

workers power

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

WE WON'T PAY FOR THEIR CRISIS



Inside:

- World economic crisis – after the thunder, comes the rain
- Workers and students unite in Italy
- Chinese workers fight back
- Brown and Darling's rip-off
- Obama and modern racism
- Terrorist outrages in Mumbai



League for the
Fifth International

NEWS IN BRIEF

Liverpool protest against office and factory closures

ON 29 NOVEMBER, 150 people marched in Liverpool against threatened post office and job centre closures and the closure of York's Remploy factory. Despite promises of help to find other jobs, only three Remploy workers have found jobs since. One banner had a phoenix and the words "We will rise again".

In a speech after the march, local Labour MP Hugh Bayley was the only one not to condemn threatened job centre closures, praising the government for having employed more people in job centres instead. GMB General Secretary Paul Kenney said to loud cheers that any MP who didn't oppose them would be without union support at the next election. The CWU's Billy Hayes called on Remploy workers to join Labour and speak at the annual conference to reopen it, forgetting that conference has no power and isn't due for almost a year. The silence he met shows that people can't wait a year and know they can't "reclaim Labour".

Most promising is that several unions (GMB, Unite, CWU and PCS) are working together on a number of connected issues. This unity must continue and our fight-back must be co-ordinated if we want to save public services and stop job cuts. Further demos and rallies should be backed up by joint strike action if we want to win.

Iranian teacher faces sentence of death

AS OF THE TIME OF WRITING,

Iranian teacher and trade unionist Farzad Kamangar, 33, is still alive but remains under a sentence of death that could be carried out at any time, having been condemned in February after a short and secret trial.

He was accused of "endangering national security", and of being a member of the Kurdistan Workers Party, a charge that he denies.

His real "crime" was acting as a public spokesman for the Teachers' Union of Kurdistan before it was banned, and writing for human rights organisations.

A letter from prison has described his abuse and torture over eight months in solitary confinement, including beatings, electric shocks, being threatened with rape, sleep deprivation, being forced to wear dirty clothes and eat rancid food, and the arrest of family members and loved ones.

Protests to the Iranian president Mahmoud Ahmadinejad can be sent to dr-ahmadinejad@president.ir



Thai airport sieged by royalist protesters

PROTESTERS LED by the right wing People's Alliance for Democracy have occupied Bangkok's main airport and demanded the resignation of prime minister Somchai Wongsawat, having brought down a government earlier this year and played a role in the 2006 coup that brought down former prime minister Thaksin.

Despite its name, the People's Alliance for Democracy is deeply anti-democratic. It argues for banning the "insufficiently educated" from voting and says parliament should be partly appointed by the monarchy.

A sign of their upper class connections is the attendance of Queen Sirikit at the funeral of a PAD protester, along with the army chief and the leader of the opposition. The army has refused to disperse protesters at the airport, leaving the government to rely on the police.

We say: this reactionary movement must be resisted on the streets. But Thailand's exploited workers and peasants cannot rely on the police or on the government to defend their democratic rights. They should organise mass protests of their own in defence of democracy, and extend it into a struggle against the capitalist system that both the government and opposition defend.

BNP membership list leaked online

By Simon Hardy

November's internet publication of the British National Party's membership list first seemed a huge embarrassment to its leaders, and provoked a storm of anger on far right web forums. Party leader Nick Griffin said it had been leaked by a disgruntled former organiser who had fallen out with the fascist organisation, which pretends it has broken with its past to become a respectable electoral force.

Yet soon the obscene amount of coverage media they were given must have cheered them up. BBC Radio 4 allowed three members several minutes to explain why they had joined the party and its position on immigration. This free publicity helps them move further into the mainstream and to set the tone of the immigration debate.

The list contained over 10,000

names and addresses, around 3,000 listed as activists, with policemen, prison officers, teachers, soldiers and even the odd clergymen included. Griffin claimed this showed they "not just a bunch of skinhead oiks."

What it also showed is that it is not the party of the "white working class" that it, and some Labour ministers and liberal journalists, claim it to be. A substantial majority of its members were revealed as middle class.

A debate has erupted about whether the people named on the list should be allowed to keep their jobs. Our answer is that BNP activists should be driven from the workplace, because they pose a threat to ethnic minorities and undermine trade union solidarity. How can a Muslim worker feel safe working with known BNP activists? The question is, who should drive them out?

We cannot concede this right to

the bosses, who would undoubtedly extend it to "all extremists", and chiefly to the left, who are far more of a threat to them than BNP members. Nor for the same reason should we give the capitalist state the right to impose employment bans.

Legal bans too would run the danger of being extended to working class organisations, and would enhance the BNP's carefully cultivated image as an anti-establishment party, standing up for white workers, and persecuted by Labour for "telling the truth about immigration."

Trade unions, however, should have the right to expel BNP members from their ranks. If they grow strong in times of crisis, like the Nazis they admire, they would destroy all working class organisations and obliterate the social gains and democratic rights we have won in capitalist society.



BNP leader Nick Griffin

Journalists and broadcasters in the NUJ and other unions should refuse to interview these fascists and allow them to spread their message of race hate. But antifascism alone is not enough. As soon as possible a mass working class party must be built to counter the growth of the fascists and offer a message of working class solidarity and socialism as an alternative to racism and nationalist hatred.

EDITORIAL

WE WON'T PAY...

The rallying cry of workers and students in Italy – in a huge wave of marches and strikes this winter – should become our slogan here, too

“We won't pay for their crisis!” say the banners in Rome, Bologna and Naples. Quite right. Why should workers pay for the credit crunch and recession caused, as they were, by billionaire bankers and greedy corporations? If they caused it – they should pay.

The Italian working class is showing the way forward. And the same thing is starting to happen here.

In Derry, Northern Ireland, bosses at Calcast have been run out of business. Now they are trying to claw back their losses by paying workers just a third of their redundancy money. So the workers have occupied the plant – and their sit-in will go on, they say, for 90 days.

We need more of this: a mass movement right across the UK and the rest of Europe. Not one job loss, not one pay cut, not one family evicted, not one workplace closed.

The government says it wants to protect ordinary people from the slump.

Well then, how's this for a set of policies?

- Any firm that declares redundancies should be taken over by the government: if they can do it to guarantee the banks' losses, they can do it to guarantee workers' jobs.

- Any firm that tries to cut pay should be banned from doing it. Wages should be linked to price rises, the minimum wage raised to £8.75.

- There should be no home repossessions and no evictions. Mortgage lenders should be nationalised and instead of compensating the owners, Labour should compensate the victims by cancelling interest payments, allocating empty properties to the homeless and building council houses.

- Who should pay? How about

making the rich pay for once? A heavy tax on unearned wealth and the inheritance of huge sums would be a start.

And much higher taxes on corporate profits could fund jobs and services. We could shut down the tax havens in the Channel Islands and the Isle of Man, too.

Of course, the bosses would scream 'You're driving us out of business!'

But if the state took over their firms, it'd only be a handful of very rich former owners that'd suffer.

It's not as if there's suddenly no need for goods and services. The recession is caused because bosses can't produce them at a profit.

The answer is production for need, not greed.

Instead of a market free-for-all, we'd have a plan of production run democratically by the working class.

It's called socialism.

... FOR THEIR CRISIS

It's a sign of the times that, since this crisis exploded, Gordon Brown's ratings in the opinion polls have gone up not down.

To get re-elected, Brown told Alistair Darling to make it look like he's defending ordinary people. So in his pre-budget report Darling came out with a Crisis Budget.

He knows people are furious with the bankers who got us into this mess – so he raised their taxes. But only by 5 per cent, only on earnings above £150,000 and not till 2011, after the next election.

That's nowhere near enough to pay for the hundreds of billions Brown gave to the banks.

So it's obvious how that's going to be paid for: by cuts in services... after the next election.

At times like these, workers look to our trade unions for protection. The tried and tested principles of solidarity and collective action are the way to stop management cutting jobs, holding down pay and making us work harder.

But what are our union leaders

But what are our union leaders doing? They're so busy backing Brown's con-trick budget that they won't call united strike action against job losses and pay restraint

doing? They're so busy backing Brown's con-trick budget that they won't call united strike action against job losses and pay restraint. The TUC won't even call a national demonstration!

It makes you wonder whose side

they're on.

In 2009 trade unionists, workers and young people who want to fight back will have plenty of chances. The Convention of the Left and the National Shop Stewards Network are just two initiatives trying to bring people together across different unions, different towns and different organisations.

But there's one thing missing: a political party of our own. Too many left wingers still seem to think we can take over the Labour Party and make it work for the working class.

We've been there before – and it can't work. The right wing MPs have made it impossible to change party policy.

Far better to set up our own party. The rail workers, firefighters and civil servants' unions are already outside the Labour Party: they should call a congress to create a new workers' party.

Then, as workers from other unions struggle over jobs and pay in the months and years ahead, many more would surely follow.

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THE RECESSION HITS

Labour blames the sick and disabled for unemployment

When capitalism goes into crisis, the ruling class always attacks those living in the margins of society. *John Bowman* exposes Labour's measures against the sick and disabled

Health Secretary Alan Johnson has revealed plans to massively cut expenditure on incapacity benefits by taking one million people off the allowance by 2015. In effect, Johnson is saying that the sick and disabled are to blame for unemployment – not capitalism.

The Department of Health (DoH) and Department for Work and Pensions (DWP) aim to do this through a reversal of the current system, whereby doctors are responsible for assessing a patient's health and potential difficulties that could arise in the workplace. Based on these facts provided by claimants' GPs, the DoH currently makes a decision on whether further examination is required or whether the patient is eligible for incapacity benefits.

The new regime of "fit notes", which is already being trialled by 500 GPs across the country, will

demand that doctors specify the work that patients are able to do despite their disability. Explanations of the government's plans are laid out in a policy response called "Improving health and work: changing lives".

The report, which is written by Johnson and James Purnell, outlines immediately the importance of getting people into work in a challenging economic time. It publishes a number of suggestions on how businesses can improve their recording of sickness data, reduce employee absence and encourage healthy workplace practices. It outlines the importance of finding areas of work for those suffering from long-term illness.

There's something blindingly obvious missing here – a proverbial elephant in the living room: the fact that the recession is causing hundreds of thousands of healthy workers to be thrown out of their jobs.

In 2005, Tony Blair attacked those on incapacity benefit – reducing the higher weekly rate paid to the long-term sick by almost one third. In 2007, Labour closed 29 Remploy factories, which were designed to cater for disabled workers, placing 2,000 more on benefits.

The reality is that the new plans are a continuation of Blair's policy to cut expenditure and blame the sick and disabled for the crisis, deflecting attention from the bosses' enforced redundancies.

Socialists are absolutely in favour of finding suitable work for sick and disabled people – but to rely on the market to do this as the economic crisis bites is insane.

A recent demo in Liverpool (see shorts) demanding the re-opening of the Remploy clothing factory shows the real way forward. We call for the re-opening of all Remploy workplaces, a halt to the hounding



Alan Johnson

of incapacity benefit claimants and suitable work or full pay for all the jobless.

New prostitution laws: protecting women or putting sex workers in greater danger?

By John Bowman

Buying sex from a woman who is the victim of trafficking will be made illegal under new legislation. The law will also apply to men who knowingly pay for sex with a woman who has a pimp. Either offence could lead to a rape charge. In addition, new laws will also result in "kerb crawlers" being charged.

Home Secretary Jacqui Smith said she was tackling the exploitation and coercion faced by trafficked women, while also addressing concerns expressed by local communities over anti-social behaviour and street prostitution.

But the announcement of the new legislation has sparked outrage from campaign groups and sex workers' unions. They argue that further criminalisation of the

industry will result in prostitution being driven underground, resulting in sex workers who face attacks and unsafe conditions feeling unable to report offences. One sex worker told the BBC that she could not go to the police even as the law currently stands in case her history of drug abuse was brought up in court. These new laws would make her situation even more precarious.

Cari Mitchell from the English Collective of Prostitutes argued that the new laws would worsen the plight of sex-trafficked women in particular. She made the obvious and undeniable point that many women would be forced into lying about whether they had been sex-trafficked or working for a pimp in the first place. Mitchell also explained that threats of deportation played a further role in preventing the most exploited sex workers

from coming forward and bringing the real culprits – the pimps and the traffickers – to justice.

Defend sex workers

The plight of Britain's sex workers stems from a number of different factors and will not be solved by further criminalisation. In fact, the opposite is true.

Sex traffickers trick women, who may try to leave their country in order to seek a better life into sex slavery. When they arrive in another country, they are tied by force or financial desperation to work in the sex trade or risk the threat of deportation.

Pimps, meanwhile, can exert cruel control over their prostitutes precisely because they offer protection from violent customers and the law. In addition, Britain's poverty-level minimum wage means that

sex work can pay more than a McJob and women are forced into sex work to make ends meet.

One of the four key aims of the International Union of Sex Workers, part of the GMB, is "the right to participate in and leave the sex industry without stigma". Illegality pushes this key concern of sex workers off the agenda.

A strategy genuinely focused around the needs of sex workers would fully legalise the industry to allow workers to obtain any help they needed and control their conditions. It would aim to abolish racist immigration controls and deportations, which force women into industries run by criminals. It would introduce a minimum wage of £8.75 per hour so that young women could have a real choice when choosing an alternative profession to prostitution.

The bosses get more help than the workers in Labour's pre-budget report

The Labour government says that it is redistributing wealth to the poor. But *Rebecca Anderson* shows how Darling's crisis 'mini-budget' favours the bosses and business

Labour has hyped its pre-budget report not only as Britain's ticket for riding out the recession, but also as a fair redistribution of wealth across society. Derek Simpson of Unite has welcomed the report as "the first real attempt in a generation by a UK government to redistribute wealth from rich to working people – and that is to be applauded."

Back in March, the Chancellor predicted that the UK would have a £48 billion deficit by the end of the year; now he admits that this stands at closer to £78 billion, excluding the banking bailout. Rather than being reduced to £38 billion over the next year, as promised, this debt will now rise to £108 billion. If things go according to plan, the government will borrow £400 billion over the next five years, peaking in 2013-14 when it will be the equivalent of 57 per cent of GDP. The Tories have made the comparison that Labour plans to borrow twice what Britain did to pay for World War I and estimated that for every £100 billion the government borrows, the average family's tax will rise by £4,000.

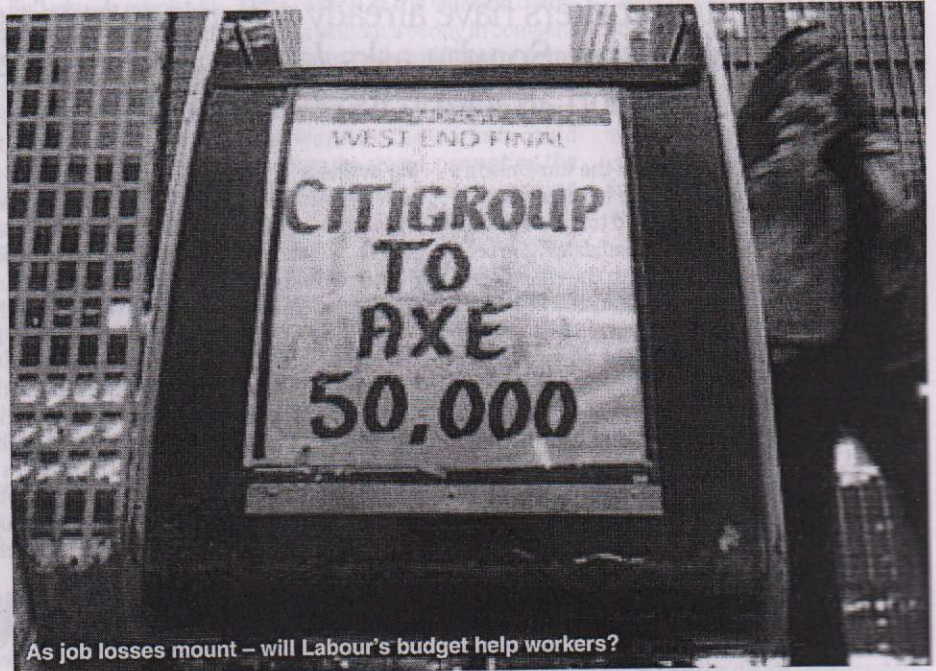
Borrowing is difficult in a credit crunch and the international markets will have to be sure that the UK is good for it. Commentators are warning that if concern mounts that Britain won't be able to pay back the loans then the interest rates on them will rocket. Darling claims that he can rebalance the finances by 2015, but this is based on the optimistic prediction that the British economy will start to grow again in 2010. If the recession is deeper and sharper than the government expects then Britain could face a major fiscal crisis.

Spend! Spend! Spend!

The centrepiece of the budget is the emergency cut in VAT to boost consumer spending and ease the stress on company balance sheets during the recession. As inflation has been eating away at workers' wages and recession fears have kept their wallets closed, a number of high street shops and auto plants are now in trouble. Woolworths and MFI have been the biggest examples. In an attempt to kick start the economy in the run up to Christmas and stop further bankruptcies, Darling has announced a 2.5 per cent cut in VAT to 15 per cent until 2011. This will certainly make goods cheaper, but as the recession bites prices are going to fall anyway – so, in truth, the VAT cut is about politics not economics.

Tax cuts for the corporations

Darling's not only worried that UK companies will go under, he's also concerned that the



As job losses mount – will Labour's budget help workers?

recent bout of multinationals abandoning the UK in search for sunnier tax climates will become a mass exodus in the face of the crisis. His answer to this is to reduce the UK tax that these companies pay, with an end to the taxation of dividends from the subsidiaries of UK companies based overseas – a measure that is predicted to lose the country £275 million in 2012. But this is nothing compared to the idea of moving to a more territorial-based corporation tax system, where these subsidiaries would pay no tax to the UK despite their headquarters being based here.

This is a time when we need to be taxing the corporations for all they're worth to make them pay for the crisis, not us. If they flee under this pressure, then their assets should be frozen and the companies nationalised without compensation to the big shareholders.

Lining up attacks on the public sector

The whole myth that Labour is going to redistribute wealth to the working class comes from the planned increase in income tax for those earning over £150,000 from 40 per cent to 45 per cent. The Tories' claim that is an attack on middle class incomes is nonsense – less than one per cent of the population earn more than £150,000. While socialists naturally welcome the rich paying more in tax, this is wholly inadequate – we need a punitive tax on the super-rich and corporations.

There are also plans to lower income tax for

the poorest people by maintaining the increase in personal allowance, which was meant to compensate for the abolition of the 10p tax rate. But the small advantage it gives to workers will be wiped out by the increase in National Insurance, which will take £2 billion out of our pockets.

Increases for the lowest earners will be delayed until after the next general election, but after 2011 they will even affect those earning less than £5,500 a year. This is coupled with £37 billion worth of cuts in public services over the next five years, e.g. £1.2 billion has been cut from the Department of Health's budget for the year 2010/11 to plug the enormous gap in the budget.

We won't pay for their crisis!

Labour is trying to use small symbolic tax increases for some of the wealthy to distract us from the massive attacks that it is lining up for the working class. And this is what we need to prepare for because, fundamentally, when capitalists borrow like there's no tomorrow at some point they'll have to pay it back. When the crunch time comes we can be sure of one thing: it'll be working class people, already suffering under the hammer blows of mass unemployment, pay cuts and appalling working conditions, who will be forced to pay for the crisis in state finances through high taxes and attacks on our public services. Unless we organise to fight back.

WORKPLACE

Stop the witch-hunt of activists in Unison!

Public sector workers have already suffered swingeing pay cuts, and now face massive jobs losses. So why, asks *Jeremy Dewar* a member of Lambeth Unison, is their biggest union attacking its own activists?

The scale and ferocity of the war Unison's pro-Labour leadership has launched on branch leaders opposed to their sell outs is astonishing. Opposition candidates have been expelled, activists sacked with the collusion of Unison HQ and disobedient branches taken over by unelected officials. The current witch-hunt rivals anything seen since the days Cold War bans and prescriptions.

Yunus Bakhsh, a member of the Socialist Workers Party and secretary of Northumberland, Tyne and Wear NHS Trust branch, was sacked in June after a two year campaign of defamation by his employer based on hearsay complaints of intimidation. Then, the defence turned prosecutor, as Unison officials suspended Yunus for representing a member, whose job he saved, and campaigning for election without permission. Despite Yunus retaining the overwhelming support of his branch members and being elected to Unison's health executive on 86 per cent of the vote, the union's leadership expelled him in November.

This year Unison also expelled Tony Staunton, Plymouth council branch secretary and a member of Unison for 23 years, in January, despite Tony proving that he had not used union photocopying and telephone facilities for his own activities. Staunton's real crime? He was first suspended from office weeks after declaring his intention to stand for the NEC against Steve Warwick, chairperson of Unison Labour Link. The union's rules state that suspended members cannot contend elections.

Big business

Now the witch-hunt in the South West is spreading with even darker undertones. Nigel Behan and Pat Rowe, secretary and shop steward for Somerset branch, have respectively been suspended and sacked. Their crime was to fight the wholesale privatisation of council services in the region to IBM.

While local authorities and Somerset & Avon Police clearly prepared this underhand sell-off, activists know that Unison colluded in the machinations. Why? Because Unison has a sweetheart deal with IBM to have sole negotiating rights for its staff. Though who would want such a company-loyal "union" to represent them is another matter.

But at least Somerset branch has retained its right to organise. Newham branch in East London, which has 3,500 members, has been taken over by regional officials just eight weeks after a new set of officers were elected. Problem was, they were the wrong officers, left wingers not the pro-Labour slate the regional organiser wanted.

As a direct result, members have already lost rights to compassionate and sick leave, hundreds have received pay cuts due to job re-evaluations and single status deals and up to 600 face redundancy. In each case regional officers have failed to follow through on work started by the elected branch committee. The official reason for shutting down the branch was that its representatives were unable to function. The real reason was that the branch has been a

thorn in the side of the Labour council.

Its previous branch secretary, Michael Gavan, was an SWP member and supporter of Respect, the then main opposition to Labour on Newham council. He was sacked - again on trumped up charges and with little support from Unison - only to be replaced by another SWP member. So now the branch committee has been closed down and Unison full-timers are handing over to the council every change in terms and conditions it wants.

Fightback launched

It is clear that the witch-hunt in Unison is bound up in Labour's electoral strategy: to hamper working class resistance to making it pay for the capitalist crisis. This not only involves Unison collaborating with employers in the sacking of activists, but also with the privatisation of jobs and services and the downgrading of members' pay and conditions.

A national meeting in Birmingham started a united campaign to combat the bureaucracy - with over 100 activists present from every region in England. The decision to put up a single left slate for every NEC post this year in Unison's elections is a welcome one. But this fightback must not rest content with contesting union elections. It must be combined with organising resistance to the employers and Labour's attacks this winter and next year.

And for that to be achieved we will need to develop a grassroots, rank and file movement capable of acting independently of the officials wherever it is necessary.

UNITE health workers begin fightback on pay

UNITE's 100,000 health workers will take their first steps towards industrial action against Labour's three-year below-inflation pay deal with a work-to-rule day of action on 3 December. Angry UNITE health workers voted for industrial action against the government's "derisive" deal by 76 per cent since it represents less than half of current inflation levels (at 5 per cent RPI, the offer is 7.99 per cent over 3 years). This would also hit retirees' pensions, which are based on final pay.

The day of action will involve workers sticking to the letter of their contracts and rejecting non-essential paperwork, email exchanges, atten-

dance at meetings, and telephone calls. Rallies will take place at a score of hospitals and NHS offices around the country.

The UNITE health executive has declared that "strike action in the New Year is on the cards if ministers don't make concessions." UNITE members must demand they follow through and name the day, since officials might well be desperate to wind things up as union after union, after other health service unions along with the NUT and PCS have backed away from strike action. With falling inflation and a low turn-out for the strike ballot (54 per cent) they would have the necessary excuses to hand. After

Brown's turn away from "New Labour" policies in the pre-budget report they will be especially keen to avoid action damaging Brown's re-election bid.

A successful turnout on 3 December is important to bolster future industrial action. UNITE workers hold many key posts in the health service, from laboratory technicians and hospital pharmacists to health visitors, community nurses and 12,000 ancillary and ambulance staff. A successful strike could well inspire other angry NHS nurses and staff to demand the leaders of other health unions reopen the pay deal and push for joint strike action.

Woolies and MFI go bust as recession hits the High Street

While media pundits focus on the fall of brand names, more than 30,000 workers face redundancy. *Jeremy Dewar* asks why shops are closing and how we can save jobs

Woolworths and furniture retailers MFI are bankrupt and in the hands of administrators. Up to 30,000 employees at Woolies and another 2,500 workers at MFI face an uncertain Christmas, as administrators seek to carve up the businesses and sell off the profitable parts. They will not try to save jobs; on the contrary, they will try to save capital, and to hell with the staff who built up the business through years of loyal service.

So why have these High Street giants gone under? Woolworths has accumulated £385 million of debt, many times its market value, which has tumbled 90 per cent this year. The problem became acute when banks refused to insure its suppliers a few months back, effec-

tively starving the stores of goods.

So, while management turned down a £50 million offer for the company by Iceland only in August, by the end of last month it couldn't find a buyer even at £1.

MFI, too, has been buffeted by bankers. Private equity firm Merchant Equity Partners bought the business in 2006 for a quid and duly shut down half its stores. Then in August this year US hedge fund Cerebus sold its stake in MEP and MFI was again sold on for a pound - again with the loss of half its outlets. Now the remaining 106 stores are in administration.

What is clear from all this is that the capitalists have lost any right they might once have claimed to run these concerns.

Employees in both companies

should demand that the books are opened to inspection to see where the profits have gone, and that the Labour government nationalises the chains and places them under the control of the workers themselves without a penny in compensation to their millionaire owners that ran them into the ground.

Taking their cue from the Derry car workers, the workers could occupy the stores, preventing the administrators from dispensing with the assets until their demands are met - that would be a beacon to other shop workers fearing their future and could put pressure on the government to act.

Instead of Labour bailing out the banks while allowing them to continue to strangle failing companies like Woolworths, it should nation-

alise both - if it doesn't then it'll be Labour that is to blame for any job losses in these companies.

Responding to the news, city analyst Jeremy Batstone-Carr said, "Jobs being lost on this kind of scale all over the country, not just among bank employees, will really bring it home to people that this is a serious recession. It's a watershed moment."

That's why a fightback now is so important. There are 4.5 million retail workers in Britain. The total debt in the sector is £25 billion.

You don't have to do the sums to work out this could be a jobs massacre.

But bold action now could prevent it, if we demand Labour acts and force it to do so with militant action from below.

Postal workers face mass closures at Royal Mail centres

The CWU is facing an onslaught by Royal Mail and BT. A union rep outlines the attacks and calls for a strong response

Despite requests from the Communication Workers Union, Royal Mail has refused to outline its plans or review its decisions to close mail centres, cut pensions or introduce automation that could see tens of thousands of jobs lost.

Supposedly such changes are part of the 2007 flexibility agreement. It seems managers just want the flexibility - and to hell with "agreement"!

Postal workers face a full-spectrum assault, including the possible sell-off of Royal Mail. After Peter Mandelson was appointed business secretary, rumours abounded that the "independent" review into the postal sector under Richard Hooper would recommend private finance for Royal Mail, possibly in the form of a joint venture.

Yet the CWU leadership's response has been to rely on lobbying Labour and fruitless discussions with postal bosses. It suspended a strike ballot of 13 mail centres for over a week before finally being forced to send out the papers. Foot-dragging like this crippled the magnificent 2007 postal strike.

Questions unanswered

Indeed, why are only 13 mail centres being balloted when as many as 35 could close? And why are mail centres being forced to fight alone



when delivery offices also face cuts?

Up and down the country management is imposing changes without agreement, for instance imposing longer walks in the North East that would break health and safety guidelines.

Why don't we link the issues, and strike until all these attacks are defeated?

Activists and branches should come together and demand the whole postal sector is balloted over changes to working practices, closures and privatisation. Time is running out, we need to launch the counterattack, an all-out national strike.

BT slashes jobs and pensions

November saw the global telecommunications company BT deal its UK employees a one-two punch, with the announcement of pension cuts followed days later by notice of 6,000 redundancies by March 2009, on top of 4,000 job losses already this year.

This will save BT's bosses £100 million a year at the expense of working BT employees into their old age. BT Chief Executive Ian Livingston claimed: "Profits in BT Global Services are simply not good enough and we are taking decisive action to put matters right."

Yet BT's second quarter profits rose 18 per cent to £400 million! BT may not be in crisis like the banks or Woolworths but it is more than willing to use the recession's climate of fear to discipline its workers.

Unfortunately the Communication Workers Union leadership has put the pensions package out to ballot recommending acceptance, while saying nothing about job losses except that it is against compulsory redundancies:

"We could take immediate strike action to oppose the changes. But when the strike was over, the problems would still remain. It is better to take hard decisions now."

This attitude is both fatalistic and fatal. Concessions simply invite BT to come back for more. A recent demonstration of 90 CWU members in Coventry against management harassment shows that the basis exists to defeat the deal and lay the groundwork for a national strike against cuts to both pensions and jobs.

WORKPLACE

Shop Stewards Network takes steps forward

The NSSN steering committee met last month in the middle of the biggest spike in unemployment for a decade and a run of layoffs and closures. *Andy Yorke* reports

The National Shop Stewards Network is developing roots across the country and has got stuck into many important struggles. The NSSN has organised public meetings and day events in every region, often tied to the crisis, while taking part in campaigns against the privatisation of the Metro in Newcastle and the closure of Ford's Southampton plant.

Indeed, nearly a third of the steering committee could not attend because of the Unison left meeting the same day (see page 6).

A constant theme was the need to unionise workers and organise strikes to defend workers' interests. Though the crisis was only one item on the agenda, it dominated most of the meeting.

Ford walkout

For instance, the discussion about the work in south Wales centred on meetings in the Rhondda valley with its high levels of unemployment and the pro-

posed closure of Hoover's Merthyr Tydfil plant, the town's largest employer.

A key discussion focused on the Southampton Ford dispute, where the NSSN launched the movement against the threat of closure. The steering committee passed a resolution to develop a movement against job losses and unemployment.

Ford announced its intention to halve transit van production there in September, with a threat to 120 jobs and possible closure due to falling demand. Socialist Party members leafleted workers on the gates with NSSN "Save the Transit" bulletins. This was followed by a one-hour walkout by over 100 workers in October, along with local meetings, a demonstration and lobby of the council.

The network has made other links with car workers, at Visteon in south Wales, for example, and has now called a national meeting of shop stewards in the motor industry for February 2009. This kind of initiative shows that the

NSSN can become a useful tool for developing a fightback against unemployment.

The committee debated a Workers Power resolution on the crisis and the need to fight cuts, closures and workfare - Labour's proposal to make the jobless work for the dole. The resolution called for a movement, like in Italy, where students and trade unionists have organised occupations and strikes. It suggested NSSN members coordinate with local campaigns, such as Public Services Not Private Profit groups, and reps of workers facing cuts to build solidarity and protests.

Finally it committed the NSSN to campaigning for a national trade union demonstration against unemployment and job losses, which the meeting decided should either coincide with the April G20 protest in Watford or link up with May Day demonstrations.

With many local and regional meetings in the New Year, and NSSN members in many different unions, some of them NEC members, such a movement really has the potential to take off. It could become a counterweight to the dead hand of the union bureaucracy - and, indeed, their regressive and obstructing role repeatedly came up in discussions.

Politics

A movement that is truly national and cross-industry in scope will be vital in 2009. While workplace and sectoral struggles will continue to develop, the unions must also be won to mounting a general, political challenge to Labour.

If a rank and file movement in the unions is to fulfil its potential, it must set as its goal the launching of a new, mass party of the working class. Only general measures to nationalise companies making redundancies, put the unemployed to work on useful public projects and take control of the banks can

make the capitalists pay for their crisis.

While the Socialist Workers Party and others believe it is necessary to rebuild the fighting strength of the unions first and then establish such a party, Workers Power think the two tasks are set in tandem.

- Link up and spread the strike
- Build a rank and file movement.
- Forward to a new workers' party

Derry car workers occupy plant

Irish workers at the Calcast plant in Campsie, Derry have staged a dramatic sit-in.

They are furious that the French company, which makes components for Ford, are swindling them out of two months redundancy pay.

A loophole in the law means that, by limiting the redundancies to below 100 - at a factory that employs 102 workers - Calcast can offer just one month's pay to compensate for years of hard graft.

The company made profits hand over fist in the boom years and now wants to save a measly £200,000 by dumping the workers that created that wealth.

Unite official Philip Oakes told the *Morning Star*, "Nobody's going home. We're not going home to make life easy for the company."

Shop steward Gerald McClafferty said that Belfast dockers were refusing to handle the company's cylinder heads in solidarity with the occupation.

The workers should use their control of the plant to also demand no job cuts and the nationalisation of the factory under workers' control - without compensation to the penny-pinching bosses.

Dover dockers strike back against privateers

Hundreds of port workers at Dover Harbour Board are preparing for their sixth day of strike action on 8 December. They are incensed that DHB is to be privatised at a time when the "free market" has proved to be bankrupt.

The strikers, members of Unite, voted by 83.8 per cent for the action. Despite DHB boss Bob Goldfield calling the strikes "pointless", they have had a dramatic effect. Over 500 people marched in support last month; dockers in Tilbury and Rochester have

refused to touch redirected ships; and Gurkhas have refused to scab after they learned what was at stake.

Unite general secretary Tony Woodley has been fulsome in his support for Labour recently. He should demand Gordon Brown intervenes to secure DHB as a public service, sacks Goldfield and places the port under workers' control.

And he should back up this demand by bringing out members in other ports - which stand to be privatised too, if DHB is successfully sold off.

INDIA

Terrorist attacks will strengthen hand of reactionaries on the sub-continent

Workers Power condemns the terrorist attacks in India. Here, *Marcus Halaby* examines the political backlash against Muslims that is certain to result from these attacks

Armed with automatic weapons and grenades, terrorists have attacked India's commercial capital Mumbai. They targeted hotels and a famous cafe frequented by tourists, as well as hospitals, a Jewish community centre and the central rail station. Brought to an end with the capture of the Taj Mahal Palace hotel by Indian security forces, the death toll of the attacks is pushing towards 200 people with more than 300 injured. They are likely to have regional and global consequences that bode ill for progressive resistance forces everywhere.

A group calling itself the Decan Mujahideen (indicating their origin in an area of southern India) have claimed responsibility for the attacks, although commentators say that a group called the Indian Mujahideen most likely carried them out. Indian police accuse these forces of other bomb attacks in India, including explosions on commuter trains that killed 187 people in Mumbai two years ago and 63 people in the tourist city of Jaipur this year.

The police have captured one of the attackers who allegedly confessed that he came from Faridkot in Pakistan - this increases the likelihood that the attacks will be used as a pretext for scapegoating and victimising Muslim communities in India, and a drive towards further confrontation with Pakistan.

Whipping up racism

Similarly, certain UK tabloids have made claims - it appears with little or no evidence - that up to seven of the attackers were British-born Muslims of Pakistani origin from Leeds and Bradford. That these claims have since been rejected as baseless by the BBC and the Indian government demonstrates just how eager some in the British media are to exploit each and every opportunity to witch hunt Muslims, allied to an agenda of justifying the increase of repressive state powers here in the name of security.

Indeed, it is difficult to see how



much more they could have done to promote violence against British Muslims, or to act as recruiting sergeants for the British National Party, without being prosecuted for it.

It is clear that these attacks do nothing but strengthen the hand of reactionary forces in India and across the globe. All progressive, working class forces must condemn them without equivocation. In no way can such actions, which will be used to stir up hatred between India's Muslim minority and its Hindu majority, serve any progressive end.

While the indiscriminate shooting of ordinary Indians (and foreigners) of all backgrounds at the Chatrapati Shivaji Terminus has provided the most shocking scenes of slaughter, one should also note the targeting of an Orthodox Jewish religious centre, and the mur-

der of the centre's rabbi and his wife, as a sign of its reactionary and unjustifiable character.

Regardless of the supportive attitude of the Chabad-Lubavitcher movement, which owned and ran the centre, towards the Zionist state, this can in no way be seen as an act of resistance against Zionism or in solidarity with the oppressed Palestinians. Rather, it reinforces the message, common to most jihadi Islamist movements, that their war is one directed against Jews, anywhere in the world.

This is the "anti-Zionism" of reactionary fools and actually lends credibility to the message of the Israeli state that support for the Palestinians and opposition to the expansionist Israeli state is anti-semitic. Our condemnation, however, can have nothing in common with the hypocritical

outrage of the Indian government, whose forces have gunned down at least 45 Kashmiri Muslim demonstrators since August, or with its threats from Indian Prime Minister Manmohan Singh to "take up strongly" the use of neighbours' territory to launch attacks on India, a threat to Pakistan or Bangladesh, depending on the terrorists' origins. Nor can it have anything in common with the response of the imperialist powers, for whom civilian casualties matter only when they or their allies are not responsible for them.

Revolutionary response

The workers' movement and the student and youth movements must rally to the defence of the Muslim community should Hindu chauvinists threaten to unleash communalist bloodshed in response. The workers movement - which should know neither religious nor nationalist prejudices - must take the initiative to prevent this.

The conditions which allow Islamist terrorists to recruit young fighters originate in the "war on terror" and its predecessors, like the 1991 war on Iraq, adding to the plunder of the Middle East's oil wealth by western corporations and the total subservience to US imperialism of the Arab and Gulf states. Neither should we forget the desperation brought on by growing poverty and inequality for most of the population, such as neoliberal policies brought in the "boom years" in India and many other countries in South Asia. Now India is being hit by huge job losses and factory closures.

Working class unity, and the unity of the worker with the poor peasants, can cut across all religious, ethnic and national divisions. It is vital that the working class movement launches a powerful counteroffensive against this crisis. If it does so, then the attempts, whether from Hindu or Muslim communalists or from the government itself, to whip up ethnic and communal hatred will increasingly fall on deaf ears.

ENVIRONMENT

Will Obama deliver on a green agenda?

Many hope that Barack Obama will embrace a green economy. *Joy Macready* looks at his proposals

George W Bush is spending his last days in office forcing through a scorched earth policy on environmental legislation, while also handing his big business backers profitable contracts.

He is hurriedly signing new regulations that will:

- allow commercial oil shale operations on up to two million acres of public lands in Colorado, Utah and Wyoming;
- allow federal agencies to grant approval to new mining, drilling and construction projects without undertaking a full scientific assessment of the impact on local wildlife through changes to the Endangered Species Act; and
- make changes to the rules that limit pollution controls on new fossil fuel power stations and exempting many large-scale agricultural livestock operations from the Clean Water Act.

People across the globe have laid their hopes for the future at the feet of the president-elect to reverse these destructive actions and go much further, to get not just the US but the whole world out of an impending environmental crisis.

Barack Obama is no stranger to the debates around the environment and climate change. As one of the main pillars of his election campaign, he and his running mate Joe Biden developed an environmental manifesto, "Promoting a Healthy Environment". It addressed the desire of American voters for positive action on the environment, relief from the skyrocketing gas prices, and for the US to no longer be regarded as the pariah that refuses to sign up to the Kyoto Agreement.

In October 2007, Obama said: "We cannot afford more of the same timid politics when the future of our planet is at stake. Global warming is not a someday problem, it is now... The polar ice caps are now melting faster than science had ever predicted. . . . And if we act now and we act boldly, it doesn't have to be."



But, in reality, what do his plans for a greener century add up to?

While Obama talks about re-engaging with the UN Framework Convention on Climate Change (UNFCCC), at the same time he is promoting a "use it or lose it" approach to existing US oil leases. Oil companies that are not drilling on open areas will be forced to turn them over to other companies who will. Obama is not shifting away from burning fossil fuels, or from expanding the profitable petroleum industry; he simply wants the US to be less dependent on foreign oil.

On the one hand he talks about a one-off emergency windfall rebate, calling on the energy companies that have seen record-breaking profits to provide direct relief to help families coping with the massive price increases in fuel. On the other hand, he doesn't mention increasing corporate taxes across the board to pay for the investment in public works, such as housing and public transport, that would be needed to

make any real difference in energy consumption. This would certainly be needed to follow through on his other policies on clean water and air, healthier communities and preserving land.

Obama talks about a workfare programme for the most vulnerable in society – war veterans and disadvantaged youths – five million new jobs in a "green economy". He talks about re-tooling the US car industry to become world leaders in plug-in hybrid cars with investments of around \$4 billion. He also promised to ensure that 10 per cent of electricity comes from renewable energy sources in 2012 and 25 per cent by 2025 and to reduce carbon emissions 80 per cent by 2050.

Yet the new President proposes to do all of this by investing a measly \$150 billion over 10 years. Compared to the \$1.7 trillion that the US government, including Obama, voted to hand over to the banks to bail them out of a financial crisis of their own making, \$15 billion per

year on changing the entire course of American industry seems totally insufficient to the scale of the task.

Obama still relies on the market for the answer to the environmental problems. The two ways he proposes to raise the money to fund green change is through the implementation of a market based cap-and-trade system. To fill the gap in US technology development, he proposes a clean technologies venture capital fund.

As the global markets crash down around us, a reliance on these capitalist schemes is a recipe for failure. The massive shift away from fossil fuel emissions can only happen if the energy companies are taken out of private hands and placed under public ownership and workers control. Otherwise the profit motive will sabotage and frustrate any attempts to radically cut CO₂ levels.

His pro-business approach shouldn't be a shock to anyone who has followed his campaign. Although on the whole the big energy, agribusiness and construction industries did not back Obama's bid for presidency, the big finance, technology and insurance companies, such as Goldman Sachs, JPMorgan Chase and Citigroup, did. He is not an enemy of the US capitalist class, as he repeatedly made clear throughout his campaign.

Obama's policies are hollow populist rhetoric, appealing to the real concerns of Americans for the environment without providing real answers. People who want radical change must hold him to his progressive promises and push him to go beyond these limited reforms.

He has already indicated that, due to the recession, the programme of wider reforms he campaigned around will not be completed unless he has a second term – indicating that he plans to do little his first. The economic climate will also give him the excuse he needs to protect industries and GDP – these will set the agenda for the Obama administration, not concern for the environment.

ANTI-RACISM

Does Obama's victory signal the end of racism?

Richard Brenner explores the impact of Obama's election on black people in America and beyond

Barack Obama's inauguration as president of the USA is a historic milestone.

It was not just American people who celebrated when Obama won the election. For billions of people across the world, the fact that a black man is now the leader of the most powerful state is a vindication of the struggle against racism.

For hundreds of years, Western powers sought to justify first slavery, then colonialism and finally modern imperialism with pseudo-scientific lies about the supposed superiority of white people. For racists, Obama's victory creates a dilemma. Some will shift their ground, claiming they never said 'all' black people were inferior. Others will wait for the first sign of Obama's policies failing and then use that to blame his mistakes on the colour of his skin.

In this situation, we should all hope that antiracists everywhere will be emboldened to take up the fight against oppression and discrimination with renewed confidence. However, two questions are inevitably posed: what does the Obama presidency mean for the fight against racism in America? What does it mean for the world?

Racism in America

As Kam Kumar explained in *Workers Power* 329, (October 2008), citing the National Urban League's 2008 Report on Socio-Economic Conditions in Black America, racism lives on in the USA today. Its roots lie in more than 150 years of slavery. There is systematic discrimination against African-Americans in the criminal justice system, in the prison system, in housing, employment and pay.

The same report revealed that more than 80,000 Black Americans die every year because of lack of health insurance. Yet Obama does not call for universal healthcare. Instead, he wants existing health-care insurers to provide a new plan, which campaigners say will leave 15 million Americans without cover: and a disproportionate number of them will be black.

On the intensely contested issue



of police brutality, Obama has, frankly, sat on the fence. More than 20,000 people demonstrated last year against the police frame-up of the Jena 6, a group of black teenagers charged for the "attempted murder" of a white schoolmate after challenging local racists who hung a noose on a tree as a warning to blacks. Obama called the charges "excessive" but failed to back the campaigners unambiguously. He even said the Jena issue was not "a matter of black and white".

Racism and the world system

The ideology of racism is an expression of the world economic system. In the ancient world, before capitalism, while prejudices, discrimination and oppression existed in countless brutal forms, there was no generalised idea that one whole "race" was somehow inferior to others. This idea arose as world trade developed in the 16th and 17th centuries, in particular with the development of the Atlantic slave trade.

In Europe, in the 18th and 19th centuries, the revolutionary ideas of the Enlightenment and of rising capitalism began to promote the

notion that all citizens should be equal. In place of the divine right of kings and the privileges of the feudal aristocracy, the revolutions in America (1776) and France, (1789) proclaimed that all men are equal before the law. Yet, both the American and the French republics relied on slavery. A new ideology was needed to explain why some people were "less than human" and racism provided it.

By the late 19th century, this had even become formalised in so-called "Social Darwinist" theories, pseudo-scientific claptrap that purported to show that "negroes" were physically and psychologically less advanced than white Europeans.

In the aftermath of the Second World War, when the defeat of Germany served to discredit the Nazis' extreme version of such racist "theories", the world saw a process of "decolonisation". Under the worldwide domination of the USA, the old imperialism changed its form. Powers like Britain were forced to give up direct rule over their colonies but the richest capitalist powers, the USA, Britain, France, continued to dominate less developed countries.

These, despite their formal political independence, remained weak and dependent on the rich countries for their development. The former colonies became semi-colonies, weighed down with debts to the West, their economies open to Western exploitation.

The ideology of racism changed to match this development. Now, Western "experts" blame the poverty and underdevelopment of the semi-colonial countries on the "mismanagement" of the post-colonial regimes. The myth of the "white man's burden" has turned into the insinuation that the peoples of the former colonial world are incapable of governing themselves, and that the poverty caused by the global financial system is really a consequence of their innate inferiority.

Modern racism is not merely a hangover from a more backward past. It is an ideology rooted in the inequality between states in the modern world. It is an ideology of modern imperialism.

As President of the world's leading imperialist power, Obama is compelled to defend and champion the USA's world domination. He has threatened Iran with war if it develops nuclear weapons; he has backed the racist Israeli claim for eternal rights to occupy and dominate Palestinian East Jerusalem; he supports the USA's occupation of Afghanistan. He has said nothing to support scrapping the vast debts owed by underdeveloped countries.

Conclusion

Obama's victory raises confidence that racism can be overcome. At the same time, it will test the idea that racism can be defeated without challenging capitalism and imperialism.

The task of socialists is to take up this challenge, joining with other antiracist campaigners to fight racist discrimination and prejudice, and linking this to the fight for the one thing that can uproot racial oppression for good: a world social revolution that destroys the very foundations of inequality everywhere.

ITALY

Students and workers say 'We won't pay for your crisis'

Workers and youth in Italy are fighting back against attacks launched by Silvio Berlusconi's government, which won a landslide election victory in February. *Dave Stockton* looks at the lessons we can learn from them and the lessons they must learn from their own past

The present upsurge began in mid-September when the largest union grouping, the CGIL (Confederazione Generale Italiana del Lavoro), called out a million workers in a one-day general strike.

On 17 October, a grouping of Italy's smaller but militant unions, COBAS (Confederazione dei Comitati di Base), CUB (Confederazione Unitaria di Base), and SDL (Sindacato dei Lavorati Intercategoriale), also called a general strike.

Bus, rail and tube workers brought many city transport systems to a halt. Large numbers of workers from the education, health and emergency services took part. In Rome, 300,000 demonstrated, a major success for these unions. At the same time, 80,000 took part in Naples, 50,000 in Milan and 40,000 in Florence.

Not to be left behind, the three biggest union federations, the CGIL, CISL and UIL then mobilised 10 million workers and office employees in a four-hour general strike on Friday 24 October.

The biggest ongoing struggle, however, is the huge upsurge of young people in education, a movement that calls itself *L'Onda anomala* (the anomalous wave). Starting in early October, school and university students, supported by university workers, teachers, lecturers and parents the length of Italy, launched a protest against the attacks on the education system by education minister, Maria Stella Gelmini. Their most common slogans are "We won't pay for your crisis" and "Cut resources to bankers and war missions, not schools and universities!"

The Gelmini "reforms" promote privatisation of university-level education. Other measures mean that no new teacher in schools can be hired until five have retired. The aim is to use "natural wastage" to cut 87,000 teachers' posts and 44,500 administrative posts in three years. Many smaller schools will be closed and in primary



Students say: This is no party... it's a protest!

schools there will be one teacher per class instead of two. Gelmini's decree also reintroduces compulsory school uniforms, a grading system, including for "behaviour", and the segregation of immigrant pupils.

Huge demonstrations have taken place. On 29 and 30 October, over one million took to the streets and between 300,000 and half a million on 14 November. On 15 and 16 November, over 2000 delegates met at the occupied La Sapienza University in Rome. Discussions centred on three themes:

- 1 How the university system turns students into "human capital" – obedient, individualised workers ready to fight for a place in the labour market.
- 2 How student fees and debts act as "privatised welfare" ensuring future subservience and also excluding many from poorer backgrounds.
- 3 How the neoliberal approach subordinates education to the "needs" of the economy and how to fight this.

A national day of action on the 29 November will see more demos, teach-ins and blockades. A general strike is planned for the 12 December: a whole day of strike action by COBAS and its allies and four hours by the CGIL. Calls have been made

for a week of actions leading up to the strike. These will focus on student poverty by the mass practice of "auto-riduzione" (self-reduction) paying only a percentage of prices in university canteens, on public transport and public entertainment (cinema, theatre etc).

Clearly, the most militant sectors of workers and youth have recovered from the setback many felt last April when Silvio Berlusconi swept to power in an electoral rout of the Left. Rifondazione Comunista lost all its seats in parliament, a punishment for supporting the neoliberal policies of the previous government, headed by Romano Prodi. Now, COBAS and the other Left unions, students' and teachers' unions in high schools and universities, plus the far Left groups, are in the forefront of a massive struggle.

Italy faces a major recession and fierce battles lie ahead. The mass social movement against education cuts can be an inspiration for an even greater tidal wave of workers' struggles. Ground lost in the years since 2003 must be regained. This means rebuilding organisations like the social forums that played an important part in the mass mobilisations against the G8 in Genoa in 2001 and the huge antiwar mobil-

isations after the European Social Forum in Florence in 2002. Despite this, they withered in the years of unfocussed resistance to Berlusconi's previous government and the disastrous "Left" government of Prodi, Veltroni and Bertinotti.

Since the elections there have been signs that the Left is regrouping. To do so effectively, it must not only mobilise with the trade unions and the students but also overcome two political errors that led to calamitous defeats over the last decade.

The first of these is the electoralism of the Democratic Party and Rifondazione that has led them to fall for the fatal temptation of entering class collaborationist governments. Although supposed to "keep out the right", these governments then carry out the very neoliberal reforms that the right demanded, thereby weakening and demoralising the parties' own working class base.

However, the magnificent mass movements of the 2001-2003 period also had their fatal flaws in terms of libertarian, anti-political and anti-leadership prejudices. These also led to defeat. Without a tested political leadership and organisation, they ducked the fight to kick out Berlusconi with an all-out indefinite general strike and to replace him, not with a Walter Veltroni or a Fausto Bertinotti, but with a government based on the power of the working class, organised in councils of recallable delegates.

All experience shows that when the government totters under mass pressure on the streets, we must fight for power in a revolutionary way or else we effectively cede leadership to the bourgeois reformists and the union bureaucracy, which then lead workers into electing yet another bourgeois government. For this reason, Italian revolutionaries urgently need to begin the campaign to build a new, revolutionary communist party of the working class that can address, and answer, the question of power.

ECONOMY**From global credit crunch to global recession**

After the thunder, comes the rain

The gathering storm of the year-long credit crunch finally burst this autumn in an explosive banking crisis. Now, as the financial crisis continues to deepen, a global recession has begun. *Luke Cooper* asks whether Western governments and central banks have the power to stop it

Even looking back on them with a sense of perspective, the events in the autumn of 2008 remain remarkable. The world financial system faced outright collapse, central banks pumped in trillions to prop it up. Share and credit markets were infected with blind panic and banks were nationalised. The capitalist state had to step in to save capitalism from itself.

This is surely one of those traumatic moments when capitalism goes into sudden metamorphosis, when the assumptions and norms of a whole period in history are shattered and rapid change ensues. Already, the Crisis of 2008 takes its place in the history books alongside the other great crises that shaped pol-

This is one of those traumatic moments when the assumptions and norms of a whole period in history are shattered and rapid change ensues

itics and class relations for decades: the economic crisis of 1847-48, the Wall Street Crash of 1929-31, the oil shock of 1973 and the Volcker shock of 1978 which opened the deep recession of the early 1980s.

The collapse of Lehman Brothers in September was the first truly devastating event of the developing perfect storm. It drove key US investment banks and UK retail banks into the hands of the state. By November, we were in the eye of the storm; a kind of desolate calm set in as hundreds of millions of people across the world braced themselves for the coming recession.

Attention has now switched from Wall St

to the High Street as the major world economies face a severe contraction in economic activity. A world recession is now underway.

The response of governments has been to take anti-cyclical measures: attempts to offset the crisis and slow the recession by injecting money back into the system, either through increased government spending or tax breaks. At the same time, they are desperate to stabilise the financial system so that the banks can resume lending, to encourage consumer spending and ensure corporations have sufficient capital to maintain their operations.

The question everyone is asking is, will it work? Will these measures be sufficient to stop a serious and prolonged world recession?

Global recession spreads

There is widespread agreement that the world's major economies are heading into the recession phase of the industrial cycle. In Britain, second quarter GDP growth was 0 per cent while the third quarter saw a sharp contraction of 0.5 per cent, a recession in all but name. Now, Chancellor of the Exchequer Alistair Darling has revised his projection for 2009 from 2.75 per cent to between minus 0.75 per cent and minus 1.25 per cent, what the BBC calls "the biggest downward revision on record".

In Germany, a 0.4 per cent contraction was followed by another 0.5 per cent contraction leaving the economy "officially" (two consecutive quarters of negative growth) in recession. The Eurozone as a whole also saw two consecutive quarters of negative growth of 0.2 per cent, while there was small comfort for France, which escaped an "official" recession, and registered third quarter GDP growth of... 0.1 per cent.

In Asia, Japan fell into recession with 0.4 per cent then 0.1 per cent contraction in the second and third quarters respectively. At the same time, growth has begun falling in China, down from nearly 12 per cent to 9 per cent but projected to go below the 7 per cent level in the final quarter of this year. As Peter Main shows [see pages 18-19] this has already led to widespread factory closures and workers' protests.

In the United States, which registered a sur-

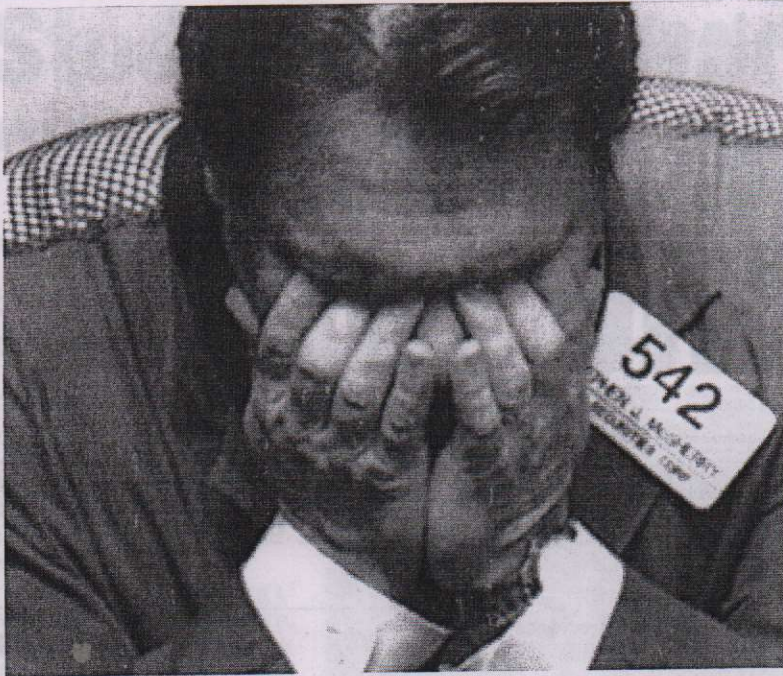
The recession spreading through the world economy illustrates how important credit has been to global economic growth

prise 2.3 per cent growth in the second quarter, as exporters benefited from the declining dollar, growth contracted by 0.3 per cent in the third quarter of 2008.

The spreading of recession through the world economy illustrates how important credit has been to global economic growth in the globalisation period. The retail consumption boom in Britain and the United States over the last two decades was largely funded through credit secured on soaring real estate and property prices. Now, property and real estate prices are plunging, as credit assets they are increasingly worthless so consumption is drying up.

Exporters dependent on the American market are being hit hard, too. Germany, the world's largest exporter, was clobbered by the drying up of US consumption, while the weak dollar made German exports less attractive compared to American ones. It was dragged into recession even though its domestic economy had been at the mid-point of the upward phase of its cycle. China is similar in that it, too, is heavily dependent on the American and European export markets. But this should not be over-estimated either. Declining exports only intensified the downturn already underway in China, which is principally caused by the domestic economy running up against the limits of its own feverish expansion with chronic over-capacity now existing in nearly every sector.

ECONOMY



The nightmare on Wall Street

Credit crunch far from over

With attention now focused on the recession in the world's major economies, the fact that the financial aspect of the crisis is far from over is increasingly overlooked. It is amazing that the bailout of Citigroup by the US Treasury Department did not even make the front pages, despite this mega corporation being the world's largest bank with some 200 million customers and total assets nearly equivalent to Britain's entire economic output.

Like the world's largest insurer, AIG, before it, Citigroup has been partially nationalised, with the US government exchanging a \$20 billion recapitalisation, along with the promise to absorb losses on \$306 billion in toxic credit assets, for preference shares. As the BBC's Robert Peston put it, the deal is as close as you can get to full nationalisation without the state taking 100 per cent ownership. The only comfort for shareholders is that their bits of paper are not entirely worthless, though they are worth less than 10 per cent of what they were two years ago and the US Treasury has promised that future dividend payments to shareholders will be restricted.

Citigroup shows that bailouts of more financial institutions remain on the cards. In Britain, a study by the National Institute of Economic and Social Research argued that the High Street banks need up to £110 billion in recapitalisation to restore "normal lending conditions". This figure dwarfs the £37 billion pumped directly into the banks in exchange for equity and amounts to around 8 per cent of Britain's annual GDP. Were the government to put in this

amount of capital, it would amount to the full-scale nationalisation of the banking system at current share values.

Far from dismissing this suggestion out of hand as some loony-left plot, chairman of the Commons Treasury Committee, John McFall, an ally of Brown and Darling, said if the banks did not resume normal lending "the demand for full-scale nationalisation would grow". The fact the British government is even willing to countenance such a proposal illustrates how desperate governments are for the banks to resume lending to shore up consumer spending and ensure businesses have sufficient liquidity to survive the recession.

It also illustrates that their strategy, making billions available to guarantee inter-bank lending and provide cheap, short-term credit; part-nationalisation of some banks; and slashing central bank interest rates (1 per cent USA, 3 per cent Britain, 3.25 per cent Eurozone) is not working.

The banks are still not providing sufficient credit to lubricate the system. Figures from the British Banking Association showed that, in October, 21,584 new mortgages for house purchases were approved, down 52 per cent on 12 months earlier. Total mortgage lending, including re-mortgaging and equity release schemes, stood at £11.9 billion, down 39 per cent on 12 months earlier.

Total lending to consumers and non-financial businesses grew in September at the lowest rate since 1998, and much of this is driven by desperation as companies' cash flow dries up. Lack of spare credit is such a threat that Richard Lambert, the Director General of the CBI, wrote to the prime minister pleading with him to get the banks lending again.

"If [businesses] cannot get their hands on the cash and credit they need to go about their day-to-day business, there is a real risk that we could see healthy firms going under. The next six months will be critical. If we are to stand a fighting chance of preventing this recession from becoming longer and more painful, we need to act now to get the credit markets working properly."

Get the banks lending again?

This whole debate amongst business leaders and governments makes a striking change from two months ago, when the same people were condemning the banks for irresponsible lending and blaming "regulatory breakdown" for the crisis. This had led to the banks extending loans to borrowers who could not afford to pay them back. Let's remember that

Governments, particularly in Britain and the United States, are still treating the crisis as something mainly internal to finance

the Credit Crunch began with the sub-prime mortgage crisis. Poor Americans were encouraged to take out loans they could not afford on the basis that house prices would continue to increase. As the US economy began to slow and unemployment increased, the speculative boom in house prices and real estate ran its course and sub-prime borrowers began to default, sparking a domino effect that nearly brought down the global financial system. The Credit Crunch

was not simply a crisis in the financial system, isolated from the "real economy", it was triggered by the slowdown in the American industrial-commercial cycle.

Governments, particularly in Britain and the United States, are still treating the crisis as something mainly internal to finance. Their aim is to get the banks lending again so they can pump more credit into the system and stimulate the real economy, as they did during the last downturn in 2001 – 2003. The whole policy is profoundly flawed. As long as the banks are commercial institutions they will not extend loans to borrowers, either businesses or individuals, who cannot pay them back (whether at sufficient interest or at all). Their balance sheets are screaming out the need to "deleverage", that is, to withdraw credit, call in loans, before extending any new ones.

Take, for example, Barclays and

Deutsche Bank who both declined government offers of part-nationalisation. As *The Economist* (6 November) pointed out, this should not be taken as sign of rude health. Both institutions have just moved their toxic assets “off balance sheet”, valuing them at the rate they bought them at rather than what they could be exchanged for now. They intend to sit on them, hoping they will mature back to their purchase prices. This was allowed for by a quiet change to international accountancy rules, RBS and Lloyds TSB followed suit, by the way, which means these financial institutions can avoid the damaging write-downs of the last year.

Whether this works is dependent not only on how serious their exposure to existing toxic credit assets is, but also whether more of their healthy assets “turn toxic” as the downturn really bites. And this is the savage beauty of this perfect storm. Firms starved of credit go bust. Administrators can't pay back those firms' loans and this triggers write-downs and further losses in the banks. Suppliers, too, are hit, as they are dependent on orders from the bankrupted firms. Workers are laid off en masse. Retail consumption collapses. More firms go bust. In short, a series of negative feedback mechanisms in the system deepen the crash.

We are already seeing this process beginning. The “big three” American car makers are facing bankruptcy and asking for a government bail out, with as many as two million jobs at stake. In Britain, Woolworths and MFI are now in administration with thirty thousand jobs on the line. No wonder the banks are reluctant to extend new lines of credit into the system as it enters the crash phase of the cycle.

The response of governments in Britain and America is, thus, completely futile. This is particularly illustrated by the vacillations of Henry Paulson and the US Treasury over how to use its \$700 billion bail out fund. The original plan was to buy up all the toxic assets and hold them in a state owned “toxic bank”. The decision by the Brown government to part-nationalise major high street banks forced Paulson's hand, unless he also offered part-nationalisation, US banks would be competing with British banks partially secured by taxpayers' money. So Paulson did a u-turn and adopted the part-nationalisation plan instead. But, surprise, surprise, this led to the bottom falling out of the credit markets, as the banks rushed to sell their toxic assets, which they had expected the US government to buy. The result? Paulson announced another u-turn: they would buy up equity stakes and buy the toxic assets.

All attempts to get the banks lending again ultimately posit the complete nationalisation of the banking system because for-profit institutions simply will not extend risky loans in the current conditions. This is not, however, the only option being considered. Mervyn King, the governor of the Bank of England, has even called for loosening banks' capital requirements, the cash they have in the vaults relative to the credit notes they write, to encourage more lending (*Financial Times*, 25 November). There was not even any hint of irony in this statement, a call for more financial liberalisation. Will they ever learn? It doesn't look like

THE CREDIT CRUNCH

THE DAYS THAT CHANGED THE COURSE OF HISTORY

- 18 February: Northern Rock nationalised
- 17 March: Bear Stearns acquired by JP Morgan Chase
- 1 August: US mortgage lender IndyMac Bancorp, files for Chapter 7 Bankruptcy
- 7 September: Mortgage lenders, Fannie Mae and Freddie Mac, which account for nearly half of the outstanding mortgages in the US, are rescued by the US government
- 15 September: Lehman Brothers files for Chapter 11 bankruptcy protection
- 16 September: US \$85 billion rescue package for AIG, the country's biggest insurance company, to save it from bankruptcy, with US government taking 80 per cent stake
- 17 September: Britain's biggest mortgage lender HBOS suffers a run on its shares and is subsequently taken over by Lloyds TSB in a £12 billion deal
- 22 September: Washington Mutual (WaMu), the giant mortgage lender which had assets valued at US\$307 billion, is closed down by regulators and sold to JPMorgan Chase
- 28 September: The credit crunch hits Europe's banking sector as the European banking and insurance giant Fortis is partly nationalised to ensure its survival
- 29 September: The British mortgage lender, Bradford and Bingley, is broken up with its mortgage lending division taken over by UK government and branches sold to Santander
- 30 September: Belgian, French and Luxembourg governments bail out European bank, Dexia
- 6 October: Germany announces a €50 billion plan to save one of the country's biggest banks, Hypo Real Estate
- 7 October: Russia announces US \$37 billion in aid for its state banks
- 8 October: UK government announces bank rescue plan, including part-nationalisation option, for major high street banks worth £400 billion
- 9 October: The US stock market suffered its largest loss since the crash of 1987
- 13 October: G7 nations announces plan to “unfreeze” credit markets
- 14 October: UK government announces plan to take majority shareholding in Lloyds TSB/HBOS
- 17 October: French savings bank, Caisse d'Epargne, announces a loss of €600m in a ‘trading incident’, Switzerland agrees rescue for UBS, European Central Bank announces €5 billion Hungary rescue
- 20 October: South Korea announces bank rescue package worth \$130 billion
- 21 October: French government announces part-nationalisation programme for country's six largest banks
- 24 October: British economy shows 0.5 per cent contraction for July to September
- 28 October: EU and IMF announce further rescue package for Hungary
- 31 October: Barclays announces re-capitalisation programme with Middle Eastern investors giving them 32 per cent stake, US economy shows 0.3 per cent contraction for July to September, Bank of England says world financial crisis has cost firms £1.8 trillion, IMF announces Ukraine rescue
- 4 November: Commerzbank, Germany's second largest bank, becomes the first bank to tap into the government's financial sector bail-out fund
- 5 November: Italian government will provide up to €30 billion in capital for banks
- 6 November: The Bank of England has made a 1.5 percentage point cut in UK interest rates to 3 per cent
- 7 November: The European Central Bank cut rate by half a percentage point to 3.25 per cent
- 9 November: China announces a two-year \$586 billion stimulus package to help boost the economy
- 11 November: Circuit City, the US electronics retailer, filed for bankruptcy protection, Carnegie, the Nordic region's oldest and largest investment bank, was taken over by the Swedish government
- 12 November: The number of people out of work in the UK in the three months to September jumped by 140,000 to 1.82 million – the highest in 11 years
- 25 November: US government agrees part-nationalisation of Citigroup to averts its collapse, UK government announces £20 billion stimulus
- 26 November: Woolworths and MFI enter administration, EU announces €200 billion stimulus plan

ECONOMY

it. As Martin Wolf put it, “nobody who looks at the UK economy today can seriously believe that the answer is much more debt... The era of soaring borrowing and the associated boom in finance is over.” (*Financial Times*, 24 November).

This is what the British and American governments have yet to come to terms with, and it will not be easy. For three decades, they nurtured a bloated financial sector. The markets in London and Wall Street massively expanded their operations in an orgy of what the capitalists dare to call “wealth creation” and what Marxists call parasitism.

In official capitalist economics, banks and finance houses that advance interest-bearing capital are described as “creating wealth” because they provide funds for investment in profitable enterprises. While recognising the role of finance in coordinating and organising capitalist production and commerce, Marxists have a far better way of understanding the relation between finance and “wealth creation”.

Interest-bearing capital is advanced as a pre-condition of capitalist production in return for making a charge on the profits of that enterprise. In return for extending what Marxists call “fictitious capital”, bits of paper that underwrite investments, the financial institutions extract royalties on future productive activity. This can take the form of credit, where the royalty is returned as interest payments (“debt”), or stocks and bonds, which give the investor a legal claim on future profits (“equity”). These bits of paper are then themselves traded with changes in market prices, encouraging speculation.

Of course, this can take many forms, the point is that this activity is both indispensable for a developed capitalist system, and parasitic on production (“the real economy”). Crucially, the financiers are both privileged, in terms of having far greater access to detailed information about markets, and yet, at the same

When financial profits far exceeded non-financial profits, this was a sign that finance capital was assuming that future profits would far exceed existing ones

time, blind – ultimately they are speculating on what future profits will be from a number of profit-generating investments. The system demonstrates positively the possibility of planning an economy, and negatively the absolute contradiction between rational planning and

Government takes controlling stake in RBS

On 25 November, the Royal Bank of Scotland announced that only 0.24 per cent of its new share issue had been sold to existing shareholders. The rest had been taken up by HM Treasury. With 22.8 billion shares the government now has a controlling stake in RBS of 57.9 per cent. When the offer opened, RBS shares were worth 65.5p each. When the offer closed they were worth 54.7p, no wonder the market was not interested in buying shares that were guaranteed to make a huge loss. Only someone who wasn't spending their own money would do it. And, sure enough, Brown and Darling stepped in. They have just lost £2.6 billion of taxpayers' money that has been given to the market. That's close to the £3 billion earmarked in Darling's Pre-Budget Report for new spending on schools, roads and social housing as part of the government's “fiscal stimulus”. Could it be clearer? Capitalism socialises the losses, but privatises the profits.

production for profit.

So, in the last two decades, when financial profits far exceeded non-financial profits, this was a sign that finance capital was assuming that future profits would far exceed existing ones. As we have seen, this assumption was radically false. The Credit Crunch can thus be understood as a devastating realignment between the imagined worth of financialised assets and their real underlying value.

From an inflationary to a deflationary crisis

One feature of the crisis over the last 18 months has been spiralling inflation, particularly in commodity prices. Between the summer of 2007 and April 2008, world food prices shot up by around 40 per cent. World oil prices peaked at over \$145 dollars per barrel in the summer of 2008, a colossal rise when you think the oil price was \$10 dollars a barrel ten years earlier.

Dramatic surges in prices are a classic feature of the end of the expansionary phase of the business cycle. They are driven by the competitive struggle between capitalists to realise the maximum possible profits across the cycle. The capitalists invest heavily in machines and technology to raise productivity and increase the mass of profit. As a result, the costs of production increase and the capitalist passes this on to consumers in the form of higher prices. At the same time, demand for raw materials spurs price rises in this sector, too. In Volume 2 of *Capital*, Marx shows how disproportions between the sector that produces machinery and means of production and the sector that produces consumer goods mean that, in the expansionary phase of the cycle, employment rises faster than the supply of wage goods. This causes price rises, and wage rises, as the cycle pushes towards its peak. This is just one cause of inflation, the reason it arises in the upward phase of the cycle. There are other causes, too, causes that aggravate inflation in the crisis phase.

As Richard Brenner shows in *The Credit Crunch – A Marxist Analysis*, this process stores up tremendous contradictions. To maximise profits, capitalists expand investment in “constant capital” (machinery, buildings and raw materials) more rapidly than in living labour (“variable capital”) but, in the final analysis, it is only the unpaid element of the labour of living people that generates profit. As a result, the rising proportion of constant to variable capital gives rise to a tendency of the rate of profit (the profit relative to investment) to fall. If this tendency did not exist then capitalism would simply expand indefinitely, employing ever more

workers and generating ever more profits but, of course, it doesn't do that. Quite the opposite.

As profit rates fall, eventually the mass of profit goes down (that's why we see profit warnings and corporate collapses). Banks and other lenders spot this early on and withdraw loans. As too much capital is now chasing too few opportunities for profitable returns, capital must be destroyed (“devalued”) before a new round of expansion can begin.

It is important to understand this because, in the crisis phase, inflation appears as a form of

The panic about deflation is because it is another means for capital to become devalued. It can mean a devaluation of capital invested in property, in raw materials, in commodities and industry

devaluation. Of which commodity? Of money.

An increase in the amount of the money circulating in the system, through credit or by central banks printing money, will also tend to cause inflation. More money is chasing the same goods so the prices of those goods will tend to rise and the value of money will fall. Normally, this is what would have happened when governments in the US and UK used cheap credit to allow a dramatic increase in money in circulation to avoid a deep recession in 2001-03. However, as *Workers Power* has argued for some time, this was offset by the deflationary impact of cheap commodities based on the exploitation of cheap Asian labour. This effect has declined since early 2007, as China's capitalist development created its own inflationary pressures. But, if inflation is such a problem, why is there now

a sudden panic about a “deflationary” crisis?

First of all, when we speak of a global deflationary environment created by the expansion of Asian capitalism in the globalisation era, we are talking specifically about commodity prices. At the same time as commodity prices were cheap, there was dramatic inflation in other parts of the capitalist economy: rising prices in stocks and shares, in real estate, in property, for example. There was, therefore, a certain equilibrium between inflation and deflation at different points in the system. This led to a low inflation environment in Britain and the United States, Gordon Brown, for example, was able to meet his 2 per cent inflation target as chancellor. It is this relative equilibrium that has now unwound.

The panic about deflation is because it is another means for capital to become devalued. It can mean a devaluation of capital invested in property, in raw materials, in commodities and

In the specific circumstances of today, there are good reasons for thinking these Keynesian tax and spend measures will not even be able to delay the crisis

industry. As capitalists cannot realise profits from these investments, they will tend to hoard cash and only reinvest when they are convinced the market has reached its bottom and capital will not be devalued any further. Of course, those capitalists with active investments, in consumer goods like clothing, for example, will be desperate to shift their stockpiles of goods and will slash prices to do so. At the same time, as profits from industries dry up, banks will be reluctant to extend cheap credit, indeed, they will raise commercial interest rates, which naturally further encourages the hoarding of cash in high yield savings accounts. We see once more the negative feedback mechanisms exacerbating the crash.

The British and American governments now consider this kind of deflationary recessionary environment as the bigger danger, rather than the risk of pumping too much money into the system and fuelling inflation. Certainly, deflation appears to be the big danger at the moment. The Bank of England Monetary Policy Committee predicts that the Retail Price Index measure of inflation will “go negative” next year and this is the first time the committee, set up by Brown in 1997, has predicted actual price deflation. This is a result of the sheer

scale of devaluation that is happening in the global recession.

Pumping money into the system

There are good reasons for thinking the drive to re-stimulate the credit markets and get lending going again faces huge obstacles, not least from the banks themselves. But what would happen on the (perhaps hypothetical) assumption that it was successful?

In effect it would encourage further fictitious capital creation and, while it might create a speculative boost in housing and real estate for a time, it would again run up against the same problem as before: can the value anticipated by the expansion of fictitious capital be realised in the productive sector? This seems unlikely so, even if, in the short term, Brown and Obama force banks to reactivate large scale lending, any sudden credit-induced boom would be likely to be followed by another sharp crash.

Jump-starting the credit markets is only one part of the strategy now being employed by governments.

There are also plans to push a major “fiscal stimulus”, including state spending on construction, infrastructure and maintaining existing welfare spending levels, along with tax cuts, financed through an expansion in state borrowing. In Britain, Alistair Darling announced a £20 billion stimulus including a 2.5 per cent cut in VAT and a £3 billion pound investment in schools, road building projects and social housing. While this may seem like a lot, it is minuscule in the scheme of things, just 1 per cent of British GDP and in no way sufficient to reactivate the economy again. Even the cut in VAT is probably more to do with the government anticipating a decline in prices as demand collapses, which they want to take the credit for, rather than a genuine attempt to stimulate economic growth.

In the United States, Obama has promised a state spending stimulus package of between \$500 and \$700 billion, but has not yet disclosed the details. In China, the government has launched a similar stimulus plan they claim is worth some \$586 billion, and the European Union proposed a € 200 billion plan. While the details of the plans will naturally vary, the aim is essentially the same: to increase demand for commodities in the economy. In the case of Britain, most of the EU states and the USA, this will be financed through increasing the state spending deficit by soliciting loans from the international money markets. China, on the other hand, can dip into huge savings reserves, as well as the foreign exchange it has accumulated through its export industries and may also be a source of credit.

Whatever the sources of the money may be, and this is certainly not unimportant for power relations between states, all these stimulus packages to different degrees are Keynesian insofar as they use state action in the attempt to stimulate demand for commodities. Can it solve the crisis and stop a recession?

In a word, no – but it can delay it and change its form. The crisis is driven by an over-accumulation of capital; too much capital is chasing too

few opportunities for profitable investment. To create conditions for a sustained recovery, this over-accumulated capital must be devalued and destroyed. Pumping money into the economy will partially obstruct the spontaneous destruction of that capital through, for example, businesses collapsing. In the short term, this may appear successful by increasing demand for labour and means of production, encouraging a new bout of speculation in fictitious capital and increasing consumption levels. But this cannot last for long. Pumping money into the system does nothing to devalue or destroy over-accumulated capital, but encourages deeper over-accumulation, storing up problems for the future.

In the specific circumstances of today, there are good reasons for thinking that the crisis is of such severity, that the over-accumulation of capital has got so acute, that these Keynesian tax and spend measures will not even be able to delay the crisis. George Bush used similar fiscal measures in 2001-2003 when he slashed taxes and massively increased military spending. This was what “stored up the problems for the future” that exploded this year. When we consider the enormous crisis in the credit system, it is difficult to imagine that even a stimulus to the tune of hundreds of billions of dollars will stimulate re-leveraging on the scale western economies have grown used to.

This all points to a deep and sharp recession in 2009. It also means government spending and growth targets are unlikely to be met. In Britain, by January 2010, there could be three million unemployed, an economy contracting faster and deeper than government targets and a public sector deficit running out of control.

As the crisis phase, a moment of violent transition in finance and politics, morphs into a large-scale process of capital destruction in real productive capacity, a recession sets in: workplaces will close, goods will be dumped, workers will be thrown on the dole.

The task of Marxists is, of course, not to oppose Keynesian deflationary spending schemes per se, but to demand that not a penny goes to bailing out billionaires and parasites. That vast publicly funded works schemes that generate socially useful employment are funded through steep progressive taxes on profit and unearned wealth. That the banks and finance houses are not propped up with public funds but expropriated and merged into a single state bank run to coordinate production and distribution to meet human needs in a sustainable way, rather than for obscene private profit.

Marxists will continue to point out at every opportunity that the inflationary consequences of Keynesian policy testify not to the impossibility of taking action to reduce the negative effect of the crisis on working people, but to the impossibility of freeing the mass of the people from the depredations of crisis and recession without overcoming the limitations of the capitalist system itself. The crisis is caused by the contradictions of capital; only by freeing ourselves from capital can we build a higher form of civilisation free from convulsive economic and social crises.

CHINA

As the economic downturn spreads to China...

Peter Main reports on the impact of the world's recession on China and workers' resistance

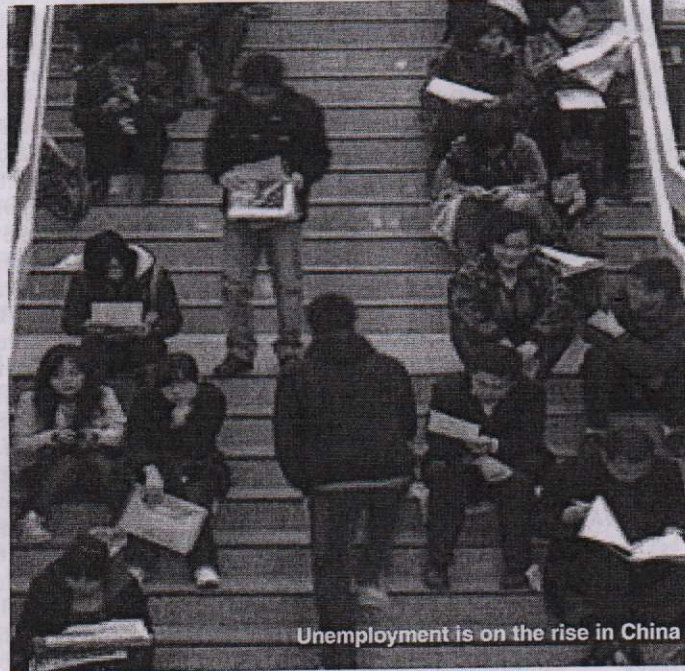
The third quarter – July, August and September – should be the busiest time of the year for China's toy factories in order that the toys can be shipped to markets in the US and Europe in time for Christmas. But this year is different.

This year the factories are not only not busy, they are closing down. The *Guangzhou Daily* reports the vice-chairman of the Toy Industry Association in Dongguan, a major industrial city in the Pearl River Delta near Hong Kong, as saying: "Of the 3,800 toy factories in Dongguan, no more than 2000 are likely to survive the next couple of years." Nor are toys the only consumer goods sector that have seen this dramatic slump – Bailingda, a firm producing small consumer electrical goods, closed down two weeks ago putting 1,500 out of work.

It is the developing recession in the US that is hitting Chinese export manufacturing. One important component of that is a collapse in consumer spending. In the same third quarter, consumer spending in the US fell at an annualised rate of more than three per cent, the sharpest decline since records began in 1947. Nonetheless, falling consumer demand is not the whole of the picture.

Although factory closures have certainly accelerated in recent weeks, they have been rising steadily for more than a year. Dongguan's Mayor, Li Yuquan, reported more than 400 factory closures in his city in the first six months of the year. Behind those closures lies a pattern of rising production costs and shrinking profit margins. It was the boom in China's capitalism that generated those pressures. Huge investments in factories, raw materials and oil forced up prices, while the need to employ relatively more skilled workers led to a significant rise in wages.

Although competition for markets forced manufacturers to keep their prices as low as they could, resulting in wafer-thin profit mar-



Unemployment is on the rise in China

gins, prices for finished goods had to rise. It should not be forgotten that it was the importation of China's inflation, and the prospect of higher interest rates to combat it, that initially burst the sub-prime mortgage bubble in the US and unleashed the credit crunch last year.

Now, the credit crunch is having a huge impact on trade in general. Almost all trade is based on credit because no firm is going to ship goods halfway around the world without a letter of credit from a bank. Equally, importing firms depend on the banks to issue letters of credit to give them time to sell off the goods they are importing. Thus, a freeze on credit automatically breaks up the long line of interlinked exchanges between the original producer and the final consumer. This is what is now taking its toll on China's export trade.

Although it can be useful analytically to consider the export trade separately from China's domestic economy, the two are not entirely separate. The millions of workers who work in export industries, for example, live in huge cities built over the last two decades by Chi-

nese workers using largely Chinese materials, and they buy Chinese goods. Similarly, the massive expansion in industrial capacity in recent years is a major factor in the domestic economy.

The impact of the credit crunch that began in the US in August 2007, and the many linkages by which it has been transmitted into the Chinese economy, should by now have fully discredited the idea that the development of capitalism in China had allowed the country to "de-couple" from the major imperialist economies, such as the US, the EU and Japan. On the contrary, Chinese capital developed within the context of "globalisation" and was, indeed, an integral part of that system. It cannot now insulate itself from the effects of that system going into crisis.

Even less accurate was the proposition that globalisation itself was dependent on imperialist exploitation of a great reservoir of cheap labour in China which would not be fully drained until approximately 2015. On the basis of this theory, it has been argued that relatively steady economic growth on a global scale could be expected

until that date.

This analysis ignored two of the most important features of China's development, namely the source of capitalist investment in China and the inevitably cyclical nature of capitalist development. By far the greater part of capital invested in China did not come from the imperialist countries but from the overseas Chinese bourgeoisie based in Taiwan, Hong Kong and Southeast Asia, and from within China itself.

This capital certainly exploited Chinese labour, which was cheap by world standards, but the benefit to the imperialist states was primarily the supply of cheap goods and, as the trade expanded, Chinese purchase of US Treasury bonds and other investments, which helped to keep interest rates low.

As to the supply of cheap labour, this is not, in itself, any guarantee of capitalist development, never mind a development without cyclical booms and slumps. Even if we accept estimations that there are 200 million "surplus" people currently engaged in inefficient agriculture in China, that does not mean that they can be put to work profitably making cheap goods for the global market.

China's economy has reached the peak of its current cycle and many factories are no longer profitable. Chinese capitalist development has reached the stage where it needs a recession in order to wipe out the least efficient capital. The availability of cheap labour, whether new from the countryside or previously unemployed in the cities, may become important when the process has taken its toll and a new cycle begins, but the pattern of future development will depend on the outcome of class struggle within China and, no doubt, struggles between nations internationally.

Meanwhile, the course of the international economic crisis will inevitably be affected by the consequences of the cyclical downturn in China, something whose effects are yet to be seen.

...workers fight back with occupations and blockades

In the first half of the year, the Pearl River Delta is reported to have lost 67,000 small firms – those employing only a handful of workers and least able to survive even temporary drops in orders. Now, however, larger factories in the major industrial cities of Shenzhen, Dongguan and Guangzhou are facing difficulty and 9000 of these, from a total of 45,000, are expected to close by the end of January.

The workers' response has been just as dramatic. After three months of not being paid, 7,000 workers at Smart Union, a toy manufacturer in Dongguan, went on strike and occupied their factory until the local government agreed to pay at least two months' back pay, a total of US\$3.5 million. In Wujiang, some 1,000 workers, laid off from a bankrupt textile company, blockaded the main roads until they were paid four months' salary. Nor are these isolated incidents. Reliable reports suggest that strikes involving more than 1000 workers have become a daily occurrence in China. This would be a remarkable level of class struggle in any country, but in China, where strikes are illegal and the only unions are state run, it is unprecedented in the modern era.

The level of militant struggle is testimony not only to the sudden change in economic circumstances but also to levels of confidence and organisation that workers have developed during the boom years. In recent years, a combination of labour shortages, growing militancy and the Chinese Communist Party's (CCP) deep fear of social unrest has led to significant steps forward in working class organisation. In Shenzhen, for example, a workers' centre, offering legal advice and support to workers in dispute over pay, working conditions and employment rights, has established a semi-illegal existence despite initial harassment from the authorities.

The official unions within the All China Federation of Trade Unions (AFTU) have also found it necessary to be more active on behalf of their members, although they are still very far from being independent working class organisa-



Workers storm a toy factory and place it under occupation in southern China

tions and remain constitutionally subordinate to the CCP. Particularly in foreign-owned companies, workers have sometimes been able to make use of the official unions to enforce legal rights that have been widely ignored.

The unknown workers' leaders who have led these recent struggles are right to make use of every existing organisation and legal formality in order to defend workers' interests and to create forums in which those interests can be defined and formulated. However, China remains a one-party dictatorship and, while the CCP can be forced to make concessions, it cannot tolerate any fundamental challenge to its rule. It presents that rule as the defence of China's national interest and accuses any who oppose it of being unpatriotic, enemies of the people and dividers of the nation. In reality, as all recent history has shown, rule by the CCP means rule in the interests of big capital. This does not necessarily mean the interest of every particu-

lar big capitalist but in the interests of capitalism as a system. Within that system, the interests of capital and of the working class are incompatible. Working class militancy does not create unnecessary divisions within society; those divisions are real and already exist.

The approaching economic downturn will make this clearer than ever as bosses try to defend their profits by cutting wages, laying off workers and even taking their capital out of the country altogether. Whether those bosses are themselves Chinese or foreign, they have the same class interest – and the CCP generally defends it. That is why any determined defence of workers' interests, whether those are economic, concerning wages, working conditions and job security, or political, such as the right to form independent and self-governing trade unions and political parties, will inevitably become a fight against both the capitalists and against the dictatorship of the CCP.

As economic conditions worsen,

so the class struggle will become more bitter. Short-term concessions, such as compensation for unpaid wages or allowing workers to continue to live in dormitories of firms that have closed, will not be enough to defuse workers' anger or to meet their needs. Tens of millions of workers, particularly migrant workers, have no union representation, very often not even the legal right to live in the cities, and they and their families often have no right to any welfare support. In these conditions, new forms of organisation are necessary – new independent trade unions certainly but also organisations of the unemployed, women and youth. These organisations themselves need to be brought together and coordinated through democratically elected, delegate-based workers' councils, like those that began to be formed during the second revolution, from 1925 to 1927.

Above all, at every stage of the developing struggle, those who come to see the need for the overthrow of the one-party dictatorship, those who reject the programme of capitalist development and are committed to building a socialist China based on the expropriation of capital and its replacement by a democratically planned socialist economy, need to organise themselves politically as a new revolutionary party.

The period of globalisation, which is now in crisis, was made possible by the re-integration of China into the global economy. As the crisis unfolds, the imperialist powers will try to force its effects onto other countries, moving factories, transferring investment, creating tariff barriers and fermenting conflicts and, ultimately, war. Against this, the workers of all countries need to coordinate their struggles, counter the chauvinist poison of their rulers and develop a programme for the overthrow of capitalism and its replacement by internationally planned economy. That is why the revolutionary parties that must be built in every country must themselves be internationally co-ordinated and led through the founding of a new, Fifth International.

AFGHANISTAN

The 'good war' exposed

The summer of 2008 was the most violent in Afghanistan since the 2001 invasion, with more than 260 civilians killed in July alone. *Nat Silverstein* exposes the hypocrisy of this so-called 'good war' and shows how it has led to the rise of the Taliban

The Taliban originated in the chaos that engulfed Afghanistan after the defeat of the Soviet occupation in 1988. The resistance to the Soviets had included both local tribal leaders and foreign Islamist guerrillas, such as Osama Bin Laden, who were supported by the CIA and ISI (Pakistani secret service). These latter two agencies also encouraged a huge expansion of heroin and opium production. After their victory, the US left Afghanistan without money or support and the country effectively fell apart as rival warlords seized territory.

From 1994, the Taliban emerged as an Islamic army, trained through *madrassas* (religious schools: "taliban" means "students"). They promised to bring back traditional Qu'ranic law and order. It was largely based on the Pashtuns, an ethnic group dominant in the south and east of the country.

Osama Bin Laden left Afghanistan at the end of the Soviet occupation to pursue his goal of creating a force, "al-Qa'ida", to expel all non-Islamic forces, including the US, from Muslim territory. With the formation of the Taliban government, he returned. This later led to Afghanistan becoming the first target of George Bush's "War on Terror" after 9/11.

At this point, the Taliban had little popular support and could not resist the US invasion. They agreed to evacuate Kabul and return to the south or border areas with Pakistan. The US then installed Hamid Karzai, a CIA agent formerly in the Taliban government, as dictator. It appeared as if the US had got the swift victory Bush needed.

Many in the West were reluctant to oppose the US invasion because of the Taliban's reactionary regime, epitomised in their atrocious record on women's rights. Some feminists, as well as prominent figures like Cherie Blair who called it "a noble cause", actively supported the occupation. This was even true of many feminists within Afghanistan, while others, like the Revolutionary Association of Women of Afghanistan (RAWA), called for the US to leave but for all the other occupying forces to remain under the auspices of the United Nations.

Actually, the occupation, far from liberating Afghan women, has been a

catastrophe for them. Today, most women must wear a full-length burka or risk being attacked or raped. Surveys show that 80 per cent of marriages are forced, leading to widespread depression in women, which is so severe that 250 suicides were reported in the first six months of 2007.

While schools have theoretically opened their doors to girls, in truth they are discouraged from attending, and in some areas Mujahideen militiamen kidnap and rape them on their way to school. As a result, only 20 per cent of girls are enrolled at primary schools, and a paltry 0.5 per cent at secondaries, according to research by Oxfam.

Far from doing anything to prevent this horrific oppression, US strategy has been to support Northern Alliance warlords, whose practices are just as oppressive to women as the Taliban.

Women's supposed equal participation in government has been exposed as a sick joke by Malalai Joya, a female member of parliament who has repeatedly spoken out against the domination of warlords and the role of the US. In May 2006, she had bottles thrown at her and received threats of rape and assassination. A year later, she was suspended from parliament after calling it a "zoo". In an interview with Amy Goodman for *Democracy Now*, she explained her frustrations with the situation:

"Right now, more than 90 per cent of the people are poor, and more than 40 per cent are jobless. Under the nose of US and eyes of troops, Afghanistan is one of the biggest producers of opium. And there is more violence against women."

The crushing grip of the occupation

The situation of women is just one example of falsely portraying the Afghanistan war as "the good war", a war fought for human rights. The idea of Afghanistan as a failed state without infrastructure, in need of modernisation, has been used to maintain liberal support and to encourage countries that opposed the Iraq war to keep pouring in troops and resources.

In fact, the country has gone backwards under occupation. The 2008 UN Development Report showed a worsening in basic indicators since 2001, including a fall in life expectancy that now stands at just 43.1 years. Only 31 per cent of the

population now have access to clean water.

The relatively low level of resistance to the invasion was due not only to war weariness but also to hopes that US money would reconstruct the country. Very little reconstruction has actually happened. There are several reasons for this: first, the difficulties of administering aid in a war zone, which reflects the absurdity of the idea of attacking and rebuilding a country at the same time.

In addition, the money has not been forthcoming to anywhere near the extent hoped for. Of the \$20 billion promised by all countries, only \$8 billion has materialised and much of this actually went on maintaining the occupation.

Another issue is that the reconstruction is generally run by non-governmental organisations (NGOs), who siphon off huge amounts of money to pay their employees. For example, in Kabul, the standard rent for a house for a foreign NGO worker, with a wall, a watchman and a defended garage, ranges from \$2,000 to \$10,000 a month. The average income in Afghanistan is less than \$30 a month; while in an NGO office in Kabul, the wage bill for one foreign worker will be larger than that for 20 Afghans working in the same office.

Some NGOs, including USAID, contract out regeneration to profit-making companies. There have also been allegations of NGO workers actually stealing money and taking bribes.

The resistance has grown since 2004 when it became increasingly clear that the US-led occupation, far from bringing security, was leading to more chaos and destruction. The resistance has generally pledged allegiance to the Taliban for the simple reason that they are the main force that has consistently opposed occupation. They have also restrained any tendencies towards Pashtun chauvinism and called for all Muslims to fight together. This means a more united resistance that does not face the terrible ethnic divisions seen in Iraq.

The Taliban now controls huge areas of the country. Since 2006, their influence has spread beyond the Pashtun regions. They have checkpoints just 15 miles from Kabul and control both Kandahar and the roads between these two main cities. They also control roads to Pakistan in the east and may be in a posi-



Demonstrators march in Kabul against the killing of civilians by Nato forces

tion to take the road from the north, which would allow them to cut off food and fuel to the capital.

Their influence is such that, according to the Observer, the official Afghan government entered secret "peace process" talks with the Taliban, which are sponsored by Saudi Arabia and supported by Britain. This seems to relate to a wider strategy of driving a wedge between the Taliban and Al-Qa'ida and, as the French Prime Minister François Fillon put it, "separating the international jihadists from those who are acting more for nationalist or tribal motives".

The task of taking on the Taliban falls to around 65,000 troops, a number that falls far short of the 500,000 the Afghan Minister of Defence says are needed. Given these deficiencies, the USA's main tactic is the bombing of villages, which has indiscriminately killed a large number of civilians. Although these deaths have never been accurately counted, the devastation caused by bombing is frequently witnessed by UN inspectors.

As the bombing has spread to villages in the north, even Karzai's government, dependent as it is on Northern Alliance support, has been forced to condemn it. The government even demanded that the US ask for approval for each bombing, which it will clearly never do. Therefore, it is not just the government's control that is under threat but also its relationship with its own US backers. With each bombing, hatred of the occupation grows and bolsters support for anyone resisting it.

Another crucial element in the strengthening of the Taliban is the situation in Pakistan, particularly in the

regions that border Afghanistan where the central government has little control. This is the area which gave Bin Laden and many others sanctuary after the US invasion, with space for training camps and scope for local recruitment.

Pakistan's role in the region

Pakistan's former president, Pervez Musharraf, spoke out against Islamic extremism and portrayed himself to the US as the only bulwark against it. However, he did little in practice to control the Taliban, particularly as support from Islamists was essential to the Pakistani Army.

For four years, the Taliban were allowed to operate virtually undisturbed in Balochistan. Local organisations assisted them in carrying out further attacks, as acknowledged in Musharraf's biography *In the Line of Fire* where he writes; "Al Qa'ida provided the money, weapons and equipment and the local organisation provided the manpower and motivation to actually execute the attacks."

As this became clear, the Pakistani government came under increasing pressure from the US government to suppress these groups. Musharraf responded in 2007 with his attack on the Red Mosque in Islamabad, and bombings and attacks in the border regions. However, this was far from enough to take control and the region remained a huge safe area for the Taliban.

The US has now decided to take a tougher stance and, for some months, has been allowing its army to pursue the Taliban over the border for the past few months. For example, in July, American forces repeatedly attacked a Pakistani army post on the border and killed all 11

soldiers in it. Now, with the election of Obama, who advocated this in pre-election speeches, this tactic will become official government policy and will intensify. It is likely to lead to huge resistance and potentially there is a real danger of civil war in Pakistan.

As with Iraq, the forces in Afghanistan are in a quagmire. In both cases, the imperialists are reluctant to withdraw as it would mean not only humiliation but an enormous, potentially fatal blow to US world dominance. In Afghanistan, this is because of the country's strategic importance, occupying a central position bordering Iran, Pakistan, China, Tajikistan, Uzbekistan and Turkmenistan.

Every day that occupying troops remain in Afghanistan the country falls further into chaos and bloodshed. In this context, anti-imperialists must unequivocally call for the immediate withdrawal of all occupying troops. We must give unconditional support to all those taking actions against the occupying forces, even where we oppose their religious, political or social views and their treatment of women.

If workers and progressive movements absent themselves from the resistance because of these differences, the Taliban will be strengthened as the only force consistently fighting the hated occupation. This would guarantee that they take control of the country when the occupiers are finally forced out. On the other hand, if workers and progressive forces join in fighting against the occupation – and show themselves to be the best and most militant fighters – they can come to the head of the resistance and be the ones to liberate Afghanistan.

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When reformists murdered a revolutionary movement

Ninety years ago German workers, furious at the barbarism of the First World War and inspired by the Russian revolution, launched an uprising. *Dave Stockton* tells how the workers' leaders not only betrayed and sold short their struggle, they drowned it in blood

Towards the end of the First World War, as the Russian Tsar's armies faced defeat, the workers of St. Petersburg and the city's garrison rose in revolution. Ten months later, under the leadership of the Bolshevik Party, they had established a republic based on workers' soldiers' and peasants' councils. The Bolsheviks, as they had promised, took Russia out of the war.

The Russian revolution acted as a detonator, setting off revolutionary struggles across Europe in the years that followed. The most important, for its result affected the fate of Russia and all of Europe for decades to follow, was the German Revolution, which began in November 1918.

Strikes

Back in January of that year a huge strike wave hit Germany, by now the German army was victorious over Russia on the eastern front and seemingly on the verge of launching a crushing offensive in the west. Factory shop stewards organised the strikes against economic hardship, but also calling for a rapid end to the fighting. The rank and fellow level organisation was necessary because the leaders of the German trade unions were enforcing a "civil truce" and doing all they could to prevent strikes that would damage the war effort. Backing them to the hilt was the German Social Democratic Party (SPD). The strikes eventually ran out of momentum, and many of the workers delegates were imprisoned or sent into the army or navy.

In the German empire political power and control of the army still lay in the hands of the Prussian landowning aristocracy, the Junkers. At their head, nominally, stood the German Emperor, the Kaiser, with power to appoint the government and command the armed forces. In peacetime, democracy was restricted to elec-

tions to an imperial parliament, the Reichstag, elected by universal male suffrage but with very limited powers over the government. After 1916, The Reich was virtually a military dictatorship under Paul von Hindenburg and Erich Ludendorff who formed the Third Supreme Command.

The big German capitalists – who stood to gain from the investment opportunities an expanded German empire would bring – had, since 1871, decided there was no need for a fully-fledged democratic state. Quite the contrary they had good reasons to fear it, this was due to the growing power of the workers' movement. The German capitalists had therefore become allied to the Junkers who were enemies of the one consistently democratic class: the workers. In spite of the restrictions imposed by the semi-autocratic state, the working class had built the strongest working class party in the world, the SPD. By 1914 the SPD had over one million individual members, 110 seats in the Reichstag, and which led the Free Trade Unions with 2.6 million members.

The German imperial army's great spring offensive in the west failed. By early autumn 1918 the German war-machine was under a counter offensive launched by the French, British and increasingly the American forces. The working class, including the workers in uniform in the army and navy, with defeat staring them in the face, were breaking from the unthinking patriotism that had tied them to the war effort. The famed Prussian discipline began to crack. By October the high command realised the game was up. They demanded the civilian government sue for peace from the US President Woodrow Wilson.

The news of the imminent collapse of the western front took the SPD leaders by surprise, but they loyally set about bringing an end to the war. In negotiations with



SPD Leader Gustav Noske

the Americans Ludendorff decided politicians with pre-war democratic credentials were needed. He turned to a liberal aristocrat Prince Max of Baden and to the SPD. Philipp Scheidemann, one of the two key leaders of the party (with Friedrich Ebert), was willing to take on the job, saying: "better a terrible end than terror without end"

The SPD, once the leading Marxists party in the Second International (1819-1914), had betrayed its pledges to the international working class when it supported for the imperialist war by Germany. By 1918, as news of possible armistice spread the civil truce broke down, there was rising anger in the factories over working conditions and growing poverty which the SPD could no longer contain.

Armistice

At the same time, the negotiations with Wilson did not go well for the German High Command. He made it clear that the Kaiser and the whole Junker regime had to go before he would consider an armistice, let alone peace negotiations. Ludendorff suddenly tried to call off the peace negotiations but it was too late, the army was already disintegrating. Attempts to launch a new offensive would simply destroy it. In fact a par-

tial attempt, an order for the German fleet to sail out for a desperate, final naval assault on the British navy on 30 October, led directly to the eruption of revolution.

Sailors in the northern port of Kiel, outraged by the futility of such an action when the war was plainly lost and negotiations under way for a ceasefire, refused to carry out the order. Over 1,000 of them were immediately arrested.

Within a few days the working class of Kiel, hearing of this, came to their aid. A general strike closed port and city and a mass demonstration freed the imprisoned sailors. Following this success 2,000 armed workers and sailors marched to the town hall, occupied it and established a workers' and sailors' council. This took control of the city. The German revolution had begun. Karl Artelt, one of the leaders of the mutiny, remembered the events:

"In front of the Kaiser-Cafe we suddenly received machine gun fire. Our demonstration stopped. When we realised that nobody was hit, we moved on. After that the machine gunners fired directly into our demonstration. Forty to fifty demonstrators, among them also women and children, collapsed under the bullets. Eight of them were killed and 29 injured severely. The people screamed in indignation and protest. ... Young marines and workers charged the position of the machine gunners and put them to flight.

The next morning (4 November 1918) all troops in Kiel had to line up for inspection. ... After the usual reports, the division commander, Kapitän zur See Bartels, climbed onto table and made a speech. He narrated yesterday's incidents, but said that a soldier had to abstain from politics, because he could not understand politics. After he left the table, I didn't think twice and jumped up. I also made a short speech calling the marines to elect soldiers' councils (Soldatenräte). Officers, try-

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ing to shoot me from the table, were recklessly disarmed by marines' fists. Thereafter we charged our arms arsenals and elected soldiers' councils in all companies. I was elected chairman of the soldiers' council."

The strengths and weaknesses of the movement were clear from what happened next. Hearing of the disturbances the SPD had sent one of its most right wing leaders Gustav Noske to Kiel. Noske found the soldiers and workers councils in control and promptly declared his support for them. They promptly elected him chairman of the councils; surrendered their arms and allowed him to nominate a council of trustees. By 8 November order had been restored.

However from Kiel the workers' and soldiers' council movement – undoubtedly inspired by the soviets created in the Russian revolution – spread rapidly throughout Germany. Even in traditionally conservative Bavaria a socialist republic was declared in Munich by the Independent Social Democrat Kurt Eisner before a crowd of 200,000 demonstrators.

In the Ruhr, the industrial heartland of the country, factories, armed units and whole towns were brought under the control of workers councils. By 7 November the revolution had reached the capital, Berlin. Strikes and demonstrations in the capital culminated in a massive armed demonstration outside parliament, the Reichstag, on 9 November.

'Councils Republic'

The scale and vehemence of the revolutionary movement quickly convinced the SPD leaders Ebert and Scheidemann and the trade union leader Karl Legien to demand Max von Baden force Kaiser to abdicate. "You can still keep the masses in harness by making concessions", Scheidemann pleaded. Other leaders like David and Sudekum wept to show the sincerity of their fear of revolution. They assured the army chiefs that they were far from being republicans and would accept a constitutional monarchy with another Hohenzollern. When Wilhelm II threatened to lead his army back to Germany to drown the revolution in blood, the reply was: "your Majesty no longer has an army." Now the ruling class had no saviour except the SPD. Ebert assured Prince Max: "I hate the revolution like sin". To the last instance he tried to save the Hohenzollern dynasty as long as he was able.

Faced with the vast demonstration outside the Reichstag and hearing that the revolutionary opponent of the war Karl Liebknecht was about to declare Germany a socialist republic based on the workers and soldiers councils, Scheidemann – acting on his own initiative – rushed out onto a Reichstag balcony and

Freikorps arrest a Spartakist member



declared Germany a Republic. Scheidemann's action earned an indignant rebuke from Ebert for his impetuosity. But he too soon realised the monarchy could not be salvaged. Any temporary concession could be made if it prevented a "Bolshevik Revolution." This meant temporarily accepting the existence of workers' and soldiers' councils.

Of course it was a calculated attempt to demobilise the mass movement that had made the declaration of the Republic inevitability. From that point on the SPD strove to preserve the bourgeois republic, which days before it had not wanted, from the working class which was clamouring for a socialist one.

November 1918 created a situation of dual power in Germany, similar in its fundamentals to the one that existed in Russia after February 1917. Workers and soldiers' councils existed as one pole of administrative and military power. But there the similarities began to end. The new SPD government, based on the machinery of the capitalist state, parliament and the military general staff, formed the other. Such a situation was unstable. The struggle that ensued was dominated by the conflict between these two centres of power.

In the first phase of the revolution the majority of workers and soldiers still looked to the SPD as their party. Despite its betrayals, its organisational strength and its Marxist traditions had enabled it to maintain this allegiance. Those who had become disillusioned during the war had split and formed the Independent Social Democratic Party, the USPD in March 1916, after the SPD leaders expelled their leaders deputies who finally voted against the war credits. This party rapid-

ly gained support and by November 1918 had about 120,000 members.

A weak revolutionary left

Despite the situation of dual power created in Germany there were certain important differences between the situation in Russia a year earlier. True, the Russian Soviets were like the workers councils, or *Räte* in German, and they had also been dominated from February to September by the right wing of the workers' and peasants' movements – the Mensheviks and the Right Socialist Revolutionaries. But the Mensheviks and SRs turn to supporting the provisional government and its attempt to continue the war, had come later than the 1914 conversion of the SPD into a social-imperialist party. In any case, far more important was the existence of the Bolsheviks in Russia which had effectively been built as a public faction and then a separate party, following splits in Russian social democracy which had begun back in 1903.

In 1907 after the first Russian Revolution in 1905, as a faction of the re-united Russian Social Democratic Labour Party, it had 150,000 members. Weakened by the Tsarist counter-revolution it nevertheless recovered to represent the majority of Russian workers again between 1912-1914. The war drove it underground again, it meant that tens of thousands of worker and soldier cadres had been members of the party and many rallied to it again once it became legal following the February Revolution in 1917. Moreover its members were steeled in underground work, had experienced a full-blown revolution in 1905, and this had seen the creation of the first soviets, mass general strikes and even a (defeated) armed uprising in

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Moscow.

The Bolsheviks had learned, not without mistakes, how to conduct patient propaganda and mass agitation for its key slogans so that it won a majority in the soviets. It learned how to operate what was later called the 'the united front' with the Mensheviks and SRs, uniting with them for limited objectives and placing demands on them that exposed the leaders in front of their membership. These tactics combined with a drive towards working class power, enabling it not only to win over the soviets but the regiments too and to arm the workers. By this means it rose to nearly a quarter of a million members by the time of the October insurrection. All this experience of Bolshevism was to a large degree unknown to the cadres of the German revolutionary left in the winter of 1918-19.

If in February 1917 the Bolsheviks had "only" 2,000 members in St. Petersburg, in November 1918 the German revolutionary left probably had scarcely that number in the whole of Germany. Events were to prove that, important as revolutions are in creating hundreds of thousands of revolutionaries, important as the spirit of improvisation is, in such conditions, there are limits to what can be done in weeks or a month or two to create a revolutionary party able to bring things to a victorious conclusion.

In fact the German revolutionary left had not prepared an instrument anything like the Bolshevik party. They had attracted around them many committed young revolutionaries but these did not and could not have understood fully what the Bolshevik party was or how it had acted between February and October 1917. Above all what Bolshevism seemed to them was the daring and will to seize power by means of an armed insurrection – which it was. But it was much, much more. In the trenches the young soldiers had learned the importance of force. Social Democrats had leaned during the war that the "weapon of criticism has at a certain point to give way to the criticism of weapons" as Marx said.

The revolutionary left, the Spartakusbund, led by Rosa Luxemburg and Karl Liebknecht, was weak in numbers and despite the latter's fame and personal following amongst the Berlin workers, its ideas were not known or understood to the broad masses.

The SPD in power

The majority of the workers still looked to their old leaders who they thought had brought about the republic and still hoped could – without the need for violence – bring about socialism too. They were completely unaware (as was the SPD leadership itself) of the secret deal Ebert had done with the new de facto political head of the army, General Groener. On 10 November, Ebert was recognised) by the

Berlin Workers' and Soldiers' Council as head of a government of Peoples' Commissars, consisting of three SPD members and three Independents. On the very same day he promised Groener to do all he could to help the army restore order in the cities, and "fight against Bolshevism".

At roughly the same time the Spartakists launched the daily paper, *Die Rote Fahne* (The Red Flag). In it Rosa Luxemburg, newly released from prison, spelt out the tasks of the revolution and the choices facing the revolutionary workers: "Either the continuation of capitalism, new wars and a very early decline into chaos and anarchy or the abolition of capitalist exploitation."

The new German Communist Party (KPD) was formed around the nucleus of the Spartakusbund at the end of December 1918. But before it had time to consolidate itself and launch a renewed challenge to the social democratic traitors, the reformists went on the offensive. Ebert and General Groener between them had put together together a reactionary armed force made up of crack front line troops – the Freikorps.

Gustav Noske, who had proved his worth to the forces of order in Kiel, was brought to Berlin and now moved to combat the revolutionaries. The SPD's daily *Vorwärts* launched an unprecedented propaganda war, accusing the Spartakists of drawing ordinary workers into renewed bloodshed.

Using this authority, the SPD began to campaign for the closing down of the councils, establishing the supremacy of a National Assembly (parliament), and restoring order in the armed forces. By placing themselves completely at the service of the bourgeoisie, the leaders of the reformist SPD revealed once again their pro-capitalist politics.

In Berlin the SPD moved quickly to disband the councils. The SPD dominated Executive Committee declared, as early as 11 November, "all provisionally formed bodies in Greater Berlin, dating back to the beginning of the revolution, including those called workers' and soldiers' councils... are now defunct."

But the combativity of the working class prevented the SPD from peacefully carrying through their goals. As the revolution unfolded the SPD proved itself capable of using ruthless and bloody counter-revolutionary measures. In Russia, the Bolshevik Party – armed with a programme for power and rooted in the workplaces – was decisive in leading the revolution forward and defeating their own reformists, the Mensheviks. In Germany in 1918 no such party existed.

To the left of the SPD were several groups. The USPD led by Hugo Haasse, Karl Kautsky and others, was the largest. They were also the most wavering, offering from the beginning to bury their differences with the SPD and support the

government. In a word, they were centrists, politically inconsistent and useless in the revolution.

The key problem that both revolutionaries and counter-revolutionaries faced was resolving the dual power situation that existed. This meant a choice between a workers' council republic or a parliamentary republic, only one could lead the country. Caught in the middle of this debate the USPD, through Kautsky, urged the combination of the two! He wrote: "therefore, it is not a question of national assembly or workers' councils, but both." The USPD's attempt to combine two different types of state was an attempt to harmonise two antagonistic classes. They failed miserably. Their best elements would later join the German Communist Party while their right wing rejoined the SPD.

The most decisive force on the left was the Spartakist group, the forerunner of the Communist Party, led by Luxemburg and Liebknecht. The Spartakists, who rallied many of the best revolutionary young workers to their ranks, especially in Berlin, represented the vanguard of the revolution. They also represented the political immaturity of that vanguard.

It was not, in the first stages, a party and had to be built from scratch. But despite their brilliance and revolutionary courage, Luxemburg and Liebknecht did not have a clear programme for victory, and neither did they have the means of creating one. They lacked both the organisational and political advantages that a previously built revolutionary party would have.

Liebknecht tended towards voluntarism, believing exhortation and example (he was a marvellous speaker and tireless agitator) would activate and raise the consciousness of the masses. Luxemburg tended to view the very presence of the worker masses in the revolutionary process as a guarantee of victory. After a series of economic strikes exploded in December 1918, Luxemburg, speaking for the newly formed Communist Party (KPD), declared: "By its mere appearance on to the scene of the class struggle, the proletarian mass has skipped over all the revolution's shortcomings." This was a dangerous illusion.

The SPD make their move

The vanguard, then, was ill-equipped to weather the storm that was about to break. Knowing that the Spartakists were still too weak to stage a successful uprising the SPD government decided to act. It knew full well that the strike movement would strengthen the Spartakists and jeopardise its counter-revolutionary moves.

Unable to rely on the regular army, it built up the Freikorps (a far right militia), staffed by the most reactionary dregs of the professional soldiery, many of whom later became ardent Nazis. The Freikorps

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in fact first used the swastika symbol that would be taken up by Hitler a few years later. Following an armed clash with revolutionary sailors in late 1918 it prepared to strike a deathblow against the Spartakists and the revolutionary workers of Berlin.

In the face of a series of provocations the Revolutionary Shop Stewards – an organisation of the Berlin factory workers – along with Karl Liebknecht became convinced they had to respond and set on a course of overthrowing the government. Luxemburg was convinced that the revolutionary workers and the KPD were not yet strong enough for such a decisive confrontation.

She understood that many workers still clung in hope to the SPD. But she concluded that the communists had no alternative but to take full responsibility for the rising. During her final few days, her brilliant articles for *Rote Fahne* concentrated first on the need for decisive action and, as the right wing tightened its grip, on assimilating the lessons and preparing for the next phase of struggle.

In early January a poster appeared on the streets of Berlin. It was issued by the “Front Soldiers” and declared: “Workers, Citizens: the Fatherland is close to destruction. Save it! It is not threatened from without, but from within, by the Spartakus group. Murder their leaders! Kill Liebknecht! Then you will have peace, work and bread.”

A few days later the first stage of the counter-revolution began. The SPD leaders deliberately provoked the workers of Berlin by dismissing a USPD police chief, Emil Eichorn, from the post he had held since November. When he refused to give up his post a general strike engulfed the city and a crowd of 150,000 gathered outside the police building.

The Spartakists, the revolutionary shop stewards and USPD of Berlin immediately formed the Revolutionary Committee to meet the challenge. As the SPD threatened force to remove Eichorn, Gustav Noske, another SPD leader, placed himself at the head of the counter-revolutionary troops. Noske grimly declared, “somebody must be the bloodhound”.

This situation was unfavourable to the Spartakists. The bulk of the city’s troops were confused and not ready to join the side of the revolution. A defensive action was clearly necessary in the face of the SPD attacks. Such action may have won the support of the troops. But a struggle for power was premature. Yet the Revolutionary Committee decided to go on the offensive and launch a rising. As a result many of the city’s regiments declared themselves neutral in the ensuing battle between the revolutionaries and the Freikorps.

On 7 January key buildings such as telegraph stations and newspaper build-

The Vorwärts building after its recapture by the Freikorps



Straßenkämpfe in Berlin

ings were occupied. 500,000 workers – many of whom were armed – heeded the call for a demonstration that day.

But then the Revolutionary Committee hesitated and left the crowd standing in the cold. Then the USPD betrayed the revolutionaries by entering into negotiations with the SPD – much of the impetus of the previous few days was lost. In the final battle for Berlin the Spartakists and the workers who supported them fought a heroic battle against the Freikorps, in the newspaper district around the Vorwärts newspaper building, but they were isolated and overwhelmed.

Drowned in blood

The Spartakist uprising was crushed; their actions were premature and ill prepared. They moved into an armed confrontation with the state before the mass of the working class and soldiers had been convinced of the need for such an action. But compared to the reformist traitors and the miserable cowards grouped around the apologists for the right, the Spartakists were revolutionary giants, a pledge for the future. A pledge that new generations of young revolutionaries will honour in the future. But their defeat allowed the right to go on an all out offensive. Reformism unleashed its dogs of war, the Freikorps. They indulged in a bloody frenzy against the left making sure that the most militant sections of the working

class were hunted down and killed.

The two leaders Karl and Rosa decided to stay in Berlin. They went into hiding in a friend’s house but were betrayed by suspicious neighbours. They were ruthlessly hunted down. On 15 January 1919, the two leaders were caught and dragged off for “interrogation” in the Eden Hotel, near the Tiergarten Park. In fact they were going straight to their deaths. Liebknecht was beaten, then taken in a car to the park and shot in the back so his captors could claim he was “shot while trying to escape.” After Luxemburg was taken from the hotel, her head was smashed in with a rifle butt. She was then shot in the head and her body was thrown into the Landwehr canal. To this day every January tens of thousands of workers and socialists join the “Karl and Rosa” demonstration in Berlin to remember their sacrifice.

While we will never forget the martyrs of the January rising, the eagles as Lenin called them, we will honour them by taking to heart the lessons of their defeat. The counter-revolutionary character of reformism, the uselessness of centrism for the purposes of revolution, and the centrality of building a revolutionary party are those lessons. And by remembering them we will ensure that one day the murders of Karl and Rosa will be avenged by a mighty workers’ revolution against capitalism.

DEBATE

Does the Socialist Party provide a Marxist leadership in the PCS?

When PCS leaders suspended November's civil service strike with just one working day's notice, they threw activists across the country into confusion. *Keith Spencer* questions claims that the union has a socialist leadership and argues what type of strike action is needed

The Socialist Party (SP) dominates the leadership of the Public and Commercial Services union (PCS) through its control of the Democratic Alliance faction. PCS president Janice Godrich is a member, and the party has a large minority on the national executive. The SP says that the PCS "is a model of how a fighting socialist leadership in the trade union movement should operate."

And clearly it is one of the most militant unions in the UK today. Over the last few years there have been strikes ranging from benefit officers to coastguards.

However, the SP's strategy has had dire consequences for union members in the PCS. The "model leadership" has not succeeded in defeating government attacks on its members. Civil servants have suffered real pay cuts, tens of thousands of job losses and ever more privatisation. Why?

One-day strikes

The PCS has pursued a strategy, supported by the SP, of one-day strikes. Members in the Department for Works and Pensions (DWP) – where the party forms the majority on the leadership – have taken 22 days of strikes in the past five years.

Yet the PCS has failed to stop 30,000 jobs cuts across the DWP over the past four years, with another planned 12,000 job losses and the closure of 200 offices. Pay "rises" have been below inflation year-on-year – Job Centre staff start on just 13p above the minimum wage.

The strategy of occasional one-day strikes has not worked.

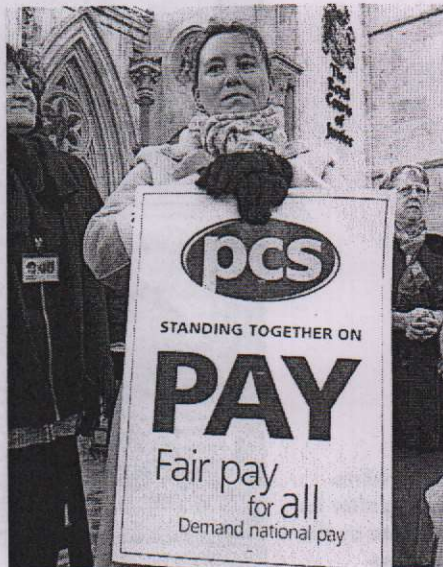
The problem with one-day strikes every few months is that – unless they build up to something bigger – they fritter away into nothing. This stop-start approach undermines the confidence of the members making it harder for activists to re-energise them for more action.

There is another way. If DWP members had been won to taking those 22 strike days all at once, the government would have faced a crisis, their fight could have politicised other departments and unions, and activists could have mounted a strike wave against the government.

But no such effort was made. Instead, the SP leadership caved in to the less determined and less militant sections of the membership.

Suspending strikes for 'talks'

Last month the PCS leadership seemed to recognise this and campaigned for a 12-week rolling programme of strikes. It put it to the membership and won the vote. But then general secretary Mark Serwotka and the union's NEC sus-



ended the action. The SP's John McNally, vice-president of the PCS, explained that the government had offered "meaningful talks" (*The Socialist*, 12 November). Yet there were no concessions or new money on the table.

While SP members on the executive voted in favour of calling off the action, Socialist Workers Party members on the NEC – to their credit – voted against it.

Even McNally accepted that "PCS reps have never worked harder to build for the strike. Every indication is that, had it gone ahead, it would have been a real show of determination and unity by members who are only demanding to be treated with dignity, respect and fairness." (*The Socialist*, 12 November).

So why not demand that the government talks while the strikes go ahead? Recent history shows that workers who walk when the bosses are ready to talk win victories: the Shell tanker drivers and Metronet tube workers are two examples. Strike action strengthens the unions' hand in the talks. Those who "suspend" strikes – like local government workers and the postal workers – get stuffed by the bosses.

Uniting the strikes

The Labour government has imposed a 2 per cent pay limit across the public sector. With inflation still at well over 4.5 per cent, a key task this summer was to unite the strikes and combat the right wing's attempts to divide and delay action. So why did the PCS leadership in the DWP vote against striking alongside local government workers in July – despite having a

mandate for action?

At the time they said: "Taking into account the number of strike days already taken by the DWP members, together with the added new factor of some concessions... It was a fine balance as to whether or not to go ahead with ongoing solidarity action by DWP members." (9 July www.socialistparty.org.uk/print/6271).

But two days later these concessions were described as "not what our members need or deserve, but they show that campaigning works and industrial action gets results." (*The Socialist* 11 July)

This was no aberration. McNally also spoke against the Prison Officers Association's motion for generalised strike action in the public sector at this year's TUC.

It is ABC for Marxists that big, united struggles give rank and file union members greater chances of controlling their disputes and winning. By refusing to back joint action in July and the POA's motion, the SP weakened the class struggle and let the mainstream unions off the hook.

And by disgracefully calling off the autumn strikes, they passed up the chance to offer not just a fight back for civil service workers, but a beacon to workers facing vicious pay restraint and job cuts across the public and private sectors.

A vacillating policy

But the SP leadership knows these arguments. It has made them recently in Unison:

"Unison leaders hypocritically proposed coordinated action at this year's TUC knowing that they had no intention of doing any such thing.

Following two days of successful strike action over pay by Unison members in local government in July, the union leadership wasted the struggle of members by going into talks with the employers who had made no new pay offer and then refusing to call further action...

If the union continues to fail to deliver for our members they will increasingly ask what is the point of being a member." (*For a democratic Unison* – SP leaflet)

So why do SP members make good criticisms in opposition, but behave like bureaucrats when in office? Because it is a "centrist" organisation; it vacillates between revolutionary positions and reformist ones.

Many SP members want to lead resistance to the government's offensive and link it to the fight for socialism. To those members, we say question your leaders' record and especially their trade union policy, demand answers for their lack of leadership at critical moments, and enter into serious discussions with Workers Power.

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 the youth: 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 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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National sections	The Preparatory Assembly for the next ESF met in Istanbul on the weekend of the 22 - 23 November to discuss the last forum. It agreed to organise the next forum in Istanbul in June 2010. The Assembly of Social Movements also met and agreed to call on the World Social Forum to organise an international day of action around the slogan "we won't pay for their crisis". Here we reproduce the call of the assembly and the LSI statement which was distributed in Istanbul.
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Occupations against job losses

By Dave Stockton

Most economists predict unemployment will rise to levels of from 2.5 to 3 million by the end of 2009. With bankruptcies and closures involving major job losses announced at Ford, Hoover, Woolworths, MFI, Royal Mail, BT, Corus, Remploy and many others, the impact of the crisis is already being felt in workplace after workplace across Britain.

A capitalist crisis always involves a massive destruction of capital. That means not just the devaluation of the money assets of the capitalists, but the laying waste of plant and machinery, of the material means of production and distribution, i.e. a gigantic and wasteful destruction in a world where billions need the things that could be produced. But even more disgusting is the destruction of people's jobs, the skills that labour can deploy, which is thrown onto the scrap heap, not because there is no human need to be met but because a system based on private greed cannot use them.

Nor will a wave of mass unemployment and closures affect only those workers who actually lose their jobs. Not only were 400 job losses announced by JCB, but also what *The Independent* calls "a ground-breaking agreement" was struck with its workforce, where "employees would work a four-day week at reduced levels of pay to save jobs."

Put simply, employers will use the redundancies, likely to become a blizzard after Christmas, to force what are known in the US as "give-backs" – reductions in real wages, flexible or part-time working and the surrender of hard won conditions. So far the response of the national unions has been pathetic: very little beyond statements about the hardship it will mean and pleas for employers to think again and for the government to provide support. As for action, or even the threat of action, there has been not a word.

So what do communists say is the answer to what could well become a deep and protracted recession, with a bigger rise in the structural unemployment than we saw across Britain in the 1970s and 1980s, major pockets of which persist to this day?

First, we call on the union leaders that earn the fat salaries they receive from their members to say "no way" to the employers declaring redundancies. Mass meetings should be called in all companies faced with serious

job losses and elected action committees formed to save every job.

Local campaigns should be launched to win the support of other unions and workplaces, the public and youth. The aim must be to block the management's actions. Where redundancies are large scale or closure is threatened, then we must do all we can to win workers to occupying the workplace to prevent closure and the removal of assets, machinery, records, etc.

Historically the countries most famous for workplace occupations are Italy 1919-20

Mass meetings should be called in all companies faced with serious job losses – form action committees

and 1969, France in 1936 and 1968, and the US in 1936. Also, in Britain in the recent decades of unemployment the 1970s and '80s. In fact between 1970 and 1975 alone there were 200 factory occupations, the most famous being at Upper Clyde Shipbuilders in 1971.

Not all were victories but they did stop the removal of machinery, the sell-offs of assets and the dispersal of the workers to individual hopelessness and suffering.

Workers occupying workplace should open the accounts and computer records of the company to reveal the truth or not of the claims to losses or bankruptcy. Even where this proves to be true, we are in no way bound to accept the loss of our jobs or obliged to make concessions. After all it was not we who made the failed business plans, made the bad loans or paid out huge salaries and bonuses to the fat cat CEOs.

From the government, especially one that is forking out billions or trillions in workers' taxes to save the private banks, we should demand that it nationalises all firms declaring redundancies or bankruptcy. Every job must be secured. If the work is genuinely

not there to provide for full-time employment, then what work there is must be divided among the workforce according to a sliding scale of hours, with no loss of pay.

We should demand an emergency plan of socially essential public works. In recent months thousands of building workers have been laid off. Yet there is a terrible shortage of housing at affordable rents. The emergency plan should be targeted at building and repairing social housing. We need new schools, clinics and hospitals. They need decent equipment and staffing. All these public works could mop up existing unemployment, and give those without work rewarding tasks that raise the whole wellbeing of society. We could also reduce the working week.

This must be done under a system of workers' control of production. Alongside the existing managers, elected representatives of the employees must verify the situation with the right to veto management proposals that go against their interests. Managers who have proved hostile to workers interests or incompetent should be fired. Nor should any compensation be paid to the owners who have failed to provide job security. Thus the factories, offices, shops and their workers can be prepared for real socialisation – for acting as part of a planned economy meeting human need, not exploiting workers as producers and consumers.

Of course more than a series of individual workplaces would need to come under state ownership and workers' control. Not only would all the banks and financial system need to be nationalised – if the financial crisis deepens yet further, this could even happen under capitalism – all the great monopolies, both industrial and commercial, need to be taken over.

But to do this will take a government willing to do this – and certainly Gordon Brown and Labour are not such a government. It would require a real workers' government based on democratic organs of workers' power, councils of elected and recallable delegates. But this means a social and political revolution.

Mass unemployment is not just a question of the bankruptcy of particular firms but of the whole system. By fighting and checking the effects of the crisis, we will build up a force that can put an end to the system and run a completely different one – socialism.