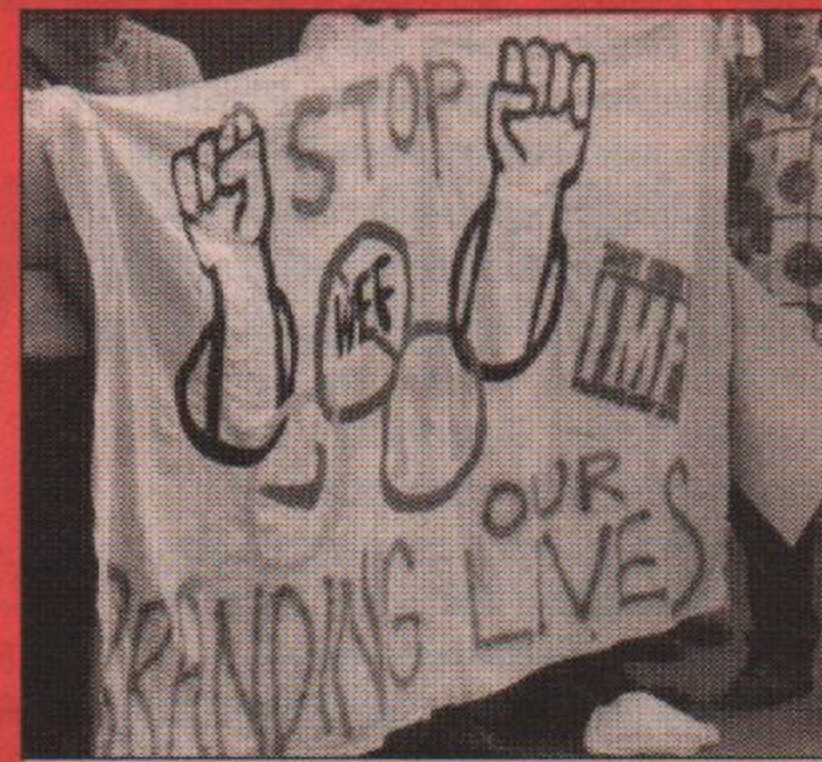


workers POWER

Build for protest
against Euro
summit - page 2



INSIDE

Rail

After yet another disaster we say nationalise the railways - p 3

Sweatshops

Why we need a campaign against the sweatshop trade - p 7

US elections

The left lines up behind Green candidate Ralph Nader - p 10

Stalinism

Capitalism and the state in Eastern Europe and China - pp 12-15

Stop Israel's brutal war machine

Victory to the Intifada

**Solidarity with
the Palestinian
masses**



● FOR FULL ANALYSIS TURN TO PAGES 8 AND 9

IN BRIEF

The end of tyre production in Britain is a real prospect. Michelin announced in October that they were to stop making tyres at their Stoke on Trent plant, slashing 950 jobs. Plant closures and redundancies took place in Birmingham in 1999 when Dunlop halted tyre production there. Meanwhile the other major manufacturer, Goodyear, has issued a 90 day redundancy notice to 540 workers at their Wolverhampton factory. This is the latest manoeuvre in a management campaign to force the workers to accept a pay cut. The Goodyear workers remain determined not to accept cuts in pay, but there is no sign of any move to fight the threats of redundancy.

Ford workers at Dagenham are still waiting for a ballot for strike action. On 18 September workers at Dagenham voted unanimously for a mass meeting and strike ballot, following Ford's announcement that the Assembly Plant would be closed. The ballot was originally scheduled for 24 October but union officials have postponed twice and are now not even giving a date for the mass meeting. Their "fine" words of support at the Labour Party Conference and their militant promises to angry Dagenham workers last summer now look hollow as they desperately seek to avoid action with redundancy pay offs for some and the offer from Ford of a new Engine Plant on the Dagenham site.

The left in the civil service union, the PCS, scored a real victory last month. Mark Serwotka, an independent left winger and long standing activist in Sheffield, succeeded in gaining 72 branch nominations to stand in the election for general secretary. Meanwhile the current incumbent, right winger and vicious witch-hunter Barry Reamsbottom, failed to achieve the required 50 nominations. The election will therefore be a contest between Mark and Hugh Lanning, a Blairite. The election offers a real chance for union militants to get behind Mark and use the election to rebuild left in the PCS. The "Left Unity" group in the union at last seems to recognise this, having just reversed its previous wrong decision to support Lanning as the anti-Reamsbottom candidate.

DEMONSTRATION DEFEND ASYLUM SEEKERS

12 noon • Saturday
4 November
Assemble: Home Office, 50
Queen Anne's Gate,
London SW1
nearest tube: St James's Park

CONTENTS

Fightback	2-5
Letters	6
Sweatshops	7
International	8-11
Theory & Practice	12-15
Where We Stand	16

EU SUMMIT

Shut down the Nice European summit!

AFTER THE Prague S26 demonstrations against the IMF and World Bank the next date in the anti-capitalist calendar in Europe is D6-7.

The intergovernmental conference (IGC) of the European Union will – activists permitting – take place in Nice between 7-9 December. It is set to be bigger than Prague, possibly 50,000 or more, and more anti-capitalist and international than Millau this summer.

If we let them, the bureaucrats in Nice hope to address four tasks.

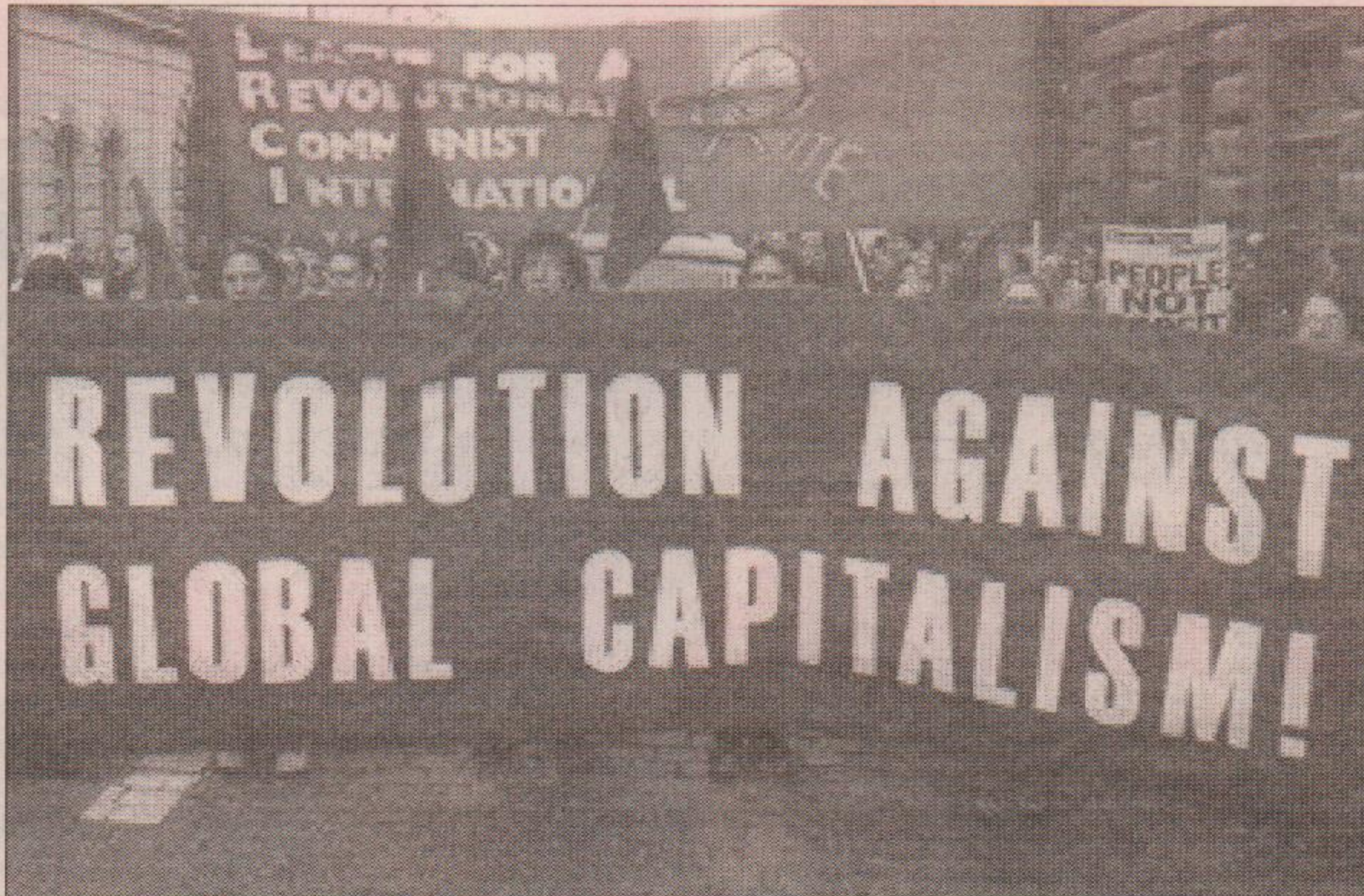
First they aim to adopt a Charter of Fundamental Rights for the European Union (EU). This was commissioned by the 1999 Cologne summit.

It is due to be solemnly proclaimed at a special ceremony in Nice. However, like so much of the legal and political verbiage of the EU this declaration will be of little or no use to Europe's exploited workers, to the racially, nationally or sexually oppressed. The reason is simple. No plans exist for its incorporation into the EU treaties – it will not have the force of Law.

A proposed draft Charter was approved by the Convention of the European Union on 2 October 2000. This secretive body consists of 62 representatives of the member states' governments, the European Parliament, the national parliaments and the European Commission.

The Charter embodies "existing rights only" and does not increase the rights of EU citizens. Some of the rights already established in the weak European Social chapter have not been included in the EU Charter because this has not yet been ratified by a number of member states.

So even the feeble call in the Social chapter for "fair remuneration" is not included. There is no right to a minimum income. Even those included such



as the "right to collective bargaining and industrial action" or the "right to information and consultation" are rendered useless by the clause that will have effect only "in accordance with Community law and national laws and practices".

Britain's anti-union laws are therefore safe against challenge in European courts and British bosses will continue to trample on rights established in countries like Germany.

Second, the conference wants to put in place qualified majority voting on social questions. There is a proposal on the table from the French presidency of the EU which would make the European Commission responsible for setting the levels and terms of unemployment benefits for all member states.

Third, the summit will prepare the next stage of the enlargement of the EU. Between now and 2004 six East European states want to join. The aim is clear for the existing members: profit from the new markets while denying the applicant countries the same social rights as the existing ones.

Finally, the conference will discuss the revision of article 133 of the Amsterdam Treaty, as proposed by European Commissioner, Pascal Lamy. If agreed, no member state will be able to avoid the implications of treaties signed by the EU on their behalf, with for example the WTO. At a stroke all EU countries could find themselves at the mercy of the multinationals as they seek to privatise health and education services.

There will be tens of thousands in Nice to protest at these plans and many will try to stop them in their tracks. The European Trade Union Confederation has called for a demonstration on D6 to press its demands for the Charter to be included in the EU treaties and to press for other workers' rights to be included in it.

At the same time ATTAC and the European Marches Network – the main representatives in France of the anti-global capitalist movement which organised the huge Millau mobilisation – has called a three day summit during 6-8 December which will also involve a demo on 7 December.

Nice therefore presents the opportunity for a successful step towards the objective which the LRCI expressed in its Prague declaration: that of "turning the anti-capitalist movement towards the working class and making the workers' movement anti-capitalist once again".

But in addition to the issues of globalisation Nice poses the whole class nature of the EU, its character as a Europe of the multinational and transnational corporations, as a racist fortress against immigrants, asylum seekers and the sans papiers (those within the EU without citizenship rights). It raises the issue of Europe as the exploiter not only of its own workers but of those in the "Third world" and Eastern Europe. It means that workers

mobilised by the official union movement for D6 can and should be persuaded or pressurised to stay for the anti-capitalist demo on D7.

D7 is a more militant demo. Indeed, some leaders of ATTAC in the light of Prague, called for the mobilisation to blockade the conference. These calls should be supported. And at Nice we should agitate for a global shutdown on 1 May, 2001, to counterpose the Socialist United States of Europe to the EU of the monopolies.

But there is another issue that the LRCI will be raising at Nice: the need to transform the new internationalism of the global anti-capitalist movement towards the task of building a New Revolutionary International.

■ To help build support for the Nice demonstrations there is an appeal, already signed by a wide range of socialist organisations and trade union and community activists. Copies are available from Workers Power. For this and information on transport contact us on 020 7793 1468 or Destroy IMF on 0773 0-22 0962

For a socialist united states of Europe!

Nice gives us the opportunity to put forward an alternative on a whole series of issues facing European workers and the question of workers' rights and conditions in those central and East European countries (plus Turkey) seeking admission to the EU.

■ For a sliding scale of wages and for a legally enforceable minimum wage. For a system of universal benefits (sickness, unemployment and retirement pensions) starting from the best examples already gained by workers across Europe. For workers' control of the welfare funds, which are only a deferred portion of wages created by their own labour, as well as a legal guarantee that none fall below the minimum wage. Solidarity with all workers struggling against attacks on their existing social gains. ■ A campaign, organised by the trade unions, to fight unemployment and cheap

labour schemes. Workers with jobs can start by fighting for a drastic reduction of the working week to a legally enforceable 35 hours throughout the EU and in each plant and combine fight to impose workers' control over hiring and firing and the hours worked.

■ The threat of dismissal must be met with the demand for a sliding scale of hours to divide out the work available. The majority of new jobs being created in Europe are on short-term contracts, are often only part-time and where the employers restrict or deny union rights. The necessity for 100 per cent trade unionism goes alongside the fight to show that unions can win permanent contracts and full-time status wherever this is wanted by the workforce. End short term contracts. For a legally enforceable right to security of employment.

■ For militant occupations, following the examples in France this year, whenever a company threatens to close its plants and move them to take advantage of cheaper labour elsewhere.

■ Down with anti-trade union laws designed to shackle resistance to convergence measures; for rank and file links in all industries. For the unconditional right to strike: no compulsory state organised ballots, no cooling-off periods or legal delays

■ For the free movement of all workers within and into Europe! Open the borders! For the right to political asylum. Down with all immigration controls! Down with the TREVI and Schengen treaties! For full citizenship rights to all immigrants and refugees.

■ Not a penny for a European police force or a European army! Down with Nato and the Western European Union!

■ All Nato and UN troops out of Bosnia, Kosovo and Montenegro. For unconditional aid to Serbia without strings to help in economic reconstruction.

■ Down with the unelected European Commission and Council of Ministers.

■ For the election of a sovereign European Constituent Assembly from all countries of the EU and for all those seeking to join it – convened and protected by the fighting organisations of the working class.

■ No to the bosses' Europe. Yes to a Europe of the workers – open to all the workers of the world. Only workers' revolution and workers' council states can unify Europe on a progressive basis.

■ For a Socialist United States of Europe – a federation of revolutionary workers' states open to all peoples who wish to join it.

After Hatfield, nationalise the whole railway system

Mark Harrison argues that the case for a nationalised integrated public transport system is unanswerable

HOW MANY more train passengers have to die or get injured before New Labour does something to sort out the mess that privatisation has brought to Britain's rail network? How many more times must passengers be subject to the sort of delays and cancellations that followed Railtrack's belated attempt to make the network "safe"?

After the tragedy at Ladbroke Grove last year, when 31 people were killed in a crash, Transport Minister John Prescott said the accident "must be seen as a watershed for rail safety". He should be choking on these words after Hatfield.

Prescott threatened to take safety matters out of Railtrack's hands following Ladbroke Grove. But this "radical" sop to the victims' families was soon abandoned. Prescott is fully on board New Labour's privatisation express. He won't do anything to challenge the private companies' rule on the rails.

Yet the privatised railways are strategically unsafe. The reason is simple. Like the privatised bus networks, they are run in order to maximise profit. Strict safety rules hamper profit making. The rules get repeatedly broken.

Gerald Corbett, boss of Railtrack plc, spelt it out for Prescott in a recent speech: "I think it's fundamental whenever you address investment is that the people who are going to provide the money ... are the ones that are going to fund the rebuilding of the railway, this massive programme and in order for that funding to happen you've got to allow the people who come up with the money to make a decent return on it otherwise it just won't happen ... the guys won't come to the party unless they're able to make a return on the investment."

Corbett knows all about returns on investment. He earns £335,000 a year plus bonuses. He justifies his wages – his blood money – because his company is making £1.3 million a day running Britain's rail system. The train operators have also enjoyed a surge in profits over the last few years.

These rich pickings come on top of public subsidies to the industry to the tune of £1.3bn a year, plus investment

programmes such as the £30bn promised for the next five years, from the government. The railways are a nice little earner for a handful of fat cats.

Corbett, together with his cohorts like Richard Branson who run the train services, the private contractors like Balfour Beatty who deal with maintenance and Prescott who allows these pirates to carry on plundering, should all be held collectively responsible for the disasters and the lousy service.

Take Hatfield, an accident caused by broken track.

Corbett and Railtrack not only knew that there was damaged track in the area, they knew that track across the country was literally breaking up. Instead of tackling the problem they were allowing it to get worse. On 4 August the rail regulator – someone who passes for a public scrutineer of the industry – wrote to Corbett:

"I regard the excessive level of broken rails in two consecutive years, 952 in 1998/99 and 917 in 1999/2000, as prima facie evidence of a breach of condition seven of Railtrack's network license. Railtrack has increased its forecast of broken rails in each of its three network management statements since 1998. Despite this it has failed to reduce the number of broken rails in line with its forecasts."

On inspection engineers found 1,850 cracked rails, almost double the figure reported by Railtrack. The figure in 1995, the beginning of the privatisation programme, was 656.

The rail regulator's letter – sent before Hatfield – surely gives grounds for the prosecution of Railtrack as a corporate killer, not to mention payment of damages to all those who suffered delays and cancellations as Railtrack sought to carry out years worth of repairs in a few days in late October.

Not according to John Prescott. He praised Railtrack for its "robust national track recovery plan". He won't entertain re-nationalisation. The most he has been prepared to do is to take the franchise away from the discredited south-east train operator, Connex, and give it to another private company, GoVia. The other 24 operators are all secure with



The crash site at Hatfield and inset Gerald Corbett who was fully aware of the dangerous track in the area

seven to 15 year franchises.

Yet even the Tories faced with growing public alarm at the state of the railways, now admit that mistakes were made in the way they privatised the network. Along with Corbett, Tory leaders like Portillo, now say that the system was too fragmented at the time of privatisation (neglecting to mention that this was deliberate in order to divide the workforce, weaken the union and maximise profits for as many of their business friends as possible).

Prescott has not even gone this far. He is a committed privateer. He has no plan whatsoever to restructure the railways, reduce the fragmentation and overcome the lack of co-ordination between maintenance and travel which plays havoc with the system on a daily basis. He blusters about improving safety but has no strategy beyond giving the rail bosses more money and more time.

The alternative is nationalisation – at the last count supported by 73 per cent of the population, and probably more since Hatfield. This must be implemented immediately. But not in the old way. Last time the railways were nationalised the rail bosses were given massive pay-offs. They were replaced by bureaucratic bosses, and they ran the railways down, cutting the workforce and the services.

This time nationalisation must be carried out without giving Railtrack, Virgin, Great Western and all of the others, a single penny in compensation. If they want to carry on earning the bosses can all be retrained and sent out to fix the broken rails, clean the tatty rolling stock and carry the bags of paying passengers.

To manage the system properly we need workers' control. This means rail workers controlling the day to day operation of the system, the maintenance of the network and the operation of safety. It means drawing the passengers who use the system daily into the mechanisms of control so that their needs can be addressed.

Workers' control could contribute to a safer and more efficient network. At Ladbroke Grove the driver was blamed for going through a red light. The driver was a product of a training scheme that had been cut to the bone to save money for the bosses. Other accidents have been caused by drivers forced to work for long hours by the bosses because thousands of workers were sacked during privatisation and those left were told to drive the increased number of trains put on to ratchet up profits.

Workers controlling their own hours of work, controlling hiring and firing so that the number of rail workers is

increased to match the needs of the service, and controlling training so that all drivers are trained to the best level, could plan the operation of the network safely and efficiently.

Finally, nationalisation means spending a lot more than the £30bn earmarked by Prescott. We need much more than this to carry out a programme of track repairs, track building, the replacement or refurbishment of rolling stock and, above all, the installation of the most modern safety system – Automatic Train Protection (ATP). Recommended after the Southall rail crash, this would cost between £1-2 billion and is much more reliable than existing safety systems.

Too expensive? How about finding the funds for investment in improvements to the service and in safety, by taking back every penny of profit earned by the private rail companies and taxing the rich and the corporations.

To win these demands railworkers, together with massive public support, need to launch a national campaign – Nationalise the Railways now!

It should start with a huge demo in the new year, followed up by local rallies, demos and lobbies and culminating in an all out rail strike that goes on until New Labour and Prescott finally get the message and re-nationalise.

LONDON TUBE

Keep the privateers' hands off the Underground

THE BLINKERED pro-market privatisation dogma of the Blairites is the order of the day as far as London Underground is concerned. Despite the fact that their policy was decisively rejected by voters who elected Ken Livingstone mayor because he opposed the Public Private Partnership (PPP) scheme for London Underground, New Labour are pushing ahead with their plans.

So much for Blair's commitment to democracy!

The plan is to reproduce the sort of profits that the privatised railways have been enjoying and the travelling nightmare they have given us. Labour want to break London Underground up into three constituent parts, handing over the infrastructure and maintenance to

private contractors on 30 year contracts.

Be warned. The Health and Safety Executive have already produced a report – recently leaked – that said this system would mean contractors' trading off safety improvements to boost profits.

The RMT London Regional Council has been conducting a long-running campaign against this privatisation plan. They have rightly pointed out that not only would safety be jeopardised but that working conditions and wages would suffer while fares would rise (by an estimated 40 per cent according to City accountants, Price Waterhouse).

The RMT's case has been strengthened by a report from the Industrial Society which came out firmly against PPP. It says, "that PPP should not proceed [unless] it meets much more rig-

orous safety and value criteria, and if it is substantially amended to protect against the risk that contracts are incomplete and overgenerous."

It recognises that the whole point of PPP is that contracts are meant to be generous, in order to tempt privateers.

Ken Livingstone, while welcoming the report, has not led a fight against PPP. The most he will consider is that he will take the government to court if it presses ahead – a re-run of his disastrous legal strategy when he tried to stop the Tories abolishing the Greater London Council.

Worse, Ken's alternative method of financing the underground, the issuing of bonds, puts the service in hock to private investors.

In fact Livingstone's transport strat-

egy is turning into a nightmare. His congestion charges for cars entering central London, is a punitive tax on the working class. Set at a flat rate of £5 per vehicle – he retreated without any fight at all on his plan to charge businesses £15 when they squealed about their profit margins – this means that a worker will be hit by an entry fee and a parking charge while a corporate van, lorry or limo will pay the same and charge it to tax deductible expenses!

In circumstances where the underground is still in a bad state, where London's privatised bus services are infrequent, overcrowded and understaffed and where exorbitant parking charges already limit the mobility of working class car drivers, Livingstone's strategy is set to make travel in the capital

worse, not better.

As with the railways, the answer is obvious to working class Londoners: cut all fares by 50 per cent as a step towards free transport, tax the rich to restructure the underground, re-nationalise the bus service, introduce more tram lines, river buses and cycle lanes. We need an integrated public transport system, controlled by workers and those who use the system, that would reduce pollution and congestion in the city because people would prefer to use it and would leave their cars at home.

We can win these goals if the RMT supports them, rallies Londoners behind them and launches an all out strike to stop PPP – better than sitting back and waiting for Ken to drive us to the promised land.

HACKNEY

Sack the councillors not the workers

HACKNEY COUNCIL was officially declared bankrupt last month. Thousands of jobs are at risk and services across the London borough could be decimated.

Deputy Prime Minister John Prescott has given the Council just twenty-one days to sort out the financial mess. If they don't meet the deadline, central government will step in. The council immediately announced plans to get rid of a thousand workers.

The bankruptcy is the result of years of underfunding and financial mismanagement. Such is the scale of the problem that councillors do not even know the scale of the problem! The extent of the debt can only be estimated as between £13 and £40 million.

The intervention of central government has led to a freeze on spending. The day after the announcement all temporary workers for the Council were told to go. No consideration was given to whether the workers were covering essential services, thus simply adding to the chaos.

Despite the fact that the education budget is not overspent, Head teachers were called in immediately and told that their budgets were also frozen. Any spending which was not already committed and contracted was to be stopped and if they did spend Heads were told they would be personally liable. The dictat, they were told, even covered toilet rolls!

Given the current teacher shortage, many schools in Hackney cannot function without temporary staff. After the half term holidays, it is likely the many Hackney children will be sent home. One Head estimated that all schools would be closed within weeks.

Clearly Prescott and the Council plan to make the workers pay for a mess that the Council and central government has inflicted on them. Resistance from workers across Hackney has been swift and direct. Two nurseries threatened with closure, Fernbank and Atherden, are currently being occupied by parents. The council is considering closing all nurseries since despite New Labour



Hackney has a proud tradition of fighting council cuts

promises on nursery education, it is not statutory.

Unison and other public sector unions called an emergency meeting days after the government's announcement. Activists and trade unionists from across Hackney have voted for strike action across the borough on 6 November. Lobbies and demonstrations are also being planned to build for the strike action.

The strike will coincide with the council meeting to agree the cuts. On that day it is planned to bring Hackney to a complete halt. Since the borough borders the City of London, when the streets of Hackney are blocked, the government will be forced to take notice.

Local MP Diane Abbot was invited, but did not turn up, to a meeting to discuss the cuts attended by over 500 people on 28 October. Mick Regan, Secretary of the National Union of Teachers (NUT) in Hackney said:

"Diane Abbot must get off the fence. Either she stands with the people of Hackney or with the Blair government. She can't support both."

Workers in Hackney demand funding from central government for decent services. But we want that funding with no strings attached. Prescott has hinted that he might find some money but it will only be handed over as part of a wholesale privatisation package. The

last thing Hackney needs is more private companies trying to squeeze profits out of one of the poorest areas in Europe.

Workers in Hackney don't need to be told the council is bankrupt. We know that they have been politically bankrupt

for years. Labour councillors under the Tories were never prepared to fight against the cuts, instead they led the way in implementing them. Under New Labour they have continued to savage services rather than save them. Such has been the disillusion of people in Hackney that in recent years the council has shifted from solidly Labour, to a coalition with the Tories.

A positive development recently has been the success of the London Socialist Alliance, who gained 11.3 per cent in a recent ward-election and 7 per cent in May in the GLA constituency covering Hackney. It is important that workers in Hackney see that there is a left alternative to New Labour.

An alternative is certainly needed since the response of the New Labour councillors to the current crisis is typical. They intend to vote for a cuts package of £4.5 million now, to be followed by a further £18 million in April. They plan to sell off all the remaining council estates, close all but one library and

privatise whole swathes of council services. In response to the council's plans, Mick Regan told *Workers Power*:

"The councillors should be forced to resign. The NUT in Hackney opposes all forms of privatisation in Hackney and we will fight against them and any cuts."

To fight for the future of Hackney and to assess the extent of funding required to provide high quality services for all, we will need determination and a different kind of political organisation. Workers in Hackney need to elect a democratic, representative action committee in order to co-ordinate strike action and to lead the fight against New Labour's cuts and sell offs.

With a strike planned, with hundreds turning up to meetings, with demos and lobbies galore such an action committee can become a real alternative to a discredited and increasingly hated council. It can become a beacon to workers fighting the cuts in every other borough. It can, in short, become the ignition key for a full scale fightback against New Labour.

- Write off the debts.
- For a massive investment programme in Hackney.
- No privatisation.
- Sack the councillors, not the workers.
- Borough wide general strike to stop the cuts.
- Occupy all threatened facilities.
- For a borough wide action committee to lead the fight.

PRIVATISATION AND HACKNEY

THE HISTORY of Hackney in recent years has been one of central government intervention, using Hackney as a "testbed" for privatisation. It has also been one of failure of all such initiatives.

Hackney was the first area to experience an education hit squad under the Tories. Gillian Shepherd, then Tory Education Minister, sent in a five person team - led by a businessman with no experience of education - to close Hackney Downs School, after a lively local campaign had persuaded the council to keep it open.

Result: a school was closed which according to inspectors at the time was making significant improvements. The borough now does not have enough secondary school places for boys and many have to travel out of the borough to be educated in other boroughs paid for by Hackney.

Nord Anglia is currently making vast profits from Hackney Education after the Labour government instructed the authority to privatise parts of the education service in Hackney.

Result: the advisory service in Hackney has been cut to the bone. The Ethnic Minority Achievement service has spent more time

sacking teachers than meeting the needs of ethnic minority children in Hackney. No surprise that the boss of Nord Anglia, Kevin McNally, was found guilty of racism at an industrial tribunal last year.

The housing benefits service in Hackney was privatised by Labour in 1997 and handed to private company ITNet.

Result: chaos as thousands of tenants across Hackney did not receive their benefits and were left facing eviction for non-payment of rent. The local teachers' union recently discovered that the same company, given responsibility for payroll, had not been paying teachers' pension contributions. Who was brought in to sort out the mess created by ITNet? ITNet!

Privatisation has helped create the mess in Hackney. We don't want any more and we want all existing privatised services brought back into public ownership, placed under the control of the people who work in and use them. And instead of paying these vultures compensation we want the money to be earmarked to meet the needs of the Hackney working class.

DUDLEY

Leading the fight against PFI

ON MONDAY 30 October Unison members at the Dudley Group of Hospitals began the sixth strike in their campaign against a major Private Finance Initiative (PFI) scheme.

The 600 health workers are set to strike for a further 12 days, their longest period of strike action yet, in their battle to stop privatisation. Unison have made it very clear that the effects of the PFI with the building of a new "super hospital" would see the loss of 170 jobs and 70 in-patient beds. The strikers are determined to stop this run-down of the National Health Service and the resulting transfer to the private consortium, Summit Healthcare.

It seems likely that the latest offer from the hospital bosses will be rejected. Acceptance of the offer would still involve Unison members transferring to Summit Healthcare. The so-called concession on offer is a return to Whitley Council terms and conditions for those transferring and also creating a £250,000 voluntary redundancy fund.

Hardly inspiring stuff!

Management are determined to see this PFI scheme through and have been backed by the New Labour government. Health Minister John Denham has said the PFI scheme is "non-negotiable".

Nationally Unison must show equal determination to stop this attack on the NHS. To date the Unison leadership has supported the strikes but failed to give a lead in bringing this dispute to a successful and speedy conclusion. They have drawn back from supporting an all out indefinite strike seeing virtue in lengthy, drawn out battles. Similarly they have failed to build a national campaign of solidarity action, so crucial to winning this fight.

Rank and file workers locally and across the country have offered support to the Dudley strikers. Recently a poll of local people showed that 80 per cent supported the strike and opposed the PFI. Even the local Stourbridge Labour Party has sent a message of support!

Dudley could be a stepping stone to

a national campaign against PFI. Certainly the forthcoming regional conference in Stourbridge will be a good rallying focus for the strikers but Unison needs to organise a national conference to build for national action against PFI. The union leaders will undoubtedly drag their heels on this - all the more important for the rank and file to issue such a call and organise such a conference.

Strong, decisive leadership is vital in any struggle. The present crop of union leaders are not of this calibre. Instead of agitate, educate, organise, their slogan is negotiate, hesitate and compromise. A rank and file movement within the union could challenge this. It could provide a national network to build solidarity action and where our leaders sell out it could provide an alternative lead directly accountable to the rank and file.

The stakes are high in this battle. If the strikers win, those battling against PFI and all other forms of privatisation will be given a tremendous boost.

Any other outcome will strengthen the bosses and New Labour in their drive to push PFI through. This is a fight which affects all workers and requires a response from all workers: solidarity action with the Dudley strikers!

Send donations and messages of support to:
Unison Dudley Group of Hospitals, Wordsley Hospital, Stourbridge, West Midlands DY8 5QX
Invite a speaker to address your union branch.
Phone 07970 788 873

CONFERENCE AGAINST PRIVATISATION
Stourbridge Town Hall, 10.00 am
Saturday 4 November
Followed by March around Stourbridge 12.30pm

NATIONAL PENSIONERS CONVENTION

Mass Rally and Lobby

Tuesday 7 November

"INCREASE PENSIONS NOW - RESTORE THE LINK WITH EARNINGS"

● 1-2pm Pensioner's Rally
 Central Methodist Hall
 Westminster

● 3-30pm Lobby Meeting
 Speakers: Tony Booth,
 Barbara Castle, Jack Jones,
 Paul Flynn MP
 Westminster Hall

For more information
 contact 020 7388 9807

Jon Bowen, in Cardiff, reports on the new Lib-Lab coalition government in the Welsh Assembly

Morgan forgets the lessons of history

WHEN RHODRI Morgan was elected first secretary of the Welsh Assembly, Workers Power warned readers to expect little change. Now this supposed friend of the workers has made his first big move: sacking two Labour cabinet members and replacing them with Liberal Democrats.

Tony Blair and Gordon Brown have given full support to the new Lib-Lab coalition. No wonder, when it is exactly what Blair wanted for Westminster if he hadn't been saddled with that inconvenient landslide. In Wales, however, as in Scotland, Labour is a minority administration, and Rhodri Morgan has the perfect excuse to do what his leader wanted to anyway.

Big Rod, typically, has defended his actions as necessary for "stability" to deliver on "our theme of putting Wales first". He describes the pact as "merely the creation of a full partnership between the LibDems and Labour, based on deals and coalitions which already occur behind the scenes".

How revealing. But workers in Wales voted for no such coalition. They voted Labour in the hope of defending their own interests, not in the hope of a lash-up with a party whose credibility was destroyed eighty years ago.

The fight between Labour and the Liberals has a long and bitter history in Wales. Throughout the nineteenth century the Liberals enjoyed the overwhelming support of workers, and tossed out minor reforms to feed the growing hunger for a better standard of living. But the Liberals were an openly capitalist party based on shopkeepers and professionals. No blue collar worker could expect to be selected as a Liberal candidate.

As their numbers grew rapidly, and union organisation took hold, the Welsh working class dealt their first blow to their false Liberal friends. William Abraham ("Mabon"), miners' leader, was elected Rhondda MP in 1885 as a "Labour" candidate, having been rejected by the Liberals. Mabon was in many ways the Rhodri Morgan of his day. He enjoyed great kudos among workers, but preached that labour and capital had a common interest. Immediately after his election he took the Liberal whip.

However, Mabon's vision of class peace was being overtaken by events. Bitter struggles in the mines and on the railways were convincing workers of the need for their own party. The 1900 Taff Vale dispute, in which railworkers were held liable for the costs of a strike, was the final straw. The Labour Representation Committee was formed, and at the next election Keir Hardie was elected as Labour MP for Merthyr, under the slogan "The Red Dragon and the Red Flag".

Under pressure from an increasingly militant workers' movement, the Liberals moved to the left, bringing in wealth taxes and creating the foundations of the "welfare state". However, a dispute in a Rhondda coalfield was about to expose exactly where they stood in the class divide.

Miners in the valleys were paid according to a "sliding scale" – the rate for the job depended on the profitability of the coal. Their income could therefore vary widely. In 1911, the Cambrian Combine opened a difficult new seam at Tonypany. Miners realised they could not earn a living wage at the rate they were being offered for the coal. Mabon, leader of the South Wales Miners Federation, proposed a compromise which the miners rejected. The Com-

bine locked them out. A violent and protracted dispute ensued, with pit after pit joining the action, and shopkeepers being targeted by rioters. As the strike spread to the docks and the railways, the government decided to show who was boss. Churchill, then Liberal Home Secretary, ordered troops into Tonypany.

The dispute ended in defeat for the miners. But it was a crucial learning experience. The Liberals never again enjoyed mass support in Wales; nor did Mabon. Meanwhile, socialist ideas, including those of Marx, gained a wide audience. The impact of this period on Welsh political culture was profound.

The lessons of history have clearly been lost on Labour's current leaders – but the class struggle will certainly re-educate them. Less than a week after the Lib-Lab pact, Panasonic announced redundancies at their Cardiff factory. Mike German, new LibDem Economic Development Minister, responded by sympathising with the plight of Panasonic bosses and their falling profit margins. He assured workers that Panasonic would have "a bright future in Cardiff".

In 1911, Welsh workers were up against a combine of coal owners. Now they face a multinational enemy. What does "standing up for Wales" mean in this context? It means kow-towing to the multinational bosses.

Workers will resist this when their jobs and livelihoods are put on the line. And they will have no truck with a Lib-Lab administration that advises them to lie back and think of Wales every time the bosses decide to attack them. It is only a matter of time before the realities of the class war do for Rhodri Morgan what they did for his famous predecessor, Mabon.

workers POWER

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COMMENT

How to spend Brown's billions

GORDON BROWN has a problem. He has too much money and he does not know what to do with it. Not a problem most of us have, granted, but few of us would be as stuck as Gordon seems to be when it comes to knowing what to do with his surplus cash.

And what a lot of cash it is. Last March Brown was advised by his Treasury team that the best scenario for public finances in the 2000-2001 financial year would leave him with about a £5 billion surplus. In fact he has a lot more than this.

Far from jumping for joy at the thought of all the things he could spend this tidy sum on Brown is squirming. On 8 November he has to tell Parliament and us what he plans to do with it all. And the truth is that he would rather it did not exist.

For the only mantra that Brown follows is stable prices and low interest rates. It would not be "prudent" to give the money back to the people who earned it since this would lead to the same old cycle of "boom and bust" that we saw in the 1980s.

Injecting all that cash into the economy would only lead to an insatiable demand for goods and new homes and this would lead to higher inflation rather than higher output, leading the Bank of England to slam the brakes on with higher interest rates.

This tells us just how weak, fragile and pathetic UK plc actually is. So poor is the industrial structure that it cannot cope with sudden surges in demand for goods and services in any other way than by boosting inflation as goods are sucked in from abroad or firms ratchet up their prices.

The idea that increasing the stock of social housing may be a better way to deal with new demand for homes rather than fuelling a surge in house prices is beyond our New Labour gurus for whom public investment is bad and the market beyond reproach. Besides it would interfere with New Labour's plans to privatise existing council housing stock.

Brown will have to come clean this month on what he going to do with his cash mountain. He is not short of advice from the bosses. He could do what he did with a large chunk of the unexpected billions he got from the auction of the next generation of mobile phone licences – give it back to the City banks and finance houses in the form of paying off parts of the national debt. But he has already done this once and he got a lot of flack for it then.

The CBI naturally wants him to cut business taxes including by giving big handouts to the hauliers so they can clog up the roads even more than they do now. But it remains to be seen what concessions he will make to the hauliers and farmers in a bid to buy them off and prevent another round of fuel protests.

Not to be outdone we want to give our suggestions of what Gordon could do with his £11 billion windfall.

If he wanted to make a big impression and spend it all in one go then he could go for a complete revamp of the railways including new rolling stock and the installation of the ATP braking system. This would definitely be non-inflationary and immeasurably add to the sum of human happiness for rail passengers and staff.

He could avoid an inflationary injection into the UK economy by using the money to cancel the debts of a few sub-Saharan African countries and release money for education and health programmes which African governments have closed down in recent years as they spent the money instead on servicing interest payments to UK banks and the government.

Or perhaps he might want to spread it around: he could double the minimum wage to nearer £7 pound an hour (the EU designated minimum living wage) and give the pensioners a living income.

The list is endless. And perhaps that is why Brown is so coy. If he uses the money for serious pro-working class reforms, who knows where it would lead? Abolition of indirect taxes which hit the working class hard? That would cost tens of billions. Billions needed for repairing schools? An NHS that really met people's needs? We might even demand the cancellation of Trident or the end of export credit guarantees which ensures that billions of pounds worth of public money goes to boost arms manufacturers and traders' profits.

It would soon become blindingly obvious that the only long term solution to Britain's real problems cost a lot more than the £11 billion Brown has going spare. It would become equally obvious that the money to solve these problems actually exists. It is in the hands of the tiny group of mega-bosses who run the economy.

Of course we should fight to demand Brown uses every penny of his surplus to meet working class needs. But the real answer is to take the wealth of the big corporations, banks and the monarchy away from them and let the workers who make the wealth decide for themselves what to do with it. But then that would not be very prudent.

Not to be outdone we want to give our suggestions of what Gordon could do with his £11 billion windfall

PANASONIC

Fight the job losses

PANASONIC HAS been a major employer in Cardiff for more than twenty years.

Since 1993 it has benefited from more than £3m in European grants provided to create jobs in Cardiff. As with other electronic companies in South Wales, it has provided work for men and women in place of the declining traditional heavy industries. In the Pentwyn factory in north Cardiff, 2,800 workers were employed until redundancies were announced in early October.

Employees and union officials believe that television production at the factory started being moved to the Czech Republic as long ago as 1998. But now management are blaming declining profits and the high value of the pound. As one worker said, "this company has done nothing for us and neither has the GMB." In fact the GMB now claim that the decision had been sprung on them.

At first it was thought that "a few hundred" jobs were on the line but then management decided that they had overestimated the demand for the decoders for digital televisions that the company produced and they were going to shed 1400 jobs. Initially voluntary redun-

dancies were offered but when more workers came forward for the redundancy package it was decided to bite the bullet and go for the complete redundancy deal in one go. Management are still claiming that all redundancies will be voluntary. Now half the workforce is facing the dole.

The GMB is quoted as saying: "The package people have been offered is about two-and-a-half to three times the statutory level. It's a package we would have been happy with if we had been able to negotiate it."

So much for a fighting union! Whatever the package, it is no compensation for your job and it is certainly no sweetener for future generations who had expected to find work in what had been considered to be a new long-term high-tech industry.

This is not an isolated closure; throughout South Wales electronics factories are threatening closure and redundancies. Hitachi have made 350 of its 500 workforce redundant while Sony has recently announced 400 job losses at Bridgend.

As the digital revolution gains pace companies have to accommodate each

new innovation to stay competitive – and as always this is done at the expense of the workforce. After the devastation of the coal and steel industries in the area in the 1980s, South Wales has suffered more than enough high unemployment, poverty and deprivation. The "new" industries must not be allowed to go the same way.

The answer is simple – nationalise the electronics industry under workers' control to save every job; impose the 35 hour working week with no loss of pay. The fight for this solution is one that workers need to start demanding from the Welsh Assembly and the Westminster government. The "new" industries have been given millions in public money; if they sack workers and close factories it's payback time – nationalise them without a penny in compensation.

To win this demand though, the workers will have to take matters into their own hands – that means occupying the Panasonic plant and the other threatened factories now. This will save jobs and give Rhodri Morgan's new Lib-Lab coalition a short sharp shock that could blow it apart.

The fight for political status

Comrades

Down the years of Ireland's struggle, Political Status was hard fought for and won at great loss on a number of occasions in our history.

You may recall in the current phase of our struggle, in 1972 when the British set out to criminalise Irish Republican prisoners, Billy McKee and his comrades through hunger strike forced the Brits to concede political status.

In March 1976, once again the British tried to introduce their criminalisation policy. It regarded those who struggled against British rule before that date as political prisoners and those who opposed British rule after that date as criminals. I recall the words of the late Kieran Nugent at that time when he told a Belfast judge, "I am a political prisoner, you will have to nail a convict uniform to my back". We all know the events that followed... the Blanket protests, the Dirty protests and finally the hunger strikes of 1980 and 1981, when Bobby Sands and his nine comrades made the ultimate sacrifice and

died on hunger strike in the H-Blocks. These were the darkest days ever witnessed in this long struggle for political status. As the world watched, it was clear then, as it was before, that the British policy of criminalisation had again failed.

Once again in April 1998, the British introduced their policy of criminalisation. As part of the hidden agenda of the Stormont Agreement political status for Republicans who still resist British rule, has been abolished. Today however, the forces against Irish Political Prisoners are greater than ever. This time with Provisional Sinn Fein actively participating in a British Stormont administration the British have again tried to introduce their failed policy of criminalisation in an attempt to finally crush Irish resistance to British rule.

As more and more Republican Political prisoners who reject the Partitionist Stormont Agreement fill up the prison cells, England's inhumanity to those who resist British rule in Ireland is once again manifesting itself

not in the Long Kesh of the past, but today in Maghaberry, the Long Kesh of 2000.

The full force of this policy has been directed at Tommy Crossan, a 29-year-old father of four from West Belfast, who is fighting for political status. Because of his refusal to accept criminalisation he has been placed in solitary confinement and locked up for 23 hours a day. He has suffered a number of attacks on his person and was on one occasion nearly severely scalded with boiling water thrown over him by a Loyalist prisoner. He has been kept deliberately segregated from other Republican internees and allocated a cell amongst other Loyalist prisoners. Recently Johnny "Mad Dog" Adair, commander of the UDA, has been moved to the prison.

In early September there was growing concern for his health when his feet became infected after minor surgery. While ordered by the prison doctor to rest and stay off his feet, he has been on numerous occasions forced to his feet

and forced by prison officers to walk some distance to the Prison Governor's Office. The infection in Tommy's feet is so bad there is now concern that disease will set in causing permanent damage to his feet and legs. In a recent interview he told Henry McDonald a reporter from the *Observer*, that if necessary he is prepared to follow Bobby Sands' example "I am determined to go through with this protest, whether that means a dirty protest or even a hunger strike. I am a political prisoner, not a criminal".

The treatment of Tommy Crossan is part of the British criminalisation policy and is a clear breach of his human rights. Tommy's struggle is political, not criminal, and because of this the British government have set out to break him by whatever means necessary. Recently prison officers from Long Kesh have been moved to Maghaberry and given the task of watching over him.

Republican Sinn Fein has reiterated its support for political status for all Republican P.O.W's, and has been campaigning incessantly on the streets of Belfast alongside Tommy Crossan's wife, Ann, informing people of his present plight and the struggle for political status in Maghaberry. Throughout

the campaigning, Ann has found herself isolated by her own west Belfast Nationalist community, due to her husband's political affiliations.

Republican Sinn Fein calls upon all ex-political prisoners, groups, and nationally minded people generally to publicly support this campaign.

In particular there is an onus on the Gerry Adams and Martin McGuinness to explain their views on this issue. Both were political prisoners themselves, whom are now British Ministers administering British rule in the new Stormont assembly, which is seeking again to "criminalise" Irish Republican prisoners. If they continue to remain silent while these Republican prisoners endure a campaign of harassment and denial of rights for seeking political status, they can only be judged to approve of this vindictive treatment.

Those wishing to support the campaign or require further information can contact us.

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Should we have supported the fuel campaign?

Comrades

G. R McColl's article on the fuel crisis (*Workers Power*, October 2000) gets itself into a muddle over the nature of the fuel protest movement. First we are told this was not a "bosses blockade" and that John Monks was talking "nonsense" when he likened it to the reactionary hauliers' actions against the Allende government in Chile. Then we are told that despite the popularity of its demand for a cut in fuel taxes, a demand *Workers Power* supports, "this was not a progressive movement". Here we have a strange beast, neither progressive nor reactionary, a veritable Unicorn of a movement!

Two reasons are given for not supporting the fuel blockade movement – its non-working class nature, and the fact that it was supported by right wing papers like the Daily Mail and by William Hague who referred to the protesters, after the event, as "fine, upstanding citizens". To take the second point first. For every opportunist columnist or right wing politician supporting the movement you can find other (more serious) forces opposing it. The Road Haulier's Association condemned it, as did the National Farmers Union, as did the CBI and the Chambers of Commerce (which pointed out that it had cost businesses "over a billion pounds"). *The Economist* was outraged, denouncing the softness on "bully-boy tactics" and declaring "the police, the oil companies, the drivers of petrol trucks and even the government have shown an alarming and indeed bewildering degree of tolerance for their antics" (Blair's Big Test, 16 September).

More importantly the *Workers Power* article suggests that because this movement was not an alliance of the working class and petit-bourgeois, like the anti-poll tax movement, but rather a purely petit-bourgeois one (made up of the self-employed, small employers and farmers) it was not worthy of support. But this is purely a sociological reason for refusing to support the movement not a political one. The demand of the movement, a cut in the regressive fuel taxes across the board, was progressive. To refuse to support it because of its petit-bourgeois (sociological) composition, is, to put it bluntly, both economic and workerist.

Does *Workers Power* refuse to support land seizures by peasants because of their class composition? Of course it doesn't. Do you support Jose Bové and his petit-bourgeois movement of small French farmers against the impact of the WTO on food production? Yes you

do. And if you support French farmers, and fishermen in their actions why, when it comes to Britain, do you suddenly refuse to support a movement with obviously progressive demands? A movement incidentally that had the clear sympathy of the organised oil tanker drivers and in opinion polls, support from 70 per cent of the population.

And what tactics does such a position lead to? *Workers Power* is against the petit-bourgeois blockades but in favour of workers' blockades. Fifty yards down the road? You are in favour of "action committees in cities and towns" but against them when they are organised at the farmers markets and by mobile phone across the lorry cabs. At the same time you want to "win the most militant and hardest hit small business people and small farmers to the labour movement's side". How – by refusing to support their pickets?

Such a position will have the opposite effect. The extreme right was active on some of these pickets. William Hague and the Tories are making a populist play for the movement. The small employers and farmers are no traditional friends of the labour movement but sections of them are in crisis, driven unusually to militant action. In periods of crisis the petit-bourgeois can go to the extreme right or be won over to the working class, but only if its leaders offer a solution to its economic crisis. The trade union bureaucracy joined the Blair government to defeat the anti-fuel tax movement. This was to be expected. What is more surprising is that *Workers Power* should have joined in.

**PATRICK STEVENS
London**

Comrades,

The editorial in the September edition of *Workers Power* began: "After Gordon Brown's July announcement of a dramatic increase in public spending... it looks like New Labour is set for another parliamentary term." This repeats the argument in the paper following the 1997 general election that "the landslide has blown away the possibility of (a) Tory government for at least (sic) ten years." In a letter you didn't publish I characterised this as the fostering of reformist illusions. Within two weeks of its repetition the delusory nature of such predictions was revealed in the opinion poll fallout from the fuel tax protest.

But the position adopted towards that protest itself, in the October edi-



Should socialists be celebrating along with the fuel protesters?

tion is even worse: "Rather than waiting for the expiry of the 60 day deadline and another round of protest by this "movement", socialists in the unions should be pushing for a labour movement campaign for the abolition of indirect taxes, not only on fuel but across the board." This must be the most ridiculous, and risible statement ever to grace the pages of the paper. For the protest itself threatened, and might threaten again, to knock away the keystone indirect tax of New Labour's regressive tax system, as set in place by the Tories. The action at the refineries came close to precipitating a general crisis of British capitalist production, society and politics.

In such circumstances the "campaign" proposed by *Workers Power* is not an example of fighting but rather of sitting-on-the-hands propaganda. It constitutes a diversion from giving a revolutionary lead to workers' action in the crisis, and instead encourages passive labour movement propaganda. This again has all the hallmarks of reformism.

Like it or not the analogy with the Poll Tax under the Tories is apposite. For what other basic necessity, object of mass consumption, and essential element of the majority of working and middle class household budgets could be taxed at 400 per cent, yielding billions, without inducing a political explosion? To perpetrate this state fraud on the subordinate classes of a nation requires more than a big lie. What is needed is a lie in plausible ideological guise, a representation of the interests of the bourgeoisie as a general social interest common to all. In this case neither red nor blue, but green.

Fuel tax is packaged as a green tax:

higher petrol prices mean less consumption, the revenues raised mean both more expenditure on public transport and reduced fuel consumption, and to cap it all, in internationalist spirit, it preserves the global environment for the benefit, not only of this generation of humanity, but of all future generations.

No matter that this holy trinity of green politics is in every respect false, it serves its purpose. In particular it induces the chattering classes of town and country, the natural supporters of New Labour, to button their lips. But most people are not taken in, specially when rising oil prices lead to increased oil company profits, and to a huge revenue windfall and budget surplus for the Exchequer, contrasting sharply with the squeeze on standards of living resulting from constantly rising forecourt prices.

That is why, to quote the paper again: "The ... protests became a lightning conductor for all those with a sense of grievance against New Labour in government" and that it "gained widespread support among the "general public". This tacit admission that the protests had the support of the overwhelming majority of the working class should imply a militant attempt to transform passive support into independent class action aimed at winning leadership of the struggle.

Instead of a disastrous fictional propaganda campaign *Workers Power* should fight for strike action, up to and including the general strike, demanding the abolition of fuel taxes. It is diversionary to counterpose a labour movement campaign for the abolition of indirect taxation to strike action to

abolish fuel tax, for in practice this can only become cover for crossing blockade picket lines, – short for scabbing and strike breaking.

Working class strike action would have three immediate progressive results. First, the oil companies would stop playing with fire, stop giving a nod and a wink to the protest. Second, the best elements among the small farmers and hauliers would be drawn to support, and to the lead of, the working class, instead of the other way round. Third, the inevitability of this middle class and small capitalist movement caving in, or settling for a form of fuel tax cut benefiting only themselves could be neutralised.

Why has *Workers Power* adopted this stance? Can it be mere coincidence that the Anti-capitalist movement the focus of its current work, is also near unanimously opposed to the fuel tax protests throughout Europe? Hardly. *Workers Power's* strident rejection of the class composition and politics of the fuel tax protests is the counterpoint of its weakened opposition to the class politics of green anti-globalisation.

Proof? In the same October edition we find: "The anti-globalisation movement's key task... is to help direct the masses of radicalised young people to the only class in society which can really stop capitalism in its tracks and destroy it – the working class. But equally this movement (sic) must erupt within the old, bureaucratic workers' movement itself, helping to restore its historic anti-capitalist character."

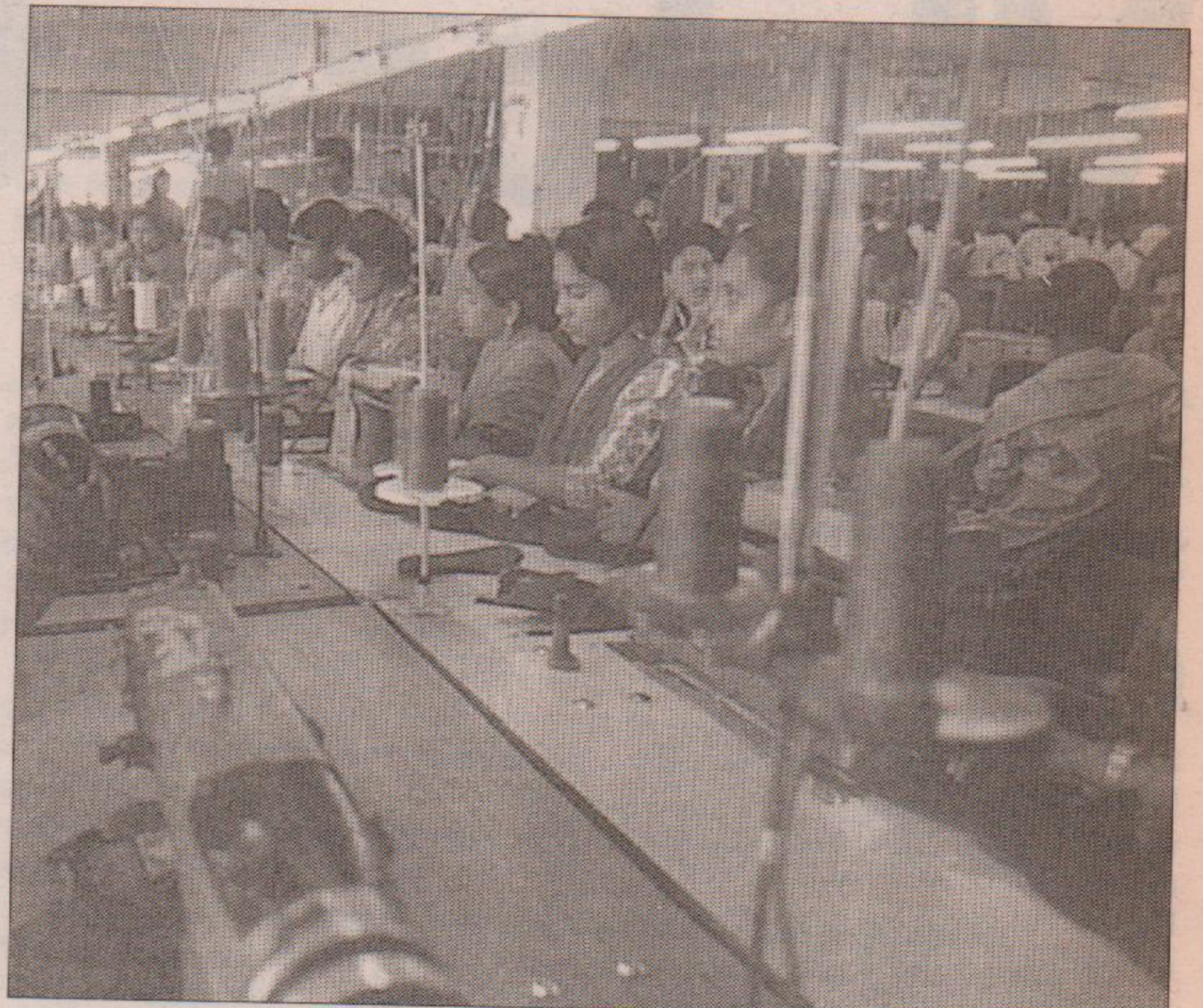
Everything here is wrong. But the "key" mistake is the beginning of the abrogation of the vanguard role of the revolutionary party in favour of a largely reactionary petty bourgeois movement. In the late 60s and 70s certain centrist "Trotskyist" currents were convinced that the student, youth and anti-war movement was a "new vanguard" destined to shake up and revolutionise the "old, bureaucratic workers movement". Some of the older heads no doubt remember where that led. Or do they? The experience of the fuel tax protest bears out neither diagnosis nor prognosis. To judge by *Workers Power's* stance, rather than an eruption there is accommodation to bureaucratic constipation. Red tainted with green turns out palest pink. To be frank the workers' movement needs the politics of anti-capitalist anti-globalisation like it needs a hole in the head.

**QUENTIN RUDLAND
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Sweatshops: the new slave labour

Jeremy Dewar and Andy Yorke put the case to launch a campaign in Britain against the use of sweatshop labour everywhere



"Windowless workshops made of cheap plastic and aluminium siding are crammed in next to each other, only feet apart. Racks of time cards bake in the sun, making sure the maximum amount of work is extracted from each worker, the maximum amount of working hours extracted from each day.

The streets in the zone are eerily empty, and open doors – the ventilation system for most factories – reveal lines of young women hunched in

silence over clamouring machines. ...As bad as the situation is in Cavite, it does not begin to compare with Sri Lanka, where extended tax holidays [for the multinationals] means that towns cannot even provide public transportation for Export Processing Zone workers. The roads they walk to and from the factories are dark and dangerous, since there is no money for street lights. Dormitory rooms are so overcrowded that they have white lines painted on the floor to mark

where each worker sleeps – they 'look like car parks', as one journalist observed.

...Then there is the matter of wages. In the Cavite zone, the minimum wage is regarded more as a loose guideline than as a rigid law. If \$6 a day is too onerous, investors can apply to the government for a waiver on that too. So while some zone workers earn the minimum wage, most – thanks to the waivers – earn less." (No Logo, Naomi Klein)

NAOMI KLEIN'S chilling description of working and living conditions for Nike, Levi and Gap textile workers in the Far East literally beggars belief. If Charles Dickens had written it, it would be frowned upon as being sentimental. Yet, having seen the Panorama exposé on BBC last month, many will recognise the picture as agonisingly true.

The very firms which promote themselves as champions of individualism and freedom reduce whole generations of young women in the East to abject poverty. It was a sense of injustice and outrage at such practices that encouraged North American students to start the anti-sweatshop campaign in the early 1990s.

Their relentless activism resulted in some tangible reforms, raised awareness among many thousands of youth and linked up the anti-capitalist movement with the organised working class. In the process, the students have developed a damning critique of capitalism at the turn of the twenty-first century.

The first anti-sweatshop campaigns involved human rights groups, trade unions such as the SEIU (Service Employees International Union), third-world non-governmental organisations (NGOs) and community organisations.

They took on the brand name giants in the clothing and shoe industry such as Nike and Gap bringing to light the third world sweatshops that lay behind the trendy adverts and high street stores. Their actions were mostly demonstrations and consumer boycotts.

In Britain groups like

Oxfam, Christian Aid and the World Development Movement were also raising the issue of sweatshop labour in the 1990s, but with no real union involvement and with much less success.

Part of the reason for this difference lies in the specific situation in the US, where there is a larger pool of immigrant labour from Latin America and South East Asia bringing sweatshop labour conditions right into the "land of opportunity". For instance, in 1995 the Department of Labour raided a barbed-wire compound in El Monte, California, where 72 Thai migrant workers were held captive and forced to work 18 hour days for \$1 an hour.

Many Hispanic workers are actively organising unions. They are aware of the sweatshops "back at home" in El Salvador, Guatemala, Mexico and are eager to use the union to improve conditions for their families and friends.

Coupled with this, US unions are also keen not to see their own wages and conditions undermined by direct competition (especially with Mexico, which is inside the Nafta free trade zone) with sweatshop labour.

In the US these campaigns culminated in the Clinton government forming the Apparel Industry Partnership (AIP) in 1996, composed of unions, consumer groups, human rights groups and the companies themselves.

This was a victory in the sense that the industry was forced to accept the idea of corporate responsibility for the conditions under which their goods were produced. In addition the AIP was to design mechanisms to prevent the worst excesses of sweatshop labour. What

it designed was the Fair Labour Association (FLA), set up in November 1998 to monitor and enforce an agreed code of conduct.

Yet this code is very weak. If enforced it would do little to improve the conditions of the workers in the sweatshops. It is voluntary: corporations monitor themselves. The corporate giants sit on the board and have a veto. And for all this they then get to sew a "no sweats" label in their clothes!

Shortly after this agreement was reached it became clear that the FLA was just a cover for business as usual, and a public relations coup for the sweatshop giants. As a result, the major unions and NGOs withdrew from the FLA. UNITE (the Union of Needle, Industrial and Textile Employees) has been in the forefront of continuing the campaign against sweatshops and linking up with the student movement.

Up to the autumn of 1997 students didn't play any distinct, organised role in this growing movement. But that summer the unions took students from the campuses, trained them as union organisers and sent them out into some of the most union-hostile areas to knock on doors, hang around factories and argue for people to join the union. These activists went back to campus and started the Sweat-Free Campus campaigns in 20 colleges and universities. The unions were very much the originators for this student movement.

Universities selling the rights to produce clothes with their college logo is a \$2.5 billion industry in the USA. The students demanded that their university administrations take responsibility for the conditions under which the clothes bearing their logos are produced. This meant adopting a code of conduct that the businesses would be obliged to abide by if they wanted their license renewed.

The movement took off in the spring of 1998 with students on dozens of campuses organising teach-ins, demos and sit-ins. In July 1998 these campus groups formed United Students Against Sweatshops (USAS). This has adopted four main provisions for the code: full public disclosure of factory locations, enforcement of the rights of women, independent monitoring, and a living wage. Some campus groups have added the right to organise unions.

Imaginative ways of building the campaign have included mock fashion shows, knit-ins, and bringing sweatshop workers to speak on campuses. But it is the occupations that have really done the business.

These typically begin with a march of a few hundred to the university president's office and demand that s/he

sign the USAS code. If refused, a nucleus of 20 to 30 occupy the administration block or president's office until s/he agrees to sign the code.

At the University of Arizona a march ended at the president's office demanding a commitment to the USAS code. When he refused, 35 students sat in the administration building for eight days until he finally gave in. At the University of Wisconsin, Madison, 30 activists went into occupation on the back of a rally of 250. It lasted five days, growing every day until it was 300-strong. The unions and students organised rallies outside in support. Within less than a week they had won three out of four of the demands.

These successful sit-ins at a handful of campuses launched USAS as a national movement. After a half-dozen sit-ins it spread to 150 campuses. As of autumn 1999, 15 universities agreed to full public disclosure of sweatshop locations and 17 agreed to living-wage provisions. But 100 University administrations have signed up to the FLA as protection against USAS campaigns. The Department of Labor met with USAS leaders in July 1999 to try and get them to support the FLA – and failed.

Now the struggle has moved on and generalised its aims, with sit-ins and protests at the Department of Labor. In October 1999 USAS organised a day of action demanding that all universities withdraw from the FLA. To make its code enforceable, USAS has developed its own monitoring organisation – the Workers Rights Commission (WRC) – with support from unions, including UNITE, and Third World human rights groups.

A campaign has begun on the campuses to force administrations to withdraw from the FLA and join the WRC. The University of Pennsylvania was the first to do so in February, followed by five more the same month.

This focus on the workers' low pay and the issue of subcontracting as a way of avoiding direct corporate responsibility has meant that these campus struggles have also begun to relate to university workers – some campaigns have added demands that all workers on campus are paid a living wage, including those employed by subcontractors. These demands have been won at John Hopkins University.

This is a step away from the attitude of "victims in the far away Third World" towards a clear internationalist, working class orientation.

The Seattle anti-World Trade Organisation protest was a key boost to the movement, both in terms of highlighting its existence and of making the activists involved more militant. One

of the most famous photos coming out of Seattle is a group of youth sitting down and being pepper-sprayed by a robocop – they were a Californian anti-Gap group, mostly high school and college students.

These groups participated in Seattle, helped build it, and have been totally fired-up by the experience of it, taking that energy back into the campus campaigns, with the sit-ins and lock-downs. Most importantly it is being re-exported through the world-wide anti-globalisation movement.

The situation in Britain is crying out for a similar campaign. The fact that McDonalds is targeted on anti-capitalist protests is no coincidence. Like Nike and Gap, it is a symbol of corporate greed, low pay, dehumanising conditions and anti-unionism. The racist immigration and asylum laws mean that there is a significant illegal and semi-legal sweatshop industry here too.

Importantly, there is growing resentment at the multinationals. Nike, for example, are about to splash out £300m on a sponsorship deal with Manchester United. As in the States, Nike is also active on the campuses – at Goldsmiths College in South London, Nike actually sponsor students. How soon before it bids for an Education Action Zone and we get "Nike days" at schools like the "Coca-Cola days" in American schools?

This is why we need to build an anti-sweatshop campaign on the campuses and in the unions. In every college socialists should build on the anti-capitalist mood that exists – and was shown in Prague in September – and turn that mood towards a campaign against corporate targets and college authorities that collaborate with them. Set up "No Sweat" campaigns now. Use the Panorama programme to launch a meeting. Link up across the colleges and take the issue into the schools and FE colleges.

Such a campaign should link up with the National Union of Knitwear, Footwear and Apparel Trades (KFAT) and demand resources from the TUC, including paying for organisers, publicity and office space. Links must be made with Turkish, Kurdish and Indian workers' organisations.

This way we can do two things: help organise and help win some valuable reforms for low-paid and badly treated workers; and provide a bridge to extend the anti-capitalist movement among college and school students and immigrant and workers' organisations.

Links:
United Students Against Sweatshops:
www.umich.edu/~sole/usas/
Workers Rights Consortium:
www.workersrights.org/

Stop atrocities against
 Child Workers
 Bal Mazdoor Union



Down with Zionist but Victory to the Palestinian

A new uprising broke out in Palestine last month. *Keith Harvey* reports on the grievances that lay behind it



OMAR ISMAIL Omar Al Ibheiseh was buried still clutching the rough stone he was readying to throw at the armed Israeli guard post. Fifteen-years-old, he was barely one when the last uprising (intifada) exploded in the West Bank of Palestine. He was cut down last month when a new intifada erupted, fuelled by the same national and social grievances that caused the last one and which seven years of a "peace process" have done nothing to address.

Omar was only one of more than 120 Arabs murdered in October, their brains blown out by army sniper fire, or shot down by Israeli settlers as they tended their crops. In this grotesquely unequal battle all the technology of death is on the side of the Israelis and all the heroism and justice on the side of the Palestinians.

The man most immediately responsible for this carnage, as so often before is opposition leader and Likud chief Ariel Sharon. On 28 September he visited the site of the Al Aqsa mosque on Temple Mount in East Jerusalem, a shrine sacred to Muslims.

This was a calculated provocation by a virulent anti-Arab racist who has practised the art of butchering Palestinians for four decades. He was overseer of the massacre of Sabra and Shatilla camps in 1982, and architect of Jewish settlements on the West Bank in the 1980s when Minister of Housing.

He went despite warnings and with the full blessing of Prime Minister Barak, protected by 3000 police in a move that encapsulated the Zionists' outright rejection of the Palestinian's claim to a share of the sovereignty of Jerusalem.

At Friday prayers the next day the police occupied the square outside Al Aqsa. Hundreds of youth vented their anger on Israeli police with stone-throwing. Instead of using tear gas and other methods of crowd control, the response was the indiscriminate and close quarter use of rubber bullets that killed four and injured hundreds of the many thousands gathered there for prayer. The armed PNA police did not respond with

arms for several hours.

This brutal assault triggered an intifada in the Occupied Territories of the West Bank and Gaza strip. In the ensuing month, more than 130 people have been killed, all but eight Palestinian. One in five of the dead were under 17 years of age.

Some were butchered by helicopter gunships and even anti-tank rockets. Others have been killed while working their fields by Israeli settlers. Most have been slaughtered by sniper fire.

Alongside the events in the West Bank and Gaza Strip, there was a spontaneous outburst of violence throughout Galilee, where most of Israel's Arabs live and form an overwhelming majority of the population. Main roads were blocked, and stone-throwing demonstrators clashed with police. Thirteen were killed either by the Israel Defence Force (IDF) or gangs of Zionist thugs on the rampage in Arab suburbs.

The Temple Mount provocation was the spark that has ignited a bonfire of grievances and frustrations that had been stacking up for seven years, ever since the signing of the Oslo Accords in September 1993.

Since then they have been given limited autonomy in parcelled up bits of the West Bank. In return they have witnessed the expansion of armed Jewish settlements, the bulldozing of their homes and theft of their water supplies, arbitrary arrest and torture in Zionist jails, and continued super-exploitation inside Israel.

The road to the Oslo accords

For twenty years – since the Arab defeat in the 1973 war – the PLO leadership has in principle accepted that self-determination for the Palestinian people would fall short of the destruction of the Zionist state of Israel and its replacement by a secular, democratic state in the whole of Palestine. The idea of the mini-state was born – a plan for a West Bank and Gaza state, possibly in some sort of confederation with Jordan.

This mini-state idea therefore turned self-determination for the Palestinians into a mockery, a denial of its genuine

democratic and national content. During the 1980s, the PLO moved further and further towards a compromise with Zionism. In December 1988 in Geneva, Arafat declared to the UN that the PLO recognised the right of Israel to exist.

Increasingly in the 1980s, the Palestinian bourgeoisie in the diaspora felt that their own narrow class self-determination would be satisfied by the tiniest of territorial enclaves – a fragment of land on which to haul up the Palestinian flag, a flag of convenience; a legal entity in which to register its financial and commercial interests held across the globe rather than simply, or even mainly, inside the Occupied Territories.

The last thing in their minds was that this state should be a vibrant, dynamic and self-sustaining economic entity capable of providing for the needs of the masses. What is more, the PLO's paymasters in the conservative Gulf monarchies were always a pressure for settlement, though wary of outright capitulation to an unbridled and ambitious Israel.

The Gulf War of 1991 convinced these petro-monarchies that powerful Arab national states such as Iraq may provide more of a threat to their own rule than Israel. Arafat's support for Saddam Hussein in that war provided them with the opportunity to withdraw their huge funding of the PLO and make Arafat sue for peace.

In addition, the collapse of the USSR

and Stalinism removed an ideological and diplomatic prop against the pressure of US imperialism. Finally, the exhaustion of the intifada in the Occupied Territories assisted Arafat. The PLO neither wanted nor organised the intifada. When it came they tried to direct it in order not to lose control of it to the Islamic groups – above all Hamas. Having used it and exploited it but not armed it effectively, the PLO exhausted it. This gave rise to a deep sense that some political settlement, any political settlement, would bring relief from the daily and grinding brutality of Israeli military occupation.

Labour's election in July 1992 marginalised the Likud "expansionist" wing of Zionism. While little divided the Likud bloc from Labour on domestic economic policies they increasingly differed on the way to solve the Palestine question. Likud favoured more and more settlements leading in the direction of annexation. At root this project was based on the need for Likud to consolidate its electoral base within the oriental Jewish community of Israel. Oriental Jews, facing diminishing economic prospects within Israel, make up the bulk of the new settlers.

The Labour Party, by contrast, increasingly feared the consequences that perpetual war would have on the age old cross-class Jewish bloc within Israel. The marked economic decline of Israel has seen unemployment among Israeli Jews mushroom, which further undermined Jewish cross-class unity and lessened the need for cheap Arab labour. Prime Minister Rabin's "agrarian" wing of the Labour Party was forced to accept the decisive argument of the pro-European Perez faction: the Labour government could get a solution which did not cede sovereignty to the Palestinians but could end Israel's economic and diplomatic isolation in the region.

Moreover, a settlement acceptable to European and US imperialism would induce them to take financial responsibility for the reconstruction of the Occupied Territories away from Israel's creaking budget. Israel stood to gain considerably from a settlement. US multinational investment would be added to the \$5 billion a year already given by the Clinton administration. Saudi Arabia could be expected to stop penalising Arab companies that traded with Israel. In the medium term Israel, through investments and trade with the Arab states – blocked off after the 1967

war – could increase its penetration of regional markets.

Nature of the Oslo agreement

The peace settlement, brokered in Norway and signed in Washington on 13 September 1993, was the biggest blow yet delivered against the Palestinians since they were first driven from their land 45 years earlier.

The first element of the betrayal lay in the PLO's official diplomatic recognition of "the right of Israel to live within secure borders", which legitimised the pogroms and forced population transfers carried out by Zionism in 1947-48 against the Palestinian people. It sanctioned the results of a war by which Israel was founded on 73 per cent of the territory of the Palestine mandate by 33 per cent of its (Jewish) population. The new autonomous areas agreed in Oslo were to contain less than 30 per cent of all Palestinian people. The 4 million Palestinian refugees – now the largest and longest existing such population anywhere – were told that they could forget about any idea of return or compensation.

Secondly, this agreement forever confined the 18 per cent Arab minority within the Zionist state of Israel to permanent second class status with no hope of unification with their Palestinian brothers and sisters. Subject to virulent anti-Arab racism, ghettoised and super-exploited in a few sectors of the economy, they are forced into competition for jobs with their Arab brethren across the Green Line.

Thirdly, the PLO betrayed the Palestinians in Gaza and the West Bank. By renouncing real sovereignty over the territory they have been granted by Israel, the PLO abandoned the legitimate national aspirations of the Palestinians for their own state in return for a supervised series of mini-bantustans with limited devolved powers.

The agreement meant that Israeli troops should be withdrawn from Gaza and Jericho in the West Bank. A PLO police force replaced them and Israeli military administration of these areas gave way to PLO administration in tourism, education, welfare, health, taxation. None of these go to the heart of state power – that is, sovereign political institutions, with control over all areas of civil society, the ability to conclude diplomatic treaties or build an army to defend its borders.

The Oslo accords were designed to seg-

Casualties in the propaganda war

On 30 September twelve-year-old Muhammad al-Durrah was cut down in a hail of bullets as he tried to shelter behind his father at a road junction in the Gaza strip. He had been with his father looking at a car they wished to buy. It was all captured live on TV; the haunting images are posted on many websites. Israel eventually had to admit they did it and suffered a huge propaganda blow. But massaging the media is a war with many battles. Soon the Israeli spin doctors had a story to retaliate with: the "mob lynching" on 12 October of two Israeli reservists who took a "wrong turn" in the Arab village of Ramallah after passing an Israeli military checkpoint.

Immediately the Zionist influenced media ran with the story. Senseless killings on all sides, trying to equate Muhammad's murder with those of the soldiers. But what really happened in Ramallah?

In fact the two were members of a four strong death squad unit (known as the musta'arabeen) who are known to infiltrate demonstrations and funeral processions to arrest or execute participants. Between 1987 and 1998 they are known to have killed 168 Arabs on the security services wanted list. The death squads wear traditional Arab clothes or civilian clothes and speak fluent Arabic.

Two were in a Palestinian ambulance (that had been stolen the night before during the clashes between settlers, soldiers and Palestinians) and two were in an ordinary car. They entered Ramallah about the same time as the funeral of one of the youths murdered by the Israelis the day before. Evidently they planned to do something to coincide with the funeral procession, but what exactly is not clear. All four of the musta'arabeen were armed and there were explosives in the car and ambulance.

Two were spotted by a policeman who detained them and took them to the police station. The other two escaped. Later the mourners from the funeral were passing by the area and heard that armed Israelis, with a car full of explosives, had been discovered in the centre of town. They stormed the station and the soldiers were killed. The men who killed the soldiers were close relatives of several who had been killed by Israel in the past two weeks.

chers!

nian intifada!



Left: Palestinians take cover from Israeli bullets. Above, troops battle in the streets with demonstrators.

regate the Palestinians into enclaves surrounded by Israeli-controlled borders, with settlements and settlement roads punctuating and essentially violating the territories' integrity. Theft of land and house demolitions proceeded apace after Oslo. The settlements – armed to the teeth – expanded: 200,000 Israeli Jews have been added to Jerusalem, 200,000 more in Gaza and the West Bank. The Israelis insisted upon the right to maintain an armed presence outside of Arab population centres but capable of immediate deployment against the Palestinians.

Meanwhile every tiny step taken toward Palestinian sovereignty has been delayed, or cancelled at Israel's will. The assassination of the architect of Oslo in Israel, Rabin and the election of Likud (opponent of Oslo) to power in 1996, both reflected and channelled the huge social forces inside Israel opposed to any concessions at all to the Palestinians. These forces ensured that when Barak and Labour came to power in 1998 in a weak coalition government little better could be expected. Indeed, not one agreement on any basic issue has been reached with the Palestinians, and Barak has accommodated the PLO even less than his Likud predecessor Netanyahu. In February of this year the Israeli press reported that the number of building starts increased by almost one-third from 1998 (Netanyahu) to the current year (Barak).

No redeployment of IDF forces has been carried out in the West Bank, and instead there has been a significant rise in the number of settlers. No binding progress has been made on any of the major issues – the Palestinian right of return, the status of Jerusalem, the evacuation of settlements, the permanent borders of the Palestinian state, nor even on the question of safe passages between the West Bank and Gaza.

The July summit at Camp David saw Barak and Clinton reject any idea of Palestinian sovereignty in East Jerusalem and Israel's maximum concession on this was international sovereignty over parts of East Jerusalem's religious sites. This was unacceptable to the masses of Palestinians and Arafat could do nothing more than reject it.

The provocation on Temple Mount on 28 September also came about as a result of the isolation and desperation of Barak's government. Lurching from one vote of confidence to another, deserted by its erstwhile coalition allies, Labour increasingly made concessions to appease the more openly hostile anti-Palestinian forces in the Likud and

religious right. But beyond these short-term and opportunistic reasons there lies a further profound polarisation of Israeli society.

The cross-class bloc has been hit hard in the 1990s by privatisation programmes, unemployment among Jewish workers, Histadrut general strikes and the course of the "peace process" itself. The intifada may – through a national government – create a semblance of unity among the Jewish people, if not as before all the citizens of the Israeli state, but a continuing resistance and a deepening of the intifada can throw Zionism into mortal crisis.

From intifada to proletarian revolution

In the five years following the last intifada of 1987 more than 1200 Palestinians were butchered by Israel. This time the sacrifice must not be in vain! This time the uprising must do more than put Arafat and his cronies in power in a Lilliputian state. This time the mass of arms, the 30,000 members of the PNA police and the tanzim militia in the camps, which are products of the accords (and which explain the ferocity of Israel's onslaught) must be used as the starting point for an independent and working class resistance to the occupation.

This time the intifada can count on the open support of masses of Israeli Arabs. For more than 50 years since the nation's founding, Israel's one million Arab citizens lived as second-class, but fundamentally passive, citizens. Only once, in 1976, did serious violence erupt, in the course of a dispute over land expropriations by Israeli authorities. In 1987 there was only passive support among Israeli Arabs for their Palestinian brethren. Now, for the first time, Israeli Arabs are expressing unprecedented hostility towards the Jewish state. The recent protests, reminiscent of the intifada, had never before been seen on this scale inside Israel.

This time, the Palestinians have little illusions in the merit of the Israeli "peace camp", a collection of middle class and labour aristocratic Israelis who helped sell the Oslo Accords, pacify Israeli Arabs and hold out the illusion that Israel could live in harmony with a Palestinian state. The "peace camp" has condemned the Palestinian intifada and excused or supported Barak's violence.

But the first step must be for the Arab workers to take the initiative in class actions against the repression and occu-

pation. The need for class independence, a class party, a revolutionary workers' party is becoming a burning necessity. The PLO must be broken up. The workers' organisations should split from this popular front with the Palestinian bourgeoisie and fight for a workers' party. All elements of the PLO rank and file, especially those who call themselves Marxists or Leninists, must be won to building a workers' party.

■ The Palestinian masses of the West Bank, Gaza and Jordan have a chance to throw the Zionist offensive back onto its heels. An immediate and indefinite General Strike across the Territories is needed; the closure of all campuses and shops, mass demonstrations and a re-affirmation of the intifada.

■ There must be an unconditional and immediate end to the military occupation in all of the Occupied Territories! Drive the Zionist settlers – front line troops of Zionist expansionism – back to Israel; there can be no self-determination for the Palestinians while they are there against the will of the Palestinian people. Open the borders between the West Bank and Israel, remove all restrictions on movement. Release all political prisoners now, end all repressive and discriminatory legislation.

■ The continued existence of the Zionist state of Israel and the full democratic national right of the Palestinians to their own state are incompatible. We say: renounce the Oslo agreement and Wye Accords; no return to the "peace process"; no ceasefire, no to the recognition of the state of Israel's right to oppress one million of its population. For the right of return to all Palestinians to their home and to their property. Down with the racist law of return

■ It is urgent that popular camp, village and workplace committees of resistance to the occupation are built. Build mass defence militia. Put the tanzim under the control of the camp and town committees not the PNA and Fatah. Arms must replace the stones! Broaden the intifada to struggle against all aspects of national oppression and super-exploitation. The PNA must cease all contacts and collusion with the IDF.

■ For unconditional and immediate aid by surrounding Arab states for the intifada! For anti-tank and anti-helicopter gunship equipment now.

■ End all oil supplies to Israel and USA. Break all diplomatic and trade ties with Israel. For a workers' boycott of goods to and from Israel.

In the event of an ethnic cleansing push by the Israeli's to clear more territories of Palestinians we call on all the Arab states to not only cut off the oil supplies to the west but to send arms equipment and volunteers to the Occupied Territories to aid the Palestinians and to mobilise the population of Egypt and Syria.

The Arab summit in Cairo has betrayed the Palestinians by opting for empty words instead of actions against the Zionist butchers. Throughout the Middle East, the masses must fight against their governments' support for the betrayal of the Palestinians.

■ For mass demonstrations in Cairo, Beirut, Jordan, Damascus against Israel and the passivity of the Arab rulers.

The only solution to decades of oppression and war is the permanent revolution, the overthrow of all the bourgeois governments of the region and the creation of a Socialist Federation of the Middle East.

FOR A REVOLUTIONARY WORKER'S PARTY!

The PLO and Arafat have led the people into a terrible catastrophe in league with the Arab bourgeoisie of the surrounding states and under pressure from imperialism and Israel. Since 1993 the people of the Occupied Territories have laboured under the corrupt and repressive Palestinian National Authority (PNA).

Sixty per cent of the PNA budget is disbursed by Arafat to bureaucracy and security, only 2 per cent to the infrastructure. Officially, hundreds of millions of dollars have disappeared into the foreign bank accounts of his supporters. The Arab summit's only decision was to hand more than \$1 billion over to Arafat to prop up him and his rule. His cronies run commercial monopolies throughout the West Bank and Gaza.

At the Wye River accords in 1998 Arafat agreed to Israel's demands on security which included confiscation of weapons not held by Fatah, outlawing the manufacture of weapons in PNA controlled areas; muzzling the press; his armed police were to jail his critics within the PLO or Hamas militants. Even during this intifada Arafat collaborated with the IDF to allow the arrest of eight Palestinians in Ramallah deemed responsible for the deaths of two soldiers there.

The hostility of many to renewed talks with Israel, of ceasefires and a new peace process in part reflects growing anger with the PLO and its betrayals. This intifada must not stop until a new leadership is created inside the Palestinian resistance movement and the PLO, Fatah and Arafat are cast aside.

Throughout the West Bank and Gaza there were sizeable demonstrations at the time of the cease-fire summit led by the PFLP, a Stalinist influenced organisation which at least shows the attractiveness of an explicitly Marxist and socialist opposition to Arafat.

To build an opposition to Arafat there should be an immediate free elections to all bodies of the PLO; recall and replace the traitors who negotiated, signed and voted for the agreement!

■ Break up the cross-class alliance of the PLO; for a party of the Palestinian workers based on the unions and on camp, village and workers committees.

■ Build a revolutionary workers' vanguard party among the Palestinian and Israeli-Jewish proletariats, committed to the destruction of the Zionist state and the establishment of a secular bi-national workers' state in Palestine.

What future for Palestine now?

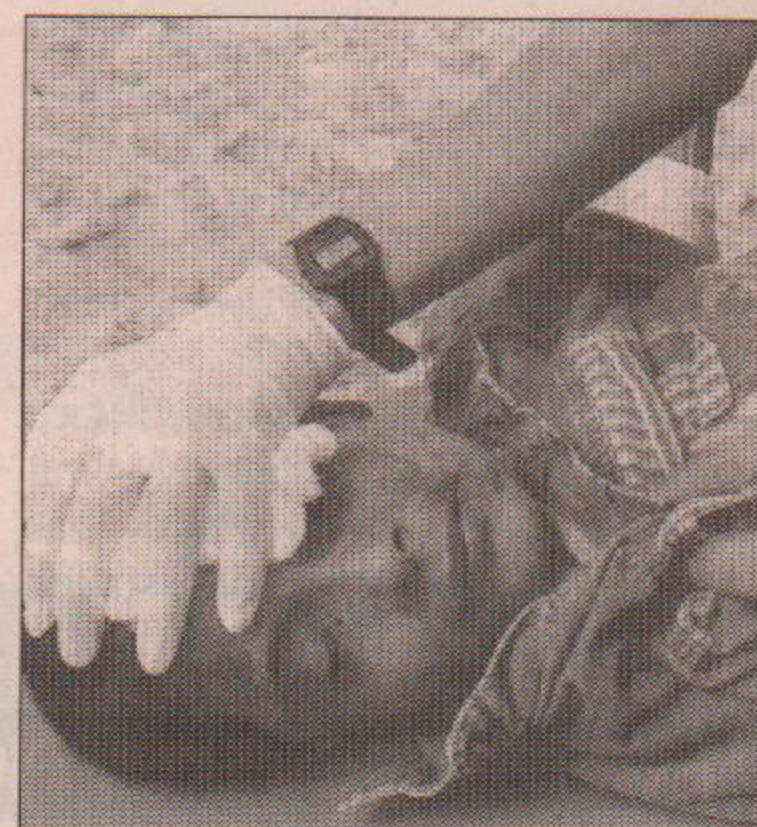
ON 15 November Yasser Arafat has threatened to declare an independent state in Palestine. Israel has in turn plans in hand to retaliate by simply imposing its own boundaries on a separate Palestinian entity. The intensive construction and settlement projects of the past years have been designed to "create facts" that would lead to this "permanent settlement."

Already the Gaza Strip is cut off from Israel by an electrified fence, breached by two border crossings: Karni for commercial goods, and Erez for tens of thousands of Palestinian workers. According to one plan, Israel would build a \$250 million exitless elevated highway from Gaza, ending near Hebron so that Palestinians could travel to the West Bank without setting foot on Israeli soil.

In May this year the government outlined a "Final Status Map". It proposed a greatly expanded "Jerusalem" which would extend in all directions. To the north it reaches well past Ramallah, and to the south well past Bethlehem, the two major nearby Palestinian towns. These are to be left under Palestinian control, but adjoining Israeli territory, and in the case of Ramallah, cut off from Palestinian territory to the east. Like all Palestinian territory, both towns are separated from Jerusalem, the centre of West Bank life, by territory annexed to Israel.

The entire Jordanian border is to be annexed to Israel along with the "Jerusalem" salient that partitions the West Bank. Another salient to be annexed farther north virtually imposes a second partition.

The intended result is that an eventual Palestinian state would consist of four areas on the West Bank: (1) Jericho,



(2) the southern bantustan extending as far as Abu Dis (the new Arab "Jerusalem"), (3) a northern bantustan including the Palestinian cities of Nablus, Jenin, and Tulkarm, and (4) a central bantustan including Ramallah.

The bantustans are completely surrounded by territory to be annexed to Israel.

These outlines are consistent with the proposals that have been put forward since 1968 intended to incorporate about 40% of the West Bank within Israel. Since then specific plans have been proposed by the ultra-right Ariel Sharon, the Labour Party, and others. They are fairly similar in conception and outline.

The basic principle is that the usable territory within the West Bank, and the crucial resources (primarily water), will remain under Israeli control, but the population will be controlled by a Palestinian client regime, which is expected to be corrupt, barbaric, and compliant. The Palestinian-administered areas can then provide cheap and easily exploitable labour for the Israeli economy.

Serbia: the revolution has to clear out its enemies

The action of tens of thousands in mines, factories and on the streets put an end to Milosevic's rule and began the purge of his hated supporters. But now his successor, President Kostunica, wants to preserve as much of the old regime as possible, reports

Dave Stockton



ON 5 OCTOBER Slobodan Milosevic was swept from power by a general strike and by the vast crowds of workers and students who filled the streets of Belgrade and other Serbian cities that night. Led by miners and other workers they stormed the parliament, the government TV centre and the police stations.

But thanks to the Serbian Democratic Opposition (DOS) leadership – which rode to power on the backs of the masses' heroism – this revolution is far from having completed its work.

The old apparatus of the Milosevic regime, thousands of managers, police chiefs, generals and state officials are still at their posts. They have merely had to shift up to make way for DOS nominees alongside them.

The deal struck between DOS and the new president Vojislav Kostunica on one side and the army high command, and the Socialist Party of Serbia (SPS) on the other, is a clear compromise to save the state forces from disintegration and the Serbian ruling class from a damaging civil war.

The SPS has been "purged" of Milosevic. He has been replaced by a new five person presidency. But many of his family and supporters remain in positions of power. The SPS holds the Yugoslav federal premiership and the Serbian presidency.

In many enterprises workers still face the old managers who desperately cling onto their power and the wealth that they have plundered. The deal struck between Kostunica and Milosevic and

the generals mean that the old regime retains important bastions of power and privilege.

That is why workers' committees in the mines and the factories have been waging a determined struggle to oust these parasites, expose their corruption and take control themselves.

The London *Financial Times* notes the rash of "Strike committees, workers' committees, lock-ins and lock-outs". On 11 October it observed that "Yugoslavia was yesterday awash with reports of workers revolting against their Milosevic-era managers and taking over the directors' suites."

It commented: "Workers took full advantage of Yugoslavia's social ownership traditions in which, under socialism, ownership rights were shared between the state, trade unions and workers' representatives. With Milosevic's rule crumbling, the workers have taken the communist rhetoric literally and taken charge of their enterprises."

Workers are 100 times right to wage this campaign and to totally ignore Kostunica's complaints and calls to go back to normal working and leave things to him. To stop the economic sabotage planned by the remnants of the old regime and to block the arrival of new capitalist owners and managers workers must establish full, democratic workers' control and self-management and place the liberated factories, offices and mines under their own working class armed guard.

Kostunica, Zoran Djindjic and the

other DOS leaders want to gorge themselves on the fruits of the revolution made by the workers and the youth. They are the chosen agents to erect a pro-Western capitalist state. Now the Western media tries to unload all the responsibility for the wars onto Milosevic but leaders like Djindjic – the key leader of DOS – and Kostunica himself were up to their elbows in the bloody deeds in Kosova, Slavonia and Bosnia in the 1990s.

But even if Djindjic, Kostunica and DOS consolidate their hold on power and legitimise it in the parliamentary elections on 23 December – thanks to economic aid from the US and West European imperialism – this will be no victory for the working people and youth of Serbia.

A DOS government, if it can overcome the bitter rivalries of the opposition leaders, will be a weapon of the new capitalist elite. Its task will be to drive through and complete the robbery of the means of production from the Serbian workers and the subordination of Serbia to the multinational corporations and the dictates of the IMF.

In the short run the lifting of sanctions and the promised EU aid may put more goods in the shops and ease the worst hardship of recent years. But they are doing this solely to consolidate the new regime.

The experience of the rest of Eastern Europe and the former Soviet Union should be a dire warning. In 1998, one in five people in post-communist Europe were living below the poverty

line – a decade ago the number was only one in fifty.

The new regime plans to seize the factories, mines, offices and introduce market forces even into schools, universities and hospitals. This means handing them over to Serb businessmen, who in many cases will be merely agents for European and North American multinational corporations.

This process of reform will be presented as the necessary destruction of an old discredited bureaucratic regime. But the capitalist owners and managers who will replace the Milosevic cronies will close down everything which will not make a profit for them. Large numbers will lose their jobs. Those who do not will be made to work harder, faster, more dangerously.

Nor will they grant self-determination for the Kosovars. Kostunica espouses the same reactionary programme of Greater Serbian chauvinism, though he pledges to use "democratic means". Djindjic has already gone further and threatened that Serbian police and troops will re-enter Kosova before the end of the year and police the borders with Albania. With such policies new wars are inevitable.

Workers should maintain and extend the occupations of their factories, offices and mines, driving out the old bureaucratic managers and blocking the entry of new owners. They need to create real "self-management", electing councils of instantly recallable representatives to run the enterprises.

They need to fight to re-nationalise all the industries sold-off to the Milosevic-Markovic family and other cronies of the SPS and JUL bureaucrats and impose workers' control there too.

Milosevic's corrupt regime and the massive destruction of Nato's bombs have ruined the country. The dire economic crisis cries out for an emergency plan drawn up by the working class. Now is the time to reorganise the economy and to rebuild the country.

The international workers' movement can help Serbian workers by fighting to force the Nato powers to pay full and immediate compensation for the destruction of bridges, factories, road and rail communications. Billions of dollars – with no strings – are needed to finance the rebuilding of Serbia, Montenegro and Kosova.

At the same time the workers' movement, world-wide, must campaign alongside the Serbian workers to force the Nato army of occupation out of the Balkans altogether.

A workers' revolution cannot restrict itself to the factories and the economy. As long as the Serbian state is under the control of police chiefs and generals – whether they be SPS or DOS supporters – the goals of the workers, the small farmers and the democratic students will come to nothing.

There must be a renewed campaign to disarm the local police and to arm the people. The rank and file soldiers must be won over to distributing their weapons to organised self-defence units of the masses. Above all a workers' militia is vital to counter the armed gangs of fascists and reactionaries.

Instead of supporting Kostunica's presidency or a DOS government, after December's parliamentary elections Serbian workers should fight for elections to a sovereign Constituent Assembly.

Such elections should be under the control of action councils elected in mass meetings. Even in the parliamentary elections workers should fight for a majority which will transform the parliament itself into a sovereign constituent assembly.

A constituent assembly is the only democratic body competent to decide fundamental questions about basis of the state itself.

Which class should rule? What form should the means of production be – private or social property? Should there be a parliamentary/presidential republic with bureaucratic-military police apparatus or one based on workers' councils and a workers militia? Should the right of Kosova and Montenegro to determine their own future be recognised?

Within a constituent assembly workers' delegates should fight for a government that consistently defends the interests of the proletariat and its allies not those of the capitalist class and the imperialist powers.

A revolutionary workers' government would face the united hostility of the followers of Kostunica and Milosevic, the sabotage and repression of the army and police high command. But the October days which swept away Milosevic showed that the rank and file of the army and the police can be won to breaking ranks and joining the workers.

A workers' government would have to complete the smashing of the state of the bureaucrats and the bourgeoisie and aid the workers and the peasants to take full and undivided power into their own hands.

It would have to move forwards to socialism. Only a socialist society where the working class, not a privileged bureaucratic caste, takes the decisions can ensure real democracy and a way out of economic misery.

Only a democratically planned economy can guarantee the rational allocation of the limited resources of the country in the interests of the people.

Only the extension of the socialist revolution to the whole of the Balkans and beyond to eastern and western Europe can defend its gains and ensure the people of Europe live together in peace.

FOR A REVOLUTIONARY WORKERS' PARTY IN SERBIA

Today there is a tremendous obstacle to progress in Serbia. The workers don't have a political party, a political leadership of their own which puts their interests first.

The Serbian Socialist Party was and is an instrument for exploiting the working class in the interest of a gang of bureaucratic parasites. These "leaders of the working class" looted the country on a grand scale. They systematically poisoned the workers with national chauvinism. They allied themselves with open and disguised fascists.

Of course the working class has trade unions but these too failed to pursue a policy of class independence. The leaderships of the independent unions have fallen in behind Kostunica just as the "traditional" unions slavishly backed Milosevic. This was and is a disastrous strategy. It will only help the managers, the bureaucrats and the western multinationals.

Though the independent unions were instrumental in bringing about the general strike their leadership proved unable and unwilling to act as a political leadership – independent that is of the bourgeois and petit-bourgeois pro-imperialist forces. ASNS (the independent unions tied to Djindjic's Democratic Party and

DOS), as well as Nezavisnost, backed Kostunica politically; the first with open enthusiasm, the other as a "lesser evil".

The official trade union leadership took an even worse position. They tried to sit out the revolution in silence. Under the pressure of the workers and many of their members the leaders of the Federation of Trade Unions of Yugoslavia were obliged to call for "democratic procedures in order to establish the precise and complete election results", trying to hide themselves behind a wall of diplomatic phrases.

The rank and file workers, the millions in and outside these unions, deserve and need a better leadership than this. Such a leadership – a revolutionary mass party of the Serbian working class – needs to be built now out of the unions and workers' committees. It must be built as part of a political struggle against the backers of the old regime and the new bourgeois government.

In preparation for the parliamentary elections the independent unions and any base units of the FTUY (old unions) who have kicked out the pro-Milosevic bureaucrats should urgently call workers' assemblies in the factories and districts and argue for the immediate formation of a workers' party in order to field candidates.

US ELECTIONS

Socialists and Ralph Nader

He is getting five per cent in opinion polls and speaking to the biggest rallies of any candidate standing in this month's US Presidential elections. Should US socialists support Ralph Nader, asks *John McKee*?

RALPH NADER is the Green Party candidate in this month's US Presidential elections. His campaign has drawn enthusiastic support at grass roots level and he has held rallies of up to 16,000 in states where the ticket has most support.

The International Socialist Organisation (ISO) and its sister organisation in Britain, the Socialist Workers Party (SWP), have been among the most enthusiastic advocates of a "vote for Nader".

Both the ISO and the SWP argue that the Nader campaign represents the anti-globalisation movement. As Chris Harman put it in *Socialist Review*, "he has embraced the spirit of Seattle". *International Socialist Review*, the magazine of the ISO, believes the campaign is "the electoral expression of the budding social movements ... The politics of Seattle - the uniting of environmentalism with trade unionism into a common front against corporate capital control - is a central part of the Nader campaign." (ISR Aug-Sept 2000)

But the politics and programme of Nader's campaign represent the reformist wing of the anti-globalisation movement, not its left, anti-capitalist wing.

Nader's campaign is certainly radical in the US context, where no mass Labour or social democratic party has ever existed. Nader attacks "corporate greed", denounces the major parties' links with big business, the lack of democracy and access to the media for the majority in American society. He excoriates the growing contrast between wealth and poverty in the US - he supports raising the minimum wage to \$10 an hour "as soon as possible", calls for the repeal of anti-trade union legislation, for a universal "insurance based"

health care system and for an end to "corporate tax hand-outs".

But the Nader/Green programme is anti-corporate, not anti-capitalist. In the tradition of radical American populism, it is anti-big business but pro-competition and small business. Nader believes that the corporations can be cut down to size, tamed by the extension of democracy, "deep democracy" as he calls it. But he is no socialist. Asked on CNN if he was a Marxist, Nader replied:

"No, I believe in democracy. I believe in competition. I think the big corporations are destroying capitalism. Ask a lot of small business around the country how they are pressed and exploited and deprived by the big business predators."

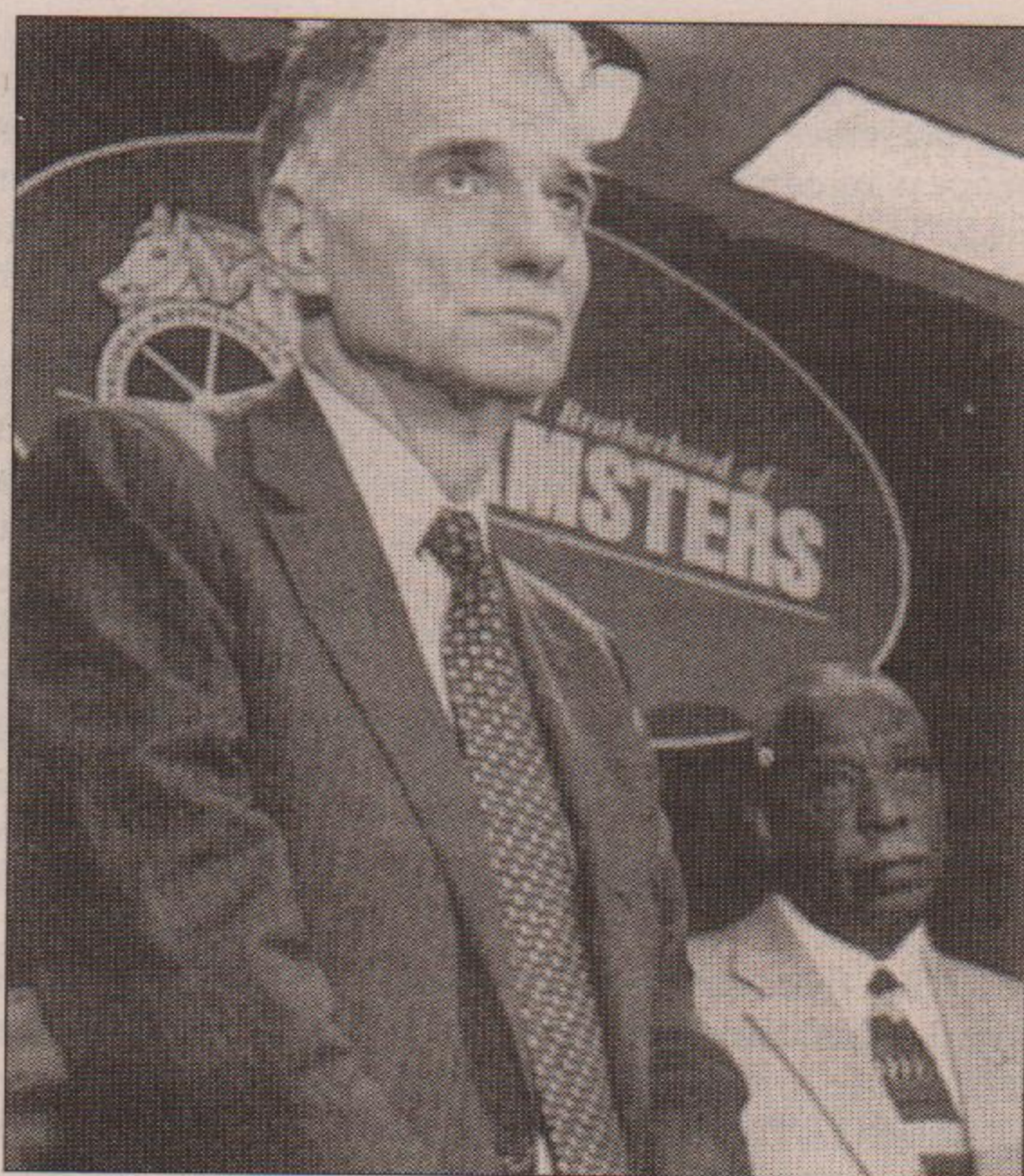
The Greens election manifesto wants an economy based on a mix of "private businesses, democratic co-operatives and publicly owned enterprises". This "constitutes an alternative to both corporate capitalism and state socialism." A third way perhaps?

Chris Harman suggests another reason to support Nader:

"It is winning support from some smaller unions and some friendly words from the bosses of the big unions like the Teamsters."

However, Nader's team claim support from only one national union, the small California Nurses Association, with 31,000 members, plus numbers of trade unionists attracted by the campaign's radicalism. The cowardly US Labor Party, which refuses to stand its own candidates for fear of offending the trade union leaders in the AFL-CIO who support the Democrats, has encouraged its supporters to join the Greens and support Nader.

Figures like James P Hoffa from the Teamsters like to show their "inde-



pendence" of the major parties by playing with the idea of third parties (Hoffa has also made sympathetic noises to another candidate - the reactionary conservative Pat Buchanan!). But there are more dangerous reasons why Nader gets support from such figures - his programme chimes in with the "America First" positions of these protectionists.

Nader is forthright in his opposition to Congress allowing China Permanent Normal Trade Relations (PNTR). Why? Because he argues, "it would speed the migration of well paying factory jobs" to China:

"Much of the investment will shift jobs from the United States to China especially in the manufacture of goods like clothing, auto parts, and consumer electronics. PNTR will exacerbate the trend of US factories shutting down,

moving to China, and then exporting their goods back to the United States."

The left wing of the anti-globalisation movement fights the multinational corporations through campaigns to raise the employment standards in the "Third world", making links in struggle with these workers - as the US anti-sweatshop campaigns try to do. Nader's campaign sails closer to the right wing of the movement, whose alternative to the World Trade Organisation (WTO) and Globalisation is pro-

tectionism and America First.

This reformism is also reflected in the approach to the IMF and World Bank. The anti-capitalist wing of the Seattle movement sees them as instruments of the multinationals, backed to the hilt by the US and the other imperialist powers. They recognise they have to be dismantled or smashed. The Nader/Green election manifesto in contrast calls for "a more enlightened policy on the part of the international agencies and their financial arms ... the United States should reign in the IMF and World Bank."

But does Nader's programme matter? Even the ISO recognise that Nader's populism is "anti-corporate but not anti-capitalist". Nevertheless, they argue, socialists should not stand aloof from the campaign, should not seize on the

"many of the real limitations of Nader and the Greens to stand aside". "After the elections" they argue, "different forms of struggle will replace the Nader campaign and the Greens."

The organised working class does not take its attachments to political parties as light mindedly as the ISO leadership. The fact that it is so difficult to break workers, or their unions, from the Democratic Party in the USA, despite its ongoing capitulations to capitalism, speaks volumes.

Workers need to see a new party struggling for their interests, often over a long period, before they abandon an old party. The ISO is saying "break with the Democrats, join the Nader/Green campaign. This is the party that represents your interests, within which you need to struggle to make it more socialist." Many trade unionists will take the ISO (and the SWP) at their word. They will be won to a Third Party that is not socialist.

If the Nader/Green campaign gets five per cent at the elections it will be strengthened through federal funding at the next elections. Where will the ISO be then if it suddenly announces that workers must not support it but rather something more radical, more socialist? Workers will rightly treat such a zig-zagging organisation with contempt.

There was an alternative. The ISO with its hundreds of members across the USA could have challenged the Labor Party to run an independent working class ticket rather than act as recruiting sergeants for the Greens, and won its supporters to such a perspective even if its leaders refused to do so. Instead, with support from the British SWP, it has abandoned the workers' party tactic in favour of hooking up with the Greens and Nader.

WORLD ECONOMY

Profits and shares fall as US boom falters

THE LONGEST period of US economic expansion in history may be about to end. After nine years of growth and a surge in productivity in the last four years, US stock markets have dipped sharply since the spring and company profits are faltering.

The implications of this trend are immense since the US economy has been the locomotive of the world economy since the Asian crash of 1997, sucking in imports and capital investments from around the world. Should this stop, and with no alternative engine of growth, the world economy could enter recession next year.

The immediate problems lie in the results of US companies. Fears that Xerox's profits would be low cut the copier company's valuation in half and then when the fears were confirmed the shares' value were cut in half again.

Technology companies such as Dell, Intel, Apple, IBM, banks such as Chase Manhattan and a host of other companies collectively had hundreds of billions of dollars wiped off their market capitalisation when they announced their results.

Nasdaq, America's technology mar-

ket, is down almost 40 per cent since March and actual profit projections were all down on the first half of the year. The Dow Jones Industrial average has fallen 10 per cent this year.

The boardrooms of corporate USA have had much to celebrate in the 1990s. Between the crash of 1989 and 1997 the mass of profits jumped 82 per cent; the profit rate increased during the same period by 28 per cent, getting back to its mid-1960s levels, and within 15 per cent of its post-war highs.

The stock market boom ("bull market") was unparalleled: Wall Street companies tripled in value between October 1987 and October 1997.

The critical period for the US economy was the period between the Asian crash of 1997 and the collapse of Russia's currency in mid-1998. Capital fled the stricken Asian region in a "flight to quality" and landed in Wall Street, boosting demand and prices for stocks and bonds.

Then the Russian currency collapsed and loans to the Russian government held by US and European banks were devalued by up to 90 per cent. Meanwhile a creeping decline

in industrial output and earnings was visible in US company reports.

It seemed as though the stock markets would crash, and they did tumble 20 per cent over the six weeks from mid-August. But then with three interest rate cuts in October and November the markets rebounded, "market sentiment" improved and the financial markets reached to new highs.

During 1999 the continued startling improvements in productivity in 1999/2000 and the launch of many new internet dot.com companies in 1998 and 1999 restored confidence. Between the spring of 1999 and spring of 2000 venture capital was available for any idea related to e-commerce however unsound their business plan or expectation of future profits. What we have been witnessing in the last few months is the clear out of the least sound and most unprofitable of these ventures as the speculative bubble has been deflated.

The productivity improvements, due to new investments in new technology after 1995, are real enough. Productivity improved in the range of 3 to 3.5 per cent per year over the last three years. What is remarkable is

that such a huge surge in productivity normally occurs at the early post-recession stage of a business expansion not, as now, towards the end of the cycle.

In part the gains can be explained by workers working harder for much the same wages, but most of it is due to the effects that new information and internet technologies are starting to have on cutting production and distribution costs.

So while the stock market bubble of 1999 was unprecedented and share prices did not reflect realistic expectations of future profits there were real improvements in profitability due to productivity changes.

What has changed recently is that profits are faltering and have knocked the stuffing out of the stock market. At the beginning of this year the profits of the US top 500 companies were 24 per cent higher than a year earlier; by the end of this year they are expected to be only 14 per cent higher. Worse, the rate of profit has fallen by 25 per cent during the last year as the mass of new investments are now getting less return as growth falters.

The US expansion has led to a huge

trade deficit and massive increase in household debt. Both will prove significant over the next year. The trade deficit is due to the US sucking in all available capital, making the dollar very strong.

This has made imports cheap and plentiful (capping inflation) but exporters struggle. As the profitable outlets for inward investment in the US lessen then capital flows may move away from the US and the dollar is likely to lose value. But as the US has been the main engine of world growth the knock-on effect could be dramatic.

Household debt has risen sharply in the US during the expansion. High levels of domestic consumption have driven the US economy along in the 1990s. But this was driven not by real and sustained improvements in wage levels (which would have meant less profits) but by expanding credit card debt or spending on the back of booming share prices.

The end of the bull market in Wall Street and lower profits for banks are going to see debt-financed spending fall away, hitting company growth and profits. It is going to be an interesting six to 12 months ahead.

Capitalist restoration

The Fifth Congress of the League for a Revolutionary Communist International (LRCI), in July 2000, discussed the meaning and significance of the shift back to capitalism in Eastern Europe and the former USSR following the collapse of Stalinism in the period 1989-1991.

After a sharp debate, the delegates concluded by a clear majority that elements of the LRCI's previous analysis had proved to be "radically false and misleading".

In particular, the Congress rejected the theory advanced by the LRCI of the "moribund workers' state" – a term we used to describe a state in which capitalism had not yet been fully restored as a social system but in which a counter-revolutionary government was actively seeking to restore capitalism.

Here we print the resolution of the Fifth Congress below, edited with additional explanatory material by *Richard Brenner*.

THE THEORY of the moribund workers' state contains several incoherencies and errors. It should be corrected now. In place of the term moribund workers' state we should instead use the words: bourgeois restorationist state.

This change preserves the insights into the economic process of capitalist restoration made by the LRCI and recorded in *Trotskyist International* over the past ten years. But this change rejects:

- the notion that despite capitalist restorationist governments the state apparatus has a proletarian class character in countries where capitalist property relations have not been successfully restored

- the undialectical view that the class character of a state is defined by the property relations that pertain within its jurisdiction rather than by the class interests and property relations it promotes and defends

- the entire category "moribund workers' state"

- the notion that there can be a proletarian institution – the moribund workers' state – which Marxists are not obliged to defend in times of war (as set out in the LRCI's Fourth Congress resolution on The Restoration Process).

This means that formerly Stalinist countries, in which the economy is still not operating on fully capitalist lines, are not necessarily workers' states of any type. The key determinant is not the prevailing property relations, but the class and economic system that the state power promotes and defends.

It is vital to understand that in transitional periods – times of revolution or counter-revolution – the class nature of the state can be in sharp opposition to the class character of the economic system operating within its borders.

In 1917, when the workers' councils (soviets) took power in Russia after destroying the capitalist state, capitalism – the generalised production of commodities and dominance of the law of value – was not immediately abolished. But the state had changed from one that defended capitalism to one that set about the systematic abolition of the dominant bourgeois property relations on its territory.

Similarly – in reverse – the assumption of power by Yeltsin in Russia in 1991 and the abolition of the Communist Party did not immediately complete the restoration of capitalism. But it was a decisive step towards the final abolition of the crumbling post-capitalist property relations, already weakened by decades of Stalinism.

The state is an instrument of class struggle – it represents the power of fundamental social groups. Its essential nature cannot be understood if we see it as a mere passive reflection of impersonal economic forces. We must look instead for its class political essence – the class and the social system that it is actively fighting for.

We therefore reject the idea that states like Russia, where the transition to a fully functioning capitalist economy is incomplete, must somehow be "workers' states" because of this. The only workers' states today – both degenerate ones – are Cuba and North Korea. If and when it can be shown that the government and decisive forces within the bureaucratic-military apparatus in these states promotes fully-fledged capitalist restoration rather than limited market reforms we should then define them as capitalist states.

Russia, Ukraine, Vietnam, Romania, Bulgaria and all states with governments that aim to restore capitalism in full are bourgeois states.

When did the change occur?

Despite the theory of the moribund workers' state, the LRCI has already identified when the governments in Eastern Europe shifted from opposing capitalism to promoting it. We referred to a shift from bureaucratic workers' governments to bourgeois restorationist governments; in each case they proceeded to remove the constitutionally guaranteed leading role of the party and the nomenklatura system.

At the time we said this was a change in the class nature of the government. We can now re-

apply this periodisation of governmental change to understand when the capitalist state was restored.

The restoration of the capitalist state in Russia occurred when Yeltsin established his government in 1991 and abolished the Communist Party of the Soviet Union. The restoration of the capitalist state in East Germany occurred not, as the LRCI has said, at the time of the currency union in July 1990, but on the election of the restorationist CDU government of Lothar de Maiziere in March 1990.

The point at which the capitalist states were restored was obvious in many cases: Russia, Germany, Czech Republic. Yet we failed to register its significance. We observed and logged that the government had changed – we said bureaucratic workers' governments had become bourgeois restorationist governments. But before we would say the class character of the state had changed, we waited and searched for signs that capitalism as a social system had been effectively restored.

This confused state with superstructure, base with superstructure, polity with economy.

At the time, we were keen to preserve the distinction between the character of the government and the broader concept of the state as a whole. And indeed, the distinction between government and state can and must be retained. The assumption of power by a bourgeois restorationist government in a workers' state need not theoretically be the same thing and take place at the same moment as the restoration of the capitalist state.

Nevertheless, it has occurred at the same time in every historical social counter-revolution so far. This is because the government would be quickly overthrown if it could not rely on and use the army, police, judges, security forces, etc.

Where elements within the state apparatus continue to resist and obstruct the restorationist programme of the government, this means elements of dual power persist, but not that the totality of the state can be defined as proletarian.

OUR EXPLANATION of how the post-war overturns of capitalism were carried out in Eastern Europe, China and Cuba remains accurate. But our periodisation of the precise point when these states became degenerate workers' states should be changed. For example, we currently say they became workers' states when proletarian property relations (central planning; state ownership of the means of production; state monopoly of foreign trade) were introduced. Instead, we should recognise them as workers' states from the point at which the governments and states began to move

decisively against capital and capitalism and to create bureaucratically planned economies on the Stalin model, i.e. in 1948/49.

The moribund workers' state is defined by the Fourth Congress of the LRCI as a degenerate workers' state in which the government actively seeks the dismantling of the proletarian property relations. But this is not a definition of a working class state at all – in this the concepts of state and economy are hopelessly confused.

It is a widely held view in the LRCI that the class character of a state is determined by the property relations on which it rests. This means that if proletarian property relations predominate over capitalist relations within the territory of a given country, then it must be a workers' state.

In most situations, in ordinary times, this is the case. But at the most important times, at times of revolution and counter-revolution, it is radically false and misleading. It fails to account for the fact that in a social revolution or counter-revolution, the state must at some point be against the economic foundation of society, must be in contradiction to it.

If Leon Trotsky ever wrote that the class character of the state is determined by the property relations on which it rests, we would have to reject his view as one-sided and therefore false. But he never wrote any such thing.

In his 1937 article "Not a workers' and not a bourgeois state?", (*Writings*, 1937-38) Trotsky explained that a state could retain a proletarian character even if working class democracy had been overthrown by bureaucratic dictatorship. In an influential passage he wrote:

"The class nature of the state is, consequently, determined not by its political forms but by its social content; i.e., by the character of the forms of property and production relations which the given state guards and defends."

Guards and defends is a far more dynamic concept than the static, passive, "rests upon", and with good reason. The key is the state's relationship to the economy. The Russian state today guards and defends the nascent capitalist property relations within Russia – since 1991 it actively promotes the class interests and the property of the world bourgeoisie there.

Yeltsin went a long way, but did not finish the job of restoring capitalism. This means that the state and the bulk of the economy can have different class natures. Can this be? Of course. Again Trotsky explains:

"But does not history know of cases of class conflict between the economy and the state? It does! After the 'third estate' seized power [during the great French Revolution], society for a period of several years still remained feudal. In the first months of Soviet rule the proletariat



Yeltsin celebrates the defeat of the August Coup of 1991 and his own rise to power

ion and the state

reigned on the basis of a bourgeois economy. In the field of agriculture the dictatorship of the proletariat operated for a number of years on the basis of a petit-bourgeois economy (to a considerable degree it does so even now)."

That is all very well in relation to a revolutionary government trying to deal with capitalism. But what about during the restoration process? Trotsky immediately goes on to anticipate the problem:

"Should a bourgeois counter-revolution succeed in the USSR, the new government for a lengthy period would have to base itself upon the nationalised economy. But what does such a type of temporary conflict between the economy and the state mean? It means a revolution or a counter-revolution. The victory of one class over another signifies that it will reconstruct the economy in the interests of the victors."

There are several things to be said about this passage. Trotsky predicts that the restorationist government would not be able to overthrow proletarian property straight away, but this does not mean that the state would remain proletarian. The counter-revolution, the "victory of one class over another", would not mean that the economy had already been reconstructed as capitalist (how could it?). It would signify "that it will reconstruct the economy" in this way. Notice also that for Trotsky, the existence of a new bourgeois government co-existing with ("based on") the proletarian economy is described as "conflict between the economy and the state".

IN THE past, when confronted with a version of this argument (notably the Leninist-Trotskyist Tendency's critique of the LRCI's theory in their brochure *In Defence of Marxism*), we replied that the word state has two meanings – one is "narrow", i.e., the superstructure, and the other is broad: the ensemble of political and economic factors within a given territory.

We have to say now, as frankly as we can, that this argument was and is specious, unconvincing and unhelpful. All it allowed us to do was to point to the non-capitalist character of the economy whenever we were asked to justify defining a "moribund workers' state" as in some way proletarian. We effectively said "the state is proletarian wherever the economy is proletarian because in one sense the concept of the state means the economy" – in which case it is not useful as a discrete concept at all. This was a circular argument which totally confused the issue. We should never use it again.

Take Russia. What was proletarian about the state under Yeltsin? Without referring to the residual economic forms, which Yeltsin tried to overcome under successive governments with relative, but not absolute success, was there anything within the military, the bureaucracy, the police, the judiciary which opposed capitalism, defended the residual proletarian relations and which predominated over all other elements within the apparatus? There were significant pockets of obstruction, but to define the entire state by these subordinate elements was absurd.

Some could argue that this position leads us to a dangerous idealism – that we are elevating a subjective change, maybe even a change of policy on the part of a regime, to a factor capable of altering the class character of a state.

Certainly, if this alternative explanation is right, a bureaucratic workers' government could become a capitalist restorationist one by passing a vote at a meeting, providing the state machinery actually set about carrying it out. But this has never happened so far. In fact, every such change has been accompanied by enormous political upheavals. And understandably so. It has involved not only a massive change of economic and class direction, but also the liquidation of the nomenclatura system and the abolition of the leading role of the Stalinist party. In each case in Eastern Europe in 1989-91, it involved a political tumult and the effective dissolution of the old parties.

The theoretical possibility remains that a ruling Communist Party could move to a fully restorationist policy and thus to a bourgeois state without a change of government or the abolition



Tanks on the streets of Moscow during August 1991

Yeltsin went a long way, but did not finish the job of restoring capitalism. This means that the state and the bulk of the economy can have different class natures.

of the single-party system. The caste as a whole could avoid dissolution by transforming itself successfully into a ruling class. China is the crucible for this perilous experiment.

Why should we not be "thrown" by these various possibilities? Because we have already recognised that the restoration does not require a "smashing" of the state. The social counter-revolution took place peacefully. Under Stalinism the bureaucratic-military apparatus already had a bourgeois form: unlike a genuine revolutionary working class state, it had a standing army, secret police, unelected officials. All that was necessary was for a new government committed to capitalism to assume control within the commanding circles of this state power.

It is on the question of defencism that the "moribund workers' state" position reveals its lack of theoretical and programmatic utility – it brings nothing but confusion to the issue.

The resolution of the LRCI's Fourth Congress in 1997 tells us that we should not operate the policy of revolutionary defencism towards the moribund workers' state in the way that Trotskyists did with the earlier types of degenerate workers' state. This was because no united front is possible with the government, or with the bureaucratic military apparatus, or presumably with the army, in defence of proletarian property relations, because the regime itself seeks to dismantle them.

A large minority of delegates to the Fourth Congress objected to this – partly because they wrongly believed such defence could be operable in practice, but also partly because they could not accept the idea that there can be any proletarian institution that should not be defended from the bourgeoisie. But the majority proponents of non-defencism presented a compelling argument – how could a united front with the restorationist regime of Yeltsin defend proletarian property relations?

The absurd theory of the moribund workers' state had created an absurd subsidiary dispute. The Gordian knot needs to be cut here. There can be no defencism because there is no workers' state.

Brezhnev was objectively counter-revolu-

tionary, reactionary, undermined the working class property relations, but he did not actively set about destroying them. Nor did Gorbachev. Until August 1991 Trotskyists argued for revolutionary defencism and a united front with the regime in times of war, against imperialism and capitalist restoration. Since August 1991 the LRCI believes this to have been impossible. The restoration process is not complete but no alliance is possible with the state as a whole to defend the remnants of post-capitalist property.

This reveals an acceptance of the programmatic use of this alternative theory – that the state as a totality is bourgeois in character. If we stick with the moribund workers' state theory, we are left with a workers' state – an institution of our class – that we do not defend against the class enemy. This means one of two things: either that we are cowards and class traitors, or, as we should now openly admit, that we have introduced into the lexicon of Marxism a category that is devoid of meaning and without programmatic consequences.

Now we can render this non-defencist position coherent. We do not ally ourselves with these states to defend them against restoration because they are already capitalist states; of course, democratic, national and anti-colonial considerations may dictate defencism in specific cases.

This change of line will not overthrow any of our genuine insights – on the role of credit and inter-enterprise debt in resisting the predominance of the law of value, on the ways in which workers and plant enterprise managers have blocked capital from destroying existing enterprises, on the remaining obstacles to the full reintroduction of capitalism.

The entire concrete content of our combined programme for political and social revolution in the "moribund workers' states" we can also retain. Though we should recognise that it is, in its overall character, a social revolution we are fighting for in these states, there remain important elements of the preceding programme of political revolution relating to remaining remnants of the planned economy.

But for the rest of the structure of the moribund workers' state theory, Occam's Razor applies. If it explains nothing, adds nothing programmatically, is not necessary and brings nothing but confusion, it must be cut away.

Capitalist restoration

At its Fifth Congress this summer, the LRCI concluded that capitalism had been restored in China by 1996 and that this was made possible by changes in the class character of the state in 1992. *Peter Main* explains why capitalism's triumph in China has not been accompanied by the same political upheaval as in Eastern Europe and the former Soviet Union.

CAPITALISM WAS restored in China by 1996. The fact that this was carried out relatively smoothly under the continued rule of the Chinese Communist Party was made possible by two principal factors. First, nearly two decades of "market reforms" had created powerful capitalist sectors within China, and secondly, the crushing of working class political opposition in the aftermath of the 1989 massacre in Tiananmen Square had removed the most important social obstacle to capitalism's return.

The key to understanding the Chinese pattern of restoration lies in the bonapartist character of the political regime established after the revolution of 1949 – a regime sufficiently detached from the pressure of the main classes in society to pursue a determined policy in the face of determined resistance.

The Chinese Communist Party's own bureaucratic-military rule was assembled during the war against Japan after 1937 and this became the basis of the new administration after 1949.

With its social basis in the peasant majority, high prestige amongst the small urban working class and a bourgeoisie that had lost most of its wealth under Chiang Kai-shek, the CCP faced almost no social constraints when it decided to adopt the Soviet model of bureaucratic command planning to modernise China.

But from the outset factional struggles and the consequent shifts in policy rocked society. Three years of famine with twenty million dead resulted from the voluntarist experiment of the Great Leap Forward and the People's Communes, while the Cultural Revolution closed down all education.

The decisive turning point in the succession of factional battles came with the return of Deng Xiaoping from internal exile in 1978. By this time, growth rates in both agriculture and industry were declining, not fundamentally because they were subject to centralised planning but because the dictatorship of the party suffocated the initiative and denied the creativity of workers and peasants themselves.

Deng's solution in agriculture was to encourage the movement away from the communes and allow the peasants to decide for themselves what to grow and how to grow it. Releasing the peasantry from bureaucratic control led to immediate improvements.

In industry, however, Deng's reforms were unsuccessful because they could not address the inherent limitation of the Soviet model of planning. Although it is possible to construct and operate the basic industries by bureaucratic command, it is not possible either to raise produc-

Planting the seeds of capitalism

ON THE eve of the 1978 reforms, agriculture employed between 70 and 80 per cent of the total workforce. It was organised on the basis of the "People's Communes" which embraced whole districts, the production brigade, numbering up to 100 households, and the production team which was essentially the traditional village or hamlet.

All decisions over production were taken at Commune level in keeping with the requirements of the central planning authorities. Although the system brought some advantages in spreading modern techniques and organising large scale projects such as irrigation, its disadvantages were beginning to outweigh these. In particular, concentration on single crops not only ignored local variations but also required expensive transportation of products that could have been produced in all localities. Prices for agricultural goods were almost entirely laid down by the state.

By the mid-1970s, the rate of increase in food production had been overtaken by the rate of growth of the population. In several provinces, peasants were already turning away from the communes and returning to "family farming" and local party officials were turning a blind eye because the results were greatly improved harvests. Faced with the choice of losing authori-

ty altogether or a second famine, Beijing sanctioned the break up of the communes. What emerged was the "Household Responsibility" system in which peasants decided their own land use but were obliged to deliver a quota of specified crops to the state at fixed prices. Production in excess of the quota could be sold on the free market or to the state at a "negotiated price" between the fixed prices and the free market. To ensure adequate supplies, the state guaranteed to buy everything above the quota output.

The result was an immediate increase in production; grain production rose by 3.7 per cent per year for the next six years, cotton by 18 per cent per year and meat by 8.9 per cent. Overall, peasant incomes rose by 12.3 per cent per year in the same period. This increase in production and income stimulated other economic activity. The number of rural markets increased from 38,000 in 1980 to 67,000 by 1993. In addition, the agricultural sector was the initial stimulus to the development of local small scale industrial and commercial activity in the so-called TVE sector. It was a source of capital accumulation, not only in farming but in associated sectors, and a new developing indigenous capitalist class, a social force that had been eradicated for nearly four decades.

tivity or to dynamise consumer goods production without the creativity and enthusiasm of the workers themselves. But this required democracy in the planning process – the one thing the Stalinist bureaucracy could not contemplate.

Instead, Deng relied on greater autonomy for the enterprise managers. Throughout the 1980s, a series of reforms were introduced to allow them to retain profits, seek new markets, reduce the workforce and increase production.

However, the overall mechanisms of the command planning system could not accommodate factory level decision-making. An important basis of support for the whole regime was the planning bureaucracy it had itself created. Time and again the reforms were delayed, diluted and even derailed by the powerful and entrenched interests within the state sector.

Quite apart from factional opposition to reform,

the actual structure of the planned sector militated against change. Managers often wanted to introduce greater financial stringency or new product lines.

But it was impossible to evaluate costs, obtain raw materials or invest in newer technology in a system where all resources were allocated from on high and prices were laid down by Beijing.

The only way in which the system could increase production was by building new capacity and taking on new workers. As a result, although productivity stagnated, output continued to grow in the state sector.

Nonetheless, a combination of constant pressure from the Politburo, headed by Deng, and the consequences of other reforms such as those in agriculture, the Township and Village Enterprises (TVEs), the Special Economic Zones (SEZs) and the introduction of foreign direct investment, did begin to loosen controls and increase managerial autonomy from the mid-1980s.

Economically, increased contact with the TVEs allowed industrial managers to start making profits, "on the side" whilst more than fulfilling their quotas for the planning authorities.

At the same time, decentralisation of the planning authorities themselves strengthened provincial institutions, especially banks, which extended credit for the building of yet more new capacity, thereby adding indebtedness to the problems of the state sector.

Politically, tensions increased both within party and state as different factions proposed different courses of action. It became impossible to keep these arguments secret and by the mid-1980s a semi-public discussion over economic policy was under way.

Attempts by the authorities to suppress this movement only served to highlight the lack of "democracy" within China and thus the seeds of the "democracy movement" were sown which grew after 1987.

Popular discontent, however, was not confined to political issues. Fuelled by inflation, which rose to 18 per cent in 1988, and the manifest corruption of the new rich and many officials, economic grievances drew in the working class. At first, the leadership of the party was slow to respond to the rising discontent. Its own ranks were seriously divided.

The "reformers", supported by an increasing number of managers and economists who had

Let a thousand enterprises bloom

THE TOWNSHIP and village enterprise sector (TVE), as it has come to be called, was a direct product of the agricultural reforms of the late 1970s and 1980s. When the communes were formally dissolved, in 1994, the workshops and small scale industries which they had developed passed into the hands of the local authorities, de facto the party secretaries.

In keeping with central demands for initiative and economic growth, they were then developed to respond to increased farm incomes by supplying building materials, tools, transport, slaughterhouses, food processing plants and similar products.

From these humble origins, and often using the networks of contacts of the state and party officials, the TVEs grew rapidly in the 1980s to become not only an important source of manufactured goods (32 per cent of industrial production by 1992) but also the provider of employment for 130 million rural workers (30 per cent of all rural workers, 1996 figures). According to official statistics for 1995, the TVE sector as a whole produced 44 per cent by value of total national industrial output.

The precise status of the TVEs has caused considerable confusion because they are listed as "collectively owned" in Chinese statistics. As a result, western commentators, particularly those who wish to deny the progress of capitalist restoration, have added them to the "state sector" to show that some 70 per cent of the economy is "not capitalist". They make a double mistake.

The first is terminological. Despite the characterisation as "collectively owned", 90 per cent of the total number of

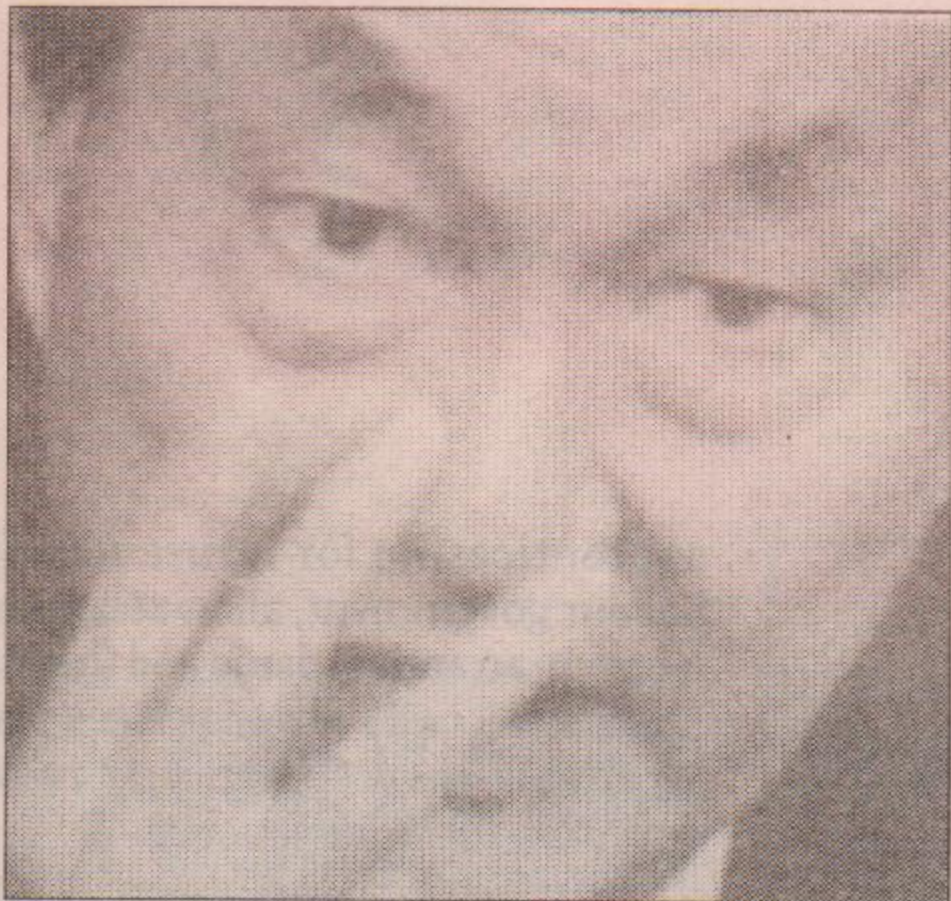
TVEs in 1994 were owned by individuals, although these were very small scale and accounted for only 30 per cent of output by value.

More importantly, whether these enterprises are capitalist or not is not primarily a matter of legal definitions of property forms. The point is that these are all independent enterprises, not part of any planned system of production. Two-thirds of output is produced by wage labour, all production is for the market and their investment funds originate either in retained profits or commercial credit. They are, in a word, capitalist.

Numerically, the majority are very small capital formations but the development of the sector as a whole follows a predictable pattern from small, local and labour intensive operations to increasingly larger, more highly capitalised firms which are capable of operating not only across the whole home market but even abroad on the world market. As the TVE sector has grown and become more capital intensive, the sector has been unable to absorb labour at the same rate as it could in its early days and adds to mounting rural unemployment.

The importance of the TVE sector when assessing the character of the Chinese economy is not simply its percentage of total industrial output, significant as this is. Production is still in small units and the sector could not be said to dominate the national economy as a whole. However, it does employ a growing percentage of the working class, it is a source of capital accumulation and it is the basis of a new industrial bourgeoisie and petit bourgeoisie able to take advantage of the privatisation drive of the state since the mid-1990s.

triumphs in China



Zhu Rongji (above) has continued both Deng's pro-capitalist policies and his repression of any protest or dissent (above right)



already given up any hope of reforming the planned economy, tended to support the demands for greater openness and public debate but the defenders of the "old regime" sympathised with the anti-corruption demands of the masses.

However, when protests became huge the leadership began to close ranks. Zhao Ziyang, who was believed to be sympathetic to the demonstrators, was replaced by Li Peng. Finally, when increasing numbers of workers' delegations from around the country began arriving in Tiananmen Square in 1989, Deng and Li decided to send in the reliable troops from rural provinces.

Although the immediate consequence of this bloodbath was a return to power by the military and supporters of command planning, the destruction of the workers' movement inevitably strengthened the pro-restorationist forces in the long run.

To regain stability, the regime not only froze prices and purged a number of conspicuously corrupt officials but also raised wages and restored many central controls over the economy.

In the short term the suppression of the Democracy Movement showed both the solidity of the regime's support in the countryside and the continued strength of the factions opposed to the market reforms. However, over the next two years, it became clear that a return to the past was impossible.

Although inflation was brought under control and production in State Owned Enterprises briefly rose in 1991, by 1992 it was the southern provinces – especially Guangdong – which were the most market-dominated and which were growing fastest.

Having crushed and cowed the industrial working class and emboldened by the inability of the "old guard" to reverse earlier reforms, Deng and the "technocrats" around Jiang Zemin and Zhu Rongji decided the time was ripe for a decisive change of policy.

This was first signalled by Deng's "Southern Tour" in January 1992 during which he praised the Shenzhen SEZ as the way forward for the whole of China. This was then codified into a series of policy statements including the opening up of the border regions to trade, relaxation of foreign investment regulations in cities along the Yangzi River and in a further 18 provincial cities, the complete opening for foreign trade of a series of coastal cities and the abolition of the Production Office of the State Council and its replacement by the State Council Office of Economic Trade, under Zhu Rongji.

The change of policy culminated in the adoption of a new programme for a "socialist market economy" by the Fourteenth Party Congress in October 1992. At the time, Workers Power judged this programme to be similar in vein to the "market socialist" policies that had been adopted years earlier in, for example, Hungary and Yugoslavia.

These had weakened, but not destroyed, the fundamentals of central planning in those countries. In the light of the events in Eastern Europe and the former Soviet Union where capitalist restoration took the form of the so-called "big bang" strategy of closing down planning ministries, liberalising prices and, thereby, practically halting production, we concluded that Beijing had chosen to retain some modified form of central planning. We were wrong.

With hindsight we can now see that this was the point at which the character of the state

changed. Whilst continuing to be a bonapartist regime that had to secure its own economic base and at the same time balance between the main social classes, it consciously decided to transform its economic base from a planned economy to a state capitalist one.

Politically, the old guard had to be ousted from all positions of decisive power but a thorough purging was not necessary because the two years after 1989 had proved that they were, ultimately, a spent force, especially as their only realistic basis of support – the working class – had been suppressed in 1989.

Economically, the shift in policy was possible because the planned sector was by now only responsible for slightly more than 50 per cent of production. Any serious shortfalls in production could be made good either from the private and TVE sectors or from the world market.

The crucial evidence that the government was committed to the destruction of the planned economy came at a Central Committee Plenum in November 1993 which adopted "Fifty Articles for a Market Economy".

This laid down the strategy for systematically dismantling the planning controls over the state owned enterprises and their transformation into independent "trusts". At the same time, it proposed a radical reform of banking, a move towards convertibility of the Renminbi, removal of restrictions on where foreign investment would be allowed and the end of the "iron rice bowl" labour regulations which guaranteed urban industrial workers job security, education rights, housing, healthcare and pensions.

Similar proposals had been made before but had not been implemented and although, in 1993, the state sector for the first time produced less than 50 per cent of all industrial production, it continued to dominate the industrial core, the "commanding heights" and remained the single most important sector.

Since no actual dismantling of the planning system had yet taken place, we continued to characterise China as a degenerate workers' state. We should have recognised it as a bourgeois restorationist state which was still preparing to push through its programme.

The next two years, however, saw a dramatic

Enclaves of capitalism

ORIGINALLY, THE Special Economic Zones (SEZs) which were set up after 1979, were kept entirely separate from the rest of the Chinese economy. Their role was to attract foreign capital investment, high technology and to give China access to modern management techniques and foreign currency. Their output was destined for export, not for the domestic market. In return, foreign companies were offered tax breaks, cheap labour and subsidised infrastructural development.

In the 1980s, the SEZs developed rapidly with double digit growth rates throughout the decade. As they grew, they shifted their emphasis from the original cheap labour assembly of toys and plastic goods to textiles and then to electronic and optical instruments.

By the 1990s production facilities of all sorts had begun to move away to lower wage areas such as the Pearl River delta between Hong Kong and Canton. The SEZs were increasingly concentrating on "service" industries such as real estate management, insurance and banking.

From this it is clear that, despite their char-

acter as supposedly sealed enclaves, separate from the rest of China, the SEZs began to have an impact beyond their borders within a decade of their foundation. Not only did they provide employment they were also a growing market for all kinds of goods and services, often supplied from the TVE sector.

Over the last ten years the influence of the SEZs strengthened as the barriers to the domestic market were lowered and foreign firms were allowed to set up elsewhere. As sources of foreign trained management and legitimisers of, for example, short term contract labour and what has been called "frontier capitalism", they have exerted an immense gravitational effect.

Especially in the coastal provinces, they have diverted resources from the state sector, pulled the TVEs into their own orbit and established economic links between the world market and the non-state sectors.

Today, their "special" status is being relinquished under the terms of the World Trade Organisation agreement signed last November. From the point of view of the restorationists, their job has been done.

change in the Chinese economy under the impact of "trustification", the first closures of planning ministries and a flood of foreign capital. In fact, a serious degree of economic instability developed as enterprise managers sought to take advantage of growth rates of up to 18 per cent.

Characteristically, many opted for extending their production facilities rather than improving the productivity of existing plant and equipment. As a result, the state owned sector continued to grow at an annual rate of some 8 per cent even though this left a majority of its firms in debt and unable to make a profit.

It was during this period that the basis of production shifted decisively in favour of capitalist methods. Figures for 1996 show state owned industry producing only 28.3 per cent of industrial production while the collectively owned, mainly TVE industry, accounted for 39.4 and, very significantly, production in private hands (15.5 per cent) and foreign owned companies (16.6 per cent) amounted to 32.1 per cent.

In subsequent years, state policy focused on the incorporation of the 1,000 biggest and most productive plants in the state sector, leaving some 49,000 smaller enterprises to find their own solutions in the new economic landscape. The majority of them appear to have been privatised at give away prices to their own managers. Others have merged to form more viable units and the remainder have been closed altogether.

However, there is now a clear trend towards not just "corporatising" state owned enterprises, as envisaged in the mid-1980s, but towards full privatisation in the form of shareholding joint stock companies. The Fifteenth Party Congress in September 1997 officially sanctioned such companies, justifying them by the remarkable argu-

ment that they were a form of collective ownership and, therefore, entirely compatible with its socialist principles. This represents an important shift towards the developing bourgeois class within China.

Since that Congress, Zhu Rongji has been made Premier by the People's Congress and, as head of the first government that contains no military figures, has overseen the dismantling of the remaining planning ministries, the divesting of the People Liberation Army's entire industrial empire and the negotiation of an agreement with the USA to allow China to enter the World Trade Organisation. This deal, which included the opening of China to foreign firms and banks, is likely to result in a further dramatic restructuring of the Chinese economy.

The prospect for China, therefore, is one of mounting instability. The imposition of capitalist norms in industry has already led, according to the World Bank, to some 10 million redundancies per year for the last three years and this has generated a wave of political struggles across China.

Two decades of reform, culminating in the restoration of capitalism have not only changed the face of China but transformed and massively enlarged the Chinese working class, now the biggest single working class in the world. Out of its experiences and its current struggles, that class will find its own political voice and create its own political organisations.

The task of revolutionaries everywhere is to ensure that these are won to a revolutionary programme that destroys for good the dictatorship of the bureaucracy, expropriates the new capitalists and takes power into the hands of workers' councils and a workers' militia.

With a little help from foreign investment

UNTIL 1979, foreign investment in Chinese enterprises was simply forbidden. Given the country's political instability, it is doubtful whether there would have been many volunteers even without the ban.

FDI was very slow to take off to begin with. Until 1984, only 250 state owned enterprises were allowed to take in foreign partners as "joint ventures". Between 1979 and 1984 only US\$1.8bn was actually invested, although the state borrowed some US\$11bn as well.

Although the figures did increase for the rest of the decade, before falling back sharply in the aftermath of the Tiananmen massacre, it was not until the fundamental change of policy in 1992 that the floodgates opened. By 1994 China was second only to the USA in terms of FDI – attracting US\$33bn that year.

Enterprises were dropped and all provinces were allowed to invite in foreign investment. By 1995, according to the

official industrial census, there were 59,000 firms in China with foreign investment. They employed nearly nine million people, 13.6 per cent of the industrial workforce and produced 13.1 per cent of total industrial output. Investment on this scale clearly has implications for the character of the economy. While loans to the government are guaranteed a return, investment into joint ventures on a shareholding basis, or into wholly owned companies, is obviously investment in production and foreign capitalists will want to ensure their profits by influencing, if not controlling, production.

Consequently, the availability of huge volumes of foreign capital acted as a solvent of the production and distribution linkages established under the planned economy and accelerated the creation of new ones determined by the pursuit of profit. This is particularly important with regard to the scrapping of controls on foreign investment into the large scale industry of the state sector after 1992.

CAPITALISM is an anarchic and crisis-ridden economic system based on production for profit. We are for the expropriation of the capitalist class and the abolition of capitalism. We are for its replacement by socialist production planned to satisfy human need. Only the socialist revolution and the smashing of the capitalist state can achieve this goal. Only the working class, led by a revolutionary vanguard party and organised into workers' councils and workers' militia can lead such a revolution to victory and establish the dictatorship of the proletariat. There is no peaceful, parliamentary road to socialism.

THE LABOUR PARTY is not a socialist party. It is a bourgeois workers' party—bourgeois in its politics and its practice, but based on the working class via the trade unions and supported by the mass of workers at the polls. We are for the building of a revolutionary tendency in the Labour Party, in order to win workers within those organisations away from reformism and to the revolutionary party.

THE TRADE UNIONS must be transformed by a rank and file movement to oust the reformist bureaucrats, to democratise the unions and win them to a revolutionary action programme based on a system of transitional demands which serve as a bridge between today's struggles and the socialist revolution. Central to this is the fight for workers' control of production. We are for the building of fighting organisations of the working class—factory committees, industrial unions, councils of action, and workers' defence organisations.

OCTOBER 1917: The Russian revolution established a workers' state. But Stalin destroyed workers' democracy and set about the reactionary and utopian project of building "socialism in one country". In the USSR, and the other degenerate workers' states that were established from above, capitalism was destroyed but the bureaucracy excluded the working class from power, blocking the road to democratic planning and socialism. The parasitic bureaucratic caste has led these states to crisis and destruction. We are for the smashing of bureaucratic tyranny through proletarian political revolution and the establishment of workers' democracy. We oppose the restoration of capitalism and recognise that only workers' revolution can defend the post-capitalist property relations. In times of war we unconditionally defend workers' states against imperialism. Stalinism has consistently betrayed the working class. The Stalinist Communist Parties' strategy of alliances with the bourgeoisie (popular fronts) and their stages theory of revolution have inflicted terrible defeats on the working class world-wide. These parties are reformist.

SOCIAL OPPRESSION is an integral feature of capitalism systematically oppressing people on the basis of race, age, sex, or sexual orientation. We are for the liberation of women and for the building of a working class women's movement, not an "all class" autonomous movement. We are for the liberation of all of the oppressed. We fight racism and fascism. We oppose all immigration controls. We fight for labour movement support for black self-defence against racist and state attacks. We are for no platform for fascists and for driving them out of the unions.

IMPERIALISM is a world system which oppresses nations and prevents economic development in the vast majority of third world countries. We support the struggles of oppressed nationalities or countries against imperialism. We unconditionally support the Irish Republicans fighting to drive British troops out of Ireland. But against the politics of the bourgeois and petit-bourgeois nationalists, we fight for permanent revolution—working class leadership of the anti-imperialist struggle under the banner of socialism and internationalism. In conflicts between imperialist countries and semi-colonial countries, we are for the defeat of the imperialist army and the victory of the country oppressed and exploited by imperialism. We are for the immediate and unconditional withdrawal of British troops from Ireland. We fight imperialist war not with pacifist pleas but with militant class struggle methods including the forcible disarmament of "our own" bosses.

WORKERS POWER is a revolutionary communist organisation. We base our programme and policies on the works of Marx, Engels, Lenin and Trotsky, on the revolutionary documents of the first four congresses of the Third International and the Transitional Programme of the Fourth International. Workers Power is the British Section of the League for a Revolutionary Communist International. The last revolutionary International (the Fourth) collapsed in the years 1948-51. The LRCI is pledged to fight the centrism of the degenerate fragments of the Fourth International and to refound a Leninist Trotskyist International and build a new world party of socialist revolution. If you are a class conscious fighter against capitalism; if you are an internationalist—join us!

GRANTS NOT LOANS: ABOLISH THE FEES

END STUDENT POVERTY NOW

NEW LABOUR has condemned students to a life of grinding poverty while they are at college, followed by a life of debt repayments after it. This is what the abolition of grants and their replacement with loans together with the imposition of tuition fees means.

The story for students is now sickeningly familiar. Thousands are forced to work many hours in low paid jobs to meet their everyday expenses. Inevitably studies suffer. And even then, students remain trapped in poverty.

The National Union of Students (NUS) has called a demonstration in London this month demanding a return to grants and the scrapping of all fees.

Despite New Labour's claim that fees would not affect the chances of working class students getting into higher education, the reality is in the statistics. Some colleges in working class areas are experiencing drop out rates of over 25 per cent as students living in poverty simply can't manage to pay fees.

They know that their education is going to saddle them with an enormous debt for life. Following Scotland's scrapping of tuition fees, applications to Scottish universities went up by 20 per cent. Even Baroness Blackstone, Blair's Minister for Higher Education, had to admit recently that fees might be affecting college applications.

So, faced with the real crisis in higher education what is Labour planning to do? It is planning to allow some of the so-called elite universities to start charging even more for tuition. Top up fees of £6,000 per year are on the cards.

Enough is enough. Poverty and debt have to be replaced by action to win the right to free education, paid for by taxing the rich, and to give students a grant to let them live while studying.

Action across universities and colleges in the new term must bury tuition fees. We need a campaign of demonstrations and occupations to force the government to scrap fees and restore grants. The money is there: Chancellor Gordon Brown is sitting on billions, while students are forced to work for rubbish wages at McDonalds; the rich get richer while students can't afford a proper meal.

The national demonstration this month will be an important focus to begin a real campaign of action, but activists must ensure that such a campaign is not derailed by the NUS leadership. Traditionally this leadership, stuffed full of Blairites serving their



DEMONSTRATION CALLED BY THE
NATIONAL UNION OF STUDENTS

FOR GRANTS NOT FEES

15 NOVEMBER

ASSEMBLE: 11.30 ULU, MALET STREET,
LONDON WC1

apprenticeship for future jobs in a Labour government, allow steam to be let off on an annual demo and then sabotage every real fight that takes place. When students occupy they get no support from these bureaucrats.

This year needs to be different. Many students are influenced by the mood of anti-capitalism sweeping the country's youth. They are militant and angry. When college authorities try to expel students who haven't paid their fees, they occupy.

Out of this year's demonstration we need to call on the left in the colleges, organised in campaigns and groups like Revolution, the socialist youth movement, the Campaign for Free Education and the Socialist Worker Student Societies to combine their forces and build a network across the campuses to link up future occupations.

Occupations, backed by demonstrations, are the key, because occupations can paralyse the functioning of a college. They are the best weapon students have to win their demands. We need to prepare for them now.

This network can come together and be built around other campaigns too, like No Sweat (see page 7). What it can do is both fight the do-nothing NUS bureaucrats and build an alternative rank and file student leadership to them so that when a college does go into occupation it knows there are other students building nationally to support it.

Students need to link up with education workers in their common fight to defend free high quality education for all. Sheffield lecturers made a very impressive start to the term forcing their employers to back down. Just two days before they were due to start an all out indefinite strike against job cuts the college bosses withdrew their plans for compulsory redundancies.

Education workers in the former polytechnics are also planning action against the imposition of a miserly 3 per cent pay deal. As college applications continue to decline education workers in colleges across England and Wales will face cuts and even college closures. Education workers and students have to fight together for free education for all.

Students demand

- An end to student poverty!
- Scrap all tuition fees - scrap student loans!
- For a living grant equivalent to the minimum wage!
- Free education for all!

FEEDBACK

 ■ Contact us on 020 7793 1468 ■ Nice demo details on 0773 022 0962

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ISSN 0263-1121

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