

# Socialist *appeal*

## *inside*

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workers  
strike

★ East Timor  
in crisis

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★ Reviews

# 1929 Crash

# Can it happen again?

Industrial Conference  
Sat 6th November  
London

price: £1

The Marxist voice of the labour movement

no.73  
Oct  
1999



# Like all bubbles, this will burst

**“As the events of Black Wednesday show, global financial markets can now turn a country upside down within 24 hours.”**  
**Larry Elliott, *Guardian* economics editor, 17/9/99.**

The British economic recovery - heralded by Gordon Brown - is hanging by a thread. It rests on the the fragile foundations of a consumer boom in Britain, and far more importantly, in the United States. Moreover the US economic bubble is keeping the world afloat at the present time. This is a fact recognised by all the economic pundits.

“America, in turn, has become the global economy’s buyer of last resort, soaking up the goods churned out by factories in Japan, Germany, Indonesia, South Korea and Brazil”, stated Larry Elliott. (*Guardian*, 1/7/99)

But how long can this last?

Elliott correctly concludes: “Should demand in the US dry up, the retrenchment could trigger a second leg to the world economic crisis that started with the devaluation of the Thai baht two years ago tomorrow.”

The gurus of the New Paradigm say this will not happen. America has sustained growth with low inflation, its industries are lean and fit, and the rest of the world is happy to finance the deficit. The situation can last indefinitely.

But this is false. According to Stephen King, chief economist at HSBC, periods of strong growth and low inflation are characteristic of previous bubbles, including the period leading up to the crash of '29, which followed a seven-year period in which growth averaged 4.7%, unemployment was below 4%, and General Motors and RCA Victor were the Microsoft and Intel of their day. “The US bubble is likely to burst through a combination of rising interest rates and a falling dollar,” says King, a process that is already taking place.

On Wall Street shares have gone through the roof. “Oh yes, share prices are absolutely crazy”, declares Prof Tim Congdon, managing director of Lombard Street Research.

While it took the bench mark Dow Jones index 88 years from its launch in 1896 to crawl permanently past 1,000, it has needed only another 15 years to sprint from 1,000 to 10,000. In the Nineties

alone, the longest bull run in history, the market has more than trebled!

With a price-earnings ratio of more than 35 times and an income yield of just 1%, Congdon says, Wall Street “is just not expensive: it has never been remotely like this before.” Internet shares have in particular entered the twilight zone. eBay, the online auction company floated last year with a share price of \$9, has rocketed to \$190 per share, a price-earnings ratio of 3,762. One “expert” has predicted a steady rise for the next twenty years, bringing out a book entitled *Dow 40,000!*

At the time of the South Sea Bubble in 1720, Sir Isaac Newton, who lost more than £621,000 in today’s prices, sighed: “I can measure the motions of bodies, but I cannot measure human folly.”

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**“Let us not assume the age of slump, recession, depression, is past.”**  
**John Kenneth Galbraith**

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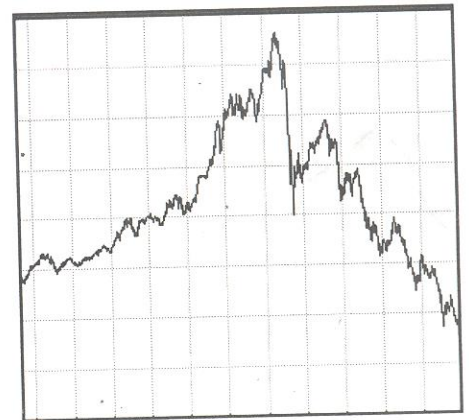
It is a classical bubble, agrees Prof J. K. Galbraith, author of ‘A Short History of Financial Euphoria’. “When you hear it being said that we’ve entered a new era of permanent prosperity with prices of financial instruments reflecting that happy fact, you should take cover”, says Galbraith.

“Let us not assume the age of slump, recession, depression, is past.”

Incredibly, this view is now shared by the extreme right wing monetarist Milton Friedman, who believes that the world is on the verge of a new 1929 crash. In an interview with Germany’s *Handelsblatt* newspaper, he says that the US stock market exhibits uncanny parallels to the market of the 1920s before the Great Crash of 1929, as well as similarities to the Japanese market in the 1980s before the collapse there.

“The US stock market exhibits some of the characteristics of a bubble,” said Friedman.

“If this turns out to be true, then the United States will experience a deep collapse of the stock market. That would be a true danger for the continuation of the



unusual economic expansion of the past nine years.”

No speculative bubble has ever broken gently. From the Tulip Mania of the 1630s to the South Sea Bubble, through the Railway Mania of the 1840s to the Wall Street Crash of 1929, and from the Japanese crash of 1990 to the S. E. Asian crisis of 1997, all have had huge economic ramifications. The present bubble on Wall Street is the biggest speculative bubble in history, with all the consequences that goes with it.

Alongside this, the economic cycle has entered its ninth year in the United States. It is the longest boom of the post war period. It cannot last indefinitely. The signs are at present that it has reached its peak. Profits have begun to fall. Overproduction has appeared or is developing in a number of sectors, notably in agriculture, steel, cars, and computers. Whatever comes first, a world slump beginning in the USA, or a market crash that will bring down the economy is hard to say.

The signs of a revival in S.E. Asia and in Europe are being heralded as a turnaround for world capitalism. But the underlying problem of overproduction still remains, and will be exacerbated with these countries struggling to sell their cheapened commodities on the world market. With the scarcity of markets, competition amongst the international monopolies and the trading blocs has already reached cut-throat levels. This explains the trade conflicts between Europe and America.

The coming slump will shatter any revival in Europe or Asia. It will certainly blow a hole in the British economy, and with it the pro-capitalist policy of the Blair government.

Slump and crisis is endemic to capitalism. Only socialist policies can resolve the problems facing the working class here and abroad. A socialist Britain would take the economic power out of the hands of the bankers and capitalists, and put an end to the anarchy of the market. It would be a beacon to workers in crisis-ridden Europe and throughout the world. That is the only alternative, as envisaged by the pioneers of the Labour movement, to the barbarism of capitalist crisis, mass unemployment, poverty and war. ■



# Monks' Millennium Challenge

The TUC recently announced that, for the first time in 20 years, affiliated membership has risen rather than declined. At present 6.75 million workers are members of TUC affiliated unions—up from 6.64 million this time last year.

*by Paul Campbell at the TUC*

Not surprisingly, the debate at this years Congress, around the so-called 'Millennial Challenge', was focussed on how unions could maintain this growth. In fact, John Monks told Congress that he wanted to see unions recruit a million new members over the next five years.

In reality, such a figure is remarkable only for its lack of ambition. Although the recently introduced Employment Relations Act falls far short of what trade unionists have been demanding, it still contains a number of positive points which fighting trade unions could put to their benefit. The right to statutory recognition and the right to represent individuals in non-union firms should be used by unions to extend their influence into every workplace in the country.

The Millennial challenge report contains a number of elements which socialists should welcome. For example, it talks about ways of reducing inter-union disputes, and restructuring the trade union movement to make industrial sense. It also looks at ways that unions can work more effectively, so that they can deliver real benefits to members and make themselves more relevant to those not yet in a union. It stresses the need for unions to recruit and train more stewards and workplace repre-

sentatives—building membership from the bottom up.

However, the report fails to understand that the trade union movement cannot be rebuilt by simple bureaucratic manoeuvrings. 'New Unionism' has to be more than soundbites if it is going to deliver real benefits and improvements to millions of unorganised workers. What working class people want are unions that will fight against low pay, against inequality in the workplace, and against 'partnerships' that deliver benefits to no-one but the employers.

Following Congress a special General Council meeting will be held in October to decide how to take forward the 'Millennial Challenge'. Important though this meeting may be, it is clear that the future of the trade union movement will not be decided behind closed doors by General Secretaries and union officials. Activists need to take up the fight for socialist ideas within the trade union and labour movement as a whole, setting out a clear programme of demands that put the needs of workers over those of the CBI. These demands need to be raised not only in the trade unions but in the Labour Party as well. Now is the time to strengthen 'the link', not give up without even a fight!

In his speech to the conference, John Monks joked that he was considering renaming the TUC as 'Unions United'—but the movement clearly needs to be rebuilt not rebranded. The real challenge is to ensure that in the next millennium unions once more become fighting organisations which reflect the needs and aspirations of working class people. ■

## Support Victimised UCATT Workers

Three Hull union stewards, Ian Lowe, Terry Flatt and Adrian Toomey, were sacked by Atlas Caravans, which employs 300 workers, after management refused to accept them as workplace representatives. The building workers union UCATT is campaigning for their reinstatement.

The sacked men have toured workplaces in London and elsewhere for support, including the TUC.

Speaking at a fringe meeting in the TUC, Bro. Lowe explained how the sackings were carried out at a disused dock near the Atlas plant. The stewards had been threatened that they would never work in the caravan industry again if they refused to go quietly.

**For further details contact the union at 50A Beverley Road, Hull HU3 1YE, telephone 01482 326249.**

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## Socialist Appeal

Published by  
**SA Publications,**  
 PO Box 2626,  
 London N1 7SQ  
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editor: Alan Woods



## Capital Idea



### Just like the Depression

When you thought the gulf between rich and poor couldn't get any wider, new figures from the US prove you wrong. The Centre on Budget and Policy Priorities found that inequality at its most extreme since the second world war. The richest 1% of Americans - 2.7m people - will receive in total as much after-tax income as the total of 100m of the poorest.

Wealth is even more unevenly distributed. The wealthiest 1% of households owns 39% of the nation's wealth. Wealth is now more concentrated among the top 1% and top 20% of American households than at any time since the Depression.

### Capitalism damages your health

According to the recent Rowntree Foundation report there was a link between job insecurity and poor general health. There was no evidence that workers adjusted to higher levels of stress. "On the contrary, physical and mental well-being continues to deteriorate the longer employees remain in a state of insecurity."

And still the bosses demand greater 'flexibility' and insecurity....

### Queen Mother's somersaults

It is no secret that sections of the British ruling class, as well as royalty, were pro-Hitler. PG Wodehouse, the creator of Jeeves and Wooster, was in the pay of the Germans during the war. According to documents in the German embassy in Paris, Wodehouse was working for and received a monthly salary from the embassy during 1943 and 1944 for "propaganda work". He received substantial expenses and rations from the Nazis. He was also directly linked with the son of a British Tory minister, John Amery, and brother of the late Tory MP Sir Julian Amery, who was hanged as a traitor after the war. "That Wodehouse was a traitor is as likely as the Queen Mother turning somersaults on her next birthday," said the chairman of the PG Wodehouse society, Norman Murphy. "She is a great fan of his."

# Partnership: fantasy or .....reality?

At this year's TUC the smell of class collaboration seemed to have permeated every pore of the trade union bureaucracy.

by Stuart McGee

Clearly a small, unrepresentative clique of trade union leaders, very senior Labour ministers and business representatives had colluded to press home the social partnership message to the assembled delegates and beyond.

In an article in the *Morning Star* of 13/9/99 Bill Morris, the General Secretary of the TGWU, had pointed out "there is only one thing (a bad?) employer likes better than a compliant union and that is no union at all."

Understanding the fact that legally some employers will be forced to recognise unions and, as if to underline Morris' point, the *Financial Times* ventured an opinion in relation to the future of unions in Britain.

"Their best option might be to restore their old function as a voluntary association dedicated to raising its members value as employees. That means helping them to become better qualified and adaptable. Members would pay higher subscription rates than they do now, in exchange for services such as skills training, job placement, legal advice and pension and sickness insurance."

In the same article, in reference to "making British business a success", John Monks was quoted as saying this "...involves making partnership between companies, employees and trade unions a practical reality. It also means an end to the rhetoric of class struggle and industrial conflict."

This fantasy land social partnership rhetoric was expressed again and again by the right wing throughout the Congress.

No one in their right mind would want to deny the importance of individual benefits, legal advice, etc. However, on the basis of even the most basic understanding of the class nature of society and the history of the British Labour and trade union movement, it is clear that the prime purpose of a trade union is to give workers collective strength with which to defend their interests against the employers.

Promoting issues of secondary importance to a position of primary importance to avoid dealing with the real issues has been a tactic employed by the bosses and rightwing labour and trade union bureaucrats since capitalism began.

More importantly the class nature of society is a reality no matter how frequently or pompously Tony Blair, the *Financial Times*, John Monks and others deny it.

Needless to say, Tony Blair's speech on Tuesday to congress was littered with references to social partnership. He cheerfully informed Congress that he was uncompromising in his support for big business and "wealth creation" and that there was no contradiction between this and his support for the trade unions.

The foolishness of his statement was to be exposed over and over again at Congress.

### Firefighters

In a harbinger of what was to happen on a bigger scale later in the week, the TUC had issued a statement prior to Congress proclaiming that "adversarial industrial relations were over." Less than 24 hours later, at a mass meeting of firefighters, 1,500 FBU members from Manchester and West Yorkshire voted to ballot for industrial action over management attacks on conditions of service.

Blair's speech was later to be overshadowed when a leading exponent of social partnership, AEEU general secretary Sir Ken Jackson told delegates on Wednesday that they should "stop moaning about what they haven't got". He then went on to arrogantly call for a strike free British Industry.

It must have been embarrassing for Sir Ken to discover that, only 24 hours later, over 400 AEEU toolmakers in Fords Dagenham and Enfield plants had gone on strike. This was to back up a claim for extra allowances. As a striking steward stated "we want a strike free Britain as well but one where members skills are recognised". Clearly a case of some partners not listening (that includes the AEEU negotiators!).

The following day things went from bad to worse for Sir Ken. The papers were full of reports that electricians (members of the AEEU) were coming out on unofficial strike to urge rejection of a



pay offer from the employers that had been negotiated with AEEU national officials.

Clearly another case of some partners not listening? However embarrassment for the pro-partnership brigade wasn't confined to Sir Ken Jackson. Again and again reality intervened to explode the partnership myth.

In a debate on the future of the post office, Derek Hodgson, the normally pro-Blair general secretary of the Communication Workers Union, (the CWU) successfully moved a resolution demanding that Labour commits itself to full public ownership of the post office in the next election manifesto.

Labour had been opposed to post office privatisation when in opposition. The union representing workers in the industry oppose it and so do the overwhelming majority of the public.

Hodgson reflected the views of thousands when he stated "listen to the partners in the post office. Don't lecture us on partnership if you don't listen to what the partners are telling you."

At least at the TUC the pro-partnership clique of right wing general secretaries, ministers and employers representatives are forced to listen even if they arrogantly choose to take no notice.

### No debate

At the Labour Party conference there has been a great deal of manoeuvring to ensure that there is no debate in relation to the proposed privatisation of Air Traffic Control.

It doesn't take a political genius to work out that this is because the pro-privatisation Labour leadership would lose the vote hands down.

A spokesperson for the Civil Service union PCS said "On this issue it doesn't fit in with what our conception of partnership is. Their idea of partnership is selling it to the private sector, ours is to keep it in the public sector".

There were numerous other examples at congress where the concept of partnership came up against the harsh realities of the class nature of society.

In relation to the employment legislation and the European working time directives, John Monks bemoaned the fact that "instead of unions and employers sitting

down together rival lobbyists have prowled Whitehall and Westminster looking for ears to bend and sympathetic allies".

What does he expect? The employers (successfully as it turned out) were looking to water down the directives in relation to the 48 hour working limit. They want to force workers into accepting "involuntary" work, over and above that limit, without having to keep records of those who arworking over 48 hours. Mr Monks cannot expect the bosses to really go along with his idea of partnership when it doesn't benefit them.

At every level and in every arena, including the industrial field with Ford workers, electricians and firefighters threatening to and taking official and unofficial strike action in defence of conditions of service, the reality of the class nature of society is demonstrated again and again.

At the beginning of this years Congress, in his opening address,

the president, Lord Hector McKenzie, speaking in relation to the Private Finance Initiative (PFI), stated "the interests of the bosses and the workers are not irreconcilable".

Maybe that is the way that the well heeled knights and Lords of the Labour movement see it. After all they can afford to see it that way.

However, if you are a cook or a cleaner in a hospital and you have been privatised under a PFI scheme you may see things a little differently. In the coming months and years your workload is set to increase and your already paltry wages will either come under direct attack or at least be eroded. In short the reality of the class nature of society and the employers desire to profit from your labour will ensure one thing and that is the understanding that the interests of the bosses and the workers are clearly irreconcilable. ■

## Again and again, reality intervened to explode the partnership myth

## The class divide



"The lions have the day off. We're throwing you to the productivity analysts instead".

### Arise! Sir no-strike Ken

"Workers want to work, they don't want to strike. I want to see a strike-free future for British industry", said AEEU leader, Sir Ken at the TUC. Within 24 hours, disgruntled AEEU members were taking unofficial action in Fords. Within days, fed-up electricians were also on strike up and down the country.

As one Jubilee Line steward said: "Ken Jackson is a prima donna sitting in an ivory tower who never speaks to shop floor workers. He should start talking to his shop stewards or resign." For Sir Ken, it seems the "bad old days" are back.

### The Ermine TUC

At the TUC Tony Blair referred to the top table as "my lords". This was an indication of how many top union luminaries wear the ermine. On the honours front, Keith Brookman of the ISTC, Bill Brett of IPMS and TUC Assistant General Secretary David Lea are now all union barons. AEEU leaders Ken Jackson has been knighted, Marge Carey (USDAW), Peter Landles (T&G), and Gloria Mills (Unison) are MBEs, Rita Donaghy (Unison), Anne Gibson (MSF), Helen McGrath (KFAT) and Maureen Rooney (AEEU) are OBEs.

The ruling class issues these 'honours' as a means of buying off people, who then pledge their loyalty to the system rather than their class. Unfortunately, too many trade union leaders fall over themselves in their quest for bourgeois respectability and a worthless title.

They love to rub shoulders with the upper classes and tend to ape their airs and graces.

### My ideal in life

"My ideal would be to get a job, a flat and a car so I can live like everyone else."

Paul Woodfinden, *Big Issue* seller, Manchester.



# Sparks fly as they show the way!

'It was just like the Seventies,' said the gloomy sounding BBC reporter. On Tuesday 21st September, thousands of angry electricians reminded Labour leaders and bosses alike of the potential power of the working class when they took unofficial industrial action, badly affecting work on the Royal Opera House, the Jubilee line extension and the Millennium Dome.

by Harry Smith

Between 800 and 1000 AEEU members marched through the leafy south east London suburb of Sidcup to the headquarters of the joint industrial board (JIB).

The JIB is a tripartite organisation bringing together the Employers and Contractors Association (CA) and the AEEU.

It is this august body that sets the rate for the job and it is this years offer that the strikers were particularly angry about.

The union's national officials and the employers both claim that the rise would be worth 27% over three years.

However, the strings attached would eliminate payment of fares and travelling time, reduce overtime rates and introduce a system giving employers the right to temporarily lay people off.

One leaflet being handed out on the demonstration stated that, despite the rises in the basic rate, actual rises including the loss of travel times and fares based on a ten to fifteen mile radius would only give a rise of 2.5% in 1999/2000 and 3.8% in 2000/2001. This is before the overtime rate reductions are taken into account.

The ability to temporarily lay workers off would no doubt be cynically used by employers for financial gain but would also be used to victimise stewards and break the grassroots trade union organisation.

However even more galling than the offer itself was the fact that the shop stewards had specifically asked to meet with the national officers of the AEEU prior to the negotiations. That request had fallen on deaf ears.

The depth of feeling against the offer and the right wing officials was reflected in the slogans and placards:

"No to a recession offer in boom city!"

"AEEU stitch up! Vote no!"  
 "AEEU/ECA too close for comfort!"  
 "Jackson must go!"

These were some of the milder slogans!

Traffic was brought to a standstill as the demonstrators lobbied the offices of the JIB. The stewards went in and relayed the message to the employers and the unions national officers in what some might call a forthright and direct manner.

They came out 45 minutes later to inform the gathering that they had been told that the final offer would be with them in the next seven to ten days. The national negotiators had informed them that they were hoping to get the attacks on overtime and the lay off clauses removed.

Furthermore they had been informed that the union would not be making a recommendation one way or the other if these clauses were removed.

The stewards made the point that it was looking clear that further action would be necessary.

## General Secretary

The stewards asked the men to reconvene in the park after dinner and in the meantime they would travel to the union headquarters a few miles away to speak to the general secretary.

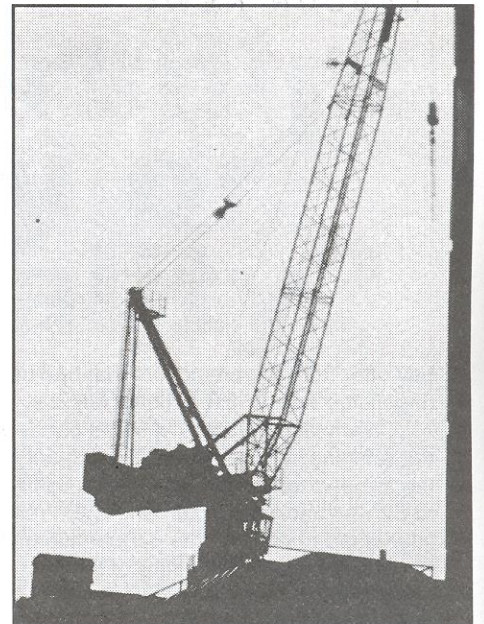
When the meeting reconvened the stewards informed the members that they had met with the General Secretary. The response was immediate.

When the chants of "Jackson Jackson, go to hell" had finally died down the stewards continued by pointing out that they had once again put the case very forcibly. Sir Ken Jackson had informed them that this was not the final offer (if that was true it was proof that the pressure had created some movement, even if it wasn't very significant). They had been told again that, in the next ten days, the national officials would be attempting to get the overtime and temporary lay off clauses removed.

Points were made from the floor that the temporary lay offs were a red herring put up to be shot down.

Even if the attack on the overtime rates was removed it was still a pathetic wage offer giving with one hand and taking away with the other.

Another point was raised saying that the the employers real agenda was to introduce semi-skilled working to undermine the rates.



There were several speakers from the floor pushing the line that the stewards had raised earlier for an escalation of the action:

It was at this stage that the news came through to a massive cheer that the electricians in the Teeside shipyard had walked out. Unbeknown to the men at the time there had also been walkouts in Edinburgh, Newcastle, Manchester, Liverpool and Birmingham.

It was at this stage that an understandable but very dangerous proposition was put to the meeting. This was that if the AEEU leadership failed "to do the business" in relation to the pay deal the best plan would be to leave the AEEU on mass and join the EPIU.

Unfortunately nobody was prepared to point out that this would be a disastrous tactic.

To start with, the AEEU has effectively got a single union deal with the ECA through the set up with the JIB. To leave the union would merely mean that the set up would be left entirely in the hands of the current leadership of the AEEU. They would continue to do single union deals with the employers who would help them to recruit new members to replace those who had left. The kickback from the AEEU leadership would be to continue selling the members down the river and act as an auxiliary to management.

Those who left now would be isolated and have no representation or any chance of getting it in the foreseeable future.

The whole history of walking away from the battlefield and leaving things open for the right wing has been a disaster.

It was because the best activists walked out of the EETPU to set up the EPIU in the eighties that the bulk of the EETPU members were left to the tender mercies of Frank Chapple and Eric Hammond. (the right wing equivalents of Sir Ken Jackson who ran the EETPU in those days).

Their position in that union was



strengthened because of the walkout. This had a disastrous effect when the merger (in reality the EETPU takeover) took place between the electrical and the engineering union in the mid nineties.

With only the old left in the engineering side remaining, the right wing took hold of nearly all the senior officers positions in the new union and they took control of the national executive committee.

The task now isn't to walk away from the battlefield again making life easier for Sir Ken and his right wing friends—quite the opposite.

There is a growing discontent in the union with these characters. More and more stewards and members are getting involved and seeing these people for what they are.

The task at hand is to stay in the AEEU and fight to replace the current leadership with a real leadership that will stand up and fight for the members.

As the meeting went on amid calls for escalation, the decision was made to take further unofficial strike action on the following Wednesday. It was agreed that a national demonstration would take place through London to the headquarters of the ECA. It was also agreed that stewards all over the country would be contacted to make this a national event.

These actions, like the action on the Jubilee Line Extension last year, are particularly important. Not just because many thousands of skilled workers had the confidence to set us all an example by defying the anti union laws, their employers and their so called "union leaders".

Not only because they have put the utter farce of social partnership and a strike free Britain into proper perspective.

The most important point is that through this ongoing dispute the electricians and their shop stewards have shown that the only way to rebuild the unions is based on understanding and fighting the reality of the class nature of society.

We don't have to sit back and accept job losses, cuts and attacks on wages and conditions while well paid national trade union officials, the government and the employers prattle on about social partnership from the safety of their ivory towers.

We can fight back and in doing so rebuild the collective consciousness that has been eaten away over the last twenty years. The way has been shown.

The shop stewards are playing a pivotal role in this dispute and without them the show would have been over by now with the members sold down the river once again by the unions national leadership.

**Rebuild the unions!  
Rebuild the stewards movement!  
Full support for the electricians!**

# Calling all trade union militants

**The employers' offensive has pushed back many of the gains won by the trade union movement in the post war period. Wages and conditions have been undermined across the board. There has been a counterrevolution in the workplace.**

Everything is being done to squeeze more labour out of the working class. Short-term temporary contracts, part-time working, de-skilling, and other measures of "flexibility" have been used to intensify the rate of exploitation. With this has come the rise of insecurity and increasing stress for the working class. Discontent on the shop floor is at an all time high.

Unfortunately, the trade union leaders, instead of harnessing this discontent to challenge the bosses, are busy promoting "social partnership". They have abandoned militant struggle for the comfort of sweet-heart deals. Rather than organise a fightback, the trade union leadership has turned its back on groups of workers who have been forced to fight alone. The case of the Liverpool dockers is a prime example. As a consequence the Liverpool dockers went down to defeat. This bankrupt approach - described as 'new realism' by the right wing - has led to a haemorrhaging of trade union membership. Where the official leadership has dragged its feet, workers have resorted to unofficial (and

illegal) industrial action, as we saw in the series of strikes in the post office and on the Jubilee Line.

On the political front, after driving out the Tories, workers' hopes in the new Labour government are evaporating rapidly. Blair has continued where the Tories left off.

The Labour leadership's acceptance of capitalism and their ditching of socialist principles has inevitably led to an attempt to appease big business. That explains why Blair has recently made such outrageous attacks on public services and public sector workers. He now wants to turn the Labour Party into an openly capitalist party, and break its links with the unions.

The class nature of capitalism and the conflicting interests of the employers and the workforce inevitably means that confrontation will always exist. If the trade union movement is going to champion the interests of the working class, it is clear that the present leadership has to be replaced with a fighting alternative. Only a militant leadership which is prepared to challenge capitalism can offer a way forward.

Identifying a problem and outlining the basis of a solution is one thing, doing something about it is another. For this reason *Socialist Appeal* has organised a conference on the 6th November. The conference will be a forum for trade union militants to discuss a strategy to transform the trade unions. The themes of the conference are:

- \* **Opposition to social partnership**
- \* **Fighting the anti-union laws**
- \* **Defending the union links**
- \* **The fight for socialist policies.**

**Send for credentials: Industrial Conference, PO Box 2626, London N1 7SQ today!  
Registration fee £5.**

***Socialist Appeal*  
Industrial  
Conference,  
Saturday  
6 November  
11am-5pm  
The Imperial Hotel,  
Southampton Row,  
London WC1  
(nearest tube: Holborn)**

speakers include:  
**Nigel Pearce** (NUM executive committee)  
**John Ireland** (CWU executive committee)  
**Steve Jones** (RMT executive committee)  
**Jeremy Dear** (NUJ newspapers national organiser)  
**Jack Munday** (Joint Sites Committee)  
**Alan Woods** (editor, *Socialist Appeal*)  
**Leonidas Kargianni** (Greek Building Workers executive committee)  
*all in personal capacity*



# Workers and bosses: 'two nations divided'

**"Trade unions must be partners in change, not its enemies; they should even be champions of change." Tony Blair to the TUC, 14th September.**

**"Workers are required to be totally committed to organisational objectives, yet readily disposable." Joseph Rowntree Foundation report, August 1999.**

Workers are faced with deteriorating conditions in the never-ending drive to change. Primarily under the corporate mantra of "change", the employers' offensive has ripped up terms and conditions and introduced a regime of management-by-stress across the workplace. This is commonly referred to as "flexible" working.

by Roger Simms

Late last year the car producer Rover and its unions agreed a new programme of flexible working and voluntary severance. With closure hanging over their heads, the workforce has been set the task of closing a 30% productivity gap with BMW's German plants.

Even with the promised new investment, and the draconian changes to working practises, there remain fears about Rover's survival. The morale amongst Rover workers is on the floor. As a result, although the original idea was to cut 2,500

jobs, since December more than 5,500 have gone.

The world automotive industry is suffering from acute overcapacity - on one estimate, equivalent to 15 brand-new car plants. With cut-throat competition throughout the car industry, bosses have turned to cost-cutting and economies of scale. This has resulted in Daimler's buyout of Chrysler and Ford's takeover of Volvo in the past 16 months alone. All are in a scramble to drive up productivity at the expense of the workforce.

New car plants like Nissan's in Sunderland have sufficient "flexibility" to achieve a productivity rate of 98 vehicles per worker per year - three times the current level at Longbridge. Bosses, in order to maintain their profits and market share, are therefore demanding a race to the bottom by their workers. Each plant is set against plant and each worker set against worker. Competition became the buzzword of the 1990s.

Alongside this drive to reduce costs, has come the philosophy of "social partnership". This was the key note of this year's TUC. In reality, participation programmes help bosses to implement management-by-stress. The push for "flexibility" in the workplace is only one aspect of the employers' drive for deregulation across the board. Team working was often linked to lean production. This in turn meant declassification, multi-skilling, just-in-time delivery, and "continuous improvement", or continuous speed-up. However, like an anorexic, the system is never satisfied with itself, no matter how lean it gets. It is always striving for better production figures, no matter what the cost.

Employers claimed to be interested in their workers. "We want you to work smarter - not harder", was the refrain. We all had to take responsibility for increasing productivity, and applying peer pressure to co-workers who were not pulling their weight. Reducing effort is not the point, reducing costs and jobs is.

Total Quality Management was dreamed up to organise the work more effectively. It was a matter of management method which would

streamline production. The original ideas were based upon Frederick Taylor's scientific management and Henry Ford's production line. But Taylor's approach was to assess workers through "time and motion" on a one off basis, lean production views it as a continual process. The idea is workers time each other and make suggestions themselves (through team working, quality circles, partnership, empowerment, etc). It is an on-going treadmill. All of these methods had one objective: how to squeeze more out of the labour of the working class.

This has resulted in insecurity, ill-health and acute stress. Job security has gone out of the window. Management-by-stress takes centre place. The disastrous effects on the lives of working people was brought home by the recent report of the Joseph Rowntree Foundation. Despite falling unemployment, and the boasts of an economic "recovery", job insecurity is widespread among white-collar and blue-collar workers. In fact, it is at its highest level for the past 30 years.

The report found that more than 60% said that the pace of work - and the effort they had to put in - had increased over the past five years. Almost half the workers surveyed say that they cannot trust their bosses at all or do so only a little. Despite the pleas of Blair that "Business and employees are not two nations divided", three-quarters said that management and workers were not on the same side.

Over 30% of full time male workers are regularly working more than 48 hours a week; 39% say their hours had increased in the last five years. It is the "sheer quantity of work" which causes the stress as more are forced to cope with inadequate staffing numbers and repeated job cuts. Consequently, more than half the workers believe the need for trade union protection is greater now than it was five years ago.

The report concludes: "In the short term, this drive to reduce costs and/or increase profits has intensified work and may well have increased 'efficiency' but in the long term the forces that are currently driving British industry have worrying implications for Britain's long-term growth rates and the health of its 'social environment'." More accurately, the Foundation is fearful of a backlash amongst workers. It's report is a warning to bosses. But it will fall on deaf ears. Only by ending capitalism will the nightmare end. ■





# TUC '99: leadership needed

Congress was again dominated by the language and policies of "Partnership." The TUC is demanding that workers share the business objectives of their employers. There is no room for "Adversarial Industrial Relations" and the term "struggle" is no longer relevant. Well, what's new from the TUC then?

**Brendan Kelly**  
RMT Delegate  
(personal capacity)

What we do know is that workers will remain the sleeping partners in the TUC's equation, as indeed were most of the TUC delegates...zzzzz.

There was again a stage managed show of unity amongst the rail unions. This nearly fell apart when RMT and ASLEF had to distance themselves from a section of their own composited motion. The TSSA had insisted that the wording "support schemes such as Central Railways if there is a genuine commitment by private capital" be included in the composite. There were statements in support of public ownership but these were qualified by the statement that "it is unlikely in the foreseeable future." Of course, this depends on

how far you can see, and where you are looking. If you are looking at John 'New Labour, New Privatisation' Prescott then socialist policies can look very distant indeed.

The threat of PPP (Public Private Partnership) will only serve to damage London's future transport infrastructure and cost the taxpayers a fortune. It will also mean attacks on the jobs and conditions of LUL workers.

The Rail Unions have set up a campaign to expose the policy of PPP and argue for alternative funding. This has the support of LUL workers. But it may depend on the industrial strength of LUL workers in a united stand to protect their interests and those of London commuters.

The Rail Unions are also arguing for strong regulation of the railway system. But regulations and safety will always be secondary to serving the interests of shareholders and profit. The issue will always be one of ownership and democratic control. The unions have shamefully accepted Labour's excuse that investment or renationalisation would rob expenditure from education and health. Railworkers want these things at the expense of big business not at the expense of education and health. But this would require a socialist policy for transport. Not apparently on Comrade Blair's agenda. ■

# Ford tool makers on strike

AEEU toolmakers from the Dagenham and Enfield toolroom have recently been on strike over the right to a craft allowance. The day of strike action held on the 16th September to coincide with the union pay presentation to Ford management took place the day after Sir Ken Jackson, the General Secretary of the AEEU, announced to the press his vision of a strike free Britain. When questioned about the dispute he refused to comment. The dispute, involving 350 toolmakers from the Dagenham toolroom and 16 from the Enfield plant toolroom, centres around the refusal of the company to make allowances available to other grade 5 workers in production areas. These allowances, such as Integrated manufacturing team allowance, electronics allowance, group leader allowance and lineworkers allowance mean that a mechanical/electrical craftsman could receive an extra 25% in wages to that of the toolmaker craftsman in a non production area. The toolmakers demand is for the company to recognise a toolmakers allowance which could only be introduced as part of the annual pay negotiations. The company's response to the Ford hourly pay claim is due on October 14th with more negotiations from November 9th to the 11th and further strike action is planned to coincide with the talks.

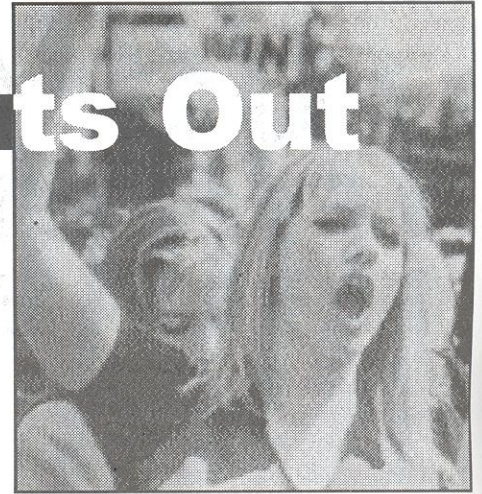
Ford workers as a whole will be looking for a substantial increase in pay in order to restore their position in the motor industry pay league as well as a 2 hour reduction in the working week and a 30 year and out improvement to the pensions to reflect the increasingly strenuous work imposed through lean production techniques and speed ups. Fords UK workforce has declined by 4.5% yet output per head has grown by 5.7% over the last two years. This is measured by a growth in operating profit of 23% from 1997 to 1998. All of these factors will mean that Ford workers will be preparing to take on the company if their aspirations are not met.

by an AEEU Ford Worker





# Slogging Your Guts Out



Whatever level of the university system you are at, it cannot have escaped your notice that students these days are increasingly feeling the pinch financially. In the past government paid for university education through the maintenance grant, or at the very least the payment of tuition fees (dependent on parental income). This already meagre provision was ended when, last year, the maintenance grant was abolished altogether, loans were increased to cover the shortfall created, and students were required to pay a portion of of fees on a means tested basis.

by **Kris Lawrie**, St. Andrews University (undergraduate and UNISON rep in a personal capacity)

There are now three avenues of funding available to students, we can rely on our parents, some of whom can ill afford it; we can borrow heavily from the government or banks; or we can seek part-time employment, indeed most people are forced down all three routes. All of these funding methods have adverse effects on our lives and studies, but there is little option.

Anyone who has had to hold down a job during study will know that balancing work and study is a difficult thing to do. A recently published survey commissioned by and based upon results from Glasgow's three universities, reveals the extent of the problem. Between 52 and 79 percent (depending on institution) must work to earn a living, at the same time as studying. The study also revealed that 4 in 10 of those employed work in retail (excluding bar work), and a significant number of those in fast food outlets; as well as bringing them into direct contact and competition for employment, with young non-students, these jobs often force them to work long, or unsociable hours.

## Glasgow

A significant number believed that work was affecting their study. In Glasgow University alone 90% of those with part-time jobs said they had at times been too tired to concentrate on their studies, as a direct result of their work. This situation will inevitably lead to a poorer standard of education, and an all round poorer performance in degree examinations.

The necessity of work for students interferes with study, not only during term time but also during the summer breaks, a time which would be valuable if used for rest and a broadening of experience, is now a time which is valuable only because there is no limit to the number of hours of work which can be crammed into a week, thus saving for the next years study.

Over this summer I worked at my university in a hall of residence, engaged in house-keeping and dish-wash duties. This employer who calls itself an 'Investor in

People' hired casual staff at the beginning of the holidays to work between 25 and 35 hours each week. The reality was different: working hours ranged from 5 to 70 hours a week. Hours were not circulated evenly from week to week, a fellow employee was given, over a four week period, too few hours to pay his board three weeks running and then on the fourth week he was given 70 hours but made no money because his board money was extracted from his earnings in a lump sum.

## Workmates

People are given up to 70 hours a week. A whole day could consist of a 4 o'clock start, working until 2 o'clock with two 15 minute breaks and half an hour for lunch. The evening shift would start after dinner (time changeable at the slightest whim, and not always with notification, any time between 4.15 and 5.45), this shift continued until all the work was done, on one occasion this was after 11 o'clock. When work finished it was straight to bed to be up at four the next day. These conditions bred tiredness, tension, resentment, bad feeling, and suspicion amongst workmates.

There were people who felt they could not work through tiredness and of course at times illness. This was not accepted by the staff or managers. Although they had little recourse but to give shifts off for illness, it was given reluctantly, and often accusations were made and rash words spoken in front of other members of staff. Workmates least of all tolerated people phoning in sick, there were suspicions, cold words spoken, arguments and backstabbing. We had been openly told at the induction to treat people in this way if they failed to turn up to work.

As the summer continued long hours and split shifts meant that work was the only thing in life, when you weren't sleeping you were working. This is the reason that this article is a retrospective.

Life is like this, very often worse, for hundreds of thousands of people in Britain every day. The ongoing slog, day in, day out has now drawn the students in too.

People are cheap commodities, they can be used and thrown away as required, because there are ten others to take their

place at the drop of a hat. Competition and resentment are rife, workmates talk behind each others back about who is slow, how many days people have had off work, or who is too officious. You cannot help but get drawn into this when you do the job, because the working conditions create the working atmosphere.

Politicians would have us believe that as students we will rise above all that, if we put a lot of work into our education we are destined for great things. We can distinguish ourselves from the common rabble we work with now. Students are encouraged to expect high paying jobs, retire early to the suburban backwaters, and begin repaying our 12 grand loans. In saying this they try to drive a wedge between students and other young people.

In the shaky labour market of today it is hard to see how several million students with degrees and debt, are to be permanently employed on good money. The truth is that when we leave with high hopes, and enough debt to tie us down for life, we will be forced into competition with each other for jobs, and we will be forced into competition for jobs with all other young people.

## Trade unions

The attempts which are being made to split the youth into different social groups must be fought. To best combat this, the artificial barriers which are being constructed must be broken down by cooperation within the trade union movement. The purpose of trade unions is just as vital today as it always has been. When thrust into the cut-throat workplace people, especially the young who are most subject to unfair treatment, will begin to realise that the conflict between themselves and their employer, is far greater than any individual differences between themselves. When they come to realise this there will be a natural gravitation to the apparatus which has been set up over hundreds of years by the sweat, blood and hard work of their grandfathers, for the purpose of bringing them together in common struggle to protect their working rights, their rights to comprehensive social services, and their right to a free education. ■



# Socialist policies for a '21st century Party'

*"The child born on a run-down housing estate should have the same chance to be healthy and well educated as the child born in the leafy suburbs"*

Tony Blair 18/3/99

by Phil Mitchinson

But they don't, do they. What more damning indictment can there be of capitalist society at the close of the twentieth century than that this laudable, yet hardly ambitious aim is so far from being achieved even in supposedly prosperous Britain.

Poor quality housing run down by years of neglect and cuts in local government funding, along with inadequate diets and a deteriorating environment combine to plague our children with asthma. Maybe that can't be solved overnight, but the scandalous announcement that health authorities are running out of measles vaccine and don't have the money to buy more, could and should be resolved tomorrow morning.

One in three children in Britain today are growing up in poverty. But this is only relatively poor, the comfortable of Islington reassure themselves over dinner, this isn't

the grinding poverty of the 1930s. They would not have to walk very far from where they live to discover hellhole estates. The BBC's recent documentary on child poverty brought us nightmare visions from estates like these all over the country. There is an abyss opening up in Britain into which more and more families are sinking, where a child's playground consists of a burnt out saloon car and an abandoned fridge, where scraped knees have been replaced by accidental scratches from potentially fatally infected discarded needles.

Tony Blair has announced that his aim is to abolish child poverty in twenty years, but no Public Private Partnership or PFI scheme can do that, there's no profit in it for big business. The aim is very commendable but it won't be achieved by sermonising on the need for family values, it requires three things, resources, resources and more resources. We need no lectures on morality from second hand arms dealers, not when they are in a position to do something about these obscenities and yet they do so little.

But there are only finite resources, we are constantly told. Are there? Why? There is no natural limit to the resources we choose to put into health, education, housing or anything else, only the limits of profit and the choices of a Labour government.

As we go to press on the eve of Labour Party Conference the papers are full of speculation over the size of what they call "Gordon's war chest," the budget surplus, now confidently predicted to be in excess of £12 billion. Millbank shouts this from the rooftops, they are proud of their financial orthodoxy. They have nothing to be proud of, no Labour Chancellor

should announce such a surplus with anything other than shame while 350,000 young people are homeless. What kind of Labour government is it that builds its bank balance out of the empty stomachs of our children?

The pious Christian morality of these ladies and gentlemen is just as much hypocrisy at home as it is abroad. At Party conference Blair, Cook and Byers should come in for a rough ride from activists over their so-called ethical foreign policy, that is selling arms to butchers and murderers in Indonesia. They say one thing from their pulpits and do the opposite from their government posts.

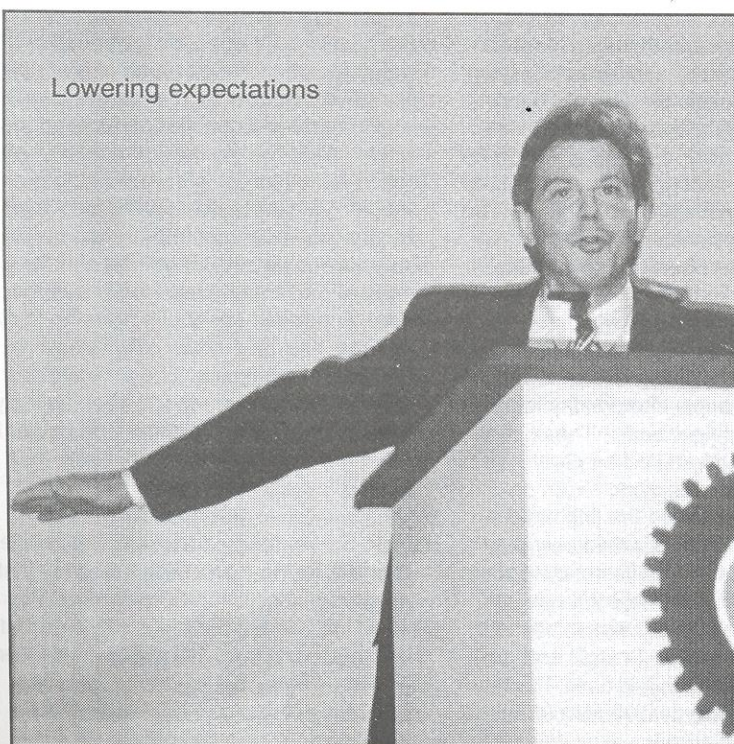
## Hypocrisy

The hypocrisy of their so-called humanitarianism in Kosovo was already exposed in the Asylum Seekers Bill and their appalling attitude to the Kosovar refugees in Dover. These people need to look up morality in the dictionary - it clearly has a different meaning where I come from. A real ethical foreign policy would be based on internationalism and solidarity with the struggles of workers and oppressed peoples around the world.

At home too they prattle on about ethics and morality, they launch a crusade against teenage pregnancies, and then perpetuate the very system that creates these nightmares. A moral home policy would require breaking with the free market, and representing the interests of ordinary workers, not the city of London, that's what the Labour Party was created for.

They proudly announce that they are in favour of wealth. In fact they are in awe of it. "We are intensely relaxed about people getting filthy rich" Peter Mandelson informed a meeting of American businessmen. He was so in awe of wealth that he lost his job over it. The resignation of Mandelson was a blow to the Blair project to transform the Labour Party. At the moment they seem to have papered over the cracks, but the divisions throughout the party even at Parliamentary and cabinet level can reemerge at any time, quite possibly over what to do with the budget surplus.

The highlight of last years conference was undoubtedly Derek Hodgson of the CWU lambasting Mandelson from the rostrum, demonstrating that no amount of stage management can completely sanitise party conference. The real world will



Lowering expectations



always find its reflection in the Labour Party no matter what rule changes Blair and co. introduce. The next stage in the Witch Blair Project appears to be the plan to effectively disband the party at constituency level. A paper entitled "21st century party" will propose replacing constituency General Committees with less frequent all members meetings modelled on the example of Enfield Southgate. We are all in favour of more all member meetings, but the party must retain its constituency bodies which comprise representatives of local activists and the trade unions, and must have the right to vote and take decisions. Blair and co have the barefaced cheek to try to blame their recent electoral failures on the inability of the activists to campaign effectively. Government policy is hardly an inspiration to party members who find Blair more and more difficult to defend on the doorstep. Now the leadership add insult to injury. The constituency parties must be defended and we must fight to regain our right to send resolutions to party conference and decide party policy. As things stand, party activists will probably not be able to vent their anger at the government's hypocrisy over East Timor, nonetheless anger and opposition will once again break through the carefully insulated New Labour veneer. The attacks on party democracy make it all the more vital that trade unionists intervene in the conference and at every level of the movement to prevent any further move by Blair to dissolve our party. Resolutions should flood the NEC and every other body



Ken Cameron

in the movement to oppose these new attacks.

No doubt we will hear a lot at Party Conference about Labour's achievements since taking office. After all they've introduced a National Minimum Wage. True, but at a pathetically low level, and with those most in need, young workers at the mercy of short term or even zero hour contracts, excluded.

They've brought back trade union rights at GCHQ, and introduced legislation enabling more, but far from all, workers to be represented by trade unions. Most of the Tories draconian anti-union legislation however remains intact. As Bill Morris correctly said at the TUC, so long as that is the case "we have unfinished business...All the Tory anti-union laws must be repealed."

#### Frustration

No doubt the understandable frustration expressed by Ken Cameron of the FBU at the Tribune rally during the TUC, suggesting that maybe the unions should loosen their ties with the Labour Party, is shared by many activists in the labour movement, particularly in the face of the outrageous threat to ban strikes in the fire service. However frustration is a poor taskmaster. The FBU and other unions should turn their attention to fighting Blairism inside the Labour Party. Such a campaign would meet widespread support inside local constituency Labour Parties where opposition is becoming increasingly vocal. Even in Blair's own Sedgefield constituency. Jak Newton the organiser of the 'Campaign for Labour Representation,' a group of Labour Party members in Sedgefield argues, "The opportunity for socialism is probably stronger than it has been for decades. Public opinion is further to the left of the trade union movement and much further left than New Labour. Rebellion inside the Labour Party is a growing reality. Our group believes people should stay in the Labour Party and fight back." These sentiments are no doubt shared by party activists all over the country.

Any move to weaken the link between the party and the unions would only play into the hands of the Blairites and weaken the opposition to Blair where it really counts, inside the party. It was this kind of frustration that propelled Scargill and others to leave the party in the past. The lesson of their meteoric demise should not be

lost on us. It is inside the party and the unions, the united labour movement, that opposition needs to be organised. Trade unions played a decisive role in founding the party one hundred years ago and they can play a vital role in transforming it, in reclaiming it for ordinary working people today. The alternative is to leave the Labour Party in the hands of the Blairites. Left to their own devices they will destroy it. The sacrifice and struggle that went into the Labour Party over the last hundred years cannot be abandoned so thoughtlessly.

Blairism is already leading the Labour Party on the road to disaster. The recent European, Scottish and Welsh elections demonstrate that Blairism is increasingly unelectable. Losing the Rhondda after generations of workers struggled to build the labour movement there is a crime which we will not forget or forgive. Party activists in Wales are seething, and their anger will only be fuelled by the latest insults blaming them rather than Blair's continuation of Tory policies for these defeats.

"What has New Labour ever done for us?" Blair mocked in his speech to the TUC. Many workers are asking themselves the same question. From the conference platform we will no doubt be given examples of some reforms that have been introduced, and we welcome every step taken, if it is in the interests of ordinary workers. But how exactly does the introduction of tuition fees and the abolition of grants help any of us? Or cuts in lone parent benefit?

Remember Education, education, education? Blair has paid a great deal of attention to education alright. Abolishing grants and introducing fees is hardly the way to ensure that those youth he refers to from "run-down estates" will get the chance to study at university. They don't have the same opportunity as those from the leafy suburbs, and they never will have while this system continues. The problem now however is that even those from the leafy suburbs are finding it harder and harder to afford a university education.

#### Second term

In his conference address Blair will tell us about all the jobs still to be done. That list is long indeed - just like NHS waiting lists. That, we will be told is why we must have a second term of Labour government. That is why we should keep our mouths shut, and not rock the boat or we'll have



## By-election blows

Labour suffered a real blow in the Hamilton South by-election. The SNP came within only 556 votes of capturing the seat - the fifth safest Labour seat in Scotland. The elevation of defence secretary George Robertson to the House of Lords (he's been promoted to the post of NATO General Secretary for his crass defence of America's interests in Kosovo) back-fired in spectacular fashion with a 23% swing to the SNP. Labour's 15,878 majority in 1997 was completely demolished. According to Reid, the Scottish secretary, the reason for the calamity was that "people on the doorstep were content"! However, he added, "during by-elections you get all sorts of protest votes." So what were they protesting about? It is clear for those who want to listen - it is disillusionment with the government's pro-capitalist policies, and follows disastrous performances in the earlier elections in May and June. The result was also embarrassing for the Liberal Democrats, who were relegated to sixth place, losing their deposit. This was just desserts for their capitulation on student fees on entering the coalition in Scotland. South of the border the very low turnout in the Wigan by-election of only 25%, saw Labour's majority fall by 16,000 demonstrating that growing disillusionment with New Labour is not confined to Scotland.

the Tories back. We've heard a lot of talk from Blair recently about the need for a second term. An increasing number of us would like to see one term of real Labour Government first. We haven't seen that yet. Opposition, Blair told the TUC would not result in a left wing Labour government but the return of an even more extreme right wing Tory administration.

No-one believed this even theoretically possible back in the heady days of May 1997. Things were only going to get better. Workers hopes have been dashed as quickly as the careers of Dream the band who recorded the election night anthem.

No-one believed the Tories could come back. That such a tragedy is now possible is proof positive that it is not Socialism but Blairism that's unelectable.

### Renationalisation

It is correct to raise the danger of returning the Monster Raving Tory Party to office. Not as a threat to frighten opposition inside the party, but as a reason to change course. It is the reason why Blairism must be defeated. The only real guarantee against returning the Tories would be to start introducing policies in the interests of ordinary working people. Renationalising the railways could see Labour gain ten points in the polls. Privatising the tube could easily cost ten points not to mention the Mayoral election in London next year. Renationalisation would just deprive other areas of much needed resources, we are told. Nonsense! Only if you intend to pay the fat cats who've made a mint out of the licence to print money that is privatisation even more money. Only those in genuine need should be given any compensation. Abolishing student fees and restoring grants could rally millions of young people and their hard pressed families behind Labour, and allow more of them to get that chance to go to college. Surely that would cost millions? It is one of many better uses for the swag that is the budget surplus, than paying off debts to big banks, or cutting taxes.

That £12 billion can't solve everything of course. It should be spent immediately on health, education and alleviating poverty. To really tackle child poverty, homelessness, crime, drug addiction and despair however, we need to do far more, we need more resources. We create those resources every day when we go to work, but the profits we make for big business are then squandered on the roulette wheel

of the stock exchange. Those resources need to be put to work in the interests of the whole of society. They must be brought into public ownership and run democratically by the workforce and the community. As a first step Labour must abandon Tory economic policies of privatisation and cuts, and break off its love affair with the free market.

In his speech to the TUC, however, Blair hinted once again at the privatisation of the Post Office and further attacks on the NHS, and teachers. Any move in this direction will force a confrontation, and it will not be workers fighting to defend jobs and services, but the Labour leaders pursuing Tory policies that will cost Labour election defeats.

That's certainly how not to win elections. There can be no surer way of losing an election than to continue with Tory policies, to disband local parties and to insult the party's activists. We don't want the Tories back, but we want a Labour government for a far more important reason than just to keep the Tories out, or to keep ministers in the style to which they are becoming too accustomed, but to bring about real change in the interests of ordinary working people. That's what Labour was created for, not to manage the economy in the interests of big business.

Ironic isn't it. We are the ones who want change - it's Blair that's adopting a conservative position, in more ways than one.

Ian McCartney one of the authors of "21st Century Party" claims we are the conservatives, "Those who campaign against this and call themselves the left in the party are fast becoming the conservatives in Britain because they oppose everything about change." (*The Guardian* 23/9/99) On the contrary we want real change in the real world not constant fiddling with the party constitution. The trouble with the Blairites is that they're not just conservatives they're Tories.

Like Tory leaders of old Blair talks about 'One Nation.' Society may indeed appear classless from the dizzy heights of Millbank tower, the eateries of Islington or

the private beaches of Tuscany, but it doesn't require a particularly thorough look at the real world to discover that Britain is more divided than ever. Blair has announced that his goal is to eradicate child poverty in twenty years. We would support such a campaign wholeheartedly. It would be possible to achieve that aim and much more besides, but not on the basis of this capitalist system. On the contrary by sticking to the market, Blair will not be in power for twenty years and far from eliminating child poverty the divisions in society can only grow deeper and sharper. These conditions remember are the best this system can offer us. This is a boom, and it can't last indefinitely. If this is a boom, just stop and think for a moment what things will be like in a new slump.

Blairism has failed, it has failed to solve our problems, and now it fails to win elections. It could even result in losing the next general election. That may not seem likely, but if Blair continues on this path then it will become a serious danger. That's not how we should celebrate the party's 100th anniversary.

### Socialist Policies

Let's celebrate that anniversary in style. Let's reclaim our party, restore its original aims, its original purpose. Let's modernise the Party, fight for a socialist programme, bring about real change. Blair said it should not have taken 98 years to implement a minimum wage. On that we agree. It shouldn't take another 98 years before we see the radical transformation of society necessary if we are to eradicate child poverty in a generation. That will require socialist policies, taking into public ownership the commanding heights of the economy, and planning production and distribution scientifically and democratically. Those are the tasks of a 21st Century Labour Party. ■



# The internet revolution

**The United Nations Human Development Report 1999 estimates that there are now 150 million internet users and that by 2001 there will be 700 million. The internet has expanded faster than any other communications medium in history. The way in which computers and the internet are developed will determine how we live in the next century. The marvels created by the combination of computing and the internet enable us to link and communicate as never before.**

*by Heiko Khoo*

The capitalists were extremely slow to adapt to the new technology, even though it would create massive new markets and make their operations more efficient. In the mid 1990s they did an about turn and threw hundreds of billions of dollars into various electronic commerce ventures. However, most of them are kings with no clothes. The sale of stocks was all the capitalists cared about and ridiculous money was poured into hopeless lossmakers like the British internet company "Freeserve", which cannot and will not ever make money. Freeserve was recently valued at £1.5 billion or £1500 for every user, so how they are supposed to make this money remains a mystery.

In 1957 the Advanced Research Projects Agency ARPA was formed by the US Department of Defence to develop technology for military usage to combat the threat posed by the Soviet Union's satellite launch, Sputnik. The problem of how to keep in regular contact led to the creation of ARPANET, which linked the computer systems together in a way that sent data in multiple tiny packets (packet switching). This allowed data to reach its destination via diverse routes, which would find their way to their destination even if a nuclear bomb destroyed parts of the network.

## Communications

The Internet-working Working Group (INWG) was formed in 1972 introducing standardised protocols, which had to be the core of such data transfers. From 1973 the internet became international development gradually until 1991, when the world

wide web was publicly released. Since that time the internet has expanded faster than any other communications medium.

Although the internet started as a military project, the core of the internet has been maintained and developed by various co-operative organisations where the work of the collaborators is voluntary. This is a fact barely mentioned in the mass media. The most influential group is the internet society (ISOC) formed in 1992. The motivation for their collective work is purely to assist the development of the internet.

Microsoft only jumped onto the back of the internet years after the web became available, by making a pirate version of the Netscape Internet browser through reverse engineering of their software, and through monopolistic practices.

Ironically Microsoft gained its market domination by effectively stealing the programme MS DOS from its creator Gary Tilder who refused to sell it to IBM. Bill Gates found a computer company that had made a copy, modified it slightly and bought the rights to it for only \$50,000. This is what eventually made Gates the owner of more personal wealth than 115 million fellow Americans. Now Microsoft extends its domination by buying up competitor programmes and subordinating them to their "intellectual property rights".

## High-speed

The internet has challenged all this though. Through being able to transfer data from remote computers onto your own, distribution costs have effectively disappeared. Eventually when high-speed communications systems are introduced, no one will buy a CD-ROM and every programme will be downloaded from the internet. Microsoft's method of distribution by CD-ROM is like selling TV programmes on video tapes. But to make the internet the means of distribution for large computer programmes, video and three-dimensional moving imagery, requires high-speed communications systems to the home.

The entire global telecommunications system is being held back by narrow profit motivation.

In early September it was announced that technology that could provide high speed internet access through the electricity supply had been shelved. British Telecom have sat on fast speed access "ADSL" technology for over two years because it makes such huge profits out of

the outdated phone system and the ISDN system. To this day they are touting ISDN to business and home users as a communications "revolution".

The reason for their sloth-like behaviour is that ADSL will eventually replace the phone system and that may eat into BT's vast profits.

Finally after years of delay BT have announced they will introduce ADSL from next March and Cable companies will introduce similar speed Cable modems in Spring 2000. The Labour government should immediately renationalise BT, provide free access to the internet from every home and inject massive financial support into Linux programming and internet content providers. This would break the stranglehold that the multinationals hold over mass communications.

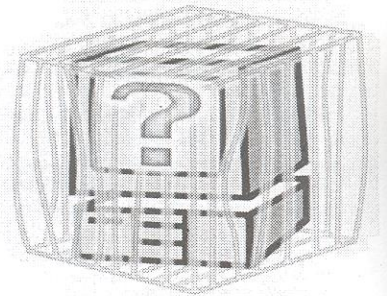
## Linux

In computer programming, the real challenger is co-operative work such as we are seeing with the Linux computer system. The concept behind Linux is that information belongs to the public domain under General Public License, this is the exact opposite of capitalist "Intellectual Property Rights", which hold that ideas are personal property and the owner has a right to payment for every copy of their programme.

Linux is an operating system that works by providing the "source codes" for all programmes that run on it, so there are no secrets, errors can be corrected immediately and development has no limits, unlike private copyrighted source codes of commercial companies. Linux can be made to run any computer operation you can imagine, and an infinite variety you cannot yet think of - and it is free.

According to the UN Human Development Report, the Linux "Apache" programme now runs over 50% of all web servers world-wide, and the Financial Times reports 70% of e-mail is sent on Linux's "Send Mail" programme. In other words the internet is being run by co-operative endeavour.

The largest 200 multinationals dominate the world economy, but when they are publicly owned, all their operations knowledge will be available through the internet. This will enable the consumers and producers to democratically plan human development for peace, freedom and plenty. ■





# The Wall Street crash of 1929



On the eve of the great 1929 stock exchange collapse, a journalist asked a speculator how so much money was being made on the market. This was the reply:

"One investor buys General Motors at \$100 (he meant a GM share) "sells to another at \$150, who sells it to a third at \$200. Everyone makes money". This seems pure magic, but for a while it can work. In a 'bull market' as in 1925-29 nearly all share prices go up and up. Over those years US industrial shares trebled in price!

by Mick Brooks

It's happened again. In 1982 the Dow Jones index of American share prices hit 1,000. Now shares are yoyo-ing around at just under 11,000. For most of that period 'investors' could just sit back and watch their money grow by more than 15% a year.

At the end of 1928 outgoing President Coolidge surveyed the American economy with undisguised complacency. "No Congress of the US ever assembled" he intoned, "on surveying the state of the Union, has met with a more pleasing prospect than that which appears at the present time. In the domestic field there is tranquillity and contentment.....and the

highest record of years of prosperity".

Today, as in 1929, experts are wheeled out to assure us that 'the market is fundamentally sound'. But marxists believe that what goes up must come down.

To understand the apparently mysterious movements of the stock exchange, we must go back to basics. The foundation of the capitalist system is the pumping of surplus value (unpaid labour) from the working class in the production process. The capitalists own the means of production mainly in the form of shares. A share in a company is simply a piece of paper entitling its owner to a regular

dividend. A share dividend is simply that part of the firm's profits that is paid out to the shareholders. That dividend in its turn can only be a part of the unpaid labour of the working class.

Once a company has been floated on the stock exchange, its shares pass from hand to hand. The company in question gets no part of the share's selling price. If I buy a second hand Ford share, Ford no more benefits than if I buy a second hand Ford car. Of course new shares can be issued to finance new investment. But since the Second World War this has been an insignificant source of investment finance, specially in the Anglo-Saxon countries. The main funds either come from funds ploughed back, or from bank loans. In fact in some years in this country share capital has been a negative source of company finance - firms have actually gone out spending money to buy back their own shares.

So shares are just pieces of coloured paper traded on the exchanges. How do speculators assess their value? One point of holding a share is to collect the dividend. So a share price reflects expected future profitability. But if profits are expected to rise, then the price of the piece of paper will rise as speculators pile into shares. So as the bubble blows itself up, speculators gain both ways - from dividends and the

rising price of their paper asset. We get the interesting situation where shares are going up because people are buying them - and people are buying them because the share prices are going up.

The herd instinct of the traders can produce rushes and panics for all manner of reasons. At root though the health of the stock exchange is a reflection of the profitability of the real economy - even though there can be time lags and overshooting before trends in the real economy eventually make themselves felt on the floors of the exchanges.

Once a bull market has begun, the 'animal spirits' (as Keynes called them) of the entrepreneurs take over. Everyone wants to be in on the getting while the getting is good. An orgy of swindling is the natural result. This signals that the boom is peaking, and was regarded as a natural stage in the cycle in Kindelberger's classic book 'Manias, panics and crashes'. In the 1920s the Florida land boom pushed up the price of a plot of land from \$1,500 in 1914 to \$1.5 million in 1926 - even though the land in question was a patch of swamp! (That particular plot, following the inevitable and spectacular collapse in land prices, has still to this day not recovered its 1926 price.)

## Collapsed

There have been speculative booms before and since. The capitalists who take part are not stupid. Their system is stupid. As the *Chicago Tribune* pointed out in 1890, "In the ruin of all collapsed booms is to be found the work of men who bought property at prices they knew perfectly well were fictitious, but who were willing to pay such prices simply because they knew that some greater fool could be depended on to take the property off their hands and leave them with a profit". Regular readers will recall that we have already got beyond that stage in the present cycle, as evidenced by the bailout of the crooks at Long-Term Capital Management, the mysterious but powerful hedge fund (see issue 64).

Just like the 1920s, the present period has produced in the likes of Calvin Coolidge the illusion that the good times will go on for ever. They are talking about a 'new paradigm' - a whole era of capitalist upswing in the offing. Older hands know that when that sort of talk starts it's time to sell. In September 1929 the Times (which was once a perceptive paper) commented,



"It is a well-known characteristic of boom times that the idea of their old unpleasant way is rarely recognised as such". Samuel Brittan has written a couple of articles recently attacking the notion of a new paradigm in the Financial Times - 'Nonsense on stilts' and 'Bubbles do burst'. The economic analysis unit of the HSBC, formerly the Midland Bank, says "Virtually all the indicators checklist are flashing red for the US" and "When such bubbles burst soft landings never seem to be within reach". And what is the FT hinting at when in August they publish as part of their series on business classics Charles Mackay's 'Extraordinary popular delusions and the madness of crowds'?

Share manipulations and the urge to buy shoot way beyond the ability of the real economy to deliver more and more prosperity to the upper classes. As the share boom peaks the speculators look like a load of Hanna and Barbera lemmings who have just run over a cliff and are only held aloft by their own obliviousness to their real situation. But the laws of gravity will assert themselves. What goes up must come down. The crash brings them back to earth.

### Going down

A secondary failure or hiccup can turn boom into bust when the time is right, as we shall see. Then we have another interesting situation where speculators sell shares because they are going down - and shares are going down because people are selling them. The whole film of the boom is played back in reverse.

Serious analysts have tried to explain the Wall Street crash as being caused by Massachusetts Department of Public Utilities forbidding Boston Edison which generated its electricity from 'watering' its shares by splitting them 4-1. Others have derived the Crash from the failure of the Clarence Hatry group, which made slot-machine vending devices, in Britain in September. If such an issue is capable of producing a devastating depression throughout the world, leading in time to the rise of Hitler and the Second World War, then there could be no greater indictment of the irrationality of capitalism. But of course this was a superficial glitch that could be shrugged off if the economy was in boom. Arguments between capitalists over the spoils are after all a permanent feature of capitalism. Rummaging through

these explanations, Galbraith muses as to the crisis of confidence, "What first stirred these doubts we do not know, but neither is it very important that we know." The fact is that such incidents are at best triggers of crisis, but not its ultimate cause.

Then there is the theory that the crash was a manifestation of panic. Well, it was. Galbraith's book 'The great crash 1929' is mainly about Wall Street, not the real economy. He describes the mood on the exchanges on Thursday October 24th. "That day 12,894,650 shares changed hands, many of them at prices which shattered the dreams and the hopes of those who had owned them....The panic did not last all day. It was a phenomenon of the morning hours....the uncertainty led more and more people to try to sell. Others, no longer able to respond to margin calls, were sold out. By eleven-thirty the market had surrendered to blind, relentless fear. This indeed was panic." But the panic, as we show, was rooted in the collapsing profits of the firms whose shares were being traded relentlessly down. Mass psychology is often used by people who can't explain events in any other way. But by explaining everything, they explain nothing. The events described by Galbraith are from the first nasty hiccup, before the melt-down of Black Tuesday October 29th. The exchanges had already been drifting down throughout September, and there had been a couple of panic attacks the previous year. Animal spirits and the herd instinct can explain why share prices soar above the objective possibilities of making money out of the working class. October 1929 showed they could also crash below. But these attitudes merely amplify the swings in an economy based on profit-making.

Another explanation offered for the crash was the phenomenon known as margin trading. In the 1920s it was common for speculators to buy by putting a small fraction of the face value down in hard cash, with the rest to follow. In a rising market, what was the harm? In three months time the share was bound to be worth more than what it was now. This sounds very arcane, but it's not much different from buying from the grocer on tick. It's credit - borrowing. To be more exact it's



gambling with other people's money. It's the equivalent of borrowing from the bank to put money on a dog. So long as the dog wins there's no problem paying the bank back. But if it doesn't...

The difference with Wall Street in 1925-29 was that all the dogs were coming in. That's how it is on the stock exchange in a bull market. But just to make it interesting, all of a sudden all the dogs start to lose for no obvious reason. All shares go down in what is called a bear market. That is what happened in October 1929.

### Catastrophic

The 'explanation' of margin trading doesn't explain the sudden reversal of trend. It helps to explain why the reversal was so catastrophic and became so general. It explains why brokers were found washed up in the Hudson river with a pocket of nothing but margin calls.

Margin trading was gambling with other people's money. What it did was drag wider layers of people into the rout. It spread the collapse on the stock exchange to the rest of the economy by making a lot of people a lot poorer very suddenly. But gambling with other people's money is a general feature of capitalist finance. It's called leverage in the trade. Long-term, the hedge fund that was bailed out after near collapse last year was doing just that. That is precisely how hedge funds make their money, and why it matters to the rest of us when they don't.

It would be a mistake to get dragged too deep into the 'explanations' offered by the wizards of high finance. "The difficulty with all these lines of reasoning, however, is the speed with which the collapse of production took place, and the fact that it began well before the stock market crash. Industrial production fell from 127 in June to 122 in September, 117 in October, 106 in November, and 99 in December. Specifically, automobile production





declined from 660,000 units in March 1929 to 440,000 in August, 416,000 in September, 319,000 in October, 169,500 in November, and 92,500 in December.

### Credit system

No quantity theory of money or autonomous shift in spending, with or without a decline in the stock market, can account for these precipitous movements. They require an old-fashioned theory of the instability of the credit system." This quote comes from Kindelberger's classic 'Manias, panics and crashes'. He is polemicising against the conventional monetarist and Keynesian explanations of the slump. One correction needs to be made to his last sentence. What we need is an old-fashioned theory of the instability of the capitalist system. And that starts with its profit-making potential. Looking at fundamentals, we see that industrial profits were up 156% between 1924 and 1929. But industrial shares trebled in value over the same period. By 1929 the system had exhausted its ability to keep pushing profits up, and the stock exchange was walking on air.

Kindelberger is right to raise the role of credit, but he doesn't see its wider social context. What newcomer to marxism has not sighed in irritation as they open Capital and find an apparently pointless discussion as to how in a commodity private labour presents itself as its opposite - social labour. But the point Marx is making is that there is a division of labour, but in a commodity, capitalist economy our mutual dependence goes unrecognised. In the 1920s there was a well-established worldwide division of labour, in which the USA produced most of the world's cars while Malaysia specialised in the export of tin and rubber. We need tin to make solder joints and for various other uses in car production. Any engineer can work out how much tin we need to make a car, and how

much to make 660,000 cars (US production in March 1929). It's even easier to work out how much rubber goes in a tyre. But under capitalism nobody makes those calculations - that would be

the way in a planned economy. Nobody knows how much tin or rubber or how many cars the world needs. In a global economy dominated by commodity production individual capitalists plough their lonely furrow, concerned only with the making of money.

But when the car factories started laying workers off, and by December 1929 were only churning out 92,000 cars, that was bad news for tin and rubber workers in Malaysia. The little local difficulty in Detroit became a global crash. That is what credit does - it generalises local problems as well as it generalises local prosperity. It drops us all in the same thing together, whether we know it or not. Credit is one of the ways we are all drawn into the world economy as cogs. It is one way a global division of labour is established behind the backs of the participants.

We have seen that the economist Thomas Wilson was right when he noted that the market slump "reflected in the main the change which was already apparent in the industrial situation". But the financial collapse in turn reacted back on the fundamentals. By 1929 one and a half million people had been drawn in to playing the stock market. It was these little people who were most likely to be suckered in the wake of Black Tuesday. Of course as the ordinary folk who had lost everything pulled their belts in so tight it almost cut them in half, then they certainly were going to have to stop running out every year and buying a new car. Very likely they might sell their existing model to get themselves out of a financial hole. This nice supply of cheap nearly-new cars, of course, was further cutting into the market for new cars, and the jobs of car workers. This further piece of bad news would be heard soon enough in Malaysia. The lesson of 1929 was - we're all in this together. The crisis began in the real economy, not

on Wall Street. The crash made things worse back there in industrial USA, and all over the world where commodities are produced and exchanged.

The slump spiralled down, in production, trade and money. In 1932 there were 15 million jobless in the States, out of a labour force of 45 million. By the beginning of 1933 American national income had fallen by a third. World trade in this year was less than a third of its 1929 level. Germany was particularly hard hit by the Stock Exchange crash and the subsequent depression. If industrial production in 1929 is taken as 100, by 1932 it was only 53. That statistic, and the failure of the workers' leaders to respond, led straight to the rise of Hitler.

### Banks go bust

Most people keep their money in banks. If too many lose their money, the banks go bust. Over this period about 9,000 banks closed their doors in the States. The banks tried to hang on by ruthlessly foreclosing on mortgages, bankrupting swathes of American farmers, especially in the south-western states. As the banks went bust, most people who kept their money in them lost everything. And so on.

In Austria in 1931 the Kredit Anstalt bank, laden with debt, bowed out. The ensuing wave of bankruptcies deepened the crisis throughout Europe.

In Britain the collapse of Kredit Anstalt brought a speculative attack on the pound. The Treasury demanded the minority Labour government of Ramsay MacDonald show its responsibility to the international financiers by cuts in public spending - cuts in benefit, teachers' wages and servicemen's pay. Today this would be called a Structural Adjustment Programme. The Labour government split, was ousted and replaced by a National Government, including Labour renegades, who came to power with a brief to put the boot in to working people. The political repercussions of the Crash, and the slump that followed it were huge. It changed the face of the planet.

To the question - 'will it happen again?' - the answer must be not whether, but when. The bad news from 1929 about bull markets is - the bigger they come, the harder they fall. ■



# East Timor: Can we trust the UN?



Events are moving rapidly on a world scale. After the war in Kosovo comes the catastrophe of East Timor. The situation in East Timor is a test for every tendency in the international labour movement.

by Jean Duval

After nearly a generation of the most terrible repression, the people of East Timor are determined to free themselves from Indonesian domination. The granting of the referendum after many years of bloody struggle was the direct result of the revolution in Indonesia. Thus, the fate of the national liberation struggle in East Timor is intimately bound up with the fate of the Indonesian revolution itself.

Terrified of the revolutionary potential in the situation, the imperialists put pressure on Jakarta to grant the referendum. On the other hand, Habibie and his generals thought that they could hang on to the province by mobilising and arming the criminal scum of society in the "militias" to intimidate the people into voting for autonomy, while remaining inside Indonesia.

Megawati Sukarnoputri, the chauvinistic leader of the Indonesian Democratic Party, who probably will be Indonesia's next president in November, has also been humiliat-

ed by this result. During the recent election campaign she did not hesitate to defend the 1975 invasion and forcible annexation as "legitimate, politically and constitutionally".

Both these gambles failed. Even according to the official results, almost 80 per cent of the votes were cast for independence. If we take into account the massive intimidation which must have affected the result, probably more than 90 per cent is in favour of independence.

Under these circumstances, Marxists must defend the right of the people of East Timor to determine their own future. In this case, the desire for independence has been clearly expressed. However, things are not so simple as that. The Indonesian ruling clique has no intention of permitting the people of East Timor to exercise the right of self-determination because of the effect this would have on other oppressed peoples inside Indonesia.

## Fake democracy

The Indonesian regime, under the banner of fake democracy, is continuing the old policy of exploitation and oppression of all workers, peasants, and national minorities, is determined to wreck the process of self-determination in East Timor. The Indonesian army, with the full support of the government, has organised and incited gangs of lumpenproletarians to murder,

burn and destroy. If they cannot prevent East Timor from achieving independence, they intend to cause such havoc and destruction that nothing will be left. This is intended as a bloody lesson for those who would like to follow the same path as East Timor.

The hypocritical attempts of the regime and the army to distance themselves from the militias are laughable. Without the Indonesian army the militias are nothing. They are composed of human dust, the scum of Indonesian society, who were earlier used against the students in Indonesia itself. They are only brave when faced with people who offer no resistance. If the people of East Timor had been armed and organised to deal with these thugs, they would have fled like rabbits.

Unfortunately, the main leaders of the independence movement have tried to adopt the tactic of non-violence and disarmed the movement. This was a fatal mistake. The results can now be seen. The militias have had the field to themselves, murdering and burning while the so-called forces of law and order looked on or even participated in the mayhem.

Having failed to organise self defence, Gusmao and the other leaders of the independence movement have placed all their faith in the so-called United Nations, calling upon it to intervene to save the people of East Timor. But the United Nations, which is in reality completely subordinated to the United States, has already showed a cynical indifference to the fate of East Timor for a period of almost 24 years. To imagine that this imperialist forum can now change its spots is naive in the extreme.

In 1965 US imperialism actively supported the murder of one-and-a-half million Communists in Indonesia. Unseen by world public opinion, the monster Suharto was helped to power by the CIA, which handed over the names of left-wingers, trade unionists and students to the Indonesian butchers. Ever since then, the United States, Britain, and Australia have provided economic and military support to the Indonesian dictatorship and the United Nations has not lifted a finger to halt the barbarous repression of the Indonesian people.

10 years later, as a result of the Portuguese revolution, East Timor was on the verge of obtaining its independence. This was brutally stamped out by the Indonesian regime, with the active support





and encouragement of the United States and Australia. The imperialists were terrified that East Timor would become a new Cuba in Asia, and that this would have revolutionary repercussions throughout the area.

For the whole of this period, the West turned a blind eye to the horrors that were taking place in East Timor. From time to time the so-called United Nations passed hypocritical resolutions condemning the Indonesian rape of East Timor. But this was merely a smoke screen behind which the occupation was allowed to continue. The USA, Australia and Britain continued to supply the Indonesian regime with money, investment and arms, all of which were used against the people of East Timor.

### Christian morals

The hypocrisy of the imperialists now stands completely exposed. That fine exponent of Christian morals Tony Blair, who lost no opportunity to denounce the Serbs for real or imaginary atrocities in Kosovo, has fallen strangely silent about the horrors in East Timor. This is no accident. Britain has big investments in Indonesia and a lucrative arms trade. Like the Americans and Australians, the British ruling class does not want to do anything that would disturb its cosy relationship with Indonesia.

Only at the 11th hour, under the pressure of public opinion which has been revolted by the television pictures of Indonesian atrocities in East Timor, have these ladies and gentlemen been compelled, reluctantly, to distance themselves from the actions of Jakarta. Britain suspended the sale of Hawk jet fighters. However, on 20th September news filtered out from the British Ministry of Defence that the Hawk jet fighters would be delivered anyway. This is typical of the stinking hypocrisy of the imperialists who try to present themselves as the defenders of democracy and the rights of small peoples, while at the same time they secretly continue to back the very same oppressors of those people.

Those who call upon the United Nations to intervene in East Timor are committing a serious mistake, despite their good intentions. The United Nations has repeatedly shown that it is not capable of solving any serious problem in the world where the fundamental interests of the

imperialist powers are concerned. The first question which must be asked is what interests lie behind the policy of the powers which determine the actions of the (dis-) United Nations, in the first place, the United States.

The United States is the main force behind reaction in the world today. It has systematically supported every reactionary capitalist dictatorship and opposed revolutionary and progressive movements. In the case of Indonesia, the interests of US imperialism are abundantly clear: to prop up the reactionary Habibie regime and to maintain the economic stranglehold of the United States on this key country in Asia.

The role of Australia in all this is even worse. The Australian ruling class plays the role of a weak imperialist power in Asia, attempting to carve out markets and spheres of influence for itself. This is clearly shown in the case of East Timor, where the Australian government (shamefully, the Labour government of Gough Whitlam) actively encouraged the Indonesians to invade. Ever since then, Australia has consistently backed Indonesia over East Timor. Yet now the demand is put forward that the Australian army should intervene in East Timor, presumably to uphold the right of self-determination!

It is sufficient to pose the question concretely to realise that along this road no real solution is possible. The conduct of the so-called United Nations since the referendum has been revolting. The presence of unarmed observers was a farce, fooling the East Timorese into a false sense of security and disarming them in the face of armed reaction. The United Nations did not protect the people of East Timor, but handed them over bound and gagged to their enemies.

### Satan

Although it was evident to the whole world that the Indonesian regime was engaged in a genocidal policy of exterminating the people of East Timor and driving them out, the United Nations appeals to the Indonesian army to act against the militias! This is like appealing to Satan to act against the devil!

We stand for the right of the people of East Timor for self-determination and that now means independence. But who will guarantee this right? Certainly not the United Nations which delayed its intervention and withdrew its officials while the butchers continued their bloody work unimpeded. If they really wanted to, the Americans and Australians could put an end to this in 24 hours. But in practice their vested interests and support for the ruling clique in Jakarta weighs far more heavily on the scales than their concern for the fate of the East Timorese! To put one's hopes in the good faith of the very powers that are directly responsible for the crucifixion of East Timor is an entirely mistaken policy and one that can only lead to disaster.

The labour movement must trust only in itself. Already the organised workers in Australia have given a lead with strikes and boycotts of Indonesia. That is the way! The telecommunications workers and the dockers are implementing economic sanctions. All postal delivery to Indonesian businesses and diplomatic representation has been stopped. No repairs of phone lines are being made. Building workers took the initiative to block the Garuda (Indonesian Airlines) flights from Australia in local airports. Mass demonstrations at lunch time gathered high school students and workers in their tens of thousands in different cities (Melbourne 40,000, Sydney 20,000).

There have been protest movements in other countries too - Portugal, Canada, the USA. On the West Coast of the States dockers are refusing to handle Indonesian cargoes. In Canada, the postal workers are taking the lead in stopping all delivery to Indonesian interests. "We have no doubt that the Indonesian government can turn the violence on and off at will," said CUPW President Dale Clark. "Our action, as well as the actions of other trade unions, are designed to pressure them to turn the tap off." If the world working class movement



were mobilised behind such a boycott, the Indonesian regime would quickly be paralysed.

It is important to make sure that the workers movement does not leave the initiative of economic sanctions in the hands of the imperialists themselves. They would only use them to pursue their own interests, dent their political effectiveness and make sure their business collaborators and military ties in Indonesia would not feel the brunt of them. The United Nations sanctions against Iraq imposed in 1991 have increased dramatically the suffering of the masses, the children in particular and did not hurt the regime. Quite the contrary: the dictatorship uses those sanctions to cement the population in support around Saddam Hussein. Sanctions which hurt business, political and military interests in Indonesia can only be pursued by the labour movement. The international unions must elaborate those in conjunction with the growing independent unions in Indonesia.

### Independence

Also the Timorese must rely only on their own strength. The leadership of all segments of the independence movement look towards the so-called "international community" to guarantee the implementation of independence. By doing this they become dependent on the manoeuvres and intrigues of competing imperialist interests in the area. The role of the masses is

secondary for them. More dangerously, they have imbued the pro-independence fighters on the ground with faith in the ability of the United Nations to uphold the security and the national interests of their people.

This has proved fatal. Xanana Gusmao, leader of the Fretilin and the National Council of the Timorese Resistance (CNRT) has called on his followers not to resort to initiatives to defend themselves from the brutal attacks of the Indonesian Army and the militias. After the May 5th signing of the agreement between Indonesia, Portugal and the UN, pro-independence youth wanted to organise against the attacks of the militias. Gusmao asked them to take no action:

"Those who think that demonstrating is a show of courage are mistaken. Demonstrating now is provoking and inciting the militias to continue to kill the population.... I am aware that the youths are trying to mobilise the population of Dili for a massive demonstration, this only shows that these youths are deprived of any sense of responsibility, in Indonesian "tidak bertanggung jawab". Who is left to cry when the population is killed? Who looks after the wounded?

I wish to remind everyone that the presence of the UN in East Timor does not mean that victory is on our side. The task of the UN is to organise the consultation of the people on August 8th. We thus must all contribute to this process, follow the orientations of the UN team. To this end, I reiterate my appeal to all to remain calm. I reiterate my appeal to the youths of Dili to obey orders and demand that they act responsibly and with discipline." (CNRT Statement of the 10th May 1999).

At the height of the barbarous attacks of the pro-integration militias and the army, the same Gusmao did not hesitate to advise the guerrilla forces of the Falintil to take "no action

that could be construed as starting a civil war" (declaration of 7th September 1999). In reality there was already a bloody one-sided civil war raging through all the cities and villages of East Timor.

### Disarmed

Based on information received from CNRT leader Jose Ramos Horta, the Australian Financial Review reported on 14th September that the 3,000 guerrillas "who have spent the past 24 years evading Indonesian troops in East Timor's jungles, are now sitting still in a contained area - a condition of the May 5th United Nations agreement governing the independence ballot." Two thousand of them have remained "in cantonment in the Waimori Camp, four hours from Dili, and about another 1,000 in other parts of the territory." "It's incredible, an incredible sense of discipline," Horta remarked, adding that the guerrillas were "under the orders of Xanana Gusmao".

That's how the leaders of the Resistance movement disarmed politically and militarily the Timorese youth. Many of those who ill advisedly trusted the United Nations are now among those killed by the rampaging soldiers and militiamen.

Our demand to arm the population to fight the militias, linked to an international labour movement campaign against Indonesian aggression was the only realistic and pragmatic one. The setting up of armed self defence groups based on elected neighbourhood/village/city committees of workers, peasants and youth was inherent in the situation. Some reports indicate that during the last few weeks young Timorese people followed that road but were strongly advised to abandon such initiatives.

We understand that, at this stage, the call for UN intervention is popular in Australia and has the support of the majority of the pro-independence people in East Timor. Nevertheless it is a mistake. The imperialists do not defend the interests of working people or small nations. The UN military contingent, Interfet, of 7000 soldiers is pursuing imperialist interests. Australia, which is leading the force and which is also the United States closest partner in monitoring and managing tensions in Indonesia, has been increasing its political and military activity in Asia since the overthrow of the dictator Suharto. The Australian government is terrified of a





major breakdown of social stability and of national disintegration of the archipelago. The economic interests of oil and gas companies investing in the Timor gap and others are also at stake. East Timor will rapidly become a UN protectorate.

### Imperialism

Under no circumstances can we support the intervention of the so-called UN. We cannot have illusions in the role and character of imperialism.

In 1935 when Mussolini invaded Abyssinia, Trotsky was implacably opposed to intervention by the League of Nations (the thieves' kitchen, Lenin correctly called it). This case is no different.

Trotsky and Lenin always took a class point of view. In the case of Abyssinia Trotsky called for workers' sanctions. That is the only way forward. Not one atom of confidence must be placed in the imperialists, who will always defend their own selfish interests at the expense of the oppressed.

What are the real interests of the Australian capitalist class and its government? Not to protect the lives or uphold the interests of the East Timorese, which they have trampled underfoot for the past twenty four years. It will only be to defend the selfish interests of Australian capitalism. Once their troops are in, they will not leave in a hurry. The people of East Timor will find that they have exchanged one foreign master for another. That is all.

As in the Balkans, the hypocritical talk about so-called humanitarian aid will merely be a smoke screen to cover the seizure of new spheres of influence by the imperialists. Behind weak Australian imperialism stands mighty US imperialism, always anxious to increase its power in Asia. And East Timor occupies a strategic position both economically and militarily.

For years the American, British and Australian capitalists pretended not to see the horrific suffering of the people of East Timor. They actively supported the Indonesian butchers there. It has now emerged that the British government not only sold Hawk jet fighters to Indonesia, but actually subsidised the Indonesian government's arms purchases to the tune of £120 million. This monstrous arrangement was secretly maintained by Tony Blair and Robin Cook, despite their so-called ethical foreign policy, and has only now been unmasked. The other imperialists behaved

no better. Yet now we are asked to believe that these ladies and gentlemen are going to defend the people of East Timor. What a cruel deception!

Now after tens of thousands of people have already been slaughtered or driven out, under the pressure of public opinion, the UN has finally cobbled together a force, because if they did nothing the credibility of the UN would be completely destroyed, and this weapon is still useful for them as a fig-leaf to cover up their acts of aggression.

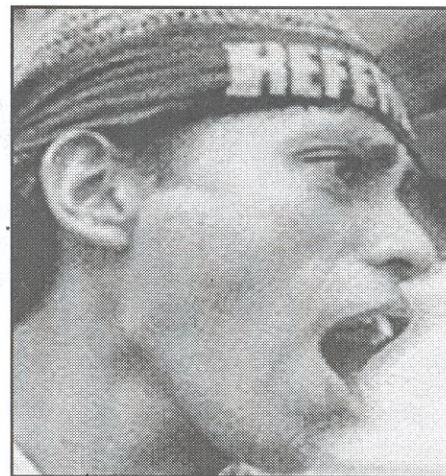
The Jakarta regime has largely achieved its aim of reducing East Timor to a bloody pulp as a ghastly warning to any other part of Indonesia that wants to secede. All along the UN has been acting out a disgusting farce, pretending to intervene on behalf of the East Timorese, shedding crocodile tears and making hypocritical appeals to the Indonesian army to restore order, when everyone knew that this same army was behind the militias. And now this self-same UN wants to pose before the world as the saviours of East Timor! What disgusting hypocrisy!

To present the Dis-United Nations in the role of the saviour of small oppressed nations is a travesty and a lie. To propagate this lie is to miseducate and mislead the people. We must be absolutely firm on this question. Our position is: no support for the United Nations and no reliance whatsoever on the American, British and Australian imperialists.

### Only solution

In the longer term, the only solution for the people of East Timor lies in the success of the Indonesian revolution. On the basis of a free and voluntary union of a socialist federation, all the peoples of Indonesia can combine to develop the colossal wealth of the region for the benefit of all. But the prior condition for such a federation is the revolutionary overthrow of the reactionary landlord-capitalist regime in Jakarta whose hands are red with the blood of the workers and peasants. That is the central task without which no progress is possible.

Meanwhile, all socialists and workers must defend the right of the East Timorese to decide their own future. In the given situation, this means defending their right to form an independent state, free from domination of external powers, whether Indonesian, Australian or American. The



East Timorese have the right to live in peace and decide their own future. But the Indonesian occupation forces have reduced the island to ruins. This barbarous act has been perpetrated with the direct connivance of the imperialists under the flag of the UN. They are equally responsible, although they now hypocritically wring their hands before world public opinion. We demand full compensation for East Timor.

### Oppressed nationalities

Let the imperialists foot the bill for reconstruction and rebuild every stick and stone that has been pulled down. Indonesian workers must demand the confiscation of the property of the oligarchy and the nationalisation of the banks and monopolies and the property of the imperialists for the benefit of the workers, peasants and oppressed nationalities of Indonesia. Your enemy is not the people of East Timor but the Indonesian landlords and capitalists, the generals and politicians whose hands are soiled with the blood of the people, and their foreign backers in Washington, Canberra and London, the biggest criminals of all. Once the Indonesian workers and peasants have taken power, they can offer their hand in friendship to the people of East Timor. But how can the East Timorese ever trust a government of exploiters and murderers? On such a basis, no unity is possible, and the break-away of East Timor will be followed by further disintegration, bloodshed and chaos.

- No confidence in the United Nations!
- All foreign troops must leave East Timor. The arming of the whole people is the only way out.
- For international labour sanctions against Indonesia!
- Not a penny, not a gun, not an atom of aid to the Jakarta regime!
- Support the just struggle for national liberation of the people of East Timor!



# Why we oppose Milosevic and the Serb "opposition"



The press in the West have been highlighting the opposition movement that has been developing in Serbia. They have been announcing the imminent fall of Milosevic ever since the ending of NATO's bombing campaign. It is true that over 70% of the Serb population would like to see Milosevic go. At the same time, however, over 40% don't trust the opposition movement. The problem in Serbia is that the working class does not have its own political voice. Thus the struggle between the Milosevic regime and the opposition is between two capitalist camps. They both agree that the economy should be privatised. What they don't agree on is how it should be privatised and who should rake in the benefits.

by Ted Grant and Fred Weston

Milosevic clearly wants to make sure that it is his own clique that consolidates its control over the privatised economy. The opposition leaders want "reforms", i.e. privatisation, at a faster pace, and they want

to open the road to their western backers. In both cases the masses will suffer as the wealth they produce with their labour is robbed by the developing bourgeois class and ex-Stalinist bureaucrats.

The Serbian economy is in a disastrous state. More than 62% of Serbia's transport system, 70% of its power stations and 80% of its oil refining capacity were destroyed during the bombing campaign. Economic output in Serbia is now half what it was ten years ago. In the same period average monthly income has fallen from about £400 to about £70, with a drop of about 40% in the last few months.

Before the bombing unemployment was officially 25%. NATO bombing has probably doubled that figure now. And all that trade sanctions imposed from the West have achieved is to further criminalise the economy, with the Mafia elements that support Milosevic making a lot of money through smuggling.

Milosevic and the gangster clique around him have been carrying out their own privatisation programme. They privatised the state owned telecommunications company in 1997 when Telecom Italia and OTE of Greece paid about \$1bn to buy up a 49 per cent stake. In 1998 the large Beocin Cement Factory was sold to French and British investors. The state run sugar refineries were also sold off to foreign

investors. The Pancevo Petrochemical Industry was preparing to go onto the London stock exchange before the bombing started. Many of Milosevic's clique have managed to become property owners in this process and transform themselves into capitalists.

Is the opposition a viable alternative to all this? It is riven with divisions and it has also partially been put to the test in the municipalities it has controlled in the past period, where it has suffered a disastrous series of power struggles and corruption scandals.

One thing which unites it, however is the desire to bring to power a government which would speed up the process of privatisation. Their demand is for Milosevic to step down and to be replaced by a transitional government of technocrats. As The Guardian (4th August) pointed out, "the transitional government would have a one-year mandate. Its prime minister would have two deputies, one with special responsibility for economic reform." That is stating quite clearly what they are aiming at.

The creation of such a government is one of the central planks of the so-called "pact for the stability of Serbia". This is a document drawn up by a group of economists in Serbia, which is an attempt to accommodate the demands of the regional stability pact drawn up by western imperialism. Western imperialism is excluding Serbia from this pact and is supporting the opposition in Serbia in its attempt to remove Milosevic.

## Stability pact

An article published in *Le Monde Diplomatique* (July 1999) explains the essence of this "stability pact": "The pact is basically designed to introduce market mechanisms wherever possible, and it is a fair bet that many of the Balkan states are going to find this kind of reconstruction just as painful as the war." There you have it!

Mass privatisation will involve further increases in the already high levels of unemployment. It will involve the destruction of what little is left of the old welfare guarantees provided by the previous regime based on state controlled economic planning. That is why Marxists can give absolutely no support to the opposition movement in Serbia. This is not because we have any illusions in Milosevic.



Milosevic is also an enemy of the working people. Both camps are out to make the workers pay.

Western imperialism has been promising money to rebuild the economy of the ex-Yugoslavia and of the whole of the Balkans, but it has specifically excluded Serbia from this project so long as Milosevic is in power. But would the investment be forthcoming if Milosevic resigned and would it have the desired effect of alleviating the terrible economic suffering of the Serb masses?

In order to rebuild the economy of the Balkans Serbia has to be a part of the process. It is in a strategic position. Bulgaria, Rumania and Macedonia send most of their exports to western Europe through Serbia, in particular along the Danube river and across its bridges, now destroyed.

### Commission

Back in June the European Commission had calculated that at least \$20 billion would be needed to launch the so-called "stability pact". But will they pay up? An article published on the BBC's web site on July 29th gives an eloquent answer. It shows clearly how no hope can be placed in the imperialist powers for a genuine development of the economy of the Balkans. The fact that it is published by the BBC is significant, especially if we remember its anti-Serb propaganda during the bombing campaign. The article was written by Dr Jonathan Eyal, Director of Studies at the Royal United Services Institute in London. In it we read the following:

"The vast sums of money promised at the height of the Kosovo conflict are unlikely to materialise, and many of the treaties currently negotiated as part of the "stability pact" are basically irrelevant. Throughout the Kosovo campaign, Nato promised a new Marshall Plan for the Balkans, reminiscent of the effort made at the end of World War II in reconstructing Europe. Such talk produced good headlines in the media, but remains misconceived."

The author then goes on to say, "Finally, there is the question of the resources being made available... the Union itself suffers from a \$5bn deficit in this year's budget as a result of financial reforms which have nothing to do with the Balkans. EU governments have decided that no further funding will be made available. As a result, regional reconstruction

efforts will be funded out of existing allocations, plus a diversion of funds from the EU's aid budget to Third World countries and any specific contributions made available by other donor states."

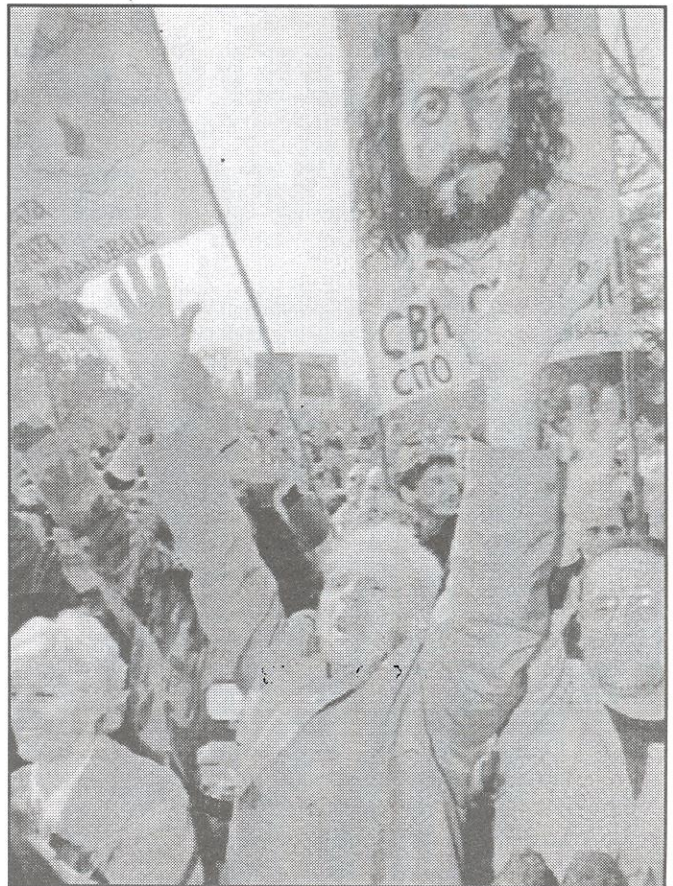
This is quite clear: the peoples of the Balkans can expect no real help from the imperialist powers. What they can expect is a race for lucrative contacts from western companies. As the same Dr Eyal points out in his article: "...behind the diplomatic smokescreen a huge battle is now developing between Western governments, all of whom are eager to secure lucrative contracts for their own companies."

Dr Eyal concludes thus: "Western democracies have always been better at rising to the immediate challenge of a war, rather than dealing with the often tedious and interminable details required in order to consolidate peace."

This is the true picture of so-called "aid" from the West, whether Milosevic is in power or not. Thus the opposition in Serbia is fooling the masses with its promises of investment from the West. The investments that will be made will be only for the benefit of western capitalist companies and a few pro-capitalist stooges in Serbia.

That is why Marxists can give no support to the capitalist opposition in Serbia. It is our duty to expose the real nature of their intentions. At the same time as we cannot support this opposition in any way, we also have to note that it is divided and in reality very weak. Its strength comes more from the hatred of the masses for the Milosevic regime than from some inner force of its own. This is revealed by the fact that they do not want Milosevic to be overthrown by the masses but through the intervention of people within the state apparatus, army officers, police, and breakaway elements from the Milosevic regime itself.

According to the Italian newspaper, *Il Manifesto* (5.8.99), Draskovic is not even opposed to having leading figures of



Milosevic's Socialist Party in a future transitional government. With this he hopes to give it the character of a "government of national unity". This in itself reveals that there is a common thread running through both the opposition and the Milosevic regime. As we said before, they are both in favour of so-called market reforms, i.e. a return to capitalism.

Lamberto Dini, ex-director of the Bank of Italy, ex-Prime Minister of Italy, and presently the Minister of Foreign Affairs, has stated quite clearly that what is needed in Serbia is a "smooth democratic evolution". And as *Il Manifesto* pointed out, "Thus, no violence on the streets. And room for the 'liberal' reforms of his banker friend Avramovic."

### Stratfor

In one of their latest updates the Intelligence agency, Stratfor, pointed out that, "The Yugoslav opposition admitted that it is powerless to unseat Milosevic without the participation of at least part of Yugoslavia's security apparatus." (August 18, 1999)

The opposition called a demonstration for 19th August. This had been previously called off because the organisers were not convinced that there would be a big enough turnout. They finally went ahead on the 19th, and about 80,000 to 100,000 people turned up in Belgrade for the rally. In the build up to the rally important opposition figures were announcing they would not take part. Vuk Draskovic had announced he would not take part, only to



turn up at the last minute. Draskovic had no confidence in the ability of this movement to overthrow Milosevic. He had actually been playing with the idea of a return to the government in the previous period. He then swung over to support the movement only to withdraw again. On the actual day of the demonstration he decided to turn up as he must have thought that the movement was gathering strength and he didn't want to be left out. Draskovic is an opportunist who goes wherever the wind takes him. As it turned out he was booed on the day with people shouting "Treason!" and "Vuk, go away!"

The fact is that the opposition does not have the full backing of the masses. This pro-western opposition supported Nato during the bombing campaign. This may help in explaining why they are not so popular!

The Milosevic regime ably uses this to discredit the opposition. On 12th August the state-run TV in Serbia showed clips of Draskovic, Djindjic and other opposition leaders at the head of demonstrations back in 1996 where British and American flags were quite prominent, the flags of the two Nato powers which were most adamant in carrying out the bombing campaign against the Serb people.

The situation in Kosovo does not help the opposition either. The Kosovo Serbs are being "ethnically cleansed" out of Kosovo and Nato is proving incapable of stopping this. The KLA is carrying out brutal attacks on what remains of the Serb population in Kosovo under what appears

to be Nato support. Thus for many Serbs any politician seen as collaborating with the west would be extremely unpopular. This is revealed by Draskovic himself who has been pleading with the west to do something for the Serbs of Kosovo. Of course he has not got the interests of the Kosovo Serbs at heart, he merely understands that it could be one element which would weaken the opposition if something is not done.

While all this is going on Milosevic still seems to have control of the police and the army. He has made sure that the police in particular have received their wages, while hundreds of thousands of ordinary Serb workers and pensioners have been waiting for months to receive payment.

**Alternative**

The lack of a genuine working class and socialist alternative determines the tempo and the direction of events in Serbia. The Milosevic regime is corrupt, it is a clique of gangsters which has enriched itself at the expense of the ordinary people. It is supported by Mafia elements. They have even betrayed the nationalist prejudices Milosevic himself had whipped up to stay in power. After ten years of national conflict the end result for the Serb people has been the displacement of about 700,000 refugees from Croatia, Bosnia and Kosovo. Milosevic is doing nothing for these poor homeless people.

This explains the hatred for the regime. On this basis, eventually Milosevic could be displaced from power and a coalition government could be patched together. But as we have seen this will not be a solution to the problems facing the Serbian working class. The workers will learn this from their own painful experience. They will learn that they can place no hope in either Milosevic or the so-called opposition.

Inevitably the workers will begin to move as a class at a later stage. We

have had a taste of what will happen in Serbia with the Tudjman regime in Croatia. Recently there has been a big strike wave and a big movement of the peasants in Croatia which has forced the regime to make concessions.

We also have to place events in Serbia within the context of the World economy and world politics. The Asian economy is heading for further crisis in the coming year. This will reduce the prospects of any hope of an export-led development of the Serbian economy. Events in Russia will also have an effect. The pro-bourgeois wing of the old bureaucracy is in retreat and sooner or later the Russian workers will go onto the offensive. We had a foretaste of this with the movement last year.

All this will have a profound effect on the consciousness of the Serb working class and will create a favourable environment for the development of the genuine ideas of socialism. The task of Marxists today in Serbia is to defend and develop the ideas of genuine Socialism and to develop a force among the working class that can show a way out of the present impasse. Marxists must take these ideas into the trade union organisations and factory committees and patiently explain to the workers of Serbia that they cannot have any illusions in capitalism.

**Socialist economy**

Capitalism can offer no way out. We must return to a planned nationalised economy, but not to the Stalinist perversion over which Milosevic presided before deciding to go along the capitalist road. We have no need for privileged bureaucrats to run a socialist economy. What we need is for the planned economy and the state to be under the democratic control and management of the workers themselves.

The prospect is one of 'Either - or'. Either the workers of Serbia come to power under a genuine Marxist leadership or various bourgeois formations will have the power. On this basis nationalism will emerge over and over again with new fratricidal wars among the peoples of the Balkans. It is our duty as Marxists to offer an alternative. ■



Draskovic



# Canadian Labour rejects 'third way'

Following in the footsteps of Tony Blair, Labour leader Alexa McDonough has been trying to steer Canada's New Democratic Party to the right.

by Rob Sewell in Ottawa

However, despite getting a number of policy commitments through, she was met with very stiff resistance at the party's convention at the end of August.

With a right-wing Liberal federal government in power, and the NDP trailing with around 10% support in the opinion polls, together with a string of electoral disappointments earlier this year, the NDP right wing are looking to Blair and Schroder as saviours. Their idea is to gain popularity by adopting more pragmatic pro-business policies, as in Britain and Germany.

The problem is the success of the British Labour Party and the German SPD was not due to pro-capitalist policies, but primarily a rejection of the long period of conservative rule. Now there is growing disenchantment in Britain, as witnessed by the low turnout in the recent elections and the gains of the nationalists in Wales and Scotland. Similarly, the SPD has experienced a string of electoral defeats.

Their only experience also proves the point. Where the NDP has attempted to focus on "fiscal responsibility" and ape the Liberals, it has led to defeat and demoralisation. An opportunity to defeat the provincial Liberal government of Nova Scotia was thrown away this year, as the NDP vote fell from 39% to 30%. This was followed by a disastrous showing in Ontario in June, where the NDP was reduced to a rump, losing its party status. In British Columbia, the NDP government is facing defeat, after being rocked by scandal and the hemorrhaging of its support. In Saskatchewan, the NDP is only holding on by the skin of its teeth.

McDonough addressed the NDP convention with unmistakable Blairite language: "Supporting a market economy doesn't mean supporting a market society" was taken straight out of the Blair/Schroder pamphlet on the third way. We have to have solutions that "recognise the need for fiscal responsibility" and balanced budgets, she continued. "Flexibility demanded by business must also benefit the workers", while government, workers and bosses should work together. It is the same old tune of the right wing which has embraced

the market and big business.

After initially endorsing a new economic policy that supported balanced budgets and tax relief for low and middle-income Canadians, after a bitter argument and with around a third of delegates voting against, conference later rejected a jobs proposal that touted partnerships with big business.

In a further blow to the leadership a resolution specifically rejecting 'Third Way' and 'New Centre' strategies was overwhelmingly supported by the convention. "We are a party that stands proudly on the left", said Svend Robinson, a left British Columbia MP. "The right in this country is very crowded already. We want to take on that agenda and not in anyway be seen to be accommodating it." He went on to enormous applause, "Yes, change, but this idea that somehow we are going to become another voice of business in Canada is not on."

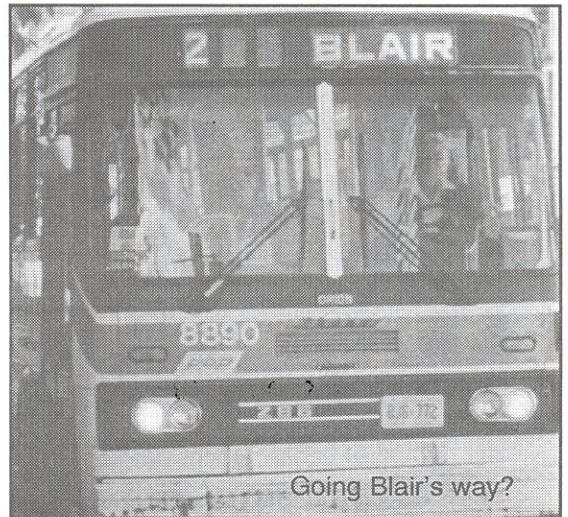
## Vocal opponents

One of the most vocal opponents of the drift to the right was union leader Buzz Hargrove, president of the Canadian Automobile Workers. Hargrove stated that the plan to reinvent the New Democrats in the image of Tony Blair would sink the party. He threatened to disaffiliate his 215,000 members from the NDP if the party was not standing clearly on the side of working people.

In the end, the delegates rejection of Blairism was a clear shot across the bow of the McDonough leadership. In turn the leadership was forced to recognise this overwhelming feeling. McDonough herself was forced to come out against following Blair's policies, but argued that the decision to reject the 'Third Way' was more about rejecting labels than policy. Clearly, the right wing have not given up its aim of pushing the NDP further to the right. It is also clear the struggle will continue.

As the crisis unfolds, the Canadian labour movement will go back to its original ideas based on the overthrow of capitalism. The precursor to the NDP, the Co-operative Commonwealth Federation, issued a Regina Manifesto at its founding convention in 1933:

"We propose to provide work and pur-



chasing power for those now unemployed by a far-reaching programme of public expenditure on housing, slum clearance, hospitals, libraries, schools, community halls, parks, recreational projects, reforestation, rural electrification, the elimination of grade crossings, and other similar projects in both town and country."

The Manifesto concluded: "Emergency measures, however, are of only temporary value, for the present depression is a sign of the mortal sickness of the whole capitalist system, and this sickness cannot be cured by the application of salves. These leave untouched the cancer which is eating at the heart of our society, namely, the economic system in which our natural resources and our principal means of production and distribution are owned, controlled and operated for the private profit of a small proportion of our population.

"No C.C.F. Government will rest content until it has eradicated capitalism and put into operation the full programme of socialised planning which will lead to the establishment in Canada of a Co-operative Commonwealth."

Within two years the CCF had won seven seats in parliament. By the end of the second world war, it had 28 seats and was the government of Saskatchewan.

The present NDP, rather than looking at 'new' pro-business policies, should rediscover this radical socialist programme. Only then will it be able to offer a real alternative to the working class of Canada that can eliminate the problems they face, inspiring them in a real socialist vision of the future. ■



# American century for American rich

Two new reports were released last month that revealed in different ways what it means to live under 'successful' capitalism.

by Michael Roberts

New York University economist, Edward Wolff published his occasional analysis of the concentration of wealth in the US - the world's most successful capitalist economy. As we approach the end of the American Century, Wolff reveals that the top 10% of households in the US own 73% of the country's net worth. That's well up from 68% in 1983.

Within the top 10%, the inequality of wealth is even more staggering. The top 1% of American households (that's families with a minimum of \$2.4m)

own 42% of all the nation's wealth! The world's richest man, Bill Gates, the owner of Microsoft, personally owns more wealth than the bottom 40% of US population! And if you exclude the ownership of a house, which is the main form of wealth for most middle-class Americans, then just 450,000 households own 42% of the nation's marketable wealth. There are now 65 billionaires in the US.

And this inequality is growing. Thanks to a sky-rocketing stock market (rising 13 times between 1982 and 1998) and rising top management pay, the rich have got richer and the poor poorer. Between 1983 and now, the poorest 40% of Americans saw their wealth shrink from \$4,400 to just \$900. Even the middle-classes saw a reduction in their wealth by 11% in the same period. The reasons are clear. While the rich saved their huge incomes and invested, the poor could save nothing and just spent. The result: the rich got richer and the poor poorer.

And how those incomes have been growing for the rich. Whereas in 1980, the salaries and bonuses of the top business executives were 42 times larger than the pay of the average American factory worker, now they are 419 times larger.

And it's even worse for American blacks and latinos. The net worth of the average black household was just \$7,500

compared to \$61,000 for the average white household. If you exclude property, then black households had just \$200 in savings on average compared to \$18,000 for whites! One third of black families had not savings or were heavily in debt. It was even worse in latino homes. Half of those had more debt than assets.

The top 1% of American families have never held so much of the nation's wealth in this century as now. In 1945, they owned one-third. In 1976, during the era of strong labour movements, poor stock markets and progressive taxation, that share fell to 22%. But since then their share has doubled.

Of course, the cry of the apologists of capital is that inequality does not matter as long as everybody is improving their incomes and standards of living. And in

1999, unemployment in the US is at all-time lows and real incomes are rising for the average family. But incomes are up only after 25 previous years of stagnation!

And American families have to work very hard for the crumbs they get off the tables of the rich. According to a new

report by the International Labour Organisation, US workers put in the longest hours among industrialised nations. They clock up on average 2,000 hours a year, more than two weeks more a year than their Japanese counterparts and ten weeks more than in Germany! No wonder US workers are 20% more productive for their capitalists than the Japanese and Germans are for theirs. And don't forget, British workers remain the sweat-shop workers of Europe, working nearly 200 hours more a year than German workers, but still not as productive thanks to the failure of British capitalists to invest at home in their businesses rather than abroad.

That's the story of successful capitalism: a growing divide between rich and poor. While the rich get richer, the average worker can save little or nothing. And even if most have a job, they are working harder and harder to keep it and get any income from it. Goodbye to the 20th century! ■

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That's the story of successful capitalism: a growing divide between rich and poor

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## Slaughterhouse butchery

A while ago *Socialist Appeal* printed a story about working conditions in a chicken factory near Doncaster. The following is a story about a slaughterhouse in the USA.

Many believed that the conditions described by socialist writer Upton Sinclair in his famous novel *The Jungle* had now disappeared. Based on the position in the Chicago slaughterhouses at the beginning of the century, the horrific descriptions contained in the book resulted in changes to the laws of the United States.

However, nearly one hundred years on, the strike at Iowa Beef Products in Wallula, WA, reveals how things never change. The 1,300 workforce had struck over pay and safety. The workers other key demands were the right to stop the production line when safety or food sanitation is in jeopardy, and longer break times.

Most workers are immigrants and are subject to the worst working conditions around. Last year, about a third of North American slaughterhouse workers suffered injuries on the job, proportionately the highest of any job.

This is due to the speed of the lines which the workers are forced to keep up with. The industry average is around 7 or 8 cows per minute.

The repetitive movements in dealing with carcasses has resulted in carpal tunnel syndrome and 'trigger finger', which has affected the finger joints of workers in the industry. But there are bigger dangers involved in meat processing, not least from the semi-conscious cows on the lines.

Most cows are not unconscious prior to killing, due to the speed of the line and the voltage required to stun the animal lessens the quality of the flesh, thus reducing profitability.

So the 'stricker' who cuts the cow's throat often has to deal with a terrified, convulsing beast. The animal is again often alive when it reaches the 'skinner'. It has been estimated that 40% of cows remain alive while being skinned.

The regulations governing slaughterhouses are seldom enforced, USDA sanitation regulations are likewise ignored, while labour codes are also jettisoned. Government agencies always end up on the side of the bosses.

Both workers and animals are subordinated to the demands of profit.



# Return of Depression economics

Paul Krugman's book is the latest in a recent line from academics, economists and investors (John Gray's *False Dawn*, George Soros' *The Crisis of Global Capitalism*) which attempts to analyse the recent economic crisis in South East Asia, Latin America and Russia, and propose a policy which might enable Europe and America to avoid plunging into the same catastrophe. While our newspapers and politicians are beguiled by the myth of a permanent boom, these more serious analyses offer a more frightening image of the future for capitalism.

*Reviewed by Phil Mitchinson*

He begins ominously asking the dreaded question "nothing like the Great Depression can ever happen again. Or can it?" His conclusion concisely and entertainingly argued over the next 170 or so pages is that it can, but that it doesn't have to. Funnily enough this is the conclusion reached by other recent publications on the same theme. The crux of all their arguments seems to be a need to return to Keynesianism.

Early on Krugman points out "The kind of economic trouble that the world has recently suffered is precisely the sort of thing we thought we had learned to prevent....No sensible person thought that the age of economic anxiety was past; but whatever problems we might have in the future, we were sure that they would bear little resemblance to those of the 1920s and 1930s. And then came the latest crisis."

The purpose of his book, he tells us, is to answer the questions "How did this crisis happen? How can we turn it around and prevent it from spreading?" His description of how recent economic events unfolded answers the first, up to a point, but his solution to the second falls well short of the mark.

The last period of defeating inflation, he argues, has been too successful, and no longer allows the room for manoeuvre that economies once had to escape recession through deficit financing - the classical method of Keynesianism. Let inflation, at moderate levels return, he argues. This 'managed inflation' would allow countries to enjoy negative real interest rates to encour-

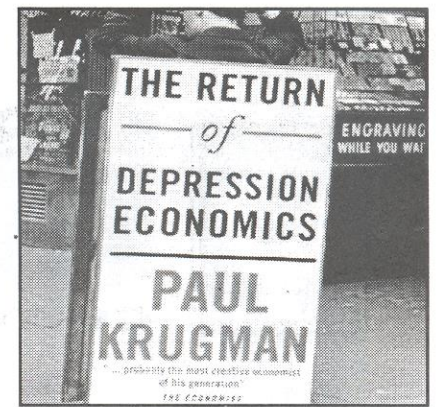
age investment in a recession and avoid the trap which has suffocated the Japanese economy over the last ten years, a downward spiral into deflation where even zero level interest rates are no benefit. This argument at least has the merit of answering the objection levelled against Keynesianism that it generates inflation, in advance, by welcoming inflation, as a useful economic tool.

In other words, free markets and monetarism are OK in a boom, but once recession strikes we need the old voodoo magic of Keynes. Forgetting in an instant that it was precisely the crisis caused by Keynesian economics in the 60s and 70s that led to the rise of monetarism as the new religion of the economists.

The problem as Krugman sees it is one of a lack of demand. Stimulating and managing demand is the usual argument of Keynesians, what they singularly fail to do, and here I'm afraid Mr. Krugman is no better, is explain why this shortfall in demand occurs. It is true that there is always a shortfall in consumption. Marx explained that underconsumption is a major problem for capitalism since the whole system is based on paying workers less in wages than the value they produce, the surplus being the source of the capitalists' profits. Inevitably since the workers are also the consumers they can't buy back all the goods they produce.

## Permanent crisis

The capitalists themselves, although fabulously wealthy are small in number and are therefore unable to consume much of the surplus. The world market is constructed out of exporting this surplus and competing to export. However the system is not in permanent crisis because the capitalists invest not only in the production of consumer goods but also in the production of capital goods, plant, machinery and so on. This is what Marx described as the division of the economy into departments one and two. However in the long run this has its limits too, the production of capital goods eventually leading to the production of more consumer goods. What the proponents of demand management cannot explain is why more goods are produced than there is demand for, ie why there is overproduction. It is this overproduction, inherent in capitalism, which lies at the heart of capitalism's crisis, and therein lies



the nub of the problem and the insoluble nature of the system's crisis.

Keynesians like Mr. Krugman provide us with excellent descriptions of events, but offer us little in the way of an alternative. He uses a delightful analogy with a babysitting co-op to illustrate the dynamics of the boom-slump cycle of capitalism, and outlines many treatments for the individual symptoms of the crisis - yet offers no final cure. This is no accident. Economists today, no matter how honest, do not really seek a cure to capitalism's fundamental crisis. They accept tacitly that there isn't one. Instead they look for ways to limit the crisis and thereby limit the political repercussions. In other words their real purpose is to defend the system, not cure the economy. This is flatly admitted toward the end of the book when, with a nod to the all powerful market, Krugman admits "I don't like the idea that countries will need to interfere in markets - that they will have to limit the free market in order to save it. But it is hard to see how anyone who has been paying attention can still insist that nothing of this kind needs to be done"

Amongst many motoring analogies, Krugman compares the recent series of economic crashes with a series of road accidents which happen along one stretch of highway. In each case something can be found to be flawed in the actions of the driver, or the performance of the car. Surely he reflects one is entitled to ask whether there is something wrong with the stretch of road? This is part of his impassioned plea to reject monetarism and return to the old god Keynes. We would simply stretch his analogy to question the entire road network.

In the book's final lines Krugman appeals again that the "only important structural obstacles to world prosperity are the obsolete doctrines that clutter the minds of men." The tried and failed prescriptions of Keynes are just such an obsolete doctrine. What stands in the way of world prosperity, and threatens the return of depression economics, is an obsolete economic and political system - capitalism.

**The Return of Depression Economics by Paul Krugman (Penguin £16.99, hardback) Order from Wellred Books, PO Box 2626, London N1 7SQ**





# Letters Matters correspondence

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Dear comrades,

Having been involved in the trade union movement all my adult life and a member of U.S.D.A.W for three and a half years I have been shocked and angered by what has been taking place in U.S.D.A.W. for most of that time. The recent well publicised Tesco retail partnership deal is nothing short of a disgrace. This deal was set up by Central Office officials and Tesco's management with no involvement of the membership concerned. When questions were raised by an Executive council member they were told there was nothing to report. It was never discussed even at Executive Council level. So much for democracy.

When these officials and Tesco's Management had reached their own private agreement it was then sold to U.S.D.A.W's Tesco retail membership, by both the union and Tesco. There was no one to put the other side and it was rushed through and voted on very quickly with no real time to discuss and debate. Hardly surprising it was voted for. The minority voting against was high considering the one sided point of view put across.

The partnership deal basically consists of

better recruitment facilities for U.S.D.A.W., staff forums and the membership losing the right to vote on the pay offer, as well as better communication. Whatever that means!

There are a growing number of people who are upset about this deal in my area, and also around the country. This should be directed against the leadership of the union who should be voted out at the earliest possible occasion and replaced by strong fighting union leadership accountable to its members.

(A similar disgraceful development is taking place in Boots the Chemists Logistics.)

Rick Fricker  
USDAW branch Secretary Solent HTS  
(Personal capacity) ■



Dear Comrades,

You had an excellent article a few issues ago on the Hillsborough Disaster of 10 years ago dealing with the standard of policing on the day.

I believe the whole thing was caused by the blunders of senior police officers seeking to avoid the danger of crowd dis-

turbances outside the ground.

Two years prior to this, I went to the Leeds v Coventry FA Cup semi at Hillsborough. despite having greater support, Leeds had been allocated the smaller Leppings Lane section.

Our coach from Halifax set off in good time. You don't want to be late for a semi-final but we ended up stationary on the hard shoulder of the M1 for well over an hour. We, along with many other coaches, arrived at the ground just as the kick-off was due to take place, but were told not to panic as the match was being delayed 15 minutes for us to get in.

Thousands of fans, even with tickets, trying to get through the turnstiles causes frustration. When you got through there was a large open area and then steps leading up into the stand. Naturally most people rushed up into the central section finishing up in an enclosure behind the goal. There was no effort to direct fans or to close off sections that were full. That area behind the goal was jam packed.

We were fortunate that no serious injuries occurred. The police must have known what was going on, and it looks like the only lesson they took was to get the supporters to arrive 15 minutes earlier the next time they handled a semi-final.

Mick Fallon, Halifax. ■

## Re-instate expelled students in Nigeria!

The situation of the Nigerian Student Movement is dramatic. In July a death squad killed the leaders of the Student Union at the University of Ife. Some weeks later the police opened fire on a student demonstration killing several students.

A long standing issue in Nigeria for some years now has been the expulsion and suspension of Student Union leaders and activists. Many students have been either suspended or expelled from their courses for student union activism. The situation is particularly serious at the University of Ife. The following students are still awaiting re-instatement:

Anthony Fasayo: Part Five Medicine, President of Students' Union 1995, detained for 7 months under decree 2, expelled since 1995. Ajai Olaseni: Final year Eng. Physics, Ex-president Association of Campus Journalists, member Students' Representative Council, SRC, expelled since 1995. Ademola Yaya: NANS (National Association of Nigerian Students) Ex-zone D Co-ordinator, detained for 7 months along with Anthony, Certificate withheld since 1995. Laguda Ishola: Part 2 Economics, member of SRC, expelled since 1995. Babalola Oluwole Monyin: Final year Microbiology, Welfare Officer of Students' Union 1995,

expelled since 1995. Wale Ajayi: Final year Economics, Assistant Secretary General of the Students' Union 1995, expelled since 1995. Charles Amodu: Part 2 Dramatic Arts, student activist, expelled since 1995. Kuyoro Adekitan: Final year Agricultural Science, Assistant Secretary General of the Students' Union 1994, suspended indefinitely since 1995 later expelled. Oladele Odebowale: Final year Law, Speaker of the SRC 1991, suspended in 1997. Olamide Olatunji: Part 3 History, Public Relations Officer Negotiating Committee set up by the congress in 1997, expelled since 1997. Adekanle Lanre: Final year Law, Chairman of Electoral Commission set up by students in 1997, expelled 1997. Adegibile Isiaka: Part 2 Political Science, Secretary Electoral Commission, expelled since 1997.

We invite you to write letters of protest about this case demanding their immediate reinstatement to:

Nigerian High Commission, Nigeria House  
9 Northumberland Avenue, London WC2N 5BX  
Fax: 0171-839-8746

You can also phone the High Commission on 0171-839 1244



# Essential reading for all workers

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

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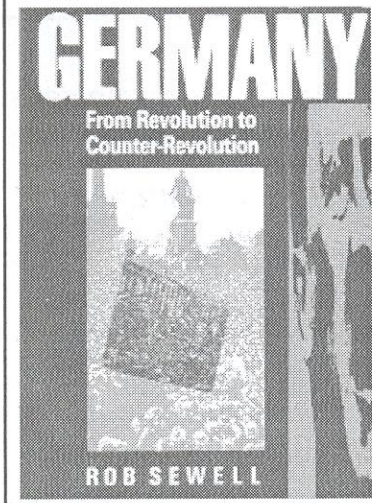
The author then explores the eventual revival of the party's fortunes from 1910 onwards, the creation of the independent Bolshevik Party two years later, and the isolation of Marxism during the first world war. The final section of the book deals with the Bolsheviks' emergence during the February Revolution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

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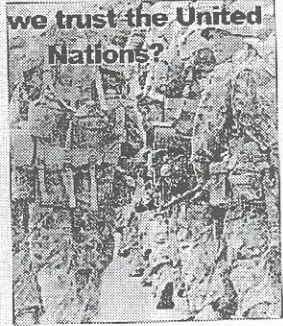
As we go to press *Socialist Appeal* sellers around the country are braving the wind and rain of a typical late summer to ensure that our journal is on sale at the various Freshers fairs, held as universities and colleges open for business. With student fees now disgracefully being charged, business is just the right word for it. Students are now just a source of income to be exploited as efficiently as possible. The careful explanation of socialist ideas contained on each page of *Socialist Appeal* cannot help but strike a note of recognition. In the workplace too there is an important and compelling case for increasing the sales and readership of *Socialist Appeal*. We are now just over a month away from the industrial conference being called by this journal to provide a forum for trade union activists to map a way forward both on the industrial and political front. However we are being hindered by a shortage of cash. We have no big business backers and cannot rely on the sort of advertising income which even other political journals can count on. Yet there is a definite need for a journal which puts a clear Marxist case to readers both young and old, students or workers, unemployed or retired, activists in the

unions and/or the Labour party. Readers who want to change society and want to know both why and how. This is the job of *Socialist Appeal*—so what can be done? The only way is for us to call for and rely on the support of ordinary men and women. Support in selling our journal and support of a financial kind. We are therefore appealing for donations however small to help us keep going and develop our work. Your cash could enable us to print more journals, more pamphlets and improve our resources. So please send what you can to *Socialist Appeal*, PO Box 2626, London N1 7SQ. (Cheques/POs made payable to *Socialist Appeal*).

We would like to extend special thanks to Bob and Cath Rice (Blantyre) for their £75 donation. Thanks to our Coatbridge comrades who sent down £30. £45 and £30 were collected at separate meetings in Peterborough, £115 was sent by our supporters in Southampton. We also received individual donations of £20 from Phil Lloyd (Swansea) and John Cooze (London). Many others have pledged regular donation by taking out standing orders.

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Can we trust the United Nations?



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A Saturday sale in Coatbridge also recorded 17 sales of *Socialist Appeal*. More than 30 youth pamphlets were sold in St Andrews university, and 59 East Timor pamphlets were sold at a London meeting addressed by Tony Benn. We hope that all areas will follow these examples over the coming weeks.

**Steve Jones**

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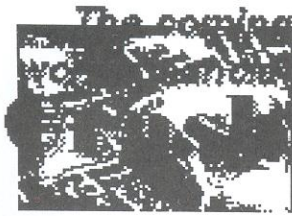
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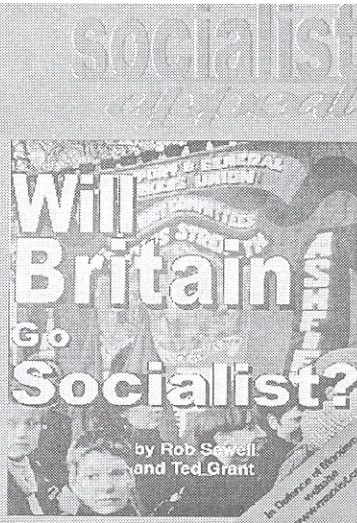
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