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# Socialist Appeal

The Marxist voice of the labour movement

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# Britain is falling apart - Fight for Socialism

Something is rotten in the state of Britain. Our railways are a world famous disaster, our health service is falling apart, and everything it seems is up for grabs in the world's biggest ever car boot sale. The boom of the last decade has seen the bosses profits soar to record levels at the expense of our jobs, our services and our health. That boom is clearly coming to an end. The slump in the US will have a dramatic effect on every economy not least in Britain. Having got little or nothing out of the boom, except maybe a bad back, RSI, or stress related illness, we will now be asked to pay the bill for the bosses crisis.



**T**he last 5 years has been the best this system can ever offer us, a Labour government during a boom in the world economy. Yet none of our problems have been solved. On the contrary, for the majority things have got considerably worse. If, like the majority, you gained little or nothing from capitalism's best period, watch out, you'll be hit for six by the destruction that a slump will unleash.

A year into the second term of Labour government, after almost ten years of boom, the class divide in Britain is wider than ever. The gap between rich and poor has grown into a canyon. The Tory vision of Thatcher and co. to return Britain to Dickensian times is scandalously being realised under a supposedly Labour government.

Britain now has three billionaires and thousands of millionaires. The fact that the introduction of the minimum wage at a paltry rate gave over a million workers a pay rise testifies to the appalling levels of poverty pay as does the fact that postal workers and civil servants earn so little they

have to claim benefits as well to survive. US style gated communities are the new fashion accessory of the super rich to keep them away from the stench of decay spreading from the inner cities to the suburbs. Over 500 people in Britain 'earn' more than a million pounds a year. While the average nurse earns around 18p a minute for saving lives and treating the sick, financiers like Matryn Arbib rake in over £1,100 for sixty seconds 'work', assuming he slaves away at his desk for 40 hours a week that is. Most are on the golf course. Blair is immensely proud of the wealth piled up by the super rich during his peiod in office. His government has cut taxes on the rich to all time low levels. At the same time he brags of his success in cutting the benefit bill.

Tory means testing has been retained and extended by New Labour, while unemployment has started to rise again. Some areas of Britain have levels of poverty comparable to developing countries. Council housing stock has been sold off, with tenants being offered privatisation as a 'solution' to the chronic lack of repairs and maintenance. Thousands of families, especially in London, are forced into single-roomed bed and breakfast accommodation. A 12-page article in the German magazine 'Stern' painted a graphic picture of the

decay of British capitalism entitled 'The English Patient'. It described Stepney Green in east London as one of the "most wretched and run down parts of England". It explained that tuberculosis runs rampant in a borough where children are undernourished, and where sometimes up to 10 people live together in one room. These scenes can be repeated in cities all over Britain from Edinburgh to Exeter. "Great Britain is viewed as dangerous and unsafe territory", states the article. Britain under Blair is in "deep crisis", blighted by ill health, poor education and incompetent government. Referring to a 1999 survey, it points out "One in five adults in the land of Shakespeare and Harry Potter is practically illiterate and barely able to add up the small change in his pocket."

The problems of low pay and unemployment, stress at work and failing services, illiteracy, privatisation and homelessness can each be fought through our unions and through political activity. It is possible to stop the sell off of our hospitals or the axing of thousands of postal workers jobs through militant action. Every one of the bosses attacks must be fought against. To begin to permanently solve these problems however we need to go further.

Britain's problems cannot be solved by sticking plaster

reforms. They certainly can't be fixed by the market. Further privatisation, PFI, PPP, etc will only lead to a further slump in jobs and services. The profit system is inefficient and wasteful. Millions of working days are being wasted every year through ill health brought on by overwork. Millions more are lost due to the crisis of the transport system. The whole system is anarchic. It is now clear for all to see that the railways should be publicly owned and run. We would all rather they were run by railworkers than by the tinpot fat controllers who've made a mint out of wrecking our transport system, killing innocent workers and passengers into the bargain. It goes without saying that the majority do not want these same pirates running our health service or our schools. In fact in poll after poll people say they don't want the private sector involved in public services.

The logical step is to bring the key sectors of the economy, production, finance and services into public ownership and democratically plan investment and the most efficient use of our resources in the interests of society instead of the profits of a greedy few. That is a socialist plan. The only realistic means by which we can eradicate unemployment, homelessness, and decaying services.

- For militant action to defeat the bosses attacks!
- No more privatisation - Keep private bosses out of public services!
- Renationalise the railways and other industries and services sold off for a song!
- Take the commanding heights of the economy into public ownership!
- For a socialist plan of production and investment in the interests of society not the profits of the few!



# Railworkers strike for fair pay

The papers are calling the recent outburst of strikes and industrial action the biggest since British Rail privatisation. It is the accumulation of months of outstanding issues that the respective companies have not resolved, especially matters related to pay.

**O**n Southwest Trains (SWT), where you have a ruthless management style that only knows confrontation, a shortage of train drivers across the whole network has led management to incorporate the drivers pay award into their basic rate of pay. Andrew Haines, Managing Director of SWT has called this a "special case" to retain essential staff. The recent strikes by 2,000 Railway, Maritime, Transport workers (RMT), who voted 3 to 1 in favour of industrial action, have shown how essential non driving grades like guards, station staff and ticket collectors are, with only 200 of the normal 1,700 trains running. SWT laid on 100 buses, which had little impact to ease disruption. It is calculated that 10% of London's City workers were affected by the strikes, at a cost to the South East economy of £10 million in lost production. All the RMT is demanding is that all staff be treated fairly, that non-driving staff are given the same as drivers, and that it is incorporated into their basic rate of pay. If this is not implemented, a large pay gap will develop over the years for essential non-driving staff. Vernon Hince, Acting General Secretary has stated that "SWT have had no intention of negotiating seriously...Talks at ACAS were a fiasco."

SWT management has imposed a pay award they claim to be worth 7.6%. However, the RMT has shown that it is only worth 4.2%, less than management were offering before the strikes. Haines arrogantly told Radio 4's Today programme on 7th January that all issues, except Greg Tucker's case, had been sorted.

3 of the 4 RMT strikes to date on SWT have been over pay. The other, which is equally as important, is over the downgrading of union activist Greg Tucker, a Health and Safety Waterloo Train Driver. He is accused on one journey, where the speed limit drops from 100mph to 90mph of exceeding the speed limit by 5mph for less than a minute. Supervisors had been instructed to watch his every move. SWT has a record of targeting union activists. Another union official, Mick Skiggs, a guard on SWT, has also been disciplined for an alleged safety incident. Two years ago Sarah Friday, also a Health and Safety Waterloo driver, was sacked for "gross misconduct" following an argument about inspections with her manager. The case

went to an industrial tribunal, which found that she had been unfairly dismissed, but she was not offered her job back.

This is typical of the bullying tactics employed by SWT which last year included the imposition of uniforms and name badges; guards working long periods before having a day off; stripping guards of their passenger safety duties.

Downing Street has condemned the strikes on the railways as unacceptable. It is management's attitudes that are unacceptable. On the 16th January the RMT decided to defer strikes on SWT. An RMT Official stated that "the union was moving the original dates to allow for possible talks at ACAS." The strikes have been put back to 28th and 29th January. Additional strike dates have been called for 12th & 13th February. This, one official declared, "shows the determination of our members".

429 RMT members on Arriva Trains Northern have voted for industrial action out of a workforce of 457, after rejecting a management pay offer. Their first 2 strikes are planned to coincide with those on SWT. Another two strikes are planned on Arriva Trains Northern (ATN) for the 5th and 6th February. This will affect the 1,600 services on the Pennine routes, North, and Northeast and local Merseyside services. Connex South East RMT members have rejected a 4.8% pay offer over 18 months.

Scotrail ASLE&F drivers have withdrawn from an overtime agreement following a breakdown in talks over pay. The shortage of train divers in Scotland has meant drivers

have worked rest days and overtime to run the timetable. Management has not dealt with under staffing. This was shown by the fact that withdrawing from the overtime agreement meant that 50% of the trains were cancelled on Scotland's busiest main route between Edinburgh to Glasgow. 50% of trains were also cancelled between Dalmeir, Airdrie and Bellgrove. Overall, 25% of trains were cancelled. The problem is that Scotrail drivers get a lot less than the GNER drivers they interchange with on London bound trains. Management has offered a 3% pay increase. They insist that any more than 3% will hinge on productivity increases. Drivers are asking for 22% or £5,000 to bring them nearer to other driver's pay. For the next six weeks an emergency timetable is planned for Scotrail.

Tony Blair urging arbitration has not helped the situation on London Underground LTD. Last year, under the threat of strikes, management agreed to implement a 5.7% pay rise. This would act in accordance with an independent body ruling that Underground drivers should get parity with engineer drivers. Management has now reneged, offering only 3.4%. Drivers are furious, especially because a few years ago drivers took below inflation pay increases to obtain a shorter working week. Balloting for strike action is expected to start in late January. It has been railway staff that has taken the brunt of discontent from passengers over the state of railway services. It is the same workers who are asked to work under intolerable conditions by management. Railway workers will no longer be bullied by management and demand to be treated fairly, to work in a safe environment and receive a decent rate of pay. ☆

## Rail bosses panic

Bob Crow, a Railway Maritime & Transport Assistant General Secretary was attacked at home, on his doorstep, in the early hours of New Years Day. He was left unconscious for several hours and now requires surgery to correct blurred vision in his right eye. Police at first fought it was an attempted burglary. However, a Police spokesperson has since stated that "It is obviously not just random. We are treating this as an assault rather than an attempted burglary gone wrong. But we are keeping an open mind as to the motive." The brutal attack took place the same day ballot papers were sent out to members voting in the Election for a new General Secretary, in which Bob Crow is a candidate. Mr. Crow has accused employers of using 'hired muscle,' "certain employers are worried about the possibility of further industrial action on the rail network", he explained "we have over 3,000 different companies working on the railways and there are some very strange characters among them". It could be some are worried that they could lose money on the stock exchange if he was elected. Police have now installed a panic button at Mr. Crow's home. Management will just continue to panic. ☆

**No to Tube Privatisation. Renationalise the Railways Now.**



# AMICUS Legal Challenge Announced

**A legal challenge to the rule change that allowed the extension of office of AEEU General Secretary, Sir Ken Jackson, in the newly merged union Amicus has been mounted by Derek Simpson, the candidate of the left organisation AEEU Gazette.**

by Des Heemskerck

**T**he rule change to extend Jackson's period of office came about after immense pressure was brought to bear on delegates at the AEEU rules conference held last June. Despite the pressure exerted from full time officials, delegates voted only narrowly to pass the rule change, which allowed Jackson to stay beyond the age of 65 for a further three years, without facing an election.

During the EPTU merger with the AEEU and before the election of Jackson in 1996, a rule was brought in which allowed the General Secretary position to be nominated and elected by only the 225,000 EPTU section, with the President's position nominated and elected by the 550,000 AEEU section. Davy Hall, the candidate of the Gazette, won the election for President against two right wing candidates. The position of Union President was then abolished in a rule change. This rule change was agreed in a special postal ballot, containing a recommendation to the members from the Union Executive on the grounds of cost, without any opposition view to the move being sent with the ballot form. Now, following the merger with MSF on January 1st and the formation of Amicus, only a quarter of the one million membership of the new union will have had the opportunity to vote for the General Secretary, once Roger Lyon's the General Secretary of MSF retires. Sir Ken Jackson could be in office for a period of eight years without ever having been elected by the vast majority of the Amicus members.

It is this lack of democracy that prompted Derek Simpson to contact the Government appointed certification officer to

challenge the extension to office under the 1992 Trade Union and Labour Relations Act. Was a legal challenge the right response? There should be no qualms about using the law where it is an option, in order to further the interests of the members and our class. There is no hypocrisy on this question when union leaders have used the law many times against the interests of the members. A legal challenge is a perfectly acceptable method of trying to force an election for the leadership of the union in line with its own rules. It is possible that the mounting of a legal challenge may force an election this year. However, a legal challenge should be treated as an auxiliary to continuing the fight to reclaim the union by its members, to return the union

to its outstanding militant traditions, by building the left in the union to fight for democracy and militant action in defence of jobs, terms and conditions.

The union leadership's current policy of 'partnership' is one of class collaboration with the employers. They uncritically endorse low wages, 'flexible' working hours and lean production methods designed to extract maximum profits for the bosses from our members. Jackson even went so far as to criticise the railworkers on South West Trains saying that "If the RMT continues to treat people like cattle they should expect a kick", which undermined his own Amicus



members on South East Trains who have themselves balloted on strike action! Their political policy is one of uncritical support for the right wing Blair Government. If the left seizes the opportunity now to explain and build support for a Socialist alternative the task of transforming the union will have begun. ☆

## Jobcentre Plus:

### Further action planned for workers safety

**T**he strike action that took place on the 12 and 13 December 2001 was given massive support by staff in the Benefits Agency and Employment Service. Many offices were unable to open and many more were not offering a full service to the public. However, management are still not willing to negotiate around the issue of screens at reception points and benefit delivery areas in the new Jobcentre Plus offices. Further action is needed and this has been called for 28 and 29 January. This will send the message to management that staff are fully behind the union campaign to ensure their safety at work. There are plans by PCS to widen the industrial action and to ballot members on an overtime ban and to call a 5-day walkout in February.

At a time when Doctors, A&E hospital departments and even solicitors reception areas are putting up screens to ensure their staff are kept free of infection and possible violent attack, our employer is trying to force staff into open plan offices where they will be left vulnerable to attack and have no protection against infections such as TB.

During the next few weeks the HSE will be doing fact-finding visits to 5 of the Jobcentre Plus pathfinder offices to look at the Risk Assessments and what measures are in place to ensure the safety of the staff. Will the management take notice of any recommendations that are made? On past history this is doubtful. The Government is determined to scrap safety screens in a £2billion project that merges the Benefits Agency and Employment Service. It is unwilling to listen to any reasoned argument that explains that this could lead to an increase in attacks on staff that doubled last year to over 5000 reported incidents. Only industrial action will ensure we win the right to feel safe at work. ☆

By Rachel Heemskerck, ES Essex Branch Secretary (personal capacity)



# Trade union must fight inside Labour

**One of the fundamental effects that the government's privatisation programme has had is the increase of the strains between the Trade Unions and the Labour Party.**

**Anthony Koliokotsis GMB National Youth Committee (NYMAC), London Region, Personal Capacity**

Only recently, John Edmonds, General Secretary of GMB, came out to add to the number of trade union leaders that have spoken in favour of withdrawing financial and political support from the Labour Party.

This inclination was first disclosed on January the 1st in *The Mirror*, where John Edmonds is quoted as saying that: "My union has supported Labour candidates in every election since it was founded more than 100 years ago. But no longer can the party take the support of our members for granted." Further down, the article quotes a GMB source stating that: "We believe the people who are determined to raise the standard of key services deserve our support. We will now support independents fighting for public services in the local elections, but, this will spread to national elections if the situation remains the same." Two days later John Edmonds rushed to refute that the union was going to support independent candidates at the council elections, since such an action would be against the rules of the Union, without forgetting to state nevertheless, that there is a amongst the membership to support such a political turn. Even though no such official decision has been taken, it is clear that some GMB officials would like to adopt such a position towards the Labour Party.

The right wing position the Labour Party leadership holds towards public services, is clearly placing trade union leaders in the situation where there is no more room to manoeuvre in order to find some sort of a settlement that would appease their members. The time is coming when the workers will move towards industrial action as the only way to protect their livelihood. It is such a development that these leaders of the working class are trying to avoid. They simply do not want to find themselves in a situation where they have to choose between supporting an industrial struggle and suppressing one.

The issue of the future of the public services brings forward, in the simplest

terms, the issue of the class struggle. Privatisation, disguised under the PFI and PPP schemes, is displayed as the only way of saving the public services from total collapse. Yet it is privatisation that has failed in the past. On the other hand the Left is eagerly shouting for re-nationalisation and preservation of the public services. Yet it is also nationalisation that has failed in the past. The class struggle becomes more obvious as the need of the workers to take control of these industries becomes more obvious. No true nationalisation can ever take place without the workers, being in control of these industries. And who better to run an industry than the people who work for it and depend upon it for their daily survival.

The battles that will come will tell this story in an even simpler way. And it is not a story that the majority of the trade union leaders would like to hear. The future of the unions and with them the future of the working class is not in the outskirts of the labour movement but in its heart i.e. in the Labour Party. Where the working class united under one banner will have the power to put itself at the centre of society and consequently drive it forward.

It is not the Labour Party itself trade unionists should oppose, but its leadership. The leaders of the Trade Unions should understand that sooner or later, as the class struggles evolves once again, they will be forced to make the final choice. The Trade Unions have the power to lead the working class in a battle for the control of the Labour Party and consequently the control of society itself.

Many times in the past we have seen opportunistic adventures, the most prominent of them being Arthur Scargill's one. His decision to withdraw from the Labour Party and build his own Party was a fatal one, both for him personally and the left in general. A similar conclusion can be drawn from the Livingstone debacle where the opportunity for a united fight against the Blairites fell into his hands, only for him to

throw it away.

The GMB was one of the unions which more than 100 years ago co-founded the Labour Party as the political body that would materialise the interests of the working class. Now, when the British working class organised especially in the public sector unions stands on the verge of a great struggle against the Blair government, we need the trade unions and especially one of the biggest trade unions like the GMB to place themselves at the forefront of that struggle, for the transformation of the Labour Party into a true revolutionary socialist party. ☆

## NEC left slate

The proposed Left slate for this year's elections for the Labour Party NEC has been announced by the Grassroots Alliance, the umbrella organisation of the various soft left groups and publications in the party. Activists are invited to try and get nominations for these comrades. To get on the ballot they need to not only be nominated by their own constituency but by CLPs from at least two other regions. Each CLP can make

1 nomination and the deadline to get them in is Friday 5th April 2002.

The names (followed by CLP details and their party membership numbers in brackets) being put forward are:

Ann Black, Oxford East CLP (A353890), Kumar Murshid, Poplar and Canning Town CLP (A560516), Rozanne Foyer, Glasgow Maryhill CLP (A896480), Mark Seddon, Buckingham CLP (A530571), Christine Shawcroft, Meriden CLP (A490373) and Pete Willsman, Erith and Thamesmead CLP (A071448).

John Cryer (Hornchurch CLP) and Jenny Rathbone (Islington N.) are seeking nomination to stand for the Conference Arrangements Committee and

Teresa Pearce (Erith and Thamesmead CLP) for the National Constitutional Committee. ☆



# Left mood develops

A very early indicator of the likely mood inside the trade union movement this year was seen at the January meeting of the Wales/Cymru Unison Affiliated Political Fund (APF) conference, meeting in Llandridod Wells. The first indication that things have changed was in the high attendance with a number of new delegates coming along for the first time.

A motion on public services from Cardiff City branch, calling for an end to privatization of public services and the kicking out of big business from the public sector was enthusiastically debated. The resolution attacked the attempts to priva-

tize air traffic control, London Underground, the post office and called for the railways to be renationalized. Not only was the motion passed unanimously but was also supported by the APF leadership who were clearly feeling the pressure.

The leadership did decide to oppose a resolution calling for free bus travel in Wales for the elderly and disabled but to no avail. The branch delegate moving the motion refused to remit and it was carried by 25 to 5.

Sensing the mood Christine Chapman, chair of the Unison group in the Welsh national assembly made a 'fighting'

speech from the platform stating that there would be no private managers running NHS hospitals in Wales and went on to allude to a 'Welsh Way' of dealing with things in the public sector - a clear hint of the differences starting to appear at the top between London and Cardiff.

The conference finished with an unplanned but welcome singing of the Red Flag! ☆

by *Sion Corn*

## INTERVIEW WITH A JOB SEEKER



In the last months I have been forced to use my local job centre. And in that period I have realised how useless and futile institution is if you are trying to find a job.

When I was studying at Sussex University I had a loan to pay my expenses. This is not enough to live on, I took on a part-time job, but still ended up leaving university with an overdraft of £2000. I am now £14,000 in debt before even having worked a full day in a proper job in my life.

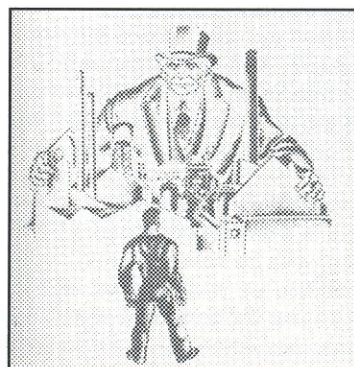
When I finished my degree in International Relations I moved to London to find a good job (that's why I have been studying all my life, isn't it?), so I left my part-time job... what a mistake! After a week I received a letter saying that I had 3 months penalty on my job seeker's allowance because I left my job voluntarily. I was trying to explain to them that in Brighton it is not possible to find a job related with my degree. They told me to aim lower, 'you are not going to get a well-paid job using the facilities of a local job centre' - what about catering, or retail? Catering as it turned out means working in the local chip shop for £4.50 an hour; and retail consisted of 8 hour shifts on the till at Pound Stretchers. 'If you want a good job you need to look for it yourself'.

But how can you find a job when they are not giving you any money to live off? I had to appeal against their decision to cut my benefits, 5 months later I'm still waiting for an answer. I spent all my money paying my deposit and rent to the landlord. I applied for housing benefit, but it took almost 3 months to get a reply. Of course, on top of my overdraft I had to ask my friends and family for money to survive. A very kind job centre worker told me that I should go to the Hardship office to apply for an emergency grant... I was desperate.

Fortunately, at last, I had my housing benefit (not enough for the whole rent) so I'm still struggling to pay. But that's better than nothing.

Now I owe to the Bank more than £2000, I owe money to my mates and family, and I'm still looking for a well-paid job. At my graduation ceremony, the rector talked at length about the wonderful future we will all have with a degree from Sussex, 'the reputation can open doors'. With the developing slump it won't be easy to find this better future. I cannot understand why the system is organised in a way that actively stops people getting the job they want; contributing properly to society, and fulfilling their potential. I can see around me in London more than enough money to pay for a good benefits system, and more importantly a programme of job creation, to end the scandal of hundreds of thousands of people left to rot in poverty. ☆

by an unemployed graduate





# Why Capitalism Does Not Work



Alex Grant,  
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**C**apitalism is presently in crisis. Western economies have been in slump since March 2001, and despite the wishful thinking of bankers and government politicians the end is nowhere in sight. Everywhere we see layoffs, closures, cutbacks and shortage, and yet only one year ago all the pundits were praising the virtues of the economy. A thinking member of the working class can be left with only one conclusion; the capitalists do not understand their own system.

Marxism takes the long view of history; we seek to uncover the processes within society and the economy in order to change them. There is no point in a Marxist distorting reality as this will only get in the way of overcoming the status quo. For the ruling class the exact opposite is true. The minority can only dominate the majority when they have convinced us that there is no other way to live and that we live in "the best of all possible (capitalist) worlds". In the sphere of economics and social sciences this leads the bosses to have a blind spot the size of a bus when looking at class society. They cannot face the truth when the truth tells them the system that protects their privileges does not work.

Since its very birth capitalism has gone through booms and catastrophic slumps, and yet in not one university economics textbook will you find an explanation for this phenomenon. Every slump is seen to be the result of certain "special" conditions, a failure of the stock exchange, not enough credit, too much debt, inflation, deflation, lack of oil, lack of "confidence", etc., etc., etc., and the current slump will undoubtedly be blamed on terrorism. None of these excuses get to the root of the problem; the capitalist mode of production.

The basic contradiction within capitalism is that it produces more goods than can be sold at a profit. This is the famous crisis of overproduction. To use capitalist language, supply outstrips demand. Of course this is a very narrow definition of the

word "demand". There still exists a huge demand for houses for the homeless, or food for the hungry, or medicine for the sick; but for a capitalist, demand only means anything if it is backed up with hard cash. Capitalism gets itself in this mess because it produces for profit and not for need.

## Where does value come from?

All commodities in a capitalist society have value because they are the product of human labour. A stone you pick up off the ground is not worth anything because nobody has done anything socially useful to it (no matter how pretty it may be). However, when a group of people use expert mining skill to bring up other small stones and then more skilled people cut those stones and put them on rings, we have a very valuable product; (this form of human labour is so valuable that different groups of capitalists are fighting wars over it in Africa). The labour theory of value may seem academic at this point but it is one of the main reasons why capitalism can produce more stuff but not more people to buy this stuff.

Say for example you work in a factory and are paid \$10 per hour. In a day's work you produce \$200 worth of product. However you are only paid \$80 that day - where did the other \$120 come from? Workers are paid for their ability to work and not the work that they do. We are given enough money to live (just) so we can maintain a steady pool of workers for exploitation by the capitalists. The extra \$120 goes as profit to the capitalist. He gets this money purely because he previously had enough money (capital) to own factories, equipment, etc. but he has actually done nothing productive in this process. (In fact, if you remove the capitalist taking profit, production proceeds quite smoothly; the same is not true if you remove the workers). This extra profit on top of wages is called surplus value. After spending some of the surplus value on mansions and private jets, our capitalist is forced to re-invest the surplus



back into production. Investment is the motor force of the capitalist economy and helps improve the productivity of labour. If our capitalist does not invest, then he will be out-competed by other more efficient capitalists who do. If investing in new machinery makes production 20% more efficient then the boss can fire 20% of the workers (or cut everybody's hours 20%) and still make just as much stuff. Unfortunately for the capitalist his profits are based on how much labour is worked (\$120 per worker); when he fires people the rate of surplus value to investment decreases. This is fine as long as the market is growing and the capitalist is selling more items in total (even though the profit per item is decreasing; the recent explosion of the computers market is an excellent example of this). Unfortunately this eventually reaches its limits; the tendency for the rate of profit to fall means that an initial relative reduction in profits turns into an absolute reduction in profits. Workers earning \$80 a day can only buy so many computers and the capitalist cannot sell his goods at a profit. Our poor boss is forced to close factories and lay off even more people (e.g. Nortel Networks). While we may gain intellectual satisfaction in the fall of a particularly exploitative employer, it is clear that the workers in this situation are far worse off than the boss. The crisis of capitalism is systemic.

During these periods of slump the bigger capitalists, with economies of scale, are better able to survive. Capitalism has an inherent tendency to concentrate into



monopoly. They also try to get out of these crises by selling goods on foreign markets. However, all the other capitalists are trying to do the same and the world is only so big. Also in the very act of exporting to foreign markets the capitalists develop the productive forces in these countries (eg. Indonesia, China) which then start producing a surplus for export; exacerbating the problem. The only solution at this point is to take these foreign markets by force. This was the basis of the First and Second world wars and was the defining sign that capitalism had exhausted its potential to develop human society. When a system has to resort to killing millions of people to solve its problems then it is a pretty good sign that something is badly wrong.

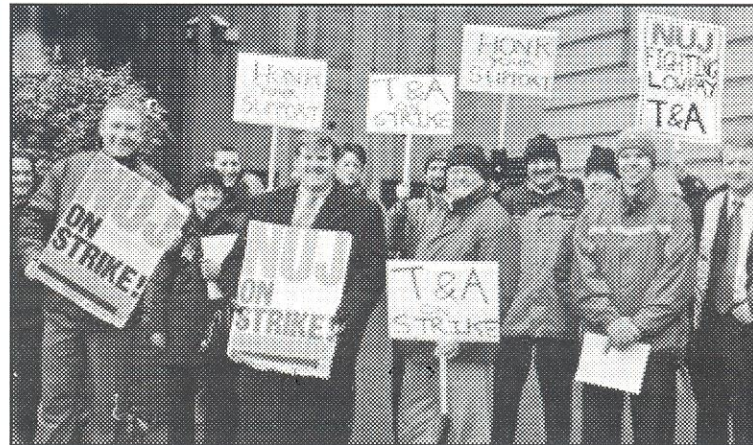
### So what is the solution?

**S**ome on the left propose a series of reforms, the essence of which is to tax the rich to pay for social programs for the poor. Reformism aims to create a kinder, gentler capitalism. Unfortunately it is still capitalism; the law of value still holds true; the parasitic ruling class still extracts surplus value from the workers; production is still for greed and not need; the system still results in booms and slumps that destroy the lives of working people. On top of this, taxing the rich stops investment; the very motor force of the capitalist economy. If you raise taxes there will be a capital strike resulting in another slump at the expense of the workers. The bosses will take their factories to another country and invest where there are low taxes, poor working conditions, and no environmental regulations. It is utopian to believe that the problems of the capitalist economy can be solved by band-aid approaches while leaving the system intact.

Marxists propose reorganizing the economy so production is for the fulfillment of human needs and not private greed. The commanding heights of the economy, the top 150 banks and corporations that control 85% of Canadian commerce, must be nationalized and democratically controlled by the workers. The bosses can't take their factories down to Mexico if the workers are occupying them. When the majority comes together to collectively decide how to plan the economy, in the interests of all, we will be able to eradicate poverty. Even under present day chaotic unplanned capitalism there is enough wealth for each family to be worth over one third of a million dollars if only it was distributed equally. Production for need enables us to destroy the boom slump cycle and lower the working week to create full employment. Socialism is the only answer; join L'Humanité and help us build it. ☆



## Bradford journalists' strike update WILL IT BE GOOD TO TALK...



...National Union of Journalists' reps will meet managers at Newsquest Bradford tomorrow (Tuesday) to discuss the dispute over pay and conditions that caused workers to vote overwhelmingly for strike action. The first of a series of walk-outs is planned for Wednesday. Bosses offered to talk if the strike was called off. They have now agreed to meet the union before chapel (workplace branch) meetings, which had already been arranged for Tuesday to co-ordinate the action.

...There is a slight chance the strike will be called off - so if you are planning to visit the picket lines please and send us your phone number so we can tell you. We already know about the NUJ delegations from Manchester, Leeds, Birmingham, and Coventry. I must stress that at the moment the strike is definitely on. There will be picket lines outside the company's head office on Hall Ings in Bradford and at the district offices in Shipley, Otley, Ilkley, Keighley, and Skipton

...Please email polite letters of protest about the low pay in Bradford to Newsquest's UK boss

paul.davidson@newsquest.co.uk - don't forget the journalists earn on average 21 percent below the UK average wage, qualified seniors earn less than trainee managers at McDonalds, graduates start on £10,500. Last year Newsquest Bradford made a profit of more than £6 million.

...The chapel still needs money. Bosses have promised to pay strikebreakers a bonus and have said they will dock a full day's pay from strikers - even though the walkout is only lasting half a day. Please hold a whip round in your workplace and ask your union chapel or branch to make a donation. It doesn't matter how small the gift is. Please make cheques payable to "Newsquest Bradford NUJ Chapel" and send to NUJ, 22, Swan Street, Manchester, M4 5JQ. Individual donations are welcome. Thanks to those who have given.

...Messages of support have been flooding in from all over the world and are keeping morale high -thanks. Please send best wishes to sarah@casamft.freemove.co.uk and/or bobsmith2001@btopenworld.com

Miles Barter  
NUJ northern regional organiser  
14 January 2002



# The world economy in 2002

**"But will the stock market collapse further in 2001? Most capitalist commentators say no. Indeed, their forecasts in the pages of the Financial Times, the Wall Street Journal, Forbes or Financien predict a new rally in stock prices.**

**By Michael Roberts**

**B**ehind their optimism lies a belief that, although the US and the world economy may slow down in 2001, it will be a "soft landing".

In other words, the capitalist economy is not heading for a recession where output actually falls for at least half a year and unemployment rises; or even worse a depression, where the world economy does not come out of its collapse for years, as in 1883-5 and 1929-32. That would be a "hard landing".

"A colossal shakeout is now under way. It will continue through 2001. Never before in the history of capitalism have the prospects for economic growth, employment and incomes been tied so closely to the stock market. Just as important and dangerous for the prospects for the US and global capitalist economy is the extent to which American households now depend on the stock market for their savings and spending power. If the stock market crashes and stays down, then companies will lose the funding they need to maintain investment and households will lose the backup to spend. Unlike 1987, a Wall Street slump this time will mean an economic recession."

That was how, last January 2001, this column described the view of the majority and my own view of how things would go in 2001. We now know who was closer to the truth.

Last month, the respected National Bureau of Economic Research (NBER) finally declared that the US was in 'recession'. The NBER reckon it started last March, with the expansion having lasted exactly ten years, beating the previous record expansion that lasted from February 1961 to December 1969 and far exceeding the post-World War II average of four years.

Barely a year ago, the world's lead-

ing economic and financial organizations and most economists predicted that the U.S. economy would grow by 3.5% this year and by a similar rate next year. Just six months ago, the forecast for the two years was down to 1.7% for 2001 and 3.1% in 2002. The numbers for the third quarter put the year-over-year increase of U.S. real GDP at merely 0.7%. Considering that new data show an economy that is rapidly deteriorating right across the board, a final outcome of less than zero growth until year-end 2001 presently seems the best bet.

The question now is not whether the world is in recession but how long it will last and how deep it will be. The majority view is still optimistic.

## Bottoming out

Most capitalist commentators believe the US economy is already bottoming out and that it is likely to begin a sharp, V-shaped recovery during the first quarter of 2002.

The US financial magazine, *Barron's*, recently published its Big Money Poll.

It found that two-thirds of poll respondents described themselves as bullish or very bullish on the market's prospects up to June 2002. It was the highest level of optimism the poll has seen in years. An incredible 84% of the institutional investors approved of Fed Chairman Alan Greenspan's job performance. The International Strategy & Investment (ISI) group's poll of institutional investors has also found near-record levels of bullishness among professional money managers.

Recently, Morgan Stanley strategist Barton Biggs asked 800 individual investors whether the world one year from now would be better, the same, or worse than before the terrorist attack of 11 September. About 60% said better, 30% the same, and only 10%

worse, Biggs reports.

Biggs was not so confident. "I still believe the world economy is weakening and that any V-shaped [recovery] will be later rather than sooner. That's because all the King's Horses and all the King's Men can't put the American consumer back together again."

Morgan Stanley's chief economist, Stephen Roach has also expressed his amazement at the prevailing optimism. "In a breathless leap of faith, the stock market has made a remarkable bet on the coming economic recovery," adds Stephen Roach. "The financial markets are screaming for an imminent 'V'. I'll continue to take the other side of that call."

Certainly not much of the current economic data can justify a recovery. The US economy shrank faster in the three months following September 2001 than in any quarter since the 1990-91 recession. The business magazine, *Fortune's* index of business confidence - assembled from a poll of the Fortune 1,000 companies - is at its lowest level ever. Productivity is now rising at just a 1.5% annual rate - the worst in ten years.

The earnings of the top 500 US companies are in a freefall, down 44.9% in a year. The last time earnings plunged this much was in the third quarter of 1938 and the fourth quarter of 1932 (the Great Depression). Every penny of the total profits earned by the 4,000-plus companies on the NASDAQ stock exchange since mid-1994 has been wiped out. Indeed, one company, JDS Uniphase, recorded the largest single loss in the history of civilization - \$50.6bn, in just one year!

The absolute number and dollar amount of company defaults is unprecedented.

This year's default total dwarfs by more than 150% last year's record \$42.3 billion. Enron, the seventh largest US company in revenues, has



gone belly-up. Its stock has collapsed from \$90 to a low of 25c, wiping out more than \$65 billion in invested capital, almost every single penny invested by its 58,920 investors.

Already this year, a record 230 public companies, with more than \$182 billion in assets, have filed for bankruptcy - more than double the assets for all of last year. And that's excluding Enron! US companies have defaulted on \$75.2 billion in junk bonds - more than 57% above the record \$47.8 billion recorded last year. The most famous US steel company, Bethlehem Steel, defaulted on \$179 million in bonds and has now filed for bankruptcy, gutting the portfolios of thousands of investors. US banana producer Chiquita defaulted on \$700 million in debt and wireless data provider Metricom defaulted on \$300 million. Comdisco, a leading information technology leasing and venture capital company, just filed for bankruptcy, leaving holders of its \$2.82 billion in public debt out in the cold.

And corporate indebtedness continues to rise. The non-financial debt-to-equity ratio has climbed from 77.4% at the end of 2000 to 81.2% at the end of September. That means businesses are in no position to resume investing, even at low rates. Industrial production growth is now slightly weaker than at the bottom of the early 1980s recession.

On Madison Avenue, times are also tough. Advertising spending fell 7.8% for the first three quarters of 2001 compared with the same time period of 2000.

And on Wall Street, year-end bonuses will likely be at least 30% less than last year's, or about \$4 billion less than the prior year's bonanza.

"Last year," reminisces an article in the Wall Street Journal, "the well-groomed bankers - inspiration for Bret Easton Ellis' novel American Psycho - fed the city's economy with their fat bonuses. They easily dropped \$200,000 at Gucci on a Saturday shopping spree and test-drove new BMWs with serious buying intent. It was the norm for a 28-year-old top associate at a

bank like Goldman Sachs or Salomon Brothers to earn a \$90,000 salary, topped off with a \$210,000 bonus. At the height of the bubble economy, people played the money game as though it really mattered. Money seemed to mean everything to people...even though they spent it as though it were nothing."

## Two years later...

It has been two years since the mania reached its zenith. Times have changed. All across the economy, people are rubbing their eyes and straining to see what the future holds. And almost everywhere, they see earnings melting away like snow in Miami. Stocks are down -- with the broadest measure, the Wilshire5000 off 27% from its high. Wall Street bonuses are expected to average about 30% lower than last year. "Scrooge puts lid on pay raises in '02," says a headline from Southern California.

First year associates at law firms are getting only half the bonus they got last year, reports the New York Times. Bonuses are extremely important, explains the NYT, because young lawyers measure their success almost completely in terms of money and jump from one firm to another in search of the highest salary. The law firms have to play the game, too, or they will lose their talented associates.

And between the two coasts, the story is much the same. Even assembly-line workers in Elkhart, Indiana, are getting slimmed down bonuses and less overtime -- if they still have jobs at all. Never before

**Money managers closed the books on a year marked by economic recession, shrinking interest rates and dwindling corporate profits**



in U.S. history have so many people depended so much on the profit performance of US companies. Over the last ten years, a sizeable portion of the workforce has moved towards incentive-based compensation plans. If the company does well, so do its employees. While profits and share prices were rising, the shipping clerks and marketing managers, as well as the CEOs, could anticipate an increase in earnings -- often in the form of a big bonus at year end. But this year -- as perhaps never before -- the bonuses are smaller.

But the real pain is still to come in job losses. Businesses are hell bent on cutting back, not spending more. Since October 2000, they've fired 2.2 million US workers. They've cut down their help wanted ads to the lowest level since 1982. They've slashed expenditures on new technologies to the bone and outlays on travel almost to zero.

Some consumers are spending again - but only if the prices are slashed or the credit is free. Sure cars are rolling off the lots across America. But no wonder, with purchase terms of: no money down, 0% financing and no payments until 2003. But there's no profit in this. Ford CFO Martin Inglist commented, "The [financing] programs are very expensive and unsustainable." Ford warned it would make a loss of about \$900m - about 50 cents a share - in the fourth quarter and faces a loss of about \$1.3bn for 2001 - the company's worst result in almost a decade.

Massive price-cutting in the Christmas shopping season may keep things going for a while. But as soon as these special deals run out, you're going to hear the clicking sound of millions of pocket-books slamming shut once again.

Barton Biggs remarks again: "I met with the CEO of one of the premier industrial companies. He reported that business across a broad variety of diverse product lines was still weakening and that pricing power was non-existent. Margins were being squeezed and profits were under pres-



**This time last year, the International Monetary Fund, world capitalism's foremost financial institution, forecast over 3% growth in the US economy and even more for the world as a whole in 2001. It has had to eat its words. Now its forecast is 2.4% for the world economy for 2002. But the IMF is worried.**

sure.

He saw no reason as yet to be optimistic about 2002."

Nevertheless, the conventional wisdom seems to be that interest rate cuts by the US Federal Reserve and fiscal stimulus through tax cuts will somehow guarantee renewed economic vitality in 2002.

Certainly Alan Greenspan has been trying to cook up enough bubbles in the economy. This Harry Potter of central bankers has continued his march to zero interest rates. But the Fed's money pumping will not end the decline.

At best, it will only generate temporary lulls and upticks. At worst, it will just raise expectations and cause even greater disappointments - and more panic - for investors. The Fed can pump in another trillion dollars and drop the Fed funds rate to zero and it still wouldn't be enough to spark a real recovery in the economy

This time last year, the International Monetary Fund, world capitalism's foremost financial institution, forecast over 3% growth in the US economy and even more for the world as a whole in 2001. It has had to eat its words. Now its forecast is 2.4% for the world economy for 2002. But the IMF is worried. It said the overhang created by past over-investment and high levels of consumer debt might depress demand and lead to growth being even lower than already pathetic 0.7% forecast for the US.

The European Central Bank has also said economic growth in Europe will be as little as 0.7% next year, the weakest in at least seven years. And remember this is the same ECB that blithely told us last year that Europe was immune from any slowdowns that might affect the US and Japan.

Prospects are even worse for Japan, the world's second largest capitalist economy. The yen has tumbled to a three-

year low against the dollar after a report said Japanese companies are failing at the fastest pace since 1984.

In 2001, 1,851 companies filed for bankruptcy and not just small companies.

A retailing company called Daiei is going down with \$18bn in debt.

Emerging economies are collapsing in the wake of the global slowdown.

Argentina goes into the New Year in a state of collapse, with the economy falling at over 10%, unemployment at over 25% and the currency likely to be devalued by 50-70%.

## Optimism

The optimism of capitalist politicians, economists and investors is so much wishful thinking and hogwash. The optimism after the 11 September attack on Wall Street repeats ominously the optimism of 1929 after the October stock market crash. Then stocks began to recover strongly amid wildly bullish comments and confident statements by Wall Street personalities. Then, as now, the central bank provided easier credit.

Charles Mitchell, who headed the National City bank, announced soon after the 1929 crash that the trouble was 'purely technical' and 'the fundamentals remained unim-

paired,' while the President of the Continental Illinois Bank said, 'There is nothing in the business situation to justify any nervousness'. It's the same tone with Alan Greenspan now.

Again, back in 1929, President Hoover assured Americans that "the fundamental business of the country - that is, production and distribution of commodities - is on a sound and prosperous basis." The Treasury Secretary then, Andrew Mellon, was bullish too: "I have every confidence that there will be a revival of activity in the spring." These words are similar to those uttered by President Bush and Treasury Secretary O'Neill now.

In 1929, the world's leading economist Irving Fisher stated that the "factors leading to the crash of the American stock market were not factors of depression but of prosperity, unexampled prosperity." Well, I reckon we're headed into the biggest economic smashup in history.

It's always dangerous to say something like that. After all, science and technology will continue advancing, and most people will continue working and saving. And downturns in capitalism have usually been brief. But the underlying economic forces increasingly suggest that the recession of 2001 is developing into the depres-

sion of 2002.

The whole world is levered on what happens in the US, even more than it was in the 1930s. The US and Japan account together for 46% of world output.

When the US stops buying foreign manufactured goods and the Japanese do the same, it's going to hit world trade like a sledge hammer.

The danger in 2002 is competitive devaluation and deflation, driving the world capitalist economy further down. Japanese officials are now talking openly of their intentions to weaken the yen against the dollar, to make Japanese imports cheaper in the US and world markets. This is clearly going to hurt many US businesses. And in the last month alone, the yen has slid over 7% against the dollar.

And the rest of Asia will not stand idly by and let the Japanese lower their currency so that they lose market share to the US. They will also work to make their currencies weaker so their industries can compete with Japan.

That is not good for profits in the US, because it is not good for US companies that depend upon exports to Asian foreign markets. The steel industry is an example. The Bush administration is already demanding that other countries cut their steel production, as US steel firms are having serious problems against cheaper foreign steel.

And deflation is gathering pace around the world. In Japan, consumer prices have been tumbling virtually nonstop for two years. A hamburger costs half of what it did a year ago. Cotton polo shirts are 60% cheaper. Real estate prices are down 50-60%, and even 80% in key areas. In the US, the going price for registering an Internet domain name has fallen from \$70 to \$7.

You can now buy almost-new computer servers made by





IBM, Compaq, or Sun for 30 cents on the dollar. The price of a 128-megabyte dynamic random access memory chip, or DRAM, used in virtually all personal computers, plunged from \$14 in February to under \$2 - an 86% plunge in just 10 months (it recently recovered slightly to \$2.80). No wonder companies that make them are losing money hand over fist.

In the world commodity markets, prices are also collapsing. Crude oil plunged 24% in a mere ten days in October. The Middle east oil producers along with Norway and Russia have hurriedly agreed to try and restrict production from the New Year in order to get prices back up above \$20 a barrel. It won't be easy to achieve if world demand continues to slide.

## Fools

Since the beginning of 2001, copper prices have fallen over 12%; zinc down 28% and nickel down 14%. Natural gas hit \$11 per million BTUs back in December 2000. Now it lingers a hair above \$2. In October, US wholesale prices suffered the sharpest decline since the government began keeping records in 1947. In just one month, vegetables fell 11.4%, passenger cars fell 4.7%, and gasoline prices fell a whopping 21%.

So optimism reigns in the stock markets as we start the New Year. The US economy is going to recover and quickly. The dollar remains strong. Yet industrial production remains terrible, unemployment is rising fast, Xmas bonuses have been slashed and Xmas shopping was mixed at best. Elsewhere, the global slowdown gathers pace and prices of goods sold by exporters continue to soften and even fall. And some highly indebted developing economies, like Argentina, have gone belly up, threatening the prospects for Brazil and the rest of South America. This is the optimism of fools. ☆



Read Michael Roberts' regular economic updates at [www.marxist.com](http://www.marxist.com)

# Steel: Recession to slump?

**A**s the world economy teeters on the edge of the biggest recession since the 1930's, world steel production has taken a dramatic nosedive with Britain showing the sharpest decline of all.

With world steel capacity at around one billion tonnes per annum, independent analysts MEPS (International) Ltd has estimated final steel productions for 2001 of 830 million tonnes, with further decreases in output forecast. Against this backdrop, officials from the world's biggest steel producers under the auspices of the OECD met in Paris on December 19th to discuss how to cut capacity and raise prices after a 20 year low with for instance heavily graded hot rolled steel used for white goods plummeting to less than \$200 a tonne similar to the price of bottled water. What threatens to turn recession into slump is the US determination, under growing pressure from home steel makers, to introduce tariffs and import controls with duties of up to 40% on imported steel.

With American production down 11% on the year to last July, twenty-five steel companies have declared bankruptcy since 1998 with the rest of the industry in a financial crisis described as 'going from dire to disastrous'. Now US Steel, one of the two biggest producers in the United States is considering buying several ailing competitors, including Bethlehem; Wheeling-Pittsburgh and National Steel. US Steel is demanding massive aid from the Bush administration of up to \$13 billion to cover pension and health obligations and a long period of protectionism. Imports surged into the US in the wake of the SE Asian economic crisis in 1998.

Meanwhile, whilst EU production is down 2%, imports have been sucked in and consolidation is the new buzzword in the industry. In February, Luxembourg based Arceor will begin trading. Formed by a merger of Arbed, Usinor of France and Aceralia of Spain with a capacity of over 45 million tonnes. NKK and Kawasaki Steel, Japan's second and third biggest producers are due to merge to form the second biggest steel company in the world. As the MEPS report points out, "The economies of India, Japan, South Korea and Taiwan are all being adversely affected by the global slowdown particularly in the IT segment. This is translating into weaker demand for steel for investment and durable goods."

The biggest crisis, as can be expected, is in Britain with output significantly down. Production in October at 245,396 tonnes a week was 6.9% below the figure for September and a massive 22% below the figure for October 2000. In the first 10 months of 2001 production at 268,495 tonnes a week was 13.2% lower than the same period last year, when production totalled 303,915 tonnes a week.

The massive exporting plant in Scunthorpe with capacity of around 110,000 tonnes a week is operating at 75% capacity and with higher imports and lower export volumes, CORUS is set for a massive loss.

All this means that steelworkers throughout the world will have to fight every inch of the way to defend jobs and incomes. Any spark could lead to a concerted fight back, we remain confident that workers in Britain and internationally will rise to the challenge. ☆

by Miles Tood



# NHS: Privatisation by stealth

**Question:** Which Tory grandee has said the following: "The job of government should not be to run the system but to oversee it. We want greater community ownership and less state ownership leading to greater diversity and plurality in local services", Thatcher, Hague, Portillo, ...?

**Answer:** None of the above or any other Tory for that matter but rather Alan Milburn, Health Minister in the New Labour government, speaking in an interview published in *The Times* of January 15th.

**M**ilburn's remarks are intended to act as justification for his latest set of 'new' proposals to 'reform' i.e. privatise the National Health Service. Incredibly, Milburn proposes to do what Unison have called a "Railtrack on the NHS" and pave the way for the profiteers to have yet another field day at our expense.

Although shrouded in familiar New-Labour-speak, such as 'visions' and 'national debate', what is actually being proposed by Milburn is as follows. What the government considers "three-star" hospitals, that is the ones that are doing well, will be cut adrift from the NHS and be run independently. Managements can create so-called "not-for-profit" companies that could raise finance, control spending and - most critically - negotiate pay and conditions separately from any national bargaining structure. This is nothing short of a fast track road to out and out privatisation. Even under a not-for-profit structure, massive profits will still be creamed off through high fees to assorted layers of bureaucracy and administration. The star grading system introduced last year by the government is now revealed for what it truly is, a sales pitch to draw in the profiteers. What other purpose could it have had? If you are ill you are referred to or taken to a hospital. The star rating has nothing to do with it. In any case hospitals are not uniform structures. One hospital might be world class in one particular area of expertise but have a lower star rating by virtue of failings elsewhere. At the end of the day the last thing you worry about when you are being rushed into a ward is the star rating, unless that is you are rushing in to see the hospitals accountants!

For those hospitals which are deemed to be failing and therefore not much of a prospect for any potential private owners an alternative fate awaits. They will be left in public hands but with private management being invited in to run things - at a price of course. Quite why the government still thinks that private management can run things better remains a mystery, As Frank Dobson, the former Health Secretary before Milburn, has noted: "In the private sector managers are not likely to have the appropriate expertise because most private-sector hospitals are small low-tech and have few emergency admissions." In parliament Dobson went on to ask a very telling question of Milburn: "Would you guarantee that none of these outside managers come from private-sector disasters such as Railtrack, Equitable Life [and] Marconi?" Milburn did not give a straight answer.

## Future of NHS

The reality of the future of the NHS under Milburn's grand plan was summed up well by Simon Jenkins, no Left-winger by any stretch of the imagination, in an article published in *The Times* of January 16th:

"Hospital buildings run under private finance plans cost more than NHS buildings. The same will apply to private managers. Performance is not secured by staff loyalty and continuity but by contracts, accountants and lawyers. The organisation comes to "work the contract" and pocket the rest.

That is not the path to quality public service." Jenkins goes on to remind us of the fate of the railways which are "now managed by accountants guarded by lawyers... rail privatization must rank as the most grotesque error in modern British government, topping even the poll tax."

Jenkins quotes Roger Ford from the publication *Modern Railways* who informs us that rail privatization has been so inefficient that for each pound now invested the return in improve-

ments is only a third of that achieved under BR. Such has been the fate of a once-great railway system now immersed in chaos. Is this now to be the fate of our supposedly world class health service?

The recent GMB survey which states that only 13% of people think that public sector services have improved under Labour shows that people are becoming more and more disillusioned over what is happening. People were hoping that things would be better than under the Tories where hospitals were closed, services contracted out to spivs and staff pay and conditions repeatedly undermined. What is needed is a massive increase in state funding to bring our health service into the 21st Century. What is now on offer will not provide that but will instead be a road to disaster.

Milburn's new plan is not only another example of Tory-Lite policy emanating from the bowels of New Labour, it is actually a close carbon-copy of a scheme drawn up by the Tories through the then health secretary Patrick Jenkin, nearly 20 years ago. This proposal, the Enthoven plan, was eventually binned by Thatcher as too risky but it has been dug up and rehashed by Milburn as part of a hoped-for revival of the fabled "third way" philosophy of Blairism. For Milburn, the NHS is the last stand against the progress of the Blair (counter) reforms and must be got rid of.

## Campaign

We have been warned. A campaign involving all sections of the Labour and trade union movement should now be organized without delay to combat this stealth privatisation, oppose PFI and the creeping influx of profiteers into the NHS and fight for a proper level of public funding to be given to the health service. The nationalisation of all private health care, which has fed off the NHS for far too long, should be central to all this - along with the drug companies who have made millions at our expense. The voice of the Labour movement must be heard if the NHS is not to be sacrificed at Milburn's altar of profit. ☆

by Dan Wexford



Ted Grant at  
Speakers Corner



Wellred Publications is proud to announce the publication of a new book by Ted Grant on the history of British Trotskyism. We are putting the final touches to a book, which will be launched in April. This will coincide with the tenth anniversary of 'Socialist Appeal', as well as Ted Grant's 70 years in the Trotskyist movement. The book is a fascinating account of Ted's experiences in the Trotskyist movement, all the disputes, victories and difficulties. Reviewed by Rob Sewell

# History of British Trotskyism

There are individuals that make their mark on history. Without doubt, in the field of Marxism, Ted Grant is one of them. Over the last 70 years, particularly in terms of its ideas and their application, he has made a lasting contribution to the Trotskyist movement. Today, he is regarded by many as the foremost Marxist theoretician alive. Since his youth, he has constantly worked, usually under the most difficult circumstances, to develop and build a revolutionary Marxist tendency. Today, Ted remains an active and leading figure within the 'Socialist Appeal' tendency in Britain and the international Marxist current associated with the successful 'In Defence of Marxism' web site, which has attracted growing support internationally.

Ted Grant was born in South Africa, just before the First World War in a place called Germiston, then a suburb of Johannesburg. He was won to Marxism in the late 1920s by a close friend of the family, Ralph (Raff) Lee, six years his senior. Lee had been a member of the South African Communist Party since 1922, but was expelled for 'Trotskyism'. Lee, with others including Ted Grant, had made contact with the international Trotskyist movement in 1929 via the American 'Militant' which had been dispatched to South Africa by the American Trotskyists. "It changed our lives completely", says Ted, "and I started on a political road that spans more than seventy years."

Lee organised a group composed of a handful of people,

including Ted Grant, Purdy, Millie Khan, who later became Lee's wife, Raymond Lake, J. Saperstein, Max Basch, as well as Ted's sister Zena. In April 1934, they constituted themselves as the Bolshevik-Leninist League of South Africa.

In June 1934, Purdy had become Organising Secretary of the revived African Laundry Workers Union. In an attempt to build a base amongst the black working class, the group turned its whole attention to this work. After a successful recruiting drive, a strike took place towards the end of August resulting in union recognition at a number of firms. However, the agreement was broken, arrests were made and a number of strikers victimised. It was, nevertheless, an historic struggle. "If nothing else", noted Ted later, "the struggle of the Laundry Workers' Union left behind an important tradition."

## Leon Sedov

After the strike Ted left for Britain with Max Basch. On their journey to Britain, they went to Paris to meet with the French Trotskyists, who had just had entered the French Socialist Party. They met among others, Trotsky's son, Leon Sedov, who was a member of the International Secretariat and co-ordinator of the work of the International. Although Trotsky was living in France at this time, it was not possible for these young comrades to visit him. Sedov discussed a number of things with these enthusiastic young visitors, including the 'French turn' and the situation in France and Britain.

Ever since Ted Grant entered political activity he has actively participated in the Trotskyist movement. On his arrival in Britain in October 1934, he joined the Marxist Group inside the ILP. Within a few years, given the decline of the ILP, he joined the Labour Party. During the war, Ted became the chief theoretician of the Workers International League and then the Revolutionary Communist Party. These years are fully covered in the book.

With the break up of the RCP in 1949, Ted once again joined the Labour Party and launched a magazine called 'International Socialist'. The 1950s were extremely difficult years for the Marxist tendency. In 1958, Ted established the 'Socialist Fight', which was the forerunner to the 'Militant', set up in 1964. The patient work of the tendency resulted in the building of the strongest Trotskyist tendency since the Russian Left Opposition.

Unfortunately, the boom of the 1980s and the emptying of the mass organisations adversely affected the leaders of the Militant tendency, who abandoned their past approach and ended up as a sect on the fringes of the movement. It was left up to Ted and a small number of comrades to preserve the real traditions of the past, culminating in the establishment of 'Socialist Appeal'. Ted Grant's contribution has served to preserve the unbroken thread of genuine Trotskyism. This book tells of the life of a Trotskyist pioneer, and will be an inspiration to all. ☆

### Details:

**History of British Trotskyism**  
By Ted Grant  
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# The Left Opposition



In the 75th anniversary year of Trotsky's expulsion from the Communist we intend to publish a series of articles examining the ideas, the tradition and the real meaning of Trotskyism. That tradition, the genuine ideas of Marx, Lenin and the October revolution was almost drowned beneath the ocean of blood let loose by Stalin's slaughter. The flame of revolution was not extinguished, however. It was kept alight by the heroic dedication and sacrifice of Trotsky and the Left Opposition

by Phil Mitchinson

75 years of Trotskyism

The year 1927 marked a decisive turning point in the struggle of Leon Trotsky and the Left Opposition to defend the ideas of Marx and Lenin inside the Russian Communist Party. On the Tenth anniversary of the October revolution, almost to the day, the co-leader of that most momentous event was expelled from the party. Soon after the creator of the Red Army was expelled from the country.

The struggle to save the October revolution and the party which had led it was literally a life and death struggle which cost the lives of thousands of the most dedicated revolutionaries. Outstanding fighters who had survived years of exile, imprisonment, the assaults of Tsarism and the ravages of civil war, were brutally wiped out by the Stalinist bureaucracy in the years which followed.

On a broader historical scale too, the struggle of Trotskyism against Stalinism had the most dramatic impact on the lives of millions. The errors of Stalinism, resulted in the defeat of the Chinese revolution of 1925-27, the Spanish revolution, and the defeat of the German working class which led directly on to the victory of Hitler and fascist barbarism.

The struggles of this period are rich in lessons for the struggle of the working class today.

To serve as an introduction to these questions we will look here briefly at the events from the time of Lenin's death at the beginning of 1924 to the expulsions of 1927. Hopefully this will at least whet the readers' appetite to read the writings of Trotsky himself, where these questions are dealt with in the detail they deserve.

Probably the most commonly asked question is how did Trotsky come to lose power? Whether because he

appears as Lenin's natural successor, or because of the power at the disposal of the head of the Red Army, this seems a reasonable question. Losing power, however, is not like losing one's car keys, simply an act of carelessness. It is not simply a question of individuals and personalities. The economic backwardness of Russia and the devastation caused by civil war and imperialist intervention, combined with the defeats being experienced by the revolutionary movement internationally, led to a growth in bureaucracy, and exhaustion on the part of the masses.

## Personal authority

It is true that Trotsky's personal authority was unrivalled. However, the fate of personal authority, which can be decisive, as witnessed by the role played by Lenin in rearming the Bolshevik party in April-May 1917, is still ultimately dependent on the processes taking place in the masses. Stalin's victory cannot be attributed to the skill and mastery of his Machiavellian manoeuvres as many an academic wiseacre would have us believe. The intrigues of these people were assisted by objective conditions, in fact their success was dependent on them.

Nonetheless their task was not an easy one. The names of Lenin and Trotsky were still intimately bound in the masses consciousness with the revolution. Those ties could not be broken in a single cut. Reaction had to first prepare the ground with a campaign of slander. In turn the success of this campaign of lies and distortions was dependent on the failure of the international revolution to come to the timely aid of the young workers' state.

The French revolution had experienced just such a degeneration under the title Thermidor from the month of

the revolutionary calendar in which the reaction occurred. In the ebb period reaction took society backwards but not as far as before the revolution. The Russian workers state had degenerated, but the new bureaucratic caste was existing on the basis of the new social system created by the revolution, not a return to capitalism. This was an idea Trotsky was to develop fully later, particularly in the masterpiece *The Revolution Betrayed*. Whilst the French reaction had been achieved in one violent blow, the Russian version was compelled to proceed in stages. The Russian Thermidor substituted the lie for the guillotine - at least initially. Later its torture and execution machine exceeded anything seen in history.

Revolution abroad was failing to come to the aid of backward Russia. 'Maybe it would take years', thought the bureaucrat, 'if ever'. Thus cynicism, defeat and reaction percolated into opposition to dependence on the international revolution, and therefore opposition to the idea of Permanent Revolution, and opposition to Trotskyism. Only in this context could the lies and slanders of the bureaucrat-





ic machine against Trotsky begin to take root. Slander becomes a historical force only when it meets some historical demand.

Before his death Lenin had already launched a struggle against the increasing bureaucratisation of the party and the state. Against Stalin, Lenin was preparing a bloc with Trotsky on these questions and others. Lenin's health prevented him from taking further part in this struggle but his views are clearly expressed in his Testament.

The delay in the international revolution meant that special measures needed to be taken to maintain the workers' state. The long period of civil war had devastated the Russian economy. The policy of War Communism designed to defend the Soviet Union from the attempts of imperialism to destroy it, until the working class of Europe was able to come to its assistance, was replaced by the New Economic Policy, a concession to capitalism, designed to encourage agriculture. The NEP enjoyed considerable success in regenerating the economic life of the country. However, the economy was developing a scissors effect, so called because of the growing gap between the two lines on a graph representing the rising price of manufactured goods and the falling price of agricultural products. Production slowed, wages went unpaid, workers were even forced to take strike action. What was required was a programme to rapidly build up industry. To this end Trotsky proposed the introduction of planning.

Meanwhile, the military



**Members of the  
Opposition on their way to  
exile in 1928**

regime inside the party imposed by the conditions of civil war was creating an even greater danger to the future of the revolution, a vast bureaucratic hierarchy was growing up in place of freely elected officials.

In response to both problems Trotsky proposed a new turn for the party. In a series of articles grouped together in the pamphlet *The New Course*, Trotsky called for workers' democracy and the eradication of bureaucratism linked to a perspective of rapidly building up the country's industry through the introduction of a plan.

Unable to answer the arguments of Trotsky the new Triumvirate of leaders, Stalin, Kamenev and Zinoviev resorted to distortions, for example, accusing Trotsky of underestimating the peasantry. Yet it was the Stalinists who were underestimating the growth of the big peasant, the Kulak, and the danger this represented to the revolution. Bukharin's message to the big peasants was 'enrich yourself'. They attempted to do so by hoarding their produce, at the expense of the workers in the towns and the poor peasants in the country. Trotsky's proposed economic plan on the contrary was intended to develop the material level of the country, bring about something of an equalisation of prices, i.e. overcoming the scissors effect, by producing cheaper manufactured goods for the peasantry, building an unbreakable bond between the peasants, the workers and the workers state.

## Germany

These debates cannot be seen in isolation from events taking place outside the party, and outside Russia. They unfolded against the background of the retreat of the Communist Party, and the defeat of an entirely favourable revolutionary situation in Germany. Ultimately it was the fate of the International revolution which would decide the fate of the struggle inside Russia.

In 1923 an immensely favourable revolutionary opportunity developed in Germany. The situation was so ripe that Trotsky wrote "the German bourgeoisie could only extricate

itself from this 'inextricable' position if the Communist Party did not understand at the right time that the position of the bourgeoisie was 'inextricable' and did not draw the necessary conclusions." This, tragically, is exactly what happened. In October the workers, with power at their fingertips, were abandoned to their fate by the leadership of the Communist Party. The bourgeoisie attacked the socialist-communist government governments of Saxony and Thuringia. The response of the Communist leaders was to beat the retreat. The party and the workers were thrown into confusion. Yet the German party leaders were not alone in their error. On the contrary, they were spurred on by the leadership of the Communist International. This is what Stalin wrote to Zinoviev and Bukharin in August 1923. Even today it sends a shiver down one's spine: "Should the Communists (at the present stage) strive to seize power without the social democracy? Are they ripe for this already?...If now in Germany, the power, so to say, will fall, and the Communists will seize it, they will fall through with a crash. This is in the 'best' case. And in the worst they'll be smashed to bits and thrown back... Certainly the fascists are not napping, but it is more advantageous for us for the fascists to attack first: this will rally the whole working class around the communists. Besides the fascists in Germany, according to the data we have, are weak. In my estimation the Germans must be restrained, not spurred on."

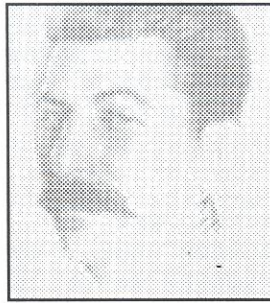
In other words, the German party leaders were following the advice of the Russian leaders. Indeed Stalin and co defended Brandler and Thalheimer against Trotsky's attack on the leadership of the German party and its policy. Until the crushing defeat in October that is, when they washed their hands of the German leadership and branded Brandler and Thalheimer as scapegoats for the defeat of the German working class.

This not only absolved them of personal responsibility but also of the task of analysing the real causes of the defeat. This was undertaken by Trotsky in *Lessons of October*.





**Top: Chiang Kai-shek, leader of the Kuomintang  
Right: Stalin**



leadership of the Russian party and the Comintern sacrificed a real analysis of the defeat in Germany, its causes and lessons for the sake of their war on "Trotskyism".

Having ridiculed Trotsky's proposals for planned industrialisation, Stalin now proposed that it was possible to build socialism in Russia alone. It wasn't necessary to wait for the revolution in other countries. Apparently last week it wasn't possible to plan the build up of heavy industry in Russia, this week it was possible to build socialism in a single backward country! Yet this was only the first of many contradictions. Neither fact nor logic was allowed to stand in the way of the vilification of Trotsky.

The counter revolutionary theory of socialism in one country, an abortion conceived of a marriage between reaction and defeat, was advanced in 1924 in complete contradiction with every idea of Marx and Lenin. Even Stalin himself had written in February 1924, "can the final victory of socialism in one country be obtained, without the joint efforts of the proletariat of several advanced countries. No, this is impossible." Without so much as a blush the same Stalin could write in November of the same year, "The party always took as its starting point ... the victory of socialism in that country, and that task can be accomplished with the forces of a single country."

Socialism in one country represented the abandonment of internationalism. Internationalism was not, and is not, a secondary matter for Marxism. It was the precondition for socialism in Russia as Lenin had many times explained. Neither backward Russia nor any single country has the resources required for

the construction of a higher form of society. The tools required for such economic, technical and cultural advance require the pooling and harmonious planning of the resources of the world economy. It now fell to Trotsky to defend this idea. This was the meaning of the permanent revolution. Having seized power, even in a backward country, the working class could not stop at the capitalist stage but would have to pass on to socialist tasks. To do that however it was necessary not to stop at national borders either. Socialism could not be built in any single coun-

try let alone a backward one. This was now turned on its head by the theoretical giants of the bureaucracy. Leaning on the exhaustion of the masses Stalin argued that socialism could be built in Russia alone so long as the working class of other countries prevented their ruling class from launching military attacks. From organs of revolutionary struggle the communist parties of other countries were to become the 'friends of the Soviet Union', border guards for the new bureaucracy. It did not require a long wait before this anti-Marxist doctrine was put to the test in the Chinese Revolution of 1925-27.

Even before the tragedy that was to follow in China the idea was exposed by the Anglo-Russian Committee (ARC). Initially intended to bring the left leaning leaders of the British trade unions under the influence of the leaders of the Soviet unions, the ARC was quickly transformed into a convenient red coloration for the TUC leaders, Purcell, Thomas and co, the betrayers of the 1926 General Strike. Trotsky demanded this bloc be ended. Zinoviev initially wavered, but in the end supported Trotsky's view. (For a time after his break with Stalin, Zinoviev formed a joint opposition with Trotsky.) Even when Purcell and co had sold the British working class down the river, Stalin clung on to them. This was the centrepiece of his diplomatic achievement and he would not let it go. When these same trade union leaders supported British imperialism attacking Nanking in 1927, they still didn't break from them. On the contrary it was the British union leaders who dropped their friends when they no longer had use for red colouring. Thus

the General Strike of 1926 was not just an historic event in British history, but also in the life of the Russian party. Trotsky's writings on this period, *Where is Britain Going?* and *Lessons of the General Strike* in particular are extremely valuable reading for British workers today.

## China

Meanwhile in China we get a glimpse of what would have happened in Russia in 1917 if Lenin had not been able to turn the party from its disastrous course in April-May 1917. The defeat of the Chinese Revolution (1925-27) was an historic tragedy which stained the banner of the Communist International with the blood of the Chinese workers. The Chinese workers were only prevented from taking power by the policy of Stalin, Bukharin and the leadership of the Comintern. The Menshevik line which they had adopted in 1917 before Lenin rearmed the party was now carried out in practice with disastrous consequences. They started with the conception that under the yoke of imperialist oppression all classes in China were suffering equally. The bourgeoisie was conducting a revolutionary war against this oppression and therefore all classes had to support them. A revolutionary anti-imperialist bloc was to be formed of four classes; the bourgeoisie, the petit bourgeoisie, the proletariat and the peasantry. And the leadership of this struggle belonged to the bourgeoisie and its party the Kuomintang. Stalin went so far as to propose the admission of the Kuomintang into the Communist International as a sympathising party, with only Trotsky voting against at the Politburo. These sympathisers proceeded to drown the Chinese workers in their own blood.

The class struggle inside China was to be liquidated in the interests of unity in the anti-imperialist struggle. This was the guiding idea of the leadership of the Communist International, and it resulted in the victory of bourgeois counter revolution and the massacre of the flower of the Chinese proletariat and peasantry by the very 'allies' which Stalin had chosen for them. In the same vein, in 1917 these 'leaders' had supported the Kerensky government. Had that position not been overturned as a result of Lenin's return and his struggle in the party, the Russian workers and peasants would, a decade earlier, have suffered the slaughter now dished out to their Chinese brothers and sisters.

What position did Trotsky and the Opposition defend? The struggle against imperialism was an important element of the democratic revolution in



these 'leaders' had supported the Kerensky government. Had that position not been overturned as a result of Lenin's return and his struggle in the party, the Russian workers and peasants would, a decade earlier, have suffered the slaughter now dished out to their Chinese brothers and sisters.

What position did Trotsky and the Opposition defend? The struggle against imperialism was an important element of the democratic revolution in China, but not the only element. The solution of the land question would not be possible under the leadership of the bourgeoisie. The landowners, the financiers, the industrial capitalists and ultimately foreign capital were so intimately bound together that the democratic revolution could only be carried out against these forces. The only class in society capable of leading the poor masses in such a struggle was the working class. In this struggle the working class could rely only on their own forces and organisations which must preserve their independence from the bourgeoisie not subordinate themselves to their class enemy.

But this was permanent revolution. In opposition to Trotsky, the bureaucracy dragged the idea of the 'democratic dictatorship of the proletariat and the peasantry' out of the dustbin into which Lenin had thrown it in 1917. Lenin's earlier algebraic formula was replaced in 1917 by the real experience of October, i.e. that the tasks of the democratic revolution could only be achieved by the working class taking power, supported by the poor masses of the peasantry. In the hands of the bureaucracy, Lenin's old formula, which had always meant that the workers and peasants together could make a revolution in Russia which would inspire socialist revolution in Europe, in turn creating the conditions to build socialism in Russia in a continuous process, was turned instead into the Menshevik idea of "stages". No surprise when you consider that it was Martynov, an old Menshevik who was in charge of policy on China. The stages theory, first a democratic revolution led by the national bourgeoisie, and then later a struggle for socialism, has cut the throats of revolutionary movements around the world from that day to this.

This distorted version of the 'democratic dictatorship of the proletariat and the peasantry' was made into a noose around the necks of the Chinese workers in 1927.

### Gaining support

The opposition gained support as a result but the Opposition could not rise on the defeat of the Chinese Revolution. Trotsky's analysis would attract thousands yes, but for the millions the decisive matter was not the forecast but the fact of the crushing of the Chinese working class. Allied with the defeat of the German workers in 1923 and the British General Strike, the new catastrophe in China could only serve to intensify the dis-

appointment of the masses, and this was the fuel for Stalin and his campaign against Trotsky. Defeat fed the bureaucracy and the bureaucracy led to defeat. Cause became effect and effect became cause. Later, a qualitative change would take place with the Russian bureaucracy consciously acting to prevent revolution abroad to defend their positions at home.

The Opposition gained in authority and in number, but the defeat in China had to be covered up by defeating the defenders of the Chinese proletariat in Russia, i.e. Trotsky and the Left Opposition. Thus the campaign against Trotsky had to be raised to a new level.

### Expulsion

**A**t the celebrations of the tenth anniversary of October the Left Opposition participated with their own slogans: "Let us turn our fire to the right - against the kulak, the nepman, and the bureaucrat" and "Let us carry out Lenin's Will." None of these slogans were directed against the party, only those who were usurping it. The Left Opposition still believed it would be possible to reform the party, particularly on the basis of international revolution.

Nevertheless, they were accused of fomenting and organising a counter revolution. This was one of the most perverse accusations in history, that the leader of the October insurrection, the organiser of the Red Army should be accused of counter revolution. Yet such perversions were to become the norm during Stalin's reign.

The opposition was gaining strength. 20,000 or more attended Opposition meetings in Moscow and Leningrad. Zinoviev believed that the new joint opposition would easily win. It would be enough for Trotsky and Zinoviev to appear together on the same platform to unite the party, he thought. Trotsky was more sanguine. He was preparing for a long struggle.

The party had been drowned in previously non-political elements, its committees packed with placemen and yesmen, many of whom would themselves face torture and death at the hands of this regime in years to come.

On the eve of the 15th congress Trotsky and Zinoviev were expelled. Zinoviev immediately capitulated. But his capitulation would not save him in the end. The Left Opposition maintained their principled stand. In the wake of the congress countless more were expelled, imprisoned and exiled.

Not content with trampling over the traditions of Bolshevism in order to finally defeat them Stalin had to go further and physically annihilate Trotsky and the living links with the leaders of the revolution. Through a policy of torture and murder Stalin drowned Bolshevism in blood. Anyone who advances the false assertion that Stalinism was the nat-

ural outgrowth of Leninism must first explain this riddle, why then was it necessary to defeat Bolshevism, to expel it, to persecute it, to annihilate it in order to secure power?

With the expulsions one phase of the reaction was complete. But not even driving Trotsky from the shores of Russia would be enough, Stalin had to wipe him from the face of the earth.

In the years following Lenin's death it was Trotsky, his collaborators and supporters who kept the ideas of Marxism, of Lenin and October alive. Despite all the crimes of Stalin they kept the banner of Bolshevism clean. The essence of Trotskyism consists in the defence of the ideas of Marx and Lenin, the application of those ideas, the struggle for workers democracy, and unwavering commitment to the cause of the international working class.

This was perhaps Trotsky's greatest contribution, to keep the flame of revolution alight for a new generation. For this he and his collaborators paid with their lives. It was a sacrifice Trotsky was prepared for:

"We will not hand this banner to the masters of falsification. If our generation has proven to be too weak to establish socialism on this earth, we will give its unstained banner to our children. The struggle which looms ahead by far supersedes the significance of individual people, factions and parties. It is a struggle for the future of all humanity. It will be severe. It will be long.

"Whoever seeks physical repose and spiritual comfort - let him step aside. During times of reaction it is easier to lean on the bureaucracy than on the truth. But for all those for whom socialism is not an empty phrase but the content of their moral life - forward! Neither threats, nor persecution, nor violence will stop us. Perhaps it will be on our bones, but the truth will triumph. We are paving the way for it and the truth will be victorious. Under the terrible blows of fate I will feel as happy as during the best days of my youth if I can join you in facilitating its victory. For, my friends, the highest human happiness lies not in the exploitation of the present, but in the preparation of the future."

In 1907 the ebb of the 1905 revolution was followed by the reaction of Stolypin. Ten years later the workers of Russia, led by the Bolshevik party of Lenin and Trotsky, overthrew thousand year old Tsarism and established the world's first workers state. Another decade later the isolation of the revolution, its ebb tide, saw the reaction expel Trotsky from the party and then the country, before eventually brutally murdering him. In ten years the whole of history can be transformed.

The world has changed dramatically in the last decade. The next ten years will see it transformed beyond recognition. The ideas of Trotskyism, the genuine ideas of Marxism, can again win a mass following preparing for the centenary of the Russian revolution by transforming the planet. ☆



# Argentina - The Revolution has Begun

In scenes reminiscent of the fall of Saigon, the leaders of the government hastily packed their bags and fled by helicopter from the roof of the Presidential palace. Only these were not foreign invaders fleeing from an army of national liberation, but an elected President fleeing from his own people.

By Alan Woods

**F**or the bourgeois press, this was a sudden descent into collective madness. "Argentina collapses into chaos" was a typical headline. Chaos there is. It is the chaos of the capitalist system, of the so-called market economy that was supposed to have solved all the problems of Argentina, under the benevolent auspices of the IMF and the World Bank.

Argentina's president Fernando de la Rúa was forced to resign after thousands of angry and impoverished protesters took to the streets of Buenos Aires in a revolt against the government's handling of a devastating economic crisis. Before he did so, three days of social unrest, widespread looting and police repression left 27 people dead and more than 150 wounded - the majority, poor people fighting for a crust of bread, shot by the police.

The unrest erupted after the country's free market programme turned sour. In the past two years Argentina, long the wealthiest nation in Latin America, has been in the grip of a deepening political, social, and economic crisis. Fernando de la Rúa's government was following the standard prescription the IMF gives to economies facing financial troubles: slash the deficit, deflate the economy and hope that investor confidence returns. In fact, far from solving the problems of the economy, these policies made them worse.

At bottom, the problem of the Argentinean ruling class is the colossal power of the proletariat, which prevents them from carrying out the vicious austerity policies dictated by the IMF to the end. In the past few years, general strike after general strike has been called by Peronist labour unions, under the pressure of the working class. This meant that the Argentine capitalists could not stabilise the situation at the cost of the working

class - although it did carry out a series of vicious attacks on living standards. Argentina lurched towards a default this year from its \$8 billion loan as the IMF imposed ever-tighter conditions. Unemployment soared and now stands at 18.3 percent.

The first wave of riots forced the resignation of the economy minister behind the austerity package, Domingo Cavallo. "Cavallo resigned after he saw 5,000 people banging pots and pans outside his home," a source close to the former minister said. The spontaneous gathering outside Mr Cavallo's flat in the exclusive Palermo Chico suburb of Buenos Aires brought together people from all social classes, who kept up a constant clatter from around 11.00 p.m. on Wednesday until yesterday morning. The pots and pans marches had been preceded by two days of food riots, with groups of up to 1,500 unemployed people breaking into Wal-Marts and Carrefour supermarkets around the country.

"We're coming back and we'll be bringing all our neighbours," screamed Elsa Gomez, a 45-year-old mother of six, to workers at a supermarket at Buenos Aires' most exclusive shopping centre, after her group of shanty town dwellers agreed not to storm the store in exchange for 250 bags of free food. "The real looters are in the government," said opposition legislator Alicia Castro, visiting the protesters at the Plaza de Mayo yesterday. (*The Guardian*, December 21, 2001)

The anger of the impoverished masses finally boiled over in two days of rioting and looting that left at least 22 dead and scores of protesters injured in cities around the country. This was the most severe civil unrest for more than a decade. In Buenos Aires, mounted police fought running battles with demonstrators demanding the president's resignation. Tear gas and water cannons were deployed.

Several hundred people were in a standoff with police in the central square, Plaza de Mayo. The demonstrators included a middle-aged woman who, despite having had one of her toes hacked off by a horse's hoof, still railed against 'this government's starvation plan'. Among the dead was a 15-year-old boy reportedly shot during the riots in Santa Fe province in the country's west. Other victims were thought to have been shot by shopkeepers trying to deter looters by firing into the crowds. In Buenos Aires, a police officer guarding the doors of the congress from demonstrators trying to storm the building was killed by a paving stone hurled by a protester. The unions called two general strikes.

The leaders of the Nation were besieged inside the congress building. "We are bunkered in here," said a TV journalist broadcasting from inside congress. "The legislators can't leave and nobody can get in." (*The Guardian*, December 21, 2001) The president at first wanted to cling to office and only resigned after opposition parties refused his request to form a coalition. If De la Rúa had not stepped down when he did, Argentina faced revolution. Neither the declaration of a state of emergency, nor the bullets and tear gas of the police served to intimidate the masses. United in action, they developed a sense of their own collective might. Power was slipping out of the hands of the state and passing to the streets.

## A global crisis of capitalism

The main fear of the bourgeois is that the crisis is unfolding simultaneously in every sector of the world economy. The word "contagion" is being used to describe this phenomenon. This is the other face of globalisation. In economics, as in politics, US imperialism is

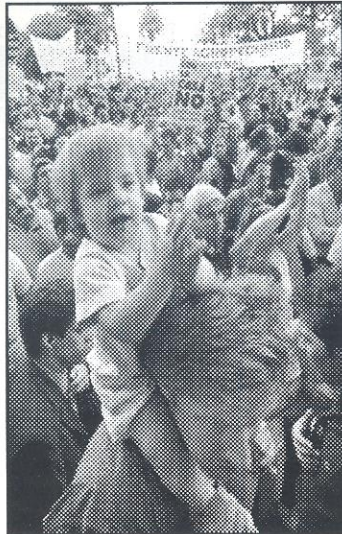


faced with the equivalent of bushfires everywhere. No sooner do they put out one fire, than another one flares up with even greater intensity. This is in itself a graphic expression of the nature of the present epoch.

The crisis in Argentina did not originate there. It reflects the global instability of world capitalism. The collapse in Turkey at the start of 2001 immediately affected the Polish zloty and the Brazilian real, which suffered a devaluation of about 30 percent in the course of the year. This placed unbearable pressure on Argentina, its most important trading partner, whose exports were rendered completely uncompetitive.

Since the Argentinean peso is tied to the US dollar, devaluation was (theoretically) ruled out. Thus, the whole weight of the crisis was placed firmly on the shoulders of the Argentinean workers and the middle class. This had serious social and political repercussions. There had already been a number of militant general strikes in the course of 2001. There was a massive protest vote in the general elections, and even an insurrection in the northern town of General Mosconi where the unemployed and the workers took the running of all public affairs into their own hands. This was causing concern in Washington, where the IMF initially provided funds to help to prop up the Argentinean economy. But now events have moved far beyond that.

The decision to introduce dramatic bank controls led to a run on the banks. On November 30, the country's banks lost \$1.3 billion. The central bank's net reserves slumped by \$1.7 billion. Overnight, the country, which was one of the richest in the world, is bankrupt. Finance minister Domingo Cavallo once more went with his begging bowl to the IMF but was received in Washington with stony faces. The IMF, having already provided Argentina loan arrangements amounting to \$48 billion in the last year, had no intention of throwing good money after bad. Argentina was left to sink under



the weight of its own debts.

The economy was now in a state resembling a dying man with a high fever. Interbank interest rates were pushed up to 1,000 percent. High interest rates helped to plunge the economy further into a slump that already had all the hallmarks of a deep depression. The Argentine economy stands on the brink of a horrendous collapse and default, which can have serious effects throughout Latin America, and on a world scale. Markets across the world are watching to see whether the crisis would have a domino effect in other economies in Latin America and further afield. The initial reaction of the economists, especially in the USA, was predictable. They claim that the crisis in Argentina is a purely local affair which will have no discernable effect elsewhere.

In Washington the White House said it saw few signs of financial contagion from the crisis. It reiterated its position that the new authorities should work with the International Monetary Fund to develop a sustainable economic programme. But it was the IMF and its policies that brought about the present crisis.

So far, there have been few signs of the contagion that shook markets after the default and devaluation crises of Mexico, Russia and Brazil in the 1990s. But a default by Argentina would be the biggest in history. Abandonment of the currency board system is also likely to have uncertain consequences. A severe devaluation

## Hundreds of Argentinians demonstrate in Buenos Aires

of the Argentine peso will harm Brazil - Argentina's main trading partner. And the effects of this instability will hit other so-called emerging markets. Already it has caused a sharp decline of the South African rand, and the tremors are reaching Hong Kong.

Latin America is now in the deepest economic crisis since the war. There is not a single stable bourgeois regime from Tierra del Fuego to the Rio Grande. The objective conditions for socialist revolution have been ripe in the ex-colonial countries for at least half a century. The reason why the revolution has not succeeded so far is not the strength of imperialism but the absence of a real revolutionary party and a leadership.

This can be seen clearly in the mass revolutionary movements which have already taken place in a number of countries in the last few years, for example: Indonesia 1998, the Ecuadorian revolutions of 2000 and 2001, the movement against water privatisation in Cochabamba, Bolivia, in 2000, the uprising in General Mosconi, Argentina, in 2001, and the more recent Algerian insurrection. A common feature in most of these movements have been the setting up of popular committees representing the different sections of the oppressed which have challenged state power and started to replace it. In the case of the Ecuadorian revolution, the People's Parliaments actually took power for a few hours. Only the lack of leadership prevented the extension and generalisation of this movement and thus frustrated the revolution.

### Peronists powerless

The people are demanding bread and work. But none of this is possible without a fundamental change in society. The economic crisis worsens by the hour, and the helpless Peronists can do nothing to halt it. What is required is the transference of economic power

from the big banks and monopolies - both foreign and Argentinean - to the people.

The leaders of the country are disoriented and do not know what to do: "Convertibility no longer exists," said Rosendo Fraga, a political analyst in Buenos Aires. "But there is no consensus yet on what to replace it with." In the end, the Peronists will have no alternative but to carry out a default - or, as they put it more delicately - a foreign debt moratorium and a "controlled devaluation" that are expected to become the cornerstones of the interim administration's economic programme.

The interim government is also expected to unhook the Argentine peso from its 10-year-old one-to-one parity with the US dollar, a "convertibility" that temporarily solved the problem of high inflation, but which has made agricultural and industrial exports highly uncompetitive. There have been suggestions that Argentina could announce a one-year freeze on payments of its crippling \$132 billion (£90 billion) foreign debt. Peronists blame the dollar parity for massive layoffs that sent unemployment to nearly 20 percent in recent years. There is no doubt that it has seriously aggravated the crisis. The servicing of its debt has been costing Argentina some \$8 billion a year, and some leading Peronists have long been demanding a moratorium to make that money available for attending the country's social ills.

Investors are preparing for the worst. "Devaluation looks like a foregone conclusion and a complete cessation of debt payments for a lengthy period now looks inevitable," said Neil Dougall, Latin America economist at Dresdner Kleinwort Wasserstein. All understand that devaluation is now inevitable - as is default. But on a capitalist basis, such measures will solve nothing. Argentina will still remain under the pressure of US imperialism. And a devaluation of the peso





will mean a return to inflation, which will destroy the savings of the middle class and erode the value of wages and pensions, plunging the population into even greater poverty, and preparing new social explosions.

The Peronist movement is riven with contradictions, which will soon come to the fore. As it becomes obvious that the Peronists have no answer to their problems, pressure will build up for the Peronist unions to call a general strike.

### What next?

After the disturbances, most Argentines are returning to their routines - or trying to do so. But the people have immediately realised that the change at the top will solve nothing: "If the Peronists return, then we're back where we started," said a woman cheering the president's resignation. "Menem, De la Rúa, they all drink from the same glass of wine," said a neighbour. "Nothing is going to change."

The same distrustful mood exists in the middle class. The same article reports: "Some shopkeepers were too scared to reopen yesterday. 'Many of the looters were our regular customers,' said one shocked grocery store owner. 'This is total anarchy.'"

There is a need for order, but on the present basis, no order is possible, only new shocks, crises and chaos. The only lasting order that is possible in Argentina is a revolutionary order, based on the assumption of power by the working class, in alliance with the small businessmen, the small farmers, the unemployed, the women and the youth.

The central slogan of this new power is the general strike. But the general strike must be organised and

prepared. The only way to guarantee that the movement will take place in an organised manner, with no rioting and looting, is through the creation of action committees, elected committees of the workers, which must be broadened to include the elected representatives of the unemployed, the small shopkeepers, the students, and all elements

of the population except the exploiters.

The committees should organise transportation and the distribution of food and other necessities of life to the poorest sections of the population. They must control prices and patrol the streets to maintain order and fight reaction. In order to fulfil these functions, they will need to acquire arms. An appeal should be made to the soldiers and police to set up elected committees, purge their ranks of fascists and other reactionaries and link up with the workers' committees. Finally, it is necessary to link up the revolutionary committees on a local, regional and national basis, preparing the way for a national congress of revolutionary committees, which is capable of taking power into its own hands.

Argentina has decisively entered the road of revolution. Over the next decade or so, the central contradiction will have to be resolved. The present "transitional" regime will solve none of the fundamental problems, but only lend them a more feverish and explosive character. For the working class and the other oppressed masses, the choice between deflation and inflation is no choice at all. One way or another, the central contradiction must be removed. No halfway solutions are possible. Both monetarism and Keynesian policies have failed. Dollarisation would mean a policy of deflation, with even more unemployment, bankruptcies and misery. On the other hand, a large devaluation would push up inflation, and thus slash living standards through price rises.

Lenin explained the conditions for revolution. The first condition was that the ruling class should be divided and in crisis, and unable to govern in the same way as in the past. This condition now exists in Argentina. The sec-

ond condition was that the middle class should be in a state of ferment, vacillating between the proletariat and the ruling class. In the recent street demonstrations, many of the participants were middle-class Argentines, who see themselves threatened with ruin. The third condition is that the working class should be prepared to fight and make the greatest sacrifices to change society. The recent street battles showed that the workers and youth had lost all fear of the police and the state and prepared to fight and die if necessary, to defend their just cause.

The final condition was the existence of a genuine Marxist party and leadership, ready to lead the movement and provide it with a perspective and programme. If such a party existed, with serious roots in the working class and above all in the unions, the movement towards socialist revolution could be accomplished quickly and with a minimum of violence. In the absence of such a party, the crisis will assume a more long drawn out and convulsive character, extending over a decade or more, with ebbs and flows, until matters are resolved, either through the victory of the working class, or else a new and even bloodier military dictatorship. However, after the last experience, it is unlikely that a new junta could come to power without a civil war. That is why the generals are keeping quiet - for the time being. The first act of the drama has been played out. But new and stormy events are being prepared.

The Argentinean working class is the most powerful in Latin America after the Brazilian working class. It has a tremendous revolutionary tradition. Armed with a real revolutionary programme, it could easily take power and commence the socialist transformation of society. Such a development would instantly transform the situation in the whole of Latin America. It would have an even greater effect than the Bolshevik revolution in 1917. Its repercussions would be felt in the USA, and on a world scale. Instead of preparing new military interventions against the peoples of Asia, Africa and Latin America, they would be faced with revolutions everywhere. Only a radical reconstruction of society from top to bottom can show a way out of the impasse. In the coming period, the question will be posed bluntly: either the greatest of victories or the most terrible of defeats. That is the choice before the working class and the people of Argentina. ☆

London,  
December 23, 2001



# Duhalde's government of 'National unity' against the Argentine revolution

by Roberto Sarti, Italian Marxist Journal 'FalceMartello' www.marxismo.net

The government of Adolfo Rodríguez Saá fell after only seven days in office. A new government of national unity and a new President, Eduardo Duhalde, were nominated. The governor of San Luis accused his Peronist party colleagues of having stabbed him in the back. The truth is that he was dumped, but only after the December 28 mass demonstration had made it impossible for him to stay in office.

He had promised all things to all men. But what he could not do was to release bank accounts from seizure. Just as he could not print the necessary quantity of argentinos (the proposed new currency) that was needed to pay wages and pensions, for this would have meant a de facto devaluation of the peso. This would have directly affected the interests of those bankers and capitalists around the world who have made huge profits in Argentina over the past ten years, and who have no intention of putting an end to this now! Thus the populist and class-collaborationist plans of third millennium Peronism evaporated into thin air.

The Argentine masses are no longer prepared to be fooled. Only one week earlier they had brought down the De La Rúa government and, aware of their own strength, they came out onto the streets once more with another "cacerolazo". This time the massive mobilisation in the capital itself was enough to force the new President to resign. The most desperate broke into the Parliament building ransacking several rooms. However, what was most striking was the power-

lessness of the "forces of law and order".

The petit bourgeoisie (the so-called "silent majority"), the traditional bastion of reaction and repressive measures is totally backing the demonstrators. The Argentine press has reported many episodes of discussions between demonstrators and the police where the latter appear to be embarrassed and express solidarity with the demonstrators over the repression that took place a week earlier. The daily paper, Pagina 12, has reported several cases of insubordination where ordinary policemen have refused to obey their superiors when they have given the order to attack demonstrators. The fact that people are openly challenging bourgeois legality is a further indication that what we are facing in Argentina is a revolutionary situation.

That is why at the moment the option of a military coup is ruled out. The right wing has to attempt to use a government of national unity instead. Eduardo Duhalde is the new 'saviour'. He was Menem's vice-president up till 1995 and the Peronist candidate defeated by De La Rúa in 1999. The Radicals, the Peronists and the majority of the Frepaso (left coalition) MPs have voted

for Duhalde. This will be a government whose only goal will be that of "restoring order" and thus of saving capitalism in Argentina. However, in spite of its big parliamentary majority, support within society as a whole is very slim.

And this support will be even further reduced once the programme of this government becomes clear to the masses. The Minister of Industry will be the Chairperson of the Argentine Confederation of Industry! In other words, far from having a stable government that is supposed to last until December 2003, we have all the ingredients for a new social explosion!

## National Unity or New Revolutionary Order?

The Parliamentary Left has once more revealed its utter bankruptcy.

Graciela Fernandez Mejjide, an important leader of the Frepaso, has justified her party's support for Duhalde out of "fear of anarchy". Once again we see how the reformists prefer to bow down before the bourgeoisie.

All the traditional parties are in crisis. At the same time no one trusts the bourgeois institutions: the government, the judges, the financial sys-

tem, etc. The fall of Rodríguez Saá and his replacement by Duhalde have accelerated the crisis of Peronism.

Those organisations in Argentina that claim to be Marxist are facing an historical opportunity. The authority of the Peronist trade union leaders has been, and will be, seriously put to the test by this revolutionary crisis. The fact that the leaders of both CGTs have accepted the false promises of this government will not have gone unnoticed among the rank and file trade union members in the factories

We are seeing a situation where the masses know perfectly well what they do not want but don't have clear ideas about what to put in its place.

Two things are needed. On the one hand the widespread anti-capitalist mood must be channelled towards a revolutionary programme for the nationalisation, under workers' control, of all the finance houses and large national and multinational industrial complexes.

On the other hand, the burning hatred of the masses towards the institutions of bourgeois democracy should be used to raise the idea of building alternative organs of power (especially now that that official state institutions are so discredited). As we have explained before, the building of factory committees, linked up on a district level, with no representation for the bosses, is the main task now facing the Argentine working class and its vanguard.

The present revolutionary crisis will undoubtedly be protracted. We hope that in Argentina a revolutionary vanguard will be able to emerge, with the necessary political and organisational strength to face up to the extraordinary tasks that will loom in the coming period. ☆



Unemployed Argentinians demonstrate



# India and Pakistan: Shadows of yet another war

**The smoke of American devastation still rises behind the snow-capped peaks of the White Mountain Range on Pakistan's Western border. As the war in Afghanistan is far from over, Pakistan's eastern border with India is in the grip of new war hysteria.**

**by Lal Khan, editor of the Pakistani Marxist paper "The Struggle"**

If this conflict erupts into a full-scale war it would be the fourth major military clash between India and Pakistan in the short span of 54 years of their post colonial existence.

Within months of their creation India and Pakistan went to war over Kashmir in 1948. The second war came in September 1965, again on Kashmir. The third war erupted in December 1971 in East Pakistan [now Bangladesh], but it soon spilled over to the Western front and into Kashmir. This war led to the break up of Pakistan with East Pakistan becoming Bangladesh. Pakistan faced a humiliating defeat and 90,000 Pakistani troops became prisoners of war in India.

This war came in the aftermath of a lost revolution in Pakistan. In 1968-69 the Pakistani students, workers and peasants had virtually taken power in their hands through a massive revolutionary movement. The lack of a Bolshevik Party and a Marxist leadership resulted in the derailment of the revolution. In these conditions of social unrest, the bourgeoisie went to war to whip up national chauvinism in an attempt to divert attention away from the social issues and to destroy the class struggle, which had erupted with such ferocious intensity.

But these wars of the past were short lived and the weaponry at that stage was relatively primitive. Still, these wars caused massive devastation and hundreds of thousands of civilian casualties. Yet these wars failed to resolve the Kashmir dispute.

The rise in tension of recent days had been anticipated after the September 11 events. The reactionary BJP regime in India



had failed to curb and suppress the movement in Kashmir, just as all the others had done in the past. They had deployed more than 600,000 troops and had still failed to stop the insurgency in Kashmir.

Like most of the regimes around the world the crisis-ridden regime in India also joined the "anti-terrorism" bandwagon. The incident of December 13, the so called terrorist attack on the Indian parliament, in which five armed intruders and nine security guards were killed, came as a blessing in disguise for the reactionary hawks in the Indian regime. The recent Bush doctrine suited them perfectly.

Whether this attack was sponsored by the regime in Pakistan or not will, perhaps, never be known. What is clear is that the fundamentalists in power in India seized this opportunity with great zeal. They argued that India should retaliate 'George-Bush-style' against groups with bases in the part of Kashmir controlled by Pakistan and in Pakistan itself. The reactionary Hindu fundamentalist Home Affairs Minister of India, L.K. Advani, was crying for blood. He conveniently ignored the fact that India is home to plenty of other insurgents (nationalists in the North East, Maoists in central and eastern India, and Naxalites etc.) who have the motive and possibly even the means to carry out such an attack. War hysteria was built up. Train and bus services between India and Pakistan have been closed down, the Indian Ambassador to Pakistan has been recalled, the Pakistani embassy staff member manhandled by the police in Delhi.

Before this operation the coalition lead by the BJP was in trouble. The opposition was up in arms, ironically over a proposed

anti-terrorist law (POTO) it regarded as draconian. The embattled government had been further embarrassed by reports of corruption in defence spending; including the purchase of what looked like widely over-priced coffins for soldiers.

Following the example of Bush, the BJP elite thinks that a catastrophe can work wonders for the reputation of the government. But for how long? Now India and Pakistan are at each other's throats threatening retaliation and counter-retaliation. The two nuclear-armed neighbours are on the brink, as the danger of an outbreak of war looms large in what has been described as "the most dangerous place in the world".

Vajpayee, the Indian Prime Minister joined the so-called hawks of the BJP led by L.K. Advani in holding Islamabad responsible for a "conspiracy to wipe out India's entire political leadership". He adjourned parliament permanently to underline the present "critical" situation, described the "terrorist" strike as an attack on the "very existence" and honour of the nation, and declared that "all (retaliatory) options are open".

For the Indian rulers what is at stake is not just "national honour", but their own electoral power base, vital to be able to continue to loot and plunder. Vajpayee's BJP, which leads a fractious rickety 26-party coalition in New Delhi, will be contesting legislative elections in Uttar Pradesh and East Punjab before the spring.

Uttar Pradesh, currently ruled by another BJP led coalition is a key state - India's most populous - where, according to opinion polls, the BJP faces a rout. Many BJP leaders admit that the party's defeat in Uttar Pradesh could lead to an unravelling of the national coalition. The collapse of the regime at the centre could result in a severe political crisis and the loss of the sources of corruption and looted fortunes for those in power.

A 'tough macho' stand against Pakistan and "terrorism" gives the BJP some electoral hope. The Indian media has gone berserk and is crying for blood. But in spite of the insanity and howling of the BJP regime, the more serious sections of the state and the ruling class are sceptical about the outcome of the option of war.

Even India's armed forces are reported to have cautioned against launching an attack on "Azad Kashmir" (Pakistani held Kashmir). They believe that most of what the Indian government calls training camps are



**However, the main cause of this tension and war hysteria is the intense socio-economic crisis that has been aggravated by the impact of the recent recession in the world economy.**

ranges". Strikes against them would have little impact, they argue.

Attacking them risks a military conflict that could last for weeks - with a frightful potential for escalation to the nuclear level. Any conventional India-Pakistan conflict carries such potential. Missile flight time between their cities is just three to eight minutes. A nuclear conflict between Pakistan and India would have devastating consequences for all of South Asia and indeed the world. A scientific projection has suggested that even a first generation nuclear bomb dropped over a city like Karachi or Mumbai could result in 800,000 to two million immediate deaths. On top of that there would be a radioactive cloud that would spread over the whole region and spell disaster also for the other countries bordering the subcontinent. And Pakistan and India are estimated to have 70 and 150 nuclear bombs each.

However, the main cause of this tension and war hysteria is the intense socio-economic crisis that has been aggravated by the impact of the recent recession in the world economy. The Indian and Pakistani ruling classes are trying to use this chauvinism, war, or threat of war, acts of terrorism and other calamities to further subdue the working classes already suffering from the crushing exploitation under capitalism and imperialist domination. The workers in India have been subjected to some of the harshest attacks in the recent period. There have been massive redundancies, cuts and a spate of economic measures dictated by the IMF and imperialist institutions while military spending has rocketed. The deepening crisis of Indian capitalism further compels the ruling state to intensify its attacks on the working class. Ironically the

traditional left leaders and intellectuals have been playing along with the tune of the ruling elite in the name of "nationalism" and "democracy".

Poverty has doubled in the last decades. Some of the most monstrous practices are rampant in many parts of India.

Infanticide, black magic, religious bigotry, wife burning, casteism and other ugly prejudices and practices of the past have re-emerged in society. There are more Hindu fundamentalist schools [Ashrams] run by the RSS, Jansang and other Hindu reactionary groups in India than there are Islamic Madrassas (schools) in Pakistan.

This reflects the stagnation and deep organic crisis of a system that has failed to develop society. Economic growth has declined. The local industry of the Indian bourgeoisie is fast turning into ruins as factory after factory faces closure. The situation in the agrarian sector is even worse. The religious, communal, ethnic, nationalist and regional conflicts are shaking the foundations of the state. War or no war the reactionary BJP led coalition is bound to fall sooner rather than later.

The condition of Pakistan is pathetic. It has spent 20 years propping up Taliban and other fundamentalist groups inside Afghanistan, and now this has failed miserably. This has made its Western frontier with Afghanistan vulnerable. The Northern Alliance ministers are refusing to forgive the role the ISI played in arming the Taliban. However there is more to it than that. Ethnic conflicts will explode in Afghanistan as the artificial regime cobbled together by the imperialists, collapses, and these will spill over into Pakistan. This can fuel nationalist and sectarian clashes, which can wreak

havoc for the already fragile Pakistani State.

The threat of war in Kashmir and along the Eastern border with India has baffled Pakistan's military elite and its ruling classes. As reports about the largest peacetime movement of the Indian troops since the Brass tacks military exercise in 1987 reached Islamabad the generals were forced to react. Their first response was to contact the Americans.

According to a senior military official "President Musharraf called Secretary Powell to inform him that any military action from India would be taken by Pakistan as an act of war". Musharraf must have gathered a lot of courage to give Powell that mute threat, considering his extremely weak diplomatic, political and military position. But then he immediately toned down his position and changed it to a more acceptable one for Powell. The military official narrates the conversation on December 19 as follows: "We told the Americans that Pakistan would act against Pakistani groups or individuals if the FBI independently confirmed that Pakistanis were involved in the terrorist action at the Indian parliament. In managing the crisis the (U.S.) state department also lost some sleep over us. Without the US intervention the situation could have turned very nasty."

However, in spite of American assurances, the Indian troop build-up on the border has continued unabated. The Americans have been known to betray their Pakistani stooges more than once in the past. They could do that again if they deem it necessary. Yet such is the pathetic state of the Pakistani ruling class that they have no option but to rely upon the Americans.

Pakistan's economy is in a mess.







Pakistan's economy is in a mess. Poverty has doubled in the last decade. The growth rate has fallen from 5% to about 2.4% this year. Pakistan has been the main victim of the war against Afghanistan, both economically and politically. The Americans have given them a paltry \$673 million, but at the same time, due to the war Pakistan has suffered losses of \$1.4 billion in export earnings. Now Pakistan's total external debt is almost 600% of its total budgetary revenues and 244% of exports. The total public debt is 105% of GDP. All these macro indicators suggest that Pakistan's debt situation is even worse than those of the highly indebted poor countries. Crime, violence, corruption, ignorance, disease and misery stalk the land. The Musharraf dictatorship has been totally subservient to imperialism not just in warfare but also in economics. They have carried out the IMF and World Bank recipes with great zeal and speed. This has meant a further massive increase in unemployment and greater misery for the toiling masses of Pakistan.

The prospects of Pakistan experiencing economic revival through participating in Afghanistan's "reconstruction" are nothing but a utopian pipe dream. The Americans are planning to abandon Afghanistan once again. As the television crews depart and the U.S. troops leave for home, its turmoil, conflagration and bloodshed will come back to haunt Pakistan - this time with an even greater ferocity.

The Indians are making life for Musharraf more and more miserable. If Musharraf takes punitive action against Lashkar-a-Tayyaba and Jaish-a-Mohammed (two Islamic fundamentalist organisations the regime has already banned and who have been blamed by India for the December 13 attack) it will be considered as capitulation to Indian pressure. This will weaken his position on the home front. If he does not take firmer action against these fundamentalist outfits then the big boss in Washington will be cross.

Although the top brass of the army is terrified of the prospect of war with India, it has no option but to respond. If Musharraf makes further concessions under pressure

from India he could face a revolt from within the army. The toll on the Pakistani military high command of the Afghan adventure together with abrupt policy changes has already been heavy. It has been badly shaken and the cracks in the elite are evident.

The problem with the rulers is that one cannot whip up war hysteria and then shy away from the war. This scenario is faced by the regimes on both side of the border. Both are weak and wavering. They blow the trumpets of war and are then reluctant to fight. Such a situation cannot be maintained for a very long time. Their own rhetoric can push them over the precipice.

If this madness prevails and the volatile situation erupts into a war then this would be a much more ferocious and bloody affair than in the past. The previous Indo-Pak wars would look like tea parties.

The missiles and other weapons of mass destruction would devastate whole cities (even if this war remains within the confines of the so-called conventional arsenal). If the Indians occupy the rest of Kashmir, they will be in for even greater resistance by an even larger Kashmiri population. Pakistan's existence would be threatened and its break up would inevitably lead to the bloody fragmentation of India.

## Nuclear weapons

In the event of a war it won't be a walkover for India. Pakistan is neither Afghanistan nor Palestine. Although the military balance of forces is not evenly poised Pakistan's resistance would be quite formidable with its relatively significant military arsenal: half a million armed personnel, 350 functional fighter aircraft and a large armoured corps. The possession of nuclear weapons by Pakistan further dents India's option of a military solution.

That is also the reason that the Americans are trying to restrain India from an all out war. The Indian defence minister George Fernandez in his speeches has complained to the Americans and the British for not giving India the green light to launch an attack against 'terrorism' in Pakistan. He accused the West of having double standards.

Due to the pressures from imperialism and for other reasons also, this clash could be averted. But those factors which have brought the two countries to the verge of another war would remain. The so-called peace would be shattered in an even shorter span of time. This means that the ruling classes of the subcontinent can neither afford a war, nor can they maintain peace. This vicious cycle of bloody wars and an elu-

sive peace will go on and on until it will drench these societies in blood and drive them into barbarism and ruin. This situation is the direct result of the crisis of capitalism and imperialist exploitation.

The Indian subcontinent was partitioned in August 1947. Because the intensity of the movement of the workers, sailors, soldiers and the peasant masses was not just threatening the British Raj but it could have gone further and overthrown the rule of capital. Hence, British imperialism in connivance with the Hindu and Muslim bourgeois political leaders committed this heinous crime of partition. The blunders of the CPI (Communist Party of India) leadership led to its losing the historical opportunity of giving a lead when the movement of national liberation could have easily been transformed into a socialist revolution on the Indian subcontinent.

Fifty-four years on, nothing has been resolved. Under this exploitative system nothing can be resolved. After more than half a century of so-called independence under the yoke of imperialism, the living standards of hundreds of millions of people of the subcontinent have fallen. Misery, disease and ignorance have intensified. The bourgeoisie of India and Pakistan have proved to be historical failures. They have not solved a single problem nor accomplished a single task of the National Democratic Revolution. Their late arrival onto the arena of history deprived them of this capability.

This situation cannot go on for long. The workers and oppressed of India and Pakistan have risen in mass movements time and again. In the aftermath of the 1965 war the masses of Pakistan rose up into what became a gigantic revolutionary movement with a socialist perspective. They overthrew the brutal military dictatorship of Ayub Khan and could have gone all the way had there been a revolutionary leadership. After the 1971 war there was a glorious movement of the Indian proletariat that overthrew the vicious bourgeois regime of the 'conqueror' of Bengal and the heroine of the 1971 war, Indira Gandhi.

The masses will rise again. They will enter the path of the class struggle and fight the class war to the finish. The overthrow of capitalism - the cause of all wars, misery, poverty, disease, agony and destitution - can only be accomplished through a Socialist Revolution. The working masses of the subcontinent, during this short historical period, have proved more than once their ability and valour to carry out this historical task. A Socialist Revolution in Pakistan or India will inevitably cross over these artificial borders and create a Socialist Federation of the subcontinent. This is the only path for undoing the partition, uniting the peoples and moving towards a World Socialist Federation for the ultimate emancipation of all humankind. ☆



# Stand up for Socialism!

**O**n Thursday, January 3, the web server used by In Defence Of Marxism was hacked into by unidentified individuals, with the clear intention of destroying our sites.

The attackers aimed to silence us by stopping the server from working. There is absolutely no doubt that the attack was politically-motivated and directed specifically against In Defence of Marxism ([www.marxist.com](http://www.marxist.com)) and allied sites. Only our sites were targeted. Other, non-political sites hosted by the same server, were not touched. Since we had quite tight security, it is clear that this was a very professional operation, and that they took a lot of time and trouble to carry out their sabotage.

The consequences of this attack were quite serious. They succeed not only in deleting a number of websites, but also in deleting a number of files which effectively stopped the server as a whole from working. They clearly knew what they were doing, and what they wanted, which was to shut us up.

What happened on January 3 is recognition of the fact that the enemies of Marxism cannot tolerate a situation where people can read the truth.

But such methods can never succeed. A few dedicated collaborators have worked literally day and night to get the website up and running again. We have recovered practically all the lost material, which we protected with back-ups. We are taking the necessary steps to detect the assailants and take action against them. We have further improved our security to minimise the danger of other attacks.

But all this requires your help. The best answer to the enemies of Marxism is not just to restore [Marxist.com](http://Marxist.com), but to improve the website and extend its scope. As an immediate task we need to adopt certain measures which will make us virtually immune against any future attacks. An urgent appeal has been launched and donations are invited by accessing [www.marxist.com](http://www.marxist.com).

Over the last month cash has been coming into our offices in response to the special seasonal fighting fund appeal we launched back in November. As explained at the time we need to purchase a new, more powerful, computer to assist us in the preparation of the journal and our intervention on the Internet. We are also in the process of incurring considerable

expense on urgently needed building work. To date we have received just over £2,400 - so we have some way to go and very little time left to reach our £4000 target. However to this figure received must be added the considerable number of pledges which have been promised to us over the last weeks. If all these were to be redeemed then we would be a lot, lot closer to hitting our target. So comrades it's all down to you. If you have pledged a donation, now is the time to send it in. If you have not made a pledge or a donation yet then it is not too late to do so. This cash is urgently needed. Every bit counts, however large or small, and should be sent to Socialist Appeal, PO Box 2626, London N1 7SQ.

Donations received over the Xmas period included Miles Todd £30, Coventry reader £20, John Cooze £50, Phil Lloyd £10, Barbara Humphries £200, Rob Walsh £100, Jim Brookshaw £60, Mick Fallon £20, Sion Corn £50, £80 Peterborough readers, £60 readers in Wales and many others both large and small who cannot be mentioned due to space restrictions. We thank you all. ☆

## Dear YFIS,

I was really interested in the six questions about the war and how they were answered. It really helped me, I wasn't sure about a few things and it's certainly made things a lot clearer! I think George Bush should concentrate any kind of army efforts on trying to clear up the damage in New York and helping the fire dept and the hospitals cope with the victims rather than bombing innocent people in Afghanistan. America can win the war because it's so powerful, and lots of people will suffer as a consequence. Afghanistan will get another oppressive government and America will continue to make life hell for those who live in poverty.

I agree with your views on Russia and America after WW2, but mind you the people in Russia didn't have a good time under communism either. Those who ran it didn't see what communism really meant, everyone is to have a say and they just abused their position. Democracy isn't working either for them. The Russian government seem very keen to join in the war, more than happy to settle a score. But it's kind of like the Captain in "The Moby Dick", he didn't care what happened to his soldiers as long as he got the whale. Russia doesn't care what happens to it's people as long it's getting it's revenge. I personally don't think we should side with anyone except the

people of Afghanistan, they are the real ones who are suffering to get Osama Bin Laden. The Americans are not bothered how much haystack they bomb as long as they get the needle. It's not right to treat people like this, they don't deserve it. They need help, not more bombing. How is killing them going to get an oppressive government out of the country? There has to be another way of getting the Taliban out.

Also there is the issue of world debt, America and Britain refuse to drop debt because they are so afraid of losing money. It's not that much and there are people who deserve it far than we do. Capitalism has so much money it's afraid of losing it. It's the profit not the people that count for the governments of the rich countries.

It's sad really.

Best Wishes,

Rosa.

### Ireland - In the next issue:

**What is the significance of the events of Bloody Sunday? Reviews of the recent documentaries, and dramatisation. Up to date analysis on the situation in Ireland now.**

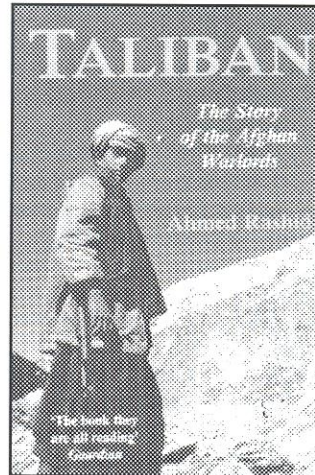


# "Taliban: The story of the Afghan warlords"

by Ahmed Rashid

Reviewed by Barbara Humphries

**This well researched book was written before the events of September 11th 2001. The author is a journalist who has worked in Afghanistan since 1979. It has been described by the Guardian as the book which is being read by Tony Blair and Alistair Campbell, who allegedly have been heavily influenced by the book. Do not let that deter you from reading this book! It remains to be seen if they have really been influenced by it.**



The main argument of Rashid is that the world and in particular the United States ignored the plight of Afghanistan after the end of the Cold War. The Mujaheddin (Islamic counter-revolutionaries) who with the aid of the CIA were crucial in the defeat of the Soviet Union in the 1980s and hence critical in bringing about an end to the Cold War were abandoned as Afghanistan drifted into civil war. Out of these conditions rose the Taliban Movement which was to control up to 90% of the country, a movement which gained the reputation of religious fanaticism in its interpretation of Islam and which led to unheard of persecution of women in Afghanistan. Dependent for its existence on narcotics the regime had never heard of accounting. Its war was paid for out of illicit drug trafficking along the border with Pakistan. Rashid convincingly makes the case that the Taliban were not purely the result of the backwardness of their country, but in fact were a 20th century construct, whose members came from refugee camps in Pakistan and continued to be aided by that country. However this fundamentalist movement, used to defeat the Soviet invasion of

Afghanistan had got out of control, its activities threatening the whole of South Asia and even the whole world. Reactionary movements have long been supported by imperialism to defeat revolution in Asia. Now the dog would turn on its master. This was recognized by the author before the events of September 11th. The book has been reissued with a new introduction since that day.

### Humanitarian disaster

Rashid describes the humanitarian disaster affecting Afghanistan. It has the world's largest refugee population, with 3.6 million refugees outside the country, 2.2 million in Pakistan and 1.2 million in Iran. In the north of the country where there were some 200,000 displaced persons, they had resorted to eating grass, animal fodder and rodents. The drought affecting agriculture had worsened the situation. Aid agencies were increasingly finding it difficult to work with the Taliban. However, as the author describes - with more than half of Kabul's 1.2 million people dependent on NGO food aid, the main victims were women and children - the most vulnerable sections of the population. Not only food supplies but water and

health were affected. Kabul has been reduced to rubble, its infrastructure destroyed. The International Red Cross reported that 98,000 families were headed by a widow, 63,000 by a disabled person and 45,000 persons were treated for injuries in 1998 alone. There was not even an estimate of how many had been killed. The infant mortality rate of 18% of all live births is the highest in the world. A quarter of all children die before their fifth birthday (the overall figure for the developing world is one in ten). Life expectancy for men and women is 43 years, only 29% of the population has access to safe water. Even before the Taliban 90% of girls and 60% of boys were illiterate. Years of war had destroyed schools and disrupted communities.

This situation was worsened by the Taliban's gender policies. Closure of schools affected both girls and boys as many of the teachers were women and not allowed to work. As a result UNICEF estimated that by 1998-9 out of 10 girls and 2 out of 3 boys were not enrolled in school. Children were subject to wartime brutality the majority having witnessed death and destruction and many have been recruited on either side as soldiers.

Rashid describes the roots of the Taliban in the refugee camps of Pakistan. They were a direct consequence of the war against the Soviet Union which had claimed 1.5 million lives. The followers of Mullah Omar were brought up in the "madrassas" (refugee camps) in Pakistan and had no links with the history of their own country. Their view of the world was what they had been taught in these camps. They had no idea of the complex ethnic background of their country and knew only war. Their teachers followed the word of the prophet and knew nothing of science, history or geography. In particular their view of women was shaped by life in these camps - "The mullahs who taught them stressed that women were a temptation, an unnecessary distraction from being of service to Allah. So when the Taliban entered Kandahar and confined women to their homes by barring them from working, going to school or even from shopping, the majority of these madrassa boys saw nothing unusual in such measures. They felt threatened by that half of the human race which they had never known and it was much easier to lock that half away, especially if it was ordained by the mullahs who invoked primitive Islamic injunctions, which had no basis in Islamic law. The subjugation of women became the mission of the true believers and a fundamental marker that differentiated the Taliban from the former Mujaheddin." This increasingly drew the Taliban into conflict with intergovernmental and aid organisations and even feminist organisations in the USA lobbied the



**Even before September 11th the priority of the American government was to capture Bin Laden, but its whole policy in South Asia had been to foster those conditions which would lead to the creation of yet more fundamentalists of the same kind.**

Clinton administration heavily against recognition of the Taliban. Refugees from Afghanistan were joined in the camps by 35,000 Muslims from over 43 countries between 1982 and 1992. One of these recruits was a wealthy Saudi student named Osama Bin Laden. These students believed that due to the defeat of the Soviet Union, Islam could defeat the other world power, namely the USA.

The brutality of the Taliban against their opponents is described by Rashid in his account of the capture of the town of Mazar in the North. The Hazara defending forces were subject to a massacre. "The Taliban went on a killing frenzy, driving their pick-ups up and down the narrow streets of Mazar, shooting to the left and right and killing everything that moved-shop owners, cart pullers, women and children, and even goats and donkeys....They were shooting without warning at everybody who happened to be on the street, without discriminating between men, women and children. Soon the streets were covered with dead bodies and blood. No-one was allowed to bury the corpses for the first six days. Dogs were eating human flesh and going mad and soon the smell became intolerable." as reported by one onlooker. Those who escaped death were arrested and transported to prison in containers where many suffocated. The town was then subject to aerial bombardment. The Taliban claimed that this was revenge to the treatment their people had suffered the previous year. And so the spiral of violence continued.

The author shows how Afghanistan has since the 19th century been the focus for conflict between world powers. In the 19th century Britain and Russia fought over the country in what was known as the "great game". The strategy of British imperialism was to defend its position in the Indian sub-continent. In the 1980s the invasion of Afghanistan by Soviet forces again pushed it into the international focus, as the US sought to prevent it becoming part of the Soviet empire by all means possible. The US used the local mujaheddin plus the reactionary governments of Saudi Arabia and Pakistan as its allies. This has acquired a rationale of its own as Pakistan pursued its own agenda in Afghanistan of supporting the Taliban. This was because many of the militants fighting in Kashmir were being trained by them. Russia and the former Soviet Republics continued to support the oppo-

sition tribes of the North (now called the Northern Alliance!). Hence the civil war was fuelled by these neighbouring states with the Pakistan secret service (ISI) supplying funds and weapons to the Taliban. The prospects for oil exploration in the Caspian Sea region and the desirability of building an oil pipeline through Afghanistan further disturbed the forces of imperialism. The Taliban played off two companies competing for the oil contract - Unocal and Bridas (an Argentinian company which tried to woo the Taliban.) The potential economic importance of the area as well as the fact that Islamic fundamentalism was spiraling out of control in South Asia became an issue of world concern and led to UN led sanctions against the Taliban regime in 1998. The tension increased with increasing terrorist attacks on US targets. However as the author says "What Washington was not prepared to admit was that the Afghan jihad, with the support of the CIA, had spawned dozens of fundamentalist movements across the Muslim world which were led by militants who had grievances, not so much against the Americans, but their own corrupt, incompetent regimes." Even before September 11th the priority of the American government was to capture Bin Laden, but its whole policy in South Asia had been to foster those conditions which would lead to the creation of yet more fundamentalists of the same kind.

#### Author's conclusion

The author concludes that there is a lesson to be learnt from the collapse of the Soviet regime "those who intervene in Afghanistan can face disintegration them-

selves" "By walking away from Afghanistan as early as it did, the USA faced within a few years dead diplomats, destroyed embassies, bombs in New York and cheap heroin on its streets as Afghanistan became a sanctuary for international terrorism and the drugs mafia." This was before the events of September 11th. What then did the author propose as the solution? Basically an arms embargo, an aid programme and political intervention by the United Nations to bring the warring factions together. When the US returned to Afghanistan again however it was not with aid but with bombs, as revenge for New York became the prime aim of US foreign policy. But the influence of Islamic fundamentalists cannot be dealt with by bombing one country. Their arrests which are being made all over the world, including in Europe and the USA show that this is the case.

In spite of the unexpected early collapse of the Taliban, Afghanistan is still being bombed by the most powerful military power on earth, thousands more lives have been lost. A humanitarian disaster looms. Hence the conditions for spawning Islamic fundamentalism remain. Fundamentalism as the author shows was a creation of the "west". The problem he faces is that organisations such as the United Nations cannot have an independent life apart from their member countries, the most powerful being the USA. Only the recreation of radical socialist movements throughout the world can achieve this - the sort of movements which imperialism used the fundamentalists to attempt to destroy. ☆

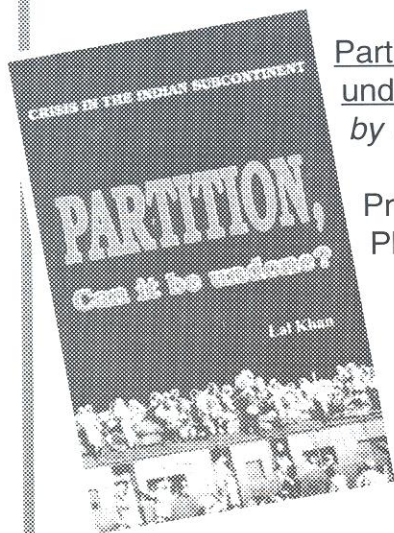




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- ☆ **Break with the anarchy of the capitalist free market.** Labour to immediately take over the "commanding heights of the economy." Nationalise the big monopolies, banks and financial institutions that dominate our lives.

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.

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# Socialist Appeal

## **Postal workers show the way**

The disgracefully low wages in the Post Office/ Consignia cannot be tolerated any longer. While some Consignia Directors are 'earning' over £4,000 a week, many of our 150,000 members are on Family Credit or work excessive amounts of overtime just to survive. Management's offer of 2% or 2.5% if we meet the customer quality service targets is an insult. 2% equates to less than £5 per week. The little bombshell management dropped during pay negotiations, that they intend to axe 30,000 jobs shows the contempt the Directors have for us. It is typical of their policy of provocations. Our conference policy (the Communication Workers Union, CWU) has agreed a strategic approach to achieve a minimum basic pensionable wage of £300, and a reduction in the working week to 35 hours net, for all members by October 2003. The 5% which the CWU are asking for this year, is one step towards this aim, but other bigger steps will have to be taken to achieve our union's goals.

Management claims to recognize the problem of recruitment and retention of staff on our job. Yet they refuse to address the issue of basic pay. Instead, they encourage us to work excessive overtime, which in the long run is no good for our health. For management, it costs them less in National Insurance, stamp, clothing, training, and many other areas, while we work ourselves to death doing overtime, rather than them employ more staff on decent wages. The fact that our pay claim is pursuing a substantial increase for the first 10 hours of overtime, is another indication that overtime is at epidemic proportions and is the only way of making our money up.

Consignia might try to claim poverty after they posted a £281 million loss for the first half of the financial year and have admitted that they will make an operating loss for the whole year. How is it that for the last twenty years the Post Office has made a profit? Yet, the first year under privatisation they have managed to make a loss! This shows the utter incompetent management that runs our industry. Consignia is aiming to cut costs by 15%, which is about

£1.2 billion. We should not accept one penny of savings to be at the expense of our members jobs, conditions or wages. To ask us to tighten our belts would not be on, when the company has been making handsome profits over the last twenty years, out of our sweat and labour. We have never benefited financially from the constant increase in workload. Wages have not increased much above inflation even when management could easily afford to give us a decent basic rate of pay.

The present vote on industrial action over pay will be from 23rd January until 7th February. There is a lot of anger and bitterness towards management and the way they have been treating staff. The ballot is expected to produce a mandate for strike action. Any action is likely to take place towards the end of February. Meetings to inform members of the latest events will be important to achieve not only a high yes vote for strikes, but to get a good return of ballot papers. Also, preparations for any action should get under way now. This will show management the determination of the union to achieve the union's demands.

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