

SOCIALIST

appeal

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As 'market forces' fail:
Time to change course!

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Time to change course!

As the British economy heads toward recession the economic policy of the Blair government is being exposed more and more to the cold winds of reality.

A spate of redundancies in manufacturing, the high tech industries and the financial sector are merely the tip of the iceberg. Recent statistics on consumer spending and business 'confidence' all back up the picture of an economic gloom not seen since the early 80's.

And what has the Labour government got to say about all this? Very little. Tony Blair, confronted by the Fujitsu redundancies in his own Sedgefield constituency, could only tell the stricken workforce that the market could not be 'bucked.' Trade and Industry secretary, Peter Mandelson, similarly spoke on the situation at Rover's Longbridge plant that it was a problem for the company and the workforce and them alone.

In other words the government cannot and will not intervene. Their argument is that they are powerless in front of global 'market forces.'

Interest rates

The Labour front bench made it clear what they were about when, within days of coming into office, they handed over the power to set interest rates to the supposedly 'independent' Bank of England. Independent of whom, we may well ask?

It should have been clear to anyone that the economy was heading for a slowdown, yet interest rates continued to rise through most of this year so fearful were these bankers about inflation. As one commentator put it, their remit says nothing about preventing recession.

Even now, Brown and Blair are still going on about ending the 'boom and bust' cycle at the very time when the economy is facing the biggest 'bust' for quite some time. With most of the world already in recession and Britain poised on the brink, their complacency is staggering.

All this has led them to wash their hands of responsibility for everything that is going wrong. But blaming global markets is just not good enough from Labour

leaders. Global markets are not anonymous - who runs these markets and who owns these companies?

Brown and Blair want us to see the economy a bit like the weather. Facing redundancy is like getting caught out in the rain. It's a natural product of the 'markets' and there's certainly nothing they can do about it. Yet for the hundreds of thousands facing the sack in the the next months and the millions who face increasing job insecurity and extra pressure at work there's got to be an alternative.

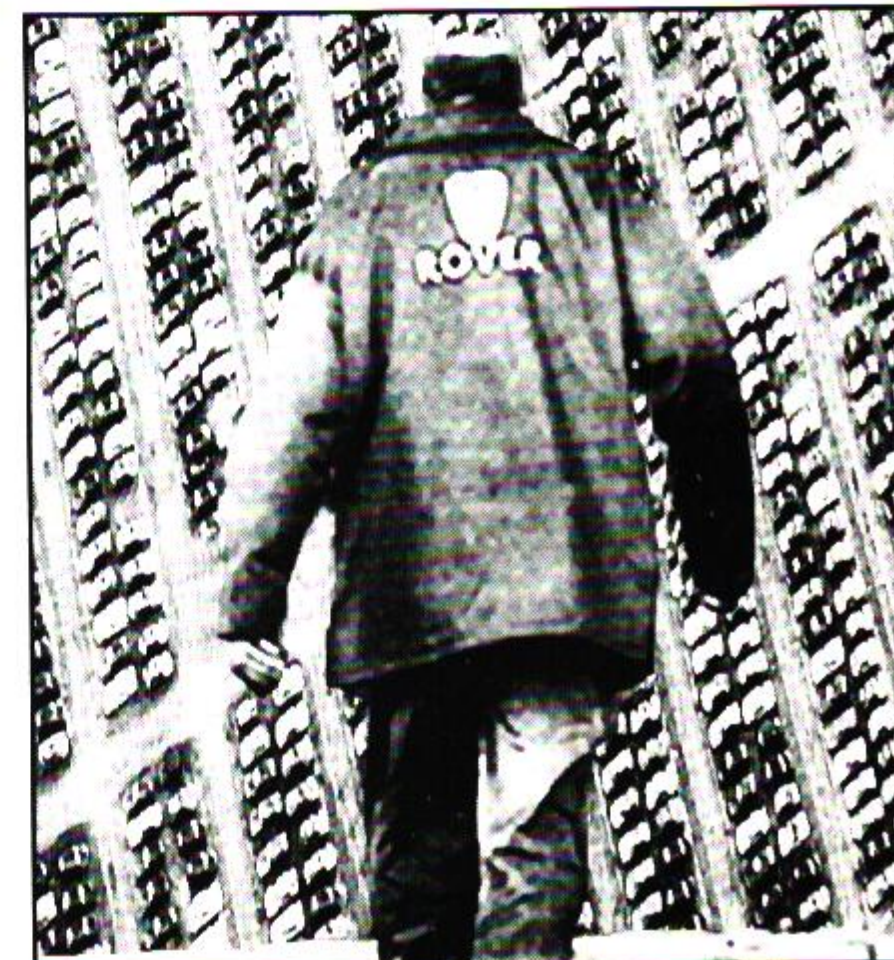
The Labour leadership have accepted the so-called 'market' lock, stock and barrel. But it is becoming increasingly clear that the 'market' has failed. Rather than ushering in a period of extended economic growth and wellbeing, we are facing probably the biggest recession since the war.

Change course

It really is time to change course! We can buck the market - with socialist policies! 'Boom and bust,' redundancies, attacks on our living standards and working conditions - these are all inevitable within a capitalist economy.

The first priority for a Labour government should be to break with the capitalist system and bring in a programme of socialist measures capable of tackling the immense problems we face.

That's the programme *Socialist Appeal* advocates and fights for. Why not join us in that fight?



Final push for £10,000

Now it's time for the final push on our special £10,000 appeal. We have raised well over £5,000 in cash and hard pledges so far. But we need more - urgently. The next few weeks are vital for our future development.

A flood of £100 donations has come in, plus many smaller amounts. In the last few days we have received two £25 donations from Heather Scott in Edinburgh and Brian O'Rourke, a student at Keele University.

Readers and sympathisers who have not yet donated should be asked right away. Many areas are organising fundraising events over the holiday period, other areas should be considering their plans. Let us know what you're doing.

All the money raised will be

used to help us make a great technical leap forward. We aim to purchase a new printing press, platemaking equipment and a collator.

Our present equipment has served us well, but has reached its maximum capacity so far as the volume it can produce. If we are to increase our print run and production cycle beyond these constraints then we must meet our target and install this new equipment - and sooner rather than later.

This bold step will mean bringing all our printing 'in-house,' enabling us to produce what we want, when we want and with a marked increase in both efficiency and quality.

Why not help us realise these aims? Rush all donations to Socialist Appeal, PO Box 2626, London, N1 7SQ.

Socialist Appeal relaunched

This is the last edition of Socialist Appeal for this year. We will relaunch a new look magazine in mid January produced on our new equipment.

We need the next few weeks to buy, install and learn how to use our new equipment, and to give the journal a thorough makeover in content and style. We aim to increase the quality of our presentation and, more importantly, sharpen up our editorial side.

The new equipment is vital, but we also need far more participation from our readers and supporters. Don't hesitate - we need your help, ideas, letters, reports and articles.

Pick up a phone now and ring us on 0171 251 1094.

Depression in the country

Agriculture in Britain employs 2% of the workforce with almost 170,000 full time workers, about 30,000 down on a decade ago. The strength of Sterling has seen farm exports battered. In 1996 net farm incomes stood at £4.1 billion, falling to £2.1 billion last year, and are expected to fall below £1 billion this year. With average incomes down by 80% in just two years it can now make more financial sense to a farmer to destroy an animal than to spend money fattening it up. The farmgate prices of a number of different foodstuffs has slumped, eggs down 36%, and milk down 22% for example. Can't say I've noticed their price falling in the shops though.

The farming industry is heading towards its worst crisis since the 1930s. Brian Montgomery, head of NatWest's agricultural services believes that between 10% and 15% of full time farmers will go out of business in the next five years. Not all farmers will be affected equally however, as Montgomery points out, 40,000 farmers in Britain account for 80% of total production, leaving 130,000 small farmers at risk.

Depression in the city

There are almost twice as many people working in the City of London. They don't get up as early, nor get as dirty, but they are not immune from the coming slump. Jonathan Baines of headhunters Baines Gwinner, believes as many as 30,000 city jobs, about 10% of the total, could go in the next year. Already ING Barings, Robert Fleming and Merrill Lynch have announced big job cuts. Michael Marks, chairman of Merrill Lynch International thinks things are going to get much worse. "This is more dramatic and bigger than anything I've ever experienced," he says. "It is different from the prolonged recession of 1974; it is certainly different from what was a short, sharp equities correction in 1987. This is a credit and liquidity crunch the like of which I've never seen."

According to Judith Mayhew of the Corporation of London, the city represents between 8% and 12% of GDP, if you add banking and financial services around the country that figure climbs to 22%. 30,000 job losses in the city is no laughing matter, it represents a foretaste of ten times as many of our jobs under threat over the next twelve months.

Capitalism depresses everyone

The news from the International Congress of Humour meeting in Switzerland is no laughing matter either. German psychotherapist, Dr. Michael Titze told the meeting, "We seem to have created today a society which puts such a high premium on performance and success that when people fail to reach these levels they are possessed with a sense of shame and depression." The research of psychologist Oliver James supports this view, "The consensus among psychiatrists is that we are now anything up to ten times as likely to be depressed than we were in the 1950s." The reason he says is that "advanced consumer capitalism exploits our instincts to compare ourselves with each other vastly more than we used to. We become deeply dissatisfied relative to others, despite being richer. The violence rate has hugely increased which is a sign of depression. Three quarters of violent men are depressed. Rates of compulsion - alcohol misuse, drugs misuse, eating disorders and gambling problems - have also increased."

Let's fight them where it counts

The *Sunday Times* of 1/11/98 pointed out that in relation to Mr. Jenkins proposals on proportional representation "it seems half the parliamentary Labour Party and more than half the cabinet oppose PR" - not least those who fear losing their seats.

A report in the *Financial Times* of the 30/10/98 in relation to the Jenkins proposals stated that "A poll of the leftwing Campaign Group of Labour MP's by Channel 4's Powerhouse showed four fifths thought voting reform could produce a fully blown Labour split, risking the formation of a breakaway party."

Whilst treating reports like this with some suspicion it was notable at the recent meeting of the Left Forum that some on the left pushing for such a breakaway are also in favour of proportional representation in the belief that it would guarantee a voice for the 'genuine' left in parliament.

In reality nothing could be further from the truth. If left wing Labour MP's walked out of the party it would be a major mistake, especially over an issue like this. The Labour leadership would have difficulty containing their delight. The project of reuniting the Liberal and Labour parties which would take us back a hundred years would have one of the biggest obstacles to its success removed, voluntarily. Far better to support the AEEU's campaign for a voice for working class people in the Labour Party.

It isn't just a question of staying in the party to fight against these proposals it is a fundamentally principled question of keeping faith with the working class who voted to get rid of the Tories and their policies. Workers didn't vote for more of the same under a Labour Government.

The fight against privatisation, unemployment and low pay, for proper trade union rights and against cuts in welfare spending all go hand in hand. Our party has been temporarily hijacked by those who have no idea of what poverty, joblessness and exclusion really means. Let's fight them where it counts.

Reject PR and coalition politics

Proportional representation probably isn't the most burning issue on the minds of millions of working class voters who ensured that Labour gained a landslide victory under the current first past the post system at the last election. It certainly won't be the top priority of those who have lost their jobs at Siemens or Fujitsu and it isn't the issue uppermost in the minds of those at Longbridge whose jobs are under threat unless they bow down to management blackmail and accept cuts in wages and conditions and radical new working practices.

by Dave Bryson

So why has this secondary issue been raised to a position of primary importance by the new labour leadership.

Raising issues of secondary importance to a primary position to avoid dealing with the main issue is an old tactic used by those who's policies are ineffectual when dealing with the real problems.

However it would be wrong to simply see this issue in such a light. Although undoubtedly a useful decoy in diverting some attention away from the crisis in the economy this is not the main reason that the issue of electoral reform is of such importance to new Labour's leadership and the leadership of the Liberal Party.

Division

At the 1997 Labour Party conference Tony Blair stated "Division amongst the radicals { he was talking about Labour and the Liberals } almost 100 years ago resulted in a 20th century dominated by the Conservatives. I want the 21st century to be the century of the radicals." The project, as it is euphemistically referred to by those who lead new Labour (and no doubt their friends in the Liberal Party) needs electoral reform to ensure that a coalition of New Labour and the Liberals, and possibly one or two disaffected pro European Tories to form a future government of the "radical" centre.

To legitimise the moves to a new electoral system Lord Jenkins the former Labour Minister who defected to the SDP and who is now a leading member of the Liberal Party was given the job of heading up a commission that would investigate

options for changing the electoral system.

After months of investigation and deliberation it comes as no surprise that Mr. Jenkins commission produces a report that rejects the current first past the post system, doesn't recommend an entirely proportional voting system that he and Mr. Blair know will stand no chance of being implemented, but instead comes up with a halfway house known as *Alternative Vote Top Up*.

In an attempt to be all things to all people, the proposal will mean that 80-85% of MP's will still be elected on a constituency basis and 15-20% will be drawn from a top up list.

Voters will have two votes, one for their constituency and one for the Top Up MP's. Basically, after the constituency MP's have been elected the top up element is used to ensure that a more proportional level of MP's are sitting in the House of Parliament in relation to the votes cast.

There are numerous arguments against this ranging from the fact that those receiving the least share of the votes could end up in the most powerful position in a never ending round of coalition governments to the fact that top up MP's will lose touch with the constituencies.

As Marxists we are not overly concerned with the precise details, merits and drawbacks of different parliamentary voting systems. None of them give us any say, for instance, proportional or otherwise, over judges, police commissioners or bankers.

We are more concerned, why, with a majority of 179 we still don't have a decent minimum wage, or the repeal of the anti union laws, and why they appear never to want such a majority again.

Democracy and accountability isn't about electing a government every five years that either actively supports or perpetually succumbs to the needs of big business.

On the 1st May 1997 Labour won a landslide victory in the election under the first past the post system. The fact that the leadership of the new Labour government has chosen to continue to implement right wing monetarist policies is not the fault of the current electoral system and is certainly not the fault of those who voted Labour to get rid of the Tories and everything they stood for.

'You can't keep him away from the West Midlands'

The plight of Midlands MEP Christine Oddy demonstrates that for Labour Party members the question of proportional representation is secondary to the key issue of party democracy.

Oddy has effectively been removed as an MEP by the Millbank bureaucrats. In next years Euro elections, Britain - in line with the rest of Europe - is adopting the 'list' system of PR. The various political parties draw up a list of candidates with their preferred ones at the top. The number of successful candidates depends on the share of the vote each political party receives.

This gives Blair and the leadership the chance to effectively deselect 'troublesome' candidates by placing them way down the list.

This has been Oddy's fate. For the Midlands, the leadership have placed, for example, the famous London Blairite Michael Cashman as No. 2, while Oddy has been placed No. 7 - out of eight! It is virtually impossible for her to win back her current seat.

Oddy is a hardworking and popular MEP. She backed Clause IV. She regularly informs trade unions and labour organisations of the impact various European legislation may have upon them, she has championed many workers causes, as well as local issues. Unlike many MEPs, who may as well live on the moon, for all that local constituents

see them.

But such 'dangerous' characters have no place in Blair's vision of a 'new, modern' Labour Party. They much prefer unquestioning bubble-heads who are 'on message' and can speak to script - hence the preference for actors and various other luvvies.

Given the local outrage, Millbank has gone into overdrive to justify selecting Cashman over Oddy. Asked by the local paper what experience Cashman had exactly about the industrial Midlands, a trendy young thing from Millbank blustered: "He appeared on the stage in Birmingham at the age of 14. He's got a tremendous record at the Rep. He helped the campaign in Walsall during the local elections, you can't keep him away from the West Midlands."

It is unclear whether the tears in the eyes of local Labour Party members were those of hysterical laughter or deep despair.

But this is a warning for the future. When the Labour leadership attempts to 'engage' us in the debate on proportional representation, we must first seek assurances that the will of party members through democratic ballot is sovereign, and the selection of candidates is not up to the whim of Millbank spin doctors.

by a West Midlands activist

Mikel Val del Olmo

We have just heard the tragic news of the death of Mikel Val del Olmo, a leading supporter of the Spanish Marxist journal, *El Militante*.

He was in his mid-30s, full of energy and with an outstanding political level, he will be irreplaceable in the exemplary work he conducted in the difficult conditions fighting for the ideas of Marxism in the Basque Country.

Socialist Appeal sends its condolences to Mikel's wife, family, friends

'Football cuts to the heart of the political economy'

"Football cuts to the heart of the political economy" (Will Hutton, the Observer, 1998). That editorial banner was reflected physically on October 27th when 200 fans representing over two dozen clubs, staged a three hour meeting in a committee room at the House of Commons. The meeting, organised by the Independent Manchester United Supporters Association, was called in order to pressure MPs into signing an early day motion against the Murdoch/BSkyB bid for Manchester Utd and, in addition, to allow some of the country's politically motivated supporters to make their voice heard collectively at Westminster for the first time.

Supporters from top flight clubs like Man Utd, Newcastle, Spurs and Southampton were joined by others from the lower divisions and even non-league clubs such as Slough Town were represented. With the first hour of the meeting devoted to the Murdoch scenario, fans learnt that 70 MPs had so far signed the motion and others were expected to follow later that day after a general lobby. The feeling against Murdoch was almost physically tangible and some emotive and powerful speeches were made by both supporters and politicians. The debate then widened into a general examination of the financial exploitation of working class supporters and the need for fans and the government to act in tandem against such factors. Over 40 MPs attended the meeting, the overwhelming majority being from the Labour Party.

There has been an understandable reluctance on behalf of socialists to acknowledge the relevance of football as a political arena. But times have changed. Football is now a multi-million pound global capitalist industry, a worldwide corporate entity that encapsulates all the principles of big business at its worst. The relentless 'growth' of this industry has had a noticeable effect on the working class, many of whom are beginning to question the motives and greed of those at the top of this gold laden tree. Football was invented by the working class, now they are seeing that invention milked to an obscene level by the same oppressors who have strangled the workers for centuries at work and beyond.

Football fans who may never have otherwise questioned the workings of the stockmarket and the City are suddenly viewing such institutions with contempt and suspicion. The fans at the Westminster meeting were 99% working class and the ideas of Socialist Appeal were represented that day. We intend to produce a football related pamphlet shortly which will provide a more detailed socialist perspective on the game and its current structure.

*Richard Chorley
Southampton*

NHS crisis: 'nothing has changed'



The future's so bright you have to wear shades: or so Tony Blair and Frank Dobson would have us believe in relation to the NHS. This is, of course, a thin veneer provided courtesy of the new Labour marketing machine.

Nurses are still leaving in droves and those who are left have to work extra shifts in order to receive any worthwhile standard of living. Colleges are struggling to fill their quota of places for student nurses and publicly owned hospitals are being closed only to be replaced by newly built hospitals funded under the private finance initiative (PFI).

More than a year on nothing has changed in the NHS. This was highlighted in a recent survey in the *Guardian* newspaper under the somewhat remarkable headline: "Labour restores confidence in the NHS" (9/9/98). The number of people thinking the NHS was in a similar condition to what it was under the Tories had risen by 10% up to 54%. Of course Mr. Dobson would argue that steering the NHS is similar to that of an oil tanker. This may well be the case but there is no evidence to indicate a change in direction.

Turnover

It was reported in 1997 that some areas of the UK had a 33% staff turnover (*Guardian* 3/2/97) and in 1998 the NHS is still short of 8,000 nurses and a NHS Confederation survey showed that 80% of members had problems recruiting (*Nursing Standard* 23/9/98). Is it any wonder we feel like this anonymous nurse from the north of England: "Each morning I wake up praying for the day when I never have to wear my uniform again. Each day the job becomes more intolerable, the pressures higher and the staffing levels lower. I work with colleagues whose eyes are dead, the spirit which drove them into nursing gone." (*Observer* 12/10/97)

Many nurses are having to work their contracted shift and then move to a different ward to work as a relief bank nurse, on occasions this involves travelling to a different hospital just to earn a reasonable living.

Will the "supernurse" concept unveiled by Tony Blair halt the exodus? Of course

not. The "supernurse" concept, or given its proper name the Nurse Consultant, will only benefit the higher paid G and H Grades. Sceptics may argue that these nurses will be used to cut the hours worked by Junior Doctors. A recent survey highlighted the fact that it is the D and E grade nurses who work in the 'engine room' of the NHS who are in demand (*Nursing Standard* 23/9/98). Laughable as it may seem, but this socialist must agree with Ann Widdecombe when she described the proposal as "a headline grabbing gimmick that will do little to increase morale." (*Nursing Standard* 16/9/98)

There isn't just a shortage of nurses. It was recently announced in Bristol that expectant mothers may have to leave hospital only 6 hours after giving birth due to a nationwide shortage of midwives and that epidurals for pain relief will only be given on the basis of clinical need (*Nursing Standard* 23/9/98)

If it is not hard enough for the NHS to attract students, trying to keep them is also proving to be impossible for Frank Dobson, "Attrition rates are estimated to be between 20 - 30%" (*No Limits* May 1998). This is not too surprising when such headlines as these litter the *Nursing Standard*: "Student nurse may quit due to child care costs" (9/9/98), "Lack of affordable accommodation may force nursing students to quit" (26/8/98), and "Students have to travel 80 miles a day" (5/11/97). To this we can add the scandal of the derisory bursary or grants that students receive.

No limits

The *Nursing Standard's* student supplement, *No Limits*, recently published an account of the financial difficulties faced by two nursing students. John Gilmour, a diploma nursing student, receives a bursary of £4,400 a year, this equates to £84 a week before accommodation costs: "sometimes I end up working 80 hours a week by the time I've done my placement and two or three bank shifts." Julliete Simms, a degree student, gets £1,400 a year mandatory grant: "unfortunately, I also have to pay for uniforms which cost £141 plus £4 a week for cleaning... I'll probably have debts of about £15,000 at the end of my degree. If I get a D grade post when I qualify, I probably won't be

Overworked, worn out and stressed

earning enough to pay this off." (No Limits May 1998)

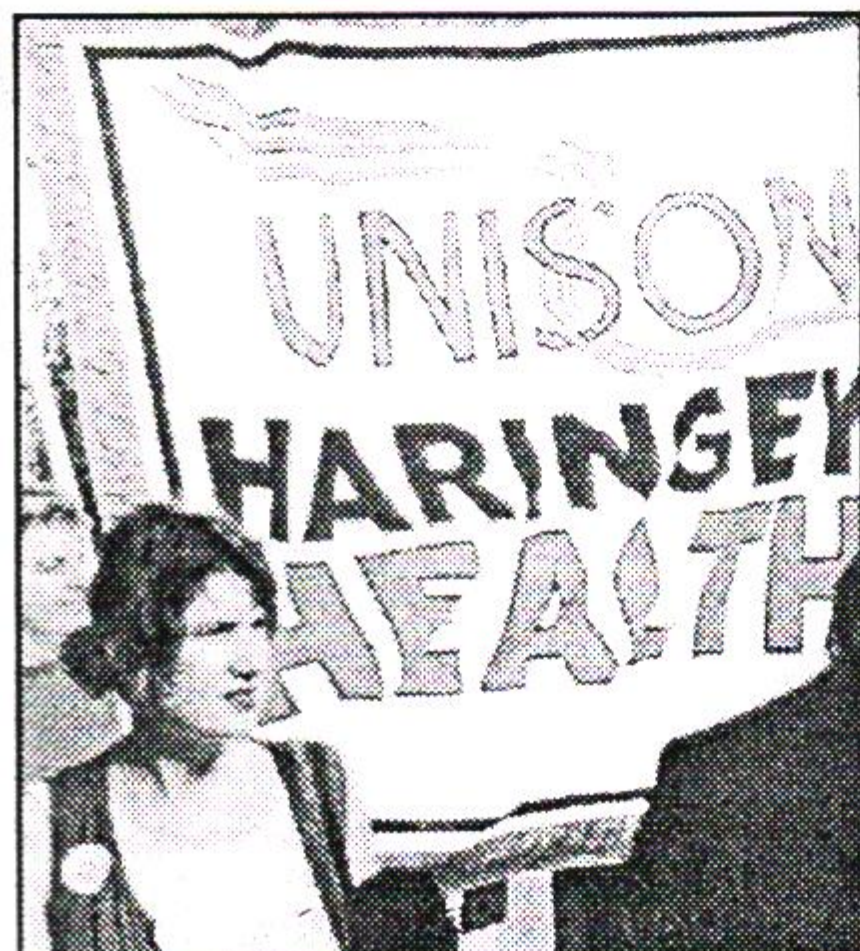
Only last summer Frank Dobson was in Halifax to publicise the new hospital to be built by the local NHS Trust funded under the PFI. This will result in the eventual closure of 3 hospitals. *The Observer* (3/8/97) reported that the Halifax Trust will need to pay £13 million a year and Channel 4 News (11/8/98) has claimed that this will result in a 39% reduction in beds. It was only last July that Frank Dobson promised the NHS 3,000 extra beds—no wonder he doesn't work in the Treasury!

Closure

Staying in West Yorkshire, proposals have been put forward that would eventually lead to the closure of the hospital at Pontefract and the possible closure of Pinderfields hospital in Wakefield. These would then be replaced by a privately funded building on the Pinderfields site.

With a likely reduction of, on average, 30% of bed numbers under PFI schemes, in the words of Alison Pollock, a senior health lecturer, "there will be an increasingly unmet need and a decreasing number of beds. The NHS will be starting to turn into an emergency only service." Returning to the *Guardian* survey quoted earlier, things are exactly the same, "New Labour, Same Old Capitalists"

Mick Lomax,
RCN student steward
(personal capacity)



Much has been made of the government's £21 billion of extra funds for the NHS as being a major step in the modernisation of the service and the reduction of waiting lists. Health Minister Baroness Hayman announced last month that waiting lists have fallen by 100,000 and continue to fall at a rate unequalled in the history of the NHS. True or false?

It is debatable whether these figures actually represent the numbers of people finally receiving treatment but the reduction has not been achieved by extra funding alone but by extra pressure on health service workers to increase their productivity.

The £21 billion windfall has been neatly ringfenced by Gordon Brown ensuring that it can only be spent on specific items. For example £5 billion is earmarked for the rebuilding or refurbishment of GPs surgeries. Most of this money is now already spent. Another major problem is that this figure of £21 billion was based on a projected economic growth of 2% which, considering the state of the world economy and the problems in Britain, is probably not achievable. The NHS may not even receive all the money Gordon Brown has promised.

Unions are now submitting evidence to the Independent Pay Review body in time for the 1999 pay round. Unison has published a report based on a survey of nurses which paints a grim picture of an NHS in crisis which relies on overworked, worn out and stressed nurses to paper over the cracks caused by years of neglect.

The report "Paying The Price" shows that 7 out of 10 nurses are looking to leave the profession. In all over 92,000 trained nurses are not practising at the present time and of new registrations 1 in 6 are from overseas, shipped in by Trusts desperate for a short term solution to their staffing problems. The Institute of Employment Studies also confirm that 63% of nurses now work extra shifts on the 'bank', an average of 3 in 5, and that most of these worked at least an extra 12 hours a week. 1 in 3 nurses now have a second job.

Nurses expect more from a Labour government: more resources, more respect and more pay. 1 in 3 admitted that the only thing keeping them in nursing was the hope of a better deal under Labour. So far the only announcement has been the new

'supernurse' which will not affect the majority of nurses who are on the lowest grades (D & E). Frank Dobson claims he wants a fair and affordable pay rise next year but the Department of Health are still demanding that pay be limited to Gordon Brown's 2.5% inflation figure.

Unison alone has put forward a concrete figure of 10% for next year's pay rise whilst the RCN called for "a substantial UK-wide increase in nursing salaries." Experience has shown that what governments consider reasonable is often a derisory and insulting pay award.

Hundreds of RCN stewards presented a petition to the leadership calling for a ballot for industrial action if a decent pay rise is not achieved. At a national stewards meeting the Chair of the Steward's Committee was given a standing ovation when she presented the petition to the General Secretary and declared that "enough was enough." The RCN leadership are now desperate to quell these rumblings of discontent at grass roots level.

So far the RCN leadership's campaign has been limited to a great deal of talking, including visits by the General Secretary to Party conferences from which members can be assured that "we are being listened to." A recent telephone poll gives us the chance to "tell the government what we deserve" and there are plans to send an open letter to the government outlining the effects of low pay on the NHS.

There is growing pressure for the RCN to behave less like a professional body and more like a union, as shown by our vote to remove our no-strike clause. If the RCN does not change it could see an exodus to Unison which would, incidentally, increase solidarity between qualified and unqualified nurses and other NHS workers and would also bring the benefits of TUC affiliation.

Our leadership takes great pains to convince us that nurses will never strike but forget that we have done so in the past. Nurses have lost faith in empty government promises and there is a growing mood for industrial action. Blair's government should be warned—the honeymoon is over.

by a Registered General Nurse and RCN member, Southampton

'Stark, staring bankers': financial collapse ushers crisis

A few weeks ago a firm you almost certainly hadn't heard of before threatened to go bust. Not many jobs were under threat. So what? The firm's name is *Long-Term Capital Management* and it is what is known as a hedge fund.

by Mick Brooks

Alan Greenspan, head of America's central bank and the most powerful financier in the world, rounded up the banks that had lent cash to the troubled fund, cracked heads together and forced them to stump up enough to bail it out. This was quite a lot of money - \$3.65 billion in fact. But Greenspan was quite clear that LTCM would get 'as much as it takes'. Some say this is because Greenspan's chums, including a former vice-chair of the US central bank were up to their necks in it. This is possible, but Greenspan was clear that failure "could potentially have impaired the economies of many nations, including our own."

The buzz words in the financial papers were 'contagion' and 'systemic risk'. What this means is that LTCM could bring the whole house of cards down if it went. So what have they been up to?

Hedge funds have been quite busy over the past few years. The best known one is run by George Soros. George took a punt on sterling having to leave the European

exchange rate mechanism (where it was locked in to a rate of 2.95 Deutschmarks = £1) in 1992. George made a billion dollars in one day while the British Tory government lost billions trying to prop up the pound by, as the financial commentators put it, 'throwing schools and hospitals at the foreign exchanges'. In 1994 the successful raid against the Mexican peso - that led to a massive decline in living standards for tens of millions of Mexican workers and peasants - was mounted by hedge funds. As we know the present round of troubles for world capitalism began with the attack on the Thai baht in July 1997.

On the kill

Guess what? - hedge funds were in on the kill. They went on to rake in even more money in short order by betting against currencies such as the Indonesian rupiah. The resulting crisis means that average living standards of two hundred million mainly poverty-stricken Indonesians will fall by around one fifth this year.

But it's all good for business. From 1987 to 1993 hedge funds were piling up profits of 20% a year, while average share prices in the USA 'only' rose by 13% p.a. over the same period. As a result \$1 million put in a hedge fund at the end of 1986 got you \$3.5 million at the end of 1993. And

the brilliant career of the hedge fund was only beginning. There are reckoned to be 5,000 of these hedge funds out there now, pocketing a total \$400 billion. Actually it's hard to tell how big a deal they are. They are all located offshore. They hate regulation, except when it comes to screaming for help of course. So it's a bit of an irony that a crisis arguably triggered off by these sinister, powerful and secretive institutions should, at some stage, lay low one of the biggest hedge funds.

Alan Greenspan reckons that the occasional failure is just the downside of letting loose the bucaneeering 'wealth creating' spirits of the entrepreneurs. "Risk taking is a necessary condition for wealth creation," he states. We have to ask - what risk taking? If you bet on a dog and it doesn't come in and the bookie gives you your stake back and suggests you try again, what risk have you actually taken? And because of the real or supposed danger of systemic risk, that is exactly what the banking establishment have done.

During the world debt crisis of the 1980s the Brazilian finance minister Netto used to say "If I owe the banks a million, then I am lost. But if I owe the banks \$60 billion (which Brazil did) then the banks are lost." Long-Term Capital Management are playing the same game. And it's true they're not minnows. They're as big a player on world financial markets as Malaysia or Hungary or Chile. So if LTCM goes down there'll be a lot of collateral damage.

Leverage

How is this possible? The answer is 'leverage'. Leverage means betting with other people's money. So you borrow money to put on a horse. If the horse wins you can pay the lender back. How much were Long-Term borrowing? How much leverage? At first commentators thought it was up to 50:1. What does this mean? It means that for every £1 of other people's money you venture you 'risk' 2p of your own! That's how Long-Term, with a capital of \$4.3 billion, could be worth more to the system than Malaysia. As the affairs of this hedge fund unwind the experts think it could be worse than that. For every £1 of its own assets it 'risked', LTCM was wagering £250 of somebody else's. That's some leverage!



Who were the mugs who let Long-Term Capital Management run off with their money? They were the finest flower of the world banking community. They were the people who will not hesitate to tell you that not only workers, but even elected politicians, just don't have the expertise to run high finance. UBS, Europe's biggest bank, Barclays, even the Italian state bank, all had a little flutter. As an American state official commented, "When they say: 'There's one born every minute' what you didn't know was that they're talking about bankers" (quoted in a Financial Times article entitled 'Stark staring bankers').

But Long-Term, you see, was the Cadillac of hedge funds. They had plenty of front, including two Nobel prize winning economists, ferocious number crunchers whose role was the equivalent of shouting 'abracadabra' while a three card trick is being pulled. The head was a man called Meriwether, so-called 'master of the derivatives universe'.

So what did they actually bet on? Every word on the name plate is a lie. The Lex column in the Financial Times puts it this way, "LTCM was functioning as a huge reinsurance company for Wall Street, taking on risk the big banks wanted to lay off. That these same banks were simultaneously lending it the money to do so defies logic." In other words Long-Term was functioning as the financial equivalent of a toxic waste dump.

OK, so leverage is betting with other people's money. But there's a difference. Putting cash on the nose doesn't make a horse run faster. But concentrating loads of other people's money on a vulnerable spot in the financial system can make things happen, as Mark Milner explained in the Guardian. "Suppose hedge funds put on a huge bet that a currency will fall in value. They do so by selling that currency.....If enough people sell enough of the currency under attack - if sellers start to outnumber buyers - then the currency does fall, making the bet self-fulfilling." So the main triumphs of the hedge funds have been achieved by concentrating the firepower of other people's money at weak points. Hedge funds make things happen. Meriwether has always understood that principle. That is why he was escorted off the premises from his previous job at Salomon Brothers in 1991

after being caught in a government bond-rigging scandal that nearly bankrupted his employers.

The financial establishment recognise Meriwether as one of their own. The fate of this miserable bunch of fraudsters is more precious to them than the fate of whole nations. How LTCM's bail out contrasts with the way the IMF, the 'financial sheriff' has waded in to countries such as Malaysia. In effect they are creating a fire break against contagion by dynamiting whole economies.

Inefficient

So what's the point of this article, apart from showing that capitalists are greedy and stupid and that their system is unjust and inefficient, which it is quite possible you knew anyway. We've been here before, that's what. Kindleberger, in his classic study of 'Manias, panics and crashes' has a chapter on 'The emergence of swindles' as an inevitable stage in the passage from boom to bust. Fraud emerges towards the end of the upswing, when capitalists share the illusion that coloured pieces of paper have the magic ability to generate steady and automatic income streams, presumably from other people's work, though they never delve too deeply into the matter. We don't know whether the people at Long-Term were crooks or cretins, and really it's beside the point. The stage of exuberant entrepreneurial 'animal spirits' shows the boom is starting to go sour, just as the moment of financial panic is one of the peaks where boom turns into bust.

Relief

It's not just LTCM that's caught a cold. Hedge funds are in trouble all over and queuing up for relief. There's Convergence, with \$500 million capital leveraged fifteen times over. Then there's Tiger, with none other than blessed Baroness Thatcher as adviser. Tiger lost \$2 billion, one tenth of its assets, in just 24 hours. Then there's DE Shaw. BankAmerica lost \$1.4 billion with them.

It's a bit like what happened in Britain in 1974, during the first general world recession since the War. Dodgy characters called secondary banks located over butchers' shops and the like places suddenly started to go pop. It transpired they had been betting on business property

Derivatives: what's going on?

Derivatives is a big word. All it means is that one financial instrument (piece of paper to you and me) is derived from another. Capitalists buy and sell derivatives because they think they can make money out of them. They bet what will happen to them. Remember, a bookie will take a bet on what horse is going to come in last as well as first. Punters can win either way if they get it right.

☆ *The spot market.* The cash and goods change hands on the spot. For instance if you bought this copy of 'Socialist Appeal' on the street or on your doorstep, that was a spot transaction.

☆ *The futures market.* You want to read the Bolshevism book, but it hasn't been published yet. If you pay cash up front, you're playing the futures market!

☆ *Options.* You want to have a look at the Bolshevism book before you buy a copy. Your local 'Socialist Appeal' seller comes round and you decide to go for it. You have just exercised an option.

So what's the big deal? If you buy on the spot money changes hands. If you go for a swap or an option, you don't have to pay right away. So you can bet, effectively with other people's money. If you think the pound is going to go up to \$1.80 in three months' time, you can go for a future contract and buy at today's lower price. And you only have to lay out a fraction of the ready now. What's the problem, as long as you win? It's the same story with an option. The buzz word is 'leverage'. Leverage is a fancy word meaning 'no money down.' It's really just like borrowing a fiver to lay on the favourite in the 2.15 at Haydock Park. If the favourite comes in, you can pay your mate back. But if it doesn't.....

Derivatives can be very complicated. It seems that capitalists, along with the decline of their system, seem ever more incapable of developing the productive forces. They make up for it to an extent by devising more and more elaborate ways of conning money out of suckers. But basically derivatives are just long strings of futures and options stuck together. They are all ways of gambling with other people's money.

Hedge Funds - an everyday story of country folk?

In normal English 'hedging' your bets means playing safe. According to the theory hedging means insuring against risk. There is supposed to be another breed of folk out there, the speculators, who just love to bet. You hive all the risk on to them.

A rural parable is told of farmers and millers. Both need to know where they stand on the future price of wheat, so they can plan ahead. Through a future contract, they'll get just that. The farmer also gets cash in hand to buy seed as well as a guaranteed price. That's the tale. In fact 70% of futures are not for homely items such as pork bellies and orange juice - they are for financial instruments. Farm commodity options amount to just 15% of the total. Only 6 in 100 farmers go in for any hedging, according to a 1977 survey. And those who did were just speculating agribusiness, not the hay-seeds of the textbook parable. For instance two in three farmers were buying and selling different crops from the ones they grew, and three in four bought contracts instead of selling them as they were supposed to do. It's a lovely story, but so is Father Christmas. The fact is, they're all just gambling out there.

prices going up and up for ever. The important point was that all the mainstream banks shared this classic illusion of the boom, and had punted our money at these secondary banks. So one of the first things the incoming Labour government had to do was throw them a £200 million lifebelt. Otherwise the whole system could have gone down the toilet. The present times remind us of the brilliant and complex bailouts masterminded by J.P. Morgan in 1929 - just before the stock exchange crash. The little local difficulties of the likes of Long-Term represent a new stage in the spreading of the global crisis.

In 1639 Holland was afflicted by tulipomania. For one rare tulip bulb, punters were prepared to pay - and this was just on account - two lasts of wheat and four of rye, eight pigs, a dozen sheep, two oxheads of wine, four tons of butter, a thousand pounds of cheese, a bed, clothing and a silver beaker. When people hear about this these days they think it's silly. Why is it silly? At least you can smell a tulip. You can't smell the pieces of coloured paper that capitalists sell each other. The Dutch speculators in the seventeenth century were just as smart as hedge funds today - they bought tulip bulbs because they thought they could get even more sheep, pigs, butter and cheese next year than they paid this year. And they were just as stupid as twentieth century capitalists

The South Sea bubble was another such swindle where cheers turned to tears in 1720. One victim was Isaac Newton, a man who certainly knew that what goes up must come down. Newton was no fool, and recognised the whole thing as a speculative bubble. He dived in, made a few bob and came back out. Since money was still being spontaneously generated by people trading pieces of paper he went back in and lost the lot. Bitterly he commented, "I can calculate the motions of the heavenly bodies, but not the madness of people."

Mistakes

It's not just bankers who make mistakes. Generally they are just financing the goofs of the rest of the ruling class. The socialist Hyndman recounts in his *'Commercial crises of the nineteenth century'* that "The most ridiculous blunders were made by the class which was supposed to be carrying on business for the general benefit. Warming pans were shipped to cities within the tropics and Sheffield carefully provided skaters with the means of enjoying their favourite pastime where ice had never been seen".

They fouled up then. They are fouling up again now. They seem to be incurable. Capitalists can be quite smart, in terms of calculating the main chance but their system is completely stupid. Let's get rid of it.



The revolution will not be televised

Launched with a blaze of publicity, glossy leaflets, handouts, expensive TV and cinema adverts, the arrival of digital TV has been heralded as nothing short of a virtual revolution. But is it a revolution or a counter-revolution?

by Tony Pearson

What exactly is on offer? Ignore the hype and consider the facts. What you will get are TV channels transmitted digitally rather than the old traditional analogue method. This will enable you to watch programmes with a much higher sound and visual quality. But—and it is a big but—only if you have the sort of TV set where such an upgrade would be noticed. What they want you to do is throw away your old set and rush out and buy something with a huge screen (ideally widescreen), stereo sound and so on. In fact they, as we shall see, are very keen to get you to buy stuff.

OK so you decide to forgo the new TV for now, surely all the new channels will be worth getting even if you can't watch them in top quality. Well first of all you have to buy a box to convert the digital signal (whether you receive it through a satellite dish via BSkyB or through your existing aerial via Ondigital) and this will set you back a couple of hundred (soon all new TVs will have the converter preinstalled). Then you are 'invited' to pay for various so-called deals. This involves paying to get the 'free' channels (mainly the existing ones plus a few others) and—depending on what arrangement you sign up for—a variety of 'premium' channels. This could set you back as much as a tenner a month each and that is just for starters.

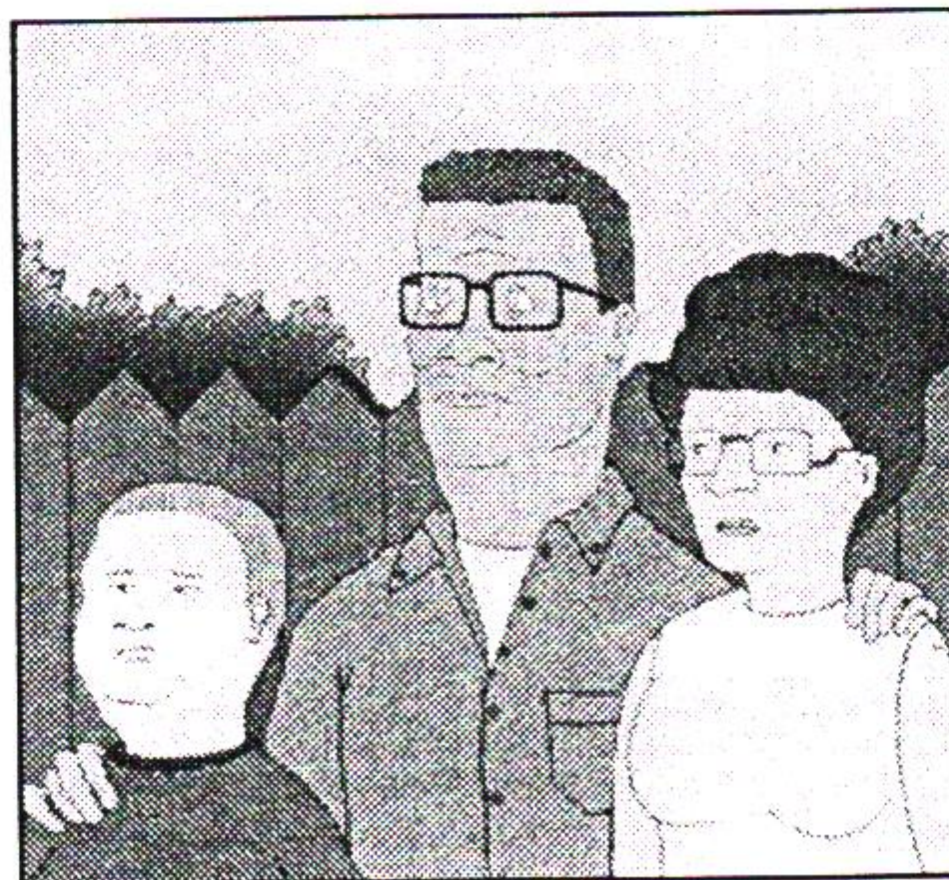
This is where the first nest egg for the various companies is to be found. By encouraging you—indeed giving you little option but—to sign up to an assortment of these channels they are hoping to get you into the habit whereby you will end up spending more and more.

Beyond the premium channels lies the bonanza of pay-per-view whereby you are persuaded to pay for specific programmes (films, sporting events etc.) which otherwise will not be available. And what about all these new channels which are on offer? A rundown of what is available already

gives a good idea of what the digital viewer will get. Endless cheap programmes, imported tosh and re-runs of old programmes from companies vaults—all costing very little indeed. Then there are the shopping channels...existing satellite and cable viewers will know what to expect here.

Beyond all this is a further source of income. Digital transmission creates the possibility for an interactive service which will create new markets at a stroke. The European competition authority have just slapped a ban on any linkage between the sale of digital channels and the instalment of the interactive service, British Interactive Broadcasting Service or BIB for short. This is a setback for BSkyB who were already preparing special installation deals but no doubt they will get round it.

So forget about digital TV ushering in a new era of freedom and creativity. It will be loads more of the same old rubbish served up for extra cost by an increasingly wealthy few. Any idea that there could be a tremendous opportunity for opening up an unlimited public service here which would be available for all to use does not seem to have been considered. Trade unions, community groups and the rest will continue to be marginalised, left to pick up the scraps of local radio and off-peak scheduling. One final point—just in case you were thinking of ignoring digital altogether, it is proposed at some point to phase out all the old analogue channels so that you will have no choice but to fork out if you want to carry on watching. So much for the digital revolution!



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Labour's 'winter of discontent'

Whenever anyone raises issues like the question of trade union rights or the general direction of the Labour government, there is a fair chance that at some point the so-called "winter of discontent" will be flung back in their faces by the right wing. Indeed, looking back at the industrial movement of 1978-79, it would be difficult to find a more demonised event in recent history—seemingly responsible for the defeat of the 1974-79 Labour government, 17 years of Tory rule and just about everything else which has gone wrong for the labour movement over the last two decades.

by Steve Jones

So deep rooted has become the mythology surrounding this period that even those on the Left have tried to distance themselves with talk of it being "long ago" and of having "learnt to avoid the excesses of the past". But is this reputation actually deserved? Did the trade union movement really prepare the way for Labour's defeat and the rise of Thatcherism or does the blame lie elsewhere? Twenty years later it is time to make a defence of those trade unionists who were involved in this period of struggle.

To understand the events around the "winter of discontent" it is necessary to review again the history of the 1974-79 Labour government. To hear the Blairites talk you would imagine that this was a government led by hardened Bolsheviks which should be purged by the officials of Millbank from all our memories. In fact it was nothing like that.

When Labour had come to power in February 1974, first as a minority government and then with a small majority following a second election that autumn, they carried out a number of reforms. Some of the worst measures of the Heath government had been scrapped and some positive steps implemented. However the world economy was also at this time starting to move into recession. Profits and industrial production fell, unemployment and inflation rose. Big business started to make their voices heard. The message went out from the boardrooms and the City of London—no more reforms but rather "tough measures", tough for the workers that is. Within days of winning the October election, a strike of capital was implemented by the bosses. The Labour government had the choice to either stand up to the threats and intimidation of the ruling class or capitulate and betray those who had voted for them. They chose the latter.

Terrified

In this they were backed by the trade union leaders who were terrified of what would happen if they were to encourage a struggle from below. They chose instead to support through the TUC the so-called social contract, or social con-trick as it quickly became known. In return for wage 'restraint' Labour promised to continue to carry our social reforms. However the November 1974 budget set the tone for the future when it limited public expenditure to a growth level of no more than 2% per annum.

In 1976 the government got the movement to accept a £6 limit on all wage

increases with the threat that this would become statutory if the unions did not implement it on a 'voluntary' basis. Using the threat of a sterling crisis which was now rampant they were able to yet again avert a struggle.

The social contract was pushed through a number of so-called phases and the implementation of wage restraint ensured that the real levels of earnings would fall as never before. But what about the other side of this 'bargain'? The crisis of the pound had led by the autumn of 1976 to the government having to go cap in hand to the International Monetary Fund (IMF) for more cash. The IMF said they could have it but only if they cut public expenditure by £3 billion over the next two years. The Labour government accepted the offer with hardly a voice raised. So much for deals and election promises!

Not surprisingly in the light of this the mood started to change in the Labour movement. Phase three of the social contract called for a 10% limit on wage increases—this at a time of rampant inflation—and for some this was not on. At the end of 1977 the Fire Brigades Union called the first ever national strike of fire-fighters. The strike attracted widespread support both inside the movement (although not from the leadership of the TUC) and also amongst working class people generally. Although they only won some of what they were fighting for, returning to work in January 1978, a process had been started. Trade unionists had reached a point where they could no longer afford to sit quietly while the government danced to the tunes of the IMF and the City of London. Ironically the government's measures still could not satisfy the demands of big business—British industry still remained in decline despite all the sacrifices of the workers. The chronic under-investment of British industry, with the bosses preferring to take the money and run, had been brutally exposed by the economic downturn of the 70s. Figures published in the Westminster Bank Review in May 1978 showed that British manufacturing industry would have needed, at the very least, new investment of the level of £100,000 million just to bring it up to the same level as West Germany and Japan. The bosses had benefited from the wage controls and cuts in public expenditure and yet the promises



that prices and unemployment would fall had come to nothing, indeed quite the reverse!

Disillusionment with the government had started to reflect itself in a number of ways. By-election defeat followed by-election defeat and the government had found itself operating as a minority administration with the support of the Liberals.

Social contract

In August of 1978, phase five of the social contract was announced—a 5% limit on wage increases! The TUC this time felt the pressure from below and voted against it. This vote against was repeated at the Labour Party conference despite Prime Minister Callaghan threatening to resign. This in itself was an early indication of the shift to the Left which was to occur inside the party over the next few years. Despite all this the government elected to try and continue to get the 5% implemented. They talked of discussions with the TUC over new ways to limit price increases but no one was falling for it. The stage was set for the Winter of Discontent with little chance of a glorious summer to follow!

The Ford workers went first, during the autumn of 1978. The government tried to insist on the Ford bosses keeping to the 5% level but after a seven week strike they had reached the point where they had to break the limit in order to safeguard their profits. Reluctantly they agreed a settlement—much to the anger of the government who threatened sanctions—of 17%. By the way this was nothing when set against the 80% pay increase which Terry Becket, the chairman of Fords, had just been awarded, but then the government wasn't interested in that!

Industrial action

Next came the Oil-tanker drivers. Their industrial action led the government to start planning strike-breaking by troops to ensure that petrol would be available to 'essential users' i.e. big business. Plans were laid over Christmas for the declaration of a state of emergency with transport and power stations under threat. When the Texaco drivers went out on strike the situation looked grim. Again however the bosses had decided to concede defeat and chose to settle on 11th January 1979. Other lorry drivers from the TGWU were also taking industrial action however in what would be their first national strike for

50 years. Elements of workers' power were now starting to show themselves with strike committees giving special dispensations to let certain lorries through the picket lines—much to the horror of the Tories and big business. In the end the bosses settled on 29th January for increases of between 15% and 20%—again well above the 5% limit. Callaghan was quoted as saying that he felt "relief and disquiet in equal proportions".

Callaghan's fears were well grounded as the determination of the Ford workers and the Lorry drivers were now being matched by the public sector workers. A strong and vigorous campaign had been waged for months by these workers against cuts and low pay. Demonstrations and meetings were taking place up and down the country and industrial action soon followed. Over 125,000 low paid public sector workers took part in a one-day stoppage on January 22nd. Grave diggers went out on strike in the North-West which led to hysterical stories in the press of bodies piling up unburied. The government's attitude was summed up by the private remarks of Harold Lever, Chancellor of the Duchy of Lancaster, who was heard to say: "Let the dead bury their dead."

Refuse collection workers also took industrial action in what became known as the "dirty jobs" strike. Parks were turned into emergency refuse dumps as the Tories ranted on about the loss of essential services. This was somewhat rich as they would spend the next seventeen years in office doing everything they could to slash and destroy these same public services! Action was also taken by ambulance and hospital workers as well as ASLEF members on the railways and, at the end of February, civil servants who belonged to the CPSA. The wage restraint of the last four years had born bitter fruit for the bosses.

In the end the government had to retreat. Public sector workers were offered 9% and the promise of a comparability review. A pact was then announced on February 14th between the government and the TUC. The pay limit was effectively dumped to be replaced by talk of restraint and the promised implementation of "long term plans" to tackle inflation. No-one really believed this St Valentine's deal and within a few weeks it didn't matter. Following the collapse of the devolution proposals, the government was defeated in a vote of confidence and a general election

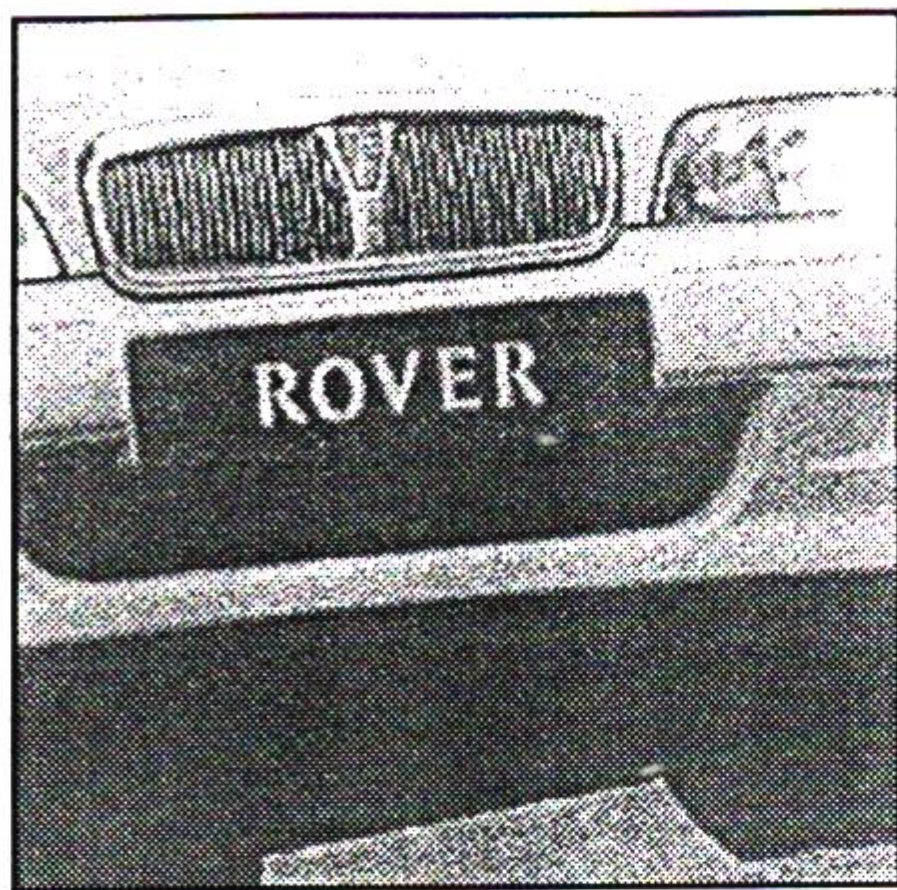
was called for May. Labour lost, heralding in the Tories and Mrs. Thatcher.

Why did Labour lose? To blame it, as the right wing have consistently done, on the Winter of Discontent and the actions of the trade unions is to miss the point. People rushed to join trade unions during this period, with union membership reaching a level of 55% (13.3 million) of the total workforce. So unions were not as unpopular as you might imagine. Of course some people were taken in by the propaganda about over-powerful unions (in part because it was a line being spun by some on Labour's side as well as by the Tories and Liberals) but the bulk of working class voters judged the Labour government on a different basis. Had Labour acted in defence of workers rather than bosses and carried out socialist measures then the outcome of the 1979 election could have been different.

Interests

The economic crisis had forced the government to make a decision as to whose interests they were going to defend—they could not choose both—and by taking the path of capital they laid the seeds of their downfall. The ruling class were quite happy to let Labour carry out measures which suited them, to do their dirty work. But when the crunch came and Labour had outlived its usefulness then they were equally happy to let the government sink and welcome back the Tories instead. Millions felt disillusioned by Labour, not on the basis of one winter but on the basis of over 4 years of betrayal and retreat. This is a clear warning for the government today. They should note that if voters expectations are not met and the government persists in acting in the interests of big business then there will be a price to pay. As in 1974-79 Labour will again be at a crossroads between cutting workers' living standards and carrying out a socialist programme. The coming crisis and the measures capital will demand of the government will be far worse than that of 1974-79. The Labour leadership should therefore also note that if the Winter of Discontent proved anything it is that the 'loyalty' of the working class is not endless and that there will always come a point when they will be forced under pressure into fighting back.

BMW bosses threaten closure: renationalise Rover!



BMW, the parent company of Rover, is expecting losses in its UK subsidiary of between five and six hundred million pounds next year. The stated aim of the company is to make this section of its operation profitable by the year 2000.

Their strategy is to implicitly threaten the closure of the Longbridge plant with the loss of over fifteen thousand jobs of those directly employed. On top of this would inevitably be the loss of tens of thousands of jobs in component manufacturers and the knock-on of tens of thousands more jobs in the service sector.

The real agenda is to use this threat to increase their profitability by a number of methods. It is fairly clear that the bosses are looking for around three thousand job losses in the UK, with two thousand four hundred of those being at Longbridge.

Flexible working

On top of this is their desire to introduce "flexible working." What this would involve is doing away with overtime payments. Instead there would be a system of accruing hours when things were busy and taking time off when times were slack. There has also been a suggestion of a pay freeze and reductions in holiday entitlements.

While reducing the wages and conditions are the main management objective, there is also another strand to their implied threat to close Longbridge and that is to attempt to squeeze a subsidy out of the government.

In addition to this is the fact that one billion pounds of BMW/Rover's four billion pounds worth of annual expenditure on components in Britain will be transferred to

the continent in a cost cutting exercise.

There are a number of arguments and accusations being made as to why this situation has developed. BMW management have claimed that it is government policy and the fact that the pound is valued too high making exports more expensive. This is an entirely logical argument - if you are trying to extract a subsidy from them!

The government are saying that it is the low productivity at Longbridge, which implies that it is inefficiency and the fault of management and the workforce. This is entirely logical if you are attempting to avoid giving a subsidy or taking any part of the blame!

The chronic failure to invest in Longbridge over a number of years by successive owners has put an unfair burden on the workforce at the plant. Whilst there has been a 10% increase in productivity over the last few years and limited investment by BMW it is not possible for the workers at Longbridge to attain comparable levels of productivity with other workers in other car manufacturing companies who are working on the most up to date machinery.

Overproduction, overcapacity and shrinking markets brought on by competition and the capitalist system itself is precisely why not only carworkers but workers in every industry constantly face job losses and attacks on wages and conditions of service.

Unfortunately, the union leaders appear to have accepted the management threats at face value and are now embarking on a strategy that accepts that there will have to be job losses and reductions and alterations to conditions of service. This involves attempting to ensure that there are no compulsory redundancies and that any changes to conditions will be as palatable as possible.

This is a defeatist approach that is fundamentally flawed. Why should the workforce at Longbridge or indeed any other BMW/Rover plant in Britain or anywhere have to suffer because of the employers failure to invest. Why should people have their wages and conditions interfered with because we live in a corrupt economic system where the very rich, tiny minority can buy and sell entire firms in pursuit of profit with little or no regard to the effects on the lives of the overwhelming majority who rely on a particular industry for their livelihood.

In 1992 the workforce at Rover signed a new deal with the then owners, British Aerospace. The deal guaranteed a job for life in return for more flexible working practices that have already led to significant improvements in productivity. BMW/Rover bosses make the exaggerated claim that Longbridge workers are 30% less productive than their German counterparts. Not true! But even if it was it's not surprising given the lack of investment over many years. However, even these people acknowledge there has been a significant increase in productivity over the last few years.

According to British accounting rules Rover made a profit of £130.5 million last year, turning around a deficit of £16 million from the previous year. In these circumstances there is no reason why massive reinvestment in the Longbridge plant cannot take place in preparation for the production of the new mini in 2001, without any job losses or alterations to conditions of service.

Stand firm

Union leaders should be standing firm. On the basis of no job losses and no reductions in conditions of service a meeting of all shop stewards, conveners and other union reps should be called to thrash out a strategy of opposition.

A massive demonstration and lobby of parliament might be a useful first step in such a campaign. Ultimately a carefully worked out plan of industrial action linked to a political campaign would need to be considered.

The key question is one of ownership. BMW and their like are only interested in one thing, not making cars but making money.

Rover should be brought back into public ownership. Not like it was in the old days under British Leyland management but under the control and management of those best placed to know how to run the industry in the most effective way, namely the workforce itself.

*Auto industry feature
by Stuart McGee*

Longbridge activist speaks out

Interview with Martin Fitzgerald, TGWU member at the Rover plant at Longbridge, 3rd November 1998.

The situation at Rover Longbridge continues to be very fluid with meetings taking place on a daily basis. The following interview with Socialist Appeal gives a feel of the mood and expectations in the plant as well as the shop floor feelings that there is an urgent need for unity amongst BMW/Rover workers and a strategy to save the plant.

Was the announcement of 2,400 redundancies and a new productivity package a shock to the unions at Longbridge?

Not really. The company had put the productivity proposals for new working methods, essentially Working Time Accounts, forward twelve months ago and the unions rejected them. The redundancy breakdown is for 1,500 staff and senior management and 900 shop floor workers. The manual workers unions position is that all redundancies from their membership should be on a voluntary basis. At one meeting the head of BMW (the parent company) had asked the trade unions if they had any objections to replacing the entire senior management at the plant with BMW people, effectively pointing the finger of blame at them for the current situation.

What are the main demands of BMW?

They want the Working Time Accounts, 2,400 job losses, a pay freeze, changes to the sick pay scheme, workers to wash their own overalls, cancellation of holiday bonus (worth about £250) and a 10% increase in charges for the company lease hire car scheme. We believe that the main objective is the WT Accounts whereby workers work longer hours when the company is busy and less in slack times and that the extra hours will be on Saturdays and Sundays which currently attract premium payments and which would in future be paid at ordinary time.

Are the Rover shop stewards prepared to fight these proposals?

Yes. We are prepared to negotiate but if the company is not prepared to compromise then we will consider the appropriate action to take. This is not straightfor-

ward as Rover have 140,000 cars stockpiled and there are no new orders for the Far Eastern market for the foreseeable future. Also we have a lot of work to do to build unity between various Rover plants, especially Solihull and Cowley. We have the support of the Rover group shop stewards at this stage but years of having the plants played off against each other means realising this support amongst workers will not be easy. Cowley would benefit by the demise of Longbridge but we are warning that this could be just a short term gain and that they could be next after us.

Do you think that the real agenda of BMW is to close Longbridge?

This is the big question and no-one knows. We believe that they will reduce the size of the plant ie. downsize. The future is dependent upon Longbridge having a new model to build. That is why we are appealing to the other Rover plants not to accept a new model that could and should come to Longbridge.

Many of the workers at Longbridge are young and it is often said that the young workers don't have a trade union tradition and are not willing to fight. Is it true?

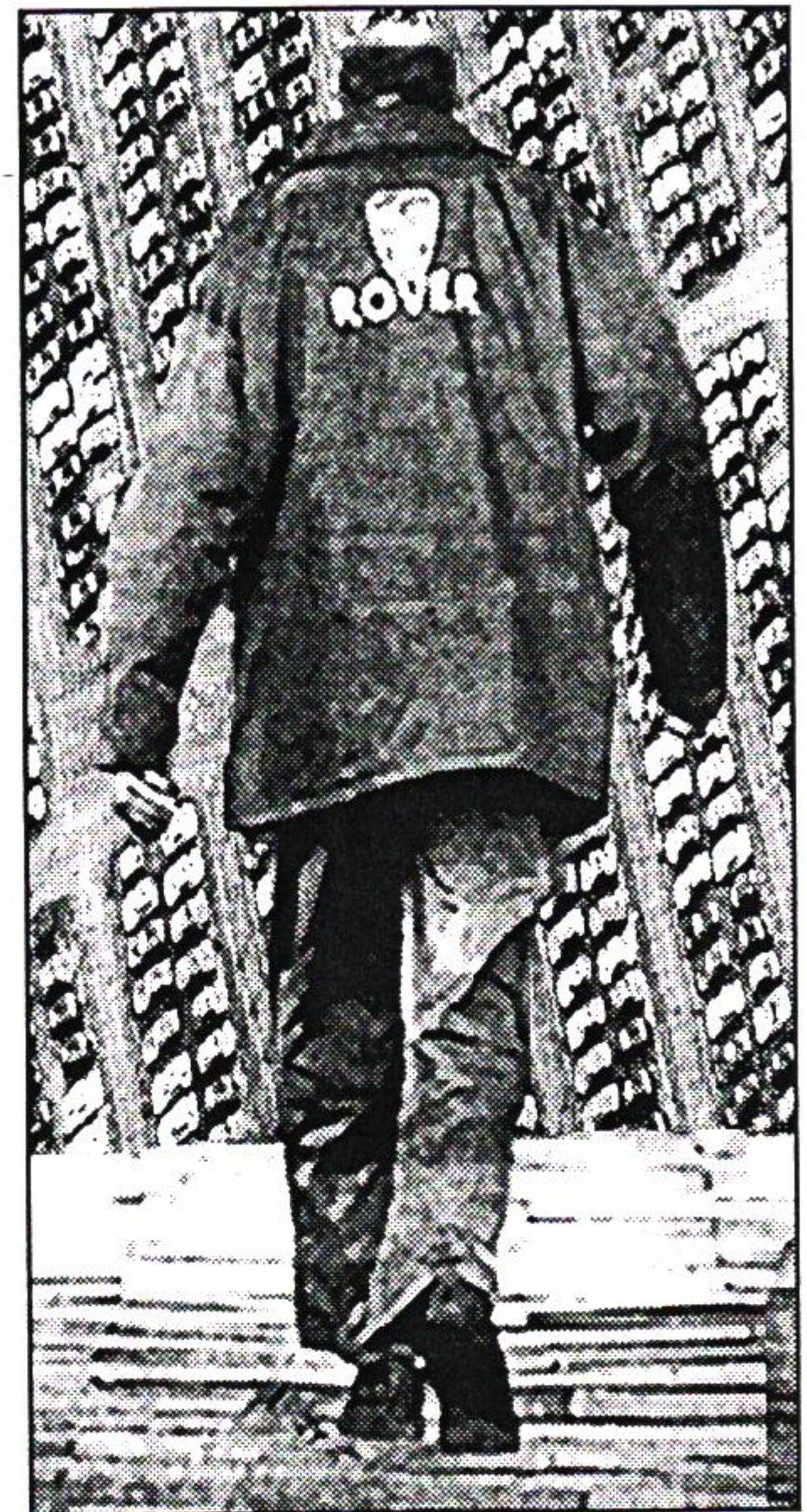
I think that they would prefer a negotiated settlement and would make concessions to keep the plant open but if it came to closure then they would fight. It is our job to educate the young workers as to how the conditions that they currently enjoy were fought for but they are learning all the time during this present crisis.

BMW is a German company. Do you have any links with your counterparts in the German Unions?

Yes. We are in contact with shop stewards from IG Metal in Germany and they are currently raising the issue of solidarity with German workers. Their immediate action is to get a letter put together from the IG Metal shop stewards offering support. This should begin to put some pressure on both the BMW and Rover boards.

What do you think of the Labour Governments response to the Rover crisis?

We are generally disappointed by comments made by Labour politicians espe-



cially those who keep referring to the low productivity levels at Longbridge. If they were to talk to us they would find out that the real situation at Longbridge is that workers are pushing engines around the track with broom handles and assembling parts with hammers and screwdrivers whereas these jobs are performed by robots in the German plants. It is impossible to compete on these terms. The lack of investment over the years has led to low productivity levels. The Government has remained ambiguous on support for the plant. Behind the scenes they talk about support but the lack of public statements causes despondency amongst the membership.

Do you think that the crisis at Rover demands a political as well as an industrial strategy?

Definitely. No other country allows its key manufacturing plants to close or their car industry to disappear. We expect a Labour Government to intervene if necessary to save the plant.

Car industry plunges headlong into crisis

There is massive overcapacity in the car industry at a global level. There is capacity for building over 70 million vehicles a year but actual sales are around 50 million. This represents an overcapacity of around 30%.

According to the *Economist Intelligence Unit*, 1998 car sales on an international level will decline by more than 4% and will not return to 1997 levels until the year 2001. Annual growth would then only be approximately 1% through to 2005.

In 1998, Thailand, Indonesia and South Korea will see 60 to 70% declines. Sales in the entire Pacific basin (which includes Japan) will decline by 30%. In western Europe, sales will grow by up to 6% in 1998 but will decline thereafter. In 1998

North American production is up (6.5% as of May 1998), but the sales outlook is now less certain.

Investments in new and existing plants such as Honda will simply add to the overcapacity. In these circumstances already vicious competition would increase, putting pressure on wages and working conditions.

Without market growth, any new and more 'efficient' capacity forces the shut-down of existing plants. The fact is that even with expanding markets the same would apply, as the same level of competition would exist to corner the market whatever the annual level of new car sales.

Predatory

The current trend is for an ever increasing number of predatory takeovers in the guise of mergers and a never ending attack on the wages, conditions and working practices of car workers throughout the world. The most recent takeover has been in Korea where Hyundai has taken control of Kia. Ford, Daewoo and Samsung failed in their bids for the takeover and as a result it now looks likely that Samsung will withdraw from the motor industry in Korea leaving only Hyundai and Daewoo competing in Korea's protected home market. Hyundai is now expecting to produce 2.5 million vehicles a year. This is an increase from the 1.7 million it currently produces and means that it will control about 70% of the home market.

The world's biggest car manufacturer, General Motors, has recently suffered boardroom dramas at its European subsidiary Opel. GM's decision to bring the chairman of Opel back from Germany to the United States to lead negotiations with the unions reflects two things. One, an implied recognition that the European operation hasn't had the satisfactory results GM would have desired. However more importantly the problems that GM need to resolve at home following the

recent strike that cost them around \$3 billion.

There is still a need for GM to 'improve productivity' (a euphemism for attacking jobs, wages, conditions and working practices) to catch up with Ford, Chrysler and their Japanese rivals.

There are numerous other examples but it is all the same thing - takeovers, greed, cut throat competition, increased productivity, all leading to the same thing every time. A never ending downward spiral of job cuts, attacks on wages and conditions, speed ups; in short squeezing every last drop of sweat out of the workforce.

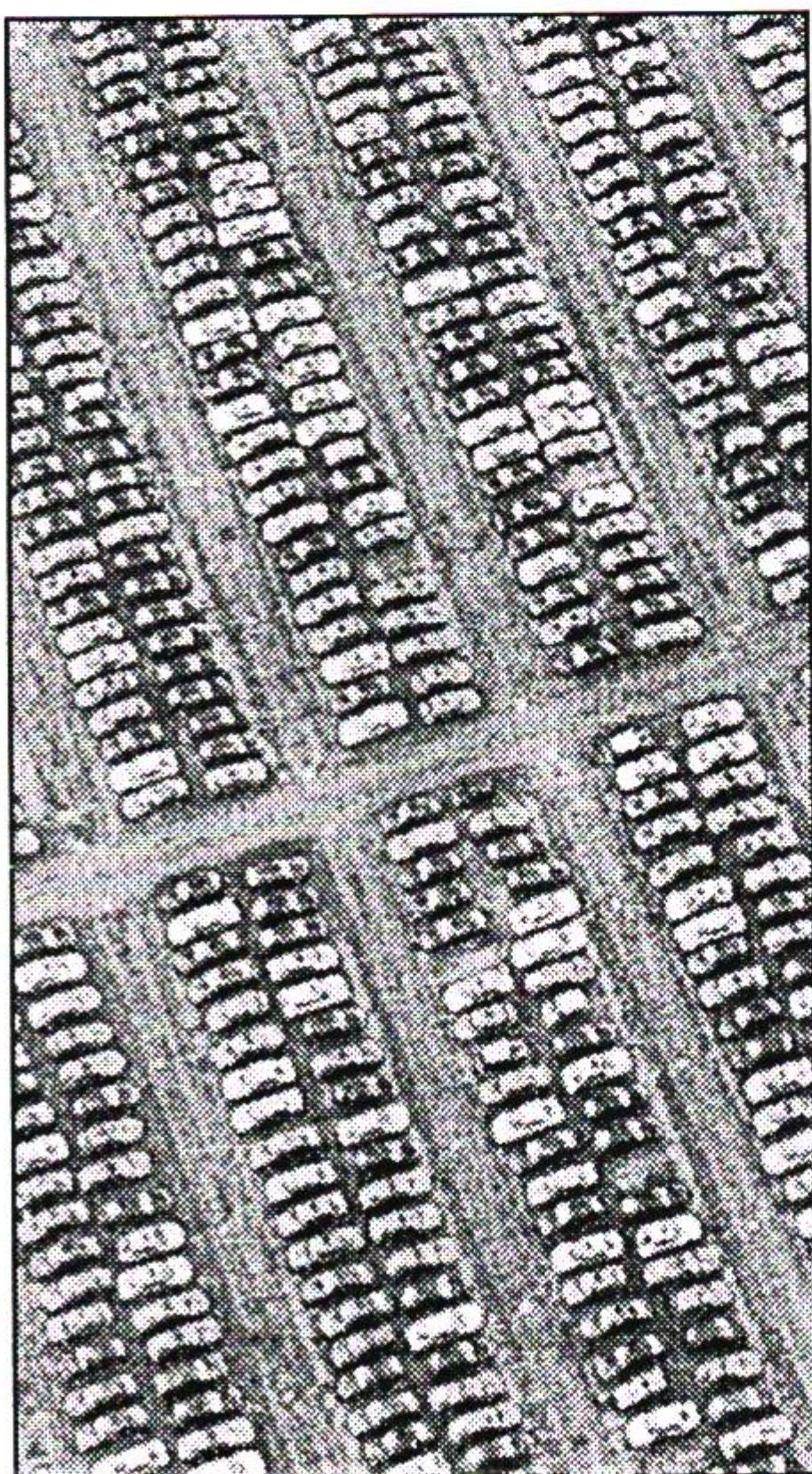
It is alleged that the capitalist market system gives the consumer freedom and that we can purchase commodities of our choice that are competitive and cost effective. According to the *Financial Times* on 28th October 'The Office of Fair Trading is close to recommending a referral of the motor trade to the Monopolies and Mergers Commission on the grounds of anti competitive behaviour and price fixing.'

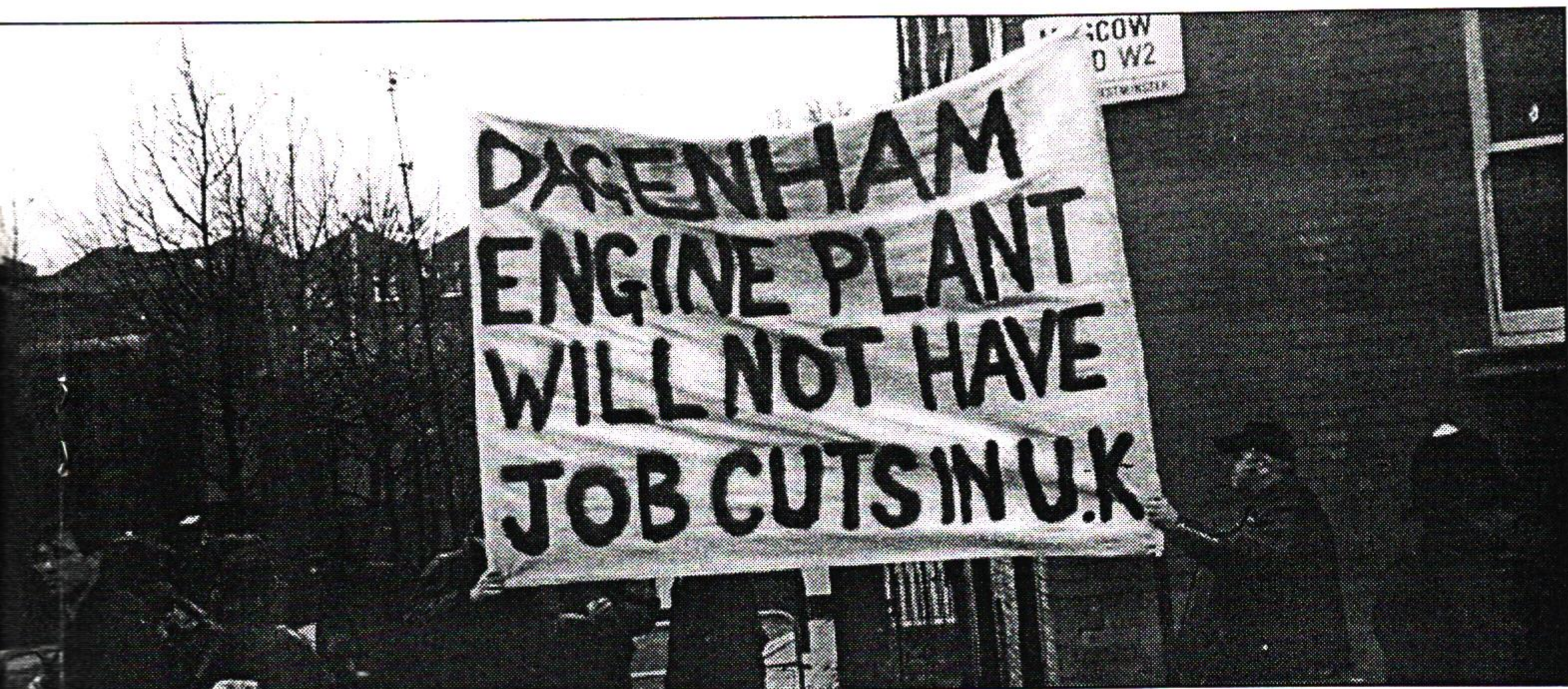
This is yet another small confirmation of what Karl Marx wrote 150 years ago in relation to the tendency of capitalism towards monopolisation. However, Marx also pointed out that it is one thing to recognise the problem, the question is what is to be done to resolve it.

While the article in the *Financial Times* was referring to alleged sharp practice in Britain, the seedy and murky world of top level capitalist operations in the car industry relate to all sorts of dodgy dealings all over the world.

It wasn't so long ago that there was a major legal battle between GM and Volkswagen over allegations of industrial espionage. But while capitalists unite to fix prices or cut each others throats to gain an edge in the market the end result is always the same. The workers and consumers end up paying the price.

For far too long workers in the car industry have been divided on national grounds, on grounds of what companies they work for and even at times at what plants they work. Long term this is the road to disaster. All carworkers in all companies in all countries of the world are being told the same thing. 'We have to be more competitive if we are to corner the market and that is the only way that we can protect your jobs. We must accept new working prac-





tices, speed ups, just in time working, flexible working, no overtime payments, no weekend enhancements, so many jobs will go but we will try and make sure that there are no compulsory redundancies etc. etc.'

It is the sort of message that is echoed by union leaders the world over. Leaders who have a lifestyle more akin to the senior executives they are negotiating with than the members they are allegedly representing.

Union members are constantly told that 'we' have to be responsible, we have to be realistic, we have to negotiate the best deal possible in the circumstances.

The best deals possible in the circumstances tend to be negotiated when firm and resolute action is taken to defend jobs, wages and conditions. Witness the victory of the GM strike in Flint, Michigan, when management attempted to renege on the contract and alter the working conditions of its employees.

As reported in issue 62 of *Socialist Appeal*, 9,200 workers came out on strike at the Flint plant shutting down 26 of the 29 GM plants in North America. The cost of this dispute to GM was \$3 billion and the contract still holds with only minor alterations. This was a significant victory for the workforce but by the very nature of capitalism can only

be temporary.

Why? Because if GM fail to cut the jobs, wages and condition and alter working practices they will fall behind their competitors. Therefore they will be forced to come back and make another assault on the workforce. Hence the recall of the chairman of the Opel subsidiary as explained earlier.

On the basis of capitalism there can be no way out for the workers in the car industry or any other industry. While it is correct to mount maximum opposition to every attack made by the employers it is essential that carworkers begin to forge links on an international basis and on a cross company basis to co-ordinate effective responses.

But this in and of itself will not be enough. It is only on the basis of the socialist transformation of society, of eradicating competition and the greed of the tiny minority that the situation can be properly addressed. A plan of production based on human need in an internationally unified motor industry run and controlled by the workforce, representatives of the consumers and democratically elected national representatives, in the context of an international socialist society. Ultimately this is the only alternative to the anarchy of capitalism and the misery it brings to millions.

Threat To Jobs At Ford

Alex Trotman, chief executive at Ford was singing a very familiar tune at the CBI Conference in Birmingham. Unless productivity improves the company's plants could be under threat of closure.

British plants like Dagenham and Halewood are allegedly 20% less efficient than their counterparts on the continent. Even with, and to a certain extent because of productivity improvements there will almost inevitably be job losses amongst the 28,000 workforce employed by Ford in Britain. This would of course have a knock on effect in directly related components industries and an indirect knock on effect in the service sector when people no longer have wage packets to spend.

Trotman claimed that there was an overcapacity on the world car market of over 40% - the equivalent of 80 modern high volume assembly plants sitting idle. He claimed that Ford builds 1.9 million cars a year but only sells 1.6 million.

Ford is already on short time working with only 4 days a week being spent on production. This was expected to last until Christmas but Trotman warned that a return to full time working could not be guaranteed.

People like Trotman will milk it for all its worth especially when they are looking to destroy jobs and change working conditions and practices.

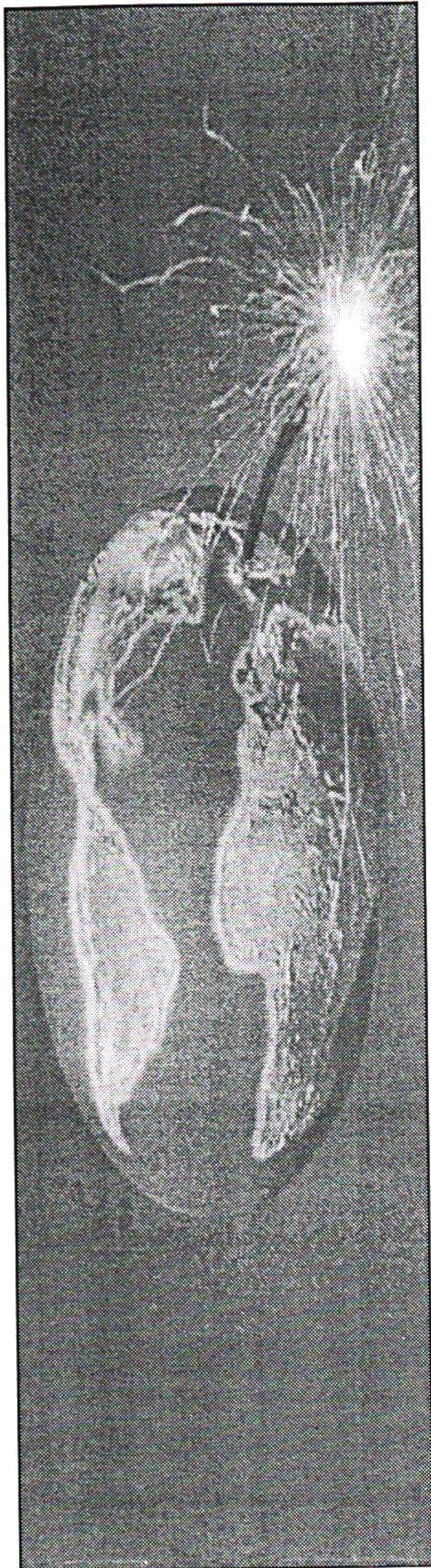
However under capitalism there is a perverse logic to what he is saying. While we are locked into a system based on greed, profit and exploitation workers will forever be used as pawns in an auction where the lowest bidder wins.

The song Trotman is singing is no different to the one the bosses at BMW/Rover and GM are singing. Cut jobs, improve productivity, cut wages and conditions, new working practices, improve profitability.

It is always the workers on the shop floor who end up paying no matter what.

Attacks on jobs, wages and conditions should be fought by the unions wherever they take place, but ultimately it is the capitalist system itself that has to be got rid of if we want to get out of this mess and rid ourselves of the repetitive lecturing of the Trotmans of this world.

Global economy continues to slide



"I believe if stocks like Bristol Myers had been around 100 years ago there would have been no Marx, there would have been no communism, because these stocks have made millions of people rich."

James Kramer, US Money Manager

In the two months following the publication of the above quote in *The Guardian* (25/7/98) \$4 trillion was wiped off the value of shares internationally. Kramer and co's fantasy world has crumbled around them.

by Phil Mitchinson

In the years since the fall of the Berlin Wall, we have had to endure a hailstorm of propaganda proclaiming the final victory of capitalism, the death of socialism, the creation of a New World Order, and a New Economic Paradigm. So puffed up did the whole thing become that eventually the inevitable happened - it burst. Now it seems you can't pick up a serious newspaper or magazine without a picture of Marx on the cover, or an article quoting him inside.

The opening sentences of a major article on the world economy in the US magazine *Newsweek* (12/10/98) consists of a long quote from Marx and Engels' masterpiece *The Communist Manifesto*, appropriately celebrating its 150th anniversary this year. It has become *de rigeur* in the throes of the current crisis to quote Marx, and why not, he did analyse and explain these events an astonishing 150 years ago. *Newsweek* adds that "For Karl Marx and Friedrich Engels, from whose *Communist Manifesto* we quote, globalisation was a prelude to revolution...The global bourgeoisie, they argued, would produce 'above all its own gravediggers.' It's unlikely that many in Washington think things have got that bad; what's undeniable is that the conventional wisdom is under threat. The political and economic climate of globalisation is changing."

We are living through a time of fundamental change in economics, politics, international relations. Nothing will be the same again. At the root of this change is the inability of capitalism to develop the forces of production as it did in the past. The free market is now clearly a block on the development of the economy. The expansion of world trade since the war and the progress

of globalisation more recently has stretched capitalism almost to its limits. The current crisis is more than just the normal cycle of booms and slumps, which capitalism could never overcome despite the pipedreams of Blair and Brown. This is a fundamental turning point in history.

When Bill Clinton said the world was facing its worst financial crisis for half a century, many may have thought it mere hyperbole from a scandal-hit President. When Alan Greenspan, chairman of the US Federal Reserve joins the chorus it's time to wake up and smell the coffee. "I've never seen anything like this," he said, "We are clearly facing a set of forces that should be dampening demand, going forward to an unknown extent."

The *Sunday Times* (11/10/98) reporting on the recent meeting of Finance Ministers and central bankers at the IMF comments "The world economy is falling off a cliff, and nobody seems able to stop it. Officials described the assessments of the outlook as 'uniformly gloomy.'"

Following Greenspan's speech the US dollar lost one fifth of its value against the Japanese yen in just two days, from 132 yen to the dollar to 110. This sparked an abrupt about turn from Greenspan and Eddie George, who a week earlier had ruled out internationally co-ordinated interest rate cuts, now they and Labour Chancellor Gordon Brown called for them. They have had, and will have, no effect.

Depression

In reality these central bankers and economists know full well that tinkering with interest rates cannot do much. Interest rates below 1% in Japan haven't prevented the economy sinking into a deep depression. The capitalists won't invest in increasing production when there's nowhere to sell the goods, no matter how cheap borrowing is.

In their new assessment of the world economy HSBC say, "The global economy faces the weakest period of economic activity since the war. Roughly a third of the world - Japan, much of Asia, parts of Latin America - will be in outright recession in 1999. Growth elsewhere will be increasingly hard to come by."

The Asian Crisis and Japan's slump have been reported in these pages for the past year. The bosses and their economic witchdoctors have long known about it, but until now they believed that Europe and the

US could somehow avoid infection. They try to portray this crisis in the press as a 'contagion,' giving it a mystical air, you can almost picture a purple cloud spreading out over the planet. Its causes however are to be found here on earth in the fundamental contradictions of capitalism. The productive forces have grown beyond the narrow limits of private ownership and nation states, which now suffocate them.

The IMF has sharply reduced its forecasts for the world economy, predicting 2% growth for 1998 and 2.5% for 1999. They still predict an early recovery, albeit weak, and their only reason - the alternative is too frightening to contemplate. There is certainly no empirical evidence to back them up. They have also downgraded their forecasts for world trade, where growth they predict will fall by two-thirds from 9.7% in 1997 to 3.7% in 1998.

These figures still presuppose that Europe and the US can escape a slump. They cannot. Even the IMF add a sombre note of qualification to their forecasts, saying the risks "are predominantly on the downside...a significantly worse outcome is clearly possible." In the opinion of Newsweek this means "We don't know what will happen - and we're scared."

The Economist (5/9/98) reports "World output grew at an average of 4% in 1996 and 1997, but JP Morgan, an American bank now forecasts growth of a mere 1.5% this year and 1.7% next...if they turn out correct, this would be the same growth over the two years as in 1981-82, the world economy's worst "recession" since the 1930s. And even then, the bank is assuming that America and Europe will continue to grow next year...if instead...Asia fails to recover and America dips into recession, global output could decline next year for the first time in 60 years."

Credit crunch

Dresdner Kleinwort Benson economists predict that a fully fledged credit crunch - where, squeezed by bad debts or losses, bank lending doesn't grow at all over the next year - would result in a deep recession, with world output down 4.5% on what it otherwise would have been.

Their predictions leap from wild optimism to suicidal depression, but what they always lack is an explanation.

David Smith writing in the Sunday Times comes close, "The Asian crisis reflected a

realisation by international investors that the amount of industrial capacity being created was greater than that which could profitably produce goods for the world market.."

Ford boss Alex Trotman recently announced that there is 40% overcapacity in the world auto industry, with Ford themselves able to build 1.9 million cars a year but only able to sell 1.6 million. The overproduction in information technology is self evident from the job losses across Scotland and the north of England. In other words this is a classical crisis of capitalism, a crisis of overproduction and too much capacity to produce, not for people's needs but for profitable sale in the market place.

The Guardian's Larry Elliot agrees, "This is a crisis born of overinvestment and overproduction, and it would be against all the laws of economics to imagine that prices will go up in this sort of environment." Like many other economists he is arguing that inflation is no longer the enemy, but deflation, consequently they call for a return to Keynesian economics to pump-prime the economy.

Roger Nightingale of BBV Securities argues similarly that the problem is "that a world of shortages, inflation and growth has become one of low inflation, production cuts, lower spending and lay-offs, as in the 1930s"

Of course you'd have to be blind not to see that there is overproduction in the world economy, what they can't explain is why. Marx explained that such crises of overproduction were inherent in capitalism, since the source of the capitalists' profits is that workers are paid less in wages than the value they produce. This places a natural limit on the market, while simultaneously the bosses are trying to increase their profits. The system is not permanently in crisis however because of the division of production into two departments, the production of the means of production (department one), and production of the means of consumption (department two). By reinvesting a part of the surplus they extract from labour back into production they create new demand and new markets. This process has limits however which cause periodic crises.

Everywhere there is a mortal fear of a return to the thirties - because that has profound political, as well as economic, repercussions. Such a development has hit the capitalists like a bolt out of the blue. The

Marxists however have consistently explained that while a new slump was inevitable, a serious downturn of 1930s proportions was inherent in the situation, and that the process unfolding in the world economy would create an enormous obstacle to the attempt to recreate capitalism in Russia, while in the west there would be a new turn in the direction of long since buried Keynesianism.

A return to the thirties however doesn't mean simply a repetition, it means a continuation, picking up the threads of capitalism's organic crisis, a new and more convulsive period than we've seen since the war.

While some economists have finally seen what we have long explained that we are witnessing a crisis of overproduction - even quoting Marx on the subject - the majority still believe it's all a matter of confidence. Nigel Richardson of AXA Investment Management argues their case, "There's definitely an element of panic. The pessimism is founded in sentiment not the fundamentals. If that's correct what we've got to do is address confidence not the underlying fundamentals." It reminds you of the old story of someone being fit as a fiddle when they dropped dead. Even Greenspan declares the root of the crisis to be a "fear induced psychological response" - the point is response to what? Why have they lost confidence? Did they just wake up on the wrong side of the bed, or have they begun to see profit levels falling, and markets filling up?

Approaching

It is the fast approaching limits of the market which causes them to lose confidence and not vice versa. If all the bosses needed was confidence they had it in arrogant abundance over the last ten years, where did it go, and why? If you could really talk yourself into a recession then only a madman would do so. In truth it is the real economy which is entering a worldwide downturn and it is that fact that has sapped the bosses confidence, any other explanation is just one giant confidence trick.

In the US around 100 companies have announced that their profits will be lower than market expectations, including Gillette, Procter and Gamble and Hilton Hotels. In the UK about 50 companies have posted similar warnings in the second half of this year, among them Bass, Next,

and even the mighty Royal Dutch Shell. There is a saying in the City, "Never sell Shell." Never say never would be more appropriate. The oil giant has been forced to close its London Head Office because "the business environment in the second half will be significantly worse than in the first."

Around 2000 financial analysts in the Square Mile churn out page after page of written research every day. For this they are paid a whopping great salary - and they all got it wrong. Bob Semple UK strategist at US investment bank BT Alex Brown says "I think the scale of the economic slowdown has caught everybody on the hop whether it be the analyst community or the corporate sector."

Normal

These people imagine that if they close their eyes then things will go back to normal. Unfortunately, in Isherwood's words, there is "just no normal left." He goes on, "if sterling came tumbling down tomorrow British companies would not suddenly find themselves able to sell heavily into Europe because that isn't growing any longer." In reality devaluation would mean a cut in the spending power of the pound in our pocket, without any increase in exports to a world market entering a recession.

Kate Barker of the CBI argues that "huge amounts of bad news about jobs in the manufacturing sector is going to make people cautious about spending. Some sectors of domestic demand may find it more difficult. Also a greater share of the demand may be filled by foreign producers, particularly from the Asian markets. They are really looking for places to export to in order to get out of their own difficulties." Every day sees the announcement of just such bad news. Yet official statistics still deny we are in a recession. For that the economists require two consecutive quarters of negative growth. But statistics are not facts, they are yesterdays facts. Workers at Rover, Fujitsu, Seagate, Siemens, Viasystems to name but a few, can read the announcement of a recession in their redundancy notices.

Newsweek also quote Alan Greenspan, chairman of the US Federal Reserve, addressing the bailout of the LTCM hedge fund, "Given the amazing communications facilities available virtually around the globe trades can be initiated from almost any location...Any direct US regulation restricting their flexibility will doubtless induce the

more aggressive funds to emigrate from under our jurisdiction."

He is admitting that even the most powerful central banker can't control a few hundred bond dealers. *Newsweek* conclude, "To the question 'Who's in control of the global economy?' we now have an answer. Nobody."

The free market is economic anarchy. The productive power we have created is extremely powerful, like electricity it could be organised to great effect, improving all our lives. Left to the market it is as destructive as a bolt of lightning.

What is *Newsweek's* perspective? "Where all this goes is anyone's guess. An optimist would hope that the world is not on the verge of a recession, that Russia doesn't collapse, that all the fine words in Washington are matched by action, that hot money is cooled down, that Asia grows again, and that the American Presidential election is not dominated by a trade deficit that the IMF estimates will be a record \$390 billion next year. Hey, you never know. The pessimist sees a world slump, heightened misery in Asia and Latin America, hyperinflation in Russia and a turn toward protectionism - and slightly xenophobic politics - in Euroland. What's plain is that the old order has changed; unregulated markets are not seen any longer as the only path to global prosperity and political freedom. 'We're all casting around for new things,' says the World Bank's John Williamson. 'Plainly there are some areas in which governments need to play a more active role than people would have said 18 months ago.'"

Such a turn towards state intervention is predicted by *The Economist* (5/9/98) too "the biggest risk now to the world economy may lie not so much in a deep depression, which could be averted. It is that there may be a wholesale retreat from world markets."

The same *Economist* three weeks later demands that Japan pump ever more cash into its economy and carry out "wholesale nationalisation of failed institutions."

Malaysia has introduced old-fashioned exchange controls, Hong Kong has been pumping government money into the stock exchange, and the attempt to restore capitalism in Russia has been a disaster. Not only do we have a depression in Japan but the mighty US too is nearing the brink. That suggests that mounting unemployment and continuing falls on the stock exchange wiping out the savings and pensions of millions of ordinary Americans, will

lead the US in the direction of protectionism. Here in Britain, the recession cuts across the Labour leaders meagre spending plans, rising unemployment means less taxes in and more benefits out. Brown's next budget will have to increase borrowing to cover the difference. All of a sudden Blair and Brown aren't crowing about the market any more.

Quoting Marx is not a recognition from these people that he was right. It is a threat. *Newsweek* conclude their piece on the new world situation as follows, "Marx and Engels, of course, had a different prescription." This is a warning - reform from above or you'll have revolution from below. Capitalist commentators followed by social democratic governments across Europe and trade union leaders are scrabbling around in the wastebin again for the ideas of Keynes, state intervention, borrowing, deficit financing and all the other prescriptions they abandoned twenty years ago. These ideas will all be raised again in the labour movement in the next period. They will often masquerade as socialist policies, advanced by the left in *Tribune* and the Campaign Group. They are not. We will support any reform, to increase public spending for example, that is in the interests of working people. The old tried and failed ideas of Keynes don't work. The capitalists themselves have spent the last two decades rubbishing them because of their failure last time around. Now, in desperation they are turning in that direction again. As ever it is the working class who are asked to foot the bill for the bosses crisis with higher prices, taxes and mortgages - these are the inevitable side effects of Keynesianism.

Change it

We have a duty to point out that Keynes' ideas were designed not to benefit the working class, but to prop up the system. The task however is to change it.

A thoroughgoing socialist transformation of society can put a stop once and for all to the anarchy of booms and slumps. Planning the economy rationally, scientifically, and democratically, using all the technological, material and human resources squandered by the market, would enable our economy to grow in double figures every year, raising the condition of life of everyone on the planet. That is the programme of Marxism we continue to fight for.

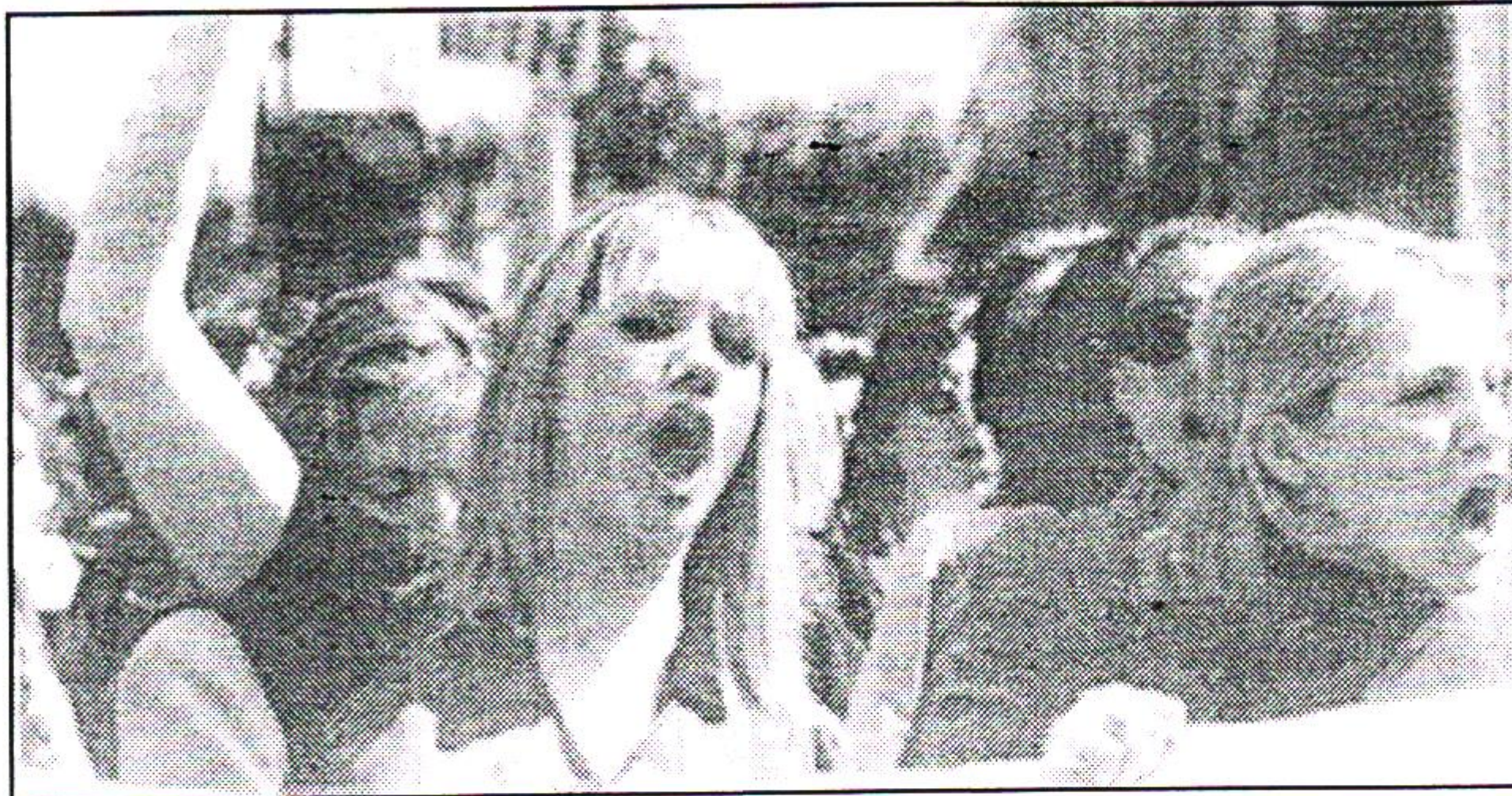
Women, work and the struggle for socialism

Women now form over 50% of the workforce in this country. One in five households are headed by a female breadwinner and the majority of women can expect to take up paid employment at some stage in their life. Employment is also widespread amongst women with young children. These are world-wide phenomena. In the United States 99% of women will at some stage form part of the workforce. The same trend is occurring in the developing world. The two income household is now firmly established.

by Barbara Humphries

This does not mean that equality has arrived. Women are concentrated in low pay ghettos - cleaning and caring, clerical jobs, etc. Women on average earn 20-30% less than men. Even in the professions there are low paid ghettos where women are concentrated - teaching, social work, librarianship and nursing. These jobs are low paid relative to the qualifications and experience required. Only a minority of women get to be top executives. 40% of women who work are part time, suffering worse pay, benefits and pensions. Often women cover unsocial hours (the flexible shifts) where employers want unsocial hours covered but do not want to pay overtime rates. Women often have to take these jobs as they fit in with their domestic responsibilities - they can work whilst their partner looks after the children.

This trend for women to take part in the workforce represents a social revolution from the years of the post-war boom, only 30 years ago. After 1945 reconstruction of the economy was based on male employment. It was possible to run a household with one income. Local authority housing made rents affordable. At school young women expected that their main role in life would be to get married and raise a family. They were completely dependent upon their husbands. If they worked - they would claim that this was for pin-money! In reality this often meant paying for clothes for the children. But it allowed employers to pay women less for doing the same job as a man. Even though equal pay for women had been TUC policy since the 19th century it did not become law until the 1970s. Strikes by women at Fords had helped to get this on the agenda of the Labour Government, 1964-70. In order to get equal pay implemented there were further strikes



such as at Tricos in Brentford in 1976.

The years of the post-war boom were not typical for capitalism. Those who blame all the evils of society on working mothers forget that women have been regularly pulled into the labour market, noticeably during the last two world wars, where the government actively campaigned to get women to work, even providing state nurseries and canteens. But capitalism, as Karl Marx predicted in the Communist Manifesto, written in 1848, has always had the aim of pulling all sections of society into the workforce, including women and young children. No-one was safe from the drive for exploitation and increased surplus value.

Flexible

Women and children were considered desirable employees by capitalism because they would be more flexible and work for lower wages. Employment of female labour has often gone hand in hand with deskilling, for example in the textile industry in 19th century Britain, male craftsmen were replaced by unskilled female labour. During World War 1 dilution in the engineering industry meant the employment of lower paid, mainly women workers, to replace skilled engineers.

Pulling women into the workforce without protection or regulation had dire consequences for family life and the health of women, who also retained responsibility for bearing children and the performance of the majority of domestic tasks within the home. This is what has become known in the late 20th century as 'the second shift.' The intervention of the labour movement ended the employment of women in the mines in 19th century Britain, but women

continued to work in factories without regard to safety conditions. In one of the worst publicised cases women working in the match industry in the East End of London contracted a deformity from the phosphorous, which eroded their palates and they ended up being unable to eat or drink as a result of this condition! Conditions are comparable today in the toy factories in South East Asia and China where workers have been burnt to death as a result of working in factories where the fire-doors have been kept locked.

Marriage and childbirth usually ended employment for women in the 19th century due to their high birth rate (childbirth itself being considered up to the 1920s as dangerous as working in a mine!). Life was also then very short! In the 20th century developments in industry such as light engineering, the growth of public services and clerical work meant that more jobs were available and suitable for women. Smaller families also means that women are available for employment for the majority of their lives. At the same time households are now increasingly dependent upon two incomes for paying mortgages, bills and so on.

A recent feature in the Economist magazine wholeheartedly and without reservation welcomes the employment of women. Women want to work, employers want them. What is the problem? This is the pragmatic approach of capitalism. Employers do not mind whom they employ as long as they can make a profit out of them. This is the deregulation, laissez-faire approach. Let the market decide!

But what about the 'second shift'? What happens to the tasks of childcare and the



organisation of the home when women work? The Economist feature concedes that women are working very long hours worldwide, often putting in another four hours at home after a day in the office. Many only see their children for a couple of hours a day. Childcare for many is precarious - unregistered nannies, childminders or members of the family. These tasks which have traditionally been done in the home - childcare, cooking, cleaning etc are socially necessary but have never been recognised as such. Capitalist society sees women's primary role as providers (unpaid) in the home of these services.

Institution

This is the role of the family in capitalist society. If the family as an institution falls apart who will care for children, the sick, the elderly? Politicians, the Church and other pillars of the establishment bemoan the decline of family values, the divorce rate and abandoned children, primarily because they feel that this will put more demands on the state. Single mothers claim benefit. Elderly people are cared for in residential homes and day centres. All this at a time when the perspective of capitalism on a world scale since the 1980s has been to 'roll back the frontiers of the welfare state.' Working women on the other hand need the support of the state more - they need state nurseries for instance.

Ironically the pressures of the market have broken up family life for working people as Marx predicted in the 19th century. The stable families and communities looked to with nostalgia from the 1950s were supported by jobs for life in the area where you were born and the rest of your extended family lived. Now the destruction of industries and working class communities has meant that it is impossible for skilled men

to get jobs in their area which can support a family. On the other hand it is possible for women to get jobs. An ex-miner will be out of work but his wife may get a job stacking shelves in a supermarket. This has undermined the economic basis of the nuclear family. It lies behind the divorce rate and the growth of single parenthood. Those politicians who bemoan the dependence of single mothers on the state overlook the fact that even if they were married, their husbands would often be unable to support them without state benefits! The present crisis has produced the dual income household where both partners work all the hours to pay a mortgage, bills and all the other expenses of raising a family; and the no-income household where there is no possibility of either partner earning a decent wage. This is increasingly the pattern of life as we end the 20th century. As one commentator has put it - the problem for women is not 'is there life after death, but is there life before death!'

The family is a cornerstone of capitalist society. As an institution it is supported by the state. The Tories ran their infamous 'back to basics' campaign. New Labour also endorses the nuclear family as 'the best way to bring up children.' This ignores reality for millions of people and has created an intolerable situation. The Labour government has had to make concessions in the last budget in terms of making money available for childcare for women who want to work. However this was after last year's cut in benefit to single mothers. This policy of getting women off welfare and into work is also critically dependent upon women obtaining both a job and satisfactory childcare arrangements.

The origins of the family and the oppression of women go back beyond capitalism to the institution of private property.

Women's second class status is not a natural condition, but rather has arisen as a result of 'civilisation.' There was no inequality between the sexes in the early form of primitive communism. Engels in his book 'The origin of the family, the state and private property' analyses how private property went hand in hand with monogamy as it could only be preserved by men knowing who their offspring were. Property in the form of cattle was concentrated in the hands of men. As owners of wealth they subjugated women. This was the origin of women's oppression. The family has evolved throughout class society as an economic unit. Amongst the ruling class even to this day marriages are made for property purposes. 'Love' exists independently of marriage. As an institution it is for the preservation of landed interests, and property deals.

Function

For working people also the family has an economic function. Before the advent of the welfare state it was very evident that children were to support you in your old age. If you worked on the land, marriage was a duty not a pleasure - arranged marriages took place to ensure that your partner was fit, economically viable, capable of producing off-spring and so on. That concept still exists throughout the world today. The birth of girls is undesirable because they have not traditionally been breadwinners, except in the homes of their in-laws. They are therefore considered a burden to their own family. That is why the dowry existed - because the girl's parents were paying the groom's parents to take their burden away. In parts of the Indian sub-continent wives are still expected to jump on to their husband's funeral pyre so that the family will not have to keep them. The working class family is seen by capitalism as a mechanism for the maintenance and reproduction of wage slaves who will produce profit for the system.

In the light of this the employment and economic independence of women is a step forward, a progressive step which socialists would welcome. Even in an urban industrialised society however the bourgeois concept of free love has not been liberated from economic constraints. Capitalist society supports and enforces the family as an economic unit. Digressions from this have been punished and life is difficult for those not conforming to the so-called norms of the nuclear family. At one

time single young women producing babies were put into lunatic asylums. But increasingly today people are not living the majority of their lives in a nuclear family. Socially other support networks, such as friends, even neighbours, are more important.

Socialists have consistently fought for equal rights for women, the right to vote, to work, equal pay and opportunities, but also for recognition of the social character of the domestic tasks performed in the home, ie. for state run nurseries, restaurants and launderettes. They have also fought for rights to divorce, abortion and birth control - all very hard struggles in their time! It is interesting that the newly formed Soviet state in Russia in 1917 was well ahead of its bourgeois rivals in this respect, although Russia was a relatively backward country compared to the rest of Europe at that time. Illegitimacy of children as a concept was abolished. Demands such as parental leave and a shorter working week would also make life more tolerable for working parents. The provision of housing should allow for flexibility and accommodate all life styles not just the traditional nuclear family.

Forward

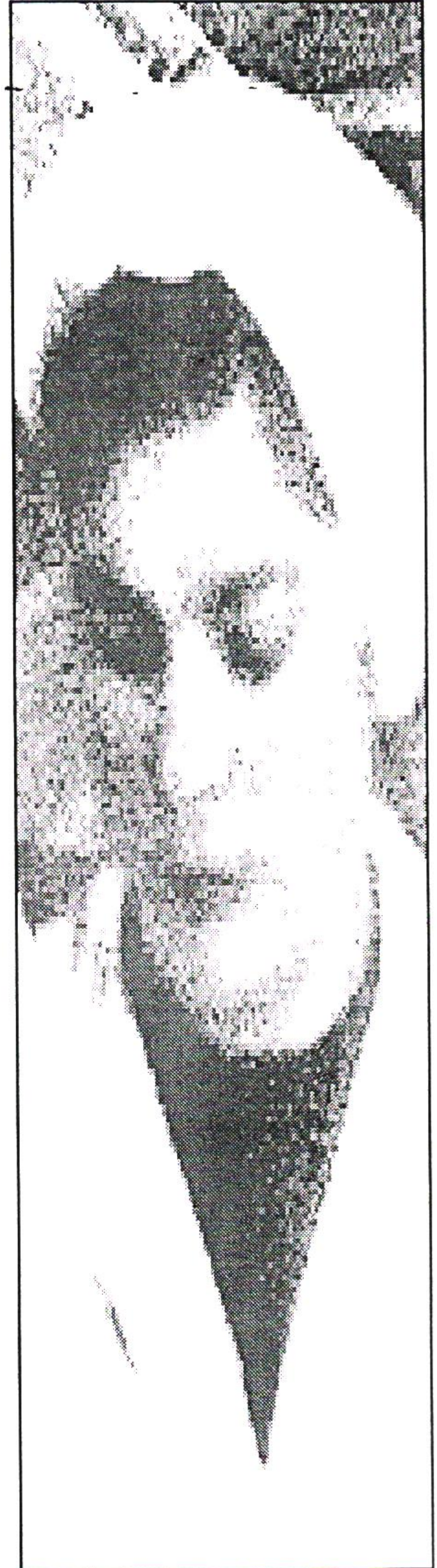
Women have been attracted to the labour movement particularly when the movement has been going forward. Women workers organised themselves in the upsurge of trade union membership in the 1880s. More recently the 1970s saw an enormous increase in trade union membership amongst women in the public services. Today 78% of the membership of UNISON are women. These women have transformed the face of the trade union movement and today the TUC has acknowledged this by the recruitment of women officers to recruit the growing casual workforce. This is the way forward for working women. The 'womens liberation' movement of the 1970s has largely been eclipsed by the drawing of women into the workforce. As a pale shadow of the suffragette movement which fought successfully for the right of women to vote this movement was based on middle class women, housewives who were seeking a role for themselves. Issues such as the right to vote, equal pay and opportunities have not carried any weight unless they have had support from the labour movement.

In the early 1980s the labour movement was swamped by demands by women for separate sections, quotas and positive dis-

crimination. This was to be implemented in areas of employment such as local authorities and within the labour movement itself. This helped the careers of a few women but did not change the fact that women activists were a minority in the labour movement in the first place. Positive discrimination in fact, masked the domination of Labour politics on economic issues by the right wing and has been used against leftwing candidates. Witness the attempts by the Labour Party head office to use the device of 'women only shortlists' to attempt to block the selection of left-wing parliamentary candidates, such as John McDonnell in Hayes and Harlington. This was in fact opposed by the womens' section in that constituency!

Marxists do not call for the establishment of women only sections within the Labour Party or the trade unions. Women's issues are issues for the working class as whole. For instance the minimum wage and a shorter working week are measures of concern for all sections of the working class. Historically the Labour Party women's sections played a role as they involved women who did not work during the day. That situation however does not arise today.

Socialists welcome the employment of women as a progressive factor. Women are no longer slaves of slaves without status or economic independence. However the pressure on women and the destruction of family life poses the danger that the clock could be put back. Witness what has happened in Eastern Europe. In many countries in Eastern Europe, notably East Germany women worked and had good nurseries and parental leave. The unification of Germany and the wholesale slaughter of jobs associated with capitalism has meant that women have borne the brunt of unemployment in the former East German state. The advent of a recession could, as in the 1930s, provoke calls for women to be removed from the workforce. Marxists would resist any attempt to drive women 'back to the home' and would oppose any attempts by reactionaries to reverse equal opportunities policies in the workplace. Today this would spell poverty for millions of people, men as well as women. This is why it is critical that socialists campaign for rights for women workers, as an integral part of a socialist programme for the labour movement.



Workers democracy in a Russian coal town

ANZHERO-SUDZHENSK, Russia. For some reason, the Soviet system had a way of playing cruel jokes on this coal-mining centre in the Kuzbass industrial region of Siberia. One such malign whim was to locate the city administration building hard by the heating and electrical generating plant. Ever since, two immense chimneys have towered over the municipal offices, pouring out dark smoke. In winter the snow here is black; in the autumn rains, the fore-court outside the building is covered with grey sludge.

by Renfrey Clarke

A still worse caprice of the old system was to leave most of the city's 100,000 people living in tumble-down log houses clustered around the pit-heads or strung along unpaved, rutted streets. But in important ways, the Soviet system was benign compared to what has come since. Anzhero-Sudzhensk, one resident told me bitterly, is now "a museum." Of the six mines operating in the city in the early 1990s, only two are still functioning, and one of those is in the process of being shut down. Almost none of the local enterprises pay wages regularly, and the pay backlogs in some cases stretch into years.

"Anzherka", however, has not decayed quietly. Its workers have some of Russia's strongest traditions of popular struggle, and snaking through the city are the twin tracks of the Trans-Siberian Railway.

Place a steel girder across the line here, and rail traffic to Russia's eastern regions is totally cut off, except for what can pass along a minor line through the mountains to the south.

For the workers of Anzhero-Sudzhensk, the temptation to do as they have been done by has been irresistible. Rail blockades in May, and again in July, quickly racked up huge economic costs and forced the Russian government to negotiate on wage pay-outs.

One of the nerve-centres of this "rail war" was the Anzhero-Sudzhensk City Workers Committee, convened by elected delegates from enterprise committees in local workplaces. To interview some of these delegates, I have come to the city committee's sparsely furnished room in the administration building. About a dozen men and women are present, talking intently in several groups. Should I wait for the discussions to finish? No need, says the committee's chairperson, Vladimir Fokin. He'll talk to me while business goes on.

A large man with a relaxed but shrewd manner, Fokin was a miner for 18 years until his mine shut down; he continues to represent its laid-off workforce. The City Workers Committee, he explains, evolved out of the city strike committee that led the struggle in Anzhero-Sudzhensk during the great coal strikes of 1989 and 1991. Similar organisations, he says, operate in most of the larger cities of the Kuzbass. The bodies go by various names, including "committees of salvation". Fokin

prefers the term "workers' committee", since it makes clear which social layer is primarily involved, and does not imply that the organisations restrict their activity to leading strikes.

So what role do the committees play? Fokin outlines several functions. One is simply to allow labour activists to share news and ideas about developments in their various workplaces. Another is to monitor the activity of enterprise managements, trade unions and local authorities. Yet another is planning and coordinating various campaigns of struggle, such as the continuing fight for wage pay-outs.

And does the Anzhero-Sudzhensk committee play an openly political role, I ask. "We're a political organisation," Fokin responds. "We agitate around the demand for Yeltsin to resign." The committee, he points out, has no prejudice against electoral activity; Fokin himself, and several other committee members, have been elected to the local municipal council.

For workers, Fokin's committee is a highly accessible body, since it is in almost permanent session. Delegates are usually available to be consulted with informally. If a particular question requires it, a more structured discussion will be organised.

Because the committee is not a legally registered entity, it tends to rely on local trade unions in order to have its decisions implemented. But the committee's authority is high, Fokin argues, since elections to it are frequent, and the delegates can be voted out by the workers at any time. As an example of this authority, Fokin notes that the committee at one point demanded the resignation of the city's mayor - and got it.

According to Fokin, the committee's strong following among the workers in Anzhero-Sudzhensk and the unity this has helped create were key factors during the "rail war". The government was wary of using force to clear the blockaders from the tracks, knowing that the response from other workers would be dramatic. Nevertheless, the pressures on the blockaders were intense; above all, there was the danger of legal reprisals against activists once the blockade was lifted.

Fokin pulls a document from a safe, explaining that it is a copy of the agreement with government representatives that led to the blockade being suspended in May. Under the agreement, the govern-



ment was not to take any action against participants in the protest. The workers were to receive their back pay according to a set schedule; if the payments fell more than 15 per cent behind, the protesters were at liberty to renew the blockade. And that, Fokin explains, was why the Anzhero-Sudzhensk workers went back on the rails in July. "The government handed over only 40 per cent of what it promised," he relates. "For that matter, the terms still haven't been met."

At present, an uneasy truce prevails between the government and the Anzhero-Sudzhensk workers. "The state organs are still investigating activists though," Fokin remarks. And in the city of Yurga to the west, where a rail blockade was also in force in July, criminal charges have been brought against three of the blockaders. Fighting the prosecutions has become a prime task for labour activists in Anzhero-Sudzhensk and other Kuzbass cities.

Here Fokin begins explaining how his committee views the need to expand the ties between labour activists throughout the region, in order to improve the defence effort. A phone call interrupts him. "Yes... a journalist. I'm talking to him now. From Australia. No, nothing." Fokin puts down the receiver, giving me a significant glance.

"That was the local head of the FSB," he says. The initials, I recall, are those of the Federal Security Service, the main successor to the Soviet KGB. Fokin shrugs his shoulders, calculating that I know enough about Russia to have grasped the situation. And indeed, the situation is clear enough. Someone noticed me as I entered the building and sought out the office of the workers' committee. A call went through to the security police, and the police chief, relishing the chance to remind the committee members they were being watched, decided to ask who the odd-looking visitor was....

Meanwhile, Fokin is telling me about the Coordinating Committee of the Cities of the Kuzbass. Set up in May during the "rail war", this body has continued to function, uniting workers' committees in eight centres. The members meet weekly in the provincial capital, Kemerovo, and to the extent that funds allow, keep in touch by phone.

More people arrive, including a man in his thirties whom Fokin introduces as Vladimir Arent, head of the trade union

committee in the local glassworks and a member of the city workers' committee. Where Fokin is relaxed and ironical even when being quizzed by the FSB, Arent at first gives the impression of being tense and taciturn. Suddenly, though, he explodes in articulateness. "The government's reforms are criminal, against workers and against humanity!" he declares.

It is now more than five years since the 1800 workers in his enterprise have received their wages, Arent tells me. Each day they are given a loaf of bread and a half-litre of milk. From time to time there are other payments in kind, perhaps some meat or cheese, depending on the barter deals that the plant's managers have been able to work. People keep turning up to their jobs, Arent says, because if they were to quit they would have absolutely nothing.

The problem is not that the glassworks are obsolete or inefficient, Arent insists. The equipment is quite modern, from the late 1980s, and the plant is the only producer of window glass for the construction industry in Russia east of the Urals. But its customers claim to be unable to pay for their supplies in rubles, and the barter deals the glassworks is forced to accept are highly disadvantageous.

The workers in his plant, Arent maintains, are hostile not just to the government but to the social system in general. "We take the view that basic industry should be state-owned," he says. Earlier in the 1990s, he relates, the glassworks was privatised to its employees. "But now," he says, "we're demanding that it be renationalised."

A general discussion is about to be convened; it is time for me to go. Arent makes a final point. "You understand," he says, "People here have gone through everything - they've struck, blockaded, marched. We just have to keep doing it - organising, showing solidarity, working with people in other cities to build the widest actions possible."

Outside the building a frigid rain washes more soot down from the smoke-blackened sky. For workers in Anzhero-Sudzhensk, there is no easy escape, either from the town or from their predicament. But if the people cannot escape, Fokin and Arent have clearly decided, good ideas and militant examples can.

Pakistan workers under attack

The Thatta Cement Company in Thatta, Sindh (Pakistan) is up for privatisation. In preparing for its privatisation the management bought off the Union in the company, the CBA. In order to take the struggle forward the workers set up the Progressive Employees Union and applied for registration and for a referendum to be held in the factory.

The secretary of the new union, Kumbhar Mohammad Ibrahim was dismissed from service back in August 1997.

The CBA Union tried unsuccessfully to block the referendum through the National Industrial Relations Commission. Then they went through the High Court of Sindh, but again they failed.

So finally they approached the Deputy Commissioner of Thatta who postponed the referendum with the excuse of needing to maintain "Law and Order". The Registrar of Trade Unions of Hyderabad kept the referendum pending quoting the above mentioned reasons. All this is against the labour laws.

They then also dismissed Mohammad Khan Ahmdani and Mir Mohammad because of their protest against the anti-union activities of the management who have appointed officers to man the gates and intimidate the workers. Management are using all available means to stop the referendum.

We request your help in the struggle to reinstate Mohammad Ibrahim Kumbhar, Mohammad Khan Ahmdani and Mir Mohammad, and in their struggle against the privatisation of Thatta Cement and their campaign for the referendum.

Letters of solidarity to:

Progressive Employees Union,
(H/R 1144/1520/97),
Thatta Cement Co. Ltd.,
Makli Ghulamullah Road,
Thatta, Sindh,
Pakistan

Third world wars: crisis in Africa

"One hundred years from now, your grandchildren and mine will look back and say: this was the beginning of a new African renaissance" (Bill Clinton during his 12-day, six-nation tour of Africa, March 1998)

One cannot understand the reasons for the current war in the Democratic Republic of Congo without going back at least to the 1994 genocide in Rwanda. Following the death of Rwandan and Burundian presidents in a (probably sabotaged) plane crash, the Hutu dominated Rwandan Armed Forces (FAR) and the Hutu Interahamwe militias unleashed a genocidal campaign in which at least half a million Tutsis and moderate Hutus were killed.

by Jordi Martorell

The Tutsis are the minority ethnic group and the Hutus are the majority one. Both German and Belgian colonialists used to play one group off against the other in order to secure domination in Rwanda and

Burundi.

In the aftermath of the 1994 massacre, the Tutsi guerrillas of the Rwandan Patriotic Front (FPR) came to power, and as a result over a million Hutu refugees fled the country to Eastern Zaire. The refugee camps in Eastern Zaire were under the control of former Rwandan soldiers and Hutu militias which used them to launch attacks against the newly established FPR government in Rwanda.

This also increased tensions in Eastern Zaire where the local Tutsi Banyamulenge population had been discriminated against for decades by the Zairean Mobutu regime. Mobutu was brought to power in Zaire in the mid-60s by the US and French as a bulwark against the "communist" threat. He played this role during the whole of the Cold War period. But by the end of the 90s, after the fall of Stalinism he was no longer useful. His corruption had become an obstacle for an efficient exploitation of the country's natural resources on the part of US and Canadian companies.

When in the Summer of 1996 Mobutu tried to use the race card to prop up his

regime and decided to expel the Banyamulenge Tutsis from Eastern Zaire they organised a rebellion and soon linked up with a number of other opposition groups forming the Alliance of Democratic Forces for the Liberation of Congo-Zaire (ADFL) headed by Kabila, a former 'Marxist' guerrilla.

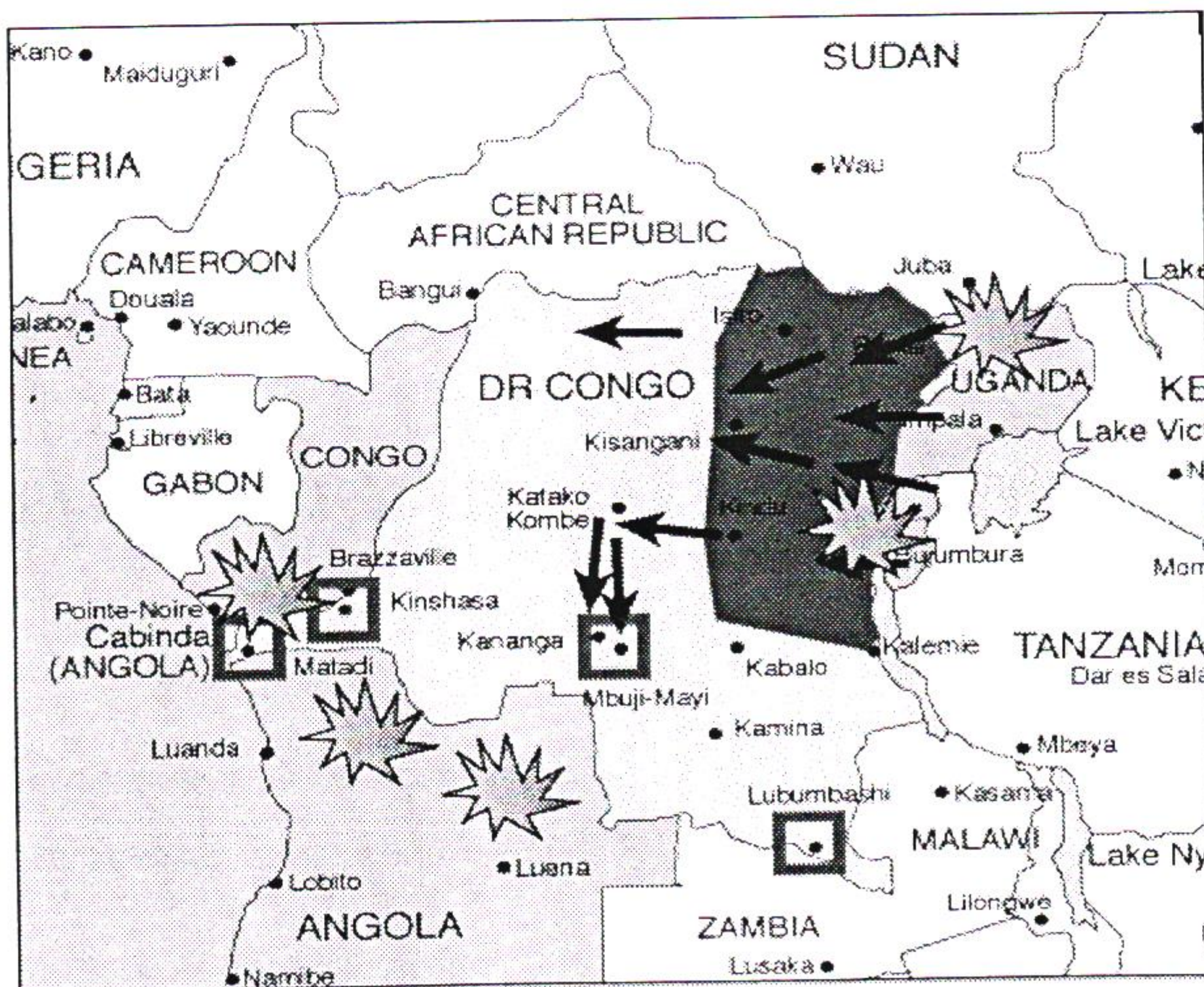
The ADFL received backing from the Rwandan regime which wanted to get rid of the Hutu militias operating from the refugee camps in Kivu (Eastern Zaire) and from Uganda (which is also an ally of Rwanda) which wanted to get rid of the Ugandan rebels (the Alliance of Democratic Forces and the Lord's Resistance Army) operating from Eastern Zaire. The rebellion broke the Hutu militia domination over the refugee camps, thus pushing the refugees back to Rwanda. The Interahamwe Hutu militias fled elsewhere.

The main aim of Rwanda had been accomplished (and in the process many of the Hutu refugees were also massacred), but the rebellion took on a momentum of its own as Mobutu's army, unpaid, unfed and demoralised, seemed to be collapsing at the mere sight of the advancing ADFL forces.

The rebellion also got support from Angola, as the UNITA rebels fighting the Angolan regime also had bases in Zaire and had been supported by Mobutu since they were set up by Washington to fight Dos Santos' Stalinist regime. After the fall of Stalinism, Angola abandoned any pretence of socialism and embraced the 'free market' economy. But the UNITA rebels wanted to keep their lucrative control over the Angolan diamond mines on the Zaire border, despite having put their signature to a democratic transition with Dos Santos.

The US and Canadian mining corporations bankrolled Kabila, as Mobutu's corruption had become too much for the normal running of a capitalist corporation. Finally, Washington also supported the ADFL thinking they could put a more reliable government in place in Zaire, under the control of its local allies, Uganda and Rwanda.

In the short space of eight months the ADFL forces crossed a country as big as the whole of Western Europe and were welcomed by the masses, relieved after years of oppression under Mobutu. When



→ CONGO COALITION TROOP MOVEMENT → REBEL COALITION TROOPMOVEMENT

Kabila took control of Kinshasa in May 1997 and changed the name of the country to the Democratic Republic of Congo, he did it as the head of a very unstable coalition of groups with different interests and agendas. The fact that his main backers were Ugandan and Rwandan troops presented him as an agent of foreign powers in the eyes of the masses.

Washington and the other imperialist powers showed very little interest in giving any aid to the new regime, which had inherited a country bled dry by more than 30 years of corruption and plunder by the West and its local agent Mobutu.

Also Kabila alienated potential foreign investors, especially the crucial mining sector, by making deals and then breaking them. The fall in the prices of raw materials badly hurt the country's export revenues. This also meant that the exploitation of the Congolese mines was no longer a priority and could even damage the interests of the mining companies by further increasing overproduction.

Conflict

Kabila also entered into conflict with Washington in relation to his foreign policy, by establishing links with and visiting Cuba and China (where he praised China's model of economic development).

Furthermore, the regime had failed to put an end to the activities of different guerrilla groups still operating from Eastern Congo against Rwanda and Uganda. Kabila, in an attempt to gain popular support replaced most of the Rwandan officers in the army and the government by people from the Katanga province (where he is from), many of them from his own family. The Congolese Tutsis and their Rwandan backers started to consider the new regime as unreliable and started to plot a coup to replace Kabila with a more reliable ruler.

A number of other leading elements in the ADFL were also removed and some even jailed by Kabila and were accumulating grievances against him. France had also been helping the ousted Mobutu generals to reorganise, with the help of some South African mercenary groups linked to the former apartheid regime. All these forces united in a marriage of convenience against the Kabila regime.

At the end of July, Kabila ordered the withdrawal of the remaining Rwandan

troops from the country and this was the signal for all these discontented forces to organise a coup. On August 2nd a number of army commanders from mainly Tutsi Banyamulenge units in Kivu mutinied and in a matter of days took control of most of Eastern Zaire. They had the support of Rwanda and Uganda and had been given the green light by Washington and Paris, although all these countries tried to deny their involvement.

Shortly afterwards the rebels were airlifted to Kitona (South Western Congo), at the opposite side of the country. There they were joined by some 30,000 soldiers of the former Mobutu army and managed to take the key dam of Inga which supplies water and electricity to Kinshasa and most of the mineral rich Southern Congo provinces. It looked like the fall of Kinshasa was just a matter of days. The rebels were just a few miles away from the capital.

Completely isolated and about to lose control of the country Kabila decided to play the race card. Congo's state radio repeatedly broadcast appeals to use "a machete, a spear, an arrow, a hoe, spades, rakes, nails, truncheons, electric irons, barbed wire, stones ... to kill the Rwandan Tutsis." This was aimed not only at Rwandan invading forces but at anyone looking like a Tutsi. Meanwhile, there were reports of massacres of the local population in Eastern Zaire by the Tutsi rebel forces (Congolese and Rwandan), adding to the poisonous atmosphere of ethnic hatred.

This was mixed with a nationalist and anti-imperialist feeling on the part of the masses which allowed the regime to resist until a few weeks later, on August 22nd, the intervention of Zimbabwe, Angola and Namibia on Kabila's side, completely changed the course of the conflict. By August 28th, the mutineers had been defeated in the west. What led these countries to take sides in the Congo war?

On the one hand they were protecting trade interests and loans they had made to Kabila's regime. But money was not the only reason. This intervention has been used to divert attention from the social and political crisis in Zimbabwe where real wages have fallen by a third since 1990. As a result, strikes have become frequent and opposition has grown even within the ruling ZANU-PF party. In December last

year riots broke out in the capital Harare during a general strike called by the Zimbabwe Confederation of Trade Unions. In January six hungry rioters were shot dead by armed troops.

Angola was forced to intervene after rumours that the Angolan UNITA rebels were linking up with the Congolese rebels. Dos Santos is not interested in a UNITA friendly regime being installed in Kinshasa.

However, another factor for these countries' intervention on Kabila's side, against the attempts of Nelson Mandela to reach some sort of compromise in the conflict, reveal a deeper resentment against South Africa which has been playing the role of a regional imperialist power after the trade sanctions against the apartheid regime were lifted. South Africa's economy is three times bigger than the combined economies of all the other members of the Southern Africa Development Community. Mugabe of Zimbabwe has taken the opportunity to cast himself as a regional strongman and assert his leadership of the southern African states against that of President Mandela.

Nevertheless, these countries, which form the so-called Congo Coalition seem reluctant to enter into direct military conflict with Ugandan and Rwandan troops operating in Eastern Congo. Their role has been mainly to wipe out the rebellion in South Western Congo, safeguarding the capital Kinshasa. Angola has enough problems of her own with the virtual resumption of the civil war with the UNITA bandits after they were expelled from the National Unity government on September 4th.

Criticism

President Mugabe of Zimbabwe has come under strong criticism at home as a result of his Congolese adventure. Even some of the soldiers sent to Congo refused to go and mutinied on September 21st.

When this became obvious in mid-September, Kabila started to look for other potential allies to help him on the Western front. Most of these new allies were convinced to intervene in the Congo war on the basis of the old principle "the enemy of my enemy is my friend".

The Hutu Interahamwe militias have now come back to the Eastern Congo (from where they had been expelled in

September 1996 by Kabila's ADFL) and are fighting on Kabila's side. Libya has also sent military aid to Kabila, although only a couple of planes, probably in a move against Washington. Chad has also sent troops.

But more significant than that has been the intervention of the Sudanese regime in the conflict. By the end of September Khartoum had airlifted 2,000 troops to front line positions in in Eastern and South Eastern Congo. Khartoum's involvement in the conflict is mainly the result of its conflict with Uganda in Southern Sudan.

Guerrillas

There, the SPLA guerrillas have been fighting the Sudanese regime for 15 years in a war which has left 1 million dead. The SPLA guerrillas are supported by Uganda and by Eritrea and Ethiopia (at least until these two countries went to war with each other six months ago), as part of Washington's plans to get rid of the Sudanese Islamic regime. At the same time, Khartoum provides support and bases to the different guerrilla groups fighting the Ugandan regime from Southern Sudan and North Eastern Congo.

In the meantime, South Africa has taken in this conflict the same position it took in 1997 during Kabila's campaign against Mobutu, arguing the need for peace talks.

The shows the contradiction in South Africa's foreign policy as she attempts to maintain the image of a "progressive" anti-imperialist regime (welcoming Castro and keeping links with Gadaffi, for instance), while the ANC leadership has embraced Washington's policies for Africa ("free trade", "opening up of the markets", i.e. imperialist exploitation).

At the same time, bands of mercenaries based in South Africa are involved in the Congo civil war ... on both sides!

Alliances

The policy of alliances which is emerging out of this conflict is certainly complicated and might be a bit difficult to follow. This is due to the fact that all sides are fighting for their own narrow interests and ally one with the other on purely short term coincidence of these interests. But there are a number of general conclusions which can be drawn from the present crisis.

One is the complete failure of capitalism to offer a way out for the peoples of Africa or anywhere else in the underdeveloped world. Congo is probably one of the richest countries on earth as far as natural resources are concerned, but at the same time its population is suffering on the verge of the 21st century worse living conditions than in the past.

The legacy of imperialism in Africa is one of war, destruction and chaos. The different colonial powers played off one tribal group against another, one ethnic group against the other and drew arbitrary borders sowing the seeds for future wars, genocide and massacres.

But on the other hand the national bourgeois regimes which emerged after the struggle for independence have been completely unable to overcome the legacy of imperialism, despite the fact that many of them were supposed to stand for African unity and anti-imperialism.

The present problems of capitalism world-wide also mean that there is a vicious struggle for markets and spheres of influence taking place amongst different imperialist powers, in the case of Africa mainly between Paris and Washington. The domination of imperialism over the life (and death) of millions of people in Africa has become more asphyxiating and more destructive. Whole countries have been plunged into chaos and elements of barbarism have appeared as a result of the destruction of local industries by the push of "globalisation" and "opening up of the markets" (i.e.. naked imperialist exploitation of these countries' natural resources).

The current push for "globalisation" and "opening up of the markets", the fall in the prices of minerals, the IMF's imposition of Structural Adjustment Plans, the increased looting of these countries by multinational companies, the attack of speculative capital against the currencies of one country after another, ... are all factors which are bound to provoke a backlash in the Third World. A first indication of that is the Malaysian regime trying to cut itself off from the world market and declaring that "the market economy does not work for the people". We will see more of this in the future especially if the current recession spreading all over the world turns into a deep slump.

Some former Stalinist regimes and leaders might even try to go back to the past

to some sort of state control and planning of the economy. This will be especially the case if the process of capitalist restoration in Russia, now halted, is reversed. Elements of this can be seen in Namibian president Sam Nujoma's recent anti-capitalist and anti-imperialist speeches and even in the Kabila regime carrying out nationalisations.

But socialists should have no illusions in any of these leaders. Under capitalism there is no way forward, but Stalinism has also failed. Only a regime where the planning of the economy takes place in a democratic way, with the participation of the whole of society can offer a solution.

Whether Kabila will go down the road of Stalinism remains to be seen. Although this is a possibility, it depends very much on developments on a world scale. Socialists, while opposing the invasion of the Democratic Republic of Congo by other countries, cannot support any side in this war as none of them stands for the interests of the Congolese people.

Class action

The only way forward for the peoples of Africa is independent class action on the part of the workers in the cities and the poor peasants in the countryside. Only by taking over the mineral and natural resources, expropriating the big multinational concerns and taking over the agricultural land and using all this wealth for the benefit of the majority of the population can there be any hope. This is a task which cannot be undertaken in one country alone. The present war in Congo shows that the fate of the whole of Africa is completely interlinked. And the fate of Africa is linked to the fate of world revolution.

Under the present conditions of the crisis of capitalism all over the world and in the era of almost instantaneous distribution of news reports, the beginning of a socialist transformation of society in any country of Africa would spread like wildfire to the whole continent and would soon find an echo amongst the workers and the oppressed masses throughout the globe.

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.

The book looks at the development of Russian Social Democracy, from its real founding congress in 1903, which ended with the split between Mensheviks and Bolsheviks, through to the 'dress rehearsal' of the 1905 revolution. Here the rise of the Soviet form of organisation is explored, together with the transformation of the party (RSDLP) from an underground organisation to one with a mass workers following. However, the defeat of the revolution led to four years of political reaction within Russia and the near disintegration of the party. Alan Woods



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

The author then explores the eventual revival of the party's fortunes from 1910 onwards, the creation of the independent Bolshevik Party two years later, and the isolation of Marxism during the first world war. The final section of the book deals with the Bolsheviks' emergence during the February Revolution and, after a deep internal struggle, under the leadership of Lenin and Trotsky, the party's eventual conquest of power in October.

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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by Ted Grant

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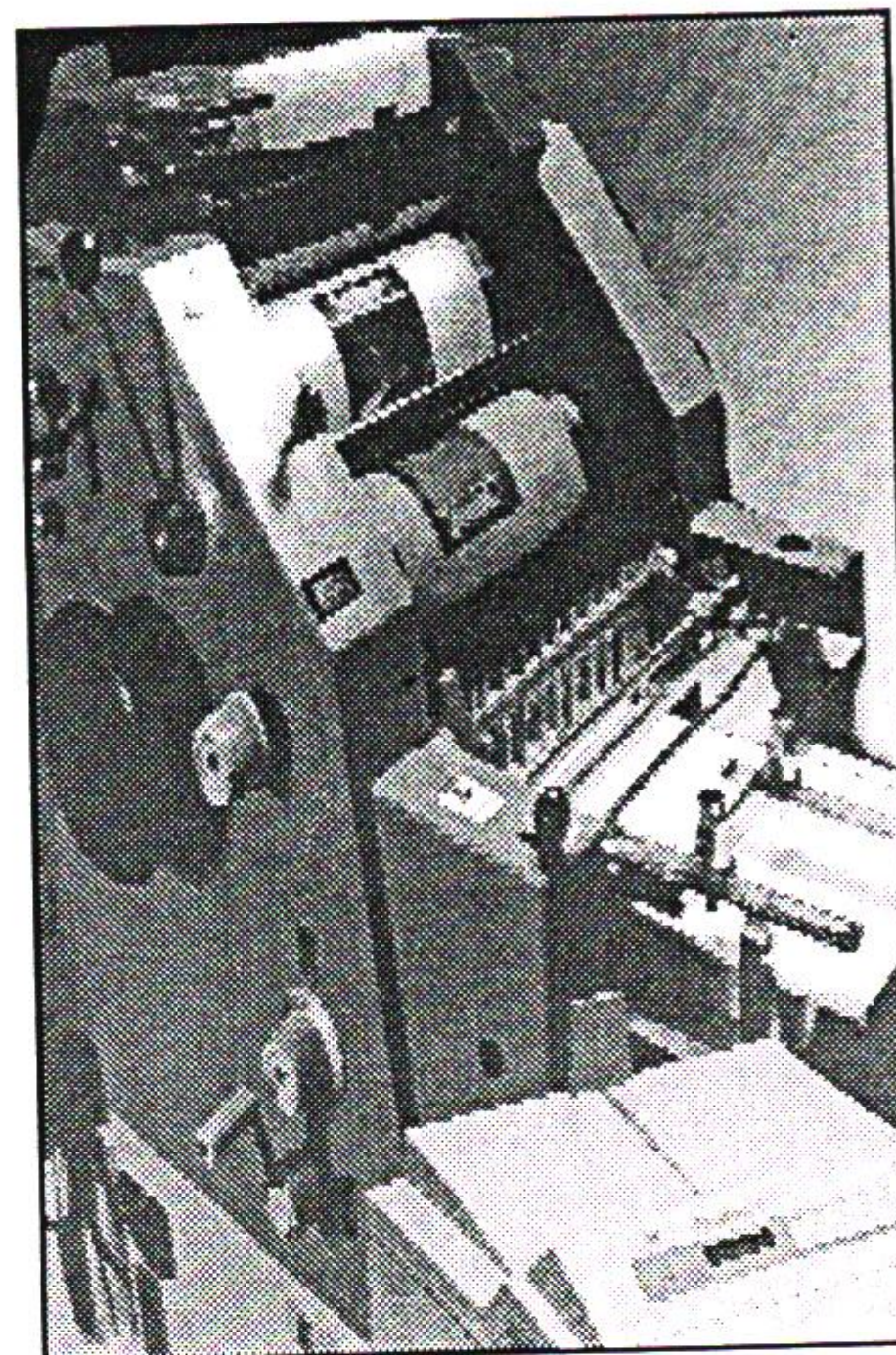
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by Alan Woods

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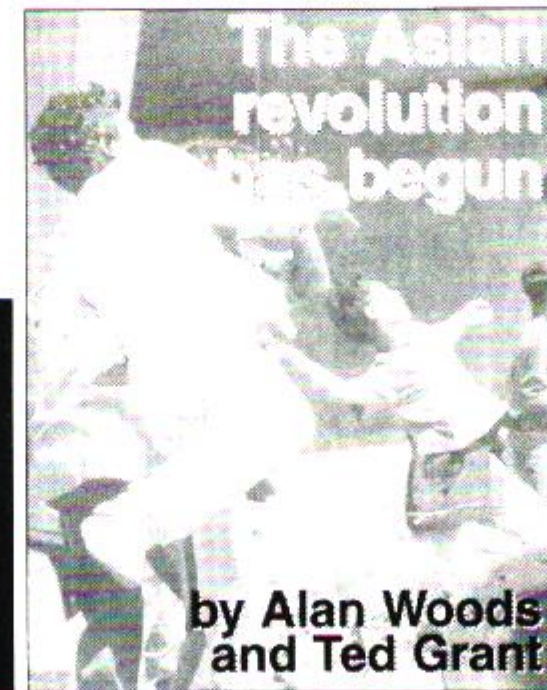
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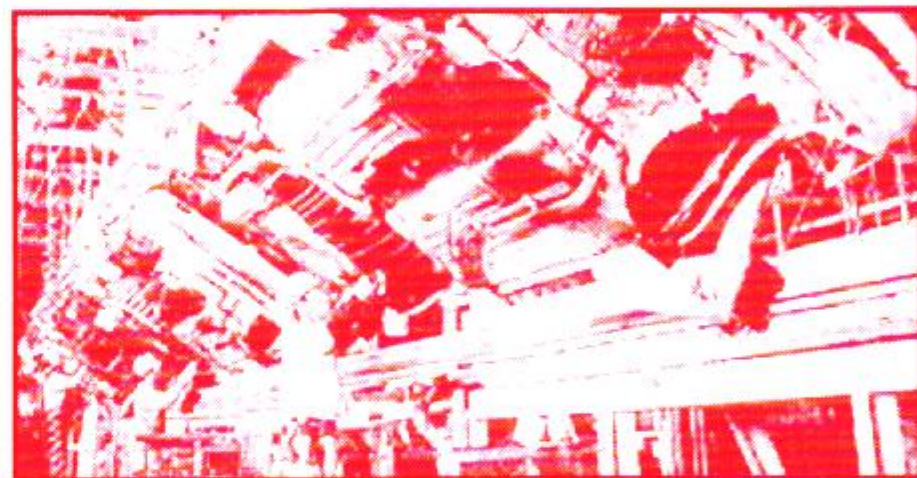
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