

socialist *appeal*

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Reject coalition politics - fight for socialist policies!

1999: capitalism's long economic winter
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price: £1

The Marxist voice of the labour movement

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Mandelson 'home-a-loan' scandal rocks Labour's right

"New Labour has no hang-ups about people making themselves rich." Peter Mandelson writing in the Daily Telegraph a few weeks before his downfall. Following his own advice meant a large house in London's trendy Notting Hill - and the rest is history. His demise, probably at the hands of one or other of his right wing 'colleagues,' has opened up weeks of 'counter-briefing,' back stabbing, infighting and general chaos on Labour's front bench.

However, these splits and attacks within the government do not simply reflect the personal interests of the protagonists. The acrimony at the top levels of the administration represent the impasse of Blairism, and the first real signs of the crisis that is developing in the Labour movement. The removal of Mandelson, Robinson and then Gordon Brown's aide-de-camp, Charlie Whelan, reflect an underlying malaise permeating the government.

Deputy leader, John Prescott, even used the opportunity of Blair being away in the Seychelles, to call on government to have a more Keynesian and interventionist approach, at the same time as heaping praise on Chancellor Gordon Brown, Blair's arch rival and leader of the



team widely accused of leaking the Mandelson story.

Long gone are the heady days of post election highs when the right wing press heaped adulation upon Blair. Now their knives are out. Many in the rank and file of the party were prepared to stomach Blair's pro-capitalist policies if it meant success. But after 18 months, there is mounting opposition within the party to the government's bending to big business. If the Blair project is unable to deliver, then the coalition of forces at its head will be prone to fracture. That is what has happened.

Demise

No doubt, many rank and file Labour Party members welcome Mandelson's rapid demise. After all, it couldn't have happened to a nicer man. He represented undiluted Blairism - a repudiation of all the Labour Party has stood for in the past. As Blair himself recognised, without Mandelson, there would have been no New Labour. It was in this role that he earned himself the title of Prince of Darkness, operating in the shadows and behind the scenes.

Mandelson typified the new layer of middle class social climbers around Blair. Not only did they want to turn the Labour Party into a capitalist party, like the Liberal Democrats or the Tories, they also sought to ape the morals and lifestyle of the bourgeois.

As Labour MPs correctly put it, the affair has exposed *"the moral corruption at the heart of the administration."* A cabinet source explained: *"To put it bluntly, there is an over-fondness for money and powerful people and wanting to be personally comfortable."*

Representing the working class seat of Hartlepool, where unemployment stands at 10.7%, more than twice the national average, Mandelson's nearly half-million pound house in the affluent Notting Hill area of West London is beyond the comprehension of most of his constituents in the town. It would be enough to buy 36 terraced houses in the constituency. *"We just think there's something wrong with these types in the City, and their hangers-on making a lot of cash and shovelling it*

around," said a retired fitter in the town's Engineers Club. *"This whole affair stinks."*

Of course, Blair has defended his old companion to the hilt, even suggesting he will return in the future to *"higher things."* Downing Street issued a statement saying that Mandelson's behaviour was not a *"hanging offence."* But Robinson's loan was simply the tip of the iceberg.

The whole affair represents a deep crisis for the Blairites. A backlash is taking place. Blair correctly sees the fall of Mandelson as a threat to the Blair project itself. *"Yes,"* he said, in a feeble attempt to cover his backside, *"there will be a number of people foolish enough to think that Peter's going means that somehow that there is some blow to the project of new Labour."* Obviously, he rejected this, saying: *"That goes on. I mean we were elected as new Labour, we will govern as new Labour."*

These remarks were clearly made as a rebuke to unnamed ministers who suggested, according to the Guardian, *"that the loss of Mr Mandelson, one of the chief architects of New Labour, should lead to a reassessment of the whole project. There was even a suggestion that Labour should begin to sever its links with the Liberal Democrats."* (28/12/98)

Offensive

This is a direct challenge to the Blair agenda. The whole project is being questioned from one end of the Labour movement to the other. Blair and his middle class friends have temporarily succeeded in hijacking the party. Their aim is to destroy it, as MacDonald attempted in 1931.

The Labour Party was created to represent working people in parliament. *Socialist Appeal*, which represents the Marxist wing of the party, calls on workers and youth to join with us in the struggle to cleanse the party of careerism. The battle for socialist policies is the only real alternative to the pro-capitalist policies of the Blair government. There is no other way.

**Break with big business!
Reject Tory policies!
No to coalitions!
Fight for socialist policies!**

Demonstrate for a living wage

The public sector union Unison is organising a march and rally on Saturday 10th April in Newcastle over the pathetic level at which the government proposes to set the minimum wage and the discrimination against young people inherent in the proposals.

by Stuart McGee

At the time of writing Unison had received the backing of nine national trade unions including the firefighters, journalists, building workers and others. There is also official backing from the National Union of Students and the British Youth Council.

Low Pay Commission

Last summer the appropriately named low pay commission, made up of academics, businessmen and trade union officials, (most of whom had never experienced low pay in their lives) recommended to the government the level at which they felt the minimum wage should be set, £3.60 for anyone over the age of 22, £3.20 for those aged 18-21 with 16 and 17 year olds totally excluded.

Many working class people, especially young workers would quite understandably have thought that a Labour Government would have radically altered some of these figures.

An initial minimum wage mirroring Unisons policy of half male median earnings (£4.62 per hour) with no age discrimination, a regular uprating system and a mechanism for ensuring it is implemented would not have been too much to ask for.

After all a basic 39 hour week at that rate would only pay £180.18p hardly a princely sum.

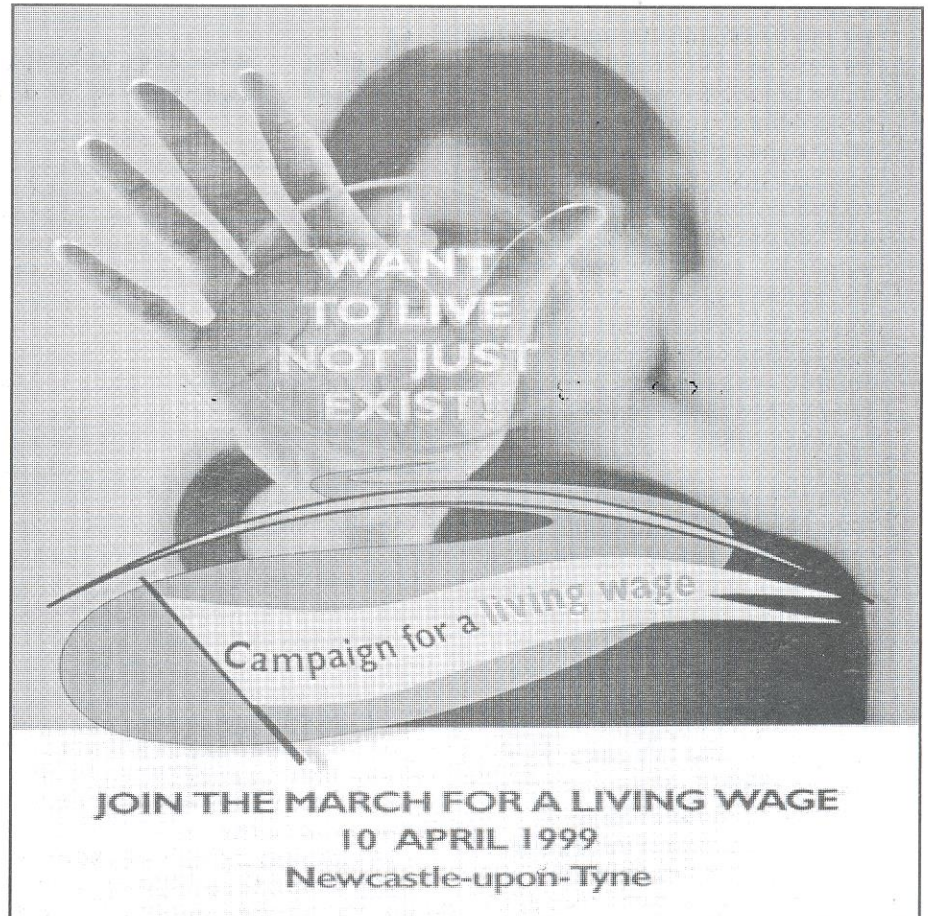
The government did make an alteration to the low pay commission's recommendations, but only one. Reducing the rate for 18-21 year olds from £3.20 per hour to £3.00 per hour.

Unison Conference

Unison's national conference was meeting while these events were going on. A majority decision was arrived at to organise a national demonstration on this issue prior to the Labour Party conference.

Rightly or wrongly Unison's national executive committee decided to delay the demonstration on the basis that if it was done before Labour Party conference there would not be time to organise properly.

The decision was then taken to hold it in Newcastle and a heavy emphasis has



been put on auxiliary issues such as entertainment to attract families and so on.

Whatever opinions people hold about timing, venues etc. the fact is that it is now on for Saturday 10th of November and according to Unisons executive committee this will be one of the biggest if not the biggest Labour movement event of 1999. We should now be uniting and every shop steward and labour movement activist should be pulling out all the stops to make sure there is a massive turnout.

In some areas Unison branches, sometimes in conjunction with Trades Councils and other labour movement bodies are organising public meetings to build for this event. Plans are being laid for the leafletting of shopping centres, Universities and local colleges.

Formal approaches are being made to other Labour movement bodies and it might come as no surprise that there is tremendous support from rank and file Labour party members who are becoming increasingly frustrated with the behaviour of the Labour party leadership in govern-

ment.

As already stated a heavy emphasis is being put in some quarters on secondary issues like bands and family entertainment. While fully supporting any measures to ensure a better turnout and a pleasant day the clear political message of the day to the government must not be lost.

The Labour Leadership must get on message with the people who elected them.

The minimum wage must be a living wage

£4.62 for everyone with no exclusions as a first step

Regular uprating and effective enforcement

Enough is enough/ stop pandering to big business/back those who voted you into office

How we won - The Shop

Sparks first came onto the JLE project in February 1996. Inside six months the first shop-steward was elected with over 50 sparks in the union. But we did something unique (and something all other building workers should note): besides paying (via the company) the union AEEU subs of £1.35 per week, we sparks, by ourselves, set up our own rank & file hardship fund of £2 per week! The reason for this was that as there's no sick pay in our contract we needed to it ourselves - and by god we did it, and it worked brilliant.

We simply call our rank & file body 'The Shop.' The AEEU union full-timers hated what we did, but we've grown from strength to strength, and this financial independence (and self-collection of funds) is important, because today we do many of the activities that unions were originally built to do. Our Shop supports our members in different types of hardship; we finance, organise and lead our own rank & file struggles with great success against management attacks; we give thousands of pounds to other workers' struggles.

By April 1997 there were 200 sparks on the job. A 5-strong committee of stewards was elected and we held monthly meetings. Three days later eleven sparks were sacked, including all 5 of the Shop Committee. Immediate unofficial (and very illegal!) 100% walkout resulted. As with today, the AEEU repudiated the action, and Drake & Scull sacked all 200 of us. We picketed out every site for a week - and then total victory! All were reinstated!

Since then our rank and file body has had a number of disputes, and been very successful, to the point of radically improving our wages, safety and general working conditions. We think that last month they were just out to smash these gains but, yet again, they felt our united power and were forced to back down.

Jubilee Line victory - a taste of things to come

The recent victory of the Jubilee Line Strike, and in particular the nature of the victory, organised by the rank and file in defiance of the anti-union laws, is an inspiration. We reprint below, with permission, extracts from the strikers bulletin *Flying Sparks*.

We defied our bosses Drake & Scull; the union busters Bechtel; the capitalist media witch hunt; the supposedly "Labour" government and not least our own union leaders who we pay weekly subs to, the AEEU.

We returned to work heads held high. We returned knowing we stuck together 100% and there was no question of that unity - and other sparks and plumbers came out just as solid with us - 700 in all!

It was our self-organised site-power that was key to winning this now famous strike. There are important reasons why our rank & file Shop is so powerful across 15 inner-London sites - reasons that could - and should - be spread to all trades and all sites across London.

On November the 25th thousands of copies of the Jubilee AEEU Strikers bulletin, *Flying Sparks*, were distributed saying: "We strikers came out over a week ago when the bosses tried to isolate selected rank and file trade union members from the biggest Jubilee Line Extension (JLE) site at London Bridge.

"What began as a dispute over safety fire-alarms, and then over victimisation of the Jubilee 12, has now become an all-out attack on our powerful rank & file sparks organisation.

"On Monday we proposed to the bosses that we would compromise, and if they needed 12 transfers then it could be done on a voluntary basis - and we would all be back at work on Tuesday. But they rejected this point-blank, demonstrating even more clearly to us all that their tactic was the first salvo in a US-style union busting onslaught. Bechtel, a US company, took over general JLE site management 3 months ago, and are responsible for hiring sub-contractors like Drake & Scull (our employers). Bechtel have stood firm behind Scull. We believe they are behind all this.

"The bosses refusal to compromise is in fact a declaration of war against some of

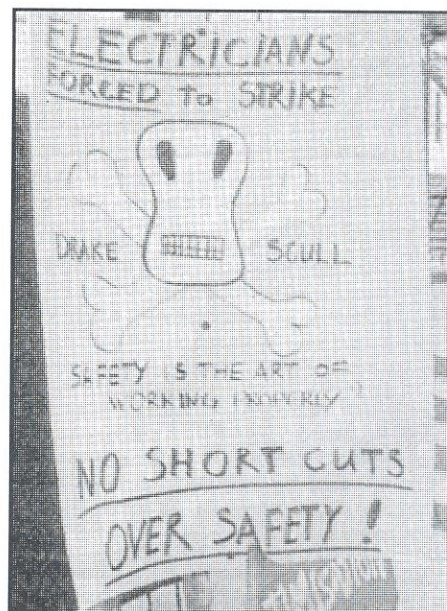
the best organised workers in the country - but it is clearly aimed at attacking the working and safety conditions of all the workers on the JLE - because they need to rush through the project in time for that stupid Dome. So corners need to be cut and safety automatically goes out of the window."

We appealed to all other trades on the sites to copy-cat our rank and file powerful way of organising. It was the willingness on our part to spread our success to all other trades (and labourers), combined with our 100% solidarity ourselves, that we think was the final straw that moved the company to give in completely. They felt our power of organisation, our willingness to spread unofficial action, to break the anti-union laws, to remain totally solid against 'our own' AEEU union - it scared the bosses like hell.

The Evening Standard (Wed 25th Nov.) described it under the headline Jubilee Line Firm Backs Down to Wildcat Strike:

"D&S reversed its earlier refusal to let the men stay, in the face of fierce wildcat action. Only yesterday Chris Raven, D&S project manager, said of demands that the men remain at London Bridge: "That clearly is not acceptable to us."

Yet within hours of *Flying Sparks 2* coming out on Wednesday morning, the boss-



es completely caved in. We were totally solid in face of threats to sack us all - and now we publicly threatened to spread the action. On Friday morning at a mass meeting of us all - there was a loud cheer as we all voted to go back with the 12 reinstated - and management now had to promise to properly consult the shop stewards on all matters - instead of behaving like jack-boot little Hitlers all the time. Well, we will see?

One thing. The scum mass media proved as always to be good friends of the bosses and the enemy of all work-

ers. But the scum of this scum was the 'Sunday Mail' which did a full page condemning us all as gangsters and thugs - and that was the nice bit about us. But so disgusting was the way they picked on one of us - dragging out incidents in a lying manner from years ago, twisting the truth like crazy, harassing the family of our brother. Well we showed them. Our brother was asked to say a few words to a mass meeting - and he got a hell of a cheer rocking the ceiling. This was an attack on us all - and we knew it.

Relaunch

Building for the future

This issue of *Socialist Appeal* marks a re-launch of the magazine. This has been possible through the sacrifice and commitment of our readers and supporters, which has recently allowed us to purchase new printing facilities. It represents a turning point in our development, and comes at a critical juncture in British and world politics.

We have been able to establish a small, professional, high tech printshop that will enable us to produce *Socialist Appeal* and a host of other material quickly, efficiently and cost effectively, without any of the capacity constraints we have suffered up to now. Over the coming months we hope to develop our magazine both technically and politically. And that's why we need your continuing support.

We need your articles, views, opinions, comments and letters to make *Socialist Appeal* a lively reflection of what's going on at every level of the labour and trade union movement. Over the next few issues we will introduce a number of new features, extend our coverage into new areas and enhance our style.

We also need your financial support -

the new equipment is only a beginning. We need to develop so much more - from our computer system and new software to other equipment to extend our printing capabilities. Next month we will be launching a new development fund in order to help us achieve these goals.

For the last seven years *Socialist Appeal*, as the Marxist tendency in Britain, has produced a unique perspective on events both nationally and internationally. We shall build upon this success and prepare for the big events that are about to unfold. In the coming period, the Labour Party and the trade unions are going to be shaken from top to bottom. Millions of workers will be stirred into political action for the first time.

It is time to act! We need to progress towards a more frequent publication with a far wider audience. That's why we've taken these steps and why we do not hesitate in asking for more help. Write for *Socialist Appeal*, help us with a donation, go out and sell it and win new subscribers. In these ways we can have a magazine we can all be proud of. The ideas of Marxism deserve nothing less.

Miners to ballot over pay cuts

Miners pay has deteriorated drastically since privatisation. For the last three years we've had to endure a pay freeze at RJB Mining, while our increased productivity has paid off all Budge's debts and made him a £580 million profit - that's a £billion altogether. How does he repay us, with a derisory pay offer of 1% below inflation over four years, and that only on our basic pay which makes up just 70% of most miners wages, the rest coming from bonuses.

We would need at least a 10% rise just to take us back to pre-privatisation levels, without taking our increased work into account.

As we go to press the NUM is preparing to ballot for strike action for a decent pay rise. The mood for a fight is definitely growing after years of declining pay and conditions. The situation is now so bad that even the UDM is preparing to hold a strike ballot.

With RJB still in negotiations with Powergen over coal supply, the NUM is potentially in a very powerful position.

A full report and analysis will appear in the next issue of *Socialist Appeal*.

Nigel Pearce, NUM NEC

Carol McHale

The Editorial Board, together with all comrades on Merseyside, wish to express their sorrow at the untimely death of Carol. Our deepest sympathies go out to Ray, Jessica and the rest of the family at this sad time.

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Reject PRP, fight for decent pay for all

"More than 3 million children, one in three, live in households with less than half average income." "2.5 million children live in households where no one is in work." These quotes are from a report from the Joseph Rowntree Trust which shows how poverty is being concentrated in Britain's inner cities.

**by Bryan Beckingham
Oldham NUT secretary**

The government's answer to the effects of social deprivation is to blame teachers. They say we cannot blame poverty for weak academic performance of the children. Do these Labour ministers live in the real world?

The Green Paper which is supposed to be open for consultation until March 31st contains potentially the worst attacks on teachers we have seen from any government and will add to the problems in our deprived inner city areas. Central to the Green Paper is the introduction of performance related pay (PRP). This PRP will be related to pupil progress! Targets for pupils will be set and teachers must achieve them to get the pay rise on offer. The National Union of Teachers (NUT) was established 125 years ago in a fight to get rid of payment by results!

Whole schools can also earn bonuses if they perform well. So to deal with poverty and inner city deprivation this government will be paying more to those teaching in the leafy suburbs and the better off areas. That will be the result of these proposals. Some union leaders are being seduced

into consultation but we cannot even consider PRP. It will be unmanageable, divisive and reduce motivation of teachers. Pay rises will be determined by an annual appraisal carried out by head teachers and externally monitored, probably by OFSTED, the hated inspections agency!

As socialists we oppose a system of PRP that seeks to replace decent pay rises for all our members by paying a bigger rise to a few. In education PRP is a non starter. Who would get the rise? The infant teacher who begins the child's learning process? Or the maths teacher in a secondary school because a particular group got good GCSE results? How can you measure the hours spent helping teenage students through some of the problems they face? The everyday work for form teachers. Or the class teacher in a primary school who helps a child through parental separation? The special needs children who require extra help but will hardly get high GCSE results. No! Stop and think, PRP cannot work. Teaching is about human relationships and team working, and to introduce PRP will destroy this by paying a few favoured people the extra rises.

Advanced skills teachers

The proposal to double the number of advanced skill teachers (super teachers) to 10,000 will solve nothing. It represents just one in fifty teachers. So pay the one and leave out the other forty nine! One delegate at December's special NUT conference said her school had agreed that the super teachers could only come into her school if they wear their underpants

over their trousers! The advanced skill teachers proposal should be treated with the contempt it deserves!

Pay for classroom teachers will be on two levels, with a PRP threshold opening up a 10% rise and possible advancement on to a higher scale. But to cross the threshold - after applying for assessment - you must prove "high levels of sustained competence, achievement and commitment," and maybe a new demanding contract (meaning an even larger workload, longer hours and shorter holidays). They will be getting their pound of flesh from anyone who successfully jumps through the annual hurdles. But also pay progression before the threshold will be on annual increments dependent on performance.

The teachers contract will be rewritten to include contractual duty for training. The green paper says they will not extend the school year formally, but training must be out of school hours and in part paid by yourselves! The annual appraisal will be assessing the training you have gone on as well. More training in your own time and partly financed by you!

Just to add to the divisions these proposals will seek to bring about, we will also see the introduction of 'fast tracking.' Quick promotion to senior levels for 'high flyers' so that they can attract apparently better graduates to teaching! Never mind the rest of us working hard year in, year out - we're rubbish, just select a few leaders-to-be, and promote them to carry out the new managerial tasks, including PRP of course! Tony Blair, who never saw the inside of a state school when he was a child, who sends his own children to a highly selective Grant Maintained School, believes in rewarding a few and making certain the rest are ground down.

Classroom assistants

One proposal we will welcome is the increase in classroom assistants by 20,000 full time posts and the proposals for improved working conditions. People from industry who visit most schools at present are horrified by the squalid conditions we work in. The extra classroom assistants, taking their number up to 77,000, will be welcomed. Our unions should be working to support Unison for increased pay for these workers. The Times Educational Supplement of 18.12.98 reported that their average pay is less than £7,000! 20,000 is just a start. The NUT have said that this is just a quarter of what is needed.



It is proposed to put in £1 billion over two years to finance the proposals (by the way not an extra £1 billion, but part of the already announced £19 billion). £1 billion over two years shared between 500,000 teachers is about £1000 each! Well OK, as a starting offer - we want a £2000 rise for all staff!

Some of the details are still to come out in technical papers but the unions and teachers must not wait. The fightback has started.

On December 5th Oldham along with many other NUT associations sponsored a pay conference. It was attended by 170 delegates from 40 NUT associations. The NUT leadership are sitting on the fence. We must send petitions from every school and association opposing any form of PRP. The NUT must campaign for:

£2000 rise plus 2.5% for all, 20% non-contact time for all, no cover after day one of absence, decreased workload, end to a judgmental OFSTED, quality training in work time.

The government recognises the crisis in teacher recruitment in the Green Paper. They say they wish to recruit, retrain and motivate. We agree with these ideals but the proposals in the Green Paper will achieve only the opposite. NUT associations should lobby MPs, send resolutions for action ballots against PRP.

Strategy to win

We need to discuss the strategy more fully but action needs to be taken which could include a one day strike with rallies in all the major areas. A national boycott of appraisal linked to pay. Moves to convince members of other unions - the national position of the NASUWT has been welcoming of the Green Paper, but the members I have spoken to disagree. With a strong campaign the NUT can convince NASUWT members to oppose. The other main union ATL can also be won to opposition. (The ATL recently balloted to affiliate to the TUC).

The struggle will not be easy but can act as a lever to push for one united union.

Elect Christine Blower

Within the NUT in the next 5 months we also face election for general secretary. The Left candidate supported by all groups of the left is Christine Blower and a victory for Christine will help us win our members for a struggle against PRP and for a decent pay rise and improved conditions.

With the support of parents, which I believe we can achieve, we can get these proposals rejected and really start to repair the last 20 years neglect of education. We agree, recruit, retain and motivate teachers and other workers in education to deliver a first rate education for our kids.

We have every right to fight for union rights

Two meetings in West Yorkshire before Christmas will have given those on the left who took part some seasonal cheer and something to look forward to in 1999.

by *Bernie Lappin*

Firstly, a *United Campaign/Reclaim Our Rights* Conference took place in Leeds with over 50 delegates from many different trade unions in attendance. They heard several speakers calling for support for the campaign to repeal all the anti-trade union legislation and to build support for a massive demonstration in London on 1st May 1999. Speakers included Joe Marino, General Secretary of the Bakers Union (BFAWU), Vic Allen, author of a history of the black mineworkers union in South Africa, and two shop-stewards from the Rover plant at Longbridge.

Trade union leaders

Joe Marino spoke brilliantly and made a telling remark on the spineless nature of many trade union leaders when he said, "History will judge the trade unions - they will look back at the period 1979-86 in disbelief, at the lack of courage and the defence of trade unions exhibited by the trade union leaders. They see their 'good living' threatened by workers willing to take action to defend their rights and conditions." He also told the meeting we should stop apologising for being trade unionists - we have every right to fight for trade union rights.

The important thing about this meeting was that, besides everyone being united in their determination to campaign for the repeal of the anti-union laws, the fact that over 50 turned out was a sign that the rank and file in the trade unions are beginning to move - two or three years ago the meeting would not have taken place.

The second important meeting was the Divisional Branch Conference in Region 3(b) of the AEEU. This was held in Wakefield and covers the Yorkshire and Humberside area. The conference was called to elect dele-

gates from the Region to go to the National Policy Conference in 1999, and to decide on six resolutions forwarded by branches, to go to the Policy Conference.

In the elections of delegates to the Policy Conference, the left won all eleven in the engineering section and three of the eleven in the electrical section. This was a significant change on previous years. Of the six resolutions forwarded, significantly two were carried which call for more radical measures than present policy and opinion in the union leadership.

The first of these resolutions highlights the disastrous effects of the Tories privatisation policies and calls on the Labour government to reverse these policies with a programme of renationalisation of the basic means of civilised existence ie, the industries of water, energy and transport - but with the workers of those industries having a real say in how they are run for the benefit of all.

The second resolution deals with Labour's proposals in the 'Fairness at Work' White Paper. While welcoming the general tenor of the White Paper the resolution notes 'the sop to the CBI on recognition' in respect of organisations of less than 20 employees, which will be exempt from the proposals. This will be severely detrimental to thousands of AEEU members in small and medium sized enterprises

Anti union laws

Unfortunately, another radical resolution aimed at securing the repeal of all anti-trade union legislation, and for establishing trade union representation based on a simple majority, was withdrawn from the agenda by the branch delegates after consultation with the union officers on the platform.

However, despite this, this meeting and the United Campaign conference were good meetings and certainly give cause for some optimism for the left over the coming year, especially the AEEU meeting, which if reflected in other regions would make for a very interesting National Policy Conference in Jersey next June.

The economic destruction of a region

March

Stafford Tableware, Meir. 50 jobs
 Royal Doulton, Fenton and Normacot. 200 jobs
 John Tams, Longton. 36 jobs
 Allied Insulators, Milton. 75 jobs
 Wade Ceramics, Burslem. 50 jobs
 Endurance Ltd, Crewe. 15 jobs
 Bricesco and Thermic Designs, Chesterton. 5 jobs

April

Universal Ceramic Materials, Stafford. 10 jobs
 H & R Johnson, Tunstall. 140 jobs

June

Portmeirion, Stoke. 16 jobs
 TT Ceramics, Longton. 93 jobs
 JW Ratcliffe Ceramics Engineers, Hartshill. 20 jobs
 Bricesco, Chesterton. 51 jobs

July

Wren Giftware, Fenton and Longton. 50 jobs

September

Churchill, (whole group). 12 jobs

October

Johnston Matthey Ceramics, Burslem. 20 jobs
 Wades, Burslem. 70 jobs

November

John Tams, Longton. 31 jobs
 Simpson Photo Mugs, Cobridge. 12 jobs
 Staffordshire Tableware, Meir. 67 jobs

December

Stoke Potteries, 40 jobs
 Royal Doulton, 1200 jobs

**TOTAL JOBS LOST:
2263**

1998: the year the Potteries were smashed

"... (There) arose a new branch of industry in the production of pottery, rendered important by the efforts of Josiah Wedgwood, about 1763. This inventor placed the whole manufacture of stoneware on a scientific basis, introduced better taste, and founded the potteries of North Staffordshire, a district of eight miles square which, formerly a desert waste, is now sown with works and dwellings, and supports more than 60,000 people." Thus wrote Engels in his work The Condition of the Working Class in England, describing the beginnings of Stoke on Trent as an industrial centre.

by Mike Lievens & Dave Sullivan

Now, an area home to hundreds of thousands is having its heart ripped out. North Staffs industry was known locally as being based on 'pots and pits' But 1998 saw the last deep coal mine in Staffordshire, Silverdale, closed, whilst the pottery industry locally is being decimated. The Royal Doulton's workforce is being cut by a fifth and the local Chamber of Commerce has reported that one in four of the firms in the area are planning job cuts. Gerald Brereton, a worker at the Nile street site at Burslem, expressing the mood said "If we don't lose our jobs this time there's a chance we will lose them next time. It's like wa^{ai}ing to be shot—waiting to hear if our jobs are safe."

In the last year, in the wake of the world financial crisis, the situation has worsened with thousands of redundancies, short time working and factory closures. Due to the low levels of basic pay in the area, many of the workers on short time working have had to apply for state benefits. The cuts at Doulton's have sent local Labour politicians off lobbying for 'assisted area status' to try and limit the predicted knock on effect in terms of jobs elsewhere.

Redundancies

Many of the redundancies have come on the back of a big reduction in profits for virtually every company—Portmeirion's down by a half to £1 million, Churchills down by two thirds to a £1 million also, Doulton's down by one third to £2.7 million and Wedgwood down 14% to £4.2 million. Both the bosses and the Ceramic and Allied Trades Union (CATU) have blamed the fall in profits on high interest rates. But whilst interest rates have played a small role, the decline has been mainly due to the drop off in demand generally. The big pottery firms rely heavily on

exports, particularly to the US and South East Asia. Sales in Japan have slumped in the wake of that country's economic chaos.

In recent years CATU has blamed the slump in the pottery industry on cheap imports from South East Asia. Indeed many companies such as Doulton's and Wedgwood have sacked workers in Britain and set up factories abroad, with the attendant poor working conditions and cheap labour supply. CATU has argued unfortunately for import controls to stop imports from South East Asia. However it is unlikely that any controls would protect jobs in Staffordshire. In fact it could lead to more job losses with the likes of Wedgwood and Doulton's reliant to a large degree on exports to that region, import controls in Britain could lead to tit for tat measures in response which would again reduce sales and profits. With or without import controls, the process of outsourcing will continue as the companies look to increase profit margins for themselves.

Profits

In reality, pottery workers in Britain have far more in common with workers overseas, than they have with their own bosses whose only interest is profit. CATU should be uniting with workers abroad (many of whom work for the same companies) to fight against closures and for improved pay and conditions.

Fundamentally the problem with the pottery industry (as with the car industry and so on) is that of overproduction, or rather that in the market for the goods capable of being produced there is not enough 'real demand'. The explanation for this 'overproduction' is competition and the lack of a plan which is the direct result of the private ownership of the means of production. Royal Doulton's statement following the closures makes this explicit in saying that they have "... been slow to face up to the hard realities required to succeed as an international business. Historically, its culture has been production driven rather than market led. As a result, it has had too many products, is overstocked, has over-invested in production capacity..." But 'market-led' industries fare no better in the long run and for the Doulton's management to use it as an excuse in this case is merely muddying the waters.

In the Communist Manifesto, Marx and Engels, referring to the systematic and repeated crisis within capitalism, describe the chaos of overproduction as an epidemic. The solutions for the capitalist class are simple: "On the one hand by enforced destruction of a mass of productive forces; on the other, by

the conquest of new markets, and by the more thorough exploitation of the old ones." In modern capitalist language this means downsizing and outsourcing alongside all the other 'methods' such as lean production etc. The Labour government rather than trumpeting a fanfare for these 'vibrant market forces' should act to nationalise under workers control these companies and the rest of industry and replace the chaos of the market with a socialist plan of production which will safeguard jobs and the future of the industry.

In recent years there has been a renewed interest in the great designers of the past, such as Suzy Cooper and Claris Cliff, but today's skilled craftsmen and women are being put out of work maybe never to return, and quality suffers as management continue in their attempts to maximise profits. There will always be a need for ceramics—kitchen, table and bathroom ware—what we no longer need are the bosses and their bankrupt system, which is casting an ever darkening shadow over the lives of the people of the Potteries.

Stoke Potteries closure

About 250 workers at Stoke Potteries face losing their jobs after the company went into receivership.

In mid December the workforce agreed to take an extra week in the Christmas break, as well as going on a 4 day week in the new year. On December 23rd, however, workers discovered that their wages had not been paid into their banks, along with 40 workers who did not receive their agreed redundancy payments. The company blamed 'cash-flow' problems as a result of a 'misunderstanding' with its bankers.

On 2nd January when workers turned up for work after the holiday they discovered the factory gates locked. The works manager then told them that the company had now been placed into 'administration,' and that there was no immediate future.

On January 7th workers held a mass picket outside the factory. The mood was understandably angry. June Ford, who is one of nine in her family employed at the plant told Socialist Appeal, "The whole thing stinks." The workforce, she pointed out, "had bent over backwards for the company." Now they were being "kicked in the teeth." Stanley Boardman, who had worked at the factory for 46 years, said there was no hope of getting any other sort of work. The CATU leadership had done nothing for them - they should be taking action across the whole industry to save jobs.

Things like this aren't supposed to happen here

"No comment," was management's initial response to the national rally and march organised by NATFHE on 14th November last year from Cricklade College to Andover Guildhall. Roughly 200 protesters from as far afield as Preston, York, Durham, Barnsley, Sheffield, London, Coventry and Bristol as well as the South responded to the union's call for the demonstration.

by Stuart Knox

This was the first demo in Andover since the 1990 Anti-Poll Tax march and undoubtedly came as a shock not only to stunned shoppers but the media as well—it was that evening's lead item on the BBC South news. Thing's like this aren't supposed to happen in the 'soft south', but then neither was the collapse of the Tory vote in 'their' heartland with 30 plus Labour MPs elected in 1997.

Tension between management and staff at Cricklade has become increasingly strained since the college was taken out of local authority control and 'incorporated'—that is, privatised by the back door. For the last five years a dispute over 'flexibility' has been simmering on against the background of an increasing government financial squeeze. The employers have demanded longer teaching hours, shorter holidays and reduced contractual protection over workloads. Thus at Crickdale there has been an approximate 40% rise in the number of students but a series of 're-organisations' and redundancies has meant that they are being taught by less lecturers!

Surplus

A report in the Guardian (29/7/98) stated that "between July 95 and July 97 the college had converted a surplus of £700,000 into a deficit of £1 million." Of course, management's large pay rises to themselves and company cars have nothing to do with this! And anyway they're doing a good job, aren't they? Well no, actually—in autumn 97 the college management was graded 4 (unsatisfactory) in an inspection report of the Further Education Funding Council. The same Guardian report as above also revealed that the South Wales Fraud Squad is investigating the affairs of Crickdale in relation to a trading agreement with Extras Limited for alleged irregularities in its dealings with European Social Fund monies.

In March 1998, with the local press ask-

ing questions, NATFHE members advised management to release a statement to the press. When this did not happen, NATFHE 'blew the whistle' and issued their own press release. How could management stay silent when the principal, Richard Evans, and the then Clerk to the Governors (formerly Director of Finance) were suspended?

Management responded on the first day of the summer term, 20th April, with a letter from the acting principal, Liz Blakemore, to all Business Studies lecturers, informing them of a 're-organisation' of their section and possible redundancies! The suspicion amongst NATFHE members was that these redundancies were being manufactured to silence critics of management at the college. So Crickdale NATFHE branch voted to ballot for industrial action in the event of redundancies being declared.

Redundant

On the 8th October three lecturers in Business Studies—including Andy Murray, a NATFHE regional officer and national negotiator—were informed that they were going to be declared redundant and were only to receive the statutory minimum pay. Although management and the union met at ACAS, the bosses refused to move so the national demo was on. What had begun as a dispute over working conditions was now one about the victimisation of trade unionists.

The demand from the demo was "defend the Crickdale three." In the union's view it was the most clear-cut and blatant case of victimisation they'd ever come across. If management at Crickdale get away with this it would be open season on union reps at FE colleges right across the country.

Two days after the demo the union started the balloting process. Management broke their silence by insisting that the redundancies were due to overstaffing and that there was no victimisation. However at the demo it was stated by NATFHE General Secretary Paul MacKney that business studies are the biggest earners for colleges so choosing that area for cuts seems a perverse choice if you accept the management line.

With the scene set for action, 1999 will be an interesting year not only at Crickdale but also at many other colleges up and down the country.

Trade union rights under 'new Labour'

As speculation grows about the new power relationships in the Labour Cabinet following the recent removal of Peter Mandelson, particularly the potential Prescott - Brown axis, senior trade union leaders have begun a new round of lobbying to stiffen up the Government's proposals for the forthcoming "Fairness at Work" white paper. Mandelson's replacement at the DTI is the "Blairite" Stephen Byers, who doesn't have a reputation of support for the trade union movement, is supposedly a 'moderniser' and in the camp of those who would like to see Labour's links with the affiliated trade unions broken. However the 'best laid plans of mice and men' could come into effect as the old Labourites press their advantage in the present hiatus situation in the cabinet. Mandelson was an open advocate of the CBI policy within the cabinet and was thought to have accepted many of their watering down amendments on the union recognition question. Whether Byers will be as up front as his predecessor in pursuing the interests of big business only time will tell.

by Steve Davison
President Keighley TUC

For trade unionists this opportunity to push their interests must be taken. Whether all the trade union leaders want to is another open question. As *Socialist Appeal* supporters in the trade unions have stated many times the trade union leaders

have not only come to live within the confines of the anti-trade union laws they have actually come to embrace them as a means of disciplining the membership and giving themselves an easy life.

The recent implementation of the Working Time Regulations (WT Regs) should serve as a warning to trade union activists that there is definitely something "new" about "New Labour" in its drafting of employment law. This is not a Government in the mould of 1974 that reestablished the legal basis of the right to exist for trade unions after Ted Heath's Conservative Governments' Industrial Relations Act and implemented the Health and Safety at Work Act with the rights of trade union safety representatives legally enshrined. These pieces of legislation were heavily influenced by trade unionists and drafted by politicians who accepted a collectivist approach for workers and the need for trade unions to act as a constraint upon big business. They were also written at a time of trade union ascendancy with the movement approaching a post war peak of 13 million members.

Government policy

In the Green (consultation) paper the Government outlined its policy objective in relation to the Working Time Regulations that had to become UK Law as a result of a European Union (EU) Directive. They said: "The Directive also forms an important part of the Governments project to create a flexible labour market underpinned by minimum standards." The proposed mini-

mum wage figure of £3.60 and £3.00 for the under 20's left people in no doubt that the minimum was to be the "bare-minimum" with the get-out of allowing employers to employ young workers cheaper at the expense of the over 20's.

This same logic has been applied to the WT Regs which is riddled with loop-holes and is virtually unimplementable for millions without recourse to an Employment Tribunal, which usually means losing your job first, or being dependent upon the Health and Safety Executive whose inspectors are spread thinly on the ground and is itself currently ideologically subservient to big business interests.

The reality is that it is not possible to square the circle of workers rights and to have a flexible labour market. The whole purpose of trade unions is to restrict the flexibility that employers want and to secure regulation of the labour market as the only means of providing a bottom line, whether in the form of collective agreements or of legislation. One or the other must prevail. In the WT Regs the Government has bent the stick firmly in the direction of the employers.

This is not to condemn the WT Regs in their entirety. On paper millions of workers will benefit with increased paid holidays and time away from the workplace. The reality is somewhat different and those without trade unions will find that these new rights are beyond them. Had the WT Regs been written and implemented in their original form from the EU and in the same spirit, the trade unions' role would have been enormously enhanced and collective bargaining at a national and industry wide basis would have been reestablished in many industries. Instead the Government introduced the "right to opt-out" of the 48 hour restriction and introduced a new concept called "Workplace Agreements" which pose a serious threat to trade unions and their existing collective agreements and may create another obstacle in the way of trade union recruitment and recognition.

The opt-out

As a concession to the Tories, the other European states accepted Britain's demand for an opt-out clause on the general restriction of a maximum 48 hours of working in any one week. Part of this thinking was the recognition that a future Labour Government would be unlikely to include it in UK legislation or repeal it if the Tories had implemented the Directive in



1996 when they should have done. To Labour's discredit they are the only Government in the EU that has implemented this clause. The TUC in its criticism of the then Tory government's proposal to include the opt-out condemned it as potentially making the bulk of the Directive meaningless. Whilst the TUC's opposition to Labour including the clause remained on paper, they conducted no meaningful campaign of opposition and many large individual trade unions were initially happy to let it go through. They didn't want to be seen to be responsible for clamping down upon the obscene amounts of overtime being worked in Britain which would have the effect of drastic cuts in pay for millions of workers in the absence of a struggle to improve wage levels.

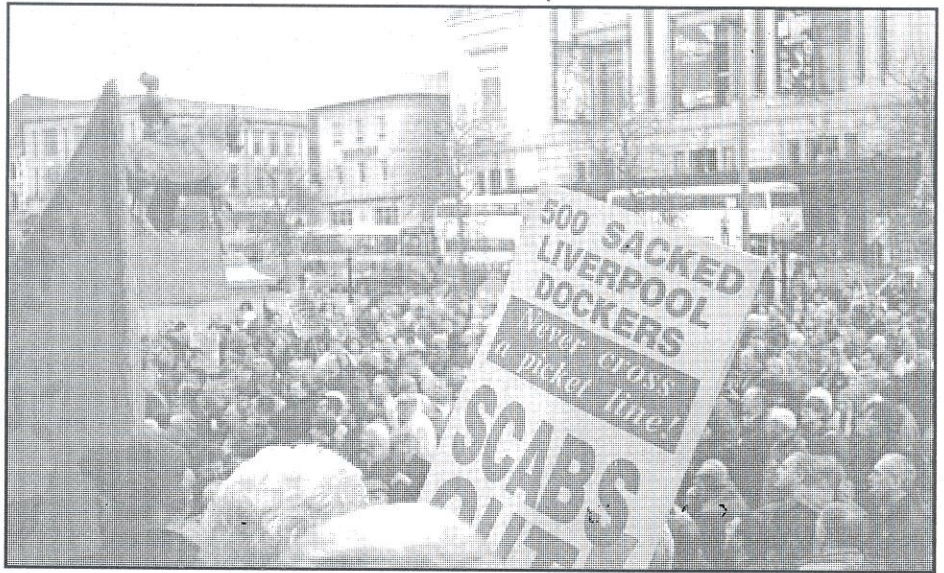
A handful of trade unions warned their members not to sign individual opt-out forms but the general approach was one of complacency. Not so the employers. On the 1 October 1998 thousands of workers were handed opt-out forms by the employers. Belatedly the trade unions woke up to the threat posed to collective bargaining arrangements and instructions not to sign were sent. Individual shop stewards had realised the threat posed and began to convince their members. As is always the case the challenge to management rule had to come from below.

Basically the threat posed is this: what is the point of having an agreement on normal working hours and overtime hours if members sign to work any hours the employer requests (which could be up to a period of 13 weeks). How do you ballot for an overtime ban if members have given a written approval to work whatever hours the employer decides? How do you stop employers giving opt-out forms to new starters as part of their contract of employment? Once having opted out of agreements on working hours are workers then pressurised to opt-out of other key terms like pensions, sick pay and parental leave? In short the opt-put is a return to individualism above the collective.

Overtime working

The pathetic response from the trade unions at national level is further proof of their detachment from the reality of working life in Britain today. Overtime working has become institutionalised in thousands of workplaces, some badly paid but not all. It has become a short cut to sustaining declining living standards at the expense of family and social life. The new 'dependency culture' for British workers in work has become dependency upon two income households and massive overtime working.

Since 1998 average overtime for full time males has gone up from four to seven



hours and for women from three to six. Anti-social working hours (weekends and evenings/nightwork) has gone through the roof with one in two working men and one in three working women working some or most Sundays. The general trend in the economy has been for women to replace male workers and it is estimated that over 45% of women workers now work more than 40 hours a week with 10% working more than 50 hours. (This compares to figures of 27% and 4% respectively in the late 1980's.) This has led to senior Church leaders like Cardinal Hume and the Bishop of Liverpool condemning employers for putting profits before people. From the leaders of the Labour movement there is barely a whisper. The majority of trade union leaders stand before the British workers as the "union barons with no clothes" and the Islington set are so busy in their Machiavellian dealings that the world of work passes them by.

The colossus of millions of overtime hours done by British workers stands as the permanent reminder of the failure of the trade union leaders to defend British workers living standards over the last two decades and the complete abandonment of any sense of social justice and fairness by the 'new' Labour Government. The sharing out of available work with increased pay must be firmly put back on the political agenda as central to any economic strategy to defend workers interest in the face of the oncoming economic recession. At a certain stage the rest of the EU will almost certainly remove the opt-out clause and in all probability seek to reduce the 48 hours maximum as part of their general strategy of a level playing field for European big business.

Overtime has been the Achilles heel for the British trade union movement from its

inception - the short cut to maintaining production for the employers and living standards for the workers. The failure to pursue high wage demands in the 1950's allowed the employers to avoid the investment necessary to compete in the world market and the proverbial chickens came home to roost with the decimation of manufacturing industry in the 1980's. Now if the trade unions want to deal with the overtime question it involves a major assault on capital and this scares them to death, hence their lack of strategy on the 'opt-out' question.

Workers rights

Britain's membership of the EU is problematic on many accounts not least of which is the lack of rights of workers as both workers and citizens as compared to their European counterparts. As a result of the bourgeois revolutions, workers revolutions and the rise and defeat of fascism in Europe, most EU countries have modern constitutions that enshrine the rights of their citizens. The anachronism of the British Royal Family, the House of Lords et al has meant that British workers have less rights than other European workers. The concept of rights is deeply enshrined in European industrial relations with the general right to belong to a trade union being made meaningful by the union having legal rights to exist and to represent its members. Workplace rights are further enshrined in the establishment of Works Councils in many countries and collective bargaining is usually compulsory for Employers. This is not to state that Europe is a workers paradise or that there are not big problems for workers organisations, but the legal status of trade unions and workers rights are generally much better than in Britain. In Britain the only meaningful rights that workers have is where they have been

achieved through their trade union which hinges on the question of trade union recognition.

All EU legislation on employment or health and safety matters contains references to workers rights usually in the phrase "workers and/or their representatives" because all workers have rights. In practice most workers are covered by union agreements whether they are in a union or not. For example, Germany has roughly the same percentage of union members as Britain, about 30%, but agreements cover almost 80% of all workers, whereas in Britain it is now below 50%. The failure of British legislation to give workers who are unable to secure union recognition or are not unionised rights on questions like health and safety representatives and consultation, redundancy and business transfer matters has led to recent amendments to UK law to accommodate workers that are not represented by a trade union. These are in reality sham rights as they are generally unenforceable and they allow the employer to choose who to talk to.

Workforce agreements

"New" Labour has incorporated these changes and taken this concept a stage further in the WT Regs in the form of Workforce Agreements. This is an entirely new concept in British industrial relations and could pose a serious threat to future trade union organisation if employers were willing to make some concessions to their workforce to keep the trade unions out. In future struggles for trade union recognition we are likely to experience employers playing with the Workforce Agreement to prevent effective trade union representation.

The Workforce Agreement "may apply to the the whole of the workforce or a group of workers within it." The Employer can decide the number of representatives, organise the elections and "ensure the votes are counted fairly" and the agreement can be in effect for up to five years. "New" Labour's vision of workplace democracy has no basis in the EU Directive and is a lame attempt to by-pass the very basic right that every worker should have, to have an independent trade union negotiate on their behalf.

Had "new" Labour any intentions of introducing strong legislation on trade union rights, recognition and collective bargaining there would have been no need for this rather ingenious invention which has the potential to allow two agreements in the same workplace, one for union members and one for non-union, with all the divisiveness that comes with it. The trade union leaders are silent on this question as on so

many others. They still live in hope that the government will give them the quick fix of easy trade union recognition that will supply the members cash to sustain their privileges and lifestyles. They are in for a rude awakening.

The original EU Directive allowed trade unions and employers to vary certain aspects of the Directive through mutual agreement. These they called derogations. The British Employers have interpreted derogation to mean that it doesn't apply to them or at least that they can make more flexible arrangements. Derogations were intended, for example, for continuous production purposes or for industries that are seasonal in nature or for the NHS and emergency services and to be negotiated at national or industry wide level. For example if there was a serious gas leak then gas workers would be expected to complete the emergency arrangements before finishing their shift and then get compensatory rest, for example a day(s) off. The Government has removed this essential collective approach to negotiating working time and devolved it to workplace level where union representatives can be put under the most pressure with threats of redundancy or closure unless the union makes concessions to management's production demands. The trade unions have accepted this without a murmur having long ago abandoned national bargaining as a means of achieving minimum standards in their industries.

The WT Regs go to great lengths to avoid the use of the term trade union, preferring to use the term workers. They allow for three types of agreements to vary the terms of the WT Regs; collective agreement, a workforce agreement, and 'relevant agreements' ie. individual agreements. This allowance for individual agreement is a significant departure from the original EU Directive and in the British context can hardly be viewed as a right but more likely to be the means of removing a right by employer pressure.

New rights

The WT Regs for the very first time give British workers legal rights to maximum weekly hours, paid holidays, days of rest and breaks. The WT Directive has not been problematic in the rest of the EU precisely because it is based on the legal standards that all other EU workers currently enjoy. In sweatshop Britain it is of course another question hence all the loopholes that "new" Labour have put in place for the Employers to evade effective implementation.

The Government has done enough to avoid being called into the European Court

of Justice (at this stage) though they openly admit that the WT Regs will be called into question. In the introduction from the DTI 'A Guide to Working Time Regulations' they say, "The booklet gives only general guidance and should not be regarded as a complete or authoritative statement of the law.....readers should be aware that there are likely to be developments in employment case law..." They are correct.

Already the Employment Service HSE information service is being inundated with requests from workers and the first Tribunal cases will be heard soon. The authors know that the legislation is flawed because they deliberately wrote it in such a fashion.

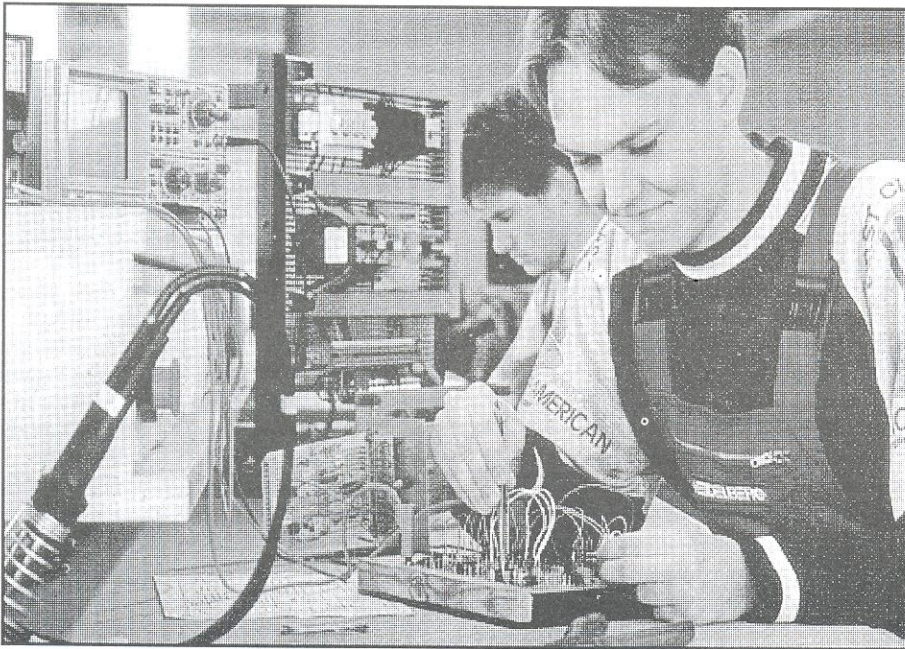
This must serve as an important lesson for trade union activists who are anticipating the "Fairness at Work" legislation in 1999. If the Government approaches this in a similar fashion it will be riddled with get out clauses and loopholes. Had the trade union leaders read "New" Labours' real agenda instead of the one that they imagined, they would have fought on the WT Regs as part of a campaign of mobilisation of its membership for the best possible implementation of trade union rights to be included in the new legislation.

Ironically their cowardice in the face of the Government will advance the day when the ranks of the movement demand the repeal of the anti-union laws which of course is the issue that they most dread. If legislation from a Labour Government is of no use then workers will return to militant trade unionism as the most effective means of improving and protecting workers living standards.

New struggles

Once the 'Fairness at Work' and the minimum wage legislation is enacted Labours' commitment to the trade unions will come to an end. Through hard experience trade unionists will be disappointed with the ineffectiveness of the legislation. This will reflect itself in anger at the Labour Government and trade union conferences will begin to debate new strategies to secure trade union and workers rights. A collision course with the Government and conflict in the party will be an inevitable consequence. At a certain stage the trade union leaders will have to change course to maintain any form of credibility with their members. Though trade union rights will not be the only issue that threatens the stability of the Government, because of the trade unions historic links with the Labour Party, stormy days loom ahead with an increased politicisation within the ranks of the labour movement.

Does the 'flexible' labour market really create jobs?



Have the yanks got it licked? This is the question the economic commentators are asking these days. And, for lack of any other bright spots to go on about, they're mainly coming up with the answer 'yes'. The facts are that the US economy has generated 12 million new jobs over the past five years while employment levels in the European Union have not gone up at all over that period. A large part of the answer is of course that the USA was first into recession in 1990 and first out in 1992. The big European economies are only just getting their wind back from the early 1990s downturn. In other words the American and European economies are out of synch. All capitalist economies have good times and bad times and it's not fair to compare American good times with European bad.

by Mick Brooks

But the journos are saying the USA is up and away because their workers can hack it. They are 'flexible'. The argument for more 'labour market flexibility' is a sure sign of a pro-capitalist policy to put workers under the hammer, whether it comes

from the mouth of Thatcher or from Tony Blair.

What causes workers to be inflexible? The main culprits are supposed to be:-

- trade union power, so the bosses can't get away with what they want
- minimum wage legislation preventing employers and the unemployed working out a deal to create jobs
- unemployment benefit, subsidising the workshy against the need to get off their butts and look for a job
- job protection, so cushy loss-making billets are featherbedded while the rest of the economy goes down the toilet

Clearly the agenda for 'labour market flexibility' is a finished programme for counter-revolution on the shop floor! And the perception is that in the USA workers are under the hammer. Trailer parks full of mobile homes testify to the anxiety of workers to traipse over half a continent in search of work. The President calls for 'the end of welfare as we know it' - and whatever their other little differences, the policy of socking it to the poor is completely bipartisan between Democrats and Republicans.

But what if it works? Is there a trade-off between jobs and conditions? Is there a flexible Anglo-American model of capital-

ism pointing the future to the sclerotic continental European model? Hang on a minute. The story we are told is one of muddled intervention in the economy and the labour market after the War in a misguided attempt to protect jobs and conditions. Since the 1970s a new generation of economists, reflecting the interests of the ruling class, have realised that it won't work. Unfortunately for them this is the direct opposite of the facts.

Regulated

During the highly regulated 1950s and 1960s there was virtual full employment in the advanced capitalist countries. Our 'supply side' economists began to thrive precisely as mass unemployment emerged and the great post-war boom ground to a halt. Their strategy is not a real solution to the problems of capitalism - it is an attempt to unload all its burdens on to the working class.

We've heard this stuff before. The Equal Pay Act was passed by a Labour government in 1970, providing for equal pay for women. This was not achieved, but the historic differential was narrowed in the following years. Elementary supply and demand analysis convinced right wing economists that this would mean bosses were less inclined to take on women workers. In fact women now make slightly more than half the labour force. So much for supply and demand analysis!

First off, the notion of an American renaissance is a pretty recent one. Over any longer period, their record is one of miserable decline. After the Second World War, the United States emerged as an unchallenged economic superpower, while Germany had been bombed flat. Now real wages in Germany are much higher than in the USA. Continental Europe has consistently outperformed the US for 40 out of 50 post-war years. Even at the moment, with the undoubted relative slowdown in the European economies, nearly a third of the countries in the OECD rich countries' club have lower unemployment rates than the States. They include such highly regulated 'inflexible' labour markets as Portugal, Norway, Switzerland, Austria and Norway. The idea that there is an undifferentiated 'Europe' with no regional or national variations is ridiculous.

Secondly, the US economy is growing quite fast at present. Manufacturing is now in recession and the outlines of the next world depression - which cannot give the States a skip - are plain for all to see. In any case what is the point of a decent economic performance if it does not benefit the vast majority who do all the useful work, but just shovels wads of dosh in the direction of the rich and undeserving? And the fact is, real wages have been flat as a pancake for the past twenty five years. Yup, America is richer now but most Americans are not.

Minimum wage

So, the minimum wage destroys jobs? Well in the States they put up the minimum wage by 21% over 1996 and 1997. So farewell to jobs, then? Not on your nelly. In fact the 1990s boom in the USA was pretty pathetic till 1995 in terms of growth figures. It actually turned up for 1996 and 1997, just when the theory suggests it should have been choked off by workers getting a taste. And ten million did benefit, though it has to be admitted the Federal minimum wage is still peanuts. A minimum wage can provide benefits for employers as well. It makes it easier to fill vacancies and so reduces recruitment costs. It is easier to hold on to workers and so cuts training costs. And it raises productivity by motivating employees. Still nobody would seriously argue that rising wages accelerated the boom. Most people without a miseducation in neoclassical

economics would assume that the world economy is sliding into recession now because it always does eventually. And that wages go up in a boom because bosses are desperate to pump stuff out of the gate and get money flowing the other way. In other words they would think, like Karl Marx, that "wages are the dependent, not the independent variable" - and they would be right.

So where have all the extra stateside jobs come from? 60% are the result of demography. What does that mean? It means that the age profile of Americans is different from Europeans. It means that there are a lot more US citizens who have come of age to get a job over the past decade. And these people have needs. A lot of the jobs have been created to fulfill these needs. No economic miracle there!

Despite fashionable talk of an Anglo-Saxon model, the statistics all tell the same story. Britain is not an inspiration or a model for job creation, despite the unprecedented swing in power on the shop floor away from workers and in favour of management over the past twenty years. Britain is average. But one area where Britain under the Tories led the way was in fiddling the unemployment figures. Twenty nine adjustments, all of which strangely seemed to cut the jobless count! Of course Britain is not the only capitalist country where the government finds it easiest to sweep the problem of mass unemployment under the carpet. In the States 1.7 million males are neither

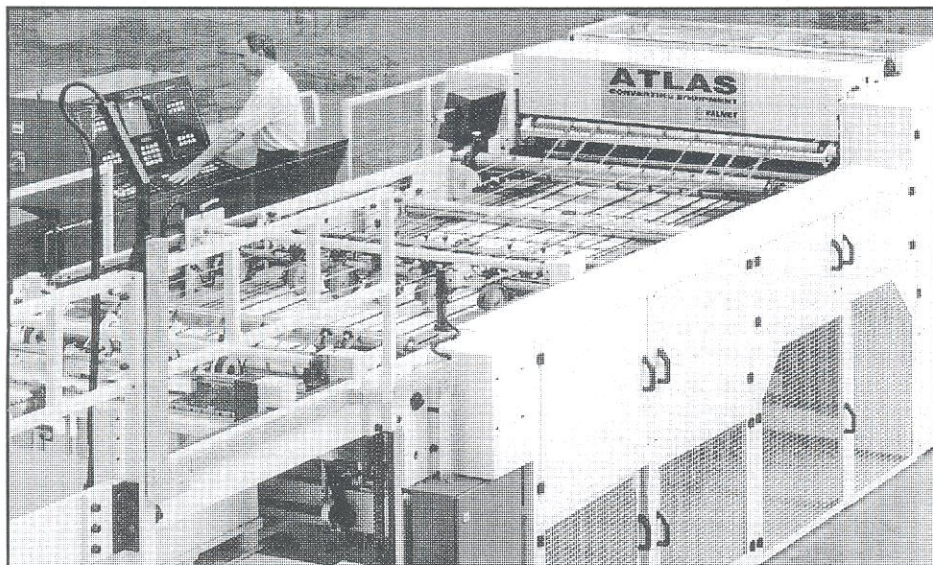
employed nor unemployed. 2% of men of job age are in prison. That ghastly statistic alone accounts for over half the difference in unemployment rates. Not much 'labour market flexibility' for them!

The other major difference between Europe and America is the insistence of the US capitalist class, whether Democrat or Republican by inclination, to go for 'the end of welfare as we know it'. According to supply side economists this should be quite a wake up call for the unemployed to get out there and start looking for a job. The States is the nursery of welfare to work - now being implemented here. Is this why the jobless count in the USA is falling? Well, how come it's the States where unemployment is lowest where job creation is fastest? No surprises there, of course. Boom conditions create jobs, and capitalism is by its nature uneven in its development. Apparently 40% of the fall in welfare rolls is because of the boom in the American economy. But another 30% have dropped off and are officially described as 'discouraged'. This is a polite way of saying they've been driven off the figures. No benefits, so no point registering. Where are the missing millions? If they've been driven into a life of crime, then the American ruling class could end up paying dear for this piece of creative accounting.

Income

The USA is still a rich country, even if its workers are not getting a share. In terms of national income per head the States is still number one. But what about the effort required to pump the wealth out? If we look at National Income divided by the hours of labour put in America doesn't come out so well because of the long hours its workers are forced to do. It falls from first to ninth place, and countries such as Belgium, France and (West) Germany all edge ahead on a more realistic measure of living standards.

The US economy, it is claimed, is good at creating rubbish jobs. And rubbish jobs are better than no jobs. This perspective is buttressed by the right wing theory of insider-outsider wages contracts. Workers in jobs pull up the drawbridge. They make sure they're OK in terms of wages, but this is at the expense of the jobless. So really workers are each others' worst enemy! Conveniently, it's not the system that's to blame. You have to say the theo-

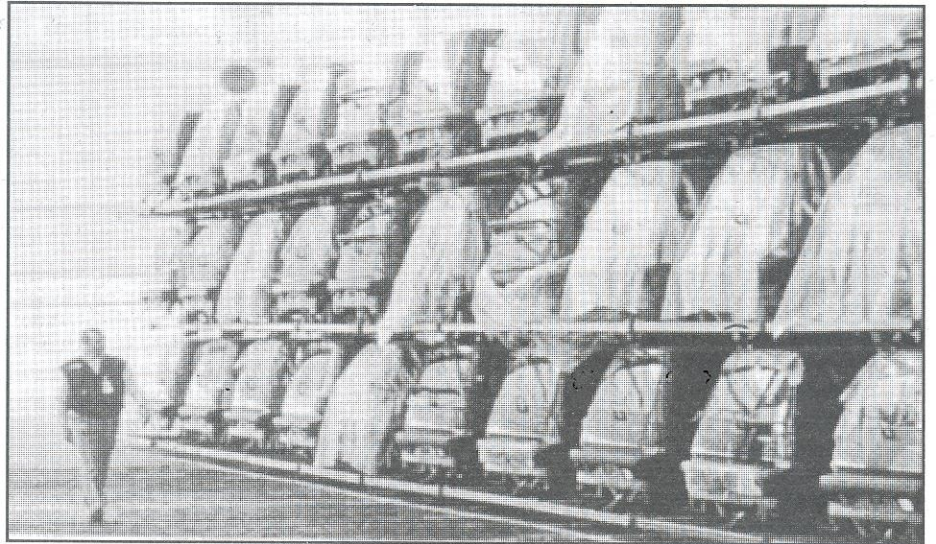


ry credits workers with much more economic muscle than most feel they've got these past few years. Another daft theory goes by the long name of hysteresis. Unemployment in the present is a function of unemployment in the past. Workers are trapped in bombed out jobless regions with no prosperity or prospects. This translates as 'you're unemployed because you're unemployed'. It is certainly true that employers are reluctant to take on the long-term unemployed. But that doesn't explain why all of a sudden millions lost their jobs. Neither does the insider-outsider theory for that matter.

'Labour market flexibility' means that workers move to where the jobs are. That assumes that they can just march in to any workplace and roll up their sleeves right away. That in turn assumes that they do not need any skills before they start. In other words the jobs we are talking about are Mac-jobs flipping burgers and the like. But there's another side to worker flexibility. If you pay peanuts, you get monkeys. In the USA the average worker stays for thirteen years at a workplace. In Japan they last 22 years. The result - just a tenth of American workers get on-the-job training compared with 70% in Germany and Japan. There's a different concept of flexibility at work here, sometimes called functional flexibility. German and Japanese workers are worth something to their boss, specially when they have paid to train them. They will try to make sure they stay by giving them more skills and promoting them up through the firm. Workers move to where the work is, but they don't change firms all the time. Precisely because they are forced to pay decent wages, German and Japanese capitalists lash out on training to make their workers more productive. The American capitalists' drive to turn the USA into a low wage economy is actually taking their own system up a dead end.

Working age

88% of American males of prime working age are in a job. The figure for the European Union is not much less at 85%. Without the poor figures from Spain of only 79% working, they would be about equal. The real difference in employment prospects is among older workers - over 55 - youth and women. All the capitalist economies are grappling with the emergence of mass unemployment. One make-



shift solution is to move towards early retirement. Older Italian males have a poor record of holding down a job, for instance. But workers over 50 who lose their jobs can retire on up to 72% of full pay. British workers may be inclined to wonder - where's the hardship? Likewise four fifths of French men over 55 and 90% of Germans have taken early retirement. The reason so many Anglo-American older workers are still in a job is because their system doesn't offer any alternative to grafting till you're past it.

Young workers are pushed into further and higher education because there are no jobs for them to go to. And there are different traditions regarding women working. For instance in Italy the entire post-war industrialisation took place under the auspices of a Christian Democratic government. As a result there was no increase in the female labour force. Europe is not a single entity, and all national economies are different.

So far we have a picture of short-sighted stupid capitalists in the USA, with their pathetic imitators in Britain, fouling up in competition with socially responsible 'social-democratic' European bosses who take the long view and work in partnership with their employees. Not so. Labour market flexibility is a race to the bottom by all the different national capitalist classes with no end in sight. West European employers have been told that protection from unfair dismissal is an attack on management's divine right to manage. So new workers taken on in countries such as Germany

are always on a fixed term contract, so they can be sent down the road whenever the bosses please. In France, too, 86% of workers taken on new are on short term contracts with no job security. European bosses believe that the indirect costs of employing workers, mainly in national insurance contributions, are much higher than in the States. So they only use part timers who are paid just below the threshold to make them eligible for social security.

Part timers

Germany now has nearly 5 million part timers for this reason. The German Tories have reduced statutory sick pay and torn up restrictions on unfair dismissal for small firms. In Holland nearly 40% of workers are now officially part time (compared with a quarter here). In other words Dutch jobs created in the 1990s have also been rubbish jobs. The main aim has been to drive down wages and conditions for the working class as a whole. Just like here they have schemes for the unemployed (called Melkert jobs). Only 2% of workers on schemes get proper jobs after they have finished. The schemes are there to drive down standards for all young workers in the Netherlands.

'Labour market flexibility' is a watchword for the ruling class in every continent to go hunting after their own workers. Don't be taken in!

1999: the start of the long economic winter

"At particular times, a great deal of stupid people have a great deal of stupid money...the money of these people - the blind capital - is particularly large and craving. It seeks someone to devour it and there is a plethora; it finds someone and there is speculation; it is devoured and there's panic."
Walter Bagehot.

by Michael Roberts

The world is heading for a major slump in the next 12-18 months. All the signs are there.

On the surface, all seems reasonably rosy. The world's stock markets have recovered from their autumn crash, when they fell by 20% or so on average after Russia defaulted on its state debts and a large speculative investment ('hedge') fund had to be bailed out by the US Federal Reserve prompting a looming global credit crunch. The US stock market Dow index finished 1998 at over 9000, up nearly 15% on the year and most European markets did even better. Only the relatively less important so-called 'emerging markets' did badly.

And the 'real economy' of developed capitalism also performed reasonably well. The US grew by over 3.5%, Europe was up 2.5% plus and the UK managed something similar. Only Japan continued to dive by nearly 3%. But so-called emerging Asia suffered the worst slump in a lifetime, while Russia entered yet another horrific downturn as the rouble collapsed. Latin America is now sliding into recession. Overall, the capitalist world grew about 1.5%, hardly enough to compensate for population growth. And 1998 was a relatively good year. The neon signs of a deep slump ahead are flashing.

Marxists have argued that the key to understanding the movement of economic forces under capitalism lies with profits (the fuel of capitalism), interest rates (the oil and lubricant of capitalism) and world trade and demand (the size of the track or road ahead). The direction of all these factors suggests: slump ahead!

World profitability is falling. In Japan, profits are falling absolutely, down 25% a year at present. And, contrary to popular belief, profits have started to fall absolutely in the US and the UK as well. Only in Europe, did they rise in 1998, but there

are already signs of a slowdown in growth in Germany.

In the emerging world, profitability has taken a huge hit. It's not difficult to see why. Prices of basic commodities that the post-colonial economies sell, like metals, oil, minerals, grain, coffee, meat etc, are now at a 20-year low. Prices have fallen 20% in the last year and crude oil prices have plummeted over 30%, a fall only matched by the last great oil crisis of 1986.

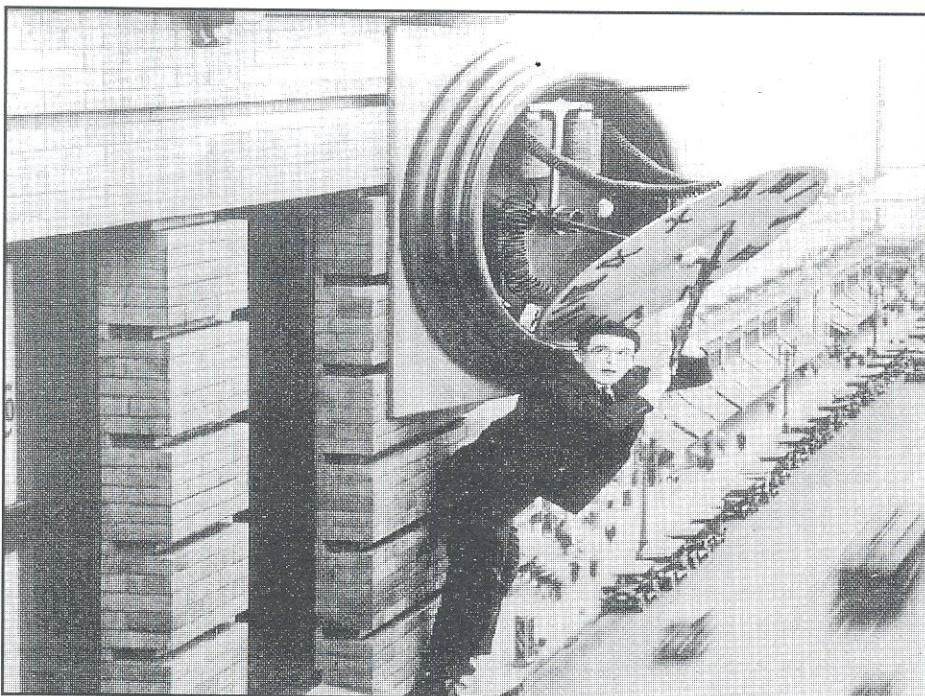
Commodities

This very fall in world commodity prices suggests a secular downturn in world demand and general malaise in the strength of world capitalism. The Asian crisis has led to a huge drop in world demand for basic goods. It has led to deflation world-wide. While the world's central bankers, as always, continue to publish 'inflation reports', the world heads into a deflationary spiral. Indeed, there is outright deflation already in Japan (zero price rises), China (prices down 3% this year), Singapore (down 1%) and Brazil (down 1%).

Why have profits started to fall? As Marx explained, capitalists cannot go on increasing profits because of an inherent contradiction in the capitalist mode of production. Profits come from the surplus value extracted from the labour power of those employed. The surplus comes about because the prices of goods and services sold by the capitalists exceed the wages paid to the workforce for creating these products.

But that can only continue as long as the value of labour power per unit of production time (or the unit costs of labour to use the capitalist term) and the cost of machinery and raw materials are kept below the price of each unit. But each capitalist is competing against the others. If others can sell at lower prices they will take the market. The pressure is on to keep costs down while boosting production.

The modern capitalist way to do this is to increase productivity of the workforce for a given wage bill. That can be done by increasing the intensity of work (longer





hours, faster etc), but mostly, by introducing technology to the production process. A better machine (and in the 1990s, we mean a machine with a better computer) will raise productivity the most.

Increased productivity lowers prices. If it lowers the prices of machines and raw materials, that will boost the profits of the manufacturer. But if it also lowers the prices of the goods the capitalist is selling, then more units of production must be sold to sustain profitability. More production requires more investment in labour and machines and also better productivity. Investment in machines rockets - the process is unending.

But the growth in productivity of labour starts to fall off. That's because more machines may not be better ones and the labour force, the key to production, cannot be increased any more or made to work harder. Wages start to rise, while the pressure of competition makes it impossible for capitalist producers to raise prices to keep profits up.

US boom

The 1990s have followed the Marxist scenario. Take the US boom of the 1990s. Since 1994, one-third of growth in overall national output is due to a rise in spending on machines. This has led to a sharp increase in productivity in the last three years, up 1.9% a year. That's much faster than the post-1973 average of just 1.1% a year (but still lower than the 'golden era' of capitalism 1950-73, when productivity grew at 2.8% a year). This productivity boom has been due mainly to the computer revolution. Investment in computers is rising at over 25% a year! Between 1991-98, US business invested 113% more in

machines. That's an even larger increase than in the 1920s boom.

But here's the crunch. Production capacity is now outstripping demand globally and in the US. The huge expansion in machines and the computer revolution is no longer delivering the profits. And once profits start to fall, as night follows day under capitalism, investment in machines and labour will be cut back. Manufacturing investment is already starting to fall; only computer investment stays up for the moment. And, with unemployment at a capitalist low of just 4.3%, US businesses are now starting to lay off workers.

Moreover, US firms are now borrowing at a rate over their cash receipts unprecedented for 30 years. They are stretched to the limit financially. And US consumers are also spending so much that their savings ratio (the amount left from household income after spending) is actually negative for the first time since records began! That means the average American family is spending every day more than the income coming in. US households are in better shape after this boom, so they can afford to run down their savings for a while. But their net wealth is not in as good shape as it was before the recession of 1979-81.

And here's the frightening thing for capitalism. American households with two solid incomes have been spending more and not just on the usual consumer goods. They have been betting on the stock market. With the aim of getting a good income when they retire (given the lack of a decent state pension), they've been giving their money to investment fund managers to invest in stocks and shares for their old age.

The huge increase in these funds has

led to a massive stock market boom. Share prices have rocketed in the last three years. Investors have been buying anything that moves. Take the so-called technology stocks like the internet companies, Yahoo and Amazon. They have made no profits since they were started and yet their share prices have risen thousands of percent! America Online is now worth more on the stock market than General Motors.

It's a classic stock market bubble like the South Sea bubble of 1720 or the boom of the 1920s. The US stock market ended 1998 priced at 30 times annual average profits. That means if you buy a US share, it will take 30 years of profit to get your money back in the dividend! So the only way you can make money on the stock is for the price to rise. Everything depends on the stock market keeping on rising. So far, the euphoria continues. A recent survey of 'experts' in the US showed the highest score yet for those expecting the stock market to keep on going up in 1999.

Fictitious capital

America's new wealth is mainly invested in fictitious capital, as Marx called it. The net wealth of US households has risen 40% in three years, but if you take out 'financial' assets, like shares and bonds, 'tangible' wealth, like property, cars etc has risen only about 5%. Borrowing by American households is now 140% of net wealth and borrowing to invest in the stock and bond market has risen from 15% of the total borrowing to 25%!

Yet in the real economy business profits are falling and investment is beginning to drop. Manufacturing employment in the

US is down 150,000 in the last six months. It's true that the computer and internet revolution may provide some continued support to investment in 1999, particularly given the work needed to overcome the danger of 'millennium bug', the predicted computer crash engendered by the Year 2000.

But investment growth cannot go on outstripping profits for much longer. It will have to slow sharply. And once investors in the stock market realise that profits are falling and investment in the real economy is slowing, they will pull back from buying shares. A stock market crash, the precursor of which we saw last September, will appear with a vengeance.

Now it's true that the stock market is no clear indicator of a slump in the real economy. As the famous capitalist economist, Paul Samuelson, remarked, the stock market crash has predicted four of the last nine economic recessions! So, will the crash of 1999 be like 1929 or like 1987, which led quickly to a renewed capitalist boom as central banks sharply cut interest rates and governments started to spend and run up budget deficits?

The answer again lies in the real movement of the capitalist economy. Unlike 1987, but like 1929, profits are now falling. There was a similar 'technology investment' boom in the 1920s. It did not save capitalism from slump. Indeed, the heavy dependence on the technology sector made the subsequent slump in investment even greater when that sector dived. That will be repeated for the computer sector from 2000 onwards. Indeed, the millennium bug effect could knock up to 0.5% off the world's GDP growth rate in 2000 through the disruption to production.

Manoeuvre

And this time there is much less room for manoeuvre in cutting interest rates. Reducing interest rates on borrowing has always been one way of getting out of a capitalist crisis. If bankers take less of a cut from the profits made by manufacturers and businesses, then profits in the real economy can be bolstered. But it's real interest rates (that is after taking into account inflation) that is key. If real interest rates stay high, then real manufacturing profits will stay low.

Central bankers have already been cutting interest rates. The US Federal

Reserve Bank has made several reductions. So has the Bank of England in recent weeks. Even the cautious bankers of Europe have finally made a small cut. The Bank of Japan already has rates near zero. What these cuts have done is boost the world's stock markets and renew the financial mania that has swept the world.

Profits

But it will not stop a collapse in real profits, investment and production. That's because real interest rates are still well above historic levels. As fast as bankers cut rates, inflation drops faster. As world inflation head towards zero because of collapsing demand in the 'emerging world' and increased price competition in the 'rich world', real interest rates stay high. In the US, interest rates are about 5% with inflation at 2% (real rate 3%). In Europe interest rates are 3% with inflation below 1% (real rate 2.5%). In Japan (already in a deep slump), interest rates are 1% but there is deflation of 1% (real rate 2%). To boost profits, real rates need to be negative and that's not going to happen.

At the same time, government spending is not being increased, except in slumping Japan. The US and UK governments are actually running budget surpluses. In Europe, deficits have been driven down to under 2% of GDP, unprecedented in 30 years. So the capitalist real economy will get no help from the bankers or from governments.

And this time, the launch of a new currency for the bulk of Europe will make things worse. Desperate to ensure a strong Euro, the new European Central Bank will be very reluctant to cut interest rates and so weaken the new currency, while the Euro governments have agreed to keep budget deficits close to zero and no higher than 3% of GDP forever!

In the 1920s, most of the world's currencies were tied to the value of gold. In effect, they could not be devalued to help exports and so recover from a recession by exporting it abroad. To keep the currency tied to gold, central bankers had to keep interest rates up while prices fell. So they contributed to the eventual 1930s depression.

In the 1990s, Asian governments tied their currencies to the dollar. As the dollar strengthened from 1995, Asian currencies rose, making their exports uncompetitive.

The result has been a huge slump. Now Europe's currencies are tied to the Euro. It means each economy's fortunes are tied to the largest economies, Germany and France. If they slow down, so will the rest of Europe, for no country can devalue its currency. It's another gold standard.

The world will dive because profits are falling, investment will be cut back and unemployment will start to rise again in the 'rich world'. Profits have started falling as investment has outstripped sales because of the inherent drive of capitalists to compete and because there are limits to the surplus value that can be extracted from the world's workforce. Interest rate cuts can alleviate that process, but not stop it.

Similarly, increased world trade can relieve the burden of selling excess production. In 1997, world trade rose 10.8% in volume, way above the increase in world GDP of just 3%. Indeed it has been a feature of the 1990s that the ratio of world trade growth to world output growth has shot up compared to the 1960s and 1970s. That reflects the intensified pace of 'globalisation' in trade and investment. Capitalism is more a world economy than ever before.

Downturn

But it also reflects the downturn in world growth seen since 1973. The end of a unique golden era of rising profitability, fast growth and full employment of 1948-73 meant that low profitability in the OECD could only be compensated for by increased markets in the 'emerging world'. This expansion of capitalist imperialism repeats the first great upsurge of capital exports in the latter half of the 19th century, and also during the inter-war period before the Great Depression of the 1930s.

But in 1998, world trade growth fell back sharply to rise just 3.7% in volume. With world commodity prices falling, with Asia in deep crisis and with Japan in depression, world demand took a tumble. It won't be any better this year. Latin America, led by Brazil, is heading for recession. Eastern Europe, headed by Russia, will slow sharply. Japan remains at the bottom of a pit. There will be no escape for other economies by exporting to these.

That means the danger of protectionism will grow. The US will complain that its rising deficit on trade is due to other

economies failing in their duty to boost demand and reduce trade restrictions. The Americans will threaten counter-measures. They have already caused a ruckus over bananas, and more significantly over telecommunications and insurance trade restrictions. The US Congress will be kicking up about having to save the world without getting anything in return. In response, Japan and Europe will be reluctant to make any concessions to the US, with unemployment rising in their economies.

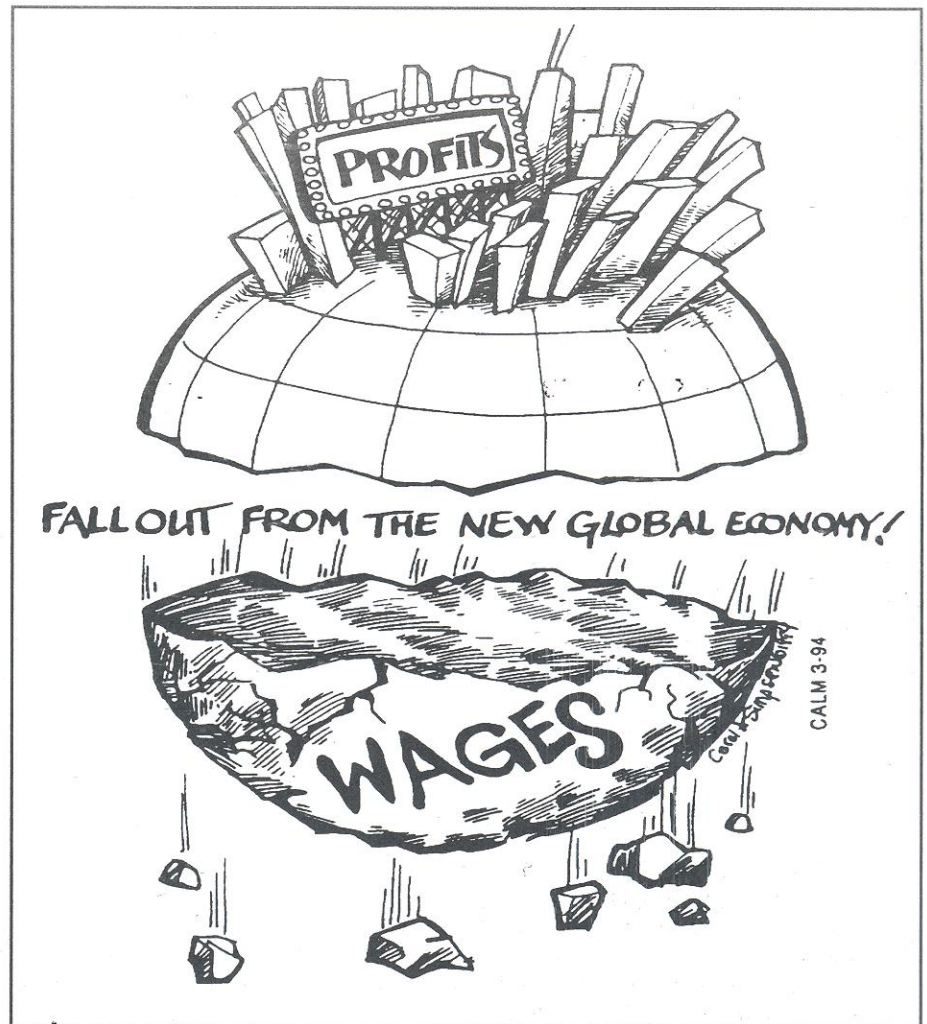
A huge credit bubble is fuelling the world's stock markets as in the 1920s, while production slows and profits start to fall. Real interest rates remain too high to help manufacturers and will not be lowered by the bankers sufficiently, partly because of inherent caution and partly because you cannot have interest rate below zero! World prices continue to fall away just like the 1920s and 1930s. And governments are tied into the capitalist ethic of balanced budgets and won't allow the state to intervene to boost capitalism until it is too late. Remember President Roosevelt was elected in 1932 on a programme of a balanced budget and did not resort to deficit financing until 1937, and that was for the war build-up.

World growth

Recently, the OECD did an important study. This international research institute, representing the rich world, forecasts world growth of 1.7% for 1999. However, the OECD argued that if three things happened this year together, then the world would go into recession. The first was another crisis developing in Russia, or Brazil or China that forced these countries into slump. The second was a banking collapse in Japan and the rest of Asia, which kept that region from recovering. The third was a collapse in world stock markets along with some investment bank bankruptcies.

All of these things are probable, not just possible, in 1999. Brazil and Russia are already there. China could follow unless it devalues. If it does that, it will drive the rest of Asia into a deflationary spiral. Asia's banks are on a knife-edge and could easily crumble.

The US market is headed for crash bringing the rest down. The US consumer will suffer and pull in the horns. Last year,



the misnamed Long-Term Credit Management investment fund borrowed over \$3trn (30% of US GDP!) to bet on financial markets for its clients. They and the US government had to save LTCM with taxpayers money rather than have an almighty collapse of credit markets.

Scandals

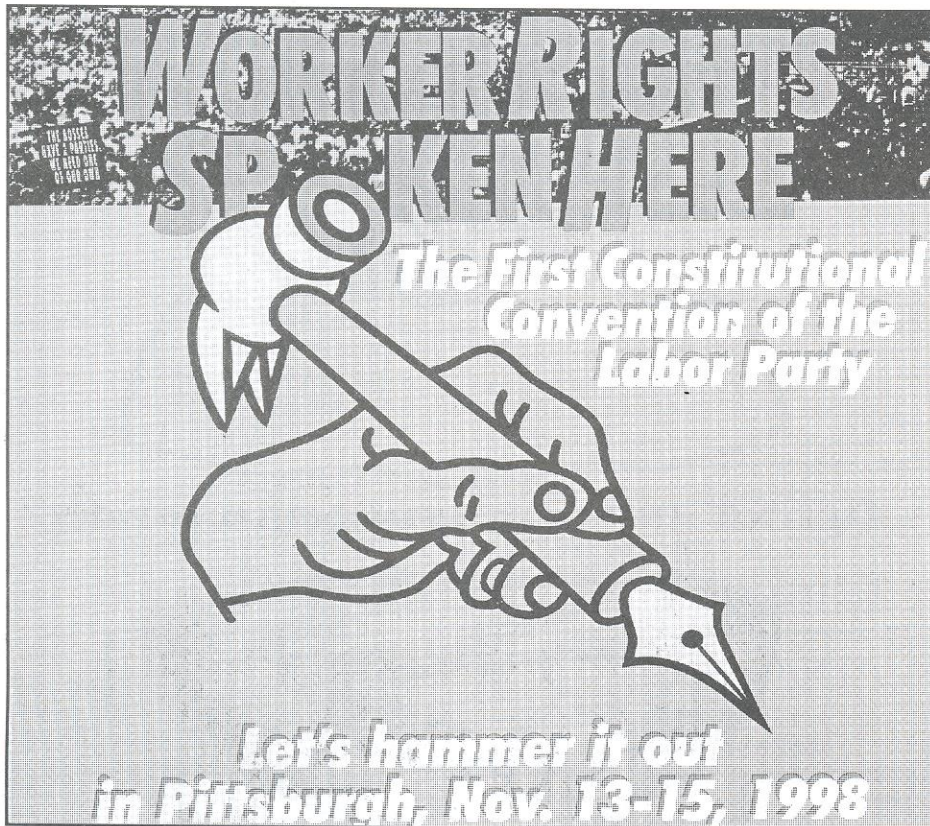
This is very likely to happen again. At present, the world's bankers have lent over \$1trn to the countries of Asia, Latin America and ex-Stalinist Eastern Europe. That's more than all their shareholder capital and reserves put together. They will have probably lost about 40% of their loans already. Eventually they will have to admit this on their books. Expect some more scandals.

The world recession of 1999-2000 will develop into the depression of the 2000s,

as in the 1930s and as earlier in the global slumps of 1830-44 and 1885-96. Capitalist profitability peaked in the mid-1960s, just as it did from 1896 to 1910. It fell sharply until the end of the recession of 1979-81, just as it did from 1910. It recovered somewhat from the mid-1980s to now, after two world recessions destroyed old industries and boosted labour productivity first by mass unemployment and latterly by investment in machines (mainly computers) - just as it did in the 1920s.

But the booms of the 1980s and 1990s have not restored the profitability of capitalism's post-war golden era. And now the gains from a world globalisation are petering out, as they will from the computer revolution. The long capitalist winter is coming.

US Labour Party: "We're here to stay"



"Raise Hell! Raise Hell!" came the repeated shouts of the assembled delegates in response to speeches calling for class action. "There is a class struggle", stated Buzz Hargrove, to the roaring approval of the whole Labour Party convention in Pittsburgh. Hargrove, Canadian Auto Workers President, was giving fraternal greetings on behalf of his union that brought delegates to their feet. "We are part of that struggle. We can make a difference", he said.

by Rob Sewell

With the convention hall surrounded by murals of working class heroes from Mother Jones to John L. Lewis, Hargrove hammered home the attack against international capital. "Capital yields nothing without a struggle", he said. "But they take, take, take. They need to be pushed back.. We need to build an alternative, and join in solidarity with workers everywhere.. We have to put an end to casino capitalism." Which pretty well summed up the mood of this Labour Party convention.

The US Labour Party was established just over two years ago in Cleveland, Ohio. But this Pittsburgh convention was deemed the First Constitutional Convention, with more-or-less its constitution and structures in place. Over the past two years, this fledgling party has made modest progress in building up its membership, which currently stands at more than 10,000. Greater progress has been achieved, despite a cool response from the leadership of the AFL/CIO, in attracting affiliation and endorsement from union bodies. At present, affiliates and endorsers represent over one million workers.

The 1,414 delegates present from chapters and unions from 46 States were composed of miners, dockers, textile workers, nurses, power workers, electricians, farm workers, civil servants, construction workers and many others. It was a solid workers' gathering. As we wrote two years ago, this venture represents the most serious attempt in 50 years to establish a party of Labour in the United States.

The Mineworkers' leader Cecil Roberts delivered a speech, in his distinctive

Virginian accent, attacking the conditions facing working people in America today. "There are 80% of US workers that make less than they did in 1980. Forty million live in poverty. 33% of US children have no health cover. Twenty percent of American children live in poverty", he said. "And yet the press is obsessed with sex. The Labor Party wants to change the debate." He pointedly concluded to rapturous applause: "It's time to say no, no, no, hell no!"

One of the key debates at the convention was over electoral strategy. Two years ago the party decided not to stand candidates, but would review the situation at this gathering. An Electoral Commission was established which put forward proposals for a cautious entry into the electoral field. The report stressed "We stand independent of the corporations and their political representatives in the Democratic and Republican parties. Our overall strategy is for the majority of American people - working class people - to take political power." It concluded, "Within this framework of class independence, with the ultimate goal of achieving power, we accept the electoral tactic of running candidates."

A key part was: "The Labour Party will support only candidates for office who are Labour Party members running solely as Labour Party candidates. The Labour Party will not endorse any other candidates." This served to allay fears that the party would be simply used to exert pressure on the Democrats, and not fight independently for the interests of the working class.

The key concern of the leadership was of running credible campaigns to win public office. "We don't want to be one-percenters", stated Tony Mazzocchi. The Commission therefore put forward a whole series of tough criteria for running candidates: the necessary resources, both financial and organisational, with sufficient backing from unions and community organisations. Ultimately, a national committee of the party would decide whether or not to proceed. Opposition to the leadership's proposals came from those who saw the criteria as imposing too tight a grip over the democracy of the Chapters and State Parties.

In a very heated debate, many referred to the potential for the party now on the electoral front. A week previous, the mid-

term elections saw a voter turn-out of only 37 %, a 50 year low, which reflects disillusionment with the current two party system. While the stunning victory of Jesse 'The Body' Ventura in Minnesota against the established Democrat and Republican, revealed the potential for a third party. "If we don't fill in the political gap, someone else is going to," said Jan Campbell, director of the Rhode Island Labour Party. "Our health care campaign is great, but our members want us to run candidates."

Other delegates warned that the party would require several more years to build its base. Their fear was that the party would damage itself if it ran candidates prematurely, and it could risk destroying the party if it flopped miserably before it had time to consolidate its base. In the end, this more cautious approach carried the day. In all likelihood, the party would pick and choose its best options and would be unlikely to enter the electoral field on any significant scale for at least another few years.

Some then argued for "fusion" politics, which would allow the party to cross-endorse non-Labour candidates. Such a policy would open the door to deals with Democrats and fly in the face of independent class politics. But, again, this was heavily defeated in a voice vote. So, after a sharp, but comradely debate, which mirrored the controversy at the founding convention, the Electoral Commission's proposals overwhelmingly won the day.

The party has set out to win the hearts and minds of working people. Today's workers want unions. According to recent opinion polls, almost half of working Americans - over 50 million - would join a union if they had a chance. However, those who try to organise now face a war in the workplace. One in ten union activists are fired for promoting a union - up from an estimated one in twenty in 1980. As a result of this environment of fear, attempts to organise have curtailed. In 1997, workers participated in only 3,160 National Labour Relations Board-supervised elections, down from 7,021 in 1980.

Consequently, the convention went on to endorse a campaign on Workers' Rights. The resolution was introduced by United Mine Workers of America President Cecil Roberts. Roberts recalled some of the militant battles the members of his union have been through to defend their rights as workers. "We know the

answer to workers' problems in the US is a stronger labour movement in this country where people have a legal right to speak out, to defend themselves, to health and safety," he said.

The resolution pointed out:

"At work, we are guilty unless proven innocent.

"At work, we obey orders upon penalty of discipline.

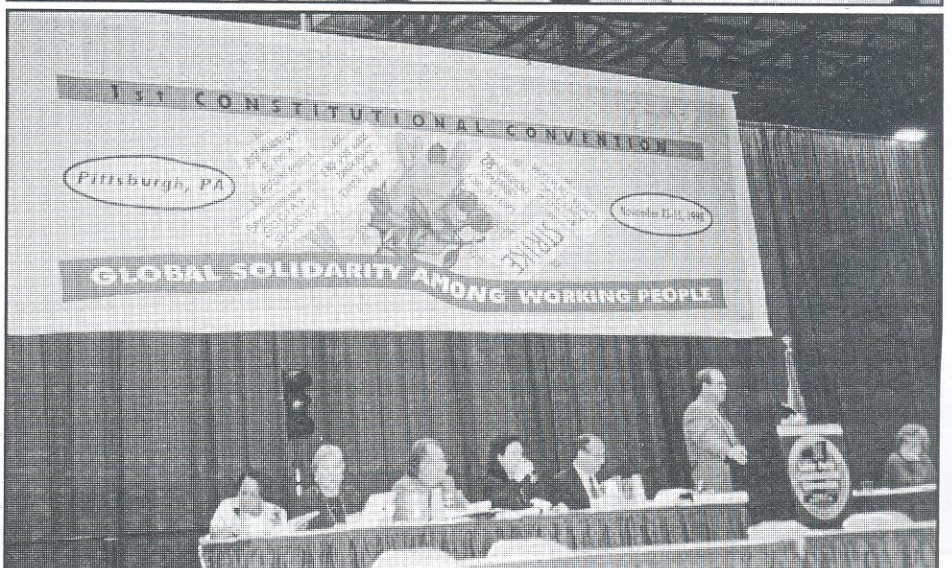
"At work, our most fundamental right, that of free speech, does not apply.

"At work, we have to QUALIFY for rights by taking extraordinary and illogical legal efforts to gain recognition and to bargain for fundamental job rights."

On the other hand, "the corporations are

assumed to possess civil rights, do not have to gain such rights, and consequently have more rights under the law than do people, including their 'right' to free speech, to hold captive meetings of their employees, and express political opinions."

In this period of anti-labour actions on the part of the corporations, it was felt overwhelmingly that the party should take up this struggle. A resolution was passed pledging full support to the migrant farmworkers of Mt. Olive Pickle Co., who are battling with the owners over union recognition. The convention agreed to support a boycott of their products until such time as the company agrees a contract. In the



Solidarity Hour, strikers and locked-out workers across the United States told their stories of ruthless bosses. The convention heard deeply moving speeches from locked-out Detroit newspaper workers, locked-out steelworkers from Colorado, striking mineworkers from Illinois, and strikers from the biscuit manufacturer Nabisco. It was an emotional time. These workers, who are at the sharp end of Corporate America, received a rapturous welcome from all delegates at the convention, who dug deep into their pockets in the financial collection as a symbol of solidarity.

Health care

Another key issue that was debated at the convention was health care. *"Almost everyone has their own horror story to tell about our current healthcare system,"* said Labour Party organiser Ed Bruno. *"Over 43 million people in this country have no health insurance at all, and the rest of us are fed up with the deductibles, co-pays and inadequate coverage. The healthcare system should be about patient care, not profit."*

The convention decided to launch a Just Healthcare campaign, and to kick it off organised an impromptu march and rally through Pittsburgh. The convention was suspended as hundreds of chanting delegates streamed on to the streets carrying placards, union flags and a 12-foot high replica of the Statue of Liberty. The crowd was then addressed by leading figures in health, including Dr Sidney Wolfe of the

Health Research Group, California Nurse Association President Kit Costello, and Katherine Connors, president of Canada's National Federation of Nursing Unions.

"The USA is sick," said Kit Costello, to the loud applause of the rally. *"One hundred million under-insured or no insurance. While the corporations pick our pockets for higher health insurance premiums. We have the facts of human wreckage under our corporate healthcare. We need cradle to grave health security, and we intend to put just health care back on the political radar screen."*

The convention got back to business. After hearing the left-wing writer and film maker, Michael Moore, who lampooned the two-party system, the *"republicrats"*, it was the turn of consumer rights activist Ralph Nader. Nader attacked the huge divide in American society. *"Today, Bill Gates has more wealth than 115 million Americans,"* he said. *"The case for a Labor Party is overwhelming, but would require hard effort for it to set down real roots."*

This theme was taken up repeatedly: the need to put shoulders to the grind stone and build the membership of the party. The party was determined to move beyond *"politics as usual"* and bring millions of ordinary people into the fight for a new political agenda. The party is aiming for a mass membership. One resolution that was passed stated: *"We must demand of ourselves that an annual doubling of our membership is the minimum acceptable increase, in addition to recruit-*

ing which results from campaigns, work inside unions, and other mass recruitment programmes."

Although this is a tall order, the political climate in the United States has become more favourable to the development of a Labour Party. Although still very small, the party has enormous potential for growth. This is particularly the case with the developing world recession and the dramatic impact this will have on the USA. A deep slump - which is on the cards - would have far reaching political consequences. Those who talk about a new recovery and prosperity - and there are many publications and books proclaiming this perspective - are simply pipe-dreaming. Even the recent rallies and gyrations on Wall Street are not a symptom of well-being, but are the tremors of an impending crash.

Radicalisation

Although a deep slump will tend to dampen down movements on the industrial front, at least for a period, politically America will face an enormous radicalisation. With the inevitable crisis in the Republicans and Democrats, who rest on the *"market"*, this can find its expression in the Labour Party. Whether this present Labour Party will become the mass party of the American working class is an open question. It certainly has the potential. A key criteria for this is the attitude of the AFL/CIO, which will become the backbone of any mass workers' party.

At present, the AFL/CIO leadership have remained wedded to the Democratic Party, as the TUC in the last century was allied to the Liberals in Britain. The right-wing leadership under Kirkland was hand in glove with the Democrats. They crushed all opposition to independent class politics. The present John J. Sweeney leadership has been much more tolerant. They have turned a blind eye towards union affiliates who have endorsed the Labour Party. Compared to Kirkland this is a step forward. However, Sweeney has questioned the timing of the effort, saying labour's limited resources could be best used to rebuild the union movement and elect pro-worker (Democratic) candidates. The AFL/CIO pumped in \$20 million into the last presidential election. In the recent November elections they worked hard to pull the Democratic Party leftward by campaigning for hundreds of Democrats.



But that strategy has failed for 50 years. The Clinton Administration, rather than being pro-worker, has pushed through a free trade agreement that hurt workers, welfare reform that shredded the safety net, and implemented pro-big business policies at home and abroad. In reality, it is no different from the Republicans. *"Neither the Democrats or Republicans have passed any pro-worker legislation in 25 years,"* says Mazzocchi. *"On issues that working Americans care about, on trade, health care, welfare reform, the two major parties have sided with the corporations."* How else could it be? They both represent the interests of American capitalism.

That is why the Labour Party slogan: *"The Bosses Have Two Parties. Now We Have One of Our Own"* is correct. There must be no mixing of banners. Class independence is an absolute necessity.

At a certain stage, the AFL/CIO will be forced, under pressure from below, to break with the Democratic Party. Those on the left who write off the US Labour Party already are making a profound mistake. The Labour Party could become the catalyst for a new mass party based upon the trade unions. Similarly, it could play the same role as the British Independent Labour Party in the last decade of the 19th century. Its activities and propaganda laid the basis for the founding of the British Labour

Party in 1900. It was the ILP, together with the Marxist Social Democratic Federation and the trade unions which came together to establish the party. That is a possible variant, which events will confirm or otherwise.

What is certain is that this present Labour Party is the most serious attempt since the second world war to found a real party of labour in the USA. Huge events will turn the present political climate on its head. Very rapidly, the American working class will draw revolutionary conclusions. A mass workers' party will move sharply to the left to embrace the ideas and programme of socialism.

The Marxist tendency in the United States around the magazine *'Socialist Labor'* will gather the most militant and class-conscious sections and play a crucial role in this process. Genuine Marxism will find a mass basis in the USA in the convulsive period that is opening up, and will provide the clarity and theory that will serve to arm the leadership of the working class for the conquest of power.

American capitalism is a colossus with feet of clay. The working class in the United States is potentially the most powerful in the world. With clear programme, tactics and strategy they can come to power peacefully, putting an end to the rule of the corporations, and founding a democratic Socialist America.

What does the Hoffa victory mean?

At the end of last year Jimmy Hoffa junior was elected head of the 1.4 million-strong International Brotherhood of Teamsters. He defeated the reform candidate Tom Leedham by 195,598 (54.5%) to 141,113 (39.3%). John Metz, another anti-Hoffa candidate, secured 22,037 votes. This was clearly a setback for the Teamster reform movement.

Hoffa, a Detroit lawyer, is the son of the infamous Mafia-linked Jimmy Hoffa, who rose to the top of the union in 1957 until he was imprisoned a decade later for jury-tampering and fraud. He disappeared in 1975 and is presumed dead.

The reform movement gained a big victory in 1991 when its representative, Ron Carey, was elected president. The union helped to change the AFL-CIO leadership, with the election of reformers John Sweeney and Richard Trumka. Along with progressive reform within the Teamsters, Carey hit the headlines with a victorious strike against UPS in August 1997.

The employers got a bloody nose and were determined to remove Carey. He was regarded as too much of a risk by Corporate America. After his reelection victory over Hoffa he was charged with illegal fund-raising and removed from office.

Carey was then disqualified from standing. The Teamsters for a Democratic Union then backed Leedham. But Hoffa had the backing of 90% of the union's officialdom, as well as the Establishment. He had in reality campaigned for the last four years, during which time he spent \$6 million. In this current campaign alone, Hoffa outspent Leedham 7-1.

After the victory Sweeney rushed to congratulate Hoffa's *"strong new leadership."* However, Hoffa comes to power at a time of growing labour difficulties. The US is on the verge of a massive slump. UPS has refused to honour the 1997 contract settlement. He is certainly going to be under a lot of pressure to deliver.

"If old guard officials like Hoffa are ready to change their stripes and mobilise members to take on corporate greed, we certainly will support them," says TDU's Ken Paff. *"But if they go back to corruption and backroom deals with employers, then rank and file Teamsters will be there to fight back at every turn."*



SASCO debates South African revolution

"Victory is certain! The struggle continues! Amandla!" With these slogans, Jacob Mamabolo, president of the South African Students Congress, closed his political report to the organisation's 7th Annual Congress. The Congress, which took place at the Vaal Triangle Technikon from December 1st to December 5th, with the participation of 600 delegates and visitors, did not discuss just purely student issues, but dealt with the main debates and challenges facing the South African revolutionary movement at present.

by Jordi Martorell

After the 1994 elections, in which the ANC got a landslide victory but fell short of the 2/3 majority needed to form a government of its own, a Government of National Unity was formed with the participation of all parties. A number of important democratic reforms have been introduced and most of the apartheid regime laws which denied political rights to the black majority have been abolished. Also the ANC promise of supplying the townships with electricity and running water has been largely fulfilled, although the promise to demolish the townships and build 10 million new homes instead is still largely to be implemented.

Thus we have a situation where the black majority has achieved political rights but their living conditions are still largely the same as under the apartheid regime: mass unemployment, bad housing, etc. The official unemployment figure stands

at 29%, but the real situation is probably much worse. Nearly 50% of South Africans live under the poverty line, and at the same time South Africa is one of the most unequal countries on earth in terms of income distribution: the richest 10% of households receive 47% of all income while the poorest 80% of households receive only 37% of the total income.

The real power in society remains firmly in the hands of a few white-owned monopolies and some multinational companies which determine the future of millions of South Africans, thus reducing democracy to merely voting every five years.

The ANC-led government has pursued economic policies largely dictated by big business and international capitalist institutions (IMF and World Bank), including budget cuts, privatisation of water and other utilities, mass lay-offs of workers in the public sector. This has generated deep dissatisfaction within the ANC and especially with its partners in the "Tripartite Alliance", the powerful trade union confederation COSATU and the South African Communist Party.

Criticisms

Unfortunately, despite their strong criticisms of the government's economic policies, the leaders of COSATU and the SACP have not been able to offer a clear alternative other than "expansionary fiscal policies, more intervention of the state in the economy" and other such pseudo-Keynesian recipes which have already been tested elsewhere and have been

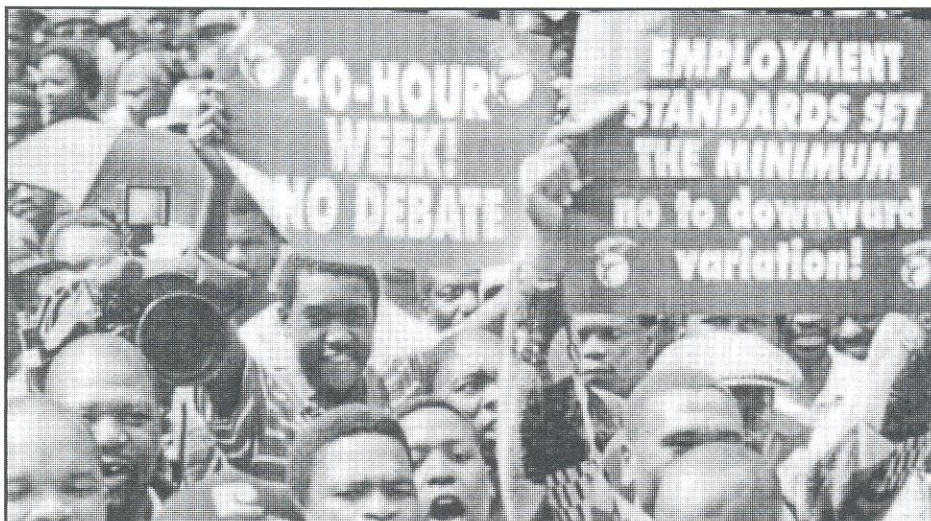
proved to be ineffective.

In the long years of the struggle against apartheid thousands of revolutionaries died fighting for a fundamental change in society, which was to be achieved by the "transferring of the wealth beneath the soil, the banks and monopoly industry to the ownership of the people as a whole" as stated in the Freedom Charter. The changes that have taken place have fallen very short of that.

Only a small minority of black careerists have benefited from this new situation and have become wealthy businessmen: "While the overwhelming majority of poor, unemployed and marginalised people in our society are black, over the last few years we have seen the rapid development of a new black, upper middle-class. The gap between the richest ten percent of blacks and the majority has grown very rapidly. Many of the ANC's leading cadres have benefited from this" (Discussion documents for the ANC 50th National Conference, December 1997).

The sectors which have benefited from this process have tried to give it a theoretical justification by talking about the need to further the democratisation process by "extending it to the boardrooms" "de-racialise the economy" and "create a patriotic bourgeoisie". The wealth created by these new patriotic capitalists will then "trickle-down" to the majority of the oppressed black population. These ideas have been met with strong opposition within the ranks of the ANC and especially of COSATU and the SACP. Many at the SASCO Congress were quite blunt about this: "a capitalist is a capitalist and is driven by the need to extract profits by exploiting workers, whatever his or her colour might be". Critics have argued that, as Lenin explained, you cannot have pure and neutral "democracy", but that the state in the last instance defends the interests of one class against the other.

SASCO's outgoing president Jacob Mamabolo, explained this by stating that "in an antagonistic society such as South Africa, there can be no power to stand above the classes, to act in the interest of the exploited and the exploiters (be they black or white). The capitalist state cannot be the state for the whole people when it promotes the emergence of yet another exploiting class (in this case black) commonly known as the patriotic black bourgeoisie, when it creates unity with private



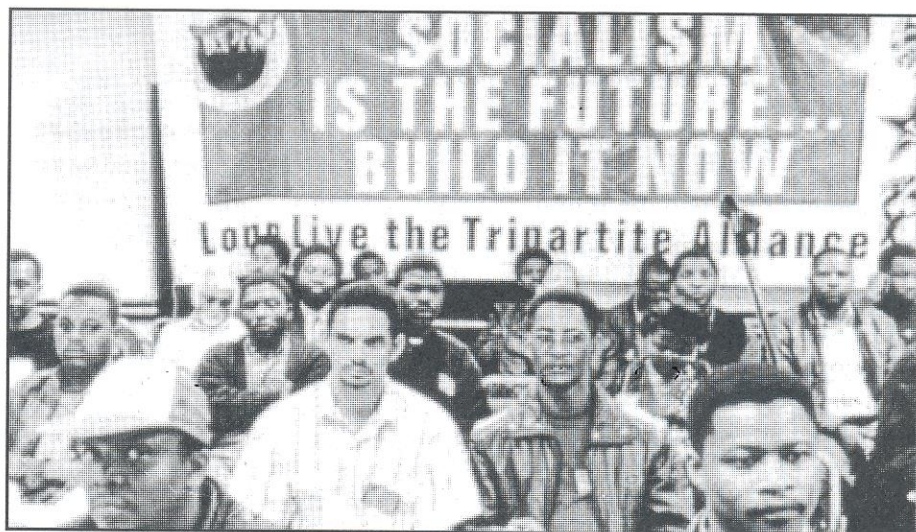
owners of capital... In this case the state is merely fulfilling its role as 'the Executive Committee for managing the common affairs of the whole bourgeoisie'".

In the words of Dale McKinley: "In order to fight for socialism we need an understanding that democracy cannot be neutrally conceptualised; it is not some principle upon which the oppressed can organise and lead the way to socialism, but a particular form of class rule; emanates from the very social relations and material conditions of society; and can only be fundamentally transformed through class struggle" (Links, no. 3, Oct-Dec 1994, Dale McKinley was then the political education officer of the Johannesburg Central branch of the SACP).

At the root of most of this debate lies the so-called "two-stage theory". This Stalinist theory saw the struggle of the colonial peoples as having to go through two different stages. In the words of David Masondo, SASCO's outgoing deputy president, "the 'first stage' would resolve the national question, which would not fundamentally alter the economic relations, whereas the 'second stage' was seen as a stage in which the working class would emancipate itself from capitalist exploitation". Masondo also correctly stated that "this is not a new debate, is the same that the Bolsheviks and Mensheviks had before the Russian revolution".

In effect, the two stage theory was originally developed by the Mensheviks as their perspective for the Russian revolution. It basically states that, since the tasks of the revolution are those of the national democratic bourgeois revolution, the leadership of the revolution must be taken by the national democratic bourgeoisie. For his part, Lenin agreed with Trotsky that the Russian Liberals could not carry out the bourgeois-democratic revolution, and that this task could only be carried out by the proletariat in alliance with the poor peasantry, expropriating the imperialists and the bourgeoisie, and beginning the task of transforming society on socialist lines.

By setting itself at the head of the nation, leading the oppressed layers of society (urban and rural petty-bourgeoisie), the proletariat could take power and then carry through the tasks of the bourgeois-democratic revolution (mainly the land reform and the unification and lib-



eration of the country from foreign domination).

However, once having come to power, the proletariat would not stop there but would start to implement socialist measures of expropriation of the capitalists. And as these tasks cannot be solved in one country alone, especially not in a backward country, this would be the beginning of the world revolution. This theory, fully developed for the first time by Trotsky was called "theory of the permanent revolution". The revolution being "permanent" in two senses: because it starts with the bourgeois tasks and continues with the socialist ones, and because it starts in one country and continues at an international level.

Questioning

Today in South Africa many are openly questioning the validity of the "two stage" model and some have rejected it completely. Masondo further said that "the term stage might be misleading. It might be wrongly inferred that this means a postponement of the class struggle. There is a dialectical connection between the national and class questions... the national and socialist struggle are understood to merge."

In an even more surprising move, the SACP itself is openly debating the validity of the "two-stage" theory and seems to have rejected it, at least in words. The SACP's 10th Congress documents clearly state that: "an anti-capitalist class struggle cannot be held over to some later stage of our transformation process. This is why

the SACP has, since our 9th Congress in April 1995 advanced the slogan 'Socialism is the Future, Build it Now!'. The last COSATU Congress also reaffirmed the commitment of the mass trade union movement to the struggle for socialism, not in the long and distant future, but now.

Ironically, the SACP is now complaining that the ones who are now unconditionally defending the "two-stage" theory, are precisely those in the leadership of the ANC who are becoming capitalists themselves, and therefore argue, for their own interests, that we are still at the "democratic stage" of the revolution and all talk of socialism must be banned. Others (like Tourism and Environmental Affairs Minister Peter Mokaba) go further in the defence of their (newly acquired) class interests and affirm that the ANC is capitalist.

These changes within the SACP are clearly linked to the fall of Stalinism in the Soviet Union and the Eastern countries. The shock that this produced in the party can be summed up with the resignation of half of the Central Committee in 1990. Clearly these ladies and gentlemen gave in to the massive propaganda campaign at that time stating that 'socialism has died', 'this is the end of history', etc. But for the masses of South African workers and youth, their daily living conditions still told them that capitalism could not offer them any hope for the future. It was precisely at the same time that half the leadership of the SACP was quitting the struggle that the party was unbanned and tens of thousands of people filled membership

application forms to join the party. The party could not even cope with all of them. Now the party has 80,000 members and the composition of the membership is extremely young.

In analysing the fall of Stalinism in the East, the SACP has reached the conclusion that socialism cannot be built without the democratic participation of the whole of the population. While this does not represent a complete analysis of the reasons why Stalinism was able to arise in the Soviet Union and it does not mean a full understanding of the Stalinist distortions of Marxist theory, it is a step forward from the old blind acceptance of Stalinism and it opens the way for the most advanced Communist Party members to the genuine ideas of revolutionary Marxism, of Leninism.

The documents of the SACP 10th congress recommend that "in the struggle for the renewal of the socialist project, the SACP must expose its membership and the broader mass movement to the widest range of progressive writings and theory - including to those who were often suppressed because they were considered 'dissident' - Bukharin, Trotsky, Rosa Luxemburg".

The delegates and visitors to the SASCO conference, many of them SACP members, were certainly eager to read Marxist literature and discuss the perspectives for the South African revolution in a way which I have not seen before. The way for the best Communists in South Africa to understand the tasks ahead is to go back and study the lessons of the Russian Revolution, the reasons for the rise of Stalinism, the fatal consequences of the "two-stage" theory in the development of the colonial revolution in countries like Iraq, Indonesia, China and others. Only armed with the genuine ideas of Marxism, of Leninism, only armed with Trotsky's analysis of Stalinism and of the colonial revolution will they be able to find a way forward for the South African revolution today.

Many of the ANC leaders have openly adopted capitalist ideas and others have become capitalists themselves, but the best traditions of revolutionary struggle of the South African proletariat remain very much alive in the ranks of the ANC, the unions, the Communist Party, SASCO and other organisations.

Marxism and the struggle against imperialism

by Ted Grant and Alan Woods



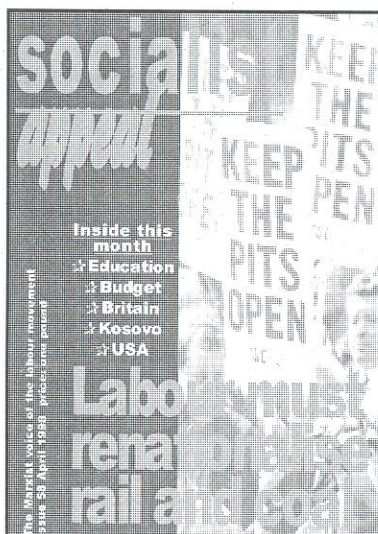
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Forty years on: defend the gains of revolution!

Forty years ago, on January 1st 1959 a general strike paralysed Cuba and forced dictator Batista to flee the country. In a few days the July 26 Movement guerrillas, led by Fidel Castro and Ernesto Che Guevara entered the capital Havana and were received as heroes by the masses. The Cuban revolution had succeeded. What was the programme of that movement? What was the social basis of that revolution? In order to understand these and other questions we must look back a few years.

by Jorge Martin

In 1898, Spain lost Cuba, one of the few remnants of her former colonial power. But that did not mean independence for Cuba. The island was just transferred from one colonial master to another: the United States of America. For three years after 1898, Cuba was militarily occupied and ruled by the US and the Cuban Republic was only declared on 1902, after Washington passed the Platt amendment declaring the right of the US to militarily intervene in the island at any time. Cuban politics for the next 60 years were to be determined by the US who did actually send troops to the island on several occasions (1906, 1912, 1917, 1920 and 1933).

The Cuban economy was also largely dominated by the US. The island's main source of income was sugar cane which was sold at preferential prices to the powerful northern neighbour. Most of the country's sugar mills were in the hands of American companies and so were most of the other key sectors of the economy (oil, electricity, telephone etc). The crushing domination of the US relied on a system of land property which remained basically the same as under Spanish domination: a few landowners had most of the land, while the majority of peasants were landless labourers. Fewer than 0.1% of the farms represented 20% of the land while at the other end of the scale 39% of the farms represented only 3.3% of the land.

The only other group to benefit from this situation was the small and very weak Cuban bourgeoisie, confined to manufacturing the very few things not made by US subsidiaries.

Meanwhile the living conditions of the Cuban masses were appalling. In good years 25% of the workforce was unem-



ployed and the percentage went up to 50% in bad years. Illiteracy was very high and the average per capita income was only US\$312 (compared to US\$2,279 in Delaware).

For years the Cuban workers played a key role in the struggle against imperialism and to advance their own interests. A high point was the huge wave of strikes and demonstrations, including armed uprisings and the establishment of revolutionary councils in the sugar mills, in the 1930s. This led to the overthrow of General Machado's US puppet government, which was soon replaced by an army coup led by Fulgencio Batista.

Stalinist theory

Unfortunately, the Cuban Communist Party, instead of relying on the revolutionary might of the Cuban workers adopted the Stalinist theory of the "two-stages". According to this, they were supposed to look for an alliance with the so-called "progressive national bourgeoisie" in order to complete the "anti-imperialist and democratic revolution" and only after that would the struggle for socialism be on the agenda. This theory was utterly divorced from Cuban conditions, and indeed from the real class relationships in any of the colonial countries. The Cuban landowners and the tiny bourgeoisie were completely linked to and dominated by the US. They had no intention whatsoever of carrying through the tasks of the bourgeois revolution (distribution of the land, fight for national independence) because that

would have meant dealing a mortal blow to themselves.

The Cuban Communist Party in its search for a non-existent 'progressive national bourgeoisie' discovered Batista to be the representative of this class and decided to support him. In exchange, the CP was legalised during the Batista dictatorship and even got two cabinet ministers in 1942.

Batista was replaced by the corrupt civilian government of Grau San Martín which in its turn was overthrown by Batista in a second military coup in 1952. The succession of corrupt governments and military coups with the real power in the island remaining firmly in the hand of the US and their local crooks created widespread discontent amongst the population, including the petty-bourgeois layers. Thousands of small businessmen made bankrupt by the big monopolies, students who resented the domination of their country by a foreign power, and small landowners paralysed by the US-backed big landlords entered into opposition. In 1953, a group of students and intellectuals decided to do something to put an end to this state of affairs and with a handful of followers launched an assault on the Montcada barracks on July 26th. Amongst them were Fidel Castro and his brother Raul. They were defeated and jailed but as soon as they were released they went to Mexico where they set themselves the task of organising a guerrilla group, the July 26th Movement, which landed in Cuba in 1956.

The programme of this movement was that of the revolutionary petty-bourgeoisie:

distribution of land plots of more than 1,100 acres with compensation for the owners, a profit-sharing scheme for the workers aimed at expanding the domestic market, and the end of the quota system under which the US controlled sugar cane production. The 1956 Programme Manifesto of the 26-J Movement defined itself as "guided by the ideals of democracy, nationalism and social justice ... of Jeffersonian democracy". The same document also stated the aim to reach a "state of solidarity and harmony between capital and workers in order to raise the country's productivity".

They launched a heroic 3 year long guerrilla struggle which won the overwhelming support of the Cuban people,

with only the exception of the tiny handful of people directly linked to the landlords and US imperialism. The main base of the movement during the fighting itself were the landless peasants and small producers in the countryside, for whom the only way of solving their problems was the expropriation of the landlords. Batista's army, made up itself mainly of peasants rapidly began to disintegrate during the fighting.

On January 1959 a general strike was declared which forced Batista to flee the country. Fidel Castro's guerrillas entered Santiago de Cuba and in a few days Havana and proclaimed a new government. Just after seizing power Castro went to the US in a goodwill tour declaring

in New York "I have clearly and definitely stated that we are not Communists... The gates are open for private investment that contributes to the development of Cuba".

The problem was that even this limited programme of progressive reforms clashed head on with the interests of the big landlords and the US multinationals. In other words, to carry through the programme of the democratic bourgeois revolution in a backward country in the epoch of imperialism meant to challenge capitalism and imperialism itself. This had already been proved by the practical experience of the Russian Revolution in 1917. The Bolsheviks had argued that the national democratic revolution could only be led in a backward country like Russia by the working class (which represented no more than 10% of the population at that time).

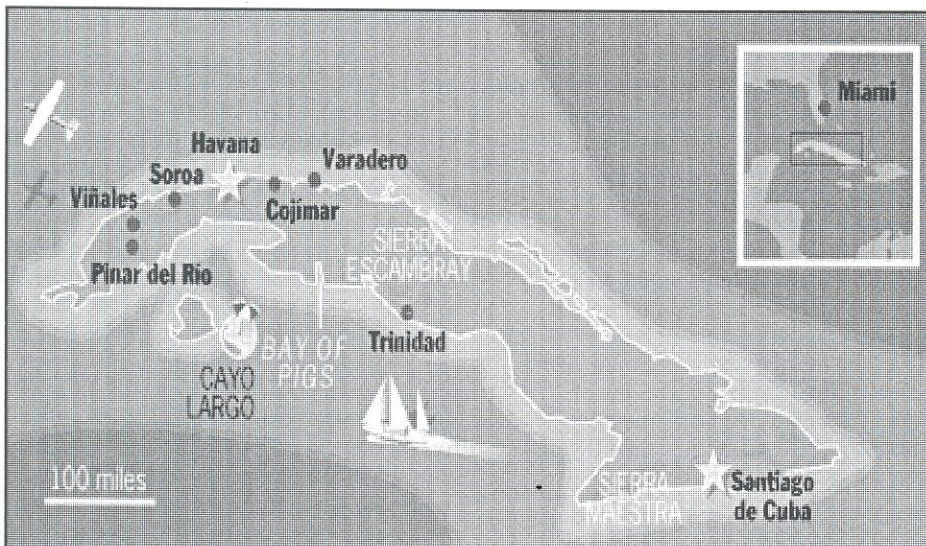
Socialist revolution

The workers, having taken power at the head of the other oppressed classes, especially the peasantry, would then proceed to carry through the tasks of the socialist revolution as the only way to ensure the survival of the revolution. But, as the national democratic revolution also challenged the interests of imperialism, in order to survive, the revolution had to spread internationally seeking the help of the mighty working class in the advanced capitalist countries.

Trotsky was the first one to give a full theoretical explanation of this theory which is known as the permanent revolution. The revolution in a backward country therefore, has to be 'permanent' in two regards: because it starts with the national democratic tasks and continues with the socialist ones, and because it starts in one country but has to spread internationally in order to succeed.

The events which followed Castro's seizure of power in Cuba are a remarkable confirmation of this theory, which is even more striking because of the fact that Castro was forced to act in the opposite way to what he intended.

As soon as the new government started to seize the land owned by the big landlords (some of them US companies) they tried to organise resistance against these measures and were backed by the US. The masses, aroused by the revolutionary takeover were also putting enormous pressure on the government with a wave



of land seizures and factory occupations and strikes.

The conflict came to a head in 1960 when the three oil companies in the island (all of them US-owned) refused to refine a delivery of Russian oil to Cuba. The Cuban government then "intervened" placing them under government supervision. The US retaliated by cutting the quota for Cuban sugar, but Russia offered to buy it. Then the Cuban government decided to nationalise the electricity company, the telephone company, the oil refinery and the sugar mills. Afterwards all Cuban subsidiaries of US companies were also nationalised and finally the biggest Cuban companies were taken into public ownership. The US government retaliated by putting in place a trade embargo (which is still in place) and preparing military intervention to overthrow the regime. In 1961 all diplomatic relations between the two countries were broken.

As we have seen Castro and his comrades had no intention whatsoever of eliminating capitalism and landlordism in the island. They were pushed to do so by a combination of the mistakes and blunders of the US and the pressure of the Cuban masses. But the key factor was that no fundamental change could ever be implemented in Cuba under capitalism. In the epoch of imperialism there is no room for a small colonial country to achieve real independence and advance unless it breaks fundamentally with capitalism. And this, Castro and his comrades of the 26-J Movement found out by their own experience.

Overthrow

The Cuban Communist Party played almost no role in the overthrow of Batista because its political activity was firmly rooted in the anti-Bolshevik theory of the two stages. They even denounced Castro as a "gangster"!

Undoubtedly, the support for the new regime was overwhelming. Two hundred thousand workers and soldiers were organised in a popular militia and Committees for the Defence of the Revolution organised in every neighbourhood and every village. Thus when the CIA sponsored an invasion of the island in April 1961, the Cuban emigre invasion force was rapidly crushed. For the first time in their lives, workers and peasants had something to defend, something to



fight and even die for.

The revolution enjoyed mass support since its advantages were there for everyone to see: an enormous advance of the living standards, the eradication of illiteracy, one of the best health systems in the world, etc. But without workers control and management of the state and the economy there can be no socialism and the development of bureaucracy and mismanagement is inevitable. This is one of the most important lessons to be drawn from the collapse of the Soviet Union.

The way the new regime had come to power was to shape the organisation of the new state. The working class is the only class that, because of its working conditions and the role it plays in production, is able to adopt a collectivist viewpoint. During the process of the Russian revolution hundreds of thousands of workers, peasants and soldiers went through the school of the soviets, revolutionary committees where all decisions were taken democratically, and gained confidence in their own ability to run their own lives.

But the Cuban revolution was led by a handful of intellectuals and in the process of the fighting itself no more than a few hundred participated. The masses played mainly a secondary role. And this situation was to remain afterwards. There was a workers and peasants' militia and revolutionary committees, but their role was not to rule but only to approve decisions taken elsewhere. Hundreds of thousands gathered to listen to the speeches of the leaders, but they were not allowed to take

decisions.

When the new regime broke with capitalism the model it based itself on was not that of Russian soviet democracy of 1917, but that of Russia 1961 when all vestiges of workers control had been eradicated long ago. An example of this can be seen in the fact that the Communist Party was created in 1965, its first congress did not take place until 1975, ten years later!

Scarcity

The lack of democracy and the scarcity of basic products (largely due to the criminal embargo decreed by US imperialism) has meant an increase in scepticism amongst the younger generation. The older generation remains largely loyal to the regime because they know how life was under the domination of the landlords and imperialism and if they look around to the neighbouring states they see a cruel reminder of what life would be like if capitalism were restored.

Socialists all over the world have the duty to defend the Cuban revolution against the attempts of US imperialism to destroy it, but also against the attempts of European capitalism to restore the rule of capital bit by bit. At the same time we have to explain that genuine socialism cannot be established unless there is real workers democracy and above all that socialism cannot be built in a single island. The best contribution we can make to defend the gains of the Cuban revolution is to fight for socialism in our own countries.

Workers living in a lean world

This book is recommended for its wealth of information and in particular its analysis of lean production, as its title suggests. Moody has gathered together very interesting material, especially about the international labour movement, that will be of great interest for trade unionists. This is not surprising since he is the director of *Labor Notes*, a radical trade union information centre in Detroit.

by Richard Smith

The book traces the integration of international capitalism, commonly known as "globalisation". With it has come an increased centralisation and concentration of capital. "Prior to 1914", states Moody, "there were at most a few hundred genuine transnational corporations. Today there are about 40,000..." The top 100 TNCs in 1993 owned \$3.7 trillion in world-wide assets.

Development

The development of capitalism internationally has served to whittle away the peasantry and develop the strength and power of the working class - the grave-diggers of capitalism, to use Marx's words. Many so-called Third World countries have seen a dramatic industrialisation. Consequently, in South Korea 78 per cent of the population now lives in the towns, with the rural workforce down to 18 per cent by 1990. In Taiwan the rural proletariat now accounts for less than 10 per cent of the working population. In Venezuela a massive 92 per cent of the population live in the urban areas. In Mexico 75 per cent

of the population is urban. This fact alone demonstrates that the social movements in these countries will be dominated by the working class, under conditions far more favourable than those faced by the Russian revolution of 1917.

The present epoch of capitalist crisis is characterised by intensified competition world-wide. This in turn has forced the capitalists to invest in labour-saving technology. "In today's lean world, this usually means robotics, advanced automation, and information technology." It has propelled a counter-revolution on the shopfloor, as the capitalists attempt to restore their rates of profit, and wipe out the elements of workers' control that had been built up in the post-war upswing.

Moody's chapters on Lean Production and Management-by-Stress are excellent explanations of the realities of present-day conditions faced by millions of workers. The new techniques are in essence extended forms of Taylorism. He exposes the propaganda behind Human Resource Management which attempts to justify the speed-ups in pseudo-scientific jargon.

Moody correctly challenges the "post-modernist's" conception of a fragmented and heterogeneous working class. Although the working class has suffered changes, that is nothing new in the development of capitalism. "Academics and futurists can write the working class off because it is diverse and changing along with the sweeping changes in work. Working class people themselves have no such luxury, given the crises that have invaded their lives."

The growth of the working class has been mirrored internationally by the growth

of trade unions. While in the advanced capitalist countries trade union density has generally fallen - due to the closure of industry - in countries like South Africa it has continued to grow. COSATU has grown steadily since 1991, from 1.2 million members to 1.9 million in 1996. This accounts for almost two-thirds of union members in South Africa.

Moody makes a detailed analysis of the new radical unions that have emerged in the Third World, especially COSATU, the KCTU in South Korea, as well as the new unions in Mexico and Brazil, describing them as "social-movement unionism". He sees this development as the way forward for trade unions internationally. "An international current is needed to promote the ideas and practices of social-movement unionism", says Moody.

There are a number of big weaknesses in the book. On political issues Moody is far from clear. He has no analysis of the Stalinist regimes, referring to these regimes mistakenly as "Communist". The reality is they had nothing in common with Communism. While resting on a nationalised planned economy, they were ruled by a monstrous bureaucratic caste that lauded over the working class.

Creation

Moody looks to the creation of rank-and-file networks in the unions as the way forward, where "a new and broader consciousness can spread more rapidly." On the political front he looks to the Brazilian Workers' Party as a model. This is as far as he goes. He has no real perspective to offer. He cannot see the evolution of the mass organisations - trade union and political parties - in the context of massive economic, social and political crisis that we are entering. It is on the basis of this turmoil that consciousness will be transformed. The mass organisations will be transformed and retransformed from top to bottom on the basis of events. This will lead to splits and prepare the way for the emergence of mass revolutionary parties in the future. Trade unionism, however progressive, is insufficient to overthrow capitalism. That requires a mass party committed to the socialist transformation of society.

Despite the book's weaknesses and errors, it is well worth reading.

Workers in a Lean World
by Kim Moody
Published by Verso, price £14



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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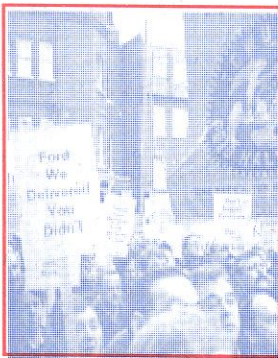
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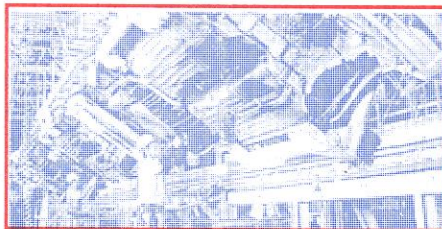
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