

# Socialist Appeal

The Marxist voice of the labour movement

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## NHS Privatisation

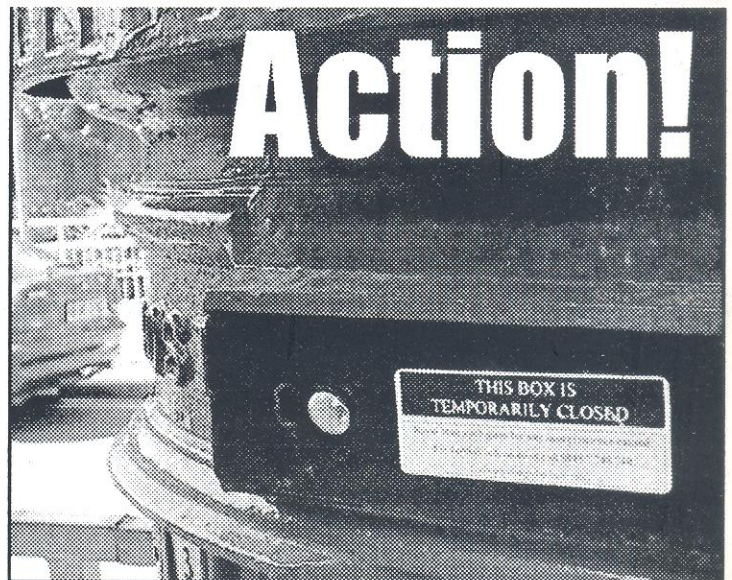
Sparks fly at Marks  
AEEU/MSF MERGER -  
Fight for Union  
Democracy



**Paris Commune:  
"Storming Heaven"**

**Postal Workers take**

**Action!**



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# Storm clouds gather

**Harold Wilson once said, "A week is a long time in politics." And election results are notoriously difficult to predict. However, as we go to press, everything points to a Labour victory on 7th June.**

**A** LABOUR victory is based primarily on the world boom which has kept the British economy afloat over the past four years. Despite the increased polarisation of wealth and the increase in stress at work, real wages have continued to rise while inflation remains low. The developing economic slowdown has not yet filtered through to most people.

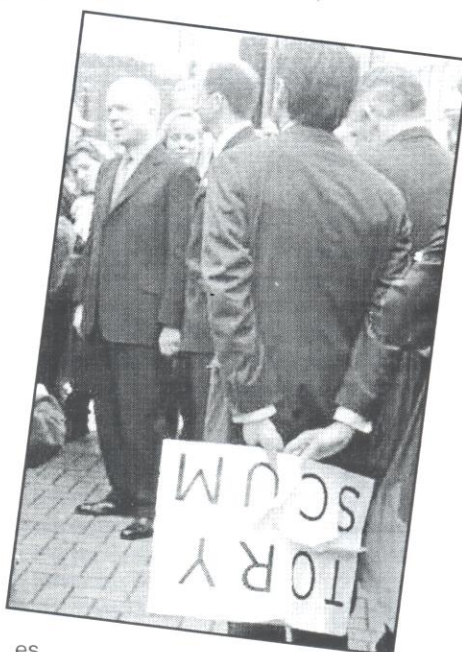
"With unemployment and mortgage rates at historical lows and house prices continuing to rise after last year's boom, the feelgood factor remains high," remarked the Financial Times. However, the other side of the coin is that this 'boom' has not touched many workers in the industrial areas, where there is a considerable degree of dissatisfaction.

While the general election turnout is likely to be down, some have even predicted the lowest for over 100 years, Labour is set to gain a hefty majority over the Conservatives. The Tory humiliation at the polls will open up a period of blood-letting within their ranks and the likely departure of William Hague.

At this moment big business is backing Blair. He has done much to appease the major monopolies and gain the support of the Tory press. Britain, Gordon Brown has boasted, now has "the lowest rate in history of British corporation tax, the lowest of any major country in Europe and the lowest rate of any major industrialised country anywhere, including Japan and the United States."

Corporate executives have been appointed to the cabinet and hundreds of quangos. Most of the assets of the state are gradually being privatised by means of the private finance initiative. The better regulation taskforce, which was to defend workers and consumers from the erosion of standards by big business lobbying, has been handed to the head of Northern Foods.

At this stage the Blair government is carrying through creeping privatisation of our schools and hospitals. What is good for Tesco appears to be good for Britain. However, according to a special Guardian/ICM opinion poll, only one in four, including 23% of Labour supporters, back the government's idea of public and private partnerships running public servic-



es and voters have con-signed the Thatcherite idea of wholesale privatisation to the dustbin of history.

There is no great enthusiasm for Labour, as there was in 1951 or even 1966, when Labour was forced to go to the polls for a second time. This is especially the case in the traditional working class areas of Britain.

Millions have been willing to give the Labour government a second chance. But if the Blair government thinks it can just resume where it left off, it is in for a rude awakening. They will not wait indefinitely for the big changes they have been promised. There are many who are angry, like Sharon Storer who attacked Blair over the crumbling state of the NHS, whose patience has already evaporated.

There are already storm clouds gathering on the horizon. The outlook is looking very bleak as the world economy begins to slow down. In the United States manufacturing is already in recession. Its economy is running a current account deficit of 4% a year. Investment is falling rapidly and stocks are being run down in an attempt to boost flagging profitability. In a desperate attempt to prevent a slump, the Fed cut interest rates for the fifth time in as many months.

In Britain manufacturing output fell in

the first quarter of the year - the sharpest fall since early 1999, in the aftermath of the last global slowdown. Output fell sharply in new economy sectors such as electronics and in old economy industries. Again, according to the CBI manufacturing has undergone the biggest drop in business confidence since January 1999. This will increase a hundred-fold as the world economy dips into global recession.

Labour's second term - for that is clearly on the cards - will be profoundly different from the first. Blair's attempt to carry on with pro-market policies will end in tears. The government has not abolished the boom and slump cycle. The long boom will inevitably turn to bust. A world economic crisis will rapidly strip away the budget surplus as unemployment rises and tax revenues fall. The bankers, the City of London and big business will demand austerity measures in their interests. At the same time there will be growing resistance to such policies from the working class, reflecting itself in growing opposition particularly within the trade unions.

Under these circumstances, opposition will mount in the Labour Party, even within the PLP. There will be increased calls for policies in the interests of working people. Crisis will follow crisis. This turmoil will lead to a political realignment as the 'Blair Project' to turn the Labour Party into a capitalist party is seen to have failed. Big business could even play the card of a National Government as in 1931.

On the basis of events a new left will emerge within the Labour and trade union movement. The discredited right wing policies must be challenged with a real socialist alternative. For a guaranteed job for all! For a Living wage! For a 35 hour week without loss of pay! Only a programme based upon the nationalisation of the 'commanding heights of the economy', the major monopolies, banks and insurance companies under workers' control and management can generate the wealth needed to transform our lives. No to the market economy! No to the profit motive! For a socialist planned economy run in the interests of working people and their families! □



**Despite the terrible weather and the distance, three thousand workers, employed by M&S in Europe, came to London to demonstrate against the company's plans for store closures. Many dressed in M&S plastic ponchos fashioned from carrier bags they paraded through Britain's busiest shopping centre.**

**by Espe Espigares**

**A**NGRY workers from France, Belgium, Germany, Spain and Britain marched through central London, demonstrated outside the company's headquarters and then moved on to its Marble Arch store in Oxford Street. "Tous ensemble!" "Tous ensemble!" was the repeated

cry in a march that brought traffic in central London to a halt.

The demonstration was organised by Uni, the international union federation against M&S plans to pull out of continental Europe, closing 38 stores with the loss of 3,400 jobs. Staff were outraged when they were told - by email and fax to stores just 10 minutes before they were due to open - that their jobs were to be axed.

"We just want to keep our jobs," said Nalea Ahgay, a 19-year old shop assistant from Antwerp. "I have come here to show Marks and Spencer that we are all together - many countries of Europe - and we do not want to close our stores," said Sophie Graille from Creteil, France.



In Britain, where M&S does not recognise unions, the TUC supported the demonstration. However, John Monks, rather than outlining a militant strategy to beat the company, wailed about the greater rights to information European workers get. It was however lost on him that it was the Europeans who were losing their jobs.

The planned closure was announced on March 29, and provoked a fierce reaction from continental workers and unions, especially the French. The latter have taken M&S to court for breach of national labour law. As a result, last month a French court suspended M&S's decision to close its 18 stores and 1,646 job losses and fined it £2,400 for "manifestly illegal trouble making" in failing to respect consultation procedures within the works council. M&S are now following the procedures to carry through its plans.

Legal action has only delayed things; only militant action can save jobs. While workers demonstrated in London, others staged protests in Paris and Strasbourg. It is a fight that must be supported by all workers, especially in Britain. The unions should organise the picketing of all M&S stores, combined with an intense drive to explain the issues and force the company to recognise trade unions. □

## Wilts & Dorset Strike.

Tuesday 1st May saw 24 hour strike action at Wilts. & Dorset buses which paralysed services in towns and villages in three counties across the south.

*Stuart Knox*

**T**HE company's central bus station in Salisbury was barred by pickets for the first time since 1972(!). A second 24 hour strike began Thursday May 10th. The previous month staff had voted by 400 to 39 in favour of strike action.

This was preceded by a four month dispute over pay and pensions between the RMT and Wilts & Dorset management. In March W&D offered a 3.5% wage increase plus 1.8% on the pension scheme. This was rejected by staff. The RMT is calling for a 6.8% rise in pay for minibus drivers and 5% for all other staff. They also want 4.5% on the pension scheme - of which the workers would contribute 1%. "We put sensible proposals on the table but these were rejected. Our members are making a stand." RMT regional organiser Phil Bialyk was quoted as saying by the Salisbury Journal. He also described the strike as "unfortunate".

The company claimed that it had given wage increases "sub-

stantially in excess of inflation in each of the last two years." So why the strikes you may well ask? A worker can expect a starting salary at W&D of less than £13,000 - approximately a third less than Salisbury's average wage.

Last year strike action by Stagecoach workers in Basingstoke won improvements and later the threat of strike action at Stagecoach's Andover depot was enough to achieve a modest increase. May 4 and 11 this year also saw South West Trains brought to a standstill as RMT guards struck over poor working conditions. They plan further strikes on the 18th and 25th. Only a last minute compromise averted Berkshire firefighters beginning strike action on May 1. There have also been long-running disputes with industrial action by postal workers in Portsmouth and Oxford.

What is the significance of all this? Before the 1997 general election scores of by-election results showed that even in the traditionally conservative south, workers had drawn a balance sheet of 18 years of Tory rule. But now we have had four years of Blair's New Labour government. As another general election approaches it seems that with prospects for improvements in their living conditions being frustrated on the political front, a new balance sheet with new conclusions is being drawn up. □

**Stop Press!** Bosses at Wilts. & Dorset buses finally gaved in, agreeing to wage and pension increases. Bus workers in Reading are balloting over industrial action over pay

# Postal workers take action!

**O**VER 10,000 mail workers have walked out (as we go to press) on unofficial strike around the country in support of CWU members in Watford who have already been out for a week. Post boxes are being sealed and post offices are putting up notices warning that they cannot accept any postal items. The dispute started on Friday 18th May when 800 workers at the Watford office took immediate action over attempts by management to impose new shift patterns. Stewards have accused Consignia (the new privatisation friendly name for the Post Office's holding company) bosses of looking for an excuse to take on the union, especially by trying to transfer work from Watford, and are predicting that, as the action spreads to Manchester, Liverpool, parts of London and elsewhere, this may lead to the first national stoppage since 1996. The CWU in London is now considering whether to call a ballot of its members to take official action over its demands for a five-day working week in the sorting offices and improved conditions of pay.

With workers at the Almeida sorting office in Islington also campaigning against the proposed closure of the site, with a demonstration scheduled for May 26th, it is

clear that the management dreams of industrial peace are fading fast. Consignia are also acutely aware that over the next week or so, leading up to the general election on June 7th, they are legally obliged to deliver a massive number of postal vote forms and other election material. As such they are talking about taking legal action against the CWU for "failing to control its members." Such a move has been on the cards for sometime anyway since management know that for the last few years the postal service has accounted for around 50% of all strikes in the country. In the run up to any proposed privatisation, management will need to show that they have brought the union to heel but face the fact that, however helpful the national officials might want to be, the rank and file are fully aware of their power so long as they stick together and do not give an inch. The statement from CWU London regional officer Norman Candy that "As things stand it's likely to spread" shows how he thinks it is going to go. All trade unionists should be ready to give full support to these post workers in defence of their conditions and for a better deal. □

by our Industrial Correspondent

## Capital Idea

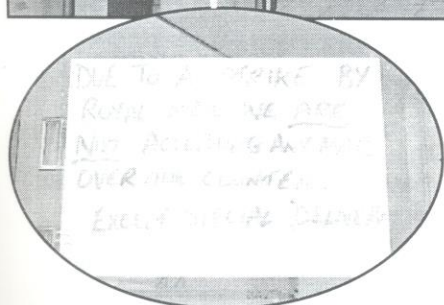
**H**AVE you seen the poster "rat on a rat" appealing to our civic duty to rat on benefit fraudsters?

Well, we think we've found the King of Rats and we hope the government will deal with him most severely. This individual has received £3 million of taxpayers money in the last decade.

There are 22 billionaires in Britain yet 1 in 14 of the population are receiving benefits. What we hadn't realised was that some people could appear in both statistics.

The worst offender is Britain's richest man, the Duke of Westminster. Worth £4 billion, he has been receiving around £300,000 a year in subsidies for his 6,200 acre farm near Chester. This form of rich man's housing benefit has also paid out hundreds of thousands to Princess Anne's Gatcombe Park. While small hill farmers and tenants struggle to survive, 80% of subsidies end up in the pockets of the richest 20% of farmers.

Well, we've ratted, what odds would you put on the Rats being dealt with?



## News in brief

### Foundry Strike

IMF foundry and Heavy foundry are fighting a £120 a week pay cut. All out strike action has been proposed from 16th May. One and two day strikes have already taken place. Management has also been locking out the workers.

*Messages of support and donations to Eddy Grimes, 116 Richmond Park Crescent, Sheffield S13 8HG*

### London Underground

The RMT have called another 2 strikes on London Underground for 4th and 6th June. Representatives were angry that a strike planned for the 3rd May was called off. The strikes are around getting guarantees that workers will not be forced to be transferred to private companies. If PPP goes ahead, and that all safety concerns are dealt with.

Official London Underground papers leaked to the pressure group Capital Transport show that some contractors are using forged fire and track safety certificates. □

# No to NHS privatisation

**It may go down as one of the defining moments of the 2001 general election. There was Tony Blair walking along with an army of minders outside a Birmingham hospital when up marched a woman, one Sharon Storer, to have a go at him about the state of the National Health Service.**



by Steve Forrest and Dan Wexford

**F**ACED with the realities of our health service today all he could do was mouth sound bites. And that was not enough, the angry woman knew she was not getting an answer and said so. Like millions of others Sharon Storer had voted Labour in 1997 because she wanted things to be better than they had been under the Tories. Like millions of others she has been disappointed and has said she may not vote this time.

What has happened to the NHS? In 1997 the NHS was the area of policy where Labour had its biggest lead over the Tories. But now Britain spends less on health, as a percentage of GDP, than any other country amongst the G7 leading capitalist states. It has the lowest number of doctors per head of the population (less than half that of most over European countries), decaying run down hospitals and wards, and a record for serious illness where, for instance, 20% of lung cancer patients become inoperable whilst waiting for radiotherapy. Robert Winston, who became a TV personality with his series *The Human Body* and had received a life peerage from Blair, called the governments NHS strategies-as it struggled under the weight of the flue epidemic of winter 2000- "deceitful", describing the NHS as being the worst health service in Europe.

Blair's response was to announce a 6.1% per year increase in spending on the NHS alongside a "national plan" where the aim is to employ 20,000 new nurses and 9,500 more doctors by 2004. Fine until you realise that, according to a survey by Edinburgh University, 110,000 new nurses need to be recruited by 2004 just to replace those leaving or retiring from the service. 7,500 new beds were promised but these are to be financed by the hated PFI method. Already health trusts have been forced to pay for projects using private companies to build and maintain them, a

policy which will leave the country owing these firms massive amounts for years to come. New hospitals in Worcester, Durham, Edinburgh and elsewhere have already been forced to close wards and cut staff in order to cover the cost of repayments. Waiting lists have been cut but this is widely perceived to have been achieved by massaging figures and shuffling cases around to reduce numbers without increasing care.

Dr. Richard Taylor, who is so angry about the state of the NHS that he is standing as an independent as part of a campaign to save Kidderminster Hospital, summed things up in a quote printed in the *Observer* of May 20th: "Nationally the NHS is in crisis... The NHS has got worse over the last few years. The Private Finance Initiative is robbing the NHS of money and stopping it delivering services. Privatisation of cleaning and catering services was a disaster-that's why hospitals are so dirty. Morale is low."

## Tories

Of course everybody knows that things are better than they were under the Tories-they couldn't be much worse! Health service workers are also acutely aware of what would happen should the Tories get back in. Tory health spokesman Liam Fox has made it clear that the Tory programme for the NHS is a "Trojan horse" to break up the NHS and privatise huge chunks of it. Fox has also argued that those with so-called non-urgent conditions should pay for their own operations or, in effect, wait forever. But what will Labour do?

In 1997 Labour said in its manifesto: "Labour is opposed to the privatisation of clinical services..." Now in 2001 Labour is saying "We will create a new type of hospital-specially built surgical units, managed by the NHS or the private sector..." Already

plans are being drawn up behind the scenes for a massive increase in private sector involvement in the health service, with talk of 'Surgical Factories' being run entirely by big business, sucking money out of the NHS to pay for it. No area of the NHS is safe.

So the vultures of the private health care industry have found themselves in a win-win situation. Whatever the result of the general election they can expect huge profits to come their way over the next few years. But why should they? No one voted Labour in 1997 to get this and they certainly do not want it in 2001. This policy comes without endorsement from any Labour Party or union conference and with clear and consistent opposition from the ranks of the movement. This will not go away but will instead intensify. Every union and party branch and committee should be drawing up and passing resolutions calling on the Labour government to abandon privatisation and the PFI in favour of a free, fully state funded and owned NHS, with proper resources devoted to it and decent pay for all NHS staff.

The mood is not good. The RCN new survey shows what nurses are thinking as they prepare to vote. According to the poll, although 76% of those polled think that the NHS should remain free at the point of delivery, only 51% think that this will still be the case by 2010. The survey also shows that many health workers intend to leave the NHS before reaching retirement age, citing low pay and poor morale. In truth this survey only confirms what any one who works in or uses the NHS already knows. The profiteers cannot be allowed to do with the NHS what they already done elsewhere, on the railways for example. Our health is too important to become just another source of share dividends for the City of London. □

# AEEU/MSF MERGER - Fight for Union Democracy

**The merger of the AEEU and MSF is once again in question following the possible launch of an investigation by the Certification Office for Trade Unions into a series of financial corruption allegations, which involve Roger Lyons, the General Secretary of MSF.**

**by Des Heemskerk,  
AEEU, personal capacity**

**T**HIS means that there could be a delay or a possible cancellation of the merger between the AEEU and the MSF. It was agreed at the AEEU Executive Council meeting held on the 16th May to delay the sending of the ballot result held in March to the Certification Officer. This was done in order to avoid any financial investigation being extended to the AEEU! The meeting also decided to remove rule 10(8) covering retirement age for elected officials. This would allow Ken Jackson, the AEEU General Secretary, to remain in office beyond March 2002, when he will be 65. There was also a decision to introduce a

further rule change extending the period of office for the Lay Executive. The period of office has already been extended from two to three years and this further extension by another two years is clearly an attempt to prevent a possible defeat for the right wing in a democratic election prior to a merger.

Most AEEU and MSF members who voted in the postal ballot for the merger will have voted with the idea of improving trade union solidarity and collective bargaining strength. Very few will have examined the detailed instrument of amalgamation and realised the threat contained to the democratic structures of the MSF. The outcome of the vote was no surprise after both union executives gave support to the merger and with no argument put in the postal ballot to oppose the merger. The argument that may now need to be made will be over the details of a new rulebook that would be drawn up by an appointed committee from both Executives and then put to the members, again in a postal ballot. This process would deny the rank and file the opportunity to have any input to the drawing up of the rules of the new union. It was announced at all the AEEU Industrial and Divisional Branch Conferences that the Rules Revision Conference, that should follow the Policy Conference, could be cancelled because of the merger and a postal ballot on a new rulebook. This would mean that there would not have been a Rules Revision Conference since the amalgamation of the EETPU and AEU a decade ago.

Part of the battle that needs to be held against these undemocratic manoeuvres will be fought in the elections for the AEEU

Executive and in the General Secretary election. The instrument specifies that the General Secretary of the AEEU will become the General Secretary of the whole merged union, once Roger Lyons retires, thereby denying MSF members the opportunity to vote for a General Secretary. This follows the same tactic that was used to allow Ken Jackson to be elected with only EETPU members allowed to vote denying AEU members a vote. The left wing AEEU Gazette candidate will be Derek Simpson, who will be opposing Danny Carrigan, the candidate of the right wing AEEU United.

The AEEU Policy Conference will open in Blackpool on June 11th. This is an opportunity to challenge the bankrupt leadership and their undemocratic manoeuvres. The recent job losses at Corus and Vauxhall have spelt out the failures of the current right wing leadership's strategy of partnership with business. All that partnership deals have achieved are cuts and erosion of conditions for the workforce with no guarantee for jobs. The only guarantee for jobs is to be able to take on the giant multinationals and to make it harder to close down steel mills and factories. The only way to preserve trade unionism is to enable workers to fight to improve pay and conditions and not to forge no-strike deals in exchange for membership fees and an income for well-paid national officials. It is against this background that the issues at the AEEU Policy Conference and in the Executive and General Secretary elections will be fought and it is on these issues that a victory against the right wing can be achieved. □



## GMB Conference

**T**he GMB conference takes place in Brighton in the week before the election. It is a vital conference for all GMB members as Tony Blair gears up for a second term Labour government. As recession looms round the corner and Blair gears up for a drive to transform Britain's public services, this will mean an extension of PFI and other privatisation deals. The second term will be radically different to the first. Already there has been talk of a move to break the link because of the 'nuisance' the current rail strikes are causing for the government. As trade unionists we will be forced to stand up for our members struggling against the governments attacks on the working class. This conference can be used as our springboard for the Blair second term. □

**Steve Forrest GMB London Central  
General (Personal capacity)**

# A Manifesto for you?

**Thank God for John "two jabs" Prescott! That must have been the cry (in private anyway) in the corridors at Labour's HQ at Millbank. By landing on Mullet Man what one boxing commentator called the best jab he had seen for twenty years, Prescott was able to divert attention from the official launch of Labour's election manifesto.**

by Steve Jones

**T**HIS was just as well for Blair and co. since those party activists who did decide to study the said document would have felt a keen sense of disappointment.

Why was this the case? With a projected massive majority on the horizon surely this would be the moment for the Labour government to cut loose from the restrained approach of the first term in office and present proposals designed to make a real difference. Well no, evidently not.

The manifesto, for those prepared to pay the £2.50 it costs, is full of happy smiling people and firm jawed men in dark suits looking suitably governmental. Packed with lists of achievements and pledges for the next term, it all looks very impressive complete with the mantra "A lot done, a lot more to do."

However it is surprising (and then again maybe not) just how little substance there actually is in all this. Lets take the famous five pledges with which the campaign was launched. First we have the economy. The pledge concentrates on low mortgages (well, "low as possible" is the term they use, what ever that means), low inflation and sound public finances. Complete with the warning against returning to Tory boom and bust this sounds good. But is it? For a start the hope that Labour can break the cycles of capitalism is just as much a dream as when the various Tory Chancellors of recent times also promised this. As the economy moves into recession so too will this boast also fade away. The government has enjoyed a massive surplus over the last period but has largely stuck to the Tory spending limits, using the cash instead to pay off the national debt, some of it going back to the days of the Crimea war! What we do see is the realities of "sound" public finances with the public sector being handed over to private enterprise for maximum exploitation.

The next two pledges boast about extra resources for schools and the health service but at a price. Blair talks about the need for modernisation, another word for privatisation. As the Guardian commented on May 16th: "Blair says he wants to intensify the modernisation... of health and education, as well as the reform of welfare (for which read cuts). Unconcerned about the growing anti-corporate mood, New Labour has shown itself as Britain's foremost party of business. And there have been renewed mutterings at Millbank about breaking the party's links with the trade unions if there is anymore nonsense about the transport workers going on

strike. The Blairite project is up and running again." In truth, the Guardian has hit on an important point when it notes in conclusion that such a programme will under conditions of crises provoke a responses from the movement, "...challenges from the Left are bound to grow and where there has been a credible opposition-as in London last year-are likely to be effective."

Elsewhere there is little to get excited about as the Manifesto panders to perceived middle class prejudices. So we get a firm pledge to raise police numbers to deal with crime, linked to assorted statements about dealing with this or that section of society. Far more would be achieved if Labour set about dealing with the social problems which led to crime; low wages, youth unemployment, the rise of debt and above all the deadly grip of the twin curses of poverty and alienation within society.

Instead all we get is a repetition of the old "tougher sentences" formula. The only answer the document can come up to stop people offending or re-offending is a promise for more sports fields!

## Enthuse voters?

So is there anything which can be used to enthuse voters? Well lets not mention transport since nowhere is there to be seen a pledge to renationalise the railways. Instead, like a man who gets up to tell jokes at a funereal, they go on and on about pushing through the PPP (i.e. privatisation) option for London Transport and that's it.

What about the very modest reforms on the minimum wage and pensions. Well modest they will remain with the only increases having been forced on Blair and Brown as a consequence of the reaction in the movement and at large to the earlier stingy efforts, including the infamous 75p increase in pensions. No action is to be taken to repeal the myriad anti-trade union laws, that would offend Blair's big business chums of course.

So that's that. All we are promised is more of the same, assuming the economy remains stable. And if not...? Well we can see what will happen then. Instead of breaking with capital and adopting bold socialist measures-or any socialist measures for that matter-all we have is Tory-lite policies to see us on our way. The Tory rantings on crime, race and asylum seekers reminds us of what is the real enemy but if they are to remain out of office forever then we need a change on the part of the Labour leaders. assuming we don't get it then the task for activists inside the party and in the affiliated unions as well is to start doing something about it before it is too late. □





# Blair's jobs for the boys

**The Tories are still the party of big business. 40 of the country's top bosses signed a letter in The Times before the election urging people to vote Tory in the interests of business. Nevertheless many others like Richard Branson and Alan Sugar have, at least temporarily, changed their allegiance to support Blair.**

by Paul Matthews

**N**ATURALLY they were more than happy with the efforts the Labour leadership made to bend over backwards in the interests of big business for the last four years. They were no doubt surprised and delighted by a Labour government that attacked those on benefits whilst cutting corporation tax.

Blair and co continue to plead that they are the party of business, yet we all know that once dissent inside the party and the unions turns to opposition, once the booming economy turns to slump, or once the threatened privatisations of the NHS, the Post Office and the Tube turn into a fight-back, these fairweather fatcats will jump ship and return home to the Tories.

In the meantime however, always keeping one eye on their own bank balances, these same bosses are thinking not only about the general interests of capitalism, but also how to line their own pockets. The experience of the last four years has taught them that keeping in with Blair can be personally profitable too. Below we publish a selection of posts created, filled, or maintained by the last Labour government which constitutes a most unusual job creation scheme through which Blair, Brown and co have delivered even more power and influence to some of Britain's biggest bosses. Extracted from George Monbiot's book *The Captive State*, the list is far from complete, but we hope it will be of use to trade union and party activists.

## Lord Marshall of Knightsbridge

As chairman of British Airways he campaigned against the introduction of an aviation fuel tax intended to reduce global warming.

His reward was to be put in charge of the government's energy tax review to examine whether new taxes could contribute to reducing global warming.

## Ewen Cameron

As President of the Country Landowners Association he fought the government's proposals for a 'right to roam'.

The reward for his campaigning zeal was to be made chairman of the government's

Courtryside Agency - responsible for implementing the 'right to roam.'

## Lord Sainsbury

Sainsbury, Britain's fourth richest man, could fill a page on his own. Sainsbury's superstore has been referred to the Competition Commission for alleged anti-competitive prices. He is also a Minister in the Department of Trade and Industry to which the Competition Commission reports. He funds a genetic research laboratory (The Sainsbury Laboratory) and has ultimate control of the Biotechnology and Biological Sciences Research Council.

## Lord Simon of Highbury

Chairman of BP when they were accused of evicting peasants in Colombia and handing over photographs of peasant activists to the military. BP gave millions of pounds to the Colombian military who have been responsible for the brutal torture and killing of trade unionists and campaigners against the oil industry. One of the ministers responsible for carrying out an 'ethical foreign policy.'

## Sir Peter Davis

Chief Executive of Reed International where he sent 900 employees from work to welfare. Appointed chair of the New Deal Taskforce responsible for moving people from welfare to work.

## Dinah Nichols

A non-executive director of Anglian Water plc which has been prosecuted six times for pollution. Became Director General of Environmental Protection at the Department of Environment.

## Chris Fay

Chairman of Shell UK, Executive Director of BAA and President of the UK Offshore Operators Association which has campaigned against any new environmental regulations. Fay became the chairman of the government's Advisory Committee on Business and the Environment.

## Stephanie Monk

Was paid £230,000 a year plus £205,000 in

share options as Human Resources director at Granada Group plc which appealed against a tribunal's order to reinstate workers they had sacked for striking when their pay was cut from £140 to £100 a week. Monk became a member of the New Deal Taskforce and the Low Pay Commission which determined the level of the minimum wage.

## Martin Taylor

As Chief Executive of Barclays he earned millions, while the workforce shrank by tens of thousands. Then he chaired the government's Tax and Benefits taskforce. Now he looks set to play a leading role in the privatisation of the NHS.

## Malcolm Stamp

Chairman of private health insurance firm Norwich Union and Chief Executive of Norfolk and Norwich NHS Trust. No contradiction there then?

## Tony Edwards

A director of the TI group which owns Matrix Churchill, the company who provided machine tools to the Iraqi government for arms manufacture. Edwards became the head of the government's Defence Export Services Organisation which advises the government on whether or not to grant licences to sell arms to foreign governments.

## Tony Merricks

A director of notorious construction firm Balfour Beatty. Building workers will be acquainted with their methods but in addition the government considers them one of the country's worst polluters.

Merrick was put in charge of the government's working group on combating cowboy builders.

These are just a few examples. There are endless regulatory bodies and advisory committees on the environment, wages, education, scientific research, transport, in fact on every question you can imagine. It could not be argued that the members of these committees lack knowledge. They are all packed with experts. Precisely those bosses responsible for polluting the environment, paying poverty wages or profiting from government funding and privatisation.

These people cannot be trusted with the future of our planet, our children's education or our health. They are only interested in making profits. While they own the industry they will control it. Control and therefore ownership must be taken out of their hands. □

# PFI: Public Spending = Private profit

**Nearly a year ago, in June 2000, Tony Blair opened the first hospital in Britain built with the aid of the Private Finance Initiative in Carlisle. This is what happened next:-**

**Two ceilings fell down. You see, the builders were trying to save money. One collapse nearly hit patients in the maternity ward. The sewerage system couldn't cope. Brown sticky stuff invaded the operating theatre (yum yum). They had to run out and order new trolleys because the architects hadn't left enough space between beds. (This is not the architects' fault. Their brief was to save money. They did save the PFI consortium money. But they're costing the health authority plenty.)**

**by Barbara Humphries**

**T**HE transparent roof means on hot days the sick are faced with temperatures indoors of 33 degrees C.

Windows have blown out of their frames, showering doctors and nurses with glass.

Mister Tony has decided as a result that PFI is the wave of the future. It is to become a compulsory feature of investment in the public infrastructure.

What is the Private Finance Initiative - sometimes called 'Public-Private Partnership' just to confuse us? For hundreds of years capitalist 'enterprise' has been underpinned and made possible by the existence of roads, sewers, water works, sources of energy supply, workers educated at the public expense in publicly owned schools and colleges and workers kept healthy at the public expense. It has been so obvious that this infrastructure is necessary for the system and that no individual capitalist can make money in providing it that nobody has felt the need to point it out. Adam Smith, the apostle of laissez faire, saw the provision of public works as one of the legitimate functions of government.

Britain is a country that seems to be falling to bits. Nothing works any more. The trains are on go-slow. The countryside is closed. The Tories imagined for eighteen years they had a 'free lunch' of letting the infrastructure run down while they doled out tax cuts to their supporters. This proved to be a free lunch only in the sense that they were evicted before the bill arrived on their desk. The bill has now been presented to the rest of us, and very expensive it will prove, not only in cash but in economic efficiency, in our health and in the future of our children. So why is the Labour government watching our anorexic infrastructure collapse with calculated indifference? The answer is to do with their attitude to public spending. In a nutshell they've completely swallowed the ideology of Thatcherism.

Before the 1997 election, Tory Chancellor Kenneth Clarke announced incredibly tight budget limits. In effect he was playing 'chicken' with Gordon Brown. Brown fell for it, accepted the spending limits, and we were lumbered with a Tory fiscal corset that Clarke has since admitted he thought it impossible to stay within. For the past four years under Labour government spending has risen at a lower rate than under the Tories, as Brown has recently admitted in an Observer interview. For two years he stuck with Tory budget restraints, and what follows - Tory policies on the economy. Admittedly Gordon Brown has bumped up spending since 1999, but public services are still worse off than under Major.

Gordon Brown has got money coming out of his ears at present, with a government budget surplus of up to £15 billion. But we can't afford to replace cracked rails at Hatfield, so people die. Brown is following Treasury rules - daft rules that are unique to Britain. Money is unavailable for public works only because the Treasury has decided that money should be unavailable. The Treasury thinks that government borrowing is a burden. So let's invite the private sector in and borrow off them. We - for instance Carlisle Health Trust - don't own assets such as Carlisle Hospital under PFI. The private sector will own it and lease it back to the public authority. Readers have come across this notion before. It's called hire purchase. Do you hire your TV or have you bought a set outright? Unless you're too poor you've probably elected to buy. Everyone knows that being poor can be very expensive. Everyone knows that owning is cheaper than leasing. So it is with public assets.

## Third world public infrastructure

Does PFI make any sense at all? Other countries in Europe don't have these Treasury rules. They also don't have a third world public infrastructure. For the real economy a rail link is a rail link, whoever paid for it. But the Treasury is concerned about the macroeconomic consequences of a buildup of public debt. So they shift the debt to the private sector. How does that change anything real? It's a cheap conjuring trick to keep debt 'off the balance sheet'. The argument between the government and Ken Livingstone and Kiley, chief executive of London Transport, illustrates the point. Both the Mayor and the Labour government want to bring in private contractors to do up the tube. Kiley and Livingstone want to borrow the money and keep control, while Prescott is determined to hand the operation over to private 'enterprise'. Prescott seems to believe that spending on public transport means only the disbursement of public monies for the acquisition of limos to drive him and other Cabinet Ministers around.

*Socialist Appeal* stands for a publicly owned, publicly funded transport system, not the Livingstone option. But if outfits such as regional airports run by quangos can go on the money markets and borrow, it makes no sense to stop the London Authority issuing bonds. It is an elected body and we should have the right to vote for local government to raise or lower tax and to borrow or not borrow. In fact, by voting for Livingstone, we already have voted



against PFI on London Underground.

What is the government's problem with debt? Most people in this country have had to opt for buying their own house. Usually you don't live in a tent in the park until you've saved enough up to buy outright. You borrow. Capitalism works on credit. Businesses sell to each other on credit. Consumers buy and build up debt. Why should an arm of government like the Greater London Authority be any different? It's not as if Livingstone is going to splash out our money on wine, women and song. Improvements to the tube will mean more passengers, which will mean more money in the kitty. Quite possibly renovation of the underground could pay for itself over time. It will certainly bring wider benefits to London in terms of less congestion on the roads, less pollution from cars and less asthma among children living along busy routes.

Livingstone also makes another valid point against part-privatisation of the tube. It will cost more - a lot more. All independent surveys have confirmed this. Lending to a public body is effectively risk free. So any arm of government can borrow at a cheaper rate. Any textbook on banking presents the decision to lend as a trade-off between risk and return. If you're lending to a dodgy operator round the corner who could do a runner at any time, you charge a high rate. The Greater London Authority is not like that. It will still be there next year. There is

impulse to the fragmentation of decision-making - where nobody is in charge and nobody takes decisions - they have decided to have separate companies in charge of track maintenance, signaling and stations, going even further than the template for the Tory privatisation of the railways that has brought chaos to our railway system. 73% of Tory voters have woken up and now favour renationalisation.

How come there is no major political party prepared to express this overwhelming aspiration.

Let's go back to Carlisle. The consortium that built the hospital now owns the hospital. They will charge rent to the health authority for the next thirty years, at a level determined by the Retail Price Index. Cumberland will pay £11 million in rent this year to the consortium which has screwed up so spectacularly in building the hospital. At present price rises seem under control. But nobody knows what will happen to inflation over the next thirty years. One assessment is, "We could be paying well over £500 million for a hospital which only cost £67 million." Nice work if you can get it!

Apologists for the government have pointed out that in some cases of Private Finance Initiative, consortia have been able to borrow at the same favourable rates as the government. There is a reason for this. The banks know that, whatever the theory, if it all goes pear-shaped in Carlisle the government will step in. We will still need a hospital in Carlisle. The government will have to prop it all up, and are effectively underwriting the whole PFI operation. No risk is being transferred to the private sector. No wonder the Institute of Directors' study found "70% believe (PFI) provides an investment opportunity with a reasonable return and without unmanageable risk". In other words money for old rope.

result of this 'upgrading' than it has at present. But shouldn't the number of hospital beds in the country be the decision of an elected and accountable Minister of Health, not of a few secretive profit-driven building firms? Why don't the architects get basic things, like the width of a hospital trolley, right? An architect explains, "The main difficulty for the architect is that we are kept away from hospital workers. Our client is the consortium. That doesn't serve the best interests of design, and that's why mistakes happen." Cost over-runs by private sector companies, like the provision of computer systems for the Air Traffic Control system at Swanwick and the passport office are notorious. Frankly the public sector is seen as a soft touch.

The investigative journalist Nick Cohen spoke to New Labour's in-house 'think tank', the Institute of Public Policy Research, about their findings on PFI. He was told, "the problem we've got is that the intellectually cogent evidence we're hearing is against PFI, but the government and the sponsors aren't going to like it." And the ones that pay the piper don't have to hear tunes they don't like. The following autumn IPPR conference on PFI was sponsored by potential corporate beneficiaries of the biggest looting of state assets since Henry VIII 'privatised' the monasteries. Not an unkind word was said about PFI at the conference.

Secondly, in justifying PFI, the government talks vaguely about the 'dynamic efficiencies' of the private sector. In the case of London Underground they propose to hand operational control over to the big construction companies. It is difficult to see what the efficiency gains are compared with Kiley hiring exactly the same companies to do the work and keeping operational control in the hands of agents of the elected authority. The firms are few - they include the likes of Balfour Beatty, which was in charge of rail replacement at Hatfield. Some economists have produced evidence of 'savings' as a result of privatisation, for instance in the deregulation of buses. Private bus drivers may be positively bionic in comparison with their public sector counterparts, but they can still only drive one bus at a time! Economies have been achieved by shredding the wages and conditions of the work force - nothing else. Is this what we want?

What PFI is really about is putting public sector workers under the cosh and lining the pockets of fat cat corporations with our money. Our public infrastructure has been run down over decades and needs vast injections of cash. But all private 'enterprise' wants is to grab the dosh and run. For a publicly funded, publicly owned transport system and health service we need working people - who actually use and need the services - to take the investment decisions. We need a socialised economy to stump up the resources. □

**We will still need a hospital in Carlisle. The government will have to prop it all up, and are effectively underwriting the whole PFI operation. No risk is being transferred to the private sector.**

no risk. In addition, the government has promised £1 billion a year for the next seven years in public subsidy. It seems it is quite alright to hurl our money at private capitalists, but it would never do to improve a publicly owned resource - our resource - with the same money.

The government's plan for London Underground is clinically insane. They propose to replicate the split between ownership of the track and train operation that led directly to the Hatfield tragedy. As an added

Why are the 38 hospitals being built under PFI so useless? Because the profit motive is taking priority over health care, that's why. We will lose 5,000 hospital beds compared with the old hospitals PFI is replacing. Clearly that will save the private consortia a lot of money. In the case of the West Midlands, Kidderminster Hospital is to be closed in favour of a new PFI-built hospital in Worcester, over twenty miles away. The area will have 28% less beds as a

# The Celtic Tiger and the Social Con-trick

**In 1987 the propaganda machine of the Irish government and the bosses worked overtime to sell the social contract. Trade union leaders too were keen to sell their members the idea of social partnership, management and unions would get together to cooperate over improving the state of the Irish economy in order to share out the subsequent wealth generated.**

**by Phil Mitchinson**

**T**HE Programme for National Recovery committed these 'social partners' to "seek to regenerate the economy and improve the social equity of our society through their combined efforts." As long as workers worked harder the size of the national cake would grow and consequently the workers share would grow too.

I have no idea what effort the bosses made but the figures quoted above demonstrate that for all their hard work the workers share has been consistently falling throughout the unprecedented boom in the Irish economy over the last decade.

Today the government and the bosses yell bellicose attacks at workers fighting to defend themselves that there must be no conflict, no challenge to the social partnership which has produced this redistribution of wealth to the rich, or the whole boom will fall apart. Is it the case that the boom was created and is sustained by the social contract which holds workers wages in check while the bosses rake in super profits?

Certainly the social contract has been the cover behind which the bosses have sought to increase their profits by increasing productivity, that is changing working conditions to make us all work harder and longer.

Any claim that there is a link between profits and wages in the social contract sense, ie that if workers work hard and improve the profits of their company they will be better off, has been shattered by the results of this boom. On the contrary, the Marxist argument that, all else being equal, as the bosses share rises so the

workers portion declines has been conclusively proven. Between 1990 and 1997 industrial profits soared by 144% whilst workers wages grew by 59%. If we look at all sectors of the economy the average profit growth for every year from 1990 to 1998 was 50% higher than the growth in wages.

	Profits, interest, dividends, rent	Wages, pensions, social security
1987	31%	69%
1992	36%	64%
1997	41%	59%

*Central Statistics Office, National Income and Expenditure  
Release 30/6/99*

**Any claim that there is a link between profits and wages in the social contract sense, ie that if workers work hard and improve the profits of their company they will be better off, has been shattered by the results of this boom.**

The real cause of the Irish boom is to be found in the world market and, in particular, in the US expansion which has kept the entire world economy afloat and dragged Ireland

along in its wake. Sensationally low corporate taxes helped to attract inward investment into a country with an educated and English speaking working class. Money from EU funds and the like has played a certain role, but above all it is investment that is the engine of growth in the capitalist economy. US firms in particular have expanded their operations in the south hand over fist. Yet it has been through the deterioration of workers wages and conditions that their profit levels have soared. Ireland has acted as a springboard into the markets of the EU for US multinationals like Dell and IBM and the level of workers wages has been an important attraction for them. The US government estimates that total hourly compensation for Irish workers in 1998 for example was \$14 an hour compared to \$28 in Germany.

The term Celtic Tiger is in some ways misleading. Whilst it has been a powerful boom from which the bosses have gained at the expense of the workers, and indeed it shares with its South East Asian counterparts a large degree of corruption in high places (the Ansbacher bank accounts and the sleaze surrounding Haughey for example) the real model for the Irish boom has been the US. The growth in inequality in Ireland mirrors that of the giant across the Atlantic. Indeed hardly a surprise since US multinationals own a bigger and bigger slice of the Irish economy. The contribution made by US foreign affiliates in Ireland to the country's GDP is a staggering 16.5%. The Irish economy today is more dependent on the US than Honduras or Costa Rica. Spurred on by this foreign investment the Irish capitalists have invested too. Employment in 'home grown' industry has risen. However much of this is in the service sector, still linked to and utterly dependent on the US.

## Delusion

The belief that this bounty will continue indefinitely is a delusion. Even now US firms do not reinvest the profits they rip out of Ireland. In the event of a recession in the US the steady flow of new investment will dry up and the American multinationals will leave the Irish economy high and dry. The same workers who have paid for the bosses super profits in the boom will be asked to pay for their losses with unemployment or still worse wages and conditions in a slump.

Investment from the US is indeed linked to the social contract in that US multinationals are keen to invest in a country which offers them such a staggering rate of return on their invest-

ment. In Ireland they are getting a 25% rate of return, twice what they can expect from Portugal, three times Spain and five times Britain.

Where's all the wealth created gone? Not into workers pockets that's for sure. It has been invested in the stock market, or flown out of the country.

Investment has meant industrialisation and the growth of new production. There are more workers employed yet they share between them a smaller portion of the national wealth than before social partnership. In fact, if wages had maintained the same proportion of national income as in 1987 every worker in Ireland would be £2,500 better off.

Productivity has been increased through the introduction of new, US-style management techniques, lean production etc, in other words the same counter revolution on the shopfloor as in Britain - in fact this is an international phenomenon. Whilst new technology and so on have played an important part in the recent expansion, the boom has essentially been paid for out of the pockets and the stress and strain of the workers. Now ironically it is precisely those new technology sectors, computers, mobile phones that are beginning to cut back on their investments, and cut back on Irish jobs.

However it will be argued that whilst the bosses profits have grown exponentially workers wages have nonetheless grown. Living standards for a part of the working population have indeed improved but only at the cost of immense stress and strain. However the poorest in society have seen their position steadily deteriorate. Meanwhile state expenditure, the so-called safety net meant to catch those falling into poverty, has been cut back drastically. According to the UN Ireland has the second highest level of poverty in the western world. Whilst workers have worked harder and longer to make more profits for the bosses, they've gained little or nothing themselves. Even in this its greatest period capitalism has been unable to benefit the majority.

The growing realisation of this fact is responsible for the growing class polarisation in Irish society.

Juxtaposed to the position of the majority, we have the conspicuous consumption, the brash display of wealth on the part of those who've profited most. The flash cars parked outside Dublin's top restaurants contrasts severely with the position of the majority of the population. It is this inequality, the struggle to survive on the part of the majority alongside the obvious wealth of the rich which leads workers to the conclusion that they have been cheated. Workers have not got their fair share. In reality the boom was due to the world economy and the US in particular, the social contract has been the con trick by which the bosses have squeezed more and more out of the work-

ers for themselves. When the economy was stagnating for a whole period the idea became quite widespread that everyone had to tighten their belts, that nothing could be done. But when workers see these bosses flaunting their waste of the wealth we have produced but are not sharing in then they are bound to draw conclusions.

Indeed there has already been the beginnings of a backlash. Bus workers, nurses and teachers have been striking for the higher wages to which they are entitled or against a further deterioration of their conditions. Building workers, (given the non stop programme of construction in and around Dublin you'd imagine they were benefitting,) have been fighting back against appalling safety conditions in the industry. The Social contract might have had an initial attraction for some workers, promised by their union leaders that everyone would benefit, but if it means constant attacks on conditions it must be fought. In any case it is not responsible for the boom only for the size of the profits Irish, American and other capitalists have been raking in during the boom. That will come to an end as sure as night follows day and we'll be asked to pay again.

Feeling increasingly cheated workers in Ireland are beginning to fight back. In some cases they simply want the higher wages to which they are entitled too for their higher productivity. Others have reached a line in the sand where the bosses are trying to undermine conditions still further to boost their profits. The Irish Nurses Organisation not traditionally known for militancy, nevertheless demonstrated how far nurses had been pushed beyond their limits when a staggering 96 percent voted for strike action in 1999

### Fight back

However time and again it is not just the employers the government and the state that opposes the workers attempts to fight back, it is the workers own leaders in the trade unions. SIPTU, the Services Industrial, Professional Technical Union with 155,000 members comprises around 40 percent of union members. In a ballot, despite the overwhelming endorsement of the leadership, 42 percent voted against the Partnership 2000 deal. Bearing in mind that even the ballot paper contained a recommendation to vote in favour this is highly significant. The union leaders, however, see partnership with the bosses not struggle as the way forward. As ICTU put it partnership means moving from "the clenched fist of confrontation to the open hand of coopera-



tion." They are tied to the idea of social partnership, more accurately class collaboration. They act like referees in the fight between workers and bosses rather than leaders. Yet they are not the ones suffering short term contracts or total quality management. The top three officials in SIPTU receive more than £70,000 a year, so they aren't suffering from too much belt tightening either. The only partnership the bosses are willing to offer the workers is the partnership between the horse and its rider, and we can't really be expected to carry these people around on our backs any longer.

This far and no further. If the social contract means longer hours, lower pay or worse conditions then it must be broken. Today the fight is on to stop the bosses squeezing the life out of us. This is in a boom, as any economist will tell you the best Ireland could ever hope for. Tomorrow the fight will be to save jobs. The boom will not last indefinitely. A recession in the United States will have a devastating effect on the Irish economy. Irish workers will need to break the unions out of the collaboration stranglehold and transform them once again into fighting organisations.

The success story of growth in the Irish economy is entirely the work of the Irish working class. It is squandered by the ruling class. The same talents and abilities put in charge not only of producing wealth but also managing it, planning its use in the interests of the whole of society could see the economy grow even faster than today with shorter working hours safer conditions and higher wages. □

- Break the social Con Trick
- For a 32 hour week without loss of pay
- For Militant trade union action
- For a Socialist United Ireland.

# State Intervenes in Irish Rail Drivers' Strike, but Trouble Looms

**Irish rail drivers, members of the Amalgamated Transport and General Workers Union, have been engaged in a battle with the rail bosses over conditions and recognition. Under pressure from all sides, and with the intervention of the Labour Court, the union has decided to suspend future strikes.**

**by Peter Black, ATGWU, Belfast**

THE spectre of Larkinism is haunting Ireland. A rash of strikes over the last period, especially in transport, has rocked Ireland's booming economy. Striking rail workers have been engaged in a rolling-programme of one-day stoppages which has shaken the Irish Establishment to its foundations. The strikers, members of the transport union, the ATGWU, have been attacked in the Dail [Irish Parliament] by the Irish Taoiseach [Prime Minister], Bertie Ahern, for threatening "industrial anarchy". The strike, he said, was "manifestly unnecessary" and "causing severe hardship". The employers' organisation, the IBEC, not only called for an end to the stoppages, but for all strikes in the emergency services to be banned!

The action follows a 10-week strike last summer by rail workers over union recognition. The same problem of union recognition has emerged as the central issue in the current dispute, which has threatened to escalate into an all-out battle. However, underlying all this is the attempt by rail bosses to undermine working conditions on the railways.

The strikes by 114 rail drivers employed by Iarnrod Eireann's railway workshops have helped to rekindle Ireland's class struggle. Amid scenes of pickets and widespread chaos on the railways, the powers-that-be launched a sustained assault on the strikers. Attacked by an unholy alliance of employers, government dupes and respectable trade union bureaucrats, these determined workers decided to stand up against worsening terms and conditions and for union recognition.

In the Dail, the Taoiseach

threw down the gauntlet, accusing the strikers of undermining the role of trade unions as "social partners", as well as threatening the accord. As a mouthpiece of the rail employers, Ahern accused the striker's union, the ATGWU, of a "flagrant breach of agreed procedures within the trade union movement", as if the matter had anything to do with him.

## Worsening conditions

The dispute is rooted in the attempt to impose worsening conditions in the rail industry. The Iarnrod Eireann asked the rail unions, SIPTU, NBRU, as well as the ILDA, to accept a new roster system that included working longer hours and compulsory Sunday and holiday working. Unfortunately, due to the lack of leadership, both SIPTU and NBRU, accepted the new practices that came into effect a week ago.

The ILDA, which joined the ATGWU as an autonomous branch of the union, rejected the new terms, arguing that it not only meant increased workloads but put safety at risk. This is an issue for all rail workers, many of whom in other unions, have refused to cross

picket lines. Iarnrod Eireann claimed it was losing £150,000 per day in lost revenue.

Tangled in the terms and conditions issue is the question of union democracy. Out of frustration against the right wing policies pursued by the SIPTU leaders, union members broke away to form the ILDA (Irish Locomotive Drivers Association). In a ballot, out of 128 ballot papers issued, 114 voted in favour of the merger with the ATGWU. The employers however have refused to negotiate with the ATGWU.

The dispute has wider implications and threatens to overturn the "social contract" embodied in the "Programme for Prosperity and Fairness" (PPF). This is an agreement by the employers and the tops of the trade unions to keep the lid on the class struggle and secure a stable industrial climate for business, both national and international. "The orderly conduct of industrial relations", states Ahern, "is essential to our well-being, quite apart from the implications for the PPF. Without it, we would have anarchy and the public and the economy would suffer, ultimately damaging jobs and competitiveness."

The state has also been used to intimidate the strikers, with the Labour Court now intervening. The National Implementation Body, which was set up by the PPF, said that the strike was in breach of all industrial relations procedures. The Supreme Court has ruled in the employers' favour that the ILDA was not an "accepted body" under the Trades Union Act and that the bosses did not have to negotiate with the union.

True to form, the bureaucrats of the Irish Congress of Trade Unions also called on the workers to abandon their action. The same has been the case with the leaders of SIPTU. These "labour lieutenants of Capital", to quote American socialist De Leon, are more interested in class collaboration than class war. For them, the most important thing is the survival of the PPF. Even if that means sacrificing the rail workers.

However, the rail workers are in no mood to cave in, despite the intervention of the Labour Court and the temporary suspension of the strikes.

This dispute is more than simply about lost profits. That is why the actions of the strikers have been met with a chorus of opposition from employers, government and bureaucrats. Their whole "partnership" scheme is under threat.

Just as Larkin, the founder of the ATGWU, faced a barrage of attacks from the Establishment ninety years ago, so the striking rail workers of Ireland face the same tirade today. Whatever the immediate outcome of the Labour Court intervention, the spectre of class struggle in Ireland is still alive and kicking. □



# The worst is yet to come

**During the month of April, world stock markets had a huge rally. The US markets rose around 15-30%. Capitalist investors shrugged off their despondency about the US economic slowdown. A few favourable economic figures had come out and the US Federal Reserve Bank made yet another surprise cut in interest rates. Suddenly the investor mood has changed. The great US capitalist economy was over the worst. Indeed, there would be no recession, let alone a slump that could destroy profits and jobs. It would be business as usual.**

by Michael Roberts

In the early stages of periods of stock market crash and capitalist slump, optimism often returns at the slightest sign of improvement. Capitalist investors just cannot believe that the golden days are over. They still hope for seven more fat years and hope against hope that they are not witnessing the start of seven lean years. And it's true that there were some signs that US economy might be bottoming out at about 3% growth, eminently reasonable. Real GDP growth in the first quarter of this year was just 2%, but that was better than many expected. Consumer sentiment indicators seemed to be improving and most important, American households seemed to be continuing to spend like there was no tomorrow, with shops reporting strong sales and cars going like hotcakes.

But then came the tomorrow, in the shape of May and the jobs figures. According to these, during April the US economy lost 230,000 jobs, the biggest fall since the depth of the last recession of 1991. These jobs were lost across the board, in services as well as hard-hit manufacturing. The hard reality was back: the US economy is heading for recession and probably a major slump.

And when anybody bothers to analyse the underlying figures for the US economy, that conclusion cannot be doubted. In the first quarter of this year, the top 500 US corporations experienced the biggest fall in profits for ten years, down 4.8%. And corporate profitability is the lifeblood of the capitalist bloodsucker. Expecting huge profits has driven US businesses to invest more and more into new equipment and plant and especially into hi-technology. As a result, the stock of capital rose 5% in 2000, much faster than any rise in productivity from that investment. Inevitably, the

rate of profit has fallen. Indeed, profit margins peaked in 1997 and have been falling since, now down to the levels of 1995. That fall in the rate of profit is only just feeding through to a fall in total profits, because companies have been able to boost sales to compensate for the decline in the amount of profit obtained from each unit of production sold. But growth in the market is no longer enough.

The answer of the capitalist system is to cut back on investment and sack workers. And that is just what has started to happen. The worst is yet to come. Or is it? The view of the capitalist optimists that dominated during the month of April was that the US Federal Reserve Bank along with the Bank of England and the European Central bank would cut interest rates vigorously. That would reduce the cost of borrowing for households to buy goods in the shops and for capitalists to borrow to invest in new technology. Eventually that would be enough to turn the world economy round.

By the time you read this, the US Fed will have made another interest rate cut. Interest rates will have fallen by 2.5% this year in the US as a result. But all these cuts have in no way restored growth in production, investment and jobs. In converse, the most likely result of making money cheaper is to increase demand for goods and services that cannot be matched by an increase in supply as investment is down. In that situation under capitalism, when demand exceeds supply, prices will start to rise. What the US Fed is creating is not economic recovery but stagflation - no growth plus inflation.

Stagflation will be disaster for the US stock market and for the economy. Inflation is already ticking up as employment and output decline. US inflation is heading

towards 3.5%, while unemployment moves back up towards 5% and economic growth slides towards zero or below. In a previous column I described the so-called 'misery index' (inflation rate plus unemployment rate). In most OECD countries the index has never been so low since the 1960s. However, in the US it is now on an accelerating rise for the first time in a decade.

So far, the stock market optimists continue to hold the stage. They shrugged at the disastrous job figures, placing their hopes in the Federal Reserve Bank's interest-rate cuts. Once those hopes are dashed and investors realize that the US economy is continuing to slip into recession, the stock market is going to turn ugly.

And if the stock market begins to fall again, that is going to hit the stored-up wealth of middle-class Americans who have increasingly relied on gains in stock prices in their retirement pension portfolios to justify yet more spending. If they now think that their wealth is in decline, they will pull in their spending claws and US capitalism will see markets disappear. As this column has argued before, never in the history of capitalism has the fate of the stock market been so important in the prospects of the real economy.

And things won't be any better in Europe or Japan. Europe's growth is also slowing as European capitalist companies see formerly lucrative markets in the US go into decline - profits fell 20% last year. And, of course, Japan remains locked in its ten-year deflationary spiral of low growth, high unemployment and falling prices. Japan's new prime minister, the man with the wild haircut, Joichiro Koizumi, stands for Thatcherite-style painful public sector spending cuts even if it means higher unemployment. If he tries to go through with that, it will be hardly a recipe for Japanese economic recovery!

Outside of the G7, important countries like Argentina and Turkey are slumping so badly that they cannot meet the repayments on debts that they owe to the banks in Wall St and the City. For the moment, they've been bailed out by the world taxpayer, via the IMF. But if the US economy goes down, then these economies and others in the so-called developing world will sink too.

Yes, the worst is still to come. ☐

2001



# Workers and

**Every year the 'Financial Times' publishes its 'Global 500', its list of the biggest companies in the world. Businesses are ranked by market capitalisation, which basically means total share price. In 2000 the biggest firm was Microsoft, with a market capitalisation of \$586,196 million. That is nearly \$600 billion! Microsoft's turnover (sales) was \$19,747 million in 1999. Its pre-tax profit was \$11,891 million. The figure for capital employed was \$24,438 million.**

**by Mick Brooks**

**N**UMBER two is General Electric (not to be confused with the British-owned General Electric Corporation). General Electric is a conglomerate with a finger in all sorts of pies - though not, these days, electricity. Its market capitalisation comes to \$474,955 million. Its sales were \$110,832, but profits were higher than Microsoft's at \$15,942 million. Capital employed was again greater at \$119,198 million. In many ways General Electric is more typical of the biggest business. It employs 340,000 workers. In fact if you were to rank big business by the number of workers Wal-Mart would come top with 1,140,000 on the payroll.

Jack Welch is the Chief Executive Officer of General Electric. He must work very hard. He collected \$40 million in remuneration in 1997. Jack therefore gets 1,400 times as much as the average blue-collar GE worker in the US. One reason the firm give him so much is that he saves the owners (the shareholders) lots of money. He saves money by sacking loyal American operatives and 'downsizing' work to Mexico. Jack earns 9,571 times as much as the average Mexican employee. But don't get the idea Jack is basically on a wage. Most of his wedge comes from stock options - the right to buy the company's shares. In the roaring stock market of the 1990s it's been a one-way bet for the rich. Chief Executive Officers got 85 times as much as the rest of the workforce in 1990. By 1999 it was 475 times as much, and stock options were the crowbar opening up the gap between rich and poor. In 1979 the top 1% were hanging on to 20.5% of American income. Twenty years later it's over 40%.

The great question of our age is how these gigantic corporations got rich and stay rich at the expense of the rest of us. That

question is answered by Marxist economics. These days the means of production are owned in the form of shares. Even Bill Gates, the world's richest man, is not the sole owner of Microsoft, though he is reckoned to have a controlling interest in the company. But General Electric is more typical in this respect. No one shareholder owns more than a tiny fraction of the total stock - remember we're talking about almost \$500 billion. What does this show? It shows how capital has accumulated. Big business has grown enormously since the time of Marx, when most firms were family-owned.

Then there's us, the working class. We work for them because it's the only way we can make a living. OK, so owning the means of production means owning shares. It follows that owning no means of production means owning no shares. Is that right? Not quite. It's actually quite hard to be a worker in Britain these days without owning shares - directly or indirectly. The state pension has been and is being progressively run down by governments both Labour and Tory. If you're not in a company scheme and you can afford it, you'll probably feel the need to sign up to a Personal Pension Plan. The investment fund manager will buy shares for you. If you're part of a company scheme they'll also have an investment fund manager who'll do the same.

With all the privatisation share give-aways under the Tories there are millions of workers with a few BT shares tucked behind the clock on the mantelpiece. They're not capitalists. They're just the sort of people who pick up fivers when they see them lying on the pavement, that's all. So you can't really get away from holding shares. But you're only a capitalist if you make most of your money from owning a share in the means of production. And however you stretch the definition that's a tiny proportion of the population. Even if you include all their hangers-on the ruling class is no more than 10% of the people. The rest of us are all on the other side.

The middle class in Marx's sense own their own petty means of production and, like us, they have to work. When the 'Common Market' was set up forty years ago, 30% of the population of most European countries were peasants. They owned their own farms and worked the land themselves. Now this class has virtually disappeared all over the continent.





# the profit system

The modern use of the phrase middle class really means middle layers. Marx was not talking about people who try to live colour-supplement life styles. But, people like university lecturers (who fifty years ago would definitely have described themselves as middle class) make a living by working for a wage.

The capitalist class maintains their hold over us through their ownership of the means of production. The factories and offices where we have to earn our daily bread are in their hands. Previous ruling classes in history have also perpetuated their dominance through a collective monopoly on the means of production. In the Middle Ages the feudal lords owned the land. Further back the slaveholders owned slaves, who did all the hard work. Capitalists start with money. But in a market economy money is wealth and allows its owner to buy arcane pieces of paper which represent titles of ownership to the means of production. We are different too. As workers for a wage we are free. We can collect our cards and quit working for

However Reynolds and the other market leaders had to drastically revise their notion of what that mark-up might be as they were confronted with the prospect of a full-scale price war in the 1940s, as the technology for producing ballpoints became standardised. Capitalists continually try to rip each other and the working class off by pushing up their prices, and therefore their profits. But first they come up against limits imposed by the law of value, the regulator of their system. Secondly marking-up prices is quite simply a zero-sum game for the boss class as a whole. What one gains, the other loses. It just cannot explain the steady unremitting flow of new income into the pockets of the rich, as they sit at home and wait for the dividends to plp on to their doormats.

Marx goes on, "If, then, the owner of money is to transform his money into capital, he must find in the commodity market a free worker, free in a double sense. The worker must be able to dispose of his labour power as his own commodity; and, on the other hand he must have no other

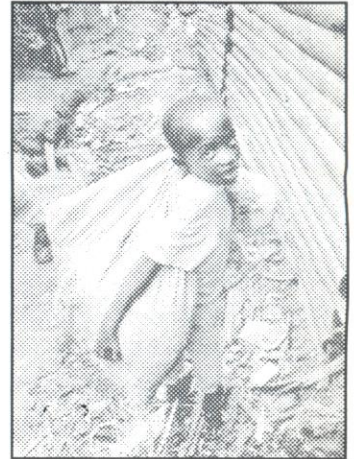
secure future there. Efficiency wage theory accept that what the boss is getting is a capacity. It also argues that productivity can

depend on the wage level paid. This turns neoclassical theory (which attempts to relate wages to productivity, so 'we get paid what we're worth') completely on its head.

Marx explains, "The value of labour power, like that of every other commodity, is determined by the labour time necessary for the production, and consequently for the reproduction as well, of this specific article as well."

What the worker is being paid for is not the work he or she does. It is his/her keep. In a market economy everything is swapped around with money. The capitalist comes along with money hires the worker and puts him or her to work. He can do this because the worker has no independent access to the means of production, owned by the capitalist class as a whole. The worker is paid a sum of money, enough to keep body and soul together at whatever had become the normal standard of living for workers in that society. For workers in an advanced capitalist country that standard might be quite high by historic standards - a nice house full of electronic kit, a car in the driveway and a freezer full of food.

But however much living standards may have improved over time and in the course of struggle, the gap between workers and capitalists in the age of Bill Gates is more than it ever was before. Workers will hang on to that standard of life only so long as they hold on to that job with the capitalists, in so doing providing the latter with a never-ending stream of unearned income. □



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**The capitalist class maintains their hold over us through their ownership of the means of production. The factories and offices where we have to earn our daily bread are in their hands.**

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one capitalist but we can't give up working for them as a class.

Workers are exploited under capitalism. But how? What does this mean? The law of value analyses the circulation of commodities as an exchange of equivalents. Marx poses the problem this way (Capital Vol. 1) "The transformation of money into capital is to be explained...in such a way that the starting point is an exchange of equivalents. Mr. Moneybags, who is as yet only an embryo capitalist, must buy his commodities at their value and must sell them at their value; and nevertheless at the end of the process he must draw more value out of circulation than he puts into it at starting...This is the nut we have to crack!"

Nothing could be simpler than to explain the profits of the capitalist in terms of them adding a bit on the price for themselves. And capitalists like the ballpoint magnate Reynolds probably did operate with the notion of a standard mark-up.

commogities for sale, must be 'free' from everything that is essential for the realisation of his labour power."

What is all this about labour power? We have all been led to believe we are paid for the work we put in. After all, if we work overtime or weekends, we expect to get paid more. If we're put on short time or laid off, we expect to lose money. Some of us are on piece work, where what's in our pay packet is directly linked to the effort we put in. That's certainly the way it looks. We'll be investigating the wages form later on. But Marx's discovery was that capitalists don't buy a determinate lump of work done. What they buy is a capacity, and they have to sweat the most out of it they can. Modern bourgeois economists use an efficiency wage theory to explain why some workers are paid more than the minimum market rate. It's because the bosses want to hang on to scarce skills. In turn workers may accord the firm some loyalty and commitment if they think they have a

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**In the next issue we look at the secret of surplus value.**

# “Storming heaven”

**The Paris Commune of 1871 was one of the greatest and most inspiring episodes in the history of the working class. In a tremendous revolutionary movement, the working people of Paris replaced the capitalist state with their own organs of government and held political power until their downfall in the last week of May. The Parisian workers strove, in extremely difficult circumstances, to put an end to exploitation and oppression, and to reorganise society on an entirely new foundation. The lessons of these events are of fundamental importance for socialists today.**

by Greg Oxley,  
editor “La Riposte”

**T**WENTY years before the advent of the Commune, following the defeat of the workers uprising in June 1848, the military coup of 2nd December 1851 brought Emperor Napoleon III to power. Initially, the new bonapartist regime seemed unshakable. The workers were defeated, their organisations outlawed. By the late 1860's, however, the exhaustion of the economic upswing, combined with the revival of the labour movement, had seriously weakened the regime. It was clear that only a new - and rapidly successful - war would allow it to survive for any length of time. In August 1870, the armies of Napoleon III marched against Bismarck. The war, he claimed, would bring territorial gains, weaken France's rivals, and put an end to the crisis in finance and industry.

It often happens that war leads to revolution. This is not accidental. A war wrenches the working people out their daily routine. The actions of the state, of generals, of politicians, of the press, come under the scrutiny of the mass of the population to an infinitely higher degree than is normally the case in times of peace. This is particularly the case in the event of defeat. The attempted invasion of Germany by Napoleon III came to a rapid and inglorious end. On 2nd September, near Sedan on France's eastern border, the Emperor was captured by Bismarck's army together with 100,000 troops. In Paris, mass demonstrations poured through the streets of the capital, demanding the overthrow of the Empire and declaration of a new democratic republic.

The so-called republican opposition was terrified by this move-

ment, but was nonetheless forced to inaugurate the republic on the 4th September. A new "Government of National Defence" was installed, in which the key figure was general Trochu. Jules Favre, also in the government and a typical representative of capitalist republicanism, proclaimed that "not one inch of territory, nor one stone of our fortresses" would be ceded to the Prussians. The German troops rapidly encircled Paris and placed the city under siege. The people initially supported the new government in the name of "unity" against the foreign enemy. But this unity would very soon break down.

In spite of its public declarations, the Government of National Defence did not believe it was possible to defend Paris. Besides the regular army, a 200,000-strong peoples militia, the National Guard, declared itself ready to defend Paris, but the armed workers within Paris were a far greater threat to class interests of the French capitalists than the foreign army at its gates. The government decided it would be best to capitulate to Bismarck as soon as possible. However, given the patriotic fervour of the Parisians and of the National Guard, it was impossible for the government to state this openly. Trochu had to gain time. He counted on the social and economic effects of the siege to dampen the resistance of the Parisian workers. In the meantime, the government opened secret negotiations with Bismarck.

## Hostility

As the weeks went by, hostility to the government grew. Rumours about negotiations with Bismarck were rife. On 8th October, the fall of Metz sparked off a new mass demonstration. On the 31st, several contingents of National Guards, led by the Blanquists, attacked and temporarily occupied the building. At this stage, the mass of the workers was not yet ready to act against the government. The insurrection was therefore isolated. Blanqui fled into hiding and Flourens, the courageous commander of the Belleville battalions, was imprisoned.

In Paris the famine and poverty brought on by the siege was having disastrous consequences, and the need to break the siege was felt all the more acutely. The sortie aimed at taking the village of Buzenval on 19th January ended in yet another defeat. Trochu resigned. He was replaced by Vinoy, who, in his first proclamation, wrote that Parisians should be "under no illusions" as to the possibility of defeating the Prussians. It was now clear that the government intended to capitulate. The

General Trochu



## Seizure of the National Guard Guns



political clubs and the Vigilance Committees called on the National Guards to arm themselves and march on the Hôtel de Ville. Other detachments went to the prisons to free Flourens. Under growing pressure from below, the middle class democrats of the Alliance Républicaine demanded a "popular government" to organise effective resistance against the Prussians. But when the National Guards arrived at the Hôtel de Ville, Chaudry, representing the government, shouted furiously at the delegates from the Alliance. This was enough to make the republicans agree to disperse immediately. Breton guards on the side of the government shot down national Guards and demonstrators who tried to oppose this betrayal. The National Guards returned fire, but were eventually forced to retreat.

This first armed clash with the government meant the collapse of the Alliance Républicaine. However, the movement against the government temporarily subsided. On the 27th January, the Government of National Defence was now able to go ahead with the

population, denounced Thiers and the monarchists as traitors and called for "a fight to the death" in defence of the republic. The events of 31st October and of 22nd January were but mild foretastes of the new movement underway. The parisian working class as a whole was now in open revolt.

The reactionary National Assembly constantly provoked the Parisians, referring to them as cut-throats, criminals. It cancelled the already very low pay of the National Guards unless they could prove that they were "incapable of work". The siege had made many workers unemployed, and their allowance for service in the National Guard was all that stood between them and starvation. Arrears in rents and all debts were declared to be payable within 48 hours. This threatened small businessmen with immediate bankruptcy. Paris was deprived of its status as capital city of France, which was transferred to Versailles. This measures, and

structures at battalion level were a forerunner of the soviets of workers and soldier's deputies, which arose in the course of the revolutions of 1905 and 1917 in Russia.

The new leadership of the National Guard was to rapidly test its authority. When the Prussian army was to enter Paris, tens of thousands of armed Parisians gathered with the intention of attacking the invader. The Central Committee intervened to prevent an unequal struggle for which it was not yet prepared. The success of the Central Committee firmly established its authority as the recognised leadership of the mass of the people. Clément Thomas, the commander nominated by the government, had no alternative but to resign. The Prussian forces occupied part of the city for two days, and then

**Paris was deprived of its status as capital city of France, which was transferred to Versailles. This measures, and many others, hit the poorest sections of society particularly hard, but also led to a radicalisation of middle class Parisians, whose only real hope of salvation was now in the revolutionary overthrow of Thiers and the National Assembly.**

capitulation it had planned since the beginning of the siege.

Rural France was in favour of peace, and the votes of the peasantry in the elections to the National Assembly in February gave a massive majority to the monarchist and conservative candidates. The Assembly nominated a hardened reactionary, Adolphe Thiers, as head of government. A clash between the Paris, and the "rural" majority in the Assembly was inevitable. Open counter-revolution had raised its head, and acted as a spur to the revolution. Prussian soldiers would soon enter the capital. The lull in the movement now gave way to a new and more powerful upsurge of protest. Armed demonstrations of the National Guard took place, massively supported by the workers and the poorer sections of the

many others, hit the poorest sections of society particularly hard, but also led to a radicalisation of middle class Parisians, whose only real hope of salvation was now in the revolutionary overthrow of Thiers and the National Assembly.

The surrender to the Prussians and the threat of monarchist restoration led to a transformation in the National Guard. A "Central Committee of the Federation of National Guards" was elected, representing 215 battalions, equipped with 2000 canons and 450,000 firearms. New statutes were adopted, stipulating "the absolute right of the National Guards to elect their leaders and to revoke them as soon as they lose the confidence of their electors." Essentially, the Central Committee and the corresponding

withdrew.

Thiers had promised the Rurals in the Assembly to restore the monarchy. His immediate task was had to put an end to the situation of "dual power" in Paris. The canons under the command of the National Guard - and particularly those on the heights of Montmartre overlooking the city - symbolised the threat the capitalist "law and order". At 3 o'clock in the morning, on March 18th, 20,000 regular soldiers were sent to seize these canons under the command of general Lecomte. The canons were seized without difficulty. However, the expedition had set off without thinking of the need for harnesses to haul the canons away. At 7 o'clock, still no harnesses had arrived. The troops now found themselves surrounded by a thickening crowd of workers, including

women and children. National Guards now arrived on the scene. The unarmed crowd, the National Guards and Lecomte's men were pressed against one another in the dense gathering. Some of the soldiers openly fraternised with the guards. Lecomte ordered his men to fire on the crowd. Nobody fired. The soldiers and the National Guards threw up a cheer and embraced each other. Apart from a brief exchange of fire at Place Pigalle, the army collapsed without offering any resistance to the Guards. Lecomte and with Clément Thomas, the former commander of the National Guard who had fired on workers back in 1848, were arrested. Angry soldiers executed them shortly afterwards.

Thiers had not foreseen the defection of the troops. Panic-stricken, he fled from Paris and ordered the army and the civil services to completely evacuate the city and the surrounding forts. Thiers wanted to save what he could of the army by taking them away from "contagion" by revolutionary Paris. The remnants of his forces, many of them openly insubordinate, chanting revolutionary songs and slogans, were marched off to Versailles.

With the old state apparatus out of the way, the National Guard took over all the strategic points in the city without meeting any significant resistance. The Central Committee had not played any role in the events of the day. And yet, on the evening of the 18th, it discovered, that in spite of itself it was now in effect the government of a new revolutionary regime based on the armed power of the National Guard!

The first task that the Central Committee set itself was to relinquish the power that was in its hands. They had no "legal mandate" to govern! After much discussion, it was agreed to stay in the Hôtel de Ville for "a few days" during which municipal (communal) elections could be organised. With the cry of "Vive la Commune!", the members of the Central Committee were greatly relieved that they would not have to exercise power for any length of time! The problem immediately before them was that of Thiers and the army on its way to Versailles.

Eudes and Duval proposed that the National Guard pursue them in order to shatter what remained of the forces in Thiers' hands. Their appeals fell on deaf ears. The Central Committee was composed for the most part of very moderate men, completely unprepared in temperament and in ideas for the tasks which history had placed upon them.

The Central Committee began long negotiations with the former Mayors and with various "conciliators" over the date of the elections. This absorbed its attention right up until the election finally took place on 26th March. Thiers put this valuable time to great use. A campaign of lies and vicious propaganda against Paris

was conducted in the provinces, and, with the help of Bismarck, the numbers, the arms and the morale of the soldiers were strengthened in readiness for an attack against Paris.

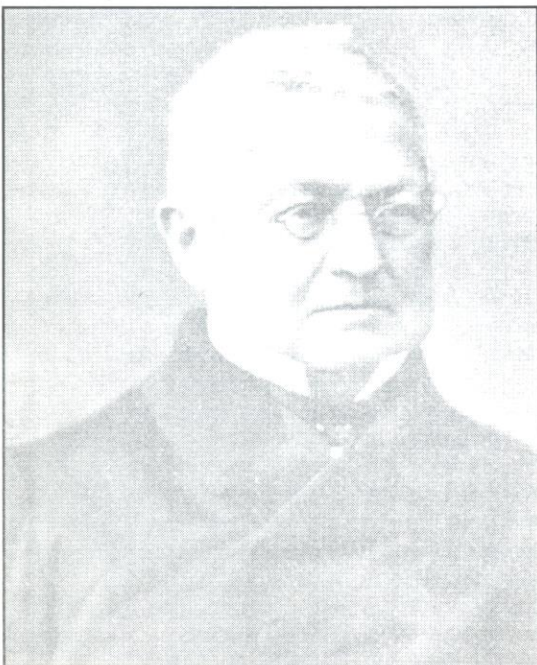
The newly elected Commune replaced the leadership of the National Guard as the official government of revolutionary Paris. It was mainly composed of people associated with the revolutionary movement in one way or another. The majority might be described as "left republicans", steeped in idealised nostalgia for the Jacobin regime at the time of the French Revolution. Out of its 90 members, 25 were workers, and 13 were members of the Central Committee of the National Guard, and 15 or so were members of the International Workingsmen's Association. Between them the Blanquists - energetic men always ready for dramatic and extreme measures but with only the vaguest political ideas - and the Internationalists made up about one quarter of the Commune. Blanqui himself was in a provincial prison. The few right-wing members who were elected resigned their positions on various pretexts. Others were arrested on the discovery of their names in police files identifying them as former spies for the imperial regime.

### The control of the workers

Under the Commune, all privileges for state functionaries were abolished, rents were frozen, abandoned workshops were placed under the control of the workers, measures were taken to limit night-work, to guarantee subsistence to the poor and the sick. The Commune declared its aim as "ending the anarchic and ruinous competition between workers for the profit of the capitalists", and the "dissemination of socialist ideals". The National Guard was open to all able-bodied men, and organised, as we have seen, along strictly democratic lines. Standing armies "separate and apart from the people" were declared illegal. The Church was separated from the state. Religion was declared "a private matter". Homes and public buildings were requisitioned for the homeless. Public education was opened to all, as were the theatres and places of culture and learning. Foreign workers were considered as brothers and sisters, as soldiers for the "universal republic of international labour". Meetings took place day and night, were thousands of ordinary men and women debated how various aspects of social life should be organised in the interests of the "common good".

The social and political character of the society that was gradually taking shape under the aegis of the National Guard and the Commune was unmistakably socialist. The lack of any historical precedent, the absence of clear, organised leadership, of a clear program, combined with the social and economic dislocation of a besieged city, necessarily meant that the workers fumbled cautiously forwards in dealing with the concrete requirements of organising society in their own interests. A great deal has been written about the incoherence, the half-measures, the wasted time and energy and the mistaken priorities of the Parisian people during their ten weeks of power within the walls of a beleaguered city. All of this, and more, is true. The

Adolphe Thiers



communards made many mistakes. Marx and Engels were particularly critical of their failure to take control of the Bank of France, which continued to pay millions of francs to Thiers with which he was arming against Paris. However, fundamentally, all the most important initiatives taken by the workers pointed in the direction of complete social and economic emancipation of the wage-working population as a class. Above all, the Commune lacked time. The process in the direction of socialism was cut short by the return of the Versailles army and the terrible bloodbath that put an end to the Commune.

## Versailles

The threat from Versailles was clearly underestimated by the Commune, which not only did not attempt to attack them, but did not even seriously prepare to defend itself. From the March 27th onwards, occasional exchanges of fire between the forward positions of the Versailles army and the ramparts around Paris had occurred. On April 2nd, a communard detachment moving in the direction of Courbevoie, was attacked and pushed back. The prisoners taken by Thiers' forces were summarily shot. The following day, under pressure from the National Guard, the Commune finally launched a three-pronged offensive against Versailles. However, in spite of the enthusiasm of the communard battalions, lack of serious political and military preparation (clearly it was thought that, as on March 18th, the Versailles army would come over to the Commune at the sight of the National Guard) condemned this belated sortie to dismal failure.

This defeat cost not only the dead and wounded, who included Flourens and Duval, both slaughtered upon their capture by the Versailles army, but also the fainter-hearted elements within Paris. The fatalistic optimism of the first weeks gave way to a sense of the imminent danger of defeat, accentuating the divisions and rivalry at all levels of the military command.

Finally, the Versailles army entered Paris on 21st May 1871. At the Hôtel de Ville, having failed to organise any serious military strategy, now, at the decisive hour, the Commune simply ceased to

exist, abdicating all responsibility to a completely ineffective "Committee of Public Safety". The National Guards were left to fight "in their localities", a decision which, together with the absence of any centralised command, prevented any serious concentration of communard forces capable of holding out against the thrust of the Versailles troops. The communards fought with tremendous courage, but were gradually pushed towards the east of the city and finally defeated on the 28th May. Thiers forces conducted a terrible slaughter of anything up to 30,000 men, women and children, with perhaps another 20,000 killed in the following weeks. Firing squads were at work well into the month of June, killing anyone suspected of having cooperated in any way with the Commune.

Marx and Engels followed the Commune closely and drew many lessons from this first attempt at the construction of a workers' state. Their conclusions are contained in the writings published under the title "The Civil War in France", with a particularly remarkable introduction by Engels. Before the 18th March, they had declared that, given the unfavourable circumstances, seizing power would be "a desperate folly". Nevertheless, the events of March 18th left the workers with power thrust upon them, as it were. The working people of Paris saw themselves as fighting not only for immediate aims. They struggled, as they termed it, for a "universal social republic", free of exploitation, of class divisions, of reactionary militarism and national antagonisms. In modern France, as in all the industrialised countries in the world, the material conditions for the realisation of these great aims are incomparably more favourable now than they were in 1871. We must now establish on a firm foundation the society for which the men and women of the Commune fought and died.

The Commune marches on Versailles



## Trotsky on the Paris Commune

**“**THE Commune began by confirming the election of all foreigners to the workers' government. It proclaimed that: "The banner of the Commune is the banner of the World Republic."

It purged the state and the school of religion, abolished capital punishment, pulled down the Column of the Verdome (the memorial to chauvinism), transferred all duties and posts to genuine servants of the people, setting their salary at a level not exceeding a workingman's wage.

It began a census of factories and mills, closed by frightened capitalists, in order to initiate production on a social basis. This was the first step towards the socialist organisation of economic life.

The Commune did not achieve its proposed measures: it was crushed. The French bourgeoisie, with the co-operation of its "national enemy" Bismarck - who immediately became its class ally - drowned in blood the uprising of its real enemy: the working class. The plans and tasks of the Commune did not find their realisation. But instead they found their way into the hearts of the best sons of the proletariat in the entire world. They became the revolutionary covenants of our struggle.

And today, on March 18, 1917, the image of the Commune appears before us more clearly than ever before; for, after a great lapse of time, we have once again entered into the epoch of great revolutionary battles....

The proletariat of Russia has already emerged onto the great road of revolution, and under its impact are tumbling and crumbling the foundations of the most infamous despotism the world has ever seen. The revolution in Russia, however, is only the precursor of proletarian uprisings in the whole of Europe and in the entire world.

**Remember the Commune!**

# Workers Celebrate May Day, Dictatorship Arrests Leaders

**The Marxists in Pakistan, supporters of *The Struggle*, have built an impressive following amongst workers and trade unionists thanks to their tireless campaigning and the clarity of their ideas. Through the Pakistan Trade Union Defence Campaign important rallies and demos were organised to celebrate May Day across the country. The reports which follow are edited highlights of these events. However the military dictatorship currently in power in Pakistan fear more than anything a movement of the working class, they have become increasingly worried by the strength of the PTUDC and therefore arrested and imprisoned leading comrades. Most have been released but we must remain on our guard, ready to give these comrades every possible support**

Banner reads: "The only way to end exploitation is socialist revolution"



## LAHORE

The PTUDC held a meeting to commemorate May Day at a traditional left wing hall in the center of the city. Fifty-five leading trade unionists from the most important sectors of industry and economy attended and spoke in the meeting. Those union leaders who spoke were Malik Arsala Khan, [Central President, Democratic Workers Union, {CBA}, State Bank of Pakistan.]

Lala Mohammad Hanif, General Secretary PTCL (Telecommunications) Zafar Ijaz Malik, Acting General Secretary, Railway Workers Union, [Nationally].

Safdar Sindhu, President, Pakistan Trade Unions Federation.

Mohammad Amin Bhatti, Punjab President of the PTUDC, leader of the PECO [Heavy Engineering workers], workers of the [PWD] Public Works Department and WASA [Water and Sanitation Workers].

Revolutionary poets recited May Day and revolutionary poetry. The morale and mood was triumphal and the participants left enthused and with a rejuvenated zeal to step up the struggle for a Socialist Revolution in Pakistan.

The most important places in Lahore were littered with anti privatization posters of the PTUDC and those produced specially for May Day.

At the end of the meeting the participants unanimously passed the following resolutions.

A: Condemnation of the repression of the regime against the rallies and arrest of the trade union and political activists on this day.

B: Rejection of the policies of privatization, downsizing, restructuring and other pro-capitalist policies being imposed by at the behest of the IMF, World Bank, WTO and other institutions of Imperialism.

C: Demand for the immediate and unconditional release of all the political and trade union activists, end of the Military rule and transfer of power to the genuine representatives of the workers and the peasants of Pakistan.

## KARACHI

The first news of arrests came from Karachi. The police arrested Cde Shahida Jabeen who is the national co-ordination secretary of the women's wing of the PPP and a member of the executive of the PTUDC when she got off the train at Karachi Cantt. Station. She was arrested to prevent her from speaking at the May Day meetings in Karachi. [She also is the longest imprisoned woman in

Pakistan when she was imprisoned for 8 years by the Zia military dictatorship in the 1980s]. She was taken to the Clifton police station in Karachi. The PTUDC leaders in Karachi jointly organized a May Day meeting at the Karachi press club. More than 300 trade unionists and workers participated in the rally. The main unions present were The Karachi Steel, Karachi Port trust [KPT], Water and power, Airlines, KESC [Karachi Electric Supply Corporation and workers from other main industrial and financial institutions and corporations]. The PTUDC has been involved in several struggles and campaigns of these unions against the attacks of various regimes in the last period.

## SADIQABAD

The only open procession and rally in Pakistan on May Day 2001 was in Sadiqabad in Southern Punjab. This rally was held under the banner of the PTUDC. More than five hundred workers participated in this rally. The unions, which attended this rally, were from the following sectors: WAPDA [Water and Power Development Authority], Telecommunications, Sugar industries, Railways, Fertilizers, Municipal workers, Road transport, Banking, vendors union and association of the slum dwellers:

The speakers criticized the policies of the present regime and vowed to continue the struggle against capitalism, landlordism and imperialist stranglehold. The mood was defiant and the slogans of Socialist revolution thrilled the atmosphere. When the rally was drawing to a close the administration attacked the rally. They started to arrest comrades and scuffles broke out. Although most comrades were able to escape arrest two comrades were arrested. They are cde. Shahid Azar [Leader of the teachers union] and Mohammad Ashraf [Leader of the United Sugar Mills]. Another meeting of women workers and students was held by the PTUDC in which 25 women participated to commemorate May Day. The topic was "May Day and its significance in women's struggle for emancipation".

## RAHIMYARKHAN

In this important industrial city and agricultural center of Seriaki Belt the PTUDC organised a Seminar. The topic was "The present crisis and importance of May Day". 180 people attended this seminar. The speakers elaborated the causes of capitalist crisis and how its overthrow was necessary for the emancipation of the working class. Most workers were from Lever Brothers and other multinational industries based in this city.

## MULTAN

This is the largest city in central Pakistan. Here the PTUDC organised a May Day rally at a famous Railway crossing in the center of the city's industrial zone. More than 300 people attended the rally. The Railway Mehnatkash Union collaborated with the PTUDC in organizing this event. The main unions, which participated in this rally, were from the Railway, State

Bank of Pakistan, WAPDA, Postal workers, municipal workers, vendors union and some other sectors.

Again the whole city was flyposted before the 1st of May and this was the main May Day event in Multan. The chants of Socialist Revolution could be heard from afar and there was a militant mood of the workers, who were preparing themselves for a struggle against this regime and the capitalist system it represents.

## RAWALPINDI/ISLAMABAD

These twin cities are the Capital of Pakistan. The main May Day rally was held at the press club hall in the center of the city. 450 people attended the function organized by the PTUDC in collaboration with other left wing unions. A huge banner was erected, which said "Only salvation from capitalist exploitation is Socialist Revolution". After the rally most of the workers wanted to stage a demonstration. The demonstration started under the banner of the socialist revolution and went up to Murree road the main and the busiest road of the twin cities. Here again the main roads and the city center were flyposted with PTUDC posters and banners. The main theme at this rally was also that only on the revolutionary path could the workers achieve their emancipation. Strangely the huge banner calling for overthrow of capitalism through a socialist revolution was shown on the main television network news and its photograph was printed on the front pages of the largest newspapers in the country!

## PESHAWAR/NOWSHERA

These are the two most important cities of the NorthWest Frontier province. Here

again the PTUDC comrades participated in rallies organized in collaboration with the traditional left unions. Again the PTUDC posters were seen on the main roads and squares of Peshawar. The Railway and Sugar industry workers were in the main lead. But there was participation from almost all sectors.

## KASUR

This is an important town of Punjab near the Indian border. It is famous for its tanneries and hides industry. The PTUDC organised one of the largest May Day rallies in the history of this town. About 200 people attended for about 5 hours. The main unions, which participated in this rally were the Tanneries workers Union, Power looms union, Municipal workers union, Paramedical Staff union, APCA [All Pakistan Clerks Association], PTCL [Telecommunications union], Habib Bank employees union, Tonga [carts] drivers union, Hawkers union and poor peasants association. The main headline of the press report of this rally read "Socialism the only road to emancipation". "Workers hold the May Day rally in Kasur".

## KHUZDAR

This is the second largest city of Baluchistan near the Iranian border. The PTUDC organised a rally in the main Municipal hall of Khuzdar. More than 300 workers attended the rally. They mainly belonged to the Postal workers union [NOPE- National Organisation of Postal Employees], Telecommunications union, state employees union, clerks association, BLF [Baluchistan Labour Federation] and several other unions.

The rally was presided by the Baluchistan chairman of the PTUDC, who is also the leader of the postal workers in Baluchistan. The streets of Khuzdar were also flyposted with the PTUDC poster in advance of the May Day preparations. The workers came to the venue in small processions carrying their flags and banners. The rally became the centre of attention for the whole city. The speakers explained the impact of privatization on the lives of the workers and their families. They called for the workers democratic control, and management of all institutions to end corruption and inefficiency.

## QUETTA

Here again the PTUDC collaborated with the traditional unions to organise a united May Day rally. The city, which is the capital of Baluchistan, was flyposted with PTUDC posters. About 250 workers attended the rally from all the main industrial and service sectors.

## HYDERABAD

This is the largest city in interior Sindh. The PTUDC organised the May Day meeting in the Sind Educational Trust Building in the heart of the city. About 200 workers attended the meeting. Hyderabad's streets were also flyposted with the PTUDC May Day posters. Apart from Hyderabad the poster was flyposted in the main towns of Dadu, Larkana, Thatta and other places in interior Sindh.

## RAJANPUR

This is one of the most primitive and undeveloped districts of Pakistan. It borders between Punjab and Baluchistan. The PTUDC rally was held in the townhall and attended by about 200 workers. The PTUDC poster was fly posted in the towns of Jampur, D.G. Khan and Taunsa in this region. Apart from the workers from mainly state and services sectors the rally was attended by peasants and peasant representatives from the area. About 300 people participated and the tone of the speeches and the slogans was revolutionary and militant.

**In many parts of the country workers and trade unionists were arrested for participating in, or speaking at these May Day rallies. The dictatorship is beginning to reveal its true colours. Many of these comrades were released in the days which followed however as we go to press two comrades in Peshawar remain in jail. Those who have been released were freed on bail of course, so they are not yet safe from further persecution.**

**These comrades need, and deserve our support, political and financial. Raise their case in your trade union or Labour Party branch. Labour movement organisations should pass resolutions condemning the Pakistan regime's attacks.**

**Letters protesting at the arrest of workers leaders in Pakistan and demanding the release of those still in jail should be sent to the Pakistan Embassy in London.**

**Please forward copies of your letters to the Pakistan Trade Union Defence Campaign at the address below.**

**Donations to the PTUDC should be made payable to PTUDC and sent to PTUDC, PO Box 6977, London, N1 3JN.**

# Greek general Strike - a lesson for the workers of all Europe

**Under a blazing sun, at midday on Thursday, May 17, tens of thousands of Greek workers poured onto the streets of central Athens to protest the anti-working class policies of the right wing socialist government of Konstantinos Simitis. This was the second general strike in the space of one month. Although the final figures have not yet been published, it was clearly a very successful strike.**

**By Alan Woods in Athens**

**A**S had been widely expected, the size of this demonstration was less than the massive demonstration of 26 April. Nevertheless it was very big: anything up to one hundred thousand. Moreover, it is clear that new layers of the class are moving into struggle all the time. Among the impressive array of banners from practically every industry could be seen those of the traditional heavy battalions of Labour: the metal workers, printers, building workers. But there were many sections not normally noted for their militancy.

There were contingents from the artists, writers and musicians, complete with bands and drummers; secretaries, news vendors, undertakers, waiters, hairdressers, make-up artists and even a contingent of police in uniform. In addition to the workers, there were a number of contingents from small businesses: garages, shops etc., as well as a large number of students.

There was even a sprinkling of Orthodox priests in black robes. They are also affected by the government's pension plans, and clearly are not content to wait for their reward in Heaven! Even these seem surprisingly open to Marxist ideas. One enterprising seller of the Greek Marxist paper *Sotsialistiki Ekfrasi* approached one of them thus: "Father, give me your blessings and 300 Drachmas" (the price of the paper) to which he replied with a sigh: "My son, your blessing is very expensive!" He bought the paper anyway and displayed it prominently on his bicycle. Some of the police also bought the paper.

## A fundamental change

The general strikes in Greece on 26 April and 17 May have important repercussions for the whole of Europe. The social earthquake that has erupted under the feet of the ruling class indicates a fundamental change in the situation. It is also rooted in the weakness of Greek capitalism.

Greece is the weak link of European capitalism, and, as Lenin pointed out, capitalism always breaks at its weakest link. In the last few years Greece has achieved relatively high rates of economic growth, propelled by the world economic boom. Yet productive investment has been stagnant or has increased only slightly and unemployment has remained high at around 12 per cent. Most of the investment has been in the service sector: banks, insurance, the stock exchange, supermarkets, etc. Meanwhile, large sectors of Greek industry have been destroyed.

Greece has also benefited from money from the EU, which has been used to finance ambitious public works projects, like the new Athens airport, roads and bridges. However, in the new economic climate, the money from Europe will certainly dry up. The Greek government is currently spending huge sums on the Olympic games, scheduled for 2004, but the costs of this project are already twice what was estimated, and the venture will almost certainly end in huge losses.

Despite impressive growth figures of 3-3.5 percent, the economy is not built on healthy foundations. The trade deficit with Europe is consistently negative and tends to increase. This shows that Greek capitalism is not in a position to compete with its main rivals in Europe. Despite this, the government of Simitis has pushed for Greek entry into the Euro zone, and carried out a series of austerity budgets and cuts to prepare for this. This is the background to the general strikes that have hit Greece in the past few months.

The ancient Greeks used to say: "Those whom the gods wish to destroy, they first make mad". The present situation is a good illustration of this. Greece will enter the Euro zone precisely at a time when it can benefit least. Unable to compete with strong economies like Germany and France, Greek capitalism will find itself rapidly beleaguered. In conditions of a world economic slowdown, there will be a ferocious struggle for even the smallest market. In this struggle, Greece will be hopelessly out-gunned. Under the terms of the Maastricht agreement, it will be unable to devalue - the traditional way in which a weak economy like Greece could defend itself. Nor can other European countries come to its assistance. Therefore, all the burden of the crisis will be placed squarely on the shoulders of the working class.

The only areas of the economy that have flourished in recent years are those connected with parasitism and speculation. Huge amounts of money have been stolen from the stock exchange that collapsed last year after a period of feverish growth. In a single year, the staggering sum of Dr. 15 trillion (2.7 billion pounds) were wiped out from the stock exchange, when the Athens index fell from around 6,000 to about 3,000. The principal losers were hundreds of thousands of middle class investors, who overnight saw their life's savings go up in smoke.

The perspectives for the Greek economy are worse still. All the main indices of the economy point to chronic weakness. The public debt stands at more than 100 percent of the gross





domestic product. Although the government has massaged the figures to make it appear that it has come down. This means that the Greek capitalist class will be compelled to launch cut after cut in public spending. The present standards of living of the working class cannot be maintained within the context of capitalism. They are intolerable to the ruling class, but the cuts and attacks on living standards are intolerable to the working class. This is a finished recipe for class struggle in the next period.

## Strength of proletariat

For years, the working class had been on the retreat before the onslaught of Capital. The number of strikes had declined every year, as in Britain and every other country in Europe. Thus, in 1990, there were 265 strikes, involving 2,133,389 strikers. The corresponding figures for 1998 were 38 strikes, with a total participation of 214,564 strikers. Similar figures can be given for trade union membership: 1981: 782,507, and 2001: 440,000.

This kind of statistics has repeatedly been utilised by the cynics and sceptics to justify the most pessimistic conclusions concerning the working class and the perspectives for class struggle. However, it is not difficult to explain them.

**The present standards of living of the working class cannot be maintained within the context of capitalism. They are intolerable to the ruling class, but the cuts and attacks on living standards are intolerable to the working class. This is a finished recipe for class struggle in the next period.**

How can one explain the lack of strikes in the last period? This is not a simple question. It is due in part to the destruction of industries in the private sector where the unions were traditionally strong. Through privatisation, sackings and factory closures, the unions were decimated in a whole series of industries. This created a climate of insecurity and a reluctance to strike in these sectors. The fall of the USSR and the consequent counter-offensive of Capital deepened the sense that Labour was on the defensive. Last, but not least, the rightward shift of the leaders of Pasok and the trade unions left the movement leaderless. Those strikes that took place (and there were many strikes against privatisation) were all defeated by the disastrous tactics of a leadership that never believed in the struggle from the beginning.

Finally, as a combination of all these factors, a sense of fatalism developed in the class - the idea became prevalent: "We cannot win, so it is pointless to struggle". This in turn led to a falling off of trade union membership and activity and the demoralisation

of the vanguard, which in turn intensified the rightward movement of the leadership, which increasingly became divorced from the class and under the pressure of bourgeois ideology and influence. Cases of actual corruption at the tops of the Labour movement became more frequent, while at the bottom, the workers, left to their own devices, resorted to the search for individual solutions to their problems.

The spread of part-time working and short-term contracts without rights affected the youth in particular. The merciless pressure on the shop floor, the extension of the working day and the general imposition of compulsory overtime, weekend working, etc., left the workers exhausted and with little time for trade union or political concerns. In short, we faced a picture of reaction and retreat on all fronts, with apparently no end in sight.

Many people drew pessimistic conclusions from this situation. Some so-called theoreticians wrote about the disappearance of the working class. Everyone - except the Marxists - assumed that the class struggle was off the agenda. But this superficial defeatism entirely missed the point. We pointed out repeatedly that beneath the surface of apparent calm, there was a seething sea of anger, bitterness, frustration and rage which sooner or later must burst to the surface when least

expected. This prediction has now been brilliantly vindicated by events.

The truth is that the Greek working class has never been stronger than at the present time. If we include all sectors, including a large number of terribly oppressed foreign workers (from Albania, the former Yugoslavia, Turkish Kurds, etc.), the total figure is not less than 2.7 million out of a total population of about 11 million. By contrast, the peasantry, in this formerly agricultural nation, is now a small minority. The traditional social reserves of reaction have thus been diminished, and the middle class, as the recent general strikes have shown, tend to gravitate to the working class, whenever the latter gives an active lead.

## "Enough is enough"

Trotsky once spoke of what he called the molecular process of revolution. Under the surface, and invisible to superficial observers, the discontent of the class was growing, maturing and reaching the critical

point where quality becomes transformed into quality. The psychology of the class had been prepared by a long experience of attacks, a thousand pin-pricks which gradually stoked up the collective anger to the point where the masses said: "Enough is enough!" Once this critical point is reached, any incident can spark off a social explosion.

Encouraged by the failure of the unions to organise effective resistance, Simitis pushed through anti-Labour laws, including the flexibilisation of labour and giving the bosses the right to sack at will. This caused a wave of anger, which forced the union leaders to call two general strikes, in October and December of 2000. These strikes were quite successful, in terms of the numbers who came out, but did not yet amount to a really effective national movement which could force the government to back down.

The response to the December strike was weaker than in October because the workers sensed that the leadership had no serious plan of action and no intention of fighting to the end. The union leaders did not immediately follow through the October strike with new actions, but waited for almost two months before calling a new strike, by which time the mood had partly cooled off. In general, the profound mistrust in the leadership has played an important role throughout all the previous period.

"Why should we lose a day's pay for an ineffective action which will achieve nothing?" This was the argument of many of the more inert workers. Basically, they were not yet convinced of the possibility of succeeding through their own actions.

The union leaders are always ready to blame the workers for their alleged lack of response. The truth is very different. The working class is always ready to respond where determined leadership is given. This was shown very clearly on April 26.

The spark that lit the fuse was the attempt by Simitis to introduce a law on pensions that would have severely reduced the pension rights of millions of people. His over confidence was the product of a complete misreading of the mood of society, which in turn was a result of a failure to understand the process of the previous period.

On April 26, everything blew up in his face. Angry meetings were held all over Greece. The right wing trade union leaders, feeling the fire under their backside, began to distance themselves from the government and pass into open opposition. When the government finally woke up to the fact that they were facing a massive rebellion, they panicked and began to issue statements, offering to withdraw the law on pensions and negotiate. They imagined that this trick would be enough to get the strike called off. They were mistaken. Unable to stem the tide of revolt, the union leaders



began to express the popular indignation, demanding the total withdrawal of the law as a non-negotiable issue, and even threatening the government with "social war".

The general strike was massive, far greater than anything seen for decades. In the unanimous view of union activists, this was the biggest general strike since 1974 - which was a revolutionary situation. Many believe that it was the biggest strike since the end of the Second World War.

The demonstration in Athens was huge: up to 200,000 people, and very militant. Every section was represented: both the public and private sectors. Even some firms with company unions joined the strike.

Like an immense stone dropped in a pond, the general strike has made waves that continued to resonate long after the strike had ended. The whole consciousness of the class has begun to change. In place of the old pessimism and defeatism, a new idea is beginning to grow: "We can win!" This has led to the spread of disputes in particular sections, some of which have never struck before: between the two general strikes April 26 and May 17, there were strikes of health workers, students of technological institutes, supply teachers, even actors.

There has been a general increase in trade union membership, as faith in the union movement has increased. Workers will always join unions whenever they see that the unions are prepared to fight for their interests. But the effects of the strike are much wider than this. People who never used to take any interest in politics are now avidly discussing politics. This is perhaps the most important result of the strike of April 26. Trotsky points out in *The History of the Russian Revolution* that the most fundamental characteristic of a revolution is that the masses who in "normal" periods tend to abstain from politics, leaving the key decisions that shape their lives in the hands of others, begin to participate actively in politics. Of course, in Greece this process is yet at its early beginnings. But it has begun.

### Implications for Pasok

Even the most downtrodden and oppressed sections have begun to find a voice. The prostitutes of Athens have started to organise and demonstrate for their rights. This had begun even before the general strike, but now these women can see that their fight against slavery is part of a broader fight of the working class as a whole. They were present on the demonstration, although it was impossible for them to appear openly under their banners for fear of reprisals. The fact that such an oppressed layer has begun to move shows that something serious has begun to change in Greek society.

On the 17 May, the Communist Party (KKE) was much in evidence, and dominated much of the demonstration. Unfortunately, it seems that the leadership of this party has taken a step back from the previous decision in favour of united action. On 1 May they again held separate demonstrations - a step that can have very negative consequences for the future of the movement.

But the main repercussions will be felt in the socialist party, Pasok. The right wing leaders were clearly shaken by the strike. A number of former Simitis supporters have already started to distance themselves from him. The first hair-line cracks have started to appear in the leadership. Under pressure from below, ex-Lefts like Tsochatzopoulos, who, as Minister of Defence, has distinguished himself by his enthusiasm for NATO and the bombing of Yugoslavia, is now beginning to quote Marx!

This shows the shape of things to come. Until now, the Greek bourgeoisie was happy to back Simitis, as long as he was doing the dirty work for them. But when Simitis cannot control the working class, he ceases to be of any use to them. Their attitude to the Pasok has always been that of: "Use and discredit!" In the next year or so they will be preparing a campaign to discredit the Pasok, using the press to foment scandals.

Since its right wing are bourgeois in all but name, it will not be difficult to split the Pasok, and drive it from office. But the problems will only start then for the capitalists. The New Democracy will be faced with an aroused and confident working class, in conditions of extreme economic and social crisis. Under such conditions, the Pasok, in opposition, can recover rapidly and swing far to the left. The possibilities for the Greek Marxists will grow by leaps and bounds, as society moves into a period of sharp class struggle and polarisation to the left and right. Naturally, there will be ebbs and flows, but sooner or later, there will be a decisive showdown between the classes, placing on the order of the day the question of revolution - or counter-revolution - in Greece, the sick man of European capitalism.

The recent dramatic events in Greece are a decisive answer to all those cowards, deserters and sceptics who called into question the revolutionary potential of the working class. Today's demonstration was characterised by its tremendous fighting spirit and by the happy, almost euphoric mood of those present. The most interesting thing to note is that the government had already withdrawn the proposed law on pensions before today's strike. Yet the militant mood continues and will find its expression in new strikes of many sectors. From a defensive struggle, the workers will pass onto the offensive. As one trade union activist told me: "There has been a change in the psychology of the people. Many workers did not believe that Simitis could be forced to back down. After many years the people realise: 'We can do it!' " Now that the class has begun to move, the genie is out of the bottle. It will not be easy to put back. □

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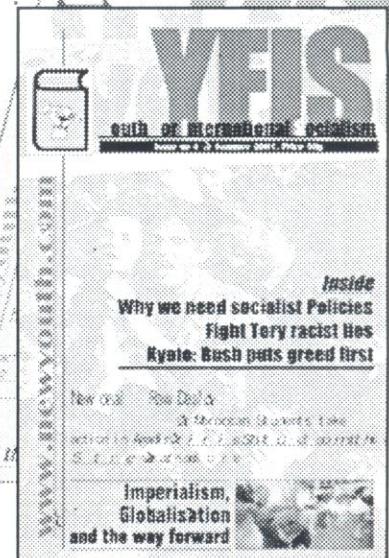
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## Spanish Conservatives suffer blow in Basque Elections

by Eloy Val Del Olmo  
Vitoria, Alava

THE Spanish conservative Popular Party (PP) has suffered a major blow in the regional Basque elections. The right wing campaign based on attacking the Basque language in Alava and Navarra, banning the youth organisation of the nationalist left two days before the elections, awarding a medal to a well-known torturer from the Franco regime and demonising the Basque parties and institutions in the old Franco style, has only had the effect of achieving the highest turnout in history of 79.9 percent and of giving the bourgeois Basque Nationalist Party (PNV) a record number of votes. The PNV-EA got 33 MPs, the PP-UA 19, the PSOE (Socialist Party) 13, EH (Radical Left Nationalists) 7 and Izquierda Unida (the CP-led coalition) 3.

The PSOE who had formed a coalition with the PP defending the position of 'a Government of National Unity to end terrorism' has lost an MP and traditional safe seats like Sestao to the PNV. These results have raised critical voices among

the rank-and-file of the Socialist Party against the agreements with the Popular Party.

But the worst results were achieved by EH (Radical Left Nationalists) which saw its electoral support halved from 14 to 7 seats. ETA (their armed wing) "intervened" in the campaign with two terrorist attacks, while at the same time stating that they were not concerned if the Basque parliament had a PP president. Their tactic was: "the worse the better", and this, together with the general mood of tiredness, the mass opposition to individual terrorism, the shift to the right of the leadership of ETA, who have abandoned social issues and the lack of any perspective, have provoked this electoral setback, which has accelerated the process of internal crisis.

During the months prior to the Basque election campaign the Madrid Government had taken advantage of the 'Basque question' in an attempt to divert attention away from the growing social malaise, reflected in the UGT's (Socialist Trade Union) call for a national general strike and also for a general strike in Galicia on June 15, as well as the many demonstrations against the right wing government with hundreds of thousands of people taking part.

With the elections over all these problems will once more return to the surface, placing the class struggle once more at the top of the agenda. ☐

# Centre Left defeated but workers begin to stir

**The defeat of the Olive Tree coalition in the recent elections in Italy came as no surprise to anyone. In the past five years it had carried out a series of anti-working class measures that had led to the disillusionment of a significant layer of workers and youth. The Olive Tree was an alliance between the PDS (Party of the Democratic Left, now known as the Left Democrats, simply DS) and a number of smaller, bourgeois parties. Its policies were in line with the needs of the capitalists rather than those of the workers.**

**by Fernando D'Alessandro**

**A**ND yet what brought the DS into government was the magnificent movement that brought down Berlusconi back in 1994 when he attempted to introduce drastic cuts in the pension system. A series of regional general strikes shook Italy and culminated in a demonstration of 1.5 million on the streets of Rome.

Thus when the PDS was involved in government there were big hopes that this would mean that the welfare state was in safe hands. But this was not to be. The Olive Tree coalition proceeded to attack wages and pensions, to privatise a significant number of state owned companies, and to dismantle the welfare state.

## Unemployment and wage cuts

So why did the Left in Italy, with the same policies as Blair, lose the recent elections when Blair seems set to win? There are some important differences between the situation in Italy and that in Britain. Unemployment in Britain is at a record low of 5.2%, in Italy (although down on previous years) it is still at 9.9%. Wages in Britain have gone up by 5% over the past year, with inflation at 2.7%. In Italy wages have only gone up by 2% over the past year, with inflation at 2.8%. This means that real wages have actually gone down over the past year in Italy. Add to this the fact that years of so-called "concertazione" (a kind of partnership and co-operation) between the union leaders and the bosses have led to a real cut in wages of about 10%. And in the year 2000, in just one year two million workers became temporary workers and a further two million were forced to become "self-employed", in reality working for the same boss but not being put on the books. This has dramatically worsened the situation facing the working class.

In Britain all this was done over a much longer period, and most of it was actually done by the Tories who have been discredited by 18 years of government which are still fresh in the minds of many people. In Italy Berlusconi only governed for a few months back in 1994.

However, in Britain the recession is beginning to bite. In one year's time things may be very different, and an Italian type scenario would not be ruled out. Blair should take heed of what has happened in Italy.

But it would be wrong to think that a major turn to the

right has taken place in Italy. Berlusconi's alliance actually lost about 1.5 million votes compared to 1996. The Olive Tree, if we include the votes for Rifondazione Comunista, also lost about 1.3 million votes. It is the complex electoral system and different alliances that determine the final outcome.

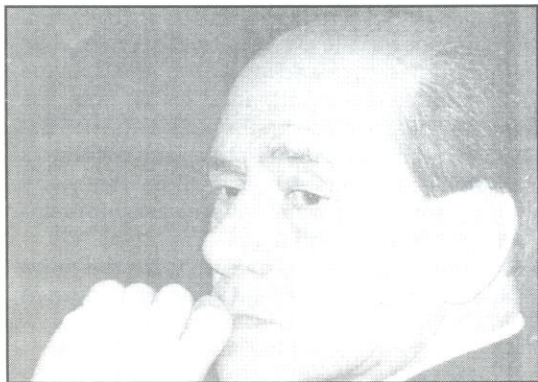
Within the Olive Tree coalition the DS (PDS) lost about 1.7 million votes and got only 16.6%, an all-time low! This is now leading to the opening up of an internal struggle within the DS. D'Alema is preparing for a fight with the more openly bourgeois elements within the party. In this struggle it looks likely that he will lean on the leaders of the CGIL, the biggest union federation in Italy.

This process can be further accelerated by what is beginning to develop among the workers. The struggles of the recent period among the Fiat, McDonald's, health and transport workers and among the casual workers indicate that a process of radicalisation is taking place. The "long sleep" of the Italian workers of the past few years is clearly coming to an end. The Italian bourgeois will live to regret the day Berlusconi came to power. Last time he was in government he successfully provoked a mass movement of the workers. The same will happen this time round, but on a much higher level.

## Rifondazione Comunista

Rifondazione Comunista, the party that emerged from the left-wing of the old Communist Party, was also affected by the disillusionment on the left, but contrary to what some feared (and others hoped) it was not annihilated. It received 1.8 million votes and got 11 MPs. In the past the leaders of Rifondazione had supported many of the measures of the Olive Tree coalition. This contributed to its electoral decline (in 1996 it got 3.1 million votes). It also suffered a right-wing split off (the PDCI), which got 600,000 votes this time. Even considering this split, the votes it got this time are down on the previous elections. Rifondazione has important trade union cadres. It could play a role in building a genuine Marxist and revolutionary alternative in Italy both inside the trade union movement and among the youth.

The situation in Italy has many similarities to 1960 when the Christian Democrats attempted to lean on the Fascists for support. That led to an insurrectionary movement! Although Berlusconi represents a temporary defeat, in the long run he will be remembered as the factor that was to rekindle the revolutionary traditions of the Italian working class. □



# Fighting Fund: Every £ counts

So summer is finally here (probably!) and we can enjoy those long light evenings. For those out canvassing for a Labour victory they must seem even longer as they stand on doorsteps trying to explain why people should vote Labour on June 7th. The lack of enthusiasm for New Labour and what it stands for must be very demoralising for anyone in the party who might still harbour illusions in the Blair project. The only reason people seem to be saying they are going to vote Labour is because they cannot see any alternative. Many are saying that they are not going to vote. It is at times like this that a socialist perspective comes in handy. This is the role of *Socialist Appeal*. By explaining that there is an alternative to Blairism and that there is a way forward, we aim to break the chains that bind the movement. The 2nd term Labour government will face many more problems than the first. In the fight between capital and labour, it is clear which side the party leadership will take. In the ranks of the Labour Party and in the trade unions there needs to be a groundswell of opposition to this. Socialist Appeal will be playing its part in this-not only in raising the issues but also

outlining the programme that the movement should adopt.

But to do this we need your help. No whopping cheques from big business lackeys for us, just the much needed support from ordinary men and women around the country. You can help us in two ways. Firstly by sending in a donation towards our fighting fund. Any amount however small is appreciated and needed by us. Last month (April) we raised the total sum of £1681 but during the first two weeks of May we have raised just £225 so there is much to be done. Recent donations include £100 from Cath and Bob Rice, £20 Ann Tanner, £110 from a North London social, £10 from Leicester readers, £80 from 3 readers who donate by standing order and others-we thank you all.

What is the second way you could help? Answer-by selling *Socialist Appeal* in your Labour Party or trade union branch, at



North London BBQ for our fighting fund

your workplace or college, or even just to your mates. Even just by taking a few copies each month to sell you can help spread socialist ideas and help raise the banner of Marxism. If you would like to have a go at doing this then phone us on 0207 515 7675 or write to us at PO Box 2626 London N1 7SQ. This is also the address to which donations (make cheques etc out to *Socialist Appeal*) should be sent. We look forward to hearing from you. ☐

Steve Jones

[www.socialist.net](http://www.socialist.net)

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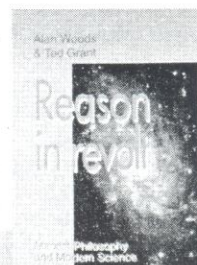
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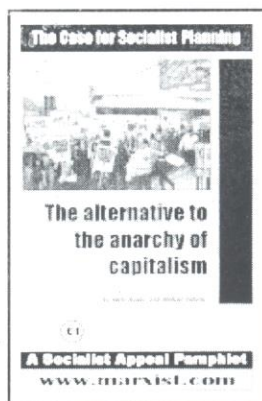
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☆ **For a Labour government with a bold socialist programme!** Labour must break with big business and Tory economic policies. Vote Labour and fight to reclaim the party.

☆ **A national minimum wage of at least two-thirds of the average wage.** £6.00 an hour as a step toward this goal, with no exemptions.

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

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

☆ **The repeal of all Tory anti-union laws.** Full employment rights for all from day one. For the right to strike, the right to union representation and collective bargaining. Election of all trade union officials with the right of recall. No official to receive more than the wage of a skilled worker.

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

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

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

☆ **The reversal of the Tories' cuts in the health service.** Abolish private health care. For a National Health Service, free to all at the point of need, based on the nationalisation of the big drug companies that squeeze their profits out of the health of working people.

☆ **Reclaim the Labour Party!** Defeat Blairism! Fight for Party democracy and socialist policies. For workers' MPs on workers' wages.

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

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

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

