding public sector pay below the rate of inflation year after year destroys morale and discourages people from joining the service."

Widespread myth

His concluding remarks were "There is a widespread myth that the conservative period contained some good features which we should preserve for the sake of continuity. Most of us search in vain for these nuggets. In truth, the experience of the Thatcher Conservatism was painful and the legacy is

damnable.

I include privatisation, which began with a claim that it would increase commercial freedom, and ended up with the energy industries in chaos and a bunch of water companies where there seem to be almost as many bloated rodents in the boardroom as in the sewers. And what did the privatisation of the railway teach us other than the fact that you need more than a beard, an open neck shirt and a failed diploma in ballooning to make the trains run on time? Commercial freedom did not require a privatisation programme, just a change of Treasury rules."

This was a very good speech is without doubt an accurate assessment of the Labour government's failure to break with outmoded Tory dogma that was so emphatically rejected by the electorate in the general election last year. However, identifying a problem is one thing. The key question is what is to be done about it?

There are two options facing the trade union movement. Either the tried tested and failed policy of class collaboration, be it dressed up as "new realism", social partnership or the third way. Or, alternatively, organising and fighting to defend and enhance the jobs, wages and conditions of ordinary union members. It is only by adopting the latter approach that the trade unions in Britain will grow and develop.

The leadership of the new Labour government are crystal clear about what approach they want to see and this was reflected in the speech to Congress by Trade and Industry Minister Peter Mandelson.

Referring to the choice facing the trade unions Mandelson said it was "opposition or legitimate influence, I know my preference; it is for trade unions that draw increased strength from being modern, democratic

and influential."

The message couldn't be clearer. We are facing a recession and subsequent loss of hundreds of thousand of manufacturing and later service industry jobs; we are experiencing continuing public sector pay restraint; we are facing inevitable job losses and attacks on wages and conditions due to a Tory policy of privatisation through schemes like PFI and Best Value. Under these conditions, the Labour government was sending a message to the TUC leaders loud and clear: Keep the lid on things and we will allow you into discussions with the government; organise opposition and your pathway to the corridors of power will be blocked.

Government ministers and business leaders will always try and "butter up" trade union leaders, saying they are important statesmen and that the best method of representing the interests of their members is via the social partnership approach. To begin to get a clearer picture of this process it is enlightening to look at the major debates that took place at Congress.

The proposed "Fairness at Work" legislation was a major issue at the TUC. The shortcomings in the proposed legislation have been well documented. The requirement for 40% of the defined workforce to vote in favour of recognition, as opposed to a simple majority. Firms employing less than 20 workers are to be exempt. None of the Tory's fundamental anti-trade union legislation (i.e. the outlawing of solidarity action and the requirement for postal ballots, etc.) is to be repealed. The failure of the proposals to guarantee employment rights from day one of employment. The list could go on.

Deregulated

It has been pointed out by no lesser person than Tony Blair that this legislation would still leave Britain with "one of the most deregulated labour markets anywhere in the world." In fact even if these proposals were implemented in full, Britain would still not comply with the conventions of the International Labour Organisation. Yet this is still not good enough for the captains of British industry. Big business is lobbying behind the scenes to ensure that the already weak proposals are watered down even further.

The minor concessions that would be gained if the legislation were implemented as it stood would be: workers would have access to an industrial tribunal for unfair dismissal after one year's employment



instead of two; employees would have the right to representation at grievance and disciplinary hearings; trade union recognition would automatically be granted if more than 50% of the workforce can show trade union membership.

It is clear that massive counter-pressure needs to be applied. A mass campaign of explanation, linked to the building of a national demonstration, should be a first step if the proposed legislation is improved. "Weakness invites aggression" and the consequence of failing to mount such a campaign could mean the loss of some of the minor concessions that are currently proposed.

It is at this stage that Mr. Mandelson's message becomes clear. Like a schoolmaster lecturing children, "be good and negotiate properly and you may hold on to the concessions you have got", otherwise "be naughty and we will take them away."

There were two composites debated at the congress, one from a substantial number of important unions clearly criticising the shortcomings in the proposals and putting the case for significant improvements. The other from the NUM and the Bakers putting a far more radical position for the repeal of all anti-union legislation and for a policy of non-compliance.

Defeated

As the position of the NUM and the Bakers was defeated, we were left with a position which we would support, but did not take the matter further forward in terms of organising any coordinated campaigning. In fact Bill Morris (TGWU) went as far as to express the view that we did not need Saturday afternoon conferences to tell us what is wrong with the proposals. This may or may not be the case, but such conferences are very useful if you are trying to organise a serious campaign involving activists, most of whom have to work during the week.

On the question of the minimum wage we saw a less controversial debate. Who could disagree that the minimum wage level of £3.60 an hour is a disgrace? Who could disagree that it is an absolute disgrace that 18 to 21 year olds will get £3.00 an hour and that 16 and 17 year olds are exempted altogether. We all agree with the proposals in the composite headed by Unison that the minimum wage should initially be set at half male median earnings with no reductions and no exemptions, with a proper system of uprating and enforcement. The key question as always is: what are we going to do about it.

Unison has a policy of organising a national demonstration next spring.

However, instead of using the TUC as a launching pad to build support for such a demonstration, it was only vaguely alluded when the composite was moved. The argument was that Unison did not want to alienate other unions by appearing arrogant! There is no justification for such an argument. An bold campaign must be launched at the earliest opportunity to make this demonstration as big and as effective as possible.

On the question of PFI there were encouraging signs that more and more trade unionists are seeing this for what it is, privatisation through the back door.

A composite calling for acceptance of PFI and effectively urging unions to make the best of a bad lot was defeated by 3,622,000 to 2,913,000.

An alternative composite opposing PFI was passed, but so was a statement from the General Council (General Council statements take precedence over motions). The fudged statement said that trade unions should only oppose PFI deals where they were directly based on cutting jobs, terms and conditions.

Jimmy Knapp, the general secretary of the RMT, correctly pointed out that "companies would pick and choose which projects they would get involved in, probably the most profitable". There is no "probably" in it. Knapp went on to say that workers would pay the ultimate price for PFI with cuts to jobs, terms and conditions. On this basis it is clear that every PFI project should be opposed.

It is entirely possible for the government to fund capital projects directly and more

cost effectively without wasting taxpayers money on excess interest payments on loans and guaranteed profit margins for the private sharks involved in PFI projects. At the same time directly employed, accountable, properly paid and properly trained staff will inevitably provide a better service.

On the question of post office privatisation delegates would have been pleased to hear from Peter Mandelson say that "contrary to press reports, no decisions have been taken to privatise the post office".

Post Office

However, this does not rule out the selling off of 49 per cent of shares in the PO. It would be totally wrong for the unions and the public to drop their guard in relation to this issue. PFI isn't the only method of privatisation through the back door, employee share options are another case in point and any attempts to deceive the workforce into accepting privatisation will be fought tooth and nail.

The international economic crisis will have and is having a profound effect in Britain. It is simply not good enough for the Labour government to stand back and claim that there is no action that can be taken to alleviate the situation.

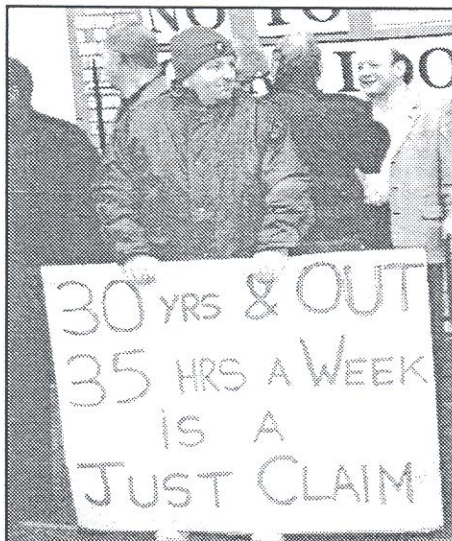
However, that isn't to say that simply arguing for a reduction in interest rates and a lowering of the value of the pound to make exports more competitive is the answer.

Labour must break with the policy of pandering to big business and the City, together with the failed Tory policies of cuts and privatisation, so emphatically rejected by the British public at the last general election. Failure to do so will inevitably lead to continued attacks on the jobs, wages and conditions of British workers.

If the Labour party fails to make such a break they will inevitably be on a collision course with the trade unions.

Social partnership with the employers and the government is entirely utopian in any event. In circumstances such as these, there will be mounting pressure from the rank and file of the unions for measures in their interests. Class collaboration with the bosses will break down. It is impossible to rebuild the unions in Britain on such a policy.

The only way forward for the trade unions is to actively campaign at a national level on key issues, linking them to a struggle for socialist policies as the only alternative to big business and the market.



Is Labour really helpless in the face of the market?

At the recent TUC conference, John Edmonds, leader of the GMB, in his keynote speech warned that up to 300,000 jobs were at risk though government policy on high interest rates and the resulting high pound. Is this possible - that our new Labour government through ignorance or stupidity can sentence great swathes of the working class to redundancy?

by Mick Brooks

Well, it's happened before. The mistakes of the Thatcher administration after 1979 (whether through malevolence or mistake only a psychiatrist can tell) destroyed great chunks of British industry. After 1979 the Conservatives subjected Britain to a monetarist experiment that was devastating in its consequences. Monetarism is a right wing economic theory that emphasises the need to control the money supply. The government is a monopoly supplier of sterling. Any attempt to control the supply of anything will put up the price. Ask the people who peddle Viagra. The 'price' of money is

how the rate of interest is described in the textbooks.

So the monetarist experiment drove interest rates up to levels above 20% for a time. But it had another unintended consequence. The high interest rates in Britain attracted footloose money into holding sterling. So the pound went from a low of \$1.50 under Labour to a high of \$2.45 by the end of 1980.

Consequences

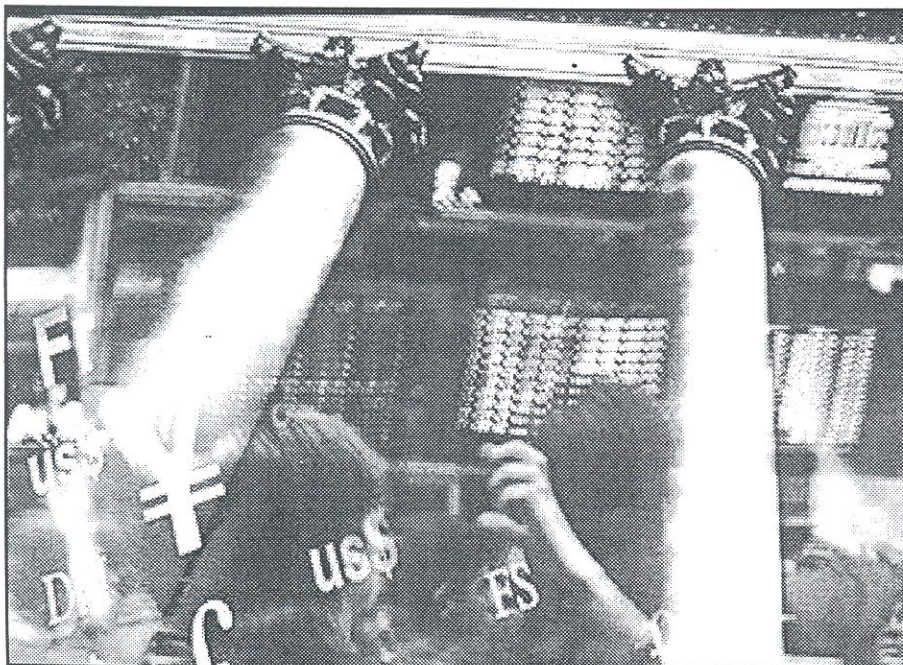
Think about the consequences for exporters. The price of their goods in American shops went up from \$20 to \$30 just because of the gyrations of the exchange rate. Exports plummeted. At the same time, the world recession of 1979-81 was biting into their profits. Then just when they needed to run back to the banks for readies, they were being walloped 20% interest for borrowing. Manufacturing output fell by 17% in the first two years of the Tories and unemployment soared from 1.2 to 3 million. No wonder the destruction of our manufacturing heartland during the 'Thatcher recession' did more damage than

the Luftwaffe had managed in the War. And industry that gets wiped out stays wiped out. It doesn't rise up zombie-like from the grave as the economy turns up again.

So government policy and policy mistake can have a big effect on the workings of the economy. Why should that surprise anyone? The state is a major player in a modern capitalist economy. But just because governments can get things wrong, it doesn't mean they can get it all right. Trying to run capitalism is a bronco ride for any type of administration.

Let's have a look at some people that were at least trying to get it right. The Mitterand Socialist government in France was elected in 1981 on a programme of reflating the economy - of useful public works instead of cuts - public works that would give workers jobs as well as improving the quality of life. Mitterand was trying to pump money into the economy in the teeth of recession. The trouble was that France's economic rivals weren't reflating - but they found a market in France instead. So in part the French Socialists were reflating the German and the Japanese economies! The inevitable consequence was that France ran a balance of payments deficit - it began to import more than it exported. Runs on the franc were staged by international speculators and the Socialists were forced into three devaluations. Finally in 1983 Mitterand had to slam on the brakes and reverse his policies from reforms to an austerity package.

Deflation - cuts in public spending to you and me - may not sound like the last word in science. It's like the medieval 'cure' of bleeding. If a patient had a fever, the doctor got out a big rusty knife and cut holes in them. This 'worked' because the body was so weakened that it could no longer run to a fever. As the body recovered, the fever returned. The quack was dealing with symptoms, not causes. Likewise running down the whole economy may strike you as a pretty stupid way of dealing with the fact that we owe the rest of the world money. But under capitalism that's how the rest of the world will insist on you dealing



with the situation.

By 1985 unemployment in France was as high as in the UK. In the long run the laws of capitalism face down the best efforts of governments.

So was John Prescott right and Edmonds wrong, when he replied to critics at the TUC, 'Don't try and tell me that it is all to do with the pound and British interest rates.' There have been closures in Europe and Silicon Valley and they are nothing to do with the British pound or interest rates. They were both right and both wrong. Prescott was on to something when he pointed out that redundancies at Fujitsu, Siemens and NEC, in semiconductor production, was because of a world wide overcapacity in that industry. Since IT has been a leading sector of the world economy during the 1990s, the collapse in demand for new technology products is in turn a harbinger of world economic downturn. But John Edmonds is surely right in claiming the Labour government should be able to do something other than wring its hands at the haemorrhage of jobs.

Redundancies

And the fact that so many of the redundancies are in foreign owned companies surely says something about the Tories' miracle cure for the problems of British capitalism. Thatcher and her chums denounced industrial policy as a matter of tea-drinking civil servants running the economy and picking winners instead of the 'wealth creators' at the helm of industry. This was so much cant. The Tories had a clear-cut policy of throwing huge bungs at foreign business to locate here. The hope was that the East Asian tiger multinationals would jive up British industry with their lean, mean ways. The trouble was the bribes attracted all sorts of 'slash and burn' operators for whom loyalty and commitment to creating jobs in Britain was an alien concept. Siemens for instance had hardly finished banking their regional employment subsidies before they were out of here.

So what is happening to the British economy at the moment? Recession is defined as two successive quarters of falling output. By that token the manufacturing sector, taken in isolation, is already in recession. The reason the economy as a whole is still growing slightly is because it's buoyed up by high street spending. Despite all the publicised lay-offs and redundancies, unemployment is still at a lower level than it was under the Tories, on official figures at least. But that can't last long - the economy is walking on water. As closures mount, unemployed people are not going to be spending and the whole economy will spiral down into recession. How deep the slump will be depends on the depth of the world recession, which is clearly on its way. The British economy is on the brink. Profit levels, after years of growth are now flat as a pancake. Exporters are hurting and the level of the pound is a large part of the story. The government could be making

things worse.

We live in an era of floating exchange rates. The level of sterling is determined by supply and demand. Five pounds is just a piece of paper. Why hold it rather than eight dollars or fifty francs? One factor for speculators is what they'll get by putting their money in a British bank rather than keeping it at home. That in turn depends on the difference between UK and foreign interest rates. So sky high interest rates power up the pound, and British exporters lose out.

John Major took us into the European Exchange Rate Mechanism in 1990 at a rate of £1 = Dm2.95. Astute commentators reckoned that made sterling about 10% overvalued. (These astute commentators did not include Gordon Brown and the rest of Labour's shadow cabinet). At that rate, exporters suffered and the whole economy suffered not only from world recession, but

from lack of competitiveness in Europe. In 1992 the strains became intolerable, speculative pressure built up and sterling was washed out of the ERM. The pound sank within a few weeks to Dm 2.45, a devaluation of about 10%. British goods were a tenth cheaper in Europe and European stuff was dearer over here. At last exporters got the quick fix they needed to compete with the continentals! They were helped by the end of the 1990-92 recession and the upturn in the world economy. This was a particular leg-up for industry - and it's manufacturing that pays our way in the world. Most services can't be sold across frontiers.

So devaluation, or depreciation, as it's called in a regime of floating exchange rates, 'works' because now foreigners can get more pounds for their francs or dollars or deutschmarks. That makes our goods cheaper in foreign markets. On the other



hand goods produced in France, the USA or Germany cost more over here. That makes it more difficult for foreigners to export to us. In effect the devaluation acts like a protective tariff against imports and as a subsidy to exporters. While exporting capitalists get a bonanza, workers who buy imported food and other goods lose out. So devaluation works by skewing income distribution in Britain towards the rich and powerful and against trade unionists. Is this really what the TUC wants?

Higher wages

What the capitalists are concerned about on the other hand, is that workers will demand higher wages because the cost of living has gone up. And in so far as we import materials and work them up into manufactures, if the price of inputs go up, pretty soon outputs will be more expensive as a result. In the long run they'll be no better off.

The fact is devaluation is not a panacea for a failing capitalist economy. Marxists have pointed out for decades that Britain has been in relative decline and bombed out of one market after another basically because of the failure of the British capitalist class to invest as much as their rivals. In that situation, devaluation can at most give a quick fix by rigging the terms of trade in our favour when times are favourable. And when times are tough rivals will follow suit, leading to a wave of 'beggar my neighbour' devaluations where everybody would lose out. After all the pound got you nearly 10 deutschmarks in the 1960s. Now it only buys 2.75. The



strength of the deutschmark is a reflection of the strength of German industry. And sterling is now falling from the unsustainable heights it reached a few months ago. But that won't save us from the coming world recession.

Interest rates have gone up six times since the election in May 1997. This is because of the new monetary regime put in place by Gordon Brown. Before the Labour landslide Blair and co. made a lot of promises. We are still waiting to see most of them. One thing that was not promised, and not even mentioned, was independence for the Bank of England. Nobody voted for it. This is a longstanding project of central bankers (naturally) and assorted right wing cranks and loonies. Gordon has been won over. The other thing Gordon Brown did within days of the election victory was to declare that he would stick to the Tory spending limits for two years. These limits were deliberately set tight as a mantrap for the incoming Labour administration by the departing Tories.

Any elementary economics textbook will tell that there are two ways government can influence the course of a capitalist economy. These are fiscal and monetary policy. Fiscal policy covers the taxing and spending policies made by the state. Monetary policy deals with interest rates and their knock-on effects on the exchange rate. Brown has given up on both. The economy is on auto-pilot! Moreover the Monetary Policy Committee which determines interest rates has been packed with 'inflation nutters' and pointy-headed academics overawed by the walnut-panelled ambience at Threadneedle Street. All flexibility has been abandoned. Recently there was a concerted attempt at the G8 to reduce worldwide interest rates to try to reduce the danger of global depression. The MPC of the Bank of England as at present constituted could not play ball with even such a modest proposal as that.

Gordon Brown has an answer to all this. It's all part of a strategy to eliminate 'boom and bust' from the economy. That's all very well for him. For workers losing their jobs in Fujitsu or Siemens, it doesn't look like the fight against boom and bust - it looks like boom and bust. Is Gordon saying, like former Tory Chancellor Norman Lamont, that a rise in unemployment is 'a price well worth paying in the fight against inflation'? Actually, yes. As Peter Robinson of the

Institute of Public Policy Research writes in the Guardian 'Does John Prescott know that the 'period of below-trend growth' called for in Gordon Brown's budget really mean a period of rising unemployment and, if he did, would he be as angry as his union colleagues?'

But in any case Blair and his gang can't have it both ways. When Tony spent a rare few hours with his sacked working class constituents, instead of the preferred company of Rupert Murdoch, Bill Clinton or Maggie Thatcher, he lectured them that 'we can't ignore the market.' If global capitalism is really so all-powerful that we all have to bow down and worship it then how is the powerless (and useless) British Chancellor of the Exchequer going to control boom and bust? If the world is moving into recession, and all the signs are there, then how can capitalist Britain opt out? And if capitalism has been going through cycles of boom and bust for the past hundred and fifty years in all countries (which it has) is it really plausible to put it all down to policy mistakes of predecessors?

Neo-classical

The basis for the 'new Labour' approach (and it's as new as nineteenth century laissez-faire) lies in neo-classical economics. For them, there is a 'natural rate of unemployment', sometimes called a non-accelerating inflation rate of unemployment or NAIRU for short. If unemployment falls below this danger level, the workers will have too much power in wage negotiations and inflation will result. So according to the theory, there's a trade off between inflation and unemployment. Marxists don't accept that wage rises are the cause of inflation. But in any case the theory specifies that unemployment is a useful tool to keep the workers down. And our new Labour Chancellor accepts it and acts on it! The obvious question about the 'natural rate' is how high is it? How low can unemployment go under capitalism without lighting the inflationary beacons? Economic statisticians have tried to work this out and decided it went up from about 3% in the 1950s to over 10% in the early 1980s. Although various economists have offered various cock-and-bull explanations, it is quite clear that their calculations have just shadowed the actual rate of unemployment, which is determined by the ups and downs of world capitalism. Nothing 'natural' about that!

The second strand of neo-classical theo-

ry that comes into play suggests that stable prices are a condition for steady growth. If Brown can get inflation licked he will be able to fine-tune the end of the boom so that we get a 'soft landing'. The issue was discussed by an economist called Stanners in the March 1993 issue of the Cambridge Journal of Economics. His article was entitled 'Is low inflation an important condition for high growth?' He looked at 44 countries from 1980-88 to make cross-country comparisons and then checked 9 countries over a longer timescale of 1950-86. He then analysed individual countries' performance over time. He found this universally acknowledged truth to be a myth. Germany is a low inflation country, but it did not grow quicker as a result. Italy is a high inflation country. It grew as fast as Germany and grew faster in years when it had high inflation. And so on. His cautious academic conclusion is this 'No evidence can be found to support the notion that a low rate of inflation has in the past and in various countries been associated with an improved growth rate.' These findings have never seriously been challenged. Yet they destroy the contention that is at the heart of Labour's economic strategy.

Time-warp

John Edmonds claimed the government was still in a right-wing time-warp from the fag-end of nearly twenty years of crazed monetarism. It seems he's right. On Saturday September 19th there was a debate in the *Guardian* between Ruth Kelly, one of the 1997 intake of MPs and a government loyalist, and Mark Seddon, editor of *Tribune*. Ruth Kelly defended the 'no return to boom and bust' line by referring to the record of the last Labour government in 1974-79. 'No one will prosper if ill-judged spending stokes up inflation, creates another unsustainable boom, leads to another run on the pound, borrowing crisis, hike in interest rates and slump.' The Wilson-Callaghan administration was right-wing Labour, just like the present lot. Marxists don't have to defend their policies. But this critique is a complete travesty. The analysis could have been presented by Margaret Thatcher. According to this view, there are two types of government. The Wilson and Callaghan cabinets, we are led to believe, showed all the fiscal probity of a drunken sailor. That was its downfall. Fortunately Gordon's watchword is pru-

dence, so it won't happen this time. Labour was elected in 1974 at the time of the first generalised capitalist crisis since the War. It was accompanied by an oil price crisis. The price of oil quadrupled in a few days and all capitalist economies were caught in the toils of stagflation. Wilson's government responded to the crisis by misusing the loyalty of the working class to 'their' government by imposing wage restraint that led to the biggest fall in real wages this century. No spendthrift policies there! Having done their duty for the bosses, Labour lost the support of its natural constituency and was duly booted out in 1979. We got Thatcherism. It's an old story.

Kelly's description of the last Labour government is unrecognisable, but it serves a purpose. It justifies the supine behaviour of Blair's cabinet. Peter Mandelson at the Department of Trade and Industry and already known as the Minister of Closures, lectures sacked workers that 'government can't bail out businesses'. All that can be done, we are told, is to improve the search facilities available to the unemployed, and retrain them to work for other capitalists. But that's going to be harder and harder to do as the pool of jobs shrinks by the week.

In any case the idea that it is the Chancellor's prudence that has stopped the economy going from boom to bust is a pathetic piece of self-delusion. Brown inherited a set of tight government spending limits from the Tories. He also inherited the end of a boom. Now during a boom more workers find jobs and pay taxes. This swells government revenues. This is why

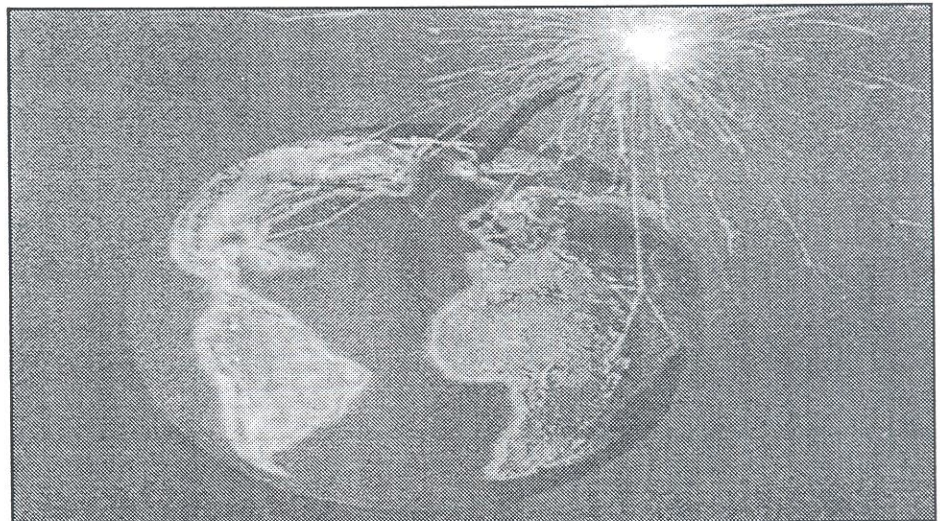
Gordon Brown has got so much money coming out of his ears at the moment.

Social services could do with the cash, but Brown has nothing better to do with it than pay off the coupon clippers who own the national debt. In a recession, all this turns into its opposite. Workers not only lose their jobs, as a result they stop paying taxes and start claiming benefits instead. Public finances deteriorate, and the cry goes up that 'we are living beyond our means'. This is what happened to the Labour government of 1929-31. The world economic crisis produced a fiscal crisis of the state.

Money markets

Just as has happened in East Asia over the past year, money markets demanded that the government retrench. The result in 1931 was a programme of cuts in unemployment pay, service pay and public sector workers' pay that split the cabinet and led to the formation of a National government. Cuts in government spending don't work as a way out of the crisis. They didn't work in 1931, but the way capitalists react to the threat to their profits. Pay cuts don't work either, but the bosses still try them on.

Edmonds is right to say the Labour government can and should do something about rising unemployment. But he's dead wrong to suggest all they need to do is tweak interest rates and see if that helps get the pound down. A world recession is coming and we'll be there whether we like it or not. Only socialist policies can combat capitalist crisis.



What does ETA's truce mean?

The main talking point in Spanish politics just now is the declaration of a truce by the Basque nationalist terrorist organisation ETA. Coming hard on the heels of the IRA ceasefire in Ireland, does this mean an end to the troubles that have racked the Basque Country and bedevilled Spain for more than a generation?

by Alan Woods

ETA announced its "indefinite" truce in a communiqué issued on Wednesday the 16 of September. It took some time to decipher the contents, since it was written in euskera, the Basque language. But in any case, it was a bombshell. It is clear that the right wing government of the People's Party (PP) of Jose Maria Aznar was caught off balance by the announcement. Indeed, to judge by the initial reaction, the government of Madrid was not particularly pleased.

Autonomous

The reason is not hard to find. Elections to the Basque autonomous parliament are due to be held on October 25. The PP was hoping to benefit from the growing unpopularity of ETA's campaign of assassinations, bombings and kidnappings, which over the last year has increasingly isolated the terrorists and their political arm, Herri Batasuna.

This is undoubtedly the key to the declaration of a truce. In the past, ETA could always count on the sympathy, if not

active support, of a wide layer of Basque society. Among the youth, it possessed, and to some extent, still possesses a large and dedicated following, especially in the Basque heartland of Guipuzcoa (of which San Sebastian is the capital.) But over the past twelve months there has been a sea-change in the attitude of the majority of Basques.

After more than twenty years, the tactic of individual terrorism has shown its utter futility, as in Ireland. ETA's declared aim was the creation of a separate Basque state (Euskal Herria) which would contain, not only the three provinces that now make up Basque autonomous region (Alava, Vizcaya and Guipuzcoa), but also Navarra, where the population is sharply divided between Basques and non-Basques, with the potential for terrible conflict, like that in Northern Ireland, and also three Basque regions in the South of France. Now this dream lies in shreds.

The Spanish state has no intention of allowing the secession of the rich Basque provinces. After the death of Franco, they arrived at a compromise with the moderate Basque leaders of the PNV, who represent the interests of the powerful Basque bankers and industrialists, but who rest on the Basque middle class, peasantry and also layers of the Basque working class. These bourgeois nationalists had little interest in fighting for a separate state, but rather in feathering their own nest, cornering a bigger share of the Spanish market, and gaining the maximum concessions for themselves under

the Spanish constitution. The granting of a considerable measure of autonomy was more than sufficient to buy off these gentlemen, whose nationalism has historically always come a poor second to their bank balances.

Politically isolated, ETA's tactics have grown progressively more desperate. In order to finance their campaign, they resorted to the so-called "revolutionary tax" involving extortion and kidnapping, particularly of Basque industrialists who refused to pay money. This not only infuriated the Basque capitalists and their political representatives the PNV, but also produced an increasingly negative reaction in the populace. Demonstrations demanding peace acquired an ever more massive dimension. The police also improved their tactics, no doubt assisted by a growing number of informants. The spectacular release of one of ETA's prisoners from a so-called "zulo" (underground prison) by the Spanish police so infuriated ETA that they murdered a councillor of the governing PP in reprisal.

Turning point

The murder of Miguel Angel Blanco on the 13 July 1997 proved to be a dramatic turning-point in the whole process. The feeling of revulsion was so great that mass demonstrations took place spontaneously, not only in the Basque provinces, but all over Spain. The political isolation of ETA and Herri Batasuna was never so great. Yet ETA, in desperation, not only continued its "military campaign" but actually intensified it, concentrating on the assassination of PP councillors. This gave the excuse to the PP and the Spanish state to clamp down, intensifying its "anti-terrorist" legislation, arresting the entire national leadership of Herri Batasuna, and even closing down its daily paper Egin. In other times, such ferocious measures would have been met with an equally furious response: general strikes, mass demonstrations, and new terrorist actions. But this time it was different.

Although there were some demonstrations (notably one of 70,000 against the closure of Egin) this has been nothing like the past. No general strike, no bombings. ETA seemed to be stunned by the degree of its isolation. Although it is impossible to obtain exact information, there can be no doubt that there must have been fierce



Swedish elections

The promised threat of a right wing victory in the Swedish general election has been avoided. Following the voting on September 20th, the Social Democrats (SAP) have been able to stay on in power despite a slump in their vote, down from 45% to 36%.

Those voters who deserted the SAP did not switch to the rightwing parties but either did not vote or voted for the party of the former communists, the Left Party. Although the share of votes for the right increased from 41% to 44% the actual votes cast remained virtually the same. What was clear was the disillusionment shown by workers and the unemployed, in the cities in particular, towards the record of the SAP. Now the SAP must seek a coalition to command a working majority. Naturally the call has been for an alliance with the Left Party and the Greens. But on what basis?

The Left Party, whose programme is virtually identical with the left wing of the SAP, has moved to the right and become more obsessed with parliamentary duties and a token belief that reforms can be pushed through without worrying about the reactions of big business. So it seems that any alliance formed will be quite agreeable to the SAP leadership and will not force the government to tackle any of the real problems. Given the treacherous role that big business will play in the coming period, the seeds will instead be laid for a further disillusionment unless the government breaks with their current path and implements socialist policies. There will be considerable scope over the next few years for workers to be able to fight for change within the movement (with the likely formation of new leftwing currents in both the SAP and the Left Party) and those opportunities must be seized.

Martin Oscarsson

debates inside the organisation. Twenty five years is a long time. There have been over 800 deaths. Hundreds of ETA supporters are languishing in Spanish gaols, far from their families and loved ones. One such case was recently reported in *El Pais*, the main Spanish daily. It referred to a Basque girl who was arrested for terrorist activities when she was only 19 years old. She is now 36 and still in prison, although, if she was not in ETA, she would already be released. There are many such cases, and although most of the prisoners have steadfastly refused to accept the offers of freedom on the Spanish government's conditions, many of them must be asking how much longer they and their families must put up with this torment.

The main thing is that, after all these years, the aims of ETA remain as distant as ever. In fact, all the suffering and bloodshed has led nowhere. This fact has slowly dawned on the leadership of ETA. Hence the declaration of an indefinite truce. A further factor was undoubtedly the example of Ireland, which ETA has seized upon as a drowning man clutches at a straw. They have to sell the truce to their rank and file, some of whom are none too happy about it. What they do not tell their ranks is that, after 30 years and over 3,000 deaths in Northern Ireland, the declared aim of the IRA, a united Ireland, is also further away than ever. What both Ireland and the Basque Country show with brutal clarity is the utter futility of the tactics of individual terrorism.

Does this mean that the violence will now cease? That would be a very rash prediction. To begin with, the Madrid government is in no hurry to make even a gesture to ETA. It is fairly obvious that Aznar and his followers were not too pleased at the sudden declaration of a truce. They were obviously preparing a new crackdown, banking on ETA's growing isolation and unpopularity. A few more terrorist incidents would also have done the PP no harm in the run up to the Basque regional elections. Their confusion was quite clear. Now they are prevaricating, saying that they will not even consider the question of concessions until after October 25. Behind the scenes the Americans will be pressuring them to make concessions, using Felipe Gonzalez, the ex-Socialist premier as a mouthpiece. More to the point, the PNV will be applying pressure to get more concessions for the Basque bankers and capitalists. As the Aznar gov-

ernment does not have an overall majority, this pressure is a serious factor.

Nevertheless, it will not be easy for Madrid to make the kind of serious concessions needed to pacify the Basques. After all, the present degree of autonomy enjoyed by the Basque parliament is fairly ample. And any attempt to get further concessions in the area of taxation and so on will clash head-on with the attempt of the Spanish government to reduce the public debt in preparation for European monetary union. Even the question of the Basque prisoners, the most sensitive question of all, and one without which no settlement is possible, is far from easy. The Spanish army and police chiefs are still overwhelmingly right wing and fiercely opposed to anything that calls into question the unity of Spain. They will oppose tooth and nail any attempt to free ETA supporters. At the very least, they will make any concessions conditional on ETA handing over its weapons, something that would clearly signify surrender. This will cause bitter rifts in ETA and its political wing.

Inspiration

A section of HB and ETA in the past regarded themselves as socialists, although they looked to the USSR for their political inspiration. The collapse of Stalinism was yet another element in the crisis of ETA. However, it is clear that a growing number of these activists are coming to the conclusion that the whole strategy of ETA has failed and are looking for an alternative. Increasingly, they are attracted by the ideas of Marxism. The theoretical material produced by supporters of the Spanish Marxist paper, *El Militante*, is getting an increasing echo. The books *Reason in Revolt* and *Russia from Revolution to Counterrevolution* were favourably reviewed in the pages of *Egin*. This interest in Marxism is not accidental. On a capitalist basis there is no way out for Euskadi. The only way to get the right to self-determination which they seek is by the revolutionary overthrow of the Spanish oligarchy, and the overthrow of capitalism in France. This can only be achieved through the united class action of the Basque, Spanish and French workers. Instead of this, the leaders of ETA are attempting to unite with the parties of the treacherous Basque bourgeoisie, the PNV and EA. Along this road only disaster lies. A stormy period still lies ahead for the Basque Country.

Bill Clinton: the real American scandal

When Bill Clinton first came in to office back in 1992 he claimed to carry the hopes and aspirations of millions of working people - both black and white, and all those who had been marginalised by the successive right wing Republican regimes of Reagan and Bush. One by one any hopes have been dashed - on welfare, healthcare and education, Clinton has sided with the rich and the conservative every time, his phony 'third way' philosophy little more than warmed up Republicanism.

by Rob Sewell

Now, with the threat of impeachment over the Monica Lewinsky affair hanging over his head, his presidency will be even more ineffective than before. The Republicans are not going to let the issue die. On the contrary, they will spin things out for as long as possible, seeking the maximum political advantage. However, they are playing a dangerous game. Given the general feeling of disgust with the whole issue, this could rebound on the Republicans.

Although there is much talk about Clinton's impeachment being similar to the Watergate scandal, in reality Nixon's resignation in 1974 was the result of a different set of circumstances. The presidency had taken on so much power that the Administration had become increasingly independent of the ruling class. Nixon's

military adventure in South Asia, the secret bombing of Cambodia, the clandestine bugging of the Democratic Party, were all illustrations that the Administration was "out of control." The Watergate scandal was used to get rid of Nixon, and bring the office of president to heel.

The present clash surrounding Clinton has different roots, arising from the clique politics of both capitalist parties. Nevertheless, given the bitterness from the allegations and counter-allegations, it could not be ruled out that Clinton could still be forced to resign.

The scandal could not have come at a worse time for the American ruling class, with the economy slowing down, the acute volatility affecting Wall Street, and the world economy teetering on the edge of a deep slump. "America and the world at large have already suffered many months of this", states The Economist. "They are crying out for the president's concentrated attention. People may not care that he is a philanderer, but they cannot afford his distraction." (19th September 1998)

Clique politics

The episode - and the resulting struggle - arises from the clique politics of the two capitalist parties, the Republicans and Democrats. Their fundamental interests are the same in representing the needs of American capitalism at home and abroad. But these parties - the Tweedledee, Tweedledum of US politics - nevertheless

have their own separate interests to think about, especially of how best to get their noses in the pig-trough. Consequently, the Republican politicians are eager to discredit Clinton and the Democrats in the run up to mid-term elections in early November and the Presidential race in the year 2000. With the press screaming for his resignation, Clinton seems to be fighting for his political life. One thing is clear: he won't depart from the scene quietly or without a fight.

The whole sordid sex scandal reeks of hypocrisy. Under capitalism, lies, deceit, and corruption are the stock-in-trade of bourgeois diplomacy. They are also reflected in bourgeois personal relations, especially at the tops of society. Like their counterparts in Britain, capitalist politicians are deeply embroiled behind closed doors in "extra-martial relations," intrigues and other antics. The whole "moral crusade," so prevalent amongst rightwing American and British politicians, is a complete facade. All their talk about "the family" is pure hypocrisy, especially as they carry through policies that undermine the family.

In the US in particular, where "market relations" have sunk deep roots, relations at the tops of society are coloured by power, influence, cronyism and above all money. As the old saying goes: "money talks." Human relations are reduced to dollar terms. On Wall Street, the epitome of American capitalism, where bonuses are bigger than the national debt, sexual intimidation and harassment by male brokers against clerical workers is widespread. Earlier this year, Wall Street brokerage firms were shaken rigid when the chairman and chief executive of Lew Lieberbaum & Co. agreed to pay \$1.75 million to settle a sexual and harassment and discrimination suit brought by 17 former employees - the second highest out-of-court settlement for harassment. The whole thing stinks. It represents a cess-pit of intrigue, sex scandals, back-stabbing and the like - all the way up to the White House, the centre of American government. Bourgeois morality is in complete crisis.

In an endless saga, the Democrats, in order to draw fire from the conduct of the President, have leaked personal details on the sordid private lives of Republican leaders. Relations within the ruling circles have become extremely bitter. The aim



has become to inflict the maximum damage on their political opponents.

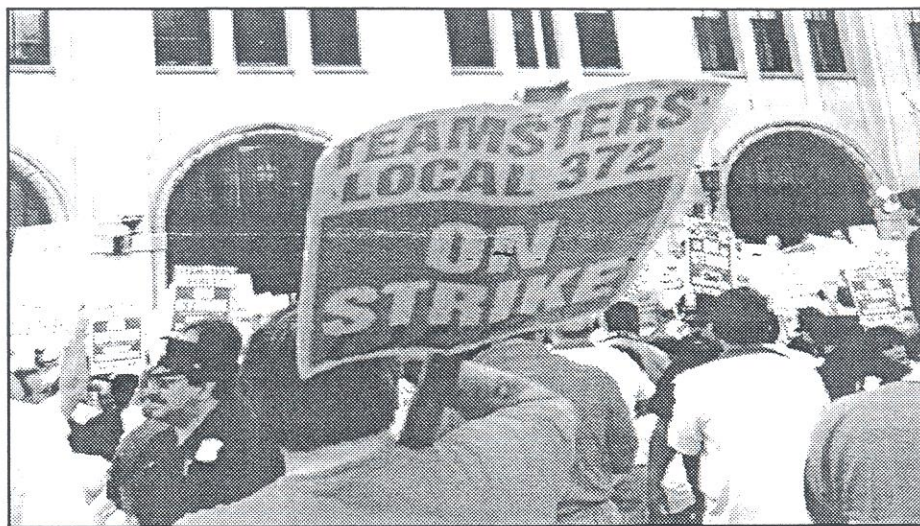
Clinton is at the receiving end, but he is a very slick operator. He has repeatedly lied through his teeth under oath, and then changed his story to suit his objectives. "At the famous prayer-breakfast on September 11th", observes The Economist, "at which he spoke of his sin and his 'broken spirit', the cameras caught him peeping around in the middle of his prayers, as if to check that everyone was watching. This is a consummate politician who knows exactly what strings, including heartstrings, he must pull to stay in office." He still hopes to out-manoeuvre his opponents, by calling in favours, and by appealing to public opinion. He is seeking a final settlement - a cash deal - with Paula Jones over the remaining aspects of her sexual harassment legal actions against him.

Forgiveness

Church leaders have rushed in to forgive the sins of the president. He in turn has asked for forgiveness. World leaders have fallen over themselves to back Clinton - starting with Tony Blair. He also received the dubious backing of Yeltsin in Moscow, who referred to Warsaw as the capital of the United States! Old friends have to stick together, for fear that the political crisis will get out of hand. That is what terrifies them more than anything. At a time of deepening world recession, Russia is in deep crisis with a drunken buffoon at its head, while the USA has a leader embroiled in a sex scandal. Even if Clinton manages to survive the political crisis that has engulfed his administration, he will come out of this mess enormously weakened.

This political turmoil and fratricide between the representatives of capital reflects the rottenness of the system. It will serve to reinforce the widespread opinion that "all these politicians are crooks." Political scandals, if allowed to get out of hand, can threaten to undermine the whole establishment. "The result is a grounds-well of public anger and fear for the future of the republic such as I haven't seen since Vietnam", observes Carol Tavis in the Los Angeles Times (23/9/98).

But a section of the ruling class also sees it as a diversion from the real issues. "When a ruling establishment will not let



daylight in on their workings because they own the media as well as the permanent rental of most of Congress, judiciary and executive," states the American essayist, Gore Vidal, "that doesn't leave much to talk about at election time except sex, the flag, the foetus and, in the good old days, Communism. So the fact that Clinton's sex life is now central to our political discourse is par for the current course." (Guardian, 25/1/98)

In the past in Britain the ruling class was very adept at covering over any differences they had, for fear that a third party - the working class - was looking in. This could only undermine the authority of those who were "destined to rule." In the US the squabble at the top will serve to turn workers increasingly away from the two party system.

The opinion polls indicate people are fed-up with tales of Clinton's sex life. It has become increasingly a distraction from the real concerns that dominate their lives. In a recent CNN opinion poll revealed that a mere 20 per cent wanted more information on the scandals. There are other more pressing problems. In the United States, living standards are continuing to fall for the majority. Recent figures show that workers have lost out in the boom. The real earnings of the average worker last year were still 3.1 per cent lower than in 1989. As the same time, the earnings of the average chief executive doubled to a level of 116 times that of the average worker. There is also growing dissatisfaction over speed-ups, downsizing, outsourcing, and the general intensification of work. This gave rise to the strike at UPS, General Motors and, more recently, at Northwest Airlines.

This situation can provide the American labour movement with an opportunity to put forward the real class issues - as an

alternative to the two big business parties. Above all, it can be a big opportunity for the newly-formed US Labor Party. Its second convention in November will be debating whether to stand independent Labour candidates. Given the fall-out from the scandals, the idea of an independent party of labour representing the interests of the American working class can take on a great attraction.

IT sector

The developing world crisis of capitalism will hit America hard. The main driving force of recent growth in the American economy was the IT sector, employing over 9 million workers. This sector will be especially hard hit, and have a knock-on effect right throughout the economy. This will shatter the illusions in the "market" in the USA. A slump will precipitate a collapse on Wall Street, or vice versa, and will deeply affect those 100 million Americans that currently hold shares.

The slump will provoke deeper political turmoil. The trade union leaders will be under pressure from a radicalised working class. The Democrats will be found wanting on the basis of this crisis. Demands for independent political working class representation will grow. Under these conditions, the American Labor Party can grow enormously. It will break the political log-jam.

Very quickly American workers, who have a very militant tradition, will be seeking out a programme that reflects their needs. The impasse of capitalism will pose the question of a new society where the evils of mass unemployment, poverty and exploitation can be eradicated. A socialist America would transform the world.

Japan's economic nightmare deepens

"Innovation and competitiveness are inseparable partners - witness Japan's progress through western markets for everything from cars to copiers. But bright new ideas do not by themselves bring this kind of success; it also needs good marketing and good management." The Economist, 16th March 1985

"Once, Japan invited admiration, if at times exaggerated. Now, however, it invites despair, as it fails to escape from the economic stagnation of this lost decade, fails to reform its shaky politics and corrupt bureaucracy, and fails as a result to be able to lead East Asia out of its troubles." The Economist, 21st March 1998

Japan used to be considered the "locomotive" of the capitalist world. Its economic growth seemed unstoppable. Now it is seen as one of the weak points of capitalism that could well drag down the rest of the world into a serious recession if not a full-blown slump. Japan represents 17% of world GDP. It represents 70% of Asia's GDP and is the second economic power in the world after the United States. So any serious economic crisis in Japan would have devastating effects on a world level.

by Fernando D'Allesandro

For the best part of a decade Japan has been stagnating. What is even more striking is that after a decade of stagnation its economy is not giving any signs of recovery. What we are witnessing is not the normal cycle of capitalism of boom-recession-boom. What we are seeing is Japan slipping from stagnation to recession and to slump. The Financial Times (19.8.98) explained that "Seven out of Japan's 10 regions are in a slump..."

Japan in the past was renowned for its high level of investment in productive industry. This in fact was the key to its success. High levels of investment in new technology meant a much higher level of productivity of Japanese labour. This gave it an enormous competitive edge over its rivals. The high level of investment created jobs and also laid the basis for high wage levels. This in turn provided a market for consumer goods in an upwardly moving

spiral of growth. Japan was able to achieve annual rates of growth of 8-10-12% and in one year even achieved the amazing figure of 17%.

As recently as 1991 Japan's investment rate was 20% of GDP. This has now fallen to 14.4% and is expected to fall to about 10% in the coming period. The fall in the rate of investment is leading to a fall in the level of productivity when compared to its main rivals.

The fall in the rate of investment in productive industry in Japan is the key to understanding the present malaise afflicting its economy. In the past Japan had invested heavily not only at home but also abroad, particularly in the emerging economies of South East Asia. But overinvestment has produced overcapacity. This has meant that investment in industry no longer gives the same returns as in the past.

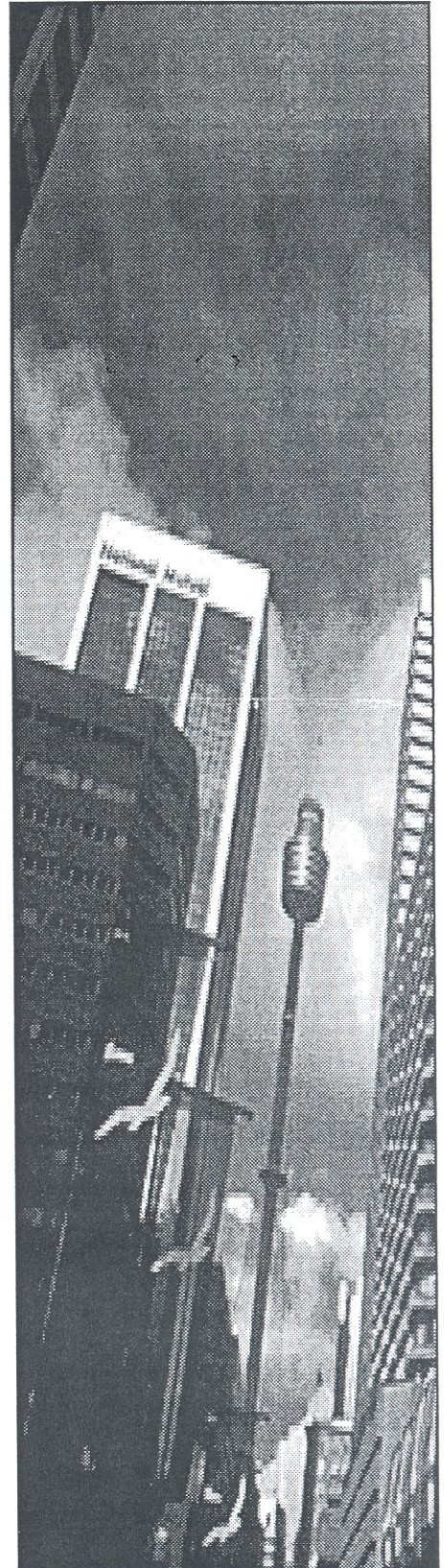
Productivity

According to figures published by the OECD Economic Planning Agency, in 1965 'Capital productivity' in Japan was about twice the level in the USA. By 1979 it had fallen to the same level as the USA and in 1996 it had fallen below that of the USA and was on a par with Germany and the UK. If this trend continues it would actually fall below that of the UK. This is not due to any major improvement in the USA, Germany and the UK. It is all due to a long-term decline of Japanese productivity.

Japanese industry has also been losing ground to its South East Asian rivals. For example a tonne of steel produced in Japan now costs \$156, compared with \$67 in India, \$27 in China and \$17 in South Korea.

Now this is all exploding in the form of the most serious crisis of the Japanese economy since the Second World War. This crisis has been long overdue. It would have emerged earlier if it had not been for the fact that since 1992 the state has been bolstering up the economy through the injection of large sums of public money. What it amounts to basically is Keynesian economic policies.

The government has been throwing huge amounts of money into the economy in an attempt to stimulate demand. Between 1992 and 1995 the government introduced a series of "stimulus" packages, including tax cuts and public spending, to the tune of around \$600 billion. This barely



kept Japan out of recession and yet it is greater than the United States spent on the "New deal" of the 1930s and is more than was spent on the Vietnam war.

However, the price they paid for this level of spending was the accumulation of a massive public debt, which has now reached about 92% of GDP, almost as big as that of chronically indebted states such as Italy, Belgium and Greece.

Alarmed by this huge level of indebtedness the government, in April of last year, attempted to cut the budget deficit. One of the measures taken was to raise VAT from 3% to 5%. The only effect this had was to put a further brake on demand. Ever since then retail sales have been falling.

This worried the USA in particular which, together with the other G7 powers, the IMF and the World Bank, put enormous pressure on Japan to reflate its economy.

This forced the government to reluctantly carry out another U-turn and launch a new series of state spending packages. At the end of last year in three consecutive packages the government injected about \$80 billion into the economy. In April of this year they announced a further \$75 billion expansion package. And still it has no effect.

They have also attempted to stimulate demand by lowering interest rates. Since the autumn of 1995 they have been at the incredibly low level of 0.5%, and recently they cut them further to 0.25%. Any further cuts would mean literally giving money away to people.

Keynesian

The fact is that the Japanese government has used these Keynesian policies, i.e. huge state spending combined with low interest rates, to stop the economy from going into recession, but it has entered recession anyway. Unemployment, which was almost an unknown phenomenon in Japan for close on forty years, is now rapidly rising. In April the number of unemployed had reached 2.9 million, 4.1% of the working population. This may seem low compared to standards in Europe, but for Japan it comes as a shock. It is the highest level since records began in 1953. What makes it worse is that the population as a whole feels that the worst is yet to come. By the Spring of next year a further 500,000 jobs are expected to go in the building industry alone. Youth unemployment is rapidly growing: in the 15-24 age

group it is already 8.5%.

And those with a job are facing a fall in real wages. In April wages fell by 0.5% year on year. Added to this is the reduction of 9.9% overtime work due to falling demand, and an 8.2% drop in overtime pay.

Again, at the end of May, the Japanese parliament passed a bill bringing in a further \$30 billion of tax cuts over the next two years. But as the Financial Times (30.5.98) commented, "most consumers planned to save rather than spend the windfall cash."

This underlying crisis of the Japanese economy is being felt on the Stock Exchange, in the banking system and in the property markets. The Nikkei 225 index has fallen from over 38,000 points in 1990 to about 14,000 in 1998! This has added to the problems of the banks, some of whom actually lent money to investors to play on the stock exchange. With the collapse of share values these investors do not have the capital to repay their debts to the banks.

A recent report from Standard and Poor's, the US ratings agency, revealed that problem loans in the Japanese banking system could be the equivalent to as much as 30% of GDP.

In the 1980s Japanese banks gave out enormous amounts in loans basing their perspectives on the boom that was taking place. Now their creditors are facing serious problems of cash flow. This financial year it is estimated that there will be 17,300 corporate bankruptcies owing \$107 billion. The Japanese banks are facing the prospect of having to cancel these and other bad debts or even to go bankrupt. Again it is the government that has to step in and foot the bill with taxpayers' money, adding further to the state deficit.

Home prices are falling by about 10% a year. That explains why, in spite of 2.5% rate mortgages, no one is buying.

In this context it is curious to note how so-called "outdated" policies such as nationalisation and deflation are coming back into fashion among some layers of the bourgeoisie. Both The Economist and the Financial Times have started to take into consideration the possibility of the nationalisation of the banks in Japan. The editorial of the Financial Times of 18th September stated that this "would be a radical move; but it may be the only way for Japan to extricate itself from a desper-

ate situation."

All this shows that monetarist policies cannot solve the present crisis. But Keynesian-economic policies do not work either. The only effect these policies are going to have in Japan is an enormous explosion of inflation. With such an amount of fictitious capital floating around the Yen is already beginning to slide.

A devaluation of the Yen means making Japanese goods temporarily more competitive on the world market. It would also make imports more expensive. That however would only further exacerbate the problems of its South-East Asian neighbours and trading partners who desperately need to export to earn strong currencies to pay off their debts.

Monetarism

For over twenty years monetarism, i.e. a strict control of money supply, has been the dominant policy world-wide. Now that the world is teetering on the edge of a slump some of the strategists of capital are rediscovering "reflation". The idea is that they could have some form of controlled inflation in order to stimulate the economy. The Japanese scenario is proving that it doesn't work, and yet they are considering the possibility of further loosening up on money supply. This can only work for a short period, because the rise in prices which inevitably flows from it would cancel out the initial effects and bring the economy crashing down even harder once inflation takes off seriously.

All this is having profound effects on the political scenery of Japan. In the 12th July elections to the Upper House the Liberal Democratic Party, which has governed the country almost uninterruptedly since the end of the Second World War, lost over a quarter of its seats, ending up with its lowest ever number of members. The Democratic Party, only formed three months before the elections, emerged as the second party after the LDP. This is an attempt on the part of the bourgeoisie to build a capitalist alternative to the LDP and stem the shift to the left. However on the left the Japanese Communist Party managed to double its seats in the Upper House, a clear indication that the workers of Japan are beginning to be stirred into action by the crisis facing Japanese capitalism.

Defeat for Kohl - victory for the Left

A historic defeat for chancellor Kohl and a clear victory for the left are the most outstanding features of the German election on September 27. After exactly 16 years of Kohl in office, German workers and youth said: enough is enough. German is now likely to be governed by a coalition of Social Democrats and Greens.

by Hans-Gerd Öfinger

The dimension of Kohl's defeat is reflected by the fact that his Christian Democrats (CDU/CSU) scored just over 35% of the votes cast, thus getting their worst result in nearly 50 years of the Federal Republic with the exception of the 1949 election. Since the 1950s, the Christian democrats had always scored well over 40% of the votes.

On the other hand, the Social Democrats (SPD) scored 40.9%. If you add the 5.1 % of votes cast for the PDS, the former East German Communist Party, you get the best election result for the traditional workers parties of any German parliamentary elections: 46.0%, compared with 45.5% for the two workers parties in the elections of 1919 and 44.9% for the SPD in 1972 when they celebrated a triumph under the leadership of Willy Brandt. In the new Bundestag, the two left parties together are only two seats short of an overall majority.

Neck and neck

Until election day, opinion polls tended to predict a neck to neck race between the two big parties and the two political camps. After their victory in the Bavarian state elections just two weeks before the national election where the Christian Democrats had defended their overall majority and the SPD had suffered losses, Kohl, big business and his party followers displayed more and more enthusiasm and confidence as to the possibility of maintaining their coalition with the liberal Free Democrats (FDP) in power. However, the threat of yet another four years under Kohl's coalition and more cuts in the welfare state mobilised many voters - workers and youth - in the very last minute. The participation in the election rose from 79.0 to 82.3%. It is obvious that since 1996, the social climate has changed considerably. In June 1996, 350,000 trade unionists demonstrated against the dismantling of the welfare state. In autumn 1997, stu-

dents spontaneously protested against cuts and problems in education, a movement that surprised many. Since February, 1998, there has been a movement of unemployed which was encouraged by the example of France. Against this background, the trade union federation (DGB) started a campaign for a fundamental change in German home policy in favour of working people.

Out of 328 constituencies, the SPD took 212, the Christian Democrats held only 112, and the PDS defended their four seats they had won last time. On the basis of the peculiarities of the German system of proportional representation, the prospective coalition of SPD and Greens can lean on a majority of 21 seats even without the PDS deputies. SPD leader Schröder had repeatedly declared that he would not accept being elected chancellor with the votes of the PDS and in such a case he would rather go for a Grand Coalition with the Christian Democrats.

With the exception of Bavaria, the Christian Democrats got clearly less than 40% in all the 16 federal states including their traditional strongholds of Baden-Württemberg and Rhineland-Palatinate. In the East, the former DDR, the combined left vote was well above the national average. Here, the mood has changed drastically since 1990 as the majority have realised that Kohl's promises of creating flourishing areas have turned out to be lies. With unemployment well over 20% many areas are becoming disaster areas.

It is for the first time ever in post war history that a government majority was completely defeated in an election by the combined opposition. It is for the first time that the SPD dominate the government and parliament (Bundestag), the Bundesrat (second chamber) at the same time, and the new Bundestag majority will also give the SPD the decisive majority in the Bundesversammlung, the assembly which is to elect the new president next spring. With this election result, out of 15 countries in the EU, there are only two left without the involvement of left/workers' parties, while the left have 10 out of 15 heads of government.

Massive

According to a first series of analyses, the SPD has massively gained from the Christian Democrats as well as from the camp of non-voters. In the East, there was an additional swing from the Christian Democrats to the PDS. The issues of unemployment and social questions in general dominated the election and brought about the downfall of a government that had promised for 16 years to eliminate unemployment by means of monetarist policies and gifts to the rich. Against the background of officially four million unemployed (in reality the level is rather between six and seven million job seekers) Kohl's desperate attempt to claim that a new economic boom had just started and the warnings of employers' federations that a 'red-green' victory would destroy the economic growth failed.

Against the background of a clear polarisation between two political camps which reflected class polarisation, the different brands of fascist and racist parties who have rich backers and spent millions in the campaign, did not score any success at all. In the Eastern state of Sachsen-Anhalt, where the extreme right wing DVU scored 13% in the state elections last April, they were down to 3% this time. In the Eastern state of Mecklenburg-Vorpommern on the Baltic coast, where the neo-fascist NPD concentrated all their forces and tried to win a social basis by means of traditional Nazi phrasemongering with some anti-capitalist demagoguery, they were clearly defeated and scored just 1 per cent - in spite of the fact that their audacious hooliganism was displayed to intimidate inhabitants of rural counties and election campaign activists of the left. Of course, if the new gov-



Success at Spanish CP national festival

ernment should fail to deliver the goods, these right wing extremists could still attract unemployed youth here and there.

In the election campaign, many observers were reminded of American type methods. In fact, SPD leader Gerhard Schröder and his election machinery tried to copy as much as possible from Clinton and Blair. While party and union activists were hoping to get all the bourgeois ministers out of the government, Schröder was desperate to find a real bourgeois, a real entrepreneur to join his shadow cabinet as a prospective minister of the economy. But Jost Stollmann, a 43-year-old software millionaire, enraged many trade unionists when he distanced himself from those few concrete sections of the SPD election manifesto that promised to reverse some of the worst cuts carried out by the Kohl government. Whatever Stollman said, the heads of the employers' federations, BDI, BDA, and DIHT, continued to support Kohl. Towards the end of the election campaign, Schröder in his mass rallies laid a heavier emphasis on social questions and those few corresponding election promises to the benefit of working people that were denounced by the employers as 'turning the clock back.'

There will be a certain honeymoon period for the new government after such a long period. But very soon, the new government will be under enormous pressure from different sides. While the employers have already threatened that measures like the re-introduction of the sick pay would destroy jobs, trade union activists will demand more drastic measures than those few points outlined in the SPD election manifesto. Kohl leaves behind a legacy of high unemployment and high state indebtedness (the interest payment alone in the federal government budget amounts to 80 billion DM a year). The boom is coming to an end, and the prospect of a world recession affecting Germany and Europe will mean turbulence for the new government. A crisis of all political parties and a class polarisation of the SPD will be on the order of the day.

Results - SPD: 40.9%
CDU/CSU: 35.1% Greens: 6.7%
FDP 6.2% PDS: 5.1%

The national festival of the Spanish Communist Party is one of the biggest political events in Spain. Every year, hundreds of thousands of people, including a large number of youth and trade union activists, turn up at the Casa de Campo in Madrid from all over Spain to attend the two and a half days of festivities combined with meetings, discussions and debates.

For the last three years the Spanish Marxist paper *El Militante* has organised a public meeting at the Fiesta, with Alan Woods, editor of *Socialist Appeal*, as the main speaker. These meetings have been very successful, and the number of people in attendance has grown every year. As a result, this year two separate meetings were organised, one on the evening of Friday September the 18th on Russia today, and the other, organised by the political education department of the CP, on Saturday morning.

Both meetings were an outstanding success. On the Friday evening, more than 200 people crowded into the Pabillon de Valencia to hear Alan and the veteran trade union leader Marcelino Camacho. The discussion on Russia followed on from the previous meetings held last year to launch the Spanish edition of Ted Grant's book *Russia: from revolution to counter-revolution*. The main thrust of the lead-off was to show that all the main arguments of this book had been borne out by events. Those present, including many veteran Communists, were enthusiastic about the idea that capitalism had failed in Russia, and that the working class was once again going onto the offensive.

Manifesto

The Saturday meeting was twice as big as the earlier one. More than 400 people gathered under the huge canvas awning to hear a debate on the *Communist Manifesto* today. The two speakers were Alan Woods and Francisco Fernandez Buey, an academic whose ideas have a wide following in the CP leadership, who considers that the Communist Manifesto was OK for Marx's day, but is in serious need of revision. On the contrary, Alan explained, quoting a whole series of facts, figures and arguments, the

Communist Manifesto is the most modern of documents, which precisely explains the most important phenomena in the world today.

The phenomenon of globalisation was predicted by Marx and Engels 150 years before the modern day bourgeois economists. Similarly, the concentration of capital, which they predicted although at the time it did not exist, has now reached unheard-of proportions. In the first six months of 1998 alone, take-overs in the USA alone amounted to almost 1,000 million dollars. A recent report of the UN reveals that the 225 richest people on earth have incomes equivalent to those of 48 poor countries, and the richest man on earth, Bill Gates, has an income equivalent to that of 106 million of the poorest Americans. Thus, the predictions of the *Manifesto* most frequently criticised by bourgeois economists have been brilliantly vindicated by history.

Capitalism

Alan dealt at some length with the crisis of capitalism in Asia and Russia and stressed that the only way out was the socialist transformation of society on a world scale. In the debate that followed there were many lively interventions from the floor, several of which reflected the discontent of the workers with the bureaucracy in the workers movement. Others raised the question of the state and the problems posed by revolution. The case for revolutionary Marxism put by Alan Woods got an enthusiastic reception from the overwhelming majority of those present. For many young comrades, this was probably the first time the case for Marxism had been clearly put without ifs and buts. And for many old-timers, these were the old ideas that they remembered from the past and instantly identified with.

El Militante comrades made an excellent intervention in this festival, selling 158 documents, 335 Marxist books, 150 papers, a total quantity of 1,527 pounds. In addition, the students union raised £220 in donations. All in all a very successful weekend.

Nigeria's military government arrest activists

On Saturday, 12th September 1998, at the opening ceremony of the NUGA games (University games) students from various campuses converged peacefully on the University of Lagos to protest against the continuing victimisation of student activists (expulsions and suspensions from courses). They were also protesting against the imposition of fees.

Present at the games was the Chief of General Staff, Rear Admiral Mike Akhigbe. He is the second in command to Abubakar himself. He personally ordered the arrest of three students, Yemisi Ilesanmi (Obafemi Awolowo University, OAU), Ponle Oloyede (president UNILAG students' union), and Sowore Omoyele (former president UNILAG students' union). While trying to seek their release two others were arrested the second day, Saint Omotaje Jericho the NANS zone D co-ordinator and Kehinde the Vice President of the UNILAG students' union.

Ponle Oloyede and Kehinde were later released. But the others are still in custody (that is the latest news we have today, 25th September) at the notorious State Investigation and intelligence Bureau, SIIB, headquarters at Pantí. When they were arrested on Saturday they were first taken to the Special Anti-Robbery Squad headquarters where they were harassed and beaten and kept with criminals who further dealt with them.

The regime is already getting embarrassed with the case and the Chief of General Staff, Rear Admiral Mike Akhigbe, announced on television that the students had been released. This is not true, but it shows that the regime is embarrassed. It is trying to portray a "liberal" image, hoping to get more aid from the West.

The students were taken to court on Friday 18th September and the hearing of the case comes up again this Friday (25.9.98). Taking them to court is actually an attempt by the state to save their face and to hold them for a longer time, as they will always adjourn the case. The regime is starting a staged trial. The reason they want to delay their release is because they played leading roles in the protest.

Letters demanding the release of the students should also be sent to:

Nigerian High Commission
9 Northumberland Avenue
London WC2N 5BX
Tel: 0171 839 1244
Fax: 0171 839 8746

Letters bringing the case to the attention of the Labour government, asking it to protest to the Nigerian government about the arrests, should be addressed to

Right Honourable Robin Cook MP,
Foreign Secretary,
Foreign and Commonwealth Office,
King Charles Street,
London SW1A 2AH

Legal defence

A 'Nigerian Legal Defence Fund' has been launched to help with legal costs, etc., of those detained. The campaign in Nigeria itself also needs financial help badly. These people are in dire straits as far as money is concerned and they need every penny we can raise in Britain.

We are appealing for donations from individuals and labour movement bodies. Cheques should be made payable to the 'Nigerian Legal Defence Fund' and sent to PO Box 6977, London N1 3JN.

The following is a note smuggled out of the detention centre:

Cell 2, Pantí,
20-9-98

I appreciate the efforts you are making outside. This regime must be put to shame, people must be made to understand that a military regime will always be a military regime, an aberration, whether it be an Abacha or an Abubakar regime. It must not be trusted. The DPP (department of public prosecution) and some commissioners that the students went to see on our behalf asked them if I am mad or smoke Igbo (Indian hemp), they feel that is the thing that could have given me the audacity to challenge Akhigbe and his cohorts to their faces. They have forgotten that I have Justice by my side and I shall not be cowed, broken, or intimidated, they can arrest and imprison the physical body but they cannot do the same to the spirit.

The stupid goats have already started the Omole' (OAU Vice chancellor) trend, saying we should write a letter of apology to them before we are released. Well I have told them that I'd rather die in detention than apologise to the bastards, I wish I was there to tell them to their faces.

This regime has already laid the foundation for its defeat and we use their disadvantage to our advantage. Agitation must continue and it must be intensified. I intend to sue the CGS, CP and others for assault and battery, attempted murder, defamation of character, sexual harassment, public disgrace and embarrassment. Their brutality on me was filmed by some media houses, Channels, AIT, DBN, TNT had a good picture of it on the front page of one of its editions. Please try to get those things, they are vital evidence against this regime. And try to put things in motion through a lawyer. I promised Akhigbe to his face that I will fine him and I intend to carry out that promise. We will discuss better when we meet. We shall overcome. Yours truly.

Greetings. A LUTA CONTINUA.
VICTORIA ACERTA.
Yemisi Ilesanmi

Bolshevism

the road to revolution

There have been many books and potted histories of Russia, either written from an anti-Bolshevik perspective, or its Stalinist mirror image, which paint a false account of the rise of Bolshevism. For them, Bolshevism is either an historical "accident" or "tragedy," or is portrayed erroneously as the work of one great man (Lenin) who marched single-mindedly towards the October



Revolution. Alan Woods, in rejecting these "theses", reveals the real evolution of Bolshevism as a living struggle to apply the methods of Marxism to the peculiarities of Russia.

Using a wealth of primary sources, Alan Woods uncovers the fascinating growth and development of Bolshevism in pre-revolutionary Russia. The author deals with the birth of Russian Marxism and its ideological struggle against the Narodniks and the trend of economism.

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traces the ebb and follow of the party and the role of Lenin as its principal guiding force.

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Bolshevism : the road to revolution is intended as a companion volume to Ted Grant's *Russia: from revolution to counter revolution*, which is also available from Wellred.

Bolshevism: the road to revolution by Alan Woods

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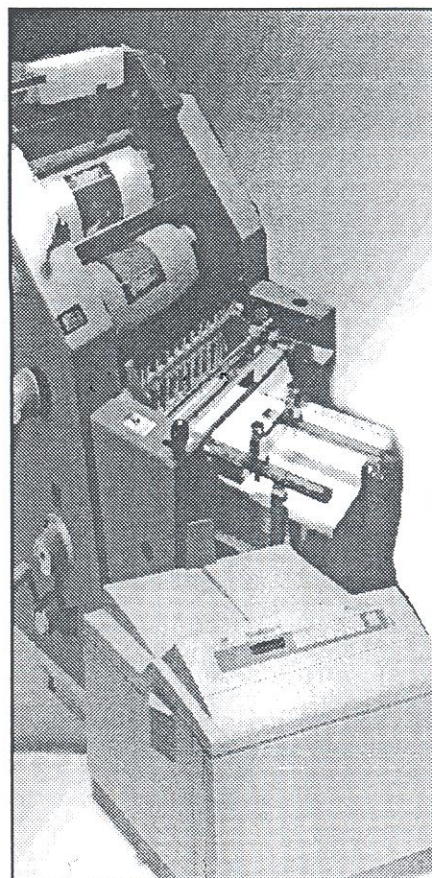
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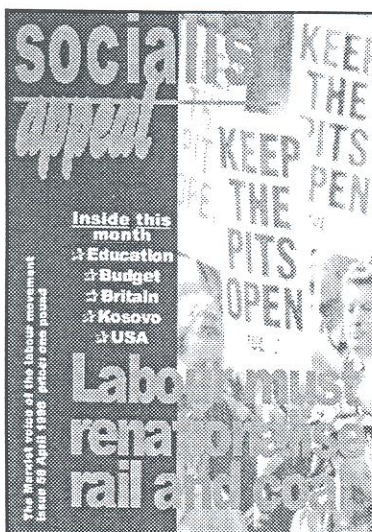
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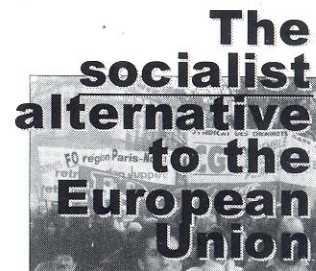
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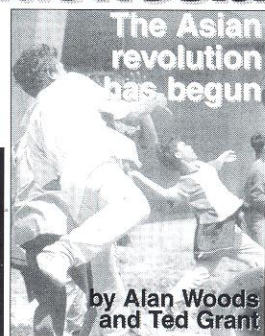
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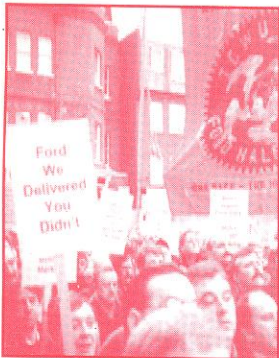
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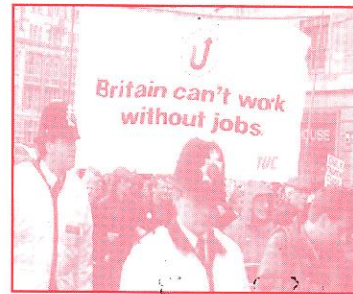
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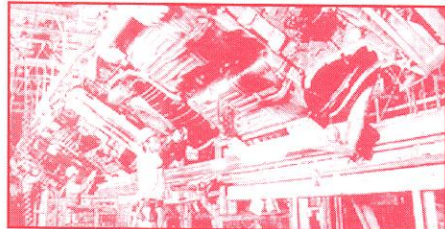
☆ **No more sell offs.** Reverse the Tories privatisation scandal. Renationalise all the privatised industries and utilities under democratic workers control and management. No compensation for the fat cats, only those in genuine need.



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

☆ **The 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.

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




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

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

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

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

 **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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