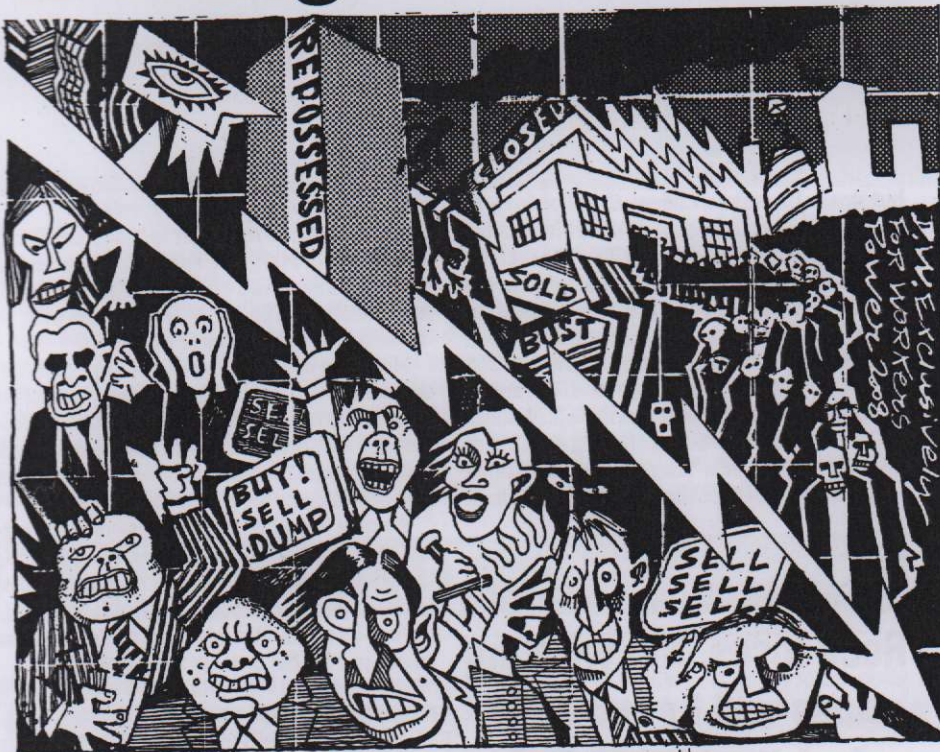


workers power

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Monthly magazine of the British section of the League for the Fifth International

...credit crunch deepens...stock exchange shudders...prices rise...



- **Crisis raises risk of recession**
- **Don't let bosses hold down pay, cut jobs**

CHAOS HITS FINANCIAL SYSTEM

INSIDE:

- **Global economy totters**
- **Palestine: Gaza breakout**
- **Coal and nuclear power – OK?**
- **Pay: will the unions fight?**
- **Kenya's stolen election**



League for the Fifth International

EDITORIAL

Labour wants workers to pay for the bosses' crisis

By Jeremy Dewar

They're calling it "the perfect storm": a banking crisis as bad loans are written off or, in the case of Northern Rock, passed on to the taxpayer; a slump in the housing market, leaving tens of thousands facing repossession and millions with unsustainable mortgages; a stock market crash, wiping billions off share values and reducing pension funds; an economic slowdown, pushing many out of work, while cutting the wages of others; rising inflation, especially in fuel and energy, mortgage payments and food.

The storm gathered in the United States, but is passing over the Atlantic to the United Kingdom.

George Soros, the man who made millions from Black Wednesday in 1992 by betting on the pound plummeting, says "London as a financial centre in the UK looms larger than New York as a financial centre in the US. In that sense, a bigger adjustment is facing the UK." This is "not a normal crisis but the end of an era," he adds.

Bank of England governor Mervyn King warns that 2008 will be "a difficult year with slowing economic growth, unemployment rising... higher energy prices, higher food prices and, with a lower exchange rate, higher import prices, pushing inflation above the 2 per cent target". And of course, not only is the retail price index rising at roughly twice that rate already, but workers' real cost of living, which is more affected by hikes in essential goods and services, is set to rocket.

As for jobs, some analysts are predicting that 15 to 20 per cent of financial jobs might go, along with 5 per cent of those in other sectors. Even at the top of the boom there are 1.65 million out of work.

New prime ministers can usually blame their predecessor's economic record. But Brown was in charge of the Treasury for 10 years until last June. Worse, Brown built his reputation on being the "iron chancellor", placing "prudence" above immediate needs. In 1999, he haughtily claimed he had learned how to "harness the benefits of an open global economy while taming the global cycles of boom and bust". Hmmm...

Labour crashes on Northern Rock

But hubris is not the only problem that Brown has. He has been accused of dithering, of breaking his own "golden rules", of being too scared of state intervention for fear of it looking "socialist".

Northern Rock is a symbol of Britain's economic woes. Until 1997 it was mutually owned by the thousands who deposited savings in the bank. It was floated on the stock exchange and

its shares rose rapidly, reaching the FT 100 top companies in 2000. But it was steeped in US-style "sub-prime" mortgages, where working people are encouraged to borrow beyond their means to buy homes.

Last September, the Rock looked anything but steady. Investors withdrew £2 billion in three days and it ran out of cash. Shares plummeted from £12 each to less than £1. To stop the bank crashing and bringing others down, the government underwrote its losses. As we go to press, Northern Rock has swallowed £26 billion of taxpayers' money; the debt could climb to £55 billion. To put this into perspective, the entire education budget this year is only £63.7 billion.

Given this generosity, the big capitalist investors got greedy. They wanted top whack for their now worthless shares and for the Bank

However much Northern Rock loses, the working class will be asked to foot the bill. As Karl Marx said: "Capitalism privatises profit and socialises loss"

of England to waive the interest on the giant loan. But rather than nationalising the bank, the Labour government has sought to make Northern Rock more appetising for vulture capitalists, like Richard Branson, guaranteeing state aid – and inflated profits – for years to come.

However much Northern Rock eventually loses, it is the working class that will be asked to foot the bill – in higher taxes for the poorest, cuts and closures in vital services, and public sector employees lostaking cuts income pay and jobs. As Karl Marx said: "Capitalism privatises profit and socialises loss".

Even during Brown's so-called good years, millions of workers have suffered. The wealth gap has widened, the numbers living in relative poverty have increased. Millions of workers put in longer hours, have less secure jobs and take home lower wages than 10 years ago. Now the new jobs are under threat.

We cannot predict exactly how bad the recess-

ion will be: we do not have access to the information that governments, the World Bank, IMF and central banks have; there are several contingent factors that could mitigate or worsen the current downturn, such as the recent French rogue trader scandal; and the class struggle itself will play an important role.

We could face a recession as bad as one in the early years of Margaret Thatcher when unemployment reached over three million and huge swathes of industry went to the wall, or it could be a milder slowdown.

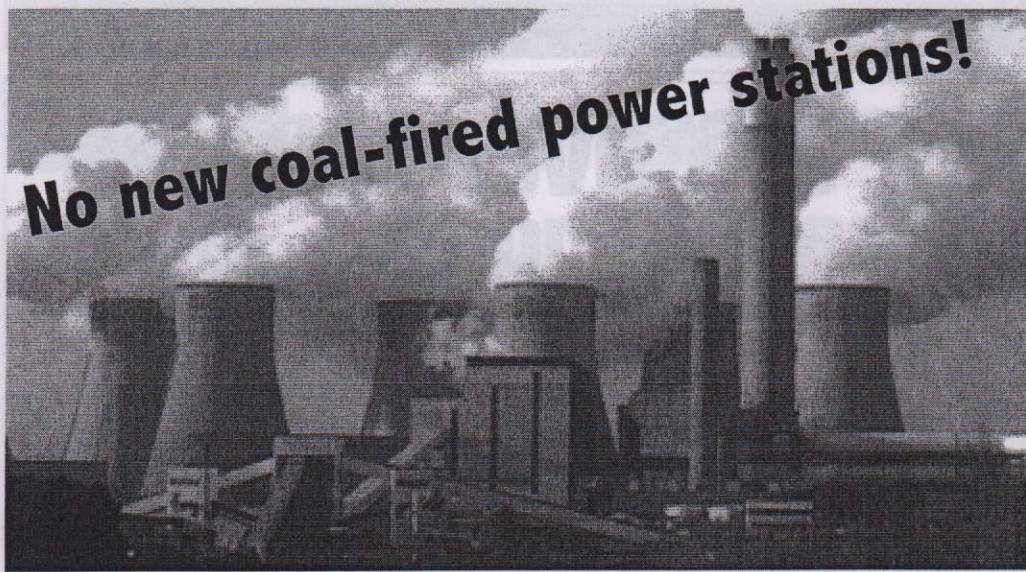
However, one thing we can be sure of is that the bosses will try to make the working class pay for their crisis and make it as hard as possible for us. Therefore we will have to fight back and not rely on the trade union leaders or Labour party to do deals to "soften the blow".

We have to quickly learn the lessons of the battles of recent years – the ones we lost as well as the ones we partly won – and create the kind of leadership and organisations capable of defending our interests. In short we've got to make the bosses pay for the crisis in their system.

Action programme

Workers Power proposes the following basic principles for the battles ahead:

- Fight for real wage rises to eradicate low pay and years of discrimination against women – £9 an hour for all.
- Don't trust the government: no three-year deals that will be eroded by inflation, but union price-watch committees that can measure the real rise in living costs, and wages index-linked against inflation.
- Defend every job and every penny in pay and conditions. For strikes and occupations against all attacks on jobs, pay rates and conditions of work – all-out, indefinite action is the best way to win.
- Rank and file control of all action and negotiations through mass meetings and elected and accountable strike committees – no more sell-outs, no more calling off action for useless talks.
- Town and city wide local co-ordination of the struggles with workplace and service user delegates meeting to unite actions – and to pressure union leaders call a united strike.
- A new workers party. We need to break the unions from Labour and force them to spend our subscriptions on funding a new party – this time one under the control of working class people. We need a revolutionary combat party, fighting in the factories and offices, on the streets and in the schools and colleges, to overthrow the madness of the profit system and replace it with an economy democratically planned to meet the needs of millions.



No new coal-fired power stations!

Revolution – the socialist youth group – has launched a campaign against the proposed new coal-fired power station at Kingsnorth in the Medway, Kent. As part of the World Social Forum global day of action last month, Revolution, along with Green Party students, World Development Movement and Campaign Against Climate Change, picketed

the London offices of E.On. They are working closely with local campaigners. E.On is the company behind the new drive to coal in Britain, and is a classic corporate polluter – its coal and gas plants specialise in pumping out CO₂ into the atmosphere. It is the world's 53rd largest company, with assets worth a staggering \$168 billion. In 2006 it made

a cool \$6.4 billion in profit. Revolution will hold a teach-in next month, where further actions will be planned

For more about the campaign turn to page 5 visit www.worldrevolution.org.uk email info@worldrevolution.org.uk phone 07816-327 646

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NEWS IN BRIEF

HAIN SHAME PART 1

Peter Hain resigned from the cabinet after police opened an investigation into financial malpractices.

Hain claims his failure to declare £100,000 of donations was an oversight. That the money was channelled through the Progressive Policies Forum, which has never met, let alone produced a policy, casts doubt on this explanation.

Tory leader and Hain baiter David Cameron was also caught hiding free helicopter flights in his figures, while his mate George Osborne failed to register a cool half million.

The House of Commons reeks of corruption and back-handers. As Labour loosens its ties to the unions, it joins in the game. That's why we need a new workers party to sweep away the sleaze endemic to parliamentary politics.

HAIN SHAME PART 2

One of Hain's last acts as works minister was to announce the closure of 28 Remploy factories, which offer skilled jobs to disabled people. Despite the fact that he promised to fight to keep them open. Up to 2,000 jobs are at risk.

In fact, the day before he scurried off, managers at Remploy York dismantled machinery and removed furniture in case the workers occupied the textile plant.

They're right to fear militancy. Unite and GMB union members at the Aintree and Birkenhead Remploy factories on Merseyside have voted to strike. Others could follow.

Hain thinks it right to cudgel disabled workers off incapacity benefit, then shut Remploy factories. We're glad to see the back of him. Support the Remploy strikers!

Mc'A'-LEVELS

You've probably heard of McJobs – slang for low-paid, no-rights, dead-end work – now get ready for Mc'A'-levels. Labour has accredited hamburger chain McDonald's manager training course as an 'A'-level, handing yet more of our education system over to corporations.

McDonald's is notoriously anti-union and fought the longest case in British legal history to stop two activists leafleting its outlets – the "McLibel" case it eventually lost at the European Court of Human Rights. In 2004 Morgan Spurlock ate only at McDonald's for his documentary film *Super Size Me*: his liver nearly packed in.

I wonder if any of this will make the curriculum.

CLIMATE CHANGE

Labour lies to cover bosses' nuclear profits bonanza

By Joel Harrison

Governments across the globe are coming under pressure to deal with the threat of climate change.

Yet for years scientists have warned about the danger of the "greenhouse effect" from CO₂ emissions. But it was only when the Stern Report came out in 2006, which warned that the global economy would shrink by 20% if nothing was done, that governments decide to act.

The Labour government is now pushing the idea that nuclear power is the answer both to the energy crisis and climate change. David King, the government's chief scientific adviser and author of *The Hot Topic*, says nuclear energy will be essential if Britain is going to radically reduce carbon emissions. So Labour is planning to build 10 new power stations at an estimated cost of £10 billion a plant.

Labour is peddling three lies around nuclear power: the first is that it is carbon free, the second is that it is cheap energy, and the third is that the sole responsibility and cost lies with the private company.

Nuclear power is not carbon free if the whole production lifecycle is taken into account. There are large amounts of traditional fossil fuels required to mine and refine the uranium needed to run nuclear power reactors, to construct the massive concrete reactor buildings, to transport and store the toxic radioactive wastes created by the nuclear process. And as uranium becomes increasingly scarce, it will take more

energy to extract it from the earth.

It is not cheap energy if you take away the millions in government subsidies that the nuclear power industry receives. There is also the high price of the environmental hazards of nuclear power, such as radiation leaks.

And lastly the public will foot the bill because the private companies like French energy operator EDF, German E.On and British Centrica are campaigning for the government to ensure an attractive financial framework that would make nuclear power cost-effective in comparison to other forms of energy. They want the government to guarantee a minimum price for carbon on the "open market" for the next 50 years to ensure that the energy they are producing will be bought at a price that makes a profit.

Ministers are also looking at putting a ceiling on the price private firms will have to pay for dismantling reactors at the end of their life, reducing companies' risks and making it cheaper for them to borrow. Companies will also be able to rent space in a giant nuclear waste vault to be built by the government.

The public could also pay for all decommissioning of plants and waste disposal. The current bill for dismantling existing plants is estimated at £70 billion with another £20 billion for the dumping radioactive materials. The public will also foot the estimated £1 billion bill to compensate the area that will host the waste vault – a bribe to poor communities for the risk of high levels of leukemia, leaks and accidents.

Everything points to the public shelling out huge subsidies for these private companies who in turn will be handing out huge profits to their CEOs and shareholders.

The fact is that a rational energy programme under capitalism is not possible while the main sources of fossil fuel production, electricity generation and distribution, and nuclear reprocessing remains in the hands of big business, which puts profit before conservation, efficiency and safety.

In our programme *Manifesto for World Revolution* we say that nuclear energy must not be run for profit. We oppose privatisation and call for nationalisation of the nuclear industry. We call for the opening of the accounts, no more corporate secrets – find out how much nuclear power really costs outside of the massive subsidies.

But *Workers Power* doesn't stop at just the nationalisation of the industry – we fight for workers' control, expropriation of the capitalist corporations, and a democratically planned economy that takes into account the full cost of energy production both in terms of the economics and environmentally.

While there are many problems with the emerging alternative energy sources – wind, tidal wave, solar, hydro and geo-thermal – we need funding to develop these and to discover new forms of energy. Instead of spending billions on nuclear power to boost the profits of the capitalists, we need to invest in renewable technologies for the masses.

Bali conference: roadmap

After two weeks of fractious negotiations in Bali, the United Nations sponsored climate conference decided to... keep talking. Such a 'roadmap', argues *Joy Macready*, is a recipe for climate catastrophe

The roadmap claims to lay out a timetable for achieving a global climate deal by the end of 2009. The agreement is supposed to take the world beyond 2012 (when the Kyoto Protocol expires) – but not a single reduction target after 2010 is included in the final agreed text. So, after a fortnight of talking, the 12,000 participants at the Bali Summit agreed simply to keep talking.

Before the summit began the UN Intergovernmental Panel on Climate Change, the official sponsor of the conference, had submitted a document calling on the industrialised nations to cut their

greenhouse gas emissions by 25 to 40 per cent by 2020 (compared to 1990 levels) in order to start to address climate change. This was rejected by the US, along with Canada, Australia and Japan. A compromise draft agreement stating that global emissions should peak within the next 10 to 15 years and then be cut by half by 2050 was also rejected. Instead of concrete targets, the statement talks of the need for "deep cuts in global emissions" and called for a "long-term goal for emissions reductions" – just empty phrases.

This is a far cry from the "historic breakthrough" that most of

the UK and EU government ministers have hailed as the outcome. Due to the effective stonewalling by the US delegation, delegates from the other 186 countries were so helpless against the world's single superpower they had to resort to booing the US delegation's obstruction. Everyone knew that any agreement was not worth the paper it was printed on if the biggest polluter in the world did not sign up to it.

Even though the US has agreed to continue "negotiating" to avoid being internationally isolated, it has not agreed to any action. Instead the US has created its own

Stop the new coal polluting power station in Medway

By Jo Cassidy

Socialist youth group Revolution is leading direct action to halt climate change and their first stop was the headquarters of E.On, the German energy company applying to build a new coal-fired power station in Medway, Kent. Together with the London School of Economics Young Greens, World Development Movement, Campaign Against Climate Change and Rising Tide, 30 people protested outside E.On's HQ and handed in a letter of complaint to the E.On chief execs. A modest success for the new campaign and one that we will build on in the months ahead.

E.On's application for the new power station was passed by Medway Council in January and the application now lies waiting Gordon Brown's approval. If it succeeds, it will be the beginning of the government's plans to build a new generation of coal power stations – seven other proposals are waiting behind Kingsnorth.

In the battle to cut carbon emissions and halt climate change Brown claimed at the end of last year that there would be "hard choices and tough decisions" to be made. But so far there has been no sign of these hard choices – rather Brown has dropped combating climate change in favour of policies to please big business. New Labour remains committed to coal despite its promise to generate 20 per cent of Britain's total energy from renewables by 2020.

Coal is still one of the dirtiest forms of energy. In fact, even with the advances made in "cleaner coal" technology, the Kingsnorth power station would emit more than eight million tonnes of carbon dioxide each year – that's more than

30 developing countries. It is easy to see why one hasn't been built in Britain for 33 years and why Kingsnorth would be a step back when the world is in desperate need of a leap forward. Labour's commitment rests on the fact that the price of coal has been falling and is now cheaper to burn than less-polluting natural gas.

E.On, similar to BP and EDF, is a massive corporate polluter that tries to paint itself green to avoid tarnishing its brand and reputation. E.On's corporate mission statement is "diversification" of energy sources, meaning that E.On has a wide portfolio of energy generation methods such as wind farms, coal power stations and nuclear power stations. Yet while E.On's website boasts that its offices are now one degree cooler to conserve energy, still half of the energy it produces is from fossil fuels and it is a supporter and developer of nuclear power. Furthermore, E.On is the world's 53rd largest company and its interests lie firmly in protecting profits, not the environment, with assets worth a staggering \$168 billion and in 2006 it made a cool \$6.4 billion in profit.

E.On's greenwash excuse for the Kingsnorth power station is that – sometime in the future – it will be able to be upgraded the stations with

carbon capture and storage (CCS) technology. CCS is a means of separating out carbon dioxide when burning fossil fuels and then storing it either underground or under the sea bed. If viable this would be a big advancement in cutting carbon emissions.

Unfortunately, there are no operating CCS plants in the world and there is no timescale on when this may be available, if ever. A UN report predicted that CCS would not play any significant role for decades – even chancellor Alistair Darling said the technology "may never work".

Objection to Kingsnorth must not be confused with a localist, Nimby (not in my back yard) stance – the climate effects of carbon emissions pumped out by coal power stations are felt internationally. It is our job, in one of the richest and most polluting countries in the world, to lead the fight against climate change; if the campaign against Kingsnorth is successful this will be an important victory in the struggle.

But carbon emissions do have local effects and these will be particularly destructive in Medway as it is already the most polluted part of the country from receiving pollution from London. The campaign against Kingsnorth should incorporate the local working class to fight against coal power and for investment into renewable energy technology without any job losses in the area. Already the council has received 9,000 letters from local people against the plans. The Brown government and energy companies have profit at the heart of their interests, so simply writing to MPs and asking nicely will not persuade them – rather we need to build demonstrations and organise more direct action to force them to invest in renewables and away from coal power.

to climate catastrophe

parallel process with the countries accounting for 85 per cent of greenhouse gas emissions. Some European officials threatened a boycott of the January meeting in Hawaii called by the White House, if the US did not agree to a common statement in Bali.

What became apparent at the summit was that most participants believe that when the Bush regime ends, the US will finally play ball. As though what was at stake was the stubbornness of one not very bright president rather than the interests of a world plundering ruling class. Certainly US presidential hopefuls have jumped on the glob-

al warming bandwagon, yet not one has promised to impose specific targets to reduce carbon emissions if this would hurt the US economy.

And the economy question is in the back of the Europeans minds as well. Most of the EU nations will not even achieve the completely inadequate targets set out by the Kyoto Protocol. Their position is not driven by genuine concern for the environment, but securing the long-term future of the \$30 billion Emissions Trading Scheme (ETS) and maintaining Europe's domination of the world carbon commodity trade. The ETS has done nothing to significantly reduce

emissions in Europe, but it has spawned an enormous international market in carbon investment and speculation. More than \$60 billion changed hands in the global carbon market this year.

So was there any political will there to make the shift from a carbon-intensive world economy? The short answer is no. Under capitalism, the drive for profits trumps environmental protection every time. No country will do anything that undermines their ability to compete on the global market.

Only a socialist solution – one that is based on a democratically planned world economy – can tack-

le the causes of climate change. What does that mean? It means we must democratically decide how we want to develop infrastructure and industry to meet these needs.

We must make a global shift away from the burning of fossil fuels and towards cleaner technology. All of these objectives will only be met if we radically transform our society. For this we need an international revolutionary movement that challenges the capitalists and overthrows the system that keeps most of humanity in abject poverty and misery. For this we need a party of world revolution – a Fifth International – to fight for power.

WOMEN

Equal pay for work of equal value now!

By Joy Macready

More than 700,000 female council workers, a similar number of NHS workers and tens of thousands of teaching assistants and Ministry of Defence staff have been systematically paid less than men for jobs that require similar skills. They are now eligible for equal pay settlements.

Classroom assistants, dinner ladies, school nurses, midday supervisors and play workers make between £8,000 and £15,000 a year, yet they are being smeared in the press – accused of forcing men's wages to be slashed, council taxes to be jacked up. Council bosses have even threatened to axe the women's jobs first in some kind of vengeance.

What scumbags! These bosses have pilfered from women for decades – to the tune of £3 billion. Meanwhile, the top 300 bosses in the state sector saw their salaries increase 12.8 per cent in 2006, boosting their pay to an average £237,564 a year.

In 1997, unions agreed with councils on the "single status" review of wages and to start paying workers in female-dominated jobs



Glasgow care workers went on strike last year for more pay – and won

as much as those in male-dominated ones for similarly skilled work. Yet over 10 years on, and even a report from the Local Government Employers said last month that only 47 per cent of councils had completed pay reviews.

The same report said that to pay women the same as men would mean cuts in services for the disabled and poor; pitting women's pay against council services, mainly used by women and disabled people.

Instead we say: tax the rich to pay for both. Brown spends billions on wars, bailing out the banks and cutting taxes for the rich. It is time we had good pay and services for women.

And where reviews have taken

place, some women have been given poor pay rises. A group of women had to take their union, GMB, to a tribunal, alleging that a desire to protect men's jobs and pay led it to pull its punches in talks with councils.

Despite the 1970 Equal Pay Act, women workers are still discriminated against – full-time women workers receive 17 per cent less an hour than men in full-time work, while part-time women earn 38 per cent less than their male equivalents. Moreover, women are disproportionately forced into part-time, insecure, extremely low-paid employment because of domestic commitments.

Women today make up half the

unions' membership. They are now more likely to join a union than men. Unison boasts that it has almost one million women members, over two-thirds of the union. To revitalise the British trade unions, women's struggles must be at the forefront – and sexist bureaucrats, who don't fight for full equality must be removed from office.

Unison has said that it is taking 72 cases of wage discrimination to court under the single status law. Good. But as the case in Birmingham shows (see opposite), the battle is unlikely to end with a handshake between barristers.

Women in the GMB, Unison and other unions should demand the unions fight for all their members, male and female. This should include organising action such as strikes to force the employers to pay up to low paid women and fighting for support from male colleagues. To do this effectively women should join with poorly paid men and fight for a rank and file movement to dissolve the power of the bureaucracy.

With the reins in the hands of the rank and file, the first move would be to award the bureaucrats the average wage of its members – let's see how fast they move to fight for decent wages.

Parliament ready to attack abortion rights

By Rebecca Anderson

MPs will soon be urged to contribute to the Lord's attack on women's right to choose when the Human Fertilisation and Embryology Bill is debated in the House of Commons, after its third and final reading in the House of Lords.

In the Lords, Baroness Masham of Ilton has already proposed that women be denied abortions where the baby, if born, will have a mental or physical illness or impairment. About 1 per cent of abortions are performed for this reason.

In the House of Commons, anti-abortion MPs such as Anne Widcombe and Nadine Dorries are already preparing more attacks. Widcombe is currently organising a roadshow, along with anti-abortion groups Life, Care and The Right to Life Trust, called "Not on

your life... or anyone else's" to rally support for the amendment.

Abortion Rights is organising a protest against this roadshow outside Central Hall Westminster on 6 February.

Dorries submitted an Early Day Motion to parliament last summer that proposed a reduction of the timescale in which women can have an abortion and also a "cooling off period" of two weeks after a doctor's consultation, which would have restricted women's access to abortion further.

Campaigners may give up on trying to influence the House of Lords, which is staffed by a group of unelected people, believing that MPs may stand up for a woman's right to choose abortion. But in the House of Commons, the situation won't be much better.

Abortion is seen as a matter of "conscience" by the main political parties and MPs get a free

vote. Many MPs avoid disclosing their views on abortion because of the controversy surrounding it. There should be a three-line whip on Labour MPs to turn up and vote against more restrictions and for free abortion on demand.

We say

- Lobby MPs surgeries and homes and get them to commit to defending abortion rights
- Demonstrate outside parliament during passage of the bill
- Leaflet, petition and hold meetings across Britain to explain the facts about abortion and why it is necessary to defend women's rights.

We cannot rely on parliament or the Labour Party to defend women's rights. The 1967 Abortion Act was brought in by Labour and now it is the same party that oversees the attacks upon abortion rights.

We also need to go further than just stopping the passage of this

bill. Women should have greater control over their own bodies; currently they still have to get permission from two doctors and have the abortion within 24 weeks. Only a pregnant woman should make the final decision about an abortion – with no time limits; we need to fight for free abortion on demand.

Women should also fight for free contraception on demand to give them more control over their bodies. They should also demand greater cash benefits and free quality child care in order to lessen the burden of raising children.

But this isn't just a question for women. The burden of raising children falls disproportionately on working class women and their partners. Therefore it should be a class issue and the trade unions must involve themselves in any campaign to defend women's rights including mobilising men in support of their working class sisters.

UNIONS

Teachers vote to strike

The National Union of Teachers is balloting its members at the end of February for a 24 hour strike against the recent, below-inflation pay deal worth 2.45% for September 2008 and 2.3% for the two following years. **Bernie McAdam** of Sandwell NUT argues for a 'Yes' vote.

In recent years the National Union of Teachers has refused to fight against real pay cuts - "rises" below inflation. But last summer the union executive was infuriated when the government reneged on its promise to review the desultory pay "rise" once the rate of inflation had overtaken it. NUT conference had already resolved to fight for £3,000 or 10%, whichever is greater, in 2008; this time there will be a ballot for industrial action.

Gordon Brown had insisted that pay increases be limited to 2 per cent. No doubt we will be told that we should be grateful to have mar-

ginally breached that. Schools minister Ed Balls accepted the STRB recommendation, hoping it would buy off the moderates, and isolate the NUT. And indeed right wing teachers' union NAS/UWT swiftly raised the white flag.

But it is a pay cut. As energy, housing and food bills spiral, it is simply unacceptable that pay "rises" should become pay cuts.

If the government can dish out billions on "saving" Northern Rock or fighting colonial wars, and hand over our schools to private finance consortia and academy trusts - then they can easily protect our standard of living.

As recession clouds loom, it would be pure folly to accept a long-term pay deal. The governor of the Bank of England, no less, says inflation will rise over the next 12 months, so the 2.3 per cent offer to 2009-10 will cut an even bigger slice off our income. Guarantees to "review" the deal if prices rise are

not worth the paper they're written on; we know this from last year's bitter experience.

NUT response

Patience among teachers is certainly wearing thin with the union's snail's pace at Sandwell, West Midlands. Our leadership unanimously called on the national executive to immediately ballot members for action, and coordinate it with other public sector unions fighting on pay.

But the leadership continues to dither. The ballot not only limits us to a one-day strike, but that day is nearly 3 months away - April 24! Teachers are not stupid; they know that a one-day strike is not going to win the battle. More time will then be lost re-balloting. Meanwhile exams and summer draws near.

A new strategy of rapidly escalating action culminating in all out, indefinite strike is needed. We do not need a series of long drawn out intermittent one-day strikes where

members are marched up to the top of the hill only to be brought down again. This won't force the government to concede and eventually, just as in the post last year, members might end up reluctantly accepting the original offer, sensing the leadership hasn't got the bottle to fight on.

NUT reps should call school meetings now and put the case for a "Yes" vote, bombarding the executive with demands to stop prevaricating and organise serious action to win. At the same time, we should contact local civil servants, local government and NHS workers and form joint action committees to unite our claims and get ready to strike together.

But ultimately, a militant rank and file movement must be organised to develop an alternative leadership, which is not afraid of organising a public sector wide strike to beat back Labour's pay freeze - even if this means bringing down the government.

Single status for Birmingham workers means substandard pay

By **Bernie McAdam**

Birmingham City Council is, like other authorities, using single status and its equal pay regulations (see article on page 6) to cut the pay of 5,000 employees - 12 per cent of its workforce.

Many of these workers are already low paid. A lot of them will lose their bonuses. Those that are being awarded their rightful equal pay will not receive full back pay to compensate for years of discrimination. Others will see their working week extended.

Strike ahead

All the unions involved - Unison, UCATT, GMB, Unite and Amicus - have opposed the council's plans. Thousands have rightly refused to sign their new contracts. The Council has threatened to sack them by 1 April, if they continue their defiance.

A militant and determined response from the unions is imperative. Several hundred council workers attended a rally in Bir-

....stop press...

Ballot results are just coming in as we go to press and it appears that strike action may well start on February 5. The spectre of binmen and women, road workers, librarians, cleaners, carers, street engineers and office staff striking against the Council is imminent.

Binman Wayne Edwards from Weoley Castle told the Evening Mail: 'We had our meeting the other day and were told we would be losing £68 a week, which is totally unacceptable. But the top earners of this council will not be losing anything. How is it they are exempt from this pay structure, how is this fair?'

A mother of three, who works at a city council neighbourhood office, said that she could not afford to lose £2,500 a year.

ingham's Victoria Square on 12 January. The rally was the latest in a series of protests that has included lobbies, demonstrations and petitions against the City Council imposing its single status pay cuts.

But a GMB steward at the rally told Workers Power that he was "none too happy with GMB's local leadership in building for the rally or in building a militant fight back against the Council". Furthermore, he felt that the unions should

be campaigning for an all-out, indefinite strike and not just limited one-day actions.

Voice of Labour

The leader of the council's Labour group, Albert Bore, is supporting the workers "even if industrial action is what it takes". Good! But let's not forget the source of the problem - Labour policy nationally. Nor should we forget Labour's inaction over many years when it



controlled the council. The Labour government is presiding over the imposition of single status deals throughout the country and refusing to fund them.

Instead of fighting these cuts, city by city, the unions should launch a national strike for as long as it takes to eradicate low wages and unequal pay - not at the expense of jobs, services or council tax hikes, but by taxing the big corporations and the super-rich.

FIGHTBACK

Royal Mail: Burslem strike could be start of fightback

By a CWU rep

Workers at the Burslem Delivery Office in Stoke-on-Trent reluctantly voted to end their five weeks and all-out strike on 24 January. One hundred posties had been on an all-out strike since 18 December in defence of 12 suspended members. Despite Communications Workers Union leader Billy Hayes and the victimised dozen recommending a return to work, a significant minority wanted to fight on for victory.

And they were right to want to. A review of industrial relations, the removal of the local manager and allowing an "independent element" to sit in on the appeals of the 12 mean nothing unless the union can defend its leaders.

Quarter of the Burslem 12 are CWU reps, a further quarter former reps. Management has banned union facilities and meetings in the office in an attempt to smash the union. The charges relate back to the 2007 national postal strike and are a classic fit-up, vaguely termed as "misuse of position as a CWU Rep", "exclusion of others" and "encouraging non-cooperation with management".

In fact, management themselves



are the real bullies; 16 per cent of members stated they had been bullied by managers in a recent and secret "Have Your Say" survey; 80 per cent disagreed with the statement, "In my workplace people are treated fairly."

The solid strike was, however, undermined by Royal Mail busing in up to 200 managers from all over Britain to keep the office running. In response, the CWU Midlands No. 7 Branch moved to ballot all Royal Mail units across the city, and threatening to bring out branches across the Midlands.

It was this threat that wrung the final concessions out of Royal Mail. If the strikers had kept their nerve,

the witch-hunt could have been stopped in its tracks.

CWU leaders did not fight victimisations

The CWU leadership - Dave Ward, Billy Hayes and the Postal Executive majority who cut the rotten deal that ended the strike last year - are to blame for the situation in Burslem. In their haste to cave in to Royal Mail, they failed to demand that all those victimised in the course of the strike be reinstated. The Burslem 12 are not alone: four Bristol area posties (including two reps) have been summarily sacked, two for comments on a website, two for trumped up

charges of intimidation.

The union needs to make it clear that the Burslem 12, Bristol 4 and others are martyrs of the strike and mount a national campaign to reinstate all of them. A deadline for national strike action needs to be set with immediate moves to a ballot to show that the union is serious.

The lesson of Unison strike leader Karen Reissmann's sacking by Manchester Mental Health Trust is that all-out strike action by isolated workplaces may not, on its own, be enough to shift a management hell-bent on getting rid of union activists. Solidarity action - and that means strike action - is the key. That would stop the 200 scab managers from breaking the strike - they'd be too busy trying to cover their own areas!

This perspective was not and is not pie-in-the-sky. Up to 1,000 supporters, with 22 CWU branch banners between them, demonstrated in Burslem on 19 January. Last year, tens of thousands of posties took wildcat strike action in defence of their pay claim. If the militant rank and file can organise to seize control of the CWU, they can defeat Royal Mail's restructuring plans and pensions robbery. But we have to move fast.

BNP fascists split

By Simon Hardy

The British National Party had split. Most of Yorkshire and East Midlands, their strongest areas, as well as Scotland have left to set up "Voice for Change". This is a welcome blow.

Despite its electoral successes, the BNP succumbed to the usual corrosion and self-destruction that fascist leaders with inflated egos inflict on their parties. Over the last few months, tensions have ratcheted up in the BNP, much of it focused on the incompetence of Nick Griffin's close allies: Mark Collett, star of a TV documentary a few

years ago called Young, Nazi and Proud, and Dave Hanman, the party treasurer.

In December, the BNP went into a tailspin. Griffin expelled two national leaders, Sadie Graham and Kenny Smith, for criticising Collett on the internet. The leader of the Young BNP was subsequently expelled for supporting them. Over 60 local organisers resigned in support of the expelled duo, one writing: "Like to [sic] many people, Nick Griffin was once my hero, yet now he has shown himself to be a dictator who puts his own interests above those of the Party."

It has even been alleged that the

BNP leadership has organised break-ins at members' homes, and tapped their conversations, with the thug work being carried out by Griffin's bodyguard Martin Reynolds.

Stop the BNP

Over the years, the BNP has toned down its violent, street-fighting image and turned instead to electoral work. Griffin described the policy as: "clean up our act, put the boots away and put on suits". Winning council seats in target wards in places like Oldham, Burnley and Sunderland gained them front page headlines - despite them only win-

ning 53 seats out of over 20,000.

However, Griffin, Collett and co. remain wedded to the strategy of building up violent street gangs that can impose the party's rule by terror on workers and the oppressed. The BNP still aims to be the party of civil war against the working class.

That's why we cannot rely on the BNP to just tear itself apart. We need to build a powerful workers' united front to confront it and deny it any platform in the coming elections. Ultimately, however, only a mass, revolutionary socialist party can crush fascism - and the capitalist system that breeds it.

Pay: will the unions fight?

The pressure on union leaders to resist attacks on workers' pay during the economic slowdown will be a major feature of 2008. But, asks *Jeremy Dewar*, can we make that pressure tell?

In 2007, well over a million working days were lost to strike action, making it one of the most militant years since 1990.

More workers were prepared to go all out: Glasgow social care workers, Manchester mental health nurses and many posties. More were ready to defy the anti-union laws, including for the first time a national union, the Prison Officers Association.

But the union leaders left these strikes isolated. The big three - Amicus, Unison and GMB - refused to launch coordinated industrial action against Gordon Brown's pay freeze, despite unanimously passing a resolution to do so at the TUC. If the leaders had taken serious action - more than one day, and escalating - then we could have smashed the 2 per cent limit and been in a better position to resist this year's cuts.

Worse, Communication Workers Union leaders sabotaged a tremendously successful strike that crippled Royal Mail, delivering a deal conceding the bosses' main demands.

Three years of falling pay

Unsurprisingly, the government has been emboldened and come back for more, pushing three-year deals that lock in real pay cuts. The teachers have already been offered such a deal and the biggest union, NUT, is balloting to strike (see page 6). The University and College Union has agreed to link its pay dispute to the teachers'.

The NHS and local authorities are due to settle pay claims in April. Unison is calling for above inflation rises and scrapping of the lowest pay rates, plus a 35-hour week for all in the health service, and for 6 per cent across all councils, with a minimum wage of £6.75 an hour.

In the civil service, 80,000 works and pensions employees took two days of action in December against a disgracefully imposed three-year deal that amounts to 1 per cent "rise" per year, while their fellow Public and Commercial Services union members in tax offices renegotiated their pay levels in June.



Photo: Guy Smallman

Activists should start agitating now for action - preferably all-out, indefinite strikes - to win real pay rises. Campaign bulletins, workplace meetings, elected strike committees all need organising. We can coordinate our actions across unions and sectors. But the biggest task is not preparing workers to fight, nor even combating managers' lies and harassment, but challenging our own union leaders.

Even the supposedly left union leaders are incapable or unwilling to lead the kind of action needed to win. Billy Hayes and Dave Ward sold out the Communication Workers

Union strike last year. Mark Serotka is supposed to be on the left, yet the PCS called off strikes in the tax and benefits offices on 31 January merely on the promise of "meaningful talks". Bob Crow, leader of the Rail Maritime and Transport union, has not called any industrial action against the privatisation of the East London Line, and refused Metronet workers permission to strike for renationalisation of the tube infrastructure after the privateers went bust.

The Socialist Party and the Socialist Workers Party shield these "left" bureaucrats from criticism

Metronet strikers won security for their job and pensions, but were stopped from fighting for nationalisation

and refuse to organise the rank and file members independently of them. But this distinction between left and right fades away when it comes to fighting the But this distinction between left and right fades away when it comes to fighting the Labour government.

What ultimately ties the TUC "lefts" to the TUC rights is their refusal to struggle militantly against privatisation or the market, or threaten Brown's survival. They rely on lobbying Labour and token strikes, fearful of letting in the Tories.

We disagree - no holding back on the struggle to save an anti-working class Labour government

- Form action committees in every city to coordinate the struggle and raise solidarity!
- For a united public sector strike to smash the 2 per cent!
- Organise from below, and prepare to fight - with the officials where possible, against them where necessary! For a rank and file movement in every trade union!

PFI: Profits for Fat Cats Inc.

The government's October 2007 spending review increased the NHS budget by 4 per cent and education by 2.8 per cent annually over the next three years. Falling revenues and inflation will eat into this, but the rest is in danger of being swallowed up by private finance initiative (PFI) payments.

PFI is the government's scheme where public investment projects - schools, hospitals, etc. - are built by private companies, who then lease back the building to the public sector for 25-30 years, run services - catering, maintenance, cleaning, etc. - for profit, and even keep the building and land at the end of the scheme! The fat cats' profit from PFI is a massive 15-20 per cent a year - all paid for by our taxes.

PFI is proven to be more expensive than using public financing.

But the rip-off doesn't stop there. Three PFI schools closed last year due to falling pupil num-



Union protest against PFI companies

bers, but the local authorities still have to make repayments.

And the PFI snowball is accelerating. According to academic Allyson Pollock, the NHS spent £470 million in 2005-06 on 53 schemes, but will spend £2.3 billion a year by 2013 servicing 126 schemes. There are plans for 3,500 schools and 150 academies to be

refitted or rebuilt by 2009: £45 billion worth of juicy contracts for PFI profiteers.

Even former Tory chancellor Norman Lamont, who dreamt up PFI, says it's got out of hand. We say: nationalise every single scheme without a penny's compensation and run them all under workers' and community control!

PALESTINE

Gaza's break for freedom

By Marcus Halibi

On 20 January, Israel escalated its 20-month siege of the Gaza Strip by shutting off fuel supplies to the Palestinian enclave's only power station, reducing its output from 65 megawatts down to 25 and plunging many of its 1.5 million inhabitants into darkness.

The fuel shortage has other knock-on effects, leaving up to 225,000 Gazans with inadequate water supplies and bringing ambulances to a standstill (at a time when Israeli air strikes leave many civilians killed and wounded). The health centres have had to decide which wards to cut the power supply to – intensive care, maternity, or surgery?

The siege of Gaza, effectively the largest prison camp on earth, has left 160,000 out of work. Up to 80% are dependent on food aid. Of around 1,500 patients in need of treatment outside Gaza, 68 have died, while 322 need treatment urgently and 470 cancer patients are likely to die.

A measure of the desperation brought about by this murderous siege can be found in reports that



Demonstrators in London in support of the people of Gaza

350,000 Palestinians have fled into Egypt after destroying two-thirds of the wall surrounding them near the border at Rafah in one of the biggest organised prison breaks in history. They were desperate to obtain the basics for survival – food, medicines, cooking oil, clothes, even cigarettes for barter in a now practically cashless economy.

Realising that Israel's military re-occupation of the strip is ruled

out, at least for the moment, Israeli prime minister Ehud Olmert is hoping that the suffering of the civilian population will force the Gazans into submission. Israel has justified its actions by saying they are necessary to stop the rocket attacks launched from Gaza at nearby Israeli towns like Sderot and Ashkelon.

Whatever threat these homemade pipe bombs might pose to

Israeli civilians, however, is a mere pin-prick compared to the immense collective suffering of the besieged Palestinians. In fact, this has less to do with "security" – the world's fourth-largest military can easily contain the military threat – than with revenge.

The Palestinians residents of Gaza are being punished for having elected a government of their own choice – Hamas in January 2006 – and for standing by the victors in those elections despite Israeli sanctions and a Palestinian mini-civil war provoked by the US and Israel's favoured candidates who lost them.

Additionally, the new "peace process" centred on the US-brokered talks in Annapolis requires the crushing of Gaza. PA president Mahmoud Abbas can be relied on to accept whatever terms are presented to him; but it will be much more difficult to implement a "peace" agreement with one part of the Palestinian people outside of his authority's control, under an administration justifiably claiming a democratic mandate to represent the occupied Palestinians as a whole.

CALL FOR INTERNATIONAL SOLIDARITY

The third week of January has witnessed heroic actions of self-liberation by the population of Gaza, repeatedly pulling down the metal and concrete barriers along the southern border with Egypt, breaking the starvation blockade imposed by the racist, apartheid state of Israel.

We recognise, too, the correct and militant leadership in this offered by Hamas, whatever political differences we may have with them on many other issues. The sight of these actions on television screens around the world lifted the hearts of countless people fighting oppression. We all send our warmest congratulations to our Palestinian sisters and brothers. We pledge ourselves to do our utmost to prevent the re-imposition of the siege under any form.

Any military actions against Israel taken by Palestinian groups is in response to aggression by the Zionist armed forces.

Hundreds of Palestinians have been killed and the infrastructure of Gaza destroyed, while just two Israeli soldiers have been killed in response. Without supporting the strategy of the guerrillas, we support their resistance to the Israeli Defence Forces.

However, it is this breaking of the blockade, which Israel imposed in the 20 months after Hamas won the Palestinian legislative elections, that is a historic act. The Palestinian masses have spoken. The BBC reported a series of demonstrations in solidarity with it in Arab countries, most significantly in towns and cities across Egypt. Despite massive arm-twisting from the USA, whose subsidies to President Hosni Mubarrak's regime amount to billions of dollars, to re-impose the Zionists' blockade for them, Egypt is finding it very difficult to do so.

International demonstrations should continue in solidarity with

Gaza, demanding the Zionists immediately and unconditionally lift the blockade, and that the United States and the European Union restore all the trade and aid links to Gaza, which existed prior to Hamas' electoral victory two years ago.

Demonstrators should demand, too, that the Western powers recognise the legitimately elected Hamas representatives of the Palestinian people in Gaza. It was their refusal to accept the democratic results of the 2006 election, which gave the signal for the collective punishment of Palestinians for voting for "the wrong party". Arab governments should be forced by their peoples to send immediate and plentiful food, fuel and medical supplies to put an end to the misery in Gaza.

The mass actions by Palestinians have shown that the intifada – uprising – is far from dead, despite the betrayal it

has suffered from its own leadership in the person of Abbas.

Working class and progressive forces worldwide have long recognised the cause of Palestine as their own. They need to continue to recognise the right of the Palestinians to fight by all means necessary, by armed resistance as well as by mass mobilisations, to liberate themselves. We call on all who can to demonstrate repeatedly and forcefully in support of Gaza.

- Long live the liberation of Gaza!
- No re-imposition of the siege!
- Down with the blockade on all its borders!
- Recognise the democratically elected representatives of its people!
- Victory to the Palestinian People against Zionism and Imperialism

League for the Fifth International!
26 January 2008

GLOBAL ECONOMY

Are we heading for the 'perfect storm'?

January's dizzying falls on world stock markets and the US Federal Reserve's emergency three quarter point interest rate cut on 22 January show that the global credit crunch that opened last summer is far from over. In fact, it is building towards a deeper economic crisis. The three quarter point interest rate cut is the largest for 25 years.
Richard Brenner reports

The sharpest fall in world stock markets since 9/11 met with a panic response from fiscal policymakers and uniformly pessimistic estimates of the state of the US economy from bankers, brokers and the bourgeoisie's financial analysts. Suddenly, the gentlemen who insisted that the "fundamentals of the US economy were sound" are talking of recession as a near inevitability. A few are even using the D word, 'depression'.

Writing in the midst of the share falls, Richard Crossely, a leading analyst and charter of trends at NCB, observed that weakness in global mining and financial companies allied to sharply rising food prices produces "a clear picture in prospect, recession and inflation." Morgan Stanley's chief European strategist announced "More bad news on global growth. We think it is quite safe not to start buying equities [shares] before US economic weakness clearly spreads."

Referring to the idea held by some that China's boom will be able to withstand a US recession, which is called the 'decoupling' thesis, top investment bank Morgan Stanley added: "We do not believe in decoupling, and interestingly that is indeed where we get the most investor pushback currently, showing that recoupling would be a nasty surprise to investors. Investors are well aware of the US recession, but appear not to be expecting it to spread globally in a meaningful way. We do."

Sandy Chen, banking analyst at Panmure, added to the gloom: "We think there is far more pain to come. If/when the major bond insurers are downgraded, a whirlwind of downgrades and write-downs would be triggered ... This whirlwind of rising defaults would threaten to topple one of the biggest structures of all - the US \$45 trillion in credit derivatives contracts." And, indeed, Ambac, the biggest insurer of bonds, has been downgraded by rating agencies last week.

This threatened collapse of the 'monoline insurers' who issue bonds underwriting the credit worthiness of participants in major construction and infrastructure projects, is absolutely terrifying the capitalists. The collapse of this sector would seriously hit a huge number of very sig-

nificant projects around the world and extend the credit crunch still further into the 'real economy'. It is no accident that the mere announcement by the US government and Federal Reserve that it was aware of the problem and was seeking to put together a rescue package for the monolines caused the stock exchange to stop falling and start soaring again in January. Yet again the intense volatility of the stock markets shows just how unstable a situation we are in, and how desperate the capitalists are to organise these billion dollar rescue packages. There is as yet no sign that such a rescue will be any more successful than attempts to unlock the existing credit crunch have been so far.

David Buik at Cantor Fitzgerald spoke of the 'acrid stench of fear' permeating the City, while Michael Metz, chief investment strategist at Oppenheimer in New York, said the Federal Reserve had "no power to reverse what in my opinion is the worst post-war recession".

With the housing slump getting worse, retail sales stagnating and the highest inflation for 17 years, many commentators - including investment bank Merrill Lynch - believe the USA is already in recession. Citigroup, the biggest bank in the world, is now predicting negative growth in the USA for the first quarter of 2008.

Asian markets fell sharply, with India's stock exchange falling by more than 7% for two days running and a similarly large fall in the Chinese stocks listed on the Hong Kong Hang Seng exchange.

China's boom did not create the conditions for a 'long wave' of world economic upswing. What it did do was create powerful deflationary pressures through the export of cheap manufactures and Chinese purchase of US Treasury bonds. These had the effect of offsetting the inflation that would otherwise have been created by the Federal Reserve's low interest rates. However, since April 2007, Chinese prices have been rising and this anti-inflationary effect has come to an end.

A major US recession will have a decisive impact on the world economy as a whole - as the financial markets are already signalling. Of course, the indus-

THEORETICAL SUPPLEMENT

trial cycles of the United States and the other main imperialist blocks (Japan and the EU) are not yet synchronised. Continental Europe - especially Germany and France - took much longer to pull itself out of the early 2000s recession. But even the huge block of the Eurozone would be seriously affected by a sharp reduction of its markets in North America.

Can recession be postponed yet again? The answer is yes, even if this is far from being the most likely outcome. However, the notion that the growth of China and India might be sufficient to provide an alternative 'main engine' for the world economy, immunising it from the effect of a US recession, seems fanciful to say the least. Howard Davies, Director of the London School of Economics, has pointed out that the US consumer is eight times more powerful than the Chinese consumer – domestic consumption in China would be far from sufficient to offset the impact of a collapse of US demand in any coming recession.

What is possible is that cuts in interest rates in the USA could, once again, as in 2001, have the effect of boosting demand at home, and that cheap money could allow a new expansion of production in the USA. The dream scenario for the capitalists would then be that low interest rates and a falling dollar would encourage US exports, kick-starting US manufacturing and boosting production. Rising exports could then help restore the value of the dollar, in turn depressing inflation at home.

This rose-tinted perspective seems very unlikely. Right now, inflationary pressures are being encouraged by the plummeting dollar and the cuts in interest rates that have been urgently deployed to offset recession and the credit crunch. With inflation in the USA at a 17-year high, more and more working class and lower middle class consumers are feeling the pinch. This will aggravate the trend towards repossessions of homes, spreading it from just 'sub-prime' to more standard mortgages. The credit crunch would be deepened by this. No wonder so many commentators regarded the emergency rate cut as a wild gamble.

Already the credit crunch has had an effect on the 'real economy'. Despite attempts by the bosses' economists to suggest that low levels of corporate debt would mean that the financial crisis would have little effect on non-financial corporations, profits were sharply down in the US in the last quarter of 2007. In Britain, too, profit warnings by listed companies are at their highest level for six years. Accountants Ernst & Young say nearly 400 warnings were issued in 2007, up by more than 10% on 2006. In the final quarter, warnings were up by



The bull on Wall Street has been recently ousted by the bear

more than 20% "largely due to the credit crunch". The 2007 figure is the highest since the 2001 recession. The BBC reported that, "one in five warnings blamed the fallout from the US sub prime mortgage crisis and the credit crunch. Most of those were from firms outside the financial sector."

This will have an effect on consumer demand and spending, and this has already begun. In the UK, the Office of National Statistics reports that the Christmas retail sales figures were the worst for 13 years and actually fell in December. House prices are falling and so are commercial property values. (see below).

What about America? The US Commerce Department says sales fell 0.4% in December when compared with 2006. Retail sales are two-thirds of US gross domestic product and were a key element of its growth in the credit-fuelled boom of 2004 and 2005, alongside house building and defence. Firas Askari of BMO Capital Markets said "This shows us the US consumer, who has been the stalwart holding up the US economy of late, is starting to buckle here."

Marxism and capitalist crisis

As we have explained in previous articles since the emergence of the financial crisis (from June 2007), the crisis can only be correctly understood by applying the Marxist theory of capital accumulation and breakdown. Indeed, exactly 150 years ago, Marx was prompted to draw up the first outline (the "Grundrisse") of his analysis of the capitalist system by the great crisis of 1856. In the very first chapter of the work, he analysed the "credit crunch" that precipitated that crisis before analysing capital in a second chapter that concluded with notes on the

essence of the character of commodities. Marx wrote in the margin "This section to be brought forward", and indeed this did become the starting point for the first volume of Capital itself.

And with good reason. His abstract analysis of the commodity can be unfolded to give us a powerful explanation of capitalist crisis that is strikingly relevant to today's financial turmoil.

Marx's theory is based on the labour theory of value. The value of commodities is determined by the average labour time expended in their production ('socially necessary labour time'). Commodities exchange on average at this value, and this holds true also for the commodity labour-power, the only commodity owned and sold by the working class. This commodity is the only one that actually adds value in the course of being used up in production. The value of labour power is also determined by the labour time necessary for its production: in the case of labour power this is the rough value of the goods required to reproduce labour power, that is, to keep the worker alive and able to return to work the next day, to live at or around the general level of culture achieved by the working class in any given country. The value of labour power governs wages and is less than the value the worker adds to the product produced. The difference between the value of the worker's wage and the value of the goods produced is surplus value – the capitalist accumulates this as profit.

In the course of capital accumulation, the capitalist raises labour productivity through the application of new and more advanced machinery. This reduces the time it takes for an average individual worker to produce the product and there-

GLOBAL ECONOMY

fore raises the proportion of surplus value produced by a worker in a given day. In this ceaseless quest for greater profit, capital therefore has a general tendency to raise the proportion of constant capital (machinery and raw materials) relative to living labour (variable capital). While this boosts the mass of profit in the short term, it reduces the component of the capitalist's investment that generates a profit (the living labour).

In the expansionary phase of the industrial cycle, profits rise but, in the course of the cycle, the tendency for the rate of profit to fall asserts itself. This gives rise to an overaccumulation of capital as the capitalist finds that he has more capital than can be profitably invested in further production.

Of course, a proportion of this excess of wealth can be spent on the luxury goods and lifestyles that always characterise the "boom years" of a cycle but far more is channelled into alternative investments: capital is exported to lower wage economies abroad where higher profit rates can be found because of a lower level of technology, it is used to buy shares and what Marx called the, "insane forms of capital" such as today's Collateralised Debt Obligations through which US sub-prime mortgages were sold to banks around the world, it can fuel commercial property speculation, forcing real estate prices ever higher; and it can underpin an ever more reckless use of the credit system to keep the system going. In short, towards the peak of a cycle, excess capital stimulates the development of widespread forms of fictitious capital which are not related to the underlying value of real commodities.

Marx recognised that this was not a simple and straightforward process, economic advance brought "countervailing tendencies" such as cheaper goods that could, for a time, offset the falling rate of profit but these could not postpone the eventual reckoning indefinitely. The boom phase of the industrial cycle develops into a speculative fever that ends in crisis. A credit crunch explodes as bank loans and complex financial instruments are revealed to be massively overvalued. The process of capital circulation comes to an abrupt halt; the system seems to be gripped by a kind of heart attack. A process of traumatic devaluation of capital ensues. The capitalists begin to fight among themselves as to who will bear the cost in real locations and in real time. Currencies are devalued (like the dollar today); loans cease (the credit crunch); not just the rate but the mass of profit falls (profit warnings); bosses begin to look for how they can close 'excess' capacity. Crisis gives way to recession as the effect of the devaluations hits demand and production contracts

sharply, causing a sharp rise in unemployment. Ultimately – and the length and depth of the crisis and recession depend on broad geo-political factors – capitalists begin to reinvest in cheaper plant, machinery and workers, and a recovery stage sets in. The cycle begins afresh.

Over the last period, cycles in the US and Britain have been shaped by the world situation. Deflationary pressures coming from Asian development allowed low interest rates to shorten the recession of 2001 through cheap credit. But the US credit-fuelled boom of 2004 and 2005 took place mainly in housing, retail, and defence: manufacturing continued to decline sharply during that period. With inflation back on the agenda and being driven by China now, the chances of a repeat performance of the credit-fuelled recovery are slim. When the current crisis turns into an economic downturn, there is every possibility that this time it will be severe.

With the Marxist theory delivering such a compelling explanation of the current crisis, it is at first sight surprising that it is not just bourgeois commenta-

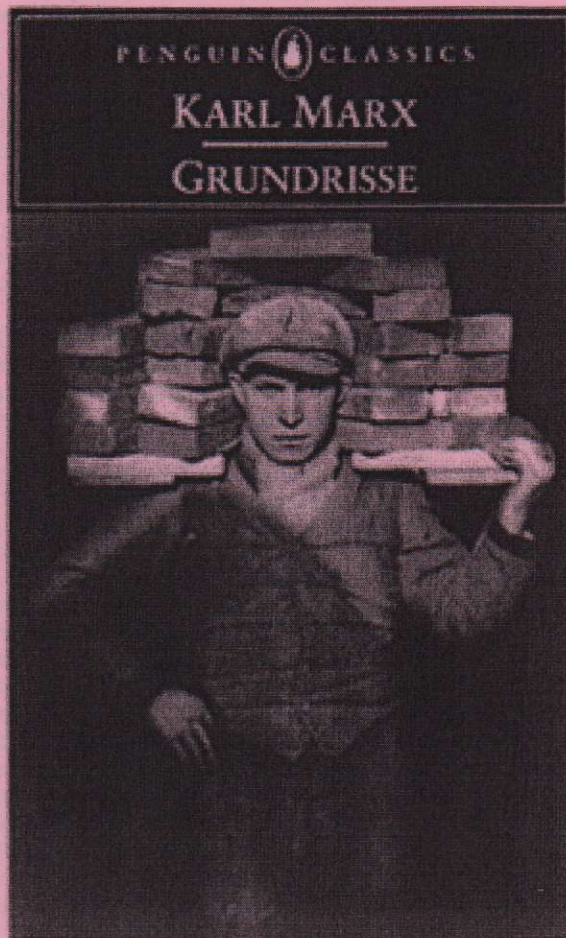
tors who are at a loss to explain how their 'most perfect' of systems can have entered a new phase of crisis so abruptly. Some writers working within the framework of Marxism are also seemingly puzzled. Costas Lapavistas, an expert on the Marxist theory of money working at the School of Oriental and African Studies in London, has written of the current crisis that "It is clear that this is not the same mechanism as described in classical Marxist analysis where the capitalist firm would borrow, over-expand production, be unable to sell its products and therefore find it impossible to honour its debts to banks and others." Of course, when the Marxist theory is defined in this way, the current crisis does appear strange, because the banking crisis has emerged before a collapse in consumer demand. The credit crunch appears to be driving the collapse of retail sales and not the other way round.

In fact, Lapavistas is misinterpreting the 'classical Marxist analysis', in which the collapse in the purchasing power of the consumer is not the cause of crisis. This idea – underconsumptionism – is a misrepresentation of Marx's theory and one that leads to the reformist conclusion that all that is needed to avoid crisis is merely higher wage deals.

Marx's theory is more powerful than this. By locating the cause of crisis not in the sphere of consumption but in the sphere of production – the law of the tendency of the rate of profit to fall – it focuses not just on the overproduction of goods but the overproduction of capital itself. In this way, the banking crisis of 2007 can be understood as a stunning verification of Marx's theory. As the subprime crisis and the re-emergence of global structural inflation came to full light last year, the banks were suddenly confronted with the fact that the vast expansion of speculative fictitious capital was unsustainable. Just as in the case Marx analysed in his *Grundrisse*, the banking crisis was the onset of a phase of traumatic devaluation, driven by overaccumulation in the underlying economy and caused by the innermost contradictions of capital.

The collapse in property values is also explicable only by the Marxist theory. How many times have we heard over the course of this decade's property boom that values would not decline because of undersupply of homes and offices? This excuse for a theory has been exposed by hard facts now that not only US but also UK values are falling.

Marx's theory of rent explains this. For Marx, rents are a deduction from profits charged by landlords to capitalists in return for allowing the use of land. Marx calculates 'absolute rent' as the average deduction from profit charged for the use



Karl Marx wrote *Grundrisse* 150 years ago, his first systematic overview of capitalism and its crises

THEORETICAL SUPPLEMENT



Shanghai stock exchange: China is no longer simply the source of cheap goods

of the worst land. Two categories of 'differential rent' are then introduced which allow the landlord to charge a greater sum in rent to the capitalist: one differential rent is based on the fertility of the soil; another category of differential rent, most interesting for our current discussion, is derived from the locational advantage to the capitalist of a particular piece of land.

This is why in the boom phase the latter form of differential rent has so inflated commercial property values in city centres, why they have been highest in the financial centres where super-profits are made. But bear in mind the essence – all these rents are based on differential adjustments to the absolute rent that is a deduction from profit. When the mass of profit begins to fall at the peak of the boom, the rental values begin to fall. So do the freehold values of the land and buildings, which, in Marx's system, are understood as nothing more than capitalised rental income.

Today, commercial property values are indeed falling. The Financial Times, along with all the specialist real estate journals and reports from major surveyors, reports that "UK commercial property values are in freefall", adding that the latest data from IPD, the industry index, "showed that December was the worst month ever and the last 12 months recorded heavy falls."

What is this analysis for?

The question of whether we are currently in a technical recession, or how long it will take to emerge, while important, is nevertheless not the most impor-

tant issue. We are plainly in a phase of crisis, and there will at some point plainly be a downturn. The capitalists will attack the workers to make us bear the brunt of the crisis and to ensure that the most favourable conditions are established for the cycle to resume. The underlying tendency of the system towards stagnation and breakdown will not be overcome; we are not in a long period of boom in which China and India's growth will postpone a serious crisis into the middle of the next decade. There is every possibility not only of a harsh recession this year or the next, but of the recession affecting the main levers of the world economy in Europe and Asia too.

The task of Marxists in this situation is:

- to continue to analyse the crisis, demonstrating how only the Marxist analysis of capitalism can explain its dynamics and its consequences
- to warn the working class of the attacks on jobs and living standards that the bourgeoisie will launch against us and the heightening of global tensions between the major capitalist and imperialist powers that will follow in the course of the crisis

- to show how the existing 'moderate' leaders of the working class are unprepared to resist a heightened wave of attacks, have no theory to explain the crisis and, above all, have no understanding of the origins of the crisis in the inner nature of the capitalist system itself.

Historically, one section of the Fourth International, after the split of 1953, adopted a 'catastrophist' framework by which it suggested that capitalism was in some kind of permanent crisis. This is

not and can never be the case, under capitalism a permanent economic crisis is a contradiction in terms. On the other hand, today, some groups on the left, demoralised by the defeats of recent years, view all talk of emerging crisis with suspicion and declare all analyses which predict the emergence of global crisis and recession to be in some way 'catastrophist'. This is an abuse of terminology and an impediment to effective understanding of the real crisis phase that is currently breaking around us.

The task of Marxists, as we have said before, is not to declare that the crisis will somehow resolve the political crisis of the working class and lead to socialism – for that to happen, revolutionaries will have to fight within the movement of the workers and youth for a programme of resistance to the crisis that directs the class struggle towards revolution and socialism. However, nor is it our task to downplay the real crisis tendencies and to suggest that little can be expected in the period ahead because of the dazzling speed of development in Asia. This is to propagate over-expectations in capitalism's ability to avoid crisis, to misunderstand how Asian development is now driving not stability but crisis in the West, and to lull the working class organisations to sleep.

Our watchword must be: don't let the capitalists make the workers pay the cost of the crisis. Prepare for struggle, and prepare to take advantage of the crisis by actively striving to discredit capitalism as a system, to promote revolution against this unstable and unsustainable system.

PAKISTAN

Can Musharraf cling to power?

Pakistan is going to the polls, but the military and Musharraf retain a vice like grip on power. *Simon Hardy* says, whatever the outcome of the elections, the masses need a new leadership.

The perpetrators of the assassination of Pakistan People's Party leader Benazir Bhutto on 27 December 2007 have still not been caught. Amongst the rumours circulating on the streets two theories predominate: one, peddled by Pervez Musharraf, that it was Al-Qa'ida, and the other, much more common view that Musharraf ordered it. A Gallup Pakistan poll, based on interviews with 1,300 people, released last week, found 23 per cent of Pakistanis believe the military and its agencies were behind Bhutto's assassination, 25 per cent suspect the political allies of the government, 12 per cent blame the US, and just 17 per cent believe the Taliban or al-Qa'ida were responsible.

Whatever the truth or likelihood of the theories, the fragility of Pakistani politics and the mass disillusionment among the masses for corrupt, self-serving institutions could not be clearer. But at the same time, Musharraf is likely to be fairly satisfied with the events of the last few months. The mass, spontaneous uprising in the five days following Bhutto's death has come to an end, as the PPP used its influence to bring the masses off the streets. As Asif Ali Zardari, Bhutto's husband and de facto party leader in his son's absence, put it, the party members must be "kept under control".

The PPP now looks towards the elections, having tacitly accepted the purging of the judiciary during the state of emergency - this despite the fact that the judiciary will have to rule on any charges of electoral malpractice. Musharraf has also brought in constitutional changes that massively strengthened the power of the presidency, i.e. Musharraf, against the

parliament, while also making impossible any challenge to Musharraf's appointment as president until 2012. As for the freedom to campaign safely and openly for competing parties it has hardly existed. "In recent months thousands of people have been detained without trial - lawyers, journalists and human rights activists among them," said Kate Allen, director of Amnesty UK, while adding that "torture and ill-treatment remains commonplace."

These elections - being held under conditions engineered by Musharraf to maximise his support and minimise any possible disruption to his rule - cannot settle the issues that are dividing Pakistan. Nor are any of the parties standing deserving of the masses vote. Workers, youth and progressive forces are actively boycotting this election, and exposing the farce of parliamentary politics under Musharraf's stage management. At the same time the intensification of fighting in the North West Frontier Province, Balochistan and Waziristan has created civil war conditions in these provinces. In the latest round of fighting over 800 Pakistani troops have been killed or are missing, while the military claims to have killed over 1,500 militants with a similar number of civilian casualties. But the Pakistan military is far from gaining the upper hand in these conflicts, despite its claims to have wiped out whole bands of militants.

Buoyed by its own rhetoric, the army launched a massive offensive in Waziristan on 25 January, targeting rebel tribal leaders. But despite this increased use of force, can the army ever hope to pacify a region in which, according to US sources, some 500,000 adults males



Musharraf has removed his uniform but retains his grip on power

are armed and prepared to fight anyone trying to occupy their land? US Defence Secretary Robert Gates declared in mid-January that, as instability grows in Pakistan, the US military and CIA are thinking of increasing their own operations within the country. Democrat front runners Barack Obama and Hilary Clinton have both affirmed that they would be prepared to send in US troops and orchestrate air strikes.

Where now?

As we have repeatedly pointed out, Pakistan is a profoundly unstable country, passing repeatedly into pre-revolutionary, and even revolutionary situations that are each time pulled back from the brink by the absence of any leadership that genuinely wishes to bring down the entire military dictatorship. The movements, both trade union and political, which are based on the workers, the rural and urban poor and even radical forces like the lawyers and students, are suffering a crisis of leadership.

The forces that have been in the forefront of the struggles against Musharraf need to do more than just boycott the elections. It is good that they have no confidence in their outcome as representing a democratic transformation. But the danger is that they rely too heavily on small street

protests and demonstrations, without addressing the fundamental problem of the need for a new political leadership - a new party - to break with the treacherous and corrupt capitalist opposition parties. That is what the left needs to concentrate on in the weeks or months ahead, thrashing out an action programme, as the basis for a nationwide fighting party that can lead workers, peasants and urban poor in the struggles ahead.

If Musharraf's stooges steal the 18 February elections, then a revolutionary crisis is likely to erupt onto the streets again. This would pose point blank either the possibility of the workers taking power or the prospect of bloody repression. If the PPP wins a clear victory, then sooner or later there will be a clash between the constitutionally weak parliament and the over-mighty presidency. Again this conflict is likely to force a resolution on the streets. Whilst the tempo of the crisis will vary, there can be no fundamental, progressive resolution of it without a new revolutionary leadership. This needs to be forged in Pakistan on the basis of a programme for working class power, in alliance with the poor peasantry, which can liberate the country from imperialism and fight for a federation of socialist states in South Asia.

VENEZUELA

Hugo Chávez faces economic crisis

Millions of workers and young people have looked to Venezuela for inspiration over the past few years. Now president Hugo Chávez is facing his biggest challenge. *Keith Spencer* looks at the inflation and food shortages gripping the country, while (below) *Tim West* reports on the new mass party that is being built, the PSUV

Last December, in the first electoral reverse for Venezuelan president Hugo Chávez, voters narrowly rejected his proposed constitutional reforms. This took most commentators as much by surprise as it did Chávez. The rejection stemmed not only from a justified desire not to give increased repressive powers to the presidency, an office that will not always be in Chávez' hands, but was linked to growing discontent with deteriorating living conditions.

Basics, like milk and rice, have all but disappeared from many shops; farmers have been crossing the border into Colombia to sell them at higher prices. Inflation is in double figures and wages are falling behind. Shortages caused by rich farmers and merchants are in part a conscious attempt to undermine Chávez and in part a natural working of the market, which his reforms do not fundamentally challenge.

For example, Chávez has brought greater state intervention into the market to address poverty. He has fixed prices for basics in the weekly food basket of the poor. The result is that capitalist producers are unwilling to sell their products in Venezuela, and these commodities have disappeared from the shelves.

Eduardo Bianco, an executive of Cafe Madrid, Venezuela's largest coffee producer, put it this way: "Would you sell your products on the open market if you were sure you were going to make a loss?" In response, Chávez thundered that he would send troops to "find every last kilogramme of coffee being stockpiled by coffee roasters" and has hinted at nationalisation. But in fact he gave in to the blackmail, increasing milk by 30% and doubling the price of coffee.

Price controls and subsidies have been his favoured methods of providing cheap food to the poor, along with the creation of more than 14,000 subsidised shops under the control of Mercal, a government agency. Recently Chávez also set up PDVAL to import and distribute food.

But attempts to control the price of food will fail, unless the supply chain is controlled in its entirety from field to market. Otherwise, farmers, wholesalers and retailers can all stockpile food to force up prices (and profits).

Allied to these problems is inflation. While the economy has been growing faster than any other in Latin America, inflation of about 20 per cent has outstripped increases in pay. The bosses complain that government projects, aimed at

Workers need a socialist,

The rejection by a few hundred thousand votes of Hugo Chávez' amendments to the Bolivarian constitution was caused not so much by a strengthening of the anti-Chávez right wing as a revolt (in the form of abstention) by a sizable part of the hitherto pro-Chávez masses. Distrust at increasing the presidential powers and length of office, anti-trade union and popular repression carried out by the "Bolivarian bureaucracy", plus failures to deliver on many of the promised reforms were the main reasons.

Few supporters of the "Bolivarian Revolution" claim the problem is too fast a process of reform, too radical a series of socialist measures, too much power being devolved to the poor. Yet this seems to be precisely what Hugo Chávez has concluded:

"We need to improve our strategy in regards to alliances. We cannot allow ourselves to be dragged along by extremist currents... No! We have to seek out alliances with the middle classes, even with the national bourgeois... I am obliged to slow down the pace of the march. I've been imposing on it a speed that's beyond the collective capacities or possibilities. I accept



that; it is one of my mistakes."

Leaving aside the populist conceit that he, the great leader, can alone express the will of the masses, what Chavez is doing is espousing the Stalinist strategy of the popular front: seeking the support of "progressive" section of the capitalist class. This strategy was a bloody failure in Spain in 1939 and in Chile in 1973. Never anywhere has it led to socialism.

Rather than striking at the landowning and capitalist class, seizing the resources to meet the needs of the masses, his first instinct is to make concessions to these parasites. This shows he is becoming more and more the spokesman of the right wing within the Bolivarian populist movement: the army chiefs, bureaucrats and

state governors, who have been trying to cripple the trade unions trying to exert workers' control in the factories, the peasants wanting to take over the land.

PSUV founding conference

This formed the backdrop, when 1,676 delegates, representing some 15,000 socialist battalions – or branches – of the PSUV, opened the first national conference of the United Socialist Party of Venezuela (PSUV) on 12 January. They will spend two months debating the programme, principles and constitution of the new party. The whole of Venezuela is alive with political debates and discussions about the way forward; meetings, conferences and day schools occur weekly.

The draft programme's opening phrase clearly indicates the subordinate role to Chávez and his government that the party is expected to play:

"Taking as its starting point the championing and unconditional defence of the government of the Bolivarian revolution, led by President Hugo Chávez..."

The document speaks of "ending poverty by



One of the many slums in Venezuela

creating employment and raising wages, have increased production costs.

Naturally bourgeois economists claim these interfere with the market. But why shouldn't we interfere with "rules" that decree that the poor shall go hungry whilst the rich make huge profits? Unfortunately, however, Chávez' mild reforms cannot offset the laws of profit and the exploitation of labour. For that the questions of ownership and management of the economy need to be tackled.

The core of Venezuela's economy – the huge farms, most of the factories, the wholesale and retail trade – has retained the same motive under Chávez as under his predecessors, the capitalist drive for profit. Chávez thought he could persuade the imperialist multinational corpora-

tions and Venezuela's own big capitalists that, in the long run, it would be profitable to cooperate in raising the living standards of the masses. But this strategy is failing and it will fail even more spectacularly if a recession in the USA leads to falling oil prices and Latin American exports.

To challenge the control of the capitalists, the workers and poor, especially women workers and housewives, must form committees of action to:

- Control prices by checking prices in shops and subjecting owners and managers who wish to raise prices to revolutionary discipline
- Confiscate the stockpiles of food being hoarded by suppliers, and distribute them to workers, peasants and the urban poor.

- Calculate a cost of living index based on the family shopping basket and other vital expenditures

- Impose a sliding scale of wages; any increases in inflation rates should lead to workers being automatically compensated by pay rises

- Demand that Chávez nationalises the food companies without compensation and puts the supply chain in the hands of those who need the food not those who want profits.

- Call for fair prices for working farmers' produce, and cheap credit to buy seeds and machinery in order to win them to such a strategy.

In the long term, Venezuela must develop its agriculture to meet the food needs of the people (so-called food sovereignty). Since the oil boom in the 1950s, the country has become highly urbanised; more than 90 per cent of the population live in towns and cities. Rich farmers or multinationals producing meat for export now own great swathes of countryside, and a vast acreage is left fallow. As a result Venezuela has had to import food for the past 50 years.

Chávez has set up one of his missions (small state projects) to repopulate the countryside, and take over some of the unused land of the rich agricultural businesses. But this is not enough. Poor farmers and peasants should seize the land to produce food for the great mass of the population. Likewise, the great ranches must be expropriated, and their workers given the resources to run them as cooperatives.

The trade unions and community councils must draft an emergency plan of food distribution, and demand that Chávez nationalises all the large-scale land holdings with no compensation. If not, continued and worsening shortages will lead to popular discontent.

not a populist party

giving power to the poor", of the need for a democratically planned communal economy, and about internationalism based on anti-imperialism. This sounds impressive, but how is this to be achieved and by whom?

Neither the programme nor principles give a central role to the working class as the key protagonist of the socialist revolution. This should not surprise anyone. Last March, Chávez openly declared that the working class is not central to the "Bolivarian revolution", adding that the trade unions should not be independent from the party.

Instead the Chávista ideologues praise a cross-class alliance of peasants, workers, shantytown dwellers, state bureaucrats and the "Bolivarian" bourgeoisie, who will make the revolution behind the president.

Socialism remains a distant goal, to be approached only by governmental action. In the meantime, the aim is a "productive, intermediary, diversified and independent economic model", which will "defend private property".

The debates on the party

Delegates to the conference have proposed amendments to the draft. Several propose Marxism as the ideology of the party, explicitly recognising the leading role of the working class, demanding society be organised on the basis of workers' and community councils, and calling for a popular militia. One amendment calls on the PSUV to declare for a new world party of revolution, the Fifth International, and to purge the ranks of the party and the state of the bosses and careerists.

Within the party and wider society, socialists should argue for the PSUV to adopt a fully revolutionary transitional programme. It should not evade the question of smashing the state, of purging the army and of putting it under control of the workers and rank and file soldiers, of creating workers' councils. The best way to drive the bosses and bureaucrats out of the PSUV is for it to adopt a revolutionary Marxist programme.

But on top of this is the question of what sort of party the workers need. They need a combat party to lead the class struggle on every front,

fighting for every plank of its platform, in the factories for nationalisation and workers' control, in the countryside for land seizures, in the shantytowns for an emergency plan to combat poverty and shortages, paid for by expropriating the rich.

While defending Chávez against right wing coups and imperialist aggression, the PSUV should support no bourgeois government, but set itself the goal of creating a workers and peasants' government by a mass insurrection.

Hoping to implement "21st Century Socialism" through state bureaucrats and "patriotic" capitalists is a doomed strategy. Either it will lead to a Chile-style coup by the right or an outright betrayal by Chávez.

In any case, an independent revolutionary party of the working class is essential, whether this is born out of an internal struggle within the PSUV, by militant leaders in the trade unions – or both. Revolutionary militants appear to be trying both routes. The League for the Fifth International pledges itself, by frank and honest discussion with forces in Venezuela engaged in these projects, to do all in its power can to assist them.

AFRICA

Kenya on the brink

Protests at a stolen election in Kenya have turned into a wave of inter-ethnic pogroms. *Keith Spencer* shows how only working class politics, not rival “tribal” elites, trying to get their snouts in the state trough, can liberate the poor

The past weeks have seen the political protests at a stolen election in Kenya turn into savage killings, as gangs of Kalenjin youth picked on Kikuyu, and then Kikuyu youth attacks Kalenjin and Luo communities. More than 250,000 people have fled their homes and hundreds have been killed. At the end of January, violence erupted again in the city of Nakuru in the western rift valley; houses have been burned and many killed.

The conflict started a month ago when President Mwai Kibaki stole the election. Since then Kibaki's supporters have battled with supporters of the Orange Democratic Movement (ODM) led by their losing presidential hopeful Raila Odinga.

The ODM originally called for mass protests in early January before calling them off after threats from the military. It then organised three days of mass protest in mid-January to coincide with the beginning of the new parliament. The ODM and its supporters narrowly won leadership of parliament but squandered an opportunity to build a coalition of forces to isolate Kibaki's Party of National Unity (PNU); the smaller parties that had been in power earlier in the decade rallied to the new President and his offers of cabinet posts. Outside of parliament, the ODM lead the movement nowhere.

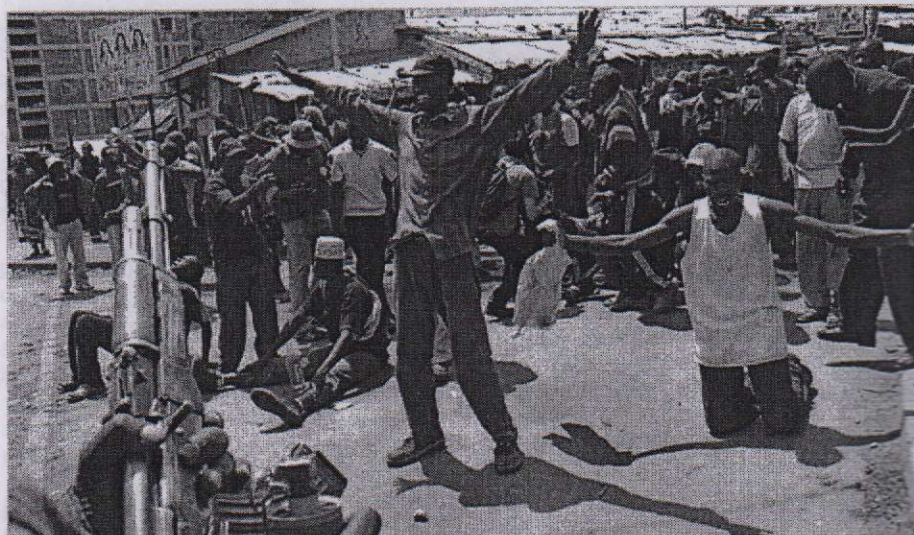
Then Odinga called for international sanctions and trade boycotts of Kenya. The leadership of the ODM courted international envoys such as head of the African Union Ghanaian president John Kufuor or former UN chief Kofi Annan. While Annan has recently recognised that there have been human rights abuses he also called on “all Kenyan leaders, government as well as the opposition to avoid any measures or steps that would further compromise, the search for an amicable solution to the country's crisis”. Which is a clear signal for the opposition to end its protests.

And now a month after Kibaki cheated his way into the presidency, Odinga is meeting with him to come up with a deal while the pair issue joint statements calling for peace.

This timidity has allowed Kibaki to announce his cabinet, Odinga and his allies to hope for some governmental jobs, while the masses live in poverty.

Elections

The parliamentary election on 27 December dealt a crushing blow to Kibaki. His PNU won only 37 seats (against the ODM's 100-plus);



Opposition demonstrators face the army and police

20 ministers lost their seats (out of about 27 posts); the vice-president was voted out; three members of former president and kleptocrat Daniel Moi's family were defeated. This was a popular uprising at the ballot box against those tainted with the “old regime” of corruption, big business and neoliberalism. The workers and peasants voted in their majority for a new direction and an end to poverty.

However, the presidential election delivered a different result; a victory by more than 200,000 votes to Kibaki - despite exit polls predicting a win for Odinga. A few days later, the head of the “independent” electoral commission admitted he didn't know who'd won, and that there were some irregularities, including one constituency recording a 115 per cent voting turnout! Protests against the stolen election immediately followed

Kibaki replied with brutal crackdown by the army and police, a curfew and a media blackout.

In the west, the media has been replete with tales of inter-ethnic conflict, and how Kenya is sliding into tribal warfare and civil war. But in truth, state forces have carried out a large part - perhaps most - of the violence. Police and army have operated a shoot to kill policy; one BBC journalist spoke of seeing more than 40 dead bodies in a mortuary, all with bullet wounds in the pro-ODM city of Kisumu.

The polls before the election showed that Kibaki was running at 40 per cent, which is more than the 22 per cent of Kenyans who are Kikuyu,

while Odinga had about 45 per cent, substantially more than the 12 per cent of Kenyans that are of Luo origin. Kibaki's support is derived from the Kikuyu elite and parts of the old regime based around the Kenyan African National Union, while Odinga is supported by large numbers of people who have failed to benefit from the Kenyan economic boom. Former President Moi and his family support Kibaki, but members of his ethnic group, the Kalenjin, have burned down his house, demonstrated against Kibaki and fought the police.

Politicians on both sides have stoked most of inter-ethnic violence in the run-up to the elections and their aftermath.

Kenya since independence

Kenya won independence from the UK in 1963 after the Mau Mau war in the 1950s, which saw the British kill 10,000 Kenyans and intern between 80,000 to 100,000, mainly the Kikuyu. After independence, the country was led by president who were good friends of western governments and big business.

In the 1990s, the World Bank and IMF pressured Moi into adopting a structural adjustment programme that saw some liberalisation. Yet this wasn't enough, in 2002, Mwai Kibaki trumped Moi's successor in presidential elections. In power, Kibaki has continued privatising the economy - last year the railways were sold off - and courted new business, such as finance, banking and the IT sector. Under his

rule, Kenya has seen growth rates of more than 5 per cent compared with a stagnating economy in Moi's last presidential term.

But Kibaki has continued Moi's corruption practices. He was finance minister under Kenyatta and Moi, and so was no doubt aware of the sacking of the country's wealth by multinationals and the Kenyan elite. In power, despite an abortive investigation into Moi and his family, which found millions of dollars in Swiss bank accounts but led to no action, Kibaki and his government have overseen scandals, involving bribery from companies, such as, Goldenberg, Anglo Leasing and Safaricom.

The government also produced its Vision 2030 document, which called for Kenya to be the pre-eminent capitalist economy in Africa by 2030. Kenya is already seen by international capital as a staging post for further investment in the continent. The fruits of its agriculture (still dominated by white landowners) can be seen in supermarkets throughout the UK, and accounts for a quarter of the country's wealth, the rest being made up of tourism and the service sector.

Yet despite these growth rates, many Kenyans have faced only greater hardships. The per capita Gross National Income is about \$550 a year; the average annual wage for the poor is around the \$200 mark, while even Kibaki has admitted that 46 per cent of the population lives in poverty. And the country has been wracked by several years of drought and famine this decade. The UN children's agency, Unicef, said that malnutrition was already affecting one in three children under the age of five. Meanwhile MPs earn \$60,000 a year making them possibly the most affluent parliamentarians in the world.

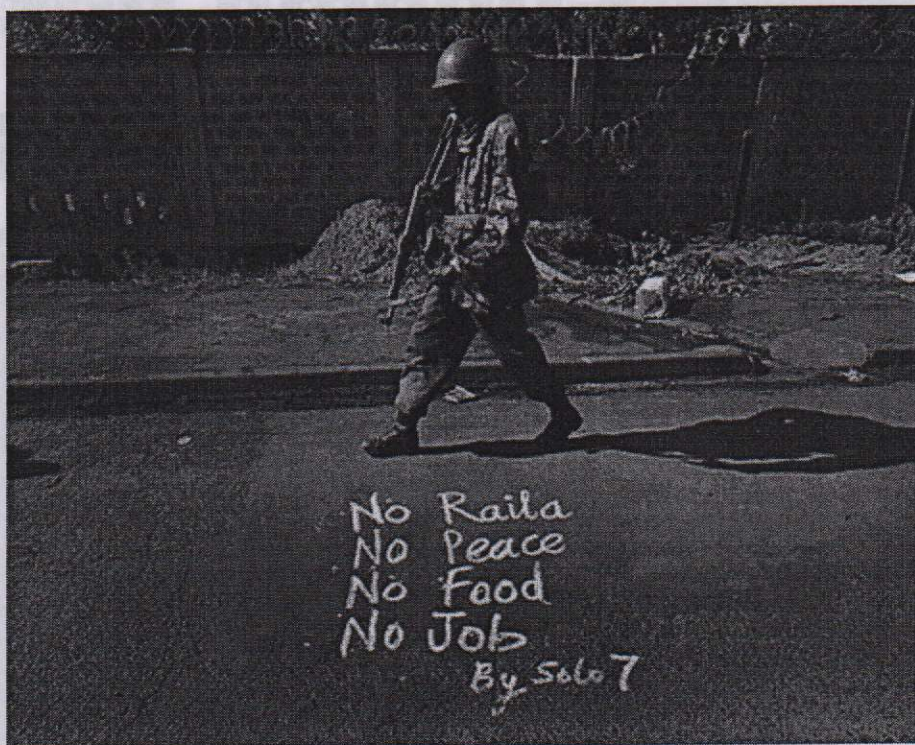
Despite the poverty and the growing inequality, Kenya is strategically important to world capitalism, and is also a partner in George Bush's war on terror. This accounts for the USA's early recognition of the Kibaki government, and its recent statement that there was ballot rigging on both sides. And while the EU and other international observers have spoken of irregularities, they have only done in Kenya as much as they did over the stolen election in Nigeria last year and the one in Mexico in 2006 - that is nothing.

Working class and resistance

The Central Organisation of Trade Unions (the Kenyan TUC) has played a lamentable role. It has called on Kibaki to start talks to resolve the crisis (despite his being the cause of it) and demanded greater safety for its members. It has refused to intervene politically into the crisis.

The Kenyan African National Union has historically dominated the trade unions. In government in the 1990s, it banned unions in the civil service, interfered in union elections, appointed officials and nurtured a pliant bureaucracy. There have also been accusations of corruption. Rank and file pressure finally forced union appointees to withdraw from the governing board of the National Social Security Fund in the late 1990s because they refused to fight for workers' interests.

Yet during the same period, there were also several important struggles over wages and jobs,



so much so that the IMF tried to blame the workers for the stagnating economy.

During the current crisis, young people (the average age of Kenyans is 18) have taken to their streets in their thousands. But Odinga and the people around him are part of the Kenyan political caste, and will do nothing to challenge the rule of capital, which is behind the misery and poverty of the masses. Instead socialists should take to the streets and argue for:

- Committees of action in the towns and the country to coordinate the struggles against the stolen elections. These committees should be open to all workers and peasants whatever their ethnic background. They must also distribute food and water and organise transport.
- Workers and peasants militia. The committees should unite the masses in struggle and organise defence of demonstrations against police and army attacks. Militia should be multi-ethnic and also guard against conflict between various peoples.
- General strike. The country's two million workers can use their power to prevent the government from ruling, by doing so they can come to the head of the protest movement. Form a national rank and file movement to oust the reformists and the corrupt leaders. Fight for a general strike to paralyse the country and organise armed picket lines around banks, firms and at ports.
- Workers and peasants' government. The struggle against Kibaki should not stop at the election of Odinga or a deal between the two sides. Instead, we need a government for the workers and the poor. A government that can take over the banks and the stock exchange, expropriate the white-owned farms and big businesses, including the imperialist multinationals, and use the wealth of the country to improve the lives of the poor, rather feed

the bank accounts of a few rich Kenyans or capitalist companies.

To implement such a strategy the masses must break from any illusions in Odinga and build a class-based party, which can lead the poorer sections of society, such as the peasants or the youth in the shanty towns.

Workers should also reject the help of the non-governmental organisations, which reinforce ethnic divisions or populist politics by their regional influence and campaigns for reforms within capitalism. It was the NGOs that so disgracefully priced poor Kenyans out of attending the World Social Forum last year in Nairobi - until the last day, when the forum was stormed.

The situation in Kenya shows that as elsewhere in the world the masses are hungry for change, are deeply dissatisfied with the corrupt elites who have exploited them since independence from colonialism. Africa is seething with rebellion, especially in the vast shanty towns that have sprung up around the major cities.

The Russian revolutionary Leon Trotsky wrote in his *Permanent Revolution* (1928), that in the epoch of imperialism, democracy if it is to include solving the big questions, land for those who work it, the right to free speech and organisation, a living wage, healthcare, free education for all, can only be achieved if the workers take power and go on to adopt socialist measures. *Bourgeois* democracy - the alternation of parties with identical neoliberal policies, have to play on personalities and ethnic rivalries to mobilise the voters. This "democracy lite" will always disappoint and enrage the electors when they realise how empty of results it is for them. The danger is that without a class explanation, that it is the rich elites and the foreign multinationals that rob them not their poor Kikuyu or Luo neighbours, then the sort of pogroms we have witnessed in Kenya will continue with every election.

US ELECTIONS 2008

Neither Obama nor Clinton: Democrats are no answer

In the current contest over Presidential nominations in the USA many progressives believe that Barack Obama and Hillary Clinton the Democrats have individuals who offer hope and change. *Andy Yorke* thinks that behind the rhetoric the same old policies remain

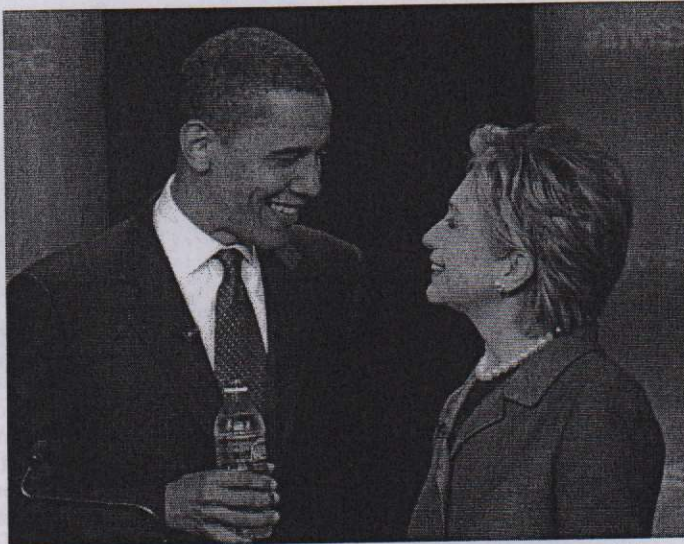
The Democrats and the Republican parties are choosing their presidential candidates. The battle for the White House is on, as the race heats up to decide the Democrat and Republican candidates for this November's elections for the US Presidency. For the Democrats, Barack Obama and Hillary Clinton are running each other close for the party's nomination, each with more than \$100 million in their campaign war chest; 2008 promises to be the most expensive campaign in history.

The background to the race is the unpopular presidency of George Bush limping through its last year, beset by military quagmire in Iraq and Afghanistan and a domestic economy slowing down and heading for recession. Furthermore, US workers have experienced decades of falling real wages, factory closures, pension cuts, welfare being turned into workfare, and a rising numbers living in poverty or without healthcare.

Bush has handed out massive tax cuts for the rich, boosted corporate profits and is promising the banks even greater handouts to prevent recession. Meanwhile 37 million – one out of eight Americans – lives below the poverty line; a recent BBC report on the Democratic primaries found that one in nine people in Michigan were receiving food handouts.

The latest figures released show the occupations of Iraq and Afghanistan costing \$15 billion per month, a sum that could raise millions of US families out of poverty. Now with the sub-prime mortgage meltdown, thousands of working class families will lose even the roof over their head. So with the Bush government discredited and the Republicans on the back foot, will the Democrats be able to change the country for the better?

Neither Obama's rhetoric of "change" nor Clinton, with her claim to be an insider with the "experience" to get things done



Daggers in their smiles? Clinton and Obama both represent the US establishment

in Washington, will provide a radical change of direction. The US working class will need a different party from the Democrats to reverse 30 years of neoliberal attacks on their wages, jobs and living standards, and end the escalating military adventures abroad that have killed more than 4,500 young soldiers in Iraq and Afghanistan.

Super Tuesday

The primaries build up to "Super Tuesday" on 5 February where the Democrats in 24 states vote all on one day for their nomination. The candidate that racks up the most nominations will almost certainly become the party's candidate at the Democratic Convention in August, kicking off the two month period of campaigning up to the election on November 6.

Obama surprisingly won the Iowa primary despite the media declaring for Clinton after the polls closed. Since then Hillary Clinton has retaken the lead with 3 primaries, won by a well-organised campaign machine and helped by the high profile support of ex-President Bill Clinton. But Obama won again in the South Carolina primary trouncing Clinton, winning 55% of

the vote against her 27%. This included Obama winning 78% of the black vote, more than half the Democrat vote, but doing poorly among white voters, leaving the race still uncertain nationally. John Edwards, the vice presidential running mate of John Kerry's failed campaign for the presidency in 2004, trails behind a distant third even in his home state of South Carolina, and his campaign is fading.

2006 Democrat win: little change

The Democrats have controlled Congress since the November 2006 elections saw a 12-year Republican reign in Congress overturned. But in power in Congress, the Democrats have broken their promises, voting at least three times for funding requests from the White House to continue the occupation of Iraq and Afghanistan, and dropping a deadline for the withdrawal of troops from Iraq under Bush's threat of a veto. Under leaders like Nancy Pelosi the Democrats have failed to fight against Bush and the Republicans, preferring to express concern over the war whilst funding it and refusing to stop it.

This is because the Democrats are in support of the War on Ter-

ror. Hillary Clinton voted in favour of the Iraq war in 2002, although she "regrets" it now and thinks that most of the troops should be withdrawn (by 2013!). Senator Obama said in 2005 that the US would have to "slog it out in Iraq", then the Democrat's 2006 landslide into Congress made him realise the opposition to the war on Iraq, so he now emphasises that he was always against the war and calls for most troops to be withdrawn within 16 months. The "populist" John Edwards voted for the Iraq war too.

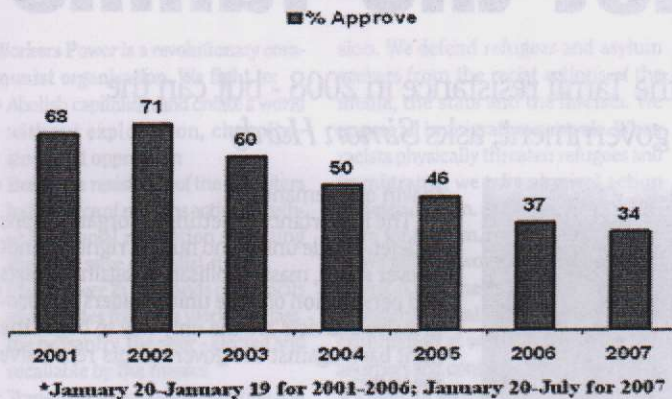
All of them are united on other key points: keep the "military option" open for an attack on Iran; maintain troops and bases in Iraq in order to fight "terrorism"; transfer troops from Iraq (the "wrong war" in Obama's words) to ramp up the fight in Afghanistan; all voting for the Patriot Act that has slashed civil liberties and enabled repression of those opposing the war. Obama's voting record on the War on Terror since he joined the Senate in 2004 is the same as Clinton's (www.factcheck.org).

There are some differences of opinion. Obama threatens to escalate Afghanistan by using military force to go after terrorists in Pakistan, even without the Pakistan government's permission, while Clinton stated will not rule out using nuclear weapons in the "lawless areas" of Afghanistan and Pakistan. The Democratic candidates are all loyal to the strategic aims of US imperialism: maintaining its economic and military hegemony in the strategic energy regions of the Middle East and Central Asia.

Obama: what kind of 'change'

Obama has tried to paint himself as untainted by the system, trying to tap the mass desperation for relief from war and poverty with his slogans for "change", "united for the future" and the "fierce urgency of now". With rhetoric about uniting the country, his strategy is to bring in new voters while making open appeals to independ-

George W. Bush's Job Approval Ratings Yearly Averages Trend*



ents and disenchanted Republicans, the strategy that won in Iowa.

His rhetoric, while not explicitly anti-racist, are pitched to win black voters to the possibility of the first black president rather making appeals based on class, though they have been hurt the hardest by declining wages and the sub-prime crisis, with black and Latino workers twice as likely as whites to receive sub-prime mortgages. There is massive hopes being stored up in Obama, especially among younger voters – in both Iowa and even in South Carolina, young white voters flocked to him.

But the Clinton campaign has exposed Obama's story about coming up from the grassroots and organising on the "streets" in Chicago as covering up his funding from slumlords in his early days as a politician! And beyond this embarrassing story, Obama has been a paid-up "Wall Street" Democrat for years now, with his key economic advisors from Bill Clinton's neoliberal administration, just like Hillary. Obama has received contributions from Illinois-based firms in ethanol and nuclear power for services rendered as a Senator, and nearly \$10 million in contributions from the finance, insurance and real estate sector. He ranks second among all presidential candidates in money raised from commercial banks (Clinton is the first) and with Goldman Sachs as his top contributor. As a result, Obama has refused so far to call for a moratorium on foreclosures, interest rate restrictions or even tighter regulation of lenders other than for fraud in the current sub-prime crisis – he wouldn't want to bite the hand that feeds him.

Build a New Workers Party

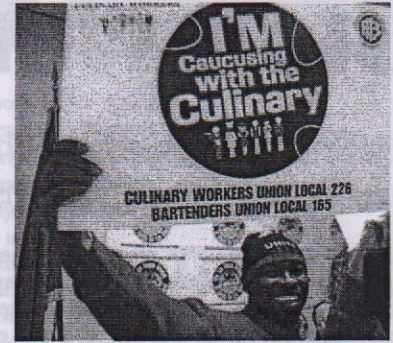
The democrats are not an alternative for the US working class, but a second capitalist party that is no less controlled and run by corporate interests than the Republicans. This identification of whole sections of US workers with the Democrats is a shackle that must be broken if workers are not to witness another neoliberal, imperialist Democratic presidency like that of Bill Clinton in the

1990's, and one taking place with the backdrop of an economic recession.

But many in the US including key anti-war organisations and the trade unions insist on funding, campaigning and voting for the Democrats as a "lesser evil" to the Republicans. They argue that activists would have more influence and gain a hearing from a Democrat president, forgetting the key role the Clinton presidency played in the 1990's in developing free trade agreements such as NAFTA and the boom in inequality, ended the federal welfare system for imposing workfare, and the sanctions and bombing of Iraq that led to Bush's war drive. The US union bureaucracy in both the AFL-CIO and the Change to Win federations have also been pouring millions into Iowa and other primaries to support their preferred candidate. Despite the decline in union membership, still around 60% of American citizens support labor unions, and 35% said they would like to see unions have more of a say in their country. This shows that despite years of union bashing and neo liberalism a large part of the US working class is willing to organise – unfortunately only 9% of workers are in unions and politically the unions are committed to either 'non political' economic issues or support for the Democrats.

What the US workers desperately need is to break with the Democrats, US capitalism's second party of big business, and form a workers party. The campaign for such a party should focus on three key areas:

- Opposition to the war in Iraq and Afghanistan. For the immediate withdrawal of all US troops and an end to war funding. No threats on Iraq. A campaign for a workers' party should organise protests, demonstrations, sit-ins and strikes against the war effort to drive home the message that the Democrats and Republicans agree on the fundamentals of the war on terror. Not a soldier overseas or a cent on the war budget. Spend the money on welfare not warfare.
- Abolish all immigration controls and



The large Nevada Culinary Union has supported Obama's campaign

full citizenship rights for migrants. No to racist scaremongering about Latino workers coming over the border. Oppose the racist migrant laws in the Congress and the Senate. Activists should launch unionisation drives among migrant labour and win unions to anti racist positions. Re-energise the mass mobilisations of 2006 under the leadership of the migrants and unions; not the democratic party machine.

- No cuts to jobs or pay. US labour has suffered over the past 30 years worsening conditions: pay cuts, job outsourcing, increased taxes, cuts in welfare and benefits. Don't let the working classes pay for the bosses' crisis. Tax the rich. Nationalise the banks and finance houses to pay for decent wages, good unemployment benefits and a building programme of affordable homes.

Such a party is an urgent necessity as both Republicans and Democrats will make the workers pay for the recession through lay-offs, wage cuts, slashing welfare, poorer health and more wars where working class men and women will be killed. The campaign for such a party must go among the working classes, the unions, the unorganised, migrant workers, black and Latino communities to offer a break from the bosses' parties and real "change". But such a party should not end up being reformist; reformist parties throughout Europe are implementing cuts and neo-liberal policies, a US reformist party will soon be cajoled and coerced by Wall Street and big business into attacking the working class and migrants, just like the British Labour Party is.

The campaign for a US workers party must be democratic and have a debate about its goal. We in the League for a Fifth International believe that such a party must be a revolutionary party, committed to the overthrow of capitalism and private property. The US working class and its allies live and struggle in the most powerful economy on the planet, we have every confidence that they can deal capitalism the death blow it so richly deserves and open the road to socialism in the USA and the world.

Stop war against the Tamils

The Sri Lankan government has promised to crush the Tamil resistance in 2008 - but can the working class mount an offensive to bring down the government, asks *Simon Hardy*

The death of Tamil MP Tyagarajah Maheshwaran in early January put the civil war in Sri Lanka back into the international headlines. The Tamil minority in the north and east of the country have been fighting for their national independence since 1983. The Sri Lankan government believes that now it can end the 25 year long civil war, Mahinda Rajapakse, President of Sri Lanka, has declared that 2008 will see an end to 'terrorism on the island'. Recent defections and defeats for the LTTE have given the Sri Lankan Army (SLA) cause for hope. Despite the death toll of over 4,500 in the last 2 years there was still technically a cease-fire operating in the country, however this was cancelled in early January by the government.

In comparison to the much-publicised death of the bourgeois politicians the deaths of Tamils and pro-Tamil Sinhalese by government death squads, warlords or Sinhalese reactionary thugs goes almost un-noticed. On top of this extra-judicial assassinations are a regular threat to public figures that speak out against the war.

The human rights situation has become an embarrassment to the country's allies. The US congress voted to suspend military aid for the country until more action is taken, and the EU has discussed cutting its trade benefits. Japan, a major aid donor to Sri Lanka organised a meeting with the government recently to warn that they too would withhold aid in the event of the continuation of blatant human rights violations in the country.

The recently passed law "Prevention and Prohibition of Terrorist Activities" allows the government to detain people indefinitely without trial in the framework through which much of the new oppression has come. Incidence vary, from police bursting into newspaper offices and shooting the editor to the abduction and beatings of trade union leaders accused of being Sinhala tigers (pro LTTE Sinhalese).

Rajapakse has shown little or no concern for all this, obsessed as he is with finishing the war. But its costs are undermining the economy and thus eventually the social stability within the majority community on which the war effort rests.

The military budget for 2007 was 139 billion Rupees, exerting a massive inflationary pressure on the economy. Inflation reached a high of 24% in October 2007. The central bank hopes to reduce inflation this year to around 10% but the local media is highly sceptical, reflecting mounting disillusion with the governments economic policies.

Workers Struggles

2007 has also seen a general increase in class struggle in Sri Lanka, despite the reactionary political situation in the country. Dockers, postal



A Tamil mother mourns the 'disappearance' of her son

workers and several estate plantation workers unions have all either taken action or declared an intent to, and health workers across the country have taken repeated strike action, so much that several Health union leaders have been arrested on trumped up charges of terrorism and beaten in police custody.

The struggles caused such a commotion that the utterly reactionary Buddhist monk party the JHU issued a statement calling for "all trade unions and undergrad organizations to shelve their agitations, strikes and campaigns for rights for one year in support of ongoing war effort." The unions unceremoniously rejected this.

Indeed, the Trade unions issued a warning to the government and the employees that 2008 would be a year of strikes, as reported in Sri Lanka newspaper the Sunday Leader in December. The article reported TU leaders saying "the 2008 budget has driven the masses to launch agitation campaigns, protests and strikes as the government has failed to address the needs of the people, who are currently burdened with a skyrocketing cost of living and an arduous tax regime."

One trade union leader is reported as saying "Next year is likely to be a year of trade union suppression as well. Almost all trade unions were subjected to harassment in 2007. As the trade unions are now up in arms against government's failure to address their grievances for the past 25 months we are ready to hold protests and agitations followed by general strikes island wide

to win our demands!"

The importance of setting up organisations to defend trade union and human rights cannot be over stated, mass mobilisations against arrests and persecution of trade union leaders and progressive activists are the only way to begin the fight back against the governments repressive measures.

A hard but necessary struggle

In such a counter-revolutionary mood that accompanies the government's drive to final victory making the case against the reactionary war and in defence of the Tamils is a hard task, one that can lead to imprisonment, beatings, torture or outright murder. However the increase in strikes and workers struggles offers hope for Sri Lankan workers to mount a serious attempt to bring down the reactionary government. Marxists in Sri Lanka must link the issues of inflation and low pay to the obscene war spending by the government - and point out that even if the Tamil Tigers are militarily defeated in 2008, a big if, since a guerrilla force is not so easily uprooted, this will by no means signal the end of the Tamils struggle for autonomy or independence.

The kind of bombings and attacks which target civilians, like the bus bombing near Colombo on January 16th that killed 26 is an indication of how the war could develop. Currently the terrorists attacks by the Tamil resistance movement is an auxiliary weapon in their arsenal, generally they prefer to wage a military struggle for land itself, and have taken steps to constitute themselves as a semi state organisation on those parts of the island where they have control. As their territory decreases and their capacity to mount a military defence of their homeland is diminished they may increasingly turn to attacks in Colombo and amongst civilians as a way of continuing their struggle.

Whilst the front lines of the civil war may be eradicated in 2008, what would the repercussions be of a long-term campaign of bombings and assassinations by increasingly desperate remnants of the LTTE movement? There can be no real peace without justice - recognising the desire of the Tamils for the right to vote on self determination would be a more powerful and effective way of securing the future of the island and the fraternity of its peoples than the imposed Sinhala solution of a fake 'devolution'.

The League is working with Marxists and workers in Sri Lanka to develop programmes of action with a clear political message for the working class in these difficult times. The creation of a revolutionary organisation which can fight against Sinhalese chauvinism and secure the defeat of the government's war of annihilation by mass workers struggles would open up an entire new period - one of united class and revolutionary struggles.

WHAT WE STAND FOR

Workers Power is a revolutionary communist organisation. We fight to:

- Abolish capitalism and create a world without exploitation, class divisions and oppression
- Break the resistance of the exploiters by the force of millions acting together in a social revolution smashing the repressive capitalist state
- Place power in the hands of councils of delegates from the working class, the peasantry, the poor - elected and recallable by the masses
- Transform large-scale production and distribution, at present in the hands of a tiny elite, into a socially owned economy, democratically planned
- Plan the use of humanity's labour, materials and technology to eradicate social inequality and poverty.

This is communism - a society without classes and without state repression. To achieve this, the working class must take power from the capitalists.

We fight imperialism: the handful of great capitalist powers and their corporations, who exploit billions and crush all states and peoples, who resist them. We support resistance to their blockades, sanctions, invasions and occupations by countries like Venezuela, Iraq or Iran. We demand an end to the occupation of Afghanistan and Iraq, and the Zionist occupation of Palestine. We support unconditionally the armed resistance.

We fight racism and national oppres-

sion. We defend refugees and asylum seekers from the racist actions of the media, the state and the fascists. We oppose all immigration controls. When racists physically threaten refugees and immigrants, we take physical action to defend them. We fight for no platform for fascism.

We fight for women's liberation: from physical and mental abuse, domestic drudgery, sexual exploitation and discrimination at work. We fight for free abortion and contraception on demand. We fight for an end to all discrimination against lesbians and gay men and against their harassment by the state, religious bodies and reactionaries.

We fight youth oppression in the family and society: for their sexual freedom, for an end to super-exploitation, for the right to vote at sixteen, for free, universal education with a living grant.

We fight bureaucracy in the unions. All union officers must be elected, recallable, and removable at short notice, and earn the average pay of the members they claim to represent. Rank and file trade unionists must organise to dissolve the bureaucracy. We fight for nationalisation without compensation and under workers control.

We fight reformism: the policy of Labour, Socialist, Social-Democratic and the misnamed Communist parties. Capitalism cannot be reformed through peaceful parliamentary means; it must be overthrown by force. Though

these parties still have roots in the working class, politically they defend capitalism. We fight for the unions to break from Labour and form for a new workers party. We fight for such a party to adopt a revolutionary programme and a Leninist combat form of organization.

We fight Stalinism. The so-called communist states were a dictatorship over the working class by a privileged bureaucratic elite, based on the expropriation of the capitalists. Those Stalinist states that survive - Cuba and North Korea - must, therefore, be defended against imperialist blockade and attack. But a socialist political revolution is the only way to prevent their eventual collapse.

We reject the policies of class collaboration: "popular fronts" or a "democratic stage", which oblige the working class to renounce the fight for power today. We reject the theory of "socialism in one country". Only Trotsky's strategy of permanent revolution can bring victory in the age of imperialism and globalisation. Only a global revolution can consign capitalism to history.

With the internationalist and communist goal in our sights, proceeding along the road of the class struggle, we propose the unity of all revolutionary forces in a new Fifth International.

That is what Workers Power is fighting for. If you share these goals - join us.

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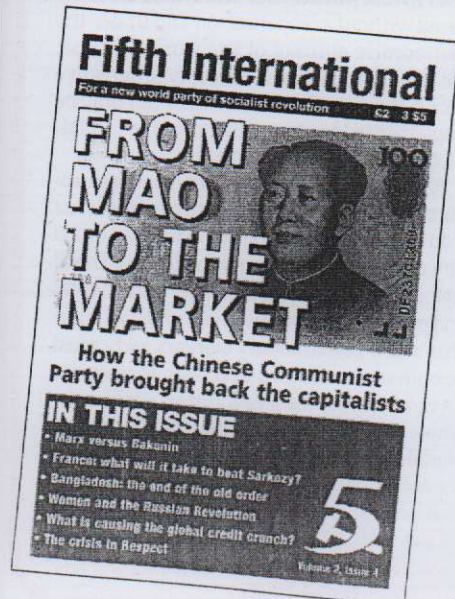
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The fight against inflation

By Simon Hardy

Inflation is back. After years of low price rises, driven by cheap goods from the east, the cost of food and fuel is rising more sharply than before around the world. And this is already having an impact in Britain.

US inflation is at its highest level for 17 years. In America energy prices went up 17.4% last year - and this month in the UK the energy companies followed suit.

British Gas is hiking its charges for gas and electricity by 15%. Npower is raising electricity prices by 12.7% and gas by 17.2%. EDF Energy is putting up electricity by 7.9% and gas by 12.9%.

So much for Labour's promise to end fuel poverty. How many more older people will die of the cold or shiver their way through another winter because of this? The National Consumer Council says Brown's target to end fuel poverty for the most vulnerable "by 2010" will be missed unless energy companies are forced to cut prices.

This is part of a global problem. In China food prices shot up by over 18% in November, and pork prices soared by more than 50%. Japanese inflation went up more than at any time for nearly 10 years last year. And in November the European Central bank warned that inflation in the Eurozone was at its highest for six years.

The global financial crisis has already caused central banks to cut interest rates, like the huge emergency cut in America in January which was spurred by the sharp falls on the stock exchange. Lower interest rates make inflation even worse.

The bosses and their governments hate inflation because it encourages higher pay deals and can put profits under pressure - and this comes at a time when profit warnings from big companies are up. They will always try to make working class people bear the brunt of inflation - by holding down wages and benefits as prices go up.

Inflation is one of the ways that in times of crisis the capitalist system tries to devalue capital. As the boom phases of capitalism's cycles reach their fizzing, spluttering peaks, more capital is accumulated than can be invested at sufficient profit to make it worthwhile for the super-rich companies, banks and investors. Inflation - which is in reality nothing more than a reduction in the value of money - is one way that overaccumulated capital is devalued. It also devalues workers' wages, meaning a greater proportion of our wage get spent on the necessities of life.

That is why right now the bosses and the government are so determined to hold down

pay. In the public sector this is going to be particularly bad. It's no surprise that, faced with rising inflation, the government employers are trying to impose a three-year pay deal on teachers. What is so infuriating is that the teachers' own union leaders have not ruled this out in principle. They say it depends on how much they are offered. Can't they see why the government wants to tie them in to a three year settlement when price rises could soar in the year ahead?

Of course, if there is a deep recession - and there are many signs that one is coming - a collapse in production, closures of workplaces and a rise in unemployment would affect demand and inflation could come back down again. But then the bosses would have succeeded in making the working class pay for the crisis in a different way - by throwing

The bosses try to bamboozle us with different measures of inflation: the 'consumer price index', which is always lower than the 'retail price index'. We simply cannot trust these figures

hundreds of thousands onto the dole and slashing spending on services.

Ninety years ago, in his famous Transitional Programme, the Marxist revolutionary Leon Trotsky described inflation and unemployment as "the two basic economic afflictions, in which is summarised the increasing absurdity of the capitalist system." Communists refuse to choose between one or the other way of making workers pay for capitalism's failure. Instead we fight to resist the deterioration of workers' living standards and to link this resistance to the fight for an alternative, rational system that can meet the needs of all: socialism.

In the struggle against higher prices, communists fight in the trade unions and across the working class for the rejection of all pay deals below the real rate of inflation and of all two and three-year deals: we fight for a united public sector strike against pay restraint, drawing in private sector workers

into a common challenge to the government and the employers.

Nor should we be content to fight every attack separately, again and again. We should fight to establish the firm principle that workers' wages will not be devalued by inflation: we fight for a sliding scale of wages, with an automatic 1% rise for every 1% rise in real prices. The minimum wage should be set at £9 an hour.

How should inflation be calculated? The bosses try to bamboozle us with different measures of inflation: the "consumer price index" which is always lower than the "retail price index". Important inflation figures often leave out key expenses like rent and mortgages. We simply can't trust these figures.

Instead, the TUC should sponsor a nationwide campaign in which workers and our families monitor and report on real prices in our areas, so we can calculate a real Working Class Price Index. This should be the basis on which our pay demands are calculated. This puts the power in our hands to say what is a "minimum standard of living", not just civil servants working for the government.

Communists also demand that the state guarantee the value of our pensions to prevent our pension funds being gambled away on the stock market, as happened to the BT pension fund in the January stock market crash.

Because inflation is root and branch part of the capitalist system, a radical policy is needed to begin the process of creating a society free from rising prices. The working class should have control of money and basic goods, not the unelected and generally unaccountable boards and shareholders. All banks and building societies, along with the food and energy corporations, should be nationalised without compensation and under the democratic control of the working class. We should implement a steeply progressive tax on the rich. These measures can only be implemented by struggle against the capitalist class and their state.

All of these measures could only survive temporarily however. The state and capitalist class would not allow workers to have this much power over the economy for long without trying to re-establish control over prices, wages and production. That is why communists argue that a new revolutionary workers party must be built which can turn an economic crisis into an opportunity for a revolution against the whole capitalist system. Only the democratic planning of the economy - socialism - can beat the boom and bust cycle of inflation and recession, and all the insecurity, inequality and poverty that it causes.